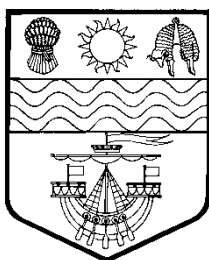


CENTRAL HAWKE'S BAY



2014/2015 Annual Report

Central Hawke's Bay District Council



2014/2015 Annual Report

Our mission statement:

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

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2014/2015 Annual Report

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

This Annual Report relates to the third year of the 2012 - 2022 Long Term Plan (from 1 July 2012 to 30 June 2022).

How Does it Affect You?

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

Get Involved!

If you want to have a say on what projects Council undertakes and how Council spends its money, then you can make a submission to the Long Term Plan or Annual Plan. The next opportunity will be the 2016/2017 Annual Plan. Keep a look out for it in April 2016.

Contents

Contents	5
Introduction from the Mayor and Chief Executive	6
Key Initiatives and Projects.....	7
Key Issues	10
Financial Performance	12
Annual Report Disclosure Statement for the year ended 30 June 2015.....	13
Statement of Maori Contribution to Decision-Making	19
Statement of Compliance and Responsibility	20
Audit Report	21
Activities	25
Community Leadership Group.....	26
Planning and Regulatory Group.....	31
Land Transport Group	38
Solid Waste Group	41
Water Supplies Group.....	44
Wastewater (Sewerage) Group.....	47
Storm Water Group	51
Recreation and Community Facilities Group	53
Statement of Comprehensive Revenue and Expense	63
Statement of Financial Position	64
Statement of Changes in Equity.....	65
Statement of Cash Flows.....	66
Council Funding Impact Statement	67
Notes to the Financial Statements	68
Supplementary Information.....	95
Elected Council Members.....	96
Management Structure	97
Acknowledgements.....	98
Glossary.....	99

Introduction from the Mayor and Chief Executive

We are pleased to present the 2014/15 Annual Report for Central Hawke's Bay District Council.

Continuing strong financial management has been a focus for the year which represents year three of the 2012-22 Long Term Plan. Maintaining the current Levels of Service was a clear message from the community and the affordability of rates was recognised, from the feedback, as a higher priority than increasing Levels of Service.

We continued with the implementation of the Treasury review and have proactively restructured our debt and investment portfolio. Through the utilisation of cash investments, we reduced external debt from \$7.43m at 30 June 2014 to \$4.75m at 30 June 2015.

Funds of \$250,000 were transferred into the catastrophic reserve fund to build up this reserve to a level to compensate for the NZTA threshold changes for road infrastructure funding in an adverse or catastrophic event.

Our continued focus on efficiency gains, joint ventures, whole of life asset management and more innovative contracts are seeing greater value for money outcomes for our community. We have also carried out a procurement process review and strengthened its practices as part of the continual review of procedures.

On August 25th 2014 Infracon Limited was placed into liquidation. Central Hawke's Bay District Council held a 34% share in Infracon and as a consequence at 30 June 2014 Council decided to write \$3.718m off its investment, of which \$921,000 related to Central Hawke's Bay's share of losses incurred by Infracon Limited in 2013/14. During 2014/15 the Liquidators completed the sale of the Infracon to Higgins Ltd and continued to deal with Infracon outstanding credit and debt. At the time of writing this report we understand that there will be funds coming back to Council, however this has yet to be finalised and therefore cannot be included in the 2014/15 accounts.

Throughout 2014/15 a major focus continued on the completion of the Wastewater Treatment facilities and installing the Lamella primary filters at both the Waipawa and Waipukurau facilities. Both facilities are now operating, and we have met the 30th September 2014 regulatory deadline.

We continued to maintain our other core infrastructure with water treatment improvements, completion of a new landfill cell extension and other projects listed in the report to ensure that our infrastructure renewals are done in a controlled and affordable manner. Upgrades to community facilities have also occurred during the year with Nelly Jull toilets, Tikokino toilets, Otane toilets, completion of the Russell Park playground and the start of the Waipukurau Library upgrade and earthquake strengthening.

The development of the Ruataniwha Water Storage Scheme (RWSS) moved a step closer with consent conditions being confirmed. It is now up to the farmers to sign water take contracts and for investors to commit to the project. HBRIC have a deadline of November 2015 for these commitments. Council is in discussion with HBRIC about the possibilities of taking water from the RWSS for urban water supplies for Takapau, Otane, Waipawa and Waipukurau.

The outcome of the HB local government reorganisation was NO to amalgamation. We continue to explore opportunities for shared services and shared procurement with the other Hawke's Bay councils.

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



Peter Butler

Peter Butler
Mayor



John Freeman
Chief Executive

Key Initiatives and Projects

Measuring our performance is an important part of ensuring that the Council's operations are being managed effectively and that the community's needs are being met or enhanced.

A number of significant projects were completed or are ongoing during this financial year.

Lamella Clarifiers – During the year there were breaches of the consents for the Waipukurau and Waipawa Wastewater Treatment Plants. Soluble reactive phosphorus (SRP) limits in each consent were not being met due to overloading of the filtration plants at each site. Lamella Clarifiers have been installed to remove solids in the wastewater that were clogging up the sand filters and allowing contaminants through the filtration process. These clarifiers have now been installed and SRP results are now being achieved under the consent limits.



River Terrace – A new 100 ml water main was installed along River Terrace linking the mains on State Highway 2 and St Joseph Street. Valves were installed at either end and the service laterals and tobies were replaced.



Freyberg Terrace – Working with Land transport, Utilities took the opportunity to replace the ring main around the turning circle at the top of Freyberg Terrace. All the service laterals were replaced and new tobies installed. This is part of a full upgrade which will be completed within the next two years.



Section of old pipe

New main pipe installed and awaiting resealing



New isolation valve and thrust block

Tutanekai Street – Investigation work carried found an issue with the Stormwater Trench Line in Tutanekai Street, Waipukurau. The trench backfill had consolidated over the past 20 plus years leaving a cavity underneath the cement stabilized layer. There had already been a couple of slumps within the road caused by the leaking water pipes. The stormwater trench was rebuilt and the affected potable water laterals replaced.



Photo showing sunken substrate

Sewer Reline 2014/15 Year – We continue to identify sewer gravity pipes that require upgrading by relining. During the past year a total of 522m of pipe relining was completed. Part of the work undertaken included the installing of new or replacement sewer manholes along the reline routes. It is proposed a further 1385m be relined in the next financial year.



Landfill Extension

The landfill extension at the Central Hawke's Bay District landfill on Farm Road was completed during the year. This extension will provide approximately 130,000m³ of landfill space, which is expected to last up to 16 years at the current fill rate. There is still room for further cells within the current site.



Racecourse Road & Goodger Street Pavement Upgrades

Work was completed on Racecourse Road & Goodger Street pavement upgrades including the strengthening of the sealed pavements. During the work the Utility Department took the opportunity to upgrade/renewal water and storm water underground services at these locations.

Previous localised urban flooding concerns on Racecourse Road at the bottom of Reservoir Road and Gaisford Terrace were addressed with the instigation of 'super sumps' that have a larger inlet capacity than normal street sumps.



Russell Park Upgrade

The upgrade of Russell Park began this year with the addition of the playground equipment, the concrete path around the outside of the park and the design and construction of the exercise equipment.

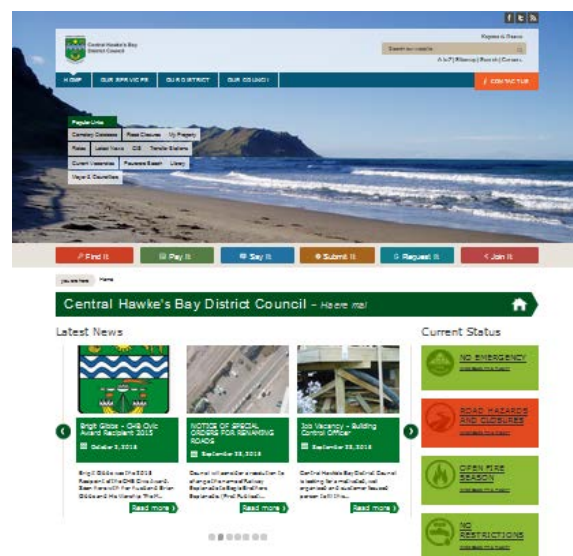
In 2015/16 the upgrade will continue with the installation and extension of the exercise equipment and the construction of a splash pad.



Website Upgrade

This year Council updated its website as a part of a Shared Service with Napier City Council. Napier have provided us with a backend site structure and enhanced Content Management System (CMS) along with their site design. Facilities have been developed which pull data directly from Council's data for property information, rating information, impounded dogs, notified consents, and cemetery information.

Among its many good features are the "Find it, Pay it, Say it..." links under the banner image. These link to page which are dynamically created from other pages with in the site. The items on it are automatically ordered by how popular they are. In other words, the more views a page receives the higher up the list it will appear.



SPCA Compound Upgrade

The Central Hawke's Bay District Council pound was built in October 1998 on land owned by the SPCA. It comprises of 4 kennels and another cage to house dangerous dogs. Extra cages are available from the SPCA when required.

The area in front of the Council and SPCA kennels, was concreted in October 2014 with pipe and netting fences erected to allow better segregation and safety when dealing with difficult dogs. The area was previously shingle. The concrete has eliminated problems experienced with health and safety and cleaning the pound.



Key Issues

Outlined below are some of the key issues that Council and the District have faced over the past year and are also facing going into the future. These are included to generate discussions and provide ratepayers with an understanding of these issues. The issues have been grouped into three categories, External, Capital, and Operational.

- External – Issues that affect Council and the District that are out of our control.
- Capital – Issues around capital expenditure within the District.
- Operational – Issues that affect the Council and District at an operational level.

EXTERNAL

Affordability

Affordability was one of the key areas identified as important for Council in the 2012-22 Long Term Plan and it was again a focus for the 2015-25 Long Term Plan after feedback from rate payers. Council made a commitment to maintain the Levels of Service it provides to the community and has kept the levels the same in the upcoming Long Term Plan. Council will need to balance the affordability of maintaining the current levels of service and the communities' expectations over the Long Term Plan period.

Amalgamation

The final proposal to combine the five Hawke's Bay Councils; Napier, Hastings, Wairoa, Central Hawke's Bay and the Hawke's Bay Regional Council into one Unitary Authority was released by the Local Government Commission in June 2015.

In September 2015, a poll was conducted and the Hawke's Bay community voted against amalgamation of the five councils. Council will continue to participate in HBLASS, a Council Controlled Organisation (CCO) jointly with the four other Hawke's Bay Council, to explore shared services opportunities.

CAPITAL

Ruataniwha Water Storage Project

There are four areas of significance that this project will contribute towards resolving within this district.

- 1) Water Storage – To supply irrigation to the agricultural industry, and to alleviate the impacts that the summer droughts have had upon the district.
- 2) Job Creation – The project will create jobs in the construction phase and also long term with increased on farm production, change in land use and an increase in off farm support businesses.
- 3) River Quality – The dam will allow better control of flows within the rivers, allowing control of the aquatic environment and quality of the water.
- 4) Electricity Generation - providing a local generation source in Central Hawke's Bay.



The 2015-25 Long Term Plan was presented without the impact of the dam on the Central Hawke's Bay community and economy. However at this stage it is not known if the dam will proceed and scenarios of with or without the dam have been developed.

Council is investigating taking water from the dam as part of the long term strategy around water supply for the community. This would secure water supply for the increase in demand from the increase in population and look to alleviate the need for water restrictions during summer. Council is currently talking with HBRIC and will consult with the community when the full details of the plan to take water are known. The consultation on taking RWSS water for urban water supply would take place prior to Council reaching a binding agreement with HBRIC.

Earthquake Prone Buildings

Council had identified The Waipukurau Memorial Hall and the Waipukurau Library as being earthquake prone. Work on the Waipukurau Library has begun and is expected to be completed in December 2015. Council is working through its options for the Waipukurau Memorial Hall.

OPERATIONAL

Levels of Service

In the 2012-22 Long Term Plan Council said that it would not increase levels of service in activities in order to keep rates increases as low as possible with any development expenditure undertaken to maintain levels of service or comply with Central Government legislation or environmental expectations. Increasing the levels of service provided to the community means that Council either has to increase the operational expenditure to deliver those services or create new assets, both of these options has an impact on rates required. Council made a commitment to not increase the levels of service so that rates increases were confined to the increases brought about by inflationary impacts upon council and also the capital works that



Council are required to complete to be compliant with legislation. These works involve the upgrade to both the Waipawa and Waipukurau wastewater treatment plants in the first two years of the Plan, and the treatment plants of Otane, Takapau, Porangahau, and Te Paerahi from 2015 onwards. It is also expected that new drinking water standards to come into effect from 2015 which may require further upgrades the Waipawa, Waipukurau, and Kairakau water supply systems.

Shared Services

There has been a focus within the Local Government Sector and also in the public arena around utilising shared services to generate savings. The Better Local Government Reform also places additional pressure on Councils to work more efficiently and actively pursue savings by exploring better ways to do things. In the last financial year we made considerable change to the way that we do business so savings can be made.



The Hawke's Bay Local Authority Shared Service company (HBLASS) was established in December 2012 with its primary function to work with the Hawke's Bay Councils to try to find efficient ways to do things collaboratively through shared services. The five Councils already work together on a number of activities with CHBDC involved in nine of these. There are several projects that the company has looked at where savings and efficiencies were achieved. Some of these are; a regional GIS platform, regional fleet vehicle management, joint procurement including insurance, electricity and fuel.

Council also has a Civil Defence shared service arrangement with Hawke's Bay Regional Council.

Financial Performance

This section of the report provides an overview of our financial performance for the year ended 30 June 2015. This overview provides an explanation to our financial statements and notes on pages 62 to 94.

Overall Results

For the financial year Council had a Surplus of \$2.050m compared to a \$973k budgeted deficit. Overall income was above budget by \$2.353m with operating expenditure over budget by \$214k. The table and explanations below illustrate this.

Financial Overview				
2014 Council Budget \$'000	2014 Council Actual \$'000		2015 Council Budget \$'000	2015 Council Actual \$'000
27,287	28,470	Total Revenue	27,155	29,508
14,839	13,690	Operating expenditure	15,152	15,366
1,068	808	Finance Cost	600	499
11,380	13,972	Net Surplus/(Deficit) excluding non cash movements	11,403	13,643
Non Cash Movements				
11,234	11,171	Depreciation	12,376	11,671
-	3,356	Other Gains and Losses	-	(78)
146	(555)	Net Surplus/(Deficit)	(973)	2,050

Explanations

- Subsidies received were higher than budgeted by \$1.6million. 2014/15 was the final year in the 2012-15 NZTA Funding Programme. Due to delays by contractors and major work scheduled for this year to make use of economies of scale, the funding and corresponding expenditure was completed in the 2014/15.
- Income from fees and charges were above budget due to increased income from Consents for the Regulatory Group and Trade Waste.
- Operating expenditure is above budget due to the timing of works over the three year New Zealand Transport Agency claim period. Unspent money from last year was carried forward and the work was completed in the 2014/2015 period.
- Other gains and losses for last year included a one off impairment of Council's 34% share in Infracon. The 2013/14 Annual Report showed a \$3.7m impairment on the investment taking the expected value down to zero. On August 25th 2014 the shareholders placed Infracon into liquidation. It is still possible that CHBDC will receive some repayment of equity interest, however as at 30th June 2015, the timing or value of any such return cannot be determined.

Annual Report Disclosure Statement for the year ended 30 June 2015

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.

