



**CENTRAL
HAWKE'S BAY**
DISTRICT COUNCIL



Annual Report 2019-2020

Together we Thrive! E ora ngātahi ana!



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

Together we thrive!

Our Strategic Direction for Central Hawke's Bay

What we know - Our DNA -



WORKING TOGETHER

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



CUSTOMER EXCELLENCE

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



THINKING SMARTER

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

What we stand for - Our Values -




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

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

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

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



Why we do what we do - Our Purpose -

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



The outcomes we want to achieve - Our Objectives -



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

How we'll reach our outcomes - Our Focus -



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

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Introduction and Overview



Kia ora from the Mayor and Chief Executive

Nau mai

It gives us great pleasure to present to you the Annual Report for 2019/2020.

Central Hawke's Bay District Council's Annual Report for 2019/2020 is one that reflects the unprecedented changes that have happened in our society with the global pandemic of COVID-19 reaching New Zealand. In Central Hawke's Bay we also added a significant drought event which has meant our community has seen incredible challenge but is also bound together by inspiring stories of resilience and community spirit. It is our pleasure to present this Annual Report.

Through all of this turmoil, Council has remained focused on delivering on our bold plans to create a community where we have got the basics right, while also creating an environment for social and economic growth. We are proud of the fact that while in unprecedented times, Council has continued to provide leadership, value and consistency.

Together we thrive, our strategic framework for transformation and governance, continues to deliver significant transformation and energy for the district and council. Early in 2020, we were recognised in the 2020 Local Government Excellence Awards for Innovation in Organisation & People Development for our work in Project Thrive. This external and independent assessment of our progress to date and our priorities for the future, gives us assurance and our community confidence that we are on the right path.

In October 2019, local Triennial elections were held which saw the establishment of a new Council.

Following this, elected members took the time to set governance expectations to focus on five strategic priorities for the next three years and our 2020-21 year will see us progress the mahi we've already started in key areas including: **The Big Water Story, the District Plan, the Wastewater Treatment Project, Social Housing and Waste Free CHB.**

Council is driving expectations for planning and development of durable infrastructure that future-proof our district and will support growth. We've made significant progress on **#thebigwaterstory**, completing two flagship projects – the Otane Alternate Water Supply and Takapau Water Treatment Plant Upgrade. Continuing into 2020 and 2021, priority works on Waipukurau's State Highway 2 Borefield Upgrade Project are well underway.

How we deal with what we call 'Smart Growth' has an impact across the breadth of Council services and projects. Central Hawke's Bay is growing at unprecedented levels and our community is changing, as families and people head to our patch of paradise as a desirable lifestyle location. Despite the current economic challenges, our population is projected to increase to over 18,000 people by 2031 – with some 1,500 homes forecast to be built in that same time. Being prepared for what's ahead is critical to ensuring future generations of residents in Central Hawke's Bay continue to Thrive! You will see significant activity reported in our building and resource consenting sections of this report.

It is important to us that while we respond to this growth we are still ensuring we preserve and nurture our identity, culture, environment, community and economy that makes Central Hawke's Bay so special.

To capture this, and our land infrastructural and legislative responsibilities, early in 2020 Council developed a blueprint for growth of our three main towns for the next 30 years. This blueprint - called an 'Integrated Spatial Plan' (ISP) – is key to informing our Long Term Plan 2021 to 2031. Both are essential documents in ensuring that our assets – infrastructure and community – meet the needs of our community now and into the future.

Our other mechanism for directing growth and activity for the future of the district is via our **District Plan**. Our District Plan is the 'rule book' that directs how we will use, develop and subdivide our land over the next 10 years. We released the draft Plan for public consultation in May 2019. Since then, several community meetings have discussed the draft, with over 100 submissions received covering a range of issues and provisions. The District Plan Subcommittee has been working hard on the consideration and inclusion of public submissions to the

draft plan. The plan is on track to be notified publically in May 2021.

In 2019, Council adopted the new Waste Management and Minimisation Plan (WMMP), which sets out how the Central Hawke’s Bay district’s waste will be managed, and how the community can continue to work together towards our goal of a ‘Waste Free CHB’. The Plan is a requirement of the Waste Minimisation Act (WMA) and has an effective period of six years. In 2020, we’ve commenced a targeted communications campaign designed to help us reach our goals in this area.

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

Now the hard work continues – to deliver against our Long Term Plan, a bold and ambitious work programme that establishes a platform for social and economic growth while protecting and promoting our unique environment and landscape, while also building the 2021-2031 Long Term Plan, Our Thriving Future.

Together we thrive!
E ora ngātahi ana!



Alex Walker

Alex Walker
Mayor of Central Hawke's Bay



Monique Davidson

Monique Davidson
Chief Executive Officer



Central Hawke's Bay District Council

Councillor Tim Chote Remembered

Central Hawke's Bay District Council continues to mourn the sad passing of highly-respected Ruataniwha Ward Councillor Tim Chote.

Following a courageous battle with his health, Councillor Chote passed away late in the afternoon of Saturday 20 June 2020, surrounded by loved ones.



Chief Executive of the Council, Monique Davidson says that the loss of Councillor Chote will continue to be felt through the whole staff and contractor team for some time.

Councillor Chote was in his second term, first elected as a representative for the District in 2016 where he won a significant number of votes, a testament to his reputation across the Urban Ward.

Councillor Chote played an active part in many parts of Council business including on procurement panels, as Chair of the District Licencing Committee, and also as Council Representative on the Waipawa Building Society Trust and the Civic Awards Selection Committee.

The proud owner of Chote Bros Transport and Tim Chote Appliances on the Waipawa High Street, Councillor Chote was a steadfast local of Central Hawke's Bay, and particularly Waipawa where his family have resided in the District for four generations.