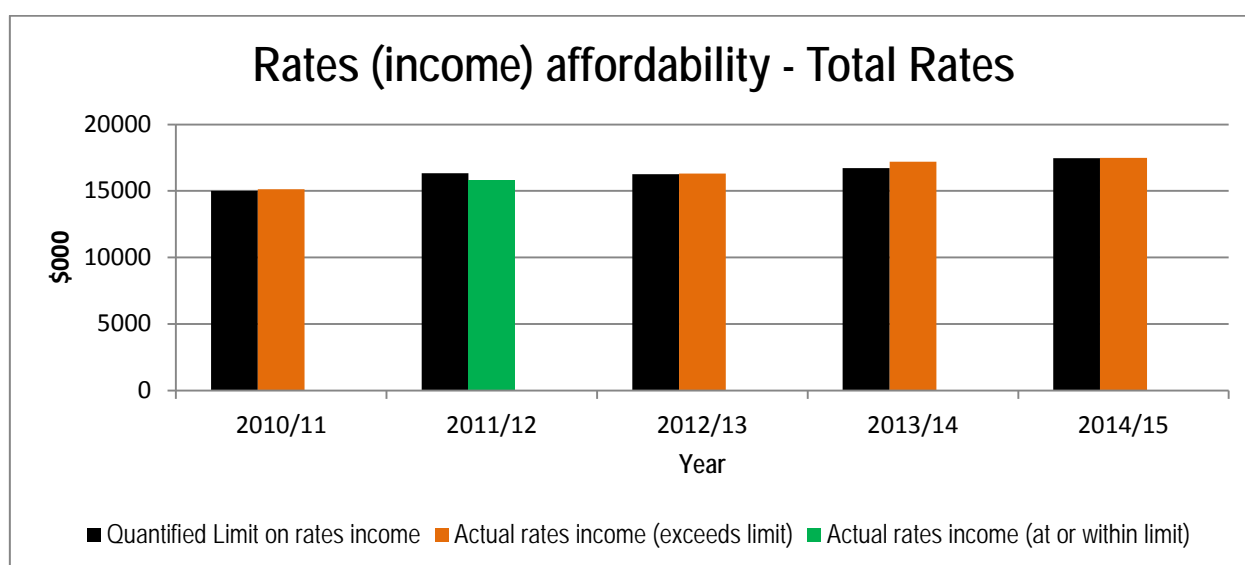
Council is required to include this statement in its Annual Report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014. Refer to the regulations for more information, including definitions of some of the terms used in this statement.

Rates (income) affordability benchmark

The council meets the rates affordability benchmark 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, general rates and targeted rates as forecast in the 2009-2019 Long Term Council Community Plan (LTCCP) and 2012-2022 Long Term Plan (LTP).



Total rates income in 2014/15 are \$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

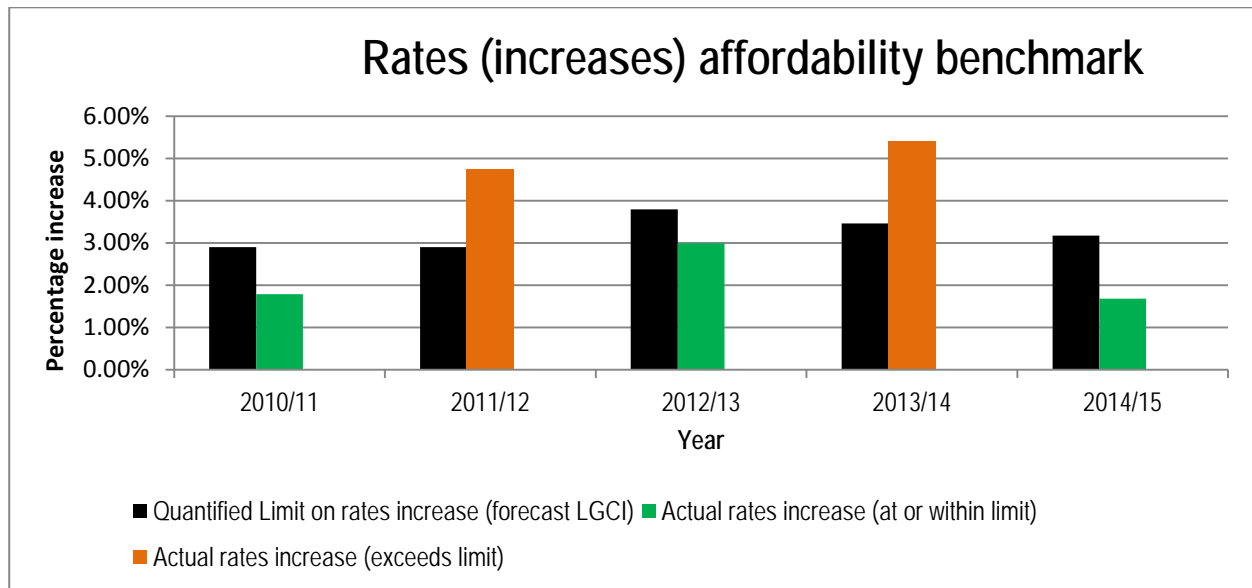
The following graph compares the council's actual rates increases with a quantified limit on rates increases contained in the financial strategy included in the council's long-term plan. The quantified limit is:

"To provide a degree of certainty, Council aims to maintain an overall increase in rate requirement at the annual Local Government Cost Index (ie LG CPI)"

The actual rate increases we are proposing however will vary dependent on:

- *Increases in targeted rates where Council is required to meet consent or legislative requirements (eg Waipukurau/Waipawa sewer consents or meeting the Drinking Water standard)*
- *When three yearly increases in NZTA funding require an increase in equivalent rate funding in that year"*

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



In 2014/15 rates increased by 1.68% which was well within the 2014/15 LGCI of 3.17%

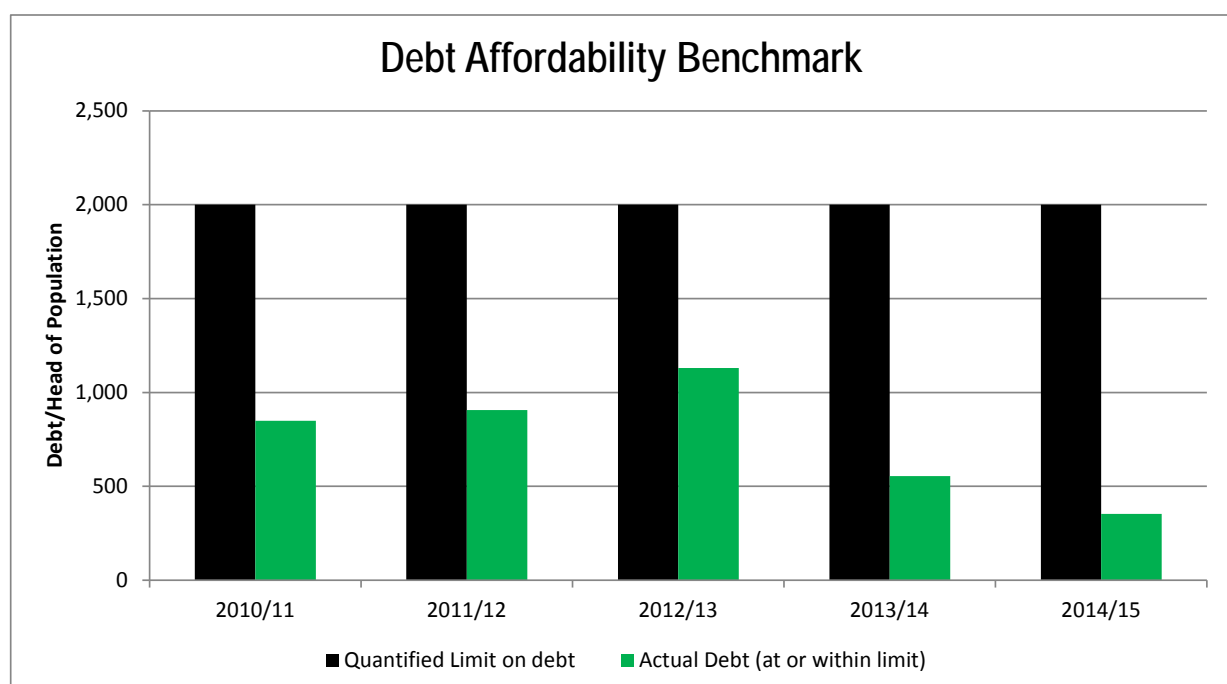
In 2013/14 rates increased by 5.4%, well ahead of the forecast LG CPI due to a decision made by Council to bring forward capital expenditure on the Waipukurau and Waipawa wastewater treatment facilities. This expenditure had previously been included in Year 3 (2014/15) of the 2012-22 LTP.

The rates increases incurred from 2009/10 to 2011/12 were years when a financial strategy was not a requirement of the LTCCP. Council therefore did not have a financial strategy or any quantified limits on rates increases.

Debt affordability benchmark

The council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

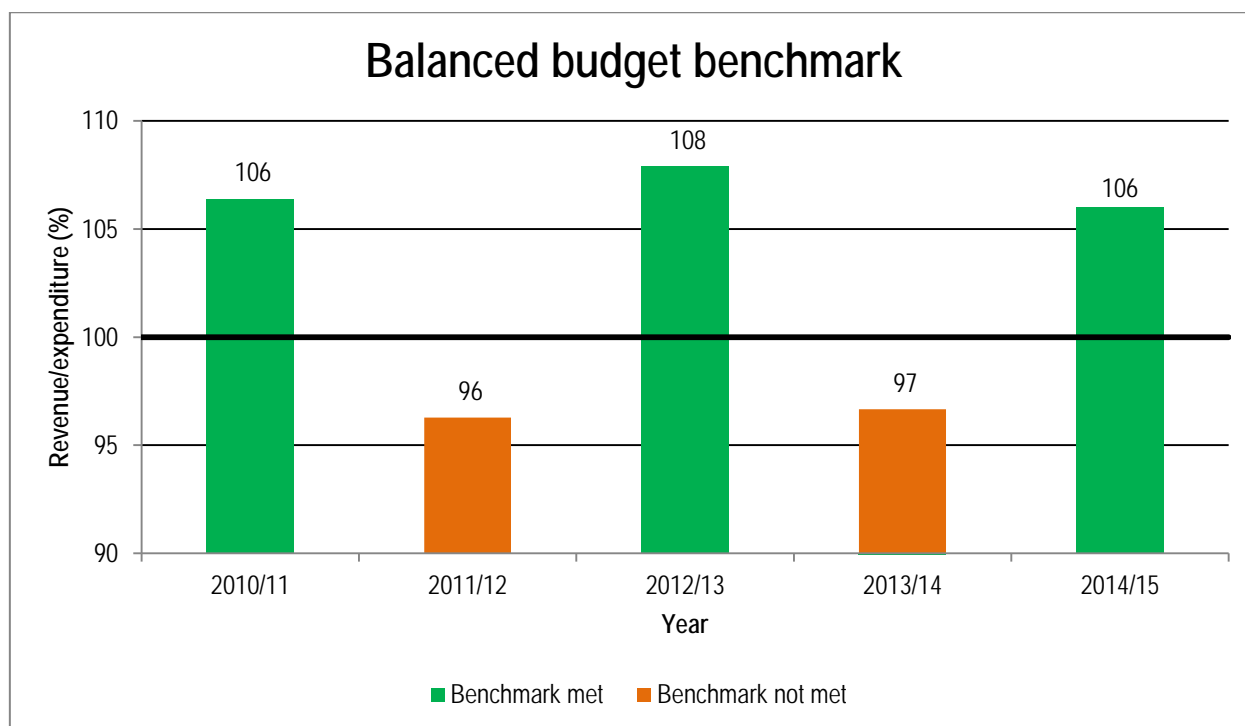
The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit as detailed in the financial strategy is that Council's total debt per head of population will not exceed \$2,000.



Balanced budget benchmark

The following graph displays the council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments, and revaluations of property, plant, or equipment).

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



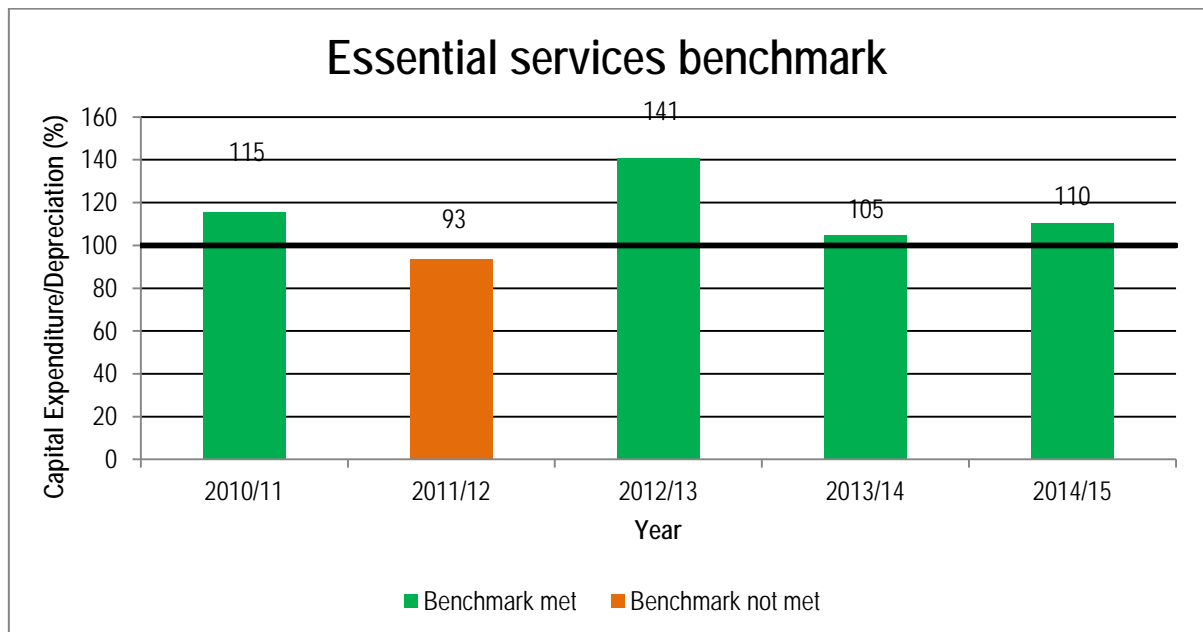
In 2014/15 Council continued with the focus on strong financial management.

In 2013/14 Council incurred a write down of its investment in Infracon Limited of \$3.7m which was unbudgeted due to the company being put into liquidation on 25 August 2014.

In 2011/12 Council's operating revenue accounted for only 96% of its operating expenditure due to a decision of Council to write-off \$1.06m of expenditure previously incurred on the development of a wastewater treatment facility that did not go ahead.

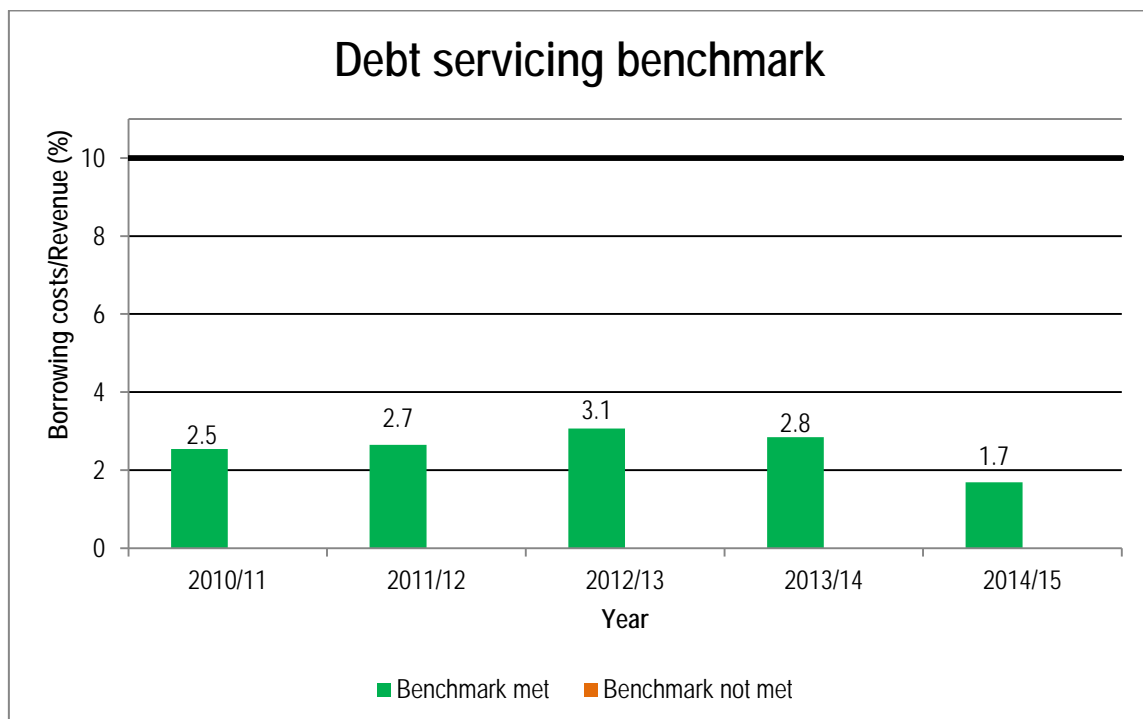
Essential Services benchmark

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



Debt servicing benchmark

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

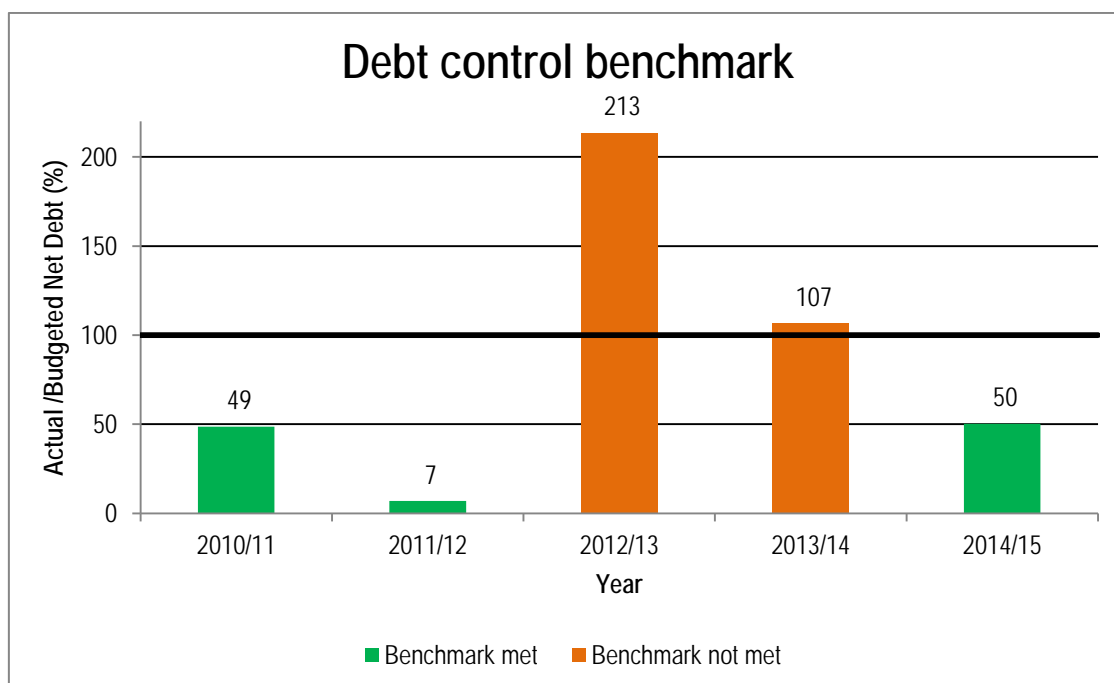


Council's borrowing costs are well below the prescribed benchmark of being equal or less than 10% of revenue. This highlights Council's prudent financial management of its debt.

Debt control benchmark

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

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



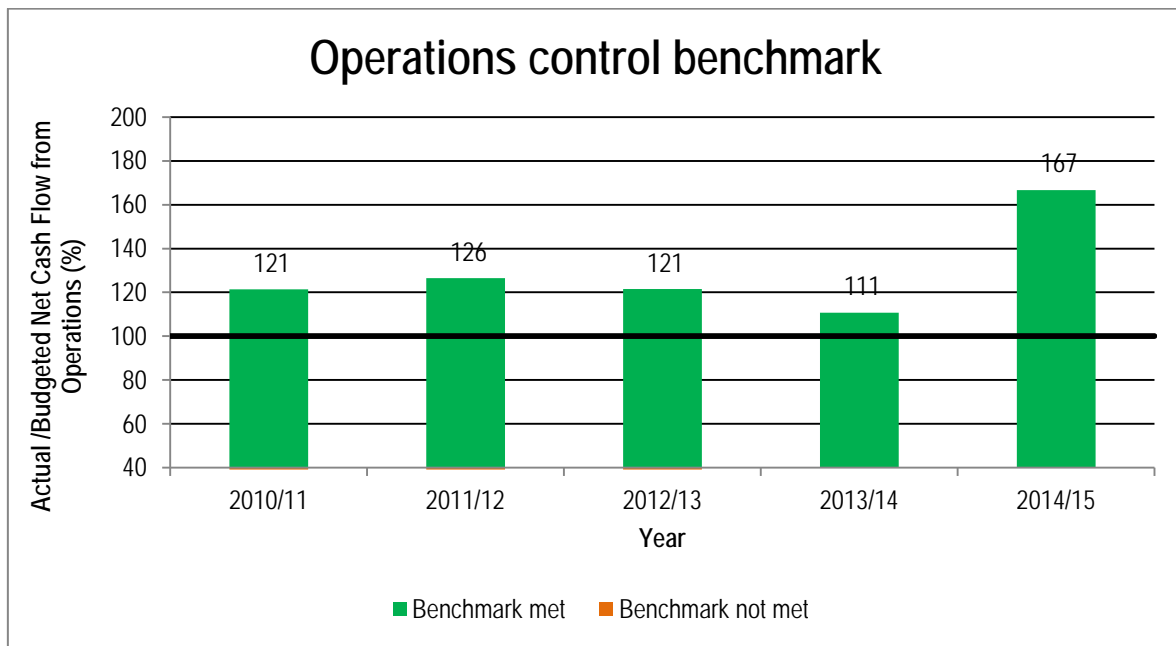
In 2014/15 Council continued with the implementation of the Treasury Function review and utilised maturing investments to pay back debt.

This benchmark was not met in 2012/13 due to the decision made by Council to bring forward capital expenditure on the Waipukurau and Waipawa wastewater treatment facilities a year earlier than originally planned. This resulted in actual net debt being higher than planned net debt in 2012/13. The 2013/14 result shows actual net debt exceeded planned debt which was a result of the loan to Tamatea being repaid. This was not budgeted therefore increasing Council's net debt position.

Operations control benchmark

This graph displays the council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



Council performs consistently well above this benchmark and typically receives more revenue from non-rate sources than budgeted while keeping tight control over operating expenditure.

Statement of Maori Contribution to Decision-Making

Maori Contribution

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

Te Taiwhenua o Tamatea appointed Morry Black as their representative at scheduled ordinary and extraordinary meeting of full Council. This representative does not vote.

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

Maori Wards

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

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

Council conducted a representation review in 2011 and resolved that "Council does not establish Maori ward/s as provided for in the Local Electoral Act 2001, at this time.

Treaty Claim

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

Statement of Compliance and Responsibility

Compliance

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

Responsibility

1. The Central Hawke's Bay District Council and its management accept responsibility for the preparation of the annual Financial Statements and non-financial performance information and the judgements used in them.
2. The Central Hawke's Bay District Council and its management accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting and non-financial performance information.
3. In the opinion of the Central Hawke's Bay District Council and its management the annual Financial Statements and the results of its operations and the service performance achievements for the year ended 30 June 2014 fairly reflect the financial position of Central Hawke's Bay District Council.



Chief Executive
John Freeman
21 October 2015



Mayor
Peter Butler
21 October 2015

Audit Report



INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF CENTRAL HAWKE'S BAY DISTRICT COUNCIL AND GROUP'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

The Auditor-General is the auditor of Central Hawkes Bay District Council (the District Council). The Auditor-General has appointed me, Stuart Mutch, using the staff and resources of Ernst & Young to audit:

- the financial statements of the District Council that comprise:
 - the statement of financial position as at 30 June 2015 on page 62;
 - the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ending 30 June 2015 on pages 61, 63 and 64;
 - the funding impact statement of the District Council on page 65;
 - the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 24 to 60; and
 - the notes to the financial statements that include accounting policies and other explanatory information about the financial statements on pages 66 to 92;
- the statement of service provision referred to as "Activities" made up of reporting on community outcomes and a performance report of the District Council and the funding impact statements in relation to each group of activities of the District Council on pages 24 to 60; and
- the disclosures of the District Council that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 11 to 16.

In addition, the Auditor-General has appointed me to report on whether the District Council's annual report complies with the *Other Requirements* of schedule 10 of the Local Government Act 2002, where applicable, by including:

- information about:
 - internal borrowing on page 86;
 - reserve funds on page 87 ;
 - each group of activities carried out by the District Council on pages 24 to 60;
 - remuneration paid to the elected members and certain employees of the District Council on page 90 and 91;
 - employee staffing levels and remuneration on page 90; and
 - severance payments on page 91;
 - rating base units on page 93; and
 - insurance of assets on page 93;
- a report on the activities undertaken by the District Council to establish and maintain processes to provide opportunities for Maori to contribute to the Council's decision-making processes on page 17; and

- a statement of compliance signed by the mayor of the Council, and by the District Council's chief executive on page 18.

Opinion

Audited information

In our opinion:

- the financial statements of the District Council on pages 61 to 64 and pages 66 to 92:
 - present fairly, in all material respects:
 - the District Council's financial position as at 30 June 2015;
 - 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.
- the funding impact statement of the District Council on page 65, present 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 statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 24 to 60, present fairly, in all material respects, by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long-term plan or annual plan.
- the description used by the District Council for the statement of service provision of the on pages 24 to 60:
 - presents fairly, in all material respects, the District Council's levels of service for the year ended 30 June 2015, including:
 - the levels of service as measured against the intended levels of service adopted in the long-term plan;
 - the reasons for any significant variances between the actual service and the expected service; and
 - complies with generally accepted accounting practice in New Zealand.
- the funding impact statements in relation to each group of activities of the District Council on pages 24 to 61, present fairly, in all material respects, by each group of activities, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan.
- the disclosures on pages 11 to 16 represent a complete list of required disclosures and accurately reflects the information drawn from District Council's audited information.

Compliance with the other requirements of schedule 10

The District Council's annual report complies with the *Other Requirements* of schedule 10 that are applicable to the annual report.

Our audit was completed on 21 October 2015. This is the date at which our opinion is expressed.

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

Basis of opinion

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

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and the statement of service provision referred to as "Activities" made up of reporting on community outcomes and a performance report. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

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

An audit also involves evaluating:

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

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

When reporting on whether the annual report complies with the *Other Requirements* of schedule 10 of the Local Government Act 2002, our procedures were limited to making sure the information required by schedule 10 was included in the annual report, where relevant, and identifying material inconsistencies, if any, with the information we audited. This work was carried out in accordance with International Standard on Auditing (New Zealand) 720; *The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements*. As a result we do not express an audit opinion on the District Council's compliance with the requirements of schedule 10.

We believe we have obtained sufficient and appropriate evidence to provide a basis for our opinion.

Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and the statement of service provision referred to as "Activities" made up of reporting on community outcomes and a performance report that:
 - comply with generally accepted accounting practice in New Zealand;
 - present fairly the District Council's financial position, financial performance and cash flows;
 - present fairly its service performance, including achievements compared to forecast;
- a funding impact statement that presents fairly 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;

- funding impact statements in relation to each group of activities that presents fairly by each group of activities, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan;
- statements about budgeted and actual capital expenditure in relation to each group of activities that presents fairly by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long-term plan or annual plan; and
- disclosures in accordance with the requirements of the Local Government (Financial Reporting and Prudence) Regulations 2014; and
- the other information in accordance with the requirements of schedule 10 of the Local Government Act 2002.

The Council's responsibilities arise under the Local Government Act 2002.

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

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on, the information we are required to audit, and whether the Council has complied with the *Other Requirements* of schedule 10, and reporting that opinion to you. Our responsibility arises under section 15 of the Public Audit Act 2001.

Independence

When carrying out this audit, which includes our report on the Other Requirements, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board. In addition to this audit, which includes our report on the Other Requirements, we have carried out an assignment to audit the District Council's 2015-2025 Long Term Plan, which are compatible with these independence requirements.

Other than these assignments, we have no relationship with or interests in the District Council.



Stuart Mutch
Ernst & Young
On behalf of the Auditor-General
Wellington, New Zealand

Activities

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

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

These eight groups cover twenty one separate activities as follows:

COMMUNITY LEADERSHIP GROUP

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

PLANNING AND REGULATORY GROUP

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

LAND TRANSPORT GROUP

10. Land Transport

SOLID WASTE GROUP

11. Solid Waste

WATER SERVICES GROUP

12. Water Supplies

WASTEWATER (SEWERAGE) GROUP

13. Wastewater

STORMWATER GROUP

14. Storm Water

RECREATION AND COMMUNITY FACILITIES GROUP

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

Community Leadership Group

Leadership, Governance and Consultation

What does this activity involve?

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

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

Why are we involved?

Community Outcomes that this activity contributes to
Safe and healthy communities through a range of Council regulatory responsibilities
Risks to public health are identified and appropriately managed
People are involved in their local community and have a vision for their future
People have a range of opportunities to participate in leisure, cultural and learning activities
Our historic and cultural heritage is protected for future generations
Central Hawke's Bay District is well promoted as a good place to do business and visit
Central Hawke's Bay District has an efficient and affordable roading, waste and water infrastructure
We plan to develop sustainably and with minimal environmental impact
We encourage recycling, and manage the rest in a sustainable way
We plan and manage water use and wastewater disposal to minimize the effect on the environment

What we delivered

Level of Service to be delivered	How will we measure our success in 2014/2015?	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>4 formal submissions were made during the 2014/2015 year on issues which could affect the ratepayers of Central Hawke's Bay.</p> <p>These covered:</p> <ul style="list-style-type: none"> • The Regional Transport Committee • Hawke's Bay Regional Council Long Term Plan • One Road Network Classification • Over Weight Vehicles. <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	8 annual meetings	<p>Target achieved.</p> <p>A total of 22 Council and Committee meetings were held in 2014/2015.</p> <p>These included: 10 Council, 2 Extraordinary, 8 Finance and Services Committee, 1 Audit Committee and 1 Long Term Plan Submission Hearing.</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 Long Term Plan 2015/2025 was held during the year, prior to the adoption on 18 June 2015.</p> <p>Information was available on council website, offices and libraries. The Consultation Document for the Long Term Plan summary was supplied to all ratepayers.</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 2013/2014 Annual Report was adopted within statutory timeframes.</p> <p>The 2015/2025 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.

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

The Ruataniwha Water Storage Scheme (RWSS) is a key project for the region as well as New Zealand Inc. This scheme will see the creation of approximately 2300 jobs in Hawke's Bay with approximately 1000 of these jobs on and off farm in CHB. The scheme will see summer water flows in the Tukituki increase by 30% and along with the measures proposed in the Regional Council's Plan Change 6 will produce long term improvement to the river system.

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

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

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

Why are we involved?

Community Outcomes that this activity contributes to
People are involved in their local community and have a vision for their future
Central Hawke's Bay District is well promoted as a good place to do business and visit

What we delivered

Level of Service to be delivered	How will we measure our success in 2014/2015?	Achieved level of service
CHB Promotions fulfils its contract obligations	Contractual objective are met including: Running Visitor Information Centre Running annual Lamb Country Festival	Target not achieved. The Information Centre has been open as per the contract. Annual Lamb Country festival was not run during the 2014/2015 due to public concern over welfare of lambs during the event and the loss of Silver Fern farms sponsorship.
Community Development Coordinator completes the project	Project plan milestones including: <ul style="list-style-type: none"> • Development of a Central Hawke's Bay Economic Development Strategy • Implementing a Positive Aging Strategy adopted in 2011 • Implementing the CHB Youth Strategy 2013 • Developing the Council / Taiwhenua relationship 	Target not achieved. <ul style="list-style-type: none"> • A plan for the development of Economic Development Strategy was prepared in 2013 with the following work streams identified: business development, community support, tourism and employment and training. This plan is still to be completed. • Negotiated and brought the Positive Aging implementation group under the umbrella of Safer CHB to revitalise the implementation of the work plan. • The implementation continues with the following. <ul style="list-style-type: none"> • Inspire Youth Council co-ordination • 2014/15 MYD funding application approved. • Graduation Ceremony • Young persons views sort on Council activities • Mayor's Task Force for Jobs initiatives established and competed • Russell Park skate park design • Russell park exercise equipment design and manufacture. • Draft Memorandum of Understanding created and with Taiwhenua for comment. Representative from Taiwhenua now on Safer CHB.

***Community Leadership Group* Funding Impact Statement**

For the year ending 30 June 2015

	2014 Long Term Plan \$000	2015 Long Term Plan \$000	2015 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges and rates penalties	682	701	681
Targeted rates	25	25	25
Subsidies and grants for operating purposes	61	22	81
Fees, charges	-	-	1
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
Total operating funding	768	748	788
Applications of operating funding			
Payments to staff and suppliers	563	539	570
Finance costs	-	-	-
Internal charges and overheads applied	205	209	208
Other operating funding applications	-	-	-
Total applications of operating funding	768	748	778
Surplus (deficit) of operating funding	-	-	10
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	-	-	-
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	-	-	10
Increase (decrease) of investments	-	-	-
Total application of capital funding	-	-	10
Surplus (deficit) of capital funding	-	-	(10)
Funding balance	-	-	-

Community Development Income and Expenditure, which was budgeted separately, has been recognised as Council Revenue and Expenditure due to the Community Development Contract with DIA ending and this becoming Council responsibility.

Surplus funding was carried forward as general reserves.

Planning and Regulatory Group

District Planning

What does this activity involve?

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

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

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

Why are we involved?

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

Community Outcomes that this activity contributes to

We plan to develop sustainably and with minimal environmental impact

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

What we delivered

Level of Service to be delivered	How will we measure our success in 2014/2015?	Achieved level of service
Full review of the District Plan within required timeframes	Milestones met to complete draft plan for notification in 2014/2015	<p>Target not achieved</p> <p>The milestones and timeline have changed as a result of Council altering the staff priorities to work on the proposed Ruataniwha Water Storage Project and this has been delayed.</p> <p>The Urban Growth Strategy is in development to respond to projected residential and growth demands from the proposed Ruataniwha Water Storage Project. The Rural Zone Review has also been given priority in response to Tukituki River Catchment Plan Change 6.</p> <p>Draft reports on the Urban Zone Review and the Coastal Zone Review have previously been presented to the working party.</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 not applicable 2014/2015.</p> <p>Measure not applicable until the new District Plan is adopted.</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 delivered	How will we measure our success in 2014/2015?	Achieved level of service
Legislative timeframes and other requirements are fulfilled when processing planning and resource consents.	100% compliance with the completion of resource consents and other development applications within statutory timeframes	Target achieved. 100% compliance with statutory timeframes achieved for the processing of planning and resource consents.
Planning complaints are responded to efficiently and effectively in a manner that is fair to all parties	All complaints responded to within 10 working days	Target achieved. No complaints relating to resource consents received during the year.

Building Control

What does this activity involve?

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

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

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

is subject to audit to ensure that due process is followed. All Building Officers are required to be accredited under the Act.

Why are we involved?

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

Community Outcomes that this activity contributes to
Safe and healthy communities through a range of Council regulatory responsibilities
Risks to public health are identified and appropriately managed

What we delivered

Level of Service to be delivered	How will we measure our success in 2014/2015?	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 achieved. 285 consents issued within 20 days. Weekly reports are run to maintain compliance
Ensure the safety of buildings through the Building Warrant of Fitness (BWOFF) regime	Advice to owners (or their agents) of BWOFF liability issues within one month of BWOFF expiry of non-compliance	Target achieved. The schedule is checked monthly for buildings requiring a BWOFF. 59 owners were advised that they had not provided Council with a copy of their updated BWOFF within one month of the expiry date.
Carry out building inspections in a compliant manner	95% compliance with audit of inspection records against the inspection regime	Target achieved. 100% compliance of audit inspection records against the inspection regime.
Provide advice and education of building matters through Council's website and offices	90% satisfaction level for customers satisfaction surveys (annual survey of building consent applications)	Target achieved. 94% satisfaction level achieved in the survey.

Public Health

What does this activity involve?

The Public Health Activity covers the following services –

- Environmental Health – this administers the requirements of statutes and health regulations that cover subjects such as implementation and verification of Food Control Plans, safe water, disease containment, environmental nuisance, public accommodation and private housing.
- Liquor Licensing – the licensing and monitoring of premises under the provisions of the Sale of Liquor Act 1989, Sale and Supply of Alcohol Act 2012, and the establishment of a District Licensing Committee
- Hazardous substances – the control of hazardous substances has been taken over by the Environmental Risk Management Authority, ERMA, but Council will continue to provide local support at emergency incidents involving hazardous substances because of our local knowledge, expertise and proximity.
- Monitoring and response regarding the Gambling Act 2003 and Prostitution Reform Act 2003.
- Noise control responsibilities.

Why are we involved?

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

Community Outcomes that this activity contributes to

Safe and healthy communities through a range of Council regulatory responsibilities

Risks to public health are identified and appropriately managed

What we delivered

Level of Service to be delivered	How will we measure our success in 2014/2015?	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. 96% of environmental health inspections and 100% of required liquor inspections completed. Due to the Environmental Health Officer only working two days a week, postponements of scheduled inspections due to illness, were not able to be rescheduled within the financial year.
Provide advice on environmental health matters and respond to complaints	All complaints responded to within 5 working days	Target achieved. 7 environmental health complaints were received during the year. 100% were responded to within 5 working days. No liquor complaints were received.

Animal Control

What does this activity involve?

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

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

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

Why are we involved?

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

This activity ensures that:

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

Community Outcomes that this activity contributes to
Safe and healthy communities through a range of Council regulatory responsibilities – through dog registration
Risks to public health are identified and appropriately managed

What we delivered

Level of Service to be delivered	How will we measure our success in 2014/2015?	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 dogs registered	Target achieved. 99% of known dogs are registered in the district.
Control of stock on roads and public places by responding to stock on roads causing a hazard to traffic and managing roadside stock grazing	100% response rate to all complaints and requests within 24 hours	Target achieved. 18 complaints were received during the year. 100% of complaints and requests were responded to within 24 hours.

Emergency Management

What does this activity involve?

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

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

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

Why are we involved?

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

Through this activity:

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

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 2014/2015?	Achieved level of service
Emergency responders are suitably trained and equipped to respond to disaster	Civil Defence – Annual exercise rated moderate	Target not applicable Exercises are run nationally and the exercise is scheduled for November 2015. Welfare centre training was carried out regionally and was attended by Council staff.
	Rural Fire – fire teams training levels meet industry standards	Target achieved. The Rural Fire Authority exceeds the industry standards as relates to the positions of fire fighter, pump operator and crew leader.

Bylaws**What does this activity involve?**

Council is required to implement Bylaws.

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

Council currently employs one staff member to cover bylaws as well as other duties.

Why are we involved?

To improve community safety through the enforcement of Council Bylaws. This includes liquor bans and traffic infringements.

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 2014/2015?	Achieved level of service
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. 389 complaints received during the year. 100% of complaints were responded to within 5 working days.

***Planning and Regulatory Group* Funding Impact Statement**

For the year ending 30 June 2015

	2014 Long Term Plan \$000	2015 Long Term Plan \$000	2015 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges and rates penalties	723	724	703
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	2	-
Fees, charges	709	715	829
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	24
Total operating funding	1,432	1,441	1,556
Applications of operating funding			
Payments to staff and suppliers	1,113	1,116	1,116
Finance costs	-	-	-
Internal charges and overheads applied	309	315	312
Other operating funding applications	-	-	-
Total applications of operating funding	1,422	1,431	1,428
Surplus (deficit) of operating funding	10	10	128
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	-	-	-
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	10	10	29
Increase (decrease) in reserves	-	-	99
Increase (decrease) of investments	-	-	-
Total application of capital funding	10	10	128
Surplus (deficit) of capital funding	(10)	(10)	(128)
Funding balance	-	-	-

Revenue

Overall revenue for the Planning and Regulatory Group was above budget with Building activity revenue \$108,000 above budget due to the increase in Building Consents.

The group carry forward for operational costs was \$99,000 for district licencing committee, building and emergency management.

Land Transport Group

What does this activity involve?

Council owns and maintains the district road network. Network maintenance and renewals are funded by rates with substantial funding assistance from the New Zealand Transport Agency (NZTA). The assistance rate is 58% for the 2012-2015 period when it will be again reviewed. Council staff, 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. 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 Land Transport Activity Management Plan has been written and is updated regularly to ensure it meets the requirements of the district. The road network is maintained on an "in perpetuity" basis and no significant capital works are planned such as constructing new roads or sealing new roads. Council bridges are ageing and will be in need of major repairs or replacement in the future. Council has started and will continue an investigation programme to define and implement maintenance and rehabilitation solutions to continuously extend the life of our bridge infrastructure.

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

Why are we involved?

Community Outcomes that this activity contributes to

Risks to public health are identified and appropriately managed

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

Major contracts tendered during the year 2014/15

	Agreed Pricing
Major Culvert Works	\$ 328,877
Area Wide Pavement Treatment Package 1	\$ 745,409
Area Wide Pavement Treatment Package 2	\$1,138,372
Minor Improvements	\$ 695,318
Structural Maintenance	\$ 763,545
Blackhead Road Pavement and Ground Improvements	\$ 656,008
Road Network Maintenance 2015 – 2019 (per year)	\$4,149,753
(price is negotiable throughout the contract period)	

Key achievements during the year

- Worked with NZTA to prepare and submit the next 3 year funding programmes which has been approved
- Worked with NZTA on changing the procurement method for maintenance contracts as a new one will be awarded on the 1st of July 2015
- Worked with NZTA to open up various parts of the network to 50MAX and HPMV
- Completed reviewing the road classifications to ensure they are in line with the One Network Road Classification being adopted across the country
- Worked with other local "Local Authorities" to lobby NZTA for better results from the Funding Assistance Review and were successful in obtaining 60% which is up 2% from the previous rate
- Worked with the Regional Transportation Committee to prepare a successful Regional Land Transport Plan
- Trialled a new pavement stabilising agent which assists in minimising dust on Black Road
- Began a preliminary "Business Case" to obtain special consideration for funding, prior to the start of a large log harvest from outside the CHB District.

What we delivered

Level of Service to be delivered	How will we measure our success in 2014/2015?	Achieved level of service
Roads are maintained to community expectations with ongoing inspection, maintenance, upgrades and renewals	<p>Road roughness rating (NAASRA rating)</p> <p>Note a lower score indicates better condition</p> <p><70 arterial roads</p> <p><100 other sealed roads</p> <p><120 unsealed roads</p>	<p>Target not achieved.</p> <p>Arterial Roads: 81 (previous year 77).</p> <p>Target achieved.</p> <p>Other Sealed Roads: 92 (previous year 92)</p> <p>Unsealed Roads: 116 (previous year 116)</p> <p>The work required on road network was not completed when the NAASRA readings were taken. Both Peel Street and Railway Esplanade are now subject to increased State Highway traffic and heavier loaded trucks.</p>
<p>Safe and efficient road network</p> <p>The district produces a rolling 10 year monitoring programme of accident statistics in the following categories:</p> <ul style="list-style-type: none"> • Road factors • Poor observation • Injury crashes minor, serious and fatal • Loss of control bends • Pedestrian casualties • Cyclist casualties 	The district will show a reducing trend in the activities monitored	<p>Target not achieved</p> <p>Road factors – reducing trend</p> <p>Poor observation – reducing trend</p> <p>Injury crashes, minor, serious and fatal – reducing trend</p> <p>Loss of control bends – reducing trend</p> <p>Pedestrian casualties – increasing trend</p> <p>Cyclist casualties – reducing trend</p> <p>Pedestrian Casualties fell from 2 to 1 this year however the 10 year trend is increasing overall.</p>
Risks to Public Health are identified and appropriately managed with all identified safety risks are listed on the minor improvements programme and prioritised	The minor safety programme funding is applied to the prioritised risks on an annual basis with projects completed and the risk minimised.	<p>Target achieved</p> <p>Prioritised projects completed during the year.</p> <p>7 projects completed this year.</p>

***Land Transport Group* Funding Impact Statement**

For the year ending 30 June 2015

	2014 Long Term Plan \$000	2015 Long Term Plan \$000	2015 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges and rates penalties	6,179	6,421	6,326
Targeted rates	76	76	78
Subsidies and grants for operating purposes	2,153	2,153	2,535
Fees, charges	10	10	15
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	142	147	140
Total operating funding	8,560	8,807	9,094
Applications of operating funding			
Payments to staff and suppliers	4,127	4,142	4,797
Finance costs	24	20	17
Internal charges and overheads applied	836	853	803
Other operating funding applications	-	-	-
Total applications of operating funding	4,987	5,015	5,617
Surplus (deficit) of operating funding	3,573	3,792	3,477
Sources of capital funding			
Subsidies and grants for capital expenditure	4,538	4,538	5,592
Development and financial contributions	4	4	85
Increase (decrease) in debt	(52)	(56)	(61)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	4,490	4,486	5,616
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	846
- to replace existing assets	8,009	8,024	8,499
Increase (decrease) in reserves	54	254	(252)
Increase (decrease) of investments	-	-	-
Total application of capital funding	8,063	8,278	9,093
Surplus (deficit) of capital funding	(3,573)	(3,792)	(3,477)
Funding balance	-	-	-

2014/15 was the final year in the 2012-15 NZTA Funding Programme. The budget for funding had been spread evenly over the 3 years of the programme. However due to delays by contractors and major work scheduled for this year to make use of economies of scale, the funding and corresponding expenditure was completed in the 2014/15.

Solid Waste Group

What does this activity involve?

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

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

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 2014/2015?	Achieved level of service
Provide reliable and responsive kerbside collection services with kerbside collection services completed on the designated day at a regular time	¹ Less than 2 missed collections per month recorded in the Request For Service system	Target achieved. 3 missed collections were reports during the year.
Ensure that the community are very satisfied with Council's Solid Waste services and facilities	More than 90% of survey respondents are satisfied or very satisfied with Council's solid waste services and facilities	Target achieved 90% of respondents were satisfied or very satisfied
CHB waste to be diverted from landfill through provision of reuse, recycling and compost programmes	² Volume of waste from transfer stations to landfill <3500 cubic metres per year	Target achieved 1,967 cubic metres per year of waste from transfer stations to landfill (1,574 tonnes of waste from transfer stations to landfill for the year at an estimated tonnes per cubic metre is 0.8)
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.

¹ Two missed collections per month judged by the number of Requests for Service or Service Requests sent out

² Previously measured by volumes of organic matter and other recycling diverted from landfill

***Solid Waste Group* Funding Impact Statement**

For the year ending 30 June 2015

	2014 Long Term Plan \$000	2015 Long Term Plan \$000	2015 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges and rates penalties	1,306	1,302	1,682
Targeted rates	252	260	214
Subsidies and grants for operating purposes	-	-	44
Fees, charges	1,292	1,328	928
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
Total operating funding	2,850	2,890	2,868
Applications of operating funding			
Payments to staff and suppliers	1,865	1,912	1,663
Finance costs	230	210	175
Internal charges and overheads applied	393	401	239
Other operating funding applications	-	-	-
Total applications of operating funding	2,488	2,523	2,077
Surplus (deficit) of operating funding	362	367	791
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(276)	(278)	(5)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	(276)	(278)	(5)
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	86	89	810
Increase (decrease) in reserves	-	-	(24)
Increase (decrease) of investments	-	-	-
Total application of capital funding	86	89	786
Surplus (deficit) of capital funding	(362)	(367)	(791)
Funding balance	-	-	-

The income from fees and charges derived from waste from outside the district was less than budgeted with less waste received.

The operational costs were less than budget due to less waste coming into the landfill, but were comparable to last year. The ability of this activity to reduce costs is somewhat limited due to the high proportion of fixed costs.

Capital expenditure of \$812,000 relates to the landfill cell extension which was budgeted for in 2012/13, work continued on this project and was be completed in 2015.

Water Supplies Group

What does this activity involve?

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

In Central Hawke's Bay, there are currently seven public water supply systems located at Otane, Waipawa, Waipukurau, Takapau, Porangahau, Te Paerahi and Kairakau. Non potable water has also been supplied to the Pourerere Camping Ground and toilet block.

The quality of water supplied fully meets the New Zealand Drinking Water Standards 2005/08 (NZDWS) at Takapau. Other supplies meet most of the requirements, but not all protozoa identification requirements. Government has passed legislation making compliance with the NZDWS mandatory. This will require installation of new treatment plants at some sites. Comprehensive Activity Management Plans have been compiled for all water supplies, these are being updated as required.

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 2014/2015?	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 DWS form compliant systems	Target achieved. Council complied with the DWS, based on results of monitoring and testing.
Ensure compliance with resource consents and the sustainable management of the water tanks through monitoring and compliance and managing water takes in periods of low flow in the District's rivers	No more than minor breaches (ie not sufficient to attract a fine) of resource consent conditions	Target achieved. There were no consent condition breaches during the year.
Continuity of supply by working with contractor to ensure a continuous improvement in outages caused through leaks, breaks and pump failures	100% of outages caused through leaks, breaks, pump failures, etc are repaired within contractual timeframes	Target not achieved. 94.46% 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 5.96% of outages were outside contractual timeframes.

Note: The above timeframes vary from 3 hours to 3 days depending on the extent and location of the leak.

***Water Supplies Group* Funding Impact Statement**

For the year ending 30 June 2015

	2014 Long Term Plan \$000	2015 Long Term Plan \$000	2015 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges and rates penalties	-	-	-
Targeted rates	2,327	2,421	2,615
Subsidies and grants for operating purposes	-	-	-
Fees, charges	-	-	2
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	1
Total operating funding	2,327	2,421	2,618
Applications of operating funding			
Payments to staff and suppliers	1,166	1,204	1,073
Finance costs	152	165	131
Internal charges and overheads applied	320	327	487
Other operating funding applications	-	-	-
Total applications of operating funding	1,638	1,696	1,691
Surplus (deficit) of operating funding	689	725	927
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	3	3	4
Increase (decrease) in debt	(155)	464	(181)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	(152)	467	(177)
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	534	1,207	654
Increase (decrease) in reserves	3	(15)	96
Increase (decrease) of investments	-	-	-
Total application of capital funding	537	1,192	750
Surplus (deficit) of capital funding	(689)	(725)	(927)
Funding balance	-	-	-

Targeted rates revenue is higher than budget due to increased revenue from water by meter rates.

The underspend of budgeted capital of \$557,000 relates to water treatment work in Waipawa and Waipukurau. The Waipawa work has been delayed due to contractors being unavailable. This work has now begun and will be completed in 2015/16. The Waipukurau UV Treatment (\$325,000) has been put on hold due to the delay in the RWSS and the impact of where the treatment will be required.

\$96,000 was carried forward for future operational costs.

Wastewater (Sewerage) Group

What does this activity involve?

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

Waipukurau and Waipawa Wastewater

After the draft 2012-22 LTP had gone out for consultation, based on a land based discharge system, the cost of the project escalated from \$8.2 million to \$10.5 million and the finalised resource consent had still not been agreed. In light of this uncertainty, Council chose the floating wetlands with river discharge option, using the existing 2008 consent. \$7.2 million was budgeted for these projects. Further investigation work done by the Council saw the project cost decrease to \$6.9 million.

The wastewater treatment plants were completed in 2014, rather than 2015 as in the Long Term Plan. This allowed completion of both Waipukurau and Waipawa plants to be completed prior to the deadline of September 2014.

The new resource consent for discharge into the Waipawa and Tukituki River was to be met by this date.

However there has been \$545,000 of Capital Expenditure this year that was unbudgeted in the 2014/15 Annual Plan due to breaches of the consents for the Waipukurau and Waipawa Wastewater Treatment Plants. Soluble reactive phosphorus (SRP) limits in each consent were not being met due to overloading of the filtration plants at each site. Abatement notices were issued by the Hawke's Bay Regional Council in January 2015 requiring installation of additional equipment including lamella clarifiers at each site. These clarifiers have now been installed and SRP results are now being achieved under the consent limits.

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

Why are we involved?

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

Community Outcomes that this activity contributes to
Risks to public health are identified and appropriately managed
Central Hawke's Bay District has an efficient and affordable wastewater infrastructure
We plan and manage wastewater disposal to minimize the effect on the environment

What we delivered

Level of Service to be delivered	How will we measure our success in 2014/2015?	Achieved level of service
Ensure compliance with resource consents by ongoing monitoring of treatment plants and compliance with consent requirements	No more than minor breaches on consent conditions reported to Hawke's Bay Regional Council	<p>Target not achieved.</p> <p>There were 53 consent condition breaches during the 2014/2015 year.</p> <p>These breaches primarily apply to the Waipukurau and Waipawa Wastewater Treatment Plants. Soluble reactive phosphorus(SRP) limits in each consent were not being met due to overloading of the filtration plants at each site. Abatement notices were issued by the Regional Council in January 2015 requiring installation of lamella clarifiers at each site. These clarifiers have now been installed and SRP results are now being achieved under the consent limits.</p>
Maintain capacity of the wastewater systems for existing users and to meet future demand with ongoing inspection, maintenance, upgrade and renewal	Less than 100 blockages of pipes per annum	<p>Target achieved.</p> <p>12 sewer blockages during the year.</p>
	Less than 5 sewer pump station malfunctions per annum	<p>Target achieved.</p> <p>There were no sewer pump station malfunctions during the year.</p>
Continuity of service by working with our contractor to ensure continuous improvement in outages caused through leaks, breaks and pump failures	100% of outages caused through leaks, breaks, pump failure are repaired within contractual timeframes	<p>Target achieved.</p> <p>100% of faults fixed within timeframes during the year.</p>

Wastewater (Sewerage) Group Funding Impact Statement

For the year ending 30 June 2015

	2014 Long Term Plan \$000	2015 Long Term Plan \$000	2015 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges and rates penalties	-	-	-
Targeted rates	2,259	2,577	2,626
Subsidies and grants for operating purposes	-	-	-
Fees, charges	103	106	261
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
Total operating funding	2,362	2,683	2,887
Applications of operating funding			
Payments to staff and suppliers	714	818	927
Finance costs	289	592	547
Internal charges and overheads applied	396	404	403
Other operating funding applications	-	-	-
Total applications of operating funding	1,399	1,814	1,877
Surplus (deficit) of operating funding	963	869	1,010
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	14	6
Increase (decrease) in debt	(373)	3,936	122
Gross proceeds from sale of assets	14	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	(359)	3,950	128
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	590	4,833	1,154
Increase (decrease) in reserves	14	(14)	(16)
Increase (decrease) of investments	-	-	-
Total application of capital funding	604	4,819	1,138
Surplus (deficit) of capital funding	(963)	(869)	(1,010)
Funding balance	-	-	-

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

Increased operating costs relate to the upgrade of the Waipawa and Waipukurau waste water treatment facility.

Capital expenditure is under budget due to the capital works relating to the upgrades of the Waipukurau and Waipawa waste water treatment facilities being undertaken in advance of this year.

However there has been \$545,000 of Capital Expenditure this year that was unbudgeted in the 2014/15 Annual Plan due to breaches of the consents for the Waipukurau and Waipawa Wastewater Treatment Plants. Soluble reactive phosphorus(SRP) limits in each consent were not being met due to shortcomings in the filtration plants at each site. Abatement notices were issued by the Regional Council in January 2015 requiring installation of addition equipment including lamella clarifiers at each site. These clarifiers have now been installed and SRP results are now being achieved under the consent limits.

Storm Water Group

What does this activity involve?

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

The catchments in Waipukurau consist of open watercourses and piped reticulation. They drain into the Tuki Tuki River through a number of systems including the Pah Flat Stream, or to the south and east to the Mangatarata Stream system. Flooding is not a major problem, except in excessive rainfall events.

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

Why are we involved?

The Storm Water Activity provides collective benefits to the community by collecting storm water 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 2014/2015?	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. There were no incidents of heavy rain causing surface ponding issues during the 2014/2015 year.
Meet customer queries and complaints in a timely and efficient manner	90%+ rate service as "good" in the biennial customer satisfaction surveys or targeted survey of customers who have used the services	Target not applicable for 2014/2015. The survey is due to be completed in the 2015/16 year.
	100% of blockages and other faults repaired within contractual timeframes	Target achieved. 100% of faults fixed within timeframes during the year.

***Storm Water Group* Funding Impact Statement**

For the year ending 30 June 2015

	2014 Long Term Plan \$000	2015 Long Term Plan \$000	2015 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges and rates penalties	-	-	-
Targeted rates	451	469	451
Subsidies and grants for operating purposes	-	-	-
Fees, charges	-	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
Total operating funding	451	469	451
Applications of operating funding			
Payments to staff and suppliers	164	169	115
Finance costs	6	9	5
Internal charges and overheads applied	84	86	86
Other operating funding applications	-	-	-
Total applications of operating funding	254	264	206
Surplus (deficit) of operating funding	197	205	245
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	1	1	-
Increase (decrease) in debt	(5)	88	(5)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	(4)	89	(5)
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	95	-
- to improve the level of service	-	-	-
- to replace existing assets	192	199	70
Increase (decrease) in reserves	1	-	170
Increase (decrease) of investments	-	-	-
Total application of capital funding	193	294	240
Surplus (deficit) of capital funding	(197)	(205)	(245)
Funding balance	-	-	-

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

The budgeted capital expenditure was not required this year, so \$170,000 has been carried forward to fund future replacement work.

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 2014/2015?	Achieved level of service
Parks (including sports grounds), reserves, war memorials and pools are well maintained by contractors employed to manage these facilities	Contractors met the requirements of the twice yearly independent audit of management contract	Target achieved Independent audits of the management contract were completed in November 2014 and June 2015, at which time contractors were meeting the requirements.
	100% of Requests For Service are completed within timeframes	Target achieved. 100% of requests were completed within timeframes.

Residents and visitors have access to affordable beach accommodation via provision of camp grounds under lease agreements	Requirements of the current lease agreements are met	Target achieved. We have four camp grounds open with facilities available to the public, all operating as per their lease agreements.
Swimming Pool facilities are available to the community with a suitable range of opening hours to maintain community access	Facilities are open for advertised or contracted hours	Target not achieved. The pool was open for 594 hours and was contracted to be open for 672 hours. While the hours are contracted, they are subject to weather and swimmer numbers.

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 2014/2015?	Achieved level of service
Clean facilities provided to the public	Contractors met the requirements of the twice yearly independent audit of management contract	Target achieved. Independent audits of the management contract were completed in November 2014 and June 2015, at which time contractors were meeting the requirements.
	100% of Requests For Service are completed within timeframes	Target achieved. 100% of requests were completed within timeframes.

Public toilets are well maintained and upgrades carried out as needed	Upgrades carried out as required	Target achieved. The upgrade of the Nelly Jull, Onga Onga and Russell Park toilet blocks were completed this year.
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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 managed 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 2014/2015?	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.
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 November 2014 and June 2015, and all properties met minimum standards of safety and maintenance.

Libraries

What does this activity involve?

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

Why are we involved?

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

Community Outcomes that this activity contributes to

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

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

What we delivered

Level of Service to be delivered	How will we measure our success in 2014/2015?	Achieved level of service
Availability of Library Services by being open specified hours to the public and thorough the Council website	Libraries will be open for a minimum of 3,950 hours per annum	Target achieved. Libraries have been open 3953 hours during the year.
Quality, safe and up to date library facilities and materials provided by carrying out a work program which ensure library fit outs and assets are adequately maintained. Buying and providing up to date publications and databases.	90% satisfaction levels achieved in the biennial satisfaction surveys	Target achieved. 100% satisfaction level was achieved in the bi-annual survey conducted in March 2015.

Provide active education / recreational programs and other services including children's holiday programs and other reader services	Four holiday and other programs provided annually	<p>Target achieved.</p> <p>38 holiday and other programs were run during the year, including:</p> <ul style="list-style-type: none"> • Maths is Fun • Winter Warmers • NZ Children and Young Adults Awards/tour • Book Club • Rhyme Time/Tiny Tots • Craft programs • Author evenings • Storytellers and entertainers • Summer Reading Program • iRead and Read+ • Holiday programs in conjunction with Picture House • Smartphone sessions • Outreach visits to housebound and resthomes • LIANZA Book Awards – sponsored by Hell's Pizza
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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 2014/2015?	Achieved level of service
Theatres and hall provide a community focus and promote their heritage with communities managing their own facilities	85% of community halls are managed by community hall committees	Target achieved. 100% of community halls are managed by community hall committees.
Theatres, halls and CHB Settler's Museum provide safe places for the community	Monthly Building Warrant of Fitness (BWOFF) checks are carried out and all facilities have a current BWOFF	Target achieved. BWOFF checks were carried out on all buildings that the Council is responsible for – 10 Council managed theatres, halls and museums have a current BWOFF. The remaining halls are done by independent contractors, arranged by the committees.
CHB Settler's Museum is available to the community through the provision of a management contract	Management contract requirements are met including opening hours reported in monthly reports	Target achieved. The requirements of the CHB Settler's Museum management contract were met.

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 ten 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 2014/2015?	Achieved level of service
Well maintained and attractive facilities provided to the public including maintenance of lawn plots and grounds to contract specifications, with capital work programs to maintain the assets	Contractors met the requirements of the twice yearly independent audit of management contract	Target achieved. Independent audits of the management contract were completed in November 2014 and May 2015 and requirements were met.
	100% of Requests For Service are completed within timeframes	Target achieved. 100% of requests were completed within timeframes.
Accurate and complete historical records available to the public via the internet	100% of burial records available to be viewed on the internet	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 2014/2015?	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	2% of the total funding required is achieved through lease income	Target achieved. 5.07% of the total funding required was achieved through lease income.

***Recreation and Community Facilities Group* Funding Impact Statement**
For the year ending 30 June 2015

	2014 Long Term Plan \$000	2015 Long Term Plan \$000	2015 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges and rates penalties	2,633	2,706	2,516
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	17
Fees, charges	336	345	459
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	3
Total operating funding	2,969	3,051	2,995
Applications of operating funding			
Payments to staff and suppliers	1,947	1,998	2,054
Finance costs	66	82	73
Internal charges and overheads applied	369	375	375
Other operating funding applications	-	-	-
Total applications of operating funding	2,382	2,455	2,502
Surplus (deficit) of operating funding	587	596	493
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	47
Development and financial contributions	1	1	25
Increase (decrease) in debt	(34)	418	3
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	(33)	419	75
Applications of capital funding			
Capital expenditure			
- to meet additional demand	60	-	-
- to improve the level of service	-	-	183
- to replace existing assets	522	1,014	525
Increase (decrease) in reserves	(28)	1	(140)
Increase (decrease) of investments	-	-	-
Total application of capital funding	554	1,015	568
Surplus (deficit) of capital funding	(587)	(596)	(493)
Funding balance	-	-	-

Overall income and expenditure for this group of activities was in line with budget. However there were some variances to budget within this group which are detailed below.

Parks, Reserves and Swimming Pools

The new Russell Park playground was completed this year and the exercise trail equipment was constructed with installation in the 2015/16 year. The Concrete Path around the park, which was unbudgeted, was also installed with funds from the Esplanade Reserve Fund.

The upgrade of the Waipawa pools was completed last year (\$60k in the 2014/15 Annual Plan)

Public Toilets

The upgrades of Russell Park, Nelly Jull and Onga Onga toilets carried out with \$34k funded from carry forward

Retirement Housing

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

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

Theatres, halls and museums

The Civic Theatre lease expired on 30 June 2014 and there has been a new contract in place from 1 July 2014.

The majority of the Civic Theatre upgrade was completed this year and was under budget by \$106k.

There has been minimal spending on halls, with the required earthquake strengthening for the Waipukurau Memorial Hall to commence in the 2015/16 year.

Property and Buildings

Refurbishment of the Council administration building was deferred until a decision on amalgamation had been made.

The earthquake strengthening for the Waipukurau Library commenced at the end of the financial year with the majority of the work to be completed in the 2015/16 year.

There was a group carry forward of \$140,700 for renewals. This was for administration building, district halls, cemeteries and the Waipukurau Memorial Hall and Waipukurau Library earthquake strengthening.

Statement of Comprehensive Revenue and Expense

2014 Council Actual \$'000	2014 Group Actual \$'000		Note	2015 Council Annual Plan \$'000	2015 Council Actual \$'000
Revenue					
17,665	17,665	Rates		17,770	17,918
7,861	7,861	Subsidies and Grants		6,600	8,270
2,212	2,212	Fees and Charges		2,182	2,495
511	511	Interest and Dividends		450	398
64	64	Development Contributions and Donations		-	145
157	157	Other Revenue		153	282
28,470	28,470	Total Revenue	2	27,155	29,508
Expenditure					
3,058	3,058	Personnel costs		3,348	3,273
11,171	11,171	Depreciation and amortisation expense	2	12,376	11,671
808	808	Finance costs		600	499
10,632	10,632	Other operating expenses	2	11,804	12,093
25,669	25,669	Total Expenditure		28,128	27,536
2,801	2,801	Net Operating Surplus/(Deficit)		(973)	1,972
Other (Gains)/Losses					
2,797	2,797	Infracon Impairment		-	(4)
921	921	Share of Associate Earnings		-	-
(344)	(344)	(Gains)/Losses on Public Debt	8	-	(17)
(18)	(18)	(Gains)/Losses on Investments		-	(57)
3,356	3,356	Total Other (Gains)/Losses		-	(78)
(555)	(555)	Net Surplus/(Deficit) before Tax		(973)	2,050
-	-	- Taxation		-	-
(555)	(555)	Net Surplus/(Deficit)		(973)	2,050
Other Comprehensive Revenue					
Property, Plant and Equipment					
35,085	35,085	Movements in PPE revaluations	10	25,335	10,168
34,530	34,530	Total Comprehensive Revenue and Expense		24,362	12,218

Statement of Financial Position

2014 Council Actual \$'000	2014 Group Actual \$'000		Note	2015 Council Annual Plan \$'000	2015 Council Actual \$'000
ASSETS					
Current Assets					
1,630	1,630	Cash and cash equivalents	4	5,887	2,475
2,822	2,822	Trade and other receivables	3	2,676	2,706
283	283	Prepayments		241	157
2	2	Stock on Hand		1	2
4,737	4,737	Total Current Assets		8,805	5,340
Non Current Assets					
5,494	5,494	Investments	5	5,070	3,787
751,520	751,520	Property Plant and Equipment	6	778,362	763,345
757,014	757,014	Total Non Current Assets		783,432	767,132
761,751	761,751	TOTAL ASSETS		792,237	772,472
LIABILITIES					
Current Liabilities					
4,389	4,389	Trade and other payables	7	6,670	5,140
266	266	Employee benefit liabilities	7	262	299
2,753	2,753	Current Public Debt	7	2,481	1,207
7,408	7,408	Total Current Liabilities		9,413	6,646
Non Current Liabilities					
4,674	4,674	Non Current Public Debt	8	9,226	3,548
1,849	1,849	Provision for Landfill Post-closure Costs	9	1,611	2,288
6,523	6,523	Total Non Current Liabilities		10,837	5,836
13,931	13,931	TOTAL LIABILITIES		20,250	12,482
PUBLIC EQUITY					
4,515	4,515	Special Funds	10	3,620	5,062
195	195	Trust Funds	10	195	197
497,136	497,136	Revaluation Reserve of Assets	10	525,651	507,305
245,974	245,974	Ratepayers' Equity		242,521	247,426
747,820	747,820	Total Public Equity		771,987	759,990
761,751	761,751	TOTAL LIABILITIES & PUBLIC EQUITY		792,237	772,472

Statement of Changes in Equity

2014 Council Actual \$'000	2014 Group Actual \$'000		Note	2015 Council Annual Plan \$'000	2015 Council Actual \$'000
713,290	713,290	Public Equity at Beginning of Year		747,625	747,820
		Total Comprehensive Revenue			
(555)	(555)	Net Surplus/(Deficit)		(973)	2,050
35,085	35,085	Other Comprehensive Revenue		25,335	10,168
-	-	Recognition of funds as a liability		-	(48)
747,820	747,820	Public Equity at Year End		771,987	759,990
		Components of Equity			
242,761	242,008	Ratepayers Equity at the beginning of the Year		243,915	245,973
3,212	3,965	Net Surplus/(Deficit) for the Year		(1,394)	1,453
245,973	245,973	Ratepayers Equity at end of Year		242,521	247,426
8,281	8,281	Special Funds at the beginning of the Year	10	3,199	4,515
(3,766)	(3,766)	Net Surplus/(Deficit)		421	595
-	-	Recognition of funds as a liability		-	(48)
4,515	4,515	Special Funds at the end of the Year		3,620	5,062
195	195	Trust Funds at the beginning of the Year	10	195	195
0	0	Net Surplus/(Deficit)		-	2
195	195	Trust Funds at the end of the Year		195	197
462,052	462,803	Revaluation Reserves at the beginning of the Year	10	500,316	497,137
35,085	35,085	Other Comprehensive Revenue		25,335	10,168
-	(751)	Transfers to (from) Revaluation Reserves		-	-
497,137	497,137	Revaluation Reserves at the end of the Year		525,651	507,305
747,820	747,820	Total Equity at end of Year		771,987	759,990

Statement of Cash Flows

2014 Council Actual \$'000	2014 Group Actual \$'000	Note	2015 Council Annual Plan \$'000	2015 Council Actual \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash was provided from				
17,597	17,597		17,470	17,889
7,664	7,664		6,600	8,197
2,219	2,219		2,482	2,720
511	511		450	398
159	159		-	282
64	64		-	145
28,214	28,214		27,002	29,631
Cash was applied to				
(8,788)	(8,788)		(15,019)	(12,288)
(3,454)	(3,454)		(3,240)	(3,306)
(800)	(800)		(600)	(464)
(13,042)	(13,042)		(18,859)	(16,058)
15,172	15,172	10	8,143	13,573
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash was provided from				
921	921		-	1,709
Cash was applied to				
(15,239)	(15,239)		(11,274)	(11,782)
(15,239)	(15,239)		(11,274)	(10,073)
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash was provided from				
2,000	2,000	7	2,655	2,000
Cash was applied to				
(9,265)	(9,265)	7	(2,655)	(4,655)
(6,344)	(6,344)		-	(2,655)
(6,411)	(6,411)		(3,131)	845
8,041	8,041	3	9,019	1,630
1,630	1,630		5,888	2,475
Represented by				
1,630	1,630	3	5,888	2,475

Council Funding Impact Statement

	2014 Annual Plan \$000	2014 Actual \$000	2015 Annual Plan \$000	2015 Actual \$000
Sources of operating funding				
General rates, uniform annual general charges and rates penalties	11,569	11,642	11,825	11,908
Targeted rates	5,676	6,023	5,945	6,010
Subsidies and grants for operating purposes	2,716	2,211	2,235	2,678
Fees, charges	2,218	3,227	2,182	2,495
Interest and dividends from investments	549	511	450	398
Local authorities fuel tax, fines, infringement fees and other receipts	-	157	153	244
Total operating funding	22,728	23,771	22,790	23,733
Applications of operating funding				
Payments to staff and suppliers	11,818	13,619	14,800	15,367
Finance costs	1,068	841	600	499
Other operating funding applications	2,972	-	-	-
Total applications of operating funding	15,858	14,460	15,400	15,866
Surplus (deficit) of operating funding	6,870	9,311	7,390	7,867
Sources of capital funding				
Subsidies and grants for capital expenditure	4,538	4,637	4,365	5,639
Development and financial contributions	2,153	1,149	-	98
Increase (decrease) in debt	21	64	-	(2,655)
Gross proceeds from sale of assets	-	-	-	39
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding	6,712	5,850	4,365	3,121
Applications of capital funding				
Capital expenditure				
- to meet additional demand	60	-	95	-
- to improve the level of service	-	3,324	1,269	1,029
- to replace existing assets	13,063	8,995	9,911	11,896
Increase (decrease) in reserves	(90)	2,842	480	(173)
Increase (decrease) of investments	549	-	-	(1,764)
Total application of capital funding	13,582	15,161	11,755	10,988
Surplus (deficit) of capital funding	(6,870)	(9,311)	(7,390)	(7,867)
Funding balance	-	-	-	-

The Council early adopted the revised financial reporting provisions of the Local Government (Financial Reporting and Prudence) Regulations 2014 in preparing the 2014/15 annual plan. To ensure comparability with the 2015 information, the 2014 annual plan and actual figures for targeted rates and fees and charges have been restated to include targeted rates for metered water supply in the targeted rates line. The 2013/14 annual plan included targeted rates for metered water supply in the fees and charges line.

Notes to the Financial Statements

1 Statement of Accounting Policies

Reporting Entity

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

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

Basis of Preparation

Statement of Compliance

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

The financial statements have been prepared to comply with Public Benefit Entity Standards (PBE Standards) for a Tier 2 entity. The Council falls within the classification of Tier 2 as it has expenditure less than \$30 million. The Council is adopting the public sector PBE Standards for the first time. The financial statements incorporated within this report have been prepared in compliance with PBE Financial Reporting Standards 46: *First-time Adoption of PBE Standards by Entities Previously Applying NZ IFRSs* (PBE FRS 46).

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

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

Measurement Base

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

Functional and Presentation Currency

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

Changes in Accounting Policies

The changes to the accounting policies include:

- All references to Tamatea have been deleted as this entity has been wound up at June 30th 2014 and deregistered at the Companies Office on November 17th 2014.
- First-time adoption of PBE Standards. This is the first set of financial statements of Council that are presented in accordance with PBE Standards. Council previously reported in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) (PBE). The accounting policies adopted in these financial statements are consistent with those of the previous year, except for instances when the accounting or reporting requirements of a PBE standard are different, as outlined below.

- Disclosure differences arise on the adoption of PBE Standards, specifically in relation to disclosure of revenue from exchange and non-exchange transactions and related party disclosures
- Recognition of revenue from non-exchange transactions – PBE IPSAS 23 *Revenue from non-exchange transactions*. The application of this standard will impact the recognition of revenue. In previous years non-exchange revenue is recognised as services related to the revenue are performed. PBE IPSAS 23 does not allow such recognition. Revenue can only be deferred if there is a performance obligation and an explicit return obligation. There is no financial impact from the adoption of the PBE standards.

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

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 the Statement of Comprehensive Revenue.

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.

Financial assets acquired principally for the purpose of selling in the short-term or part of a portfolio classified as held for trading are classified as a current asset.

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 the Statement of Comprehensive Revenue.

Financial assets at fair value through equity

Council's investments in its subsidiary and associate companies are not included in this category as they are held at cost, whereas, this category is to be measured at fair value.

After initial recognition, these investments are measured at their fair value, with gains and losses recognised directly in equity except for impairment losses, which are recognised in the Statement of Comprehensive Income. On derecognition the cumulative gain or loss previously recognised in equity is recognised in the Statement of Comprehensive Revenue.

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 the Statement of Comprehensive Revenue.

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 the Statement of Comprehensive Revenue. 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.

Quoted and Unquoted Equity Investments

For equity investments classified as fair value through equity, a significant or prolonged decline in the fair value of the investment below its cost is considered an indicator of impairment. If such evidence exists for investments at fair value through equity, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the Statement of Comprehensive Revenue) is removed from equity and recognised in the Statement of Comprehensive Revenue.

Impairment losses recognised in the Statement of Comprehensive Income on equity investments are not reversed through the Statement of Comprehensive Revenue.

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 the Statement of Comprehensive Revenue.

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 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.

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

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%)
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		
Top surface (seal)	15	(6.7%)
Top surface (unsealed)	7	(14.3%)
Pavement (seal base course)	100	(1.0%–3.33%)
Pavement (unsealed base course)	100	(1.0%)
Sub-base (rural)	100	(1.0%)
Sub-base (urban)	100	(1.0%)
Formation	100	(1.0%)
Stormwater Channel	50–80	(1.25%–2%)

Asset Category	Useful Life	Depreciation Rate
Footpaths	20-80	(1.25%–5%)
Signs	8	(12.5%)
Streetlights	20	(5%)
Bridges	150	(0.7%)
Sewerage Network		
Pipes and manholes	60-135	(0.7%–1.7%)
Manholes	100	(1%)
Treatment ponds and pumps	26	(3.8%)
Flow monitoring equipment	10	(10%)
Stormwater		
Pipes	25-100	(1%-4%)
Manholes	100	(1%)

Asset Category	Useful Life	Depreciation Rate
Water Network		
Monitoring equipment (hardware)	10–20	(5%–10%)
Monitoring equipment (software)	4	(25%)
Pipes, hydrants, valves	50–100	(1%–2%)
Treatment plants and pumps	20-60	(1.8%–4.9%)
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
Infrastructural Assets	
Roads (except land under roads)	Annually
Bridges	Annually
Sewerage	Every 3 years
Stormwater	Every 3 years
Water	Every 3 years
Land, including land under roads	Every 3 years
Restricted Assets	Every 3 years
Buildings	Every 3 years

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

Council assesses the carrying values of its revalued assets annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued.

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

Infrastructural asset classes: roads

Roading assets are revalued at fair value determined on an optimised depreciated replacement cost basis and reviewed by an independent valuer. The most recent valuation was performed and reviewed by 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 was performed by Registered Valuer, Kerry Stewart BCom VPM PGDip(Com) SNZPI, QV Asset & Advisory and the valuation is effective as at 30 June 2013.

Land Under Roads

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

Unformed or Paper Roads

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

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

Intangible Assets

Carbon Credits

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

Creditors and Other Payables

Trade and other payables are measured by amortised cost using the effective interest method. Trade payables are usually paid within 30 days 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. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

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 2015.

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

Public Benefit Entity Financial Reporting Standard 42 Financial Statements (PBE FRS 42)

The Council has complied with PBE FRS 42 in the preparation of these financial statements. The purpose for which it has been prepared is to enable ratepayers, residents and any other interested parties to obtain information about the past financial performance, position and cash flow of Council.

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:

	2015	2014	2014
	Council	Council	Group
Expenses	\$'000	\$'000	\$'000
Insurance premiums	233	301	301

- (b) Council and the Group incurred the following expenses.

	2015	2014	2014
	Council	Council	Group
Expenses	\$'000	\$'000	\$'000
Depreciation	11,671	11,171	11,171

- (c) **Other Operating expense**

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

	2015	2014	2014
	Council	Council	Group
	\$'000	\$'000	\$'000
Repairs and maintenance	5,732	4,588	4,588
Contracts	2,772	2,804	2,804
Other	3,589	3,240	3,240
Total	12,093	10,632	10,632

- (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 \$305,000 of Interest Revenue has been credited to Special Funds following recognition in the Statement of Comprehensive Revenue, and \$98,000 from Development Contributions will be held to meet future capital upgrades.

- (f) **Revenue from Metered Water**

	2015	2014
	Council	Council
	\$'000	\$'000
Metered Water Revenue	390	330

3 Trade and Other Receivables

	2015 Council \$'000	2014 Council \$'000	2014 Group \$'000
Rates Receivable - Non-exchange	905	1,058	1,058
Rates Receivable - Exchange (Water Meter)	182	-	-
NZ Transport Agency Subsidies - Non-exchange	761	688	688
General Debtors - Non-exchange	1,014	1,239	1,239
	2,862	2,985	2,985
Less Provision for Impairment of Receivables	(156)	(163)	(163)
	2,706	2,822	2,822

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 an 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 (2014: nil) whose carrying amount would otherwise be past due or impaired, have terms which have been renegotiated:

	2015 Council \$'000	2014 Council \$'000	2014 Group \$'000
Individual impairment	156	163	163
Collective Impairment	-	-	-
Total provision for impairment	156	163	163

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:

	2015 Council \$'000	2014 Council \$'000	2014 Group \$'000
At 1 July	163	101	101
Additional provision made during the year	39	73	73
Provisions reversed during the year	(29)	(10)	(10)
Receivable written off during the period	(17)	(1)	(1)
At 30 June	156	163	163

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

4 Cash & cash equivalents

	2015 Council \$'000	2014 Council \$'000	2014 Group \$'000
Cash and cash equivalents			
Cash at bank and in hand	1	1	1
Short term deposits maturing 3 months or less from date of acquisition	2,474	1,629	1,629
Total Cash and Cash Equivalents	2,475	1,630	1,630

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 \$197,000 (2014 \$195,000).

5 Investments

	2015 Council \$'000	2014 Council \$'000	2014 Group \$'000
Bank Bonds	1,659	1,617	1,617
Corporate Bonds	1,083	1,828	1,828
Local Government Stock	1,010	2,016	2,016
Total Bonds, Stock	3,752	5,461	5,461

	2015 Council \$'000	2014 Council \$'000	2014 Group \$'000
NZ Local Government Insurance Corp. Limited	34	34	32
Total Shares	34	34	32
Total Term Investments	3,786	5,495	5,493
Investments in Associates (non controlled)			
HB LASS	1	1	1
Total Investments	3,787	5,496	5,494

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

2015

Infrastructural Assets		Opening Cost 1 July 2014	Opening Accum. Depn.	Opening Book Value 1 July 2014	Additions*	Disposals	Depn. Expense	Depn offset in revaln	Revaluation/ Impairment	Transfer	Closing Cost 30 June 2015	Closing Accum. Depn.	Closing Book Value 30 June 2015
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Water	Treatment	3,249	-	3,249	512	-	(610)	-	-	-	3,760	(610)	3,151
	Reticulation	26,132	-	26,132	63	-	(75)	-	-	-	26,196	(75)	26,120
Wastewater	Treatment	13,918	-	13,918	377	-	(807)	-	-	-	14,295	(807)	13,488
	Reticulation	30,632	-	30,632	169	-	(363)	-	-	-	30,801	(363)	30,439
Stormwater		15,336	-	15,336	58	-	(245)	-	-	-	15,394	(245)	15,149
											-		-
Roadings**		634,429	-	634,429	9,545	-	(8,434)	8,434	2,048	-	646,022	-	646,022
											-		-
Landfill		4,461	(226)	4,235	2,218	-	(173)	-	-	-	6,679	(399)	6,280
Total		728,158	(226)	727,932	12,941	-	(10,707)	8,434	2,048	-	743,147	(2,499)	740,648

Property, Plant And Equipment Assets		Opening Cost 1 July 2014	Opening Accum. Depn.	Opening Book Value 1 July 2014	Additions*	Disposals	Depn. Expense	Depn offset in revaln	Revaluation/ Impairment	Transfer	Closing Cost 30 June 2015	Closing Accum. Depn.	Closing Book Value 30 June 2015
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land		9,836	-	9,836	88	-	-	-	-	-	9,924	-	9,924
Buildings		11,762	(601)	11,161	146	-	(609)	-	(315)	-	11,594	(1,210)	10,384
Emergency Equipment		223	(183)	40	-	-	(8)	-	-	-	223	(191)	32
Motor Vehicles		774	(306)	469	120	(1)	(109)	-	-	-	833	(355)	478
Misc Plant		974	(692)	282	213	-	(116)	-	-	-	1,187	(808)	379
Computer Equipment		436	(371)	65	111	-	(31)	-	-	-	337	(191)	146
Office Furniture and Equipment		543	(482)	61	3	-	(13)	-	-	-	546	(495)	51
Library Books		1,303	(876)	427	73	-	(78)	-	-	-	1,375	(954)	421
Total		25,851	(3,511)	22,340	755	(1)	(964)	-	(315)	-	26,019	(4,204)	21,815
Total		754,008	(3,737)	750,272	13,696	(1)	(11,671)	8,434	1,734	-	769,166	(6,703)	762,464
Work in Progress		1,248	-	1,248	(367)		-	-	-	-	881	-	881
Overall		755,256	(3,737)	751,520	13,329	(1)	(11,671)	8,434	1,734	-	770,047	(6,703)	763,345

Additions* All assets are constructed by Council.

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

2014

Infrastructural Assets		Opening Cost	Opening	Opening			Deprn.	Deprn offset in			Closing Cost	Closing	Closing Book
		1 July 2013	Accum. Depn.	Book Value	Additions*	Disposals	Expense	revaln	Revaluation	Transfer	30 June 2014	Accum. Depn.	Value
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Water	Treatment	2,501	(130)	2,371	133	-	(67)	197	615	-	3,249	-	3,249
	Reticulation	20,030	(1,038)	18,992	1,078	-	(535)	1,573	5,025	-	26,133	-	26,133
Wastewater	Treatment	4,928	(276)	4,652	6,164	-	(143)	419	2,825	-	13,917	-	13,917
	Reticulation	24,405	(1,365)	23,040	755	-	(709)	2,074	5,472	-	30,632	-	30,632
Stormwater		13,230	(396)	12,834	144	-	(199)	595	1,962	-	15,336	-	15,336
Roadings**		620,529	-	620,529	7,754	-	(8,183)	8,183	6,145	-	634,428	-	634,428
Landfill		4,204	(28)	4,176	259	-	(198)	-	-	-	4,463	(226)	4,237
Total		689,827	(3,233)	686,594	16,287	-	(10,034)	13,041	22,044	-	728,158	(226)	727,932

Property, Plant And Equipment Assets		Opening Cost	Opening	Opening			Deprn.	Deprn offset in			Closing Cost	Closing	Closing Book
		1 July 2013	Accum. Depn.	Book Value	Additions*	Disposals	Expense	revaln	Revaluation	Transfer	30 June 2014	Accum. Depn.	Value
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land		9,826	-	9,826	10	-	-	-	-	-	9,836	-	9,836
Buildings		11,449	-	11,449	313	-	(601)	-	-	-	11,762	(601)	11,161
Emergency Equipment		223	(174)	49	-	-	(9)	-	-	-	223	(183)	40
Motor Vehicles		733	(263)	470	100	(58)	(43)	-	-	-	775	(306)	469
Misc Plant		894	(607)	287	81	-	(85)	-	-	-	975	(692)	283
Computer Equipment		398	(340)	58	38	-	(31)	-	-	-	436	(371)	65
Office Furniture and Equipment		539	(461)	78	3	-	(21)	-	-	-	542	(482)	60
Library Books		1,230	(529)	701	72	-	(347)	-	-	-	1,302	(876)	426
Total		25,292	(2,374)	22,918	617	(58)	(1,137)	-	-	-	25,851	(3,511)	22,340
Total		715,119	(5,607)	709,512	16,904	(58)	(11,171)	13,041	22,044	-	754,009	(3,737)	750,272
Work in Progress		5,999	-	5,999	(4,751)	-	-	-	-	-	1,248	-	1,248
Overall		721,118	(5,607)	715,511	12,153	(58)	(11,171)	13,041	22,044	-	755,257	(3,737)	751,520

Additions* All assets are constructed by Council.

Work in Progress

Description	2015 \$'000	2014 \$'000
Landfill Cell extension	-	1,004
Russell Park Playground	-	1
Nellie Jull Toilets	-	1
Land Transport - Minor Works	-	242
Russell Park Toilet Upgrade	53	-
Waipukurau Library	23	-
Civic Theatre	118	-
Kairakau Stormwater Drain	11	-
Otane Wastewater Consent	72	-
Waipukurau Wastewater Ponds	527	-
Porangahau Water Tanks	35	-
Takapau Water Consent	1	-
Waipawa Water Treatment Stage 1 Upgrade	34	-
Waipukurau Water Main Upgrade Phase 1	6	-
Waipukurau Stormwater Upgrade	1	-
	881	1,248

Depreciation by Activity

	2015 Actual	2015 Annual Plan Budget	2014 Actual	2014 Annual Plan Budget
	\$'000	\$'000	\$'000	\$'000
COMMUNITY LEADERSHIP GROUP				
Depreciation expense for the year	-	-	-	-
Funded depreciation	-	-	-	-
Unfunded depreciation to reduce rates	-	-	-	-
REGULATORY GROUP				
Depreciation expense for the year	28	27	35	56
Funded depreciation	28	27	9	10
Unfunded depreciation to reduce rates	-	-	26	46
LAND TRANSPORT GROUP				
Depreciation expense for the year	8,471	9,569	8,205	8,898
Funded depreciation	8,471	7,171	6,885	7,476
Unfunded depreciation to reduce rates	-	2,398	1,320	1,422
SOLID WASTE GROUP				
Depreciation expense for the year	206	291	198	95
Funded depreciation	23	89	135	86
Unfunded depreciation to reduce rates	183	202	63	9
WATER GROUP				
Depreciation expense for the year	705	627	602	582
Funded depreciation	586	551	602	534
Unfunded depreciation to reduce rates	119	76	-	48
WASTEWATER GROUP				
Depreciation expense for the year	1,175	849	852	789
Funded depreciation	418	609	573	590
Unfunded depreciation to reduce rates	757	240	279	199
STORMWATER GROUP				
Depreciation expense for the year	245	233	199	197
Funded depreciation	65	199	144	192
Unfunded depreciation to reduce rates	180	34	55	5
RECREATION AND COMMUNITY GROUP				
Depreciation expense for the year	746	663	991	713
Funded depreciation	267	663	701	420
Unfunded depreciation to reduce rates	479	-	290	293
OVERHEADS				
Depreciation expense for the year	95	117	89	-
Funded depreciation	95	117	89	-
Unfunded depreciation to reduce rates	-	-	-	-
TOTALS				
Depreciation expense for the year	11,671	12,376	11,171	11,330
Funded depreciation	9,953	9,426	9,138	9,308
Unfunded depreciation to reduce rates	1,718	2,950	2,033	2,022

7 Trade and other payables

	2015 Council \$'000	2014 Council \$'000	2014 Group \$'000
Trade Creditors	4,468	3,998	3,998
Other Accounts Payable and Accrued Expenses	672	391	391
Total Trade Creditors and Other Accounts Payables	5,140	4,389	4,389
Other			
Current Public Debt	1,207	2,753	2,753
Employee benefit liabilities	299	266	266
Total Other Current Debt	1,506	3,019	3,019
Total Current Liabilities	6,646	7,408	7,408

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

	2015 Council \$'000	2014 Council \$'000	2014 Group \$'000
Loans as at 1 July	7,427	15,036	15,036
Fair Value Adjustments	(17)	(344)	(344)
Plus Loans raised during the year	2,000	2,000	2,000
Less Loans repaid during the year	(4,655)	(9,265)	(9,265)
Less Loans repayable within 12 months	(1,207)	(2,753)	(2,753)
Non Current Public Debt	3,548	4,674	4,674

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

Public Debt is due for repayment in the following periods:

Current	1,207	2,753	2,753
One to Two years	711	1,217	1,217
Two to Five years	2,837	3,457	3,457
More than Five years	-	-	-
	4,755	7,427	7,427

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 (2014: nil).

Internal Borrowings

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

	Council Balance 1 July 2014	Borrowed	Interest	Principal Repaid	Council Balance 30 June 2015
	\$'000	\$'000	\$'000	\$'000	\$'000
Cemeteries	135	-	11	(13)	122
Properties and Buildings	279	-	22	(11)	268
Parks and Reserves	196	-	16	(9)	187
Public Conveniences	206	-	17	(7)	199
Retirement Housing	23	-	2	(18)	5
Land Transport	217	-	17	(61)	156
Solid Waste	1,755	200	148	(204)	1,751
Stormwater	67	-	5	(5)	62
Theatres, Halls, and Museums	-	90	4	(7)	83
Wastewater	6,702	-	536	(228)	6,474
Water Supplies	1,651	351	132	(181)	1,821
Total	11,231	641	910	(744)	11,128

9 Provision for Landfill Decommissioning and Aftercare Cost

	2015 Council \$'000	2014 Council \$'000
Opening Balance	1,850	1,604
Effect of Discounting	35	31
Additional Provisioning	403	215
Closing balance	2,288	1,850

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 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 2014	Council Transfers from Ratepayers Equity	Council Transfers to Ratepayer Equity	Council Balance 30 June 2015
	\$'000	\$'000	\$'000	\$'000
Reserves held for Emergency Purposes				
Majors Relief Fund	5	3	(3)	5
Adverse Events Reserve Fund	562	39	-	601
Catastrophic Events Reserve Fund	1,565	358	-	1,923
Infrastructure Protection Reserve	83	6	-	89
	2,215	406	(3)	2,618
	\$'000	\$'000	\$'000	\$'000
Capital Projects Fund	245	46	(100)	191
Ruahine Ward Disbursement Fund	564	39	-	603
Ruataniwha Ward Disbursement Fund	78	6	-	84
Aramoana Ward Disbursement Fund	208	14	-	222
Esplanade Reserve Fund	383	26	(60)	349
Rural Fire Reserve	86	21	(23)	84
Stormwater Renewal Reserve	-	262	(5)	257
EQC Pourerere	40	4	(17)	27
CHB District Retirement Housing Reserve	125	9	(3)	131
Vehicle Depreciation Reserve	(30)	127	-	97
	1,699	554	(208)	2,045
Reserves held for Future Operational Costs				
Elections & By-elections Reserve Fund	48	13	-	61
Ruahine Ward Hall Maintenance Reserve	34	2	-	36
Landfill External Sales Reserve	74	-	(74)	-
Library Fund	50	4	-	54
Landfill Aftercare Depreciation Reserve	-	101	-	101
District Landfill Levy Reserve	105	7	-	112
	311	127	(74)	364
Reserves held for Repayment of Debt				
Retirement Maturing Debt Fund	197	-	(197)	-
	197	-	(197)	-
Total	4,422	1,087	(482)	5,027

(b) Other Funds

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

	Council Balance 1 July 2014	Council Transfers from Ratepayers Equity	Council Transfers to Ratepayer Equity	Council Balance 30 June 2015
	\$'000	\$'000	\$'000	\$'000
Te Aute Drain Channel Clearing Reserve	43	1	(9)	35
Te Aute Koiri Reserve	16	-	(16)	-
Waipukurau Marae Building Trust	33	-	(33)	-
	92	1	(58)	35

The Te Aute Koiri Reserve and Waipukurau Marae Building Trust amounts have been recognised as liabilities.

(c) 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 2014	Council Transfers from Ratepayers Equity	Council Transfers to Ratepayer Equity	Council Balance 30 June 2015
	\$'000	\$'000	\$'000	\$'000
Waipawa Building Society Scholarship Trust	113	4	(5)	112
Eric Tate Scholarship Trust	73	3	(2)	74
Settlers Museum Trust Fund	7	1	-	8
Creative NZ Grants unspent	2	1	-	3
	195	9	(7)	197

*(d) Asset Revaluation Reserve**Infrastructure*

	Water, Wastewater, Storm Water, Solid Waste	Roading	Total
	\$'000	\$'000	\$'000
Opening Balance 2014	61,724	422,021	483,745
Revaluation	-	-	-
Revaluation Reserve Change	-	10,483	10,483
Transfer from/(to) Ratepayers Equity	-	-	-
Closing Balance 2015	61,724	432,504	494,228

<i>Other Property Plant and Equipment</i>	Land	Buildings	Total
	\$'000	\$'000	\$'000
Opening Balance 2014	7,613	5,779	13,392
Disposal of Asset (Write Back)	-	-	-
Current Year Revaluation	-	-	-
Current year Impairment	-	(315)	(315)
Closing Balance 2015	7,613	5,464	13,077

<i>Total Revaluation Reserve</i>	Council
	\$'000
Opening Balance 2014	497,137
Revaluations	10,483
Impairments	(315)
Closing Balance 2015	507,305

11 Related Party Transactions

All transactions with related parties are at arms length.

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties (2014: nil).

12 Statement of Commitments

Non Cancellable Lease Commitment	2015	2014
	Council	Council
	\$'000	\$'000
Less than 1 year	138	138
1 – 2 years	182	137
3 – 5 years	417	364
Over 5 years	2,693	2,801

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 bank for the next six years at fixed prices. The table below outlines the number and price of the units and when we are purchasing them.

Date	Number of Units	Contracted Price
2 May 2016	12,000	\$3.87 per Unit
2 May 2018	6,000	\$4.77 per Unit
2 May 2019	6,000	\$7.70 per Unit

13 Employee Staffing Levels and Remuneration

The Chief Executive of Council appointed under Section 42 of the Local Government Act 2002, received a salary of \$186,000 (2014 \$183,000).

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	2015	2014
\$59,999 and under	27	29
\$60,000 - \$79,999	15	16
\$80,000 - \$159,999	10	7
\$160,000 - \$189,999	1	1
Total Employees	53	53

	2015 Council \$'000	2014 Council \$'000
Salaries and other short term employment benefits paid		
CE and Key Management	688	704
Mayor and Councillors	271	271

Number of Employees as at 30 June

	2015		2014	
	FTE	Head Count	FTE	Head Count
Number of full time Key Management Personnel	6	6	5	5
Number of full time employees	27	27	26	26
Number of part time employees	10	20	10	22
Total Employees	43	53	41	53

Employee staffing levels and remuneration is required to be disclosed under Clause 32A, Schedule 10 of the Local Government Act 2002.

Definitions used in this disclosure are those contained in Clause 32A.

14 Severance Payments to Staff

During the financial year, no severance payment were made (2014: \$29,000).

15 Councillors Fees

	2015	2014
P Butler – Mayor	77,953	75,073
Councillors		
Sally Butler	22,600	23,013
Terry Kingston	22,600	22,913
Maitland Manning	22,600	22,913
Hilary Pedersen	-	7,266
Ian Sharp (Deputy Mayor)	30,000	27,637
Terry Story	22,600	22,993
Michael Waite	-	10,385
Mark Williams	22,600	22,993
Kelly Annand	22,600	15,646
Andrew Watts	22,600	15,646
Morry Black	5,100	4,500
Total cost of remuneration for the Mayor and Councillors	271,253	270,978

16 Financial Instrument Categories

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

	2015 Council \$'000	2014 Council \$'000	2014 Group \$'000
Financial Assets			
Fair Value through surplus or deficit			
Local Authority Stock, Bonds	3,752	5,461	5,461
Loans and Receivables			
Cash and Cash Deposits	2,475	1,630	1,630
Debtors and Other Receivables	2,706	2,822	2,822
Loan to Tamatea	-	-	-
Financial Assets at cost			
Unlisted Shares	34	34	32
Financial Liabilities			
Fair Value through the profit and loss			
Secured Loans	4,755	7,427	7,427
Financial Liabilities at amortised cost			
Creditors and other payables	6,646	7,408	7,408

17 Contingencies

Liabilities

In the ordinary course of business Council can be subject to claims from clients utilising the services of Council. Council do not consider that any liabilities will arise as a consequence of outstanding claims as at 30 June 2015 (2014: nil).

Assets

Infracon Ltd, an entity in which Central Hawke's Bay District Council (CHBDC) had a 34% share, was placed into voluntary liquidation on 24th August 2014. The liquidation has been proceeding, with creditors receiving percentage payments. It is still possible that CHBDC will receive some repayment of equity interest, however as at 30th June 2015, the timing or value of any such return cannot be determined.

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. (2014: Liquidation of Infracon).

Supplementary Information

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

Rating Base Information

For all rating units for the district

	30/06/2015
Number of rating units	7,690
Capital Value	3,769,504,050
Land Value	2,328,328,850

Insurance Information

Assets

Year ending June 2015

	Total Value Covered \$'000	Maximum Amount Available \$'000
Insurance Contracts -Buildings, Plant & Equipment	60,874	60,874
-Infrastructure	157,551	20,000 Loss Limit
Financial Risk Sharing	-	-
Self Insured	-	-

Year ending June 2014

	Total Value Covered \$'000	Maximum Amount Available \$'000
Insurance Contracts -Buildings, Plant & Equipment	60,681	60,874
- Infrastructure	120,000	12,500 Loss Limit
Financial Risk Sharing	-	-
Self Insured	-	-

Total Replacement Cost of Infrastructure

Activity	Total Replacement Cost (TRC)
Water	56,826,670
Wastewater	79,720,635
Stormwater	23,597,847
Roading	823,096,249
Totals	983,241,401

Elected Council Members

MAYOR

Peter Butler
699 Tikokino Road
Ngamaunga, RD3
Waipawa

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

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

ARAMOANARUAHINE WARD

Sally Butler
'Glenalvon', 492 State Highway 50,
RD 3, Waipawa

Phone: 856 5840
sally.butler@chbdc.govt.nz

Maitland Manning
'Homewood', 145 Elsthorpe Road,
RD 2, Otane

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maitland.manning@chbdc.govt.nz

Terry Story
27 Onga Onga Road
Waipawa

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Mark Williams
209 Williams Road,
Black Dog Cottage, RD14
Havelock North

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RUATANIWHA WARD

Kelly Annand
3 Francis Drake Street
Waipukurau

Phone: 858 5225
kelly.annand@chbdc.govt.nz

Terry Kingston
1 Bibby Street
Waipawa

Phone: 857 8392
terry.kingston@chbdc.govt.nz

Ian Sharp
44 Mangatarata Road
RD5, Waipukurau

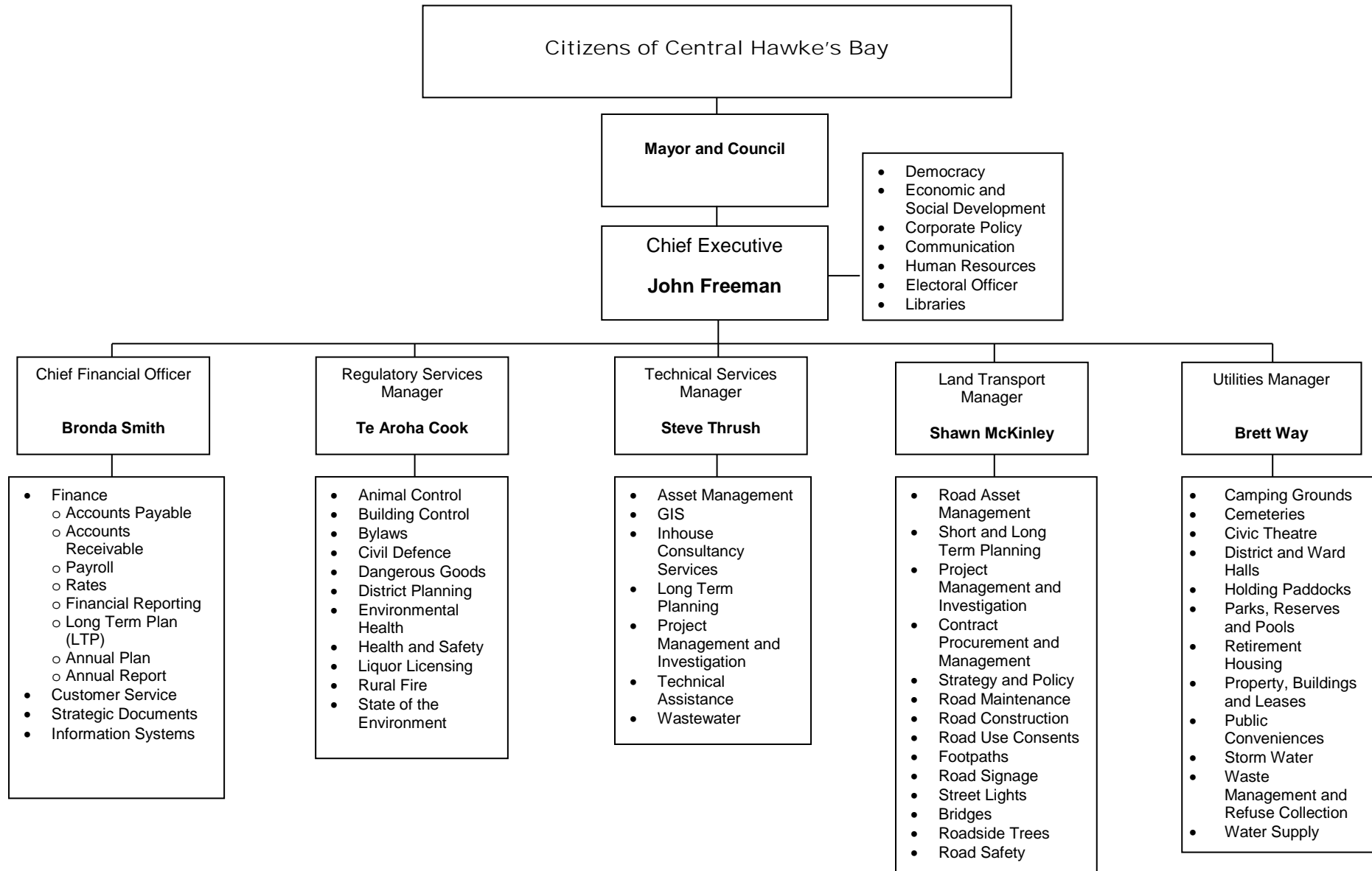
Phone: 858 8877
ian.sharp@chbdc.govt.nz

Andrew Watts
141 Mill Road, RD1
Takapau

Phone: 855 6585
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For more information about the Council structure please refer to our Local Governance Statement, available from the Council on request or on our website: www.chbdc.govt.nz

Management Structure



Acknowledgements

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

Summer Reading



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

Glossary

Activity – Services, projects or goods provided by, or on behalf of, Council (eg libraries). These activities are then combined into groups of activities.

Annual Plan – The Annual Plan is produced in the intervening years between Long Term Plans. It includes the work programme for the year and financial statements.

Annual Report – Reports on the performance of Council against the objectives, policies, activities, performance measures, indicative costs, and sources of funds outlined in the Annual Plan and the Long Term Plan.

Asset – Something of value that Council owns on behalf of the people of Central Hawke's Bay such as roads, drains, parks and buildings.

Asset Management Plan – A long term plan for managing an asset to ensure that its capacity to provide a service is kept up and costs over the life of the asset are kept to a minimum.

Borrowing – Refers to the raising of loans for capital items, such as the sewerage scheme.

Capital Expenditure – Expenditure that will increase the value of Council's assets.

Capital Value – Value of land including any improvements.

Community Boards – Local elected bodies set up under the Local Government Act. Community Boards are consulted by Council and can represent community concerns to Council. Central Hawke's Bay District has no community boards.

Community Outcomes – Goals that the community believe are important for its present and future economic, social, cultural and environmental well-being.

Council Controlled Organisations – Council controlled organisations are organisations in which one or more local authorities control 50% or more of the voting rights or appoint 50% or more of the directors.

Financial Year – Council's financial year runs from 1 July to 30 June of the following year.

General Rate – A rate levied across all properties for activities that benefit the whole District.

Group of Activities – Several activities combined together (eg cultural and community facilities).

Land Value – Value of land, excluding any improvements.

Local Government Act 2002 – The key legislation that defines the powers and responsibilities of local authorities like Central Hawke's Bay District Council.

Long Term Plan (LTP) – A ten year plan that sets out Council's response to community outcomes and how Council will manage its finances and the community's resources. The requirement for the LTP was introduced by the Local Government Act 2002.

Operating Expenditure – Money Council spends on such items as salaries, materials, electricity and plant hire.

Operating Revenue – Money earned through the activities in return for a service provided, or by way of a grant or subsidy to ensure particular services or goods are provided. Examples include New Zealand Transport Agency subsidies, rental income, permits and fees.

Operating Surplus (Deficit) – The expressions 'operating surplus' and 'operating deficit' are accounting terms meaning the excess of income over expenditure and excess expenditure over income respectively. Income and expenditure in this context exclude 'capital' items such as the receipt or repayment of loans, the cost of capital works and transfers to and from Reserves. An operating surplus/deficit is inclusive of non-cash items such as income and expenditure owing but not paid (Debtors and Creditors) and depreciation.

Performance Measure – A measure that shows how well Council is doing in achieving the objectives it has set for itself.

Rates – Funds collected by Council from levies on property. These are based on the Capital and Land value of the property but the term is often used to include Uniform Annual General Charges and Targeted Rates.

Revenue and Financing Policy – This describes how the Council's work will be paid for and the mechanisms for gathering the funds (such as general rate, targeted rates, user charges, grants).

Significance – Degree of importance of the issue, proposal, decision or matter as assessed by the local authority in terms of its likely consequences for the current and future social, economic, environmental, or cultural wellbeing of the community.

Subsidies – Amounts received from other agencies for the provision of services (eg NZ Transport Agency roading subsidies).

Targeted Rates – Any rate levied other than the general rate, which is targeted at users of a service such as water supply, wastewater and solid waste.

Transfer to/from Reserves – Transfer of funds to reserves are generally surpluses on operations. Transfers from reserves assist to fund capital expenditure.

User Charges – The charges levied for use of Central Hawke's Bay District Council services (eg building consent fees, health inspections).

Working Capital – These are Council's net current assets that are held in cash or can be readily converted to cash, less liabilities due for payment within a year. This is indicative of Council's ability to meet its obligations as they become due.