A by-election to fill Councillor Chote's Vacancy will be held in September 2020.

Mayor Alex Walker said that

"This is a sad time for all of us in Central Hawke's Bay, to have lost one of our passionate, loyal, and hard-working members of both Council and community."

Mayor Walker remembered that

"Tim brought a practical and intelligent view to how council business should be run. We could always rely on him to have delved deep into both the financial and practical aspects of a decision and was always well prepared to debate his viewpoint. The unanimous vote to support the rebuild of the Waipawa and District's Centennial Memorial Pool was a real highlight for Tim."

"It's been an absolute pleasure to work with Tim around the Council table over the past four years, and he will be sorely missed."

Response to COVID-19 and the Drought

Early in 2020 we were presented with new and unprecedented challenges that have meant we've really had to pull together as a community, and amend our planning to respond to an ongoing crisis.

Alongside many other parts of New Zealand, we have battled a drought of which the impacts continue to be a cause of real struggle for the farmers and growers in our rural communities. On top of that, with the rest of the world, we found ourselves uniting to fight the COVID-19 pandemic. The twin blows of the drought and COVID-19 have resulted in severe financial, physical and mental stress for many in Central Hawke's Bay.

Central Hawke's Bay District Council, like most other organisations was severely impacted, by the COVID-19 Level restrictions, particularly Level 3 and 4 lockdown. Council successfully deployed business continuity plans at each level of restrictions, to ensure that there was minimal impact on services to the community, as much as possible. Some services, such as library and recycling drop off centre opening hours, were temporarily impacted under strict guidance of Central Government to ensure the health and safety of Central Hawke's Bay residents. Lifeline services such as provision of water, sewage, roading, and landfill were available throughout.

Council reacted quickly to enable the majority of our staff to work from home throughout the course of lockdown. Exceptions to this included a minimal number of staff and contractors who remained out on the field to keep essential services operational, with safety measures in place. Payments and invoices were processed without delay, and in many cases paid early where possible, to assist our contractors with cash-flows and enable them to carry their staff through such a difficult financial event.

As always, members of our community remained the priority through the course of the event and additional resource was deployed into our community wellness department to support the most vulnerable in our community through this time. This includes supporting community members to achieve employment through our newly created 'Jobs in Central Hawke's Bay' programme.

Our quarter four rates invoice fell due during lockdown and late payment penalties were waived for the quarter. Council has also adopted a rates remissions policy of up to \$200,000 for those most affected by hardship, whether through job losses, salary cuts, or otherwise. While we were all in Level 4 and 3 Lockdown, significant work went into adjusting the budgets and the rates to minimise the increase as much as possible. We have achieved a level which is nearly half of where we started from and carefully continues to serve your expectations of service while in a world that operates a little differently.

We will continue working with Government departments, the Hawke's Bay DHB and Civil Defence to support our community through any resurgence of the pandemic, and through the recovery of this. Council has – and continues to – put time and resource into ensuring the ongoing protection of our community. We have developed and launched an economic recovery plan to focus on the immediate and long-term recovery from the drought and COVID-19, consisting of real and tangible actions that'll benefit those impacted most, support our people and our businesses, and help to reignite our economy in the process.

In Central Hawke's Bay, we're better placed than many to weather the economic storm the has struck through COVID-19 and that means that through the challenges ahead we'll find opportunity. If we can be united and supportive across our community then Central Hawke's Bay will end up an even better place to live, work and play.

To do this, we need to ensure that we get the right balance of investment, job creation, skills development and long-term thinking, with the shorter term needs of hard hit whanau and businesses.



Currently all services are experiencing customer demand levels similar to those pre-COVID, however it is possible that once the central government wage subsidies cease New Zealand could see a softening of demand for housing and employment. If this occurs then this could impact the levels of demand for Council activities such as building and land use consents and refuse.

The Central Hawke's Bay District was also adversely impacted by a severe and long-lasting drought during the same period. The true impact of the Drought will be felt in spring with lower numbers of breeding stock retained, and cashflow wise when the farmers restock. This too could have an impact on the level of activity in the Central Hawke's Bay District over the next twelve to eighteen months.

What we're experiencing is a marathon, not a sprint. When developing our 2020-21 Annual Plan – the third year of the 2018-2028 Long Term Plan – we thought about short-term decision making and how we can ensure continuity while softening the cost burden where we can. The bigger decisions about effects on service, approach to investment and ongoing recovery strategies are far more important and we are now going to focus our efforts on these long term approaches for how we will shape our District and Council post COVID-19 and drought. For this reason, Council made the decision that we would not consult on the 2020-21 Annual Plan, to instead focus our attention on building the 2021 Long Term Plan – titled Our Thriving Future, which will culminate in a full consultation process in early 2021.

We want you to know that your health, welfare and the ongoing delivery of essential services is, and always will be, our utmost priority.

Elected Member Priorities

Following the October 2019 triennial election, Council has taken the time to discuss the key issues and opportunities facing Central Hawke's Bay District Council and have confirmed the general direction they wish to take Central Hawke's Bay.

Council has agreed that the platform built by Project Thrive has provided building blocks for success that now require continuation of momentum on building excellence for community with an eye to "sharpening our focus on the mechanisms that we have for true transformation for the future".

Council will continue to place its energy and investment on projects and priorities that deliver on the five key areas of focus.

Key Areas



Protecting and promoting our unique landscape



Attracting and enabling business success



Planning for tomorrow as we future-proof Central Hawke's Bay



Strengthening our district and community identity



Promoting smart growth

Strategic Priorities

These will be supported and delivered through five strategic priorities that Council want to ensure its success in:



Delivery of #thebigwaterstory and improved water security for Central Hawke's Bay.



The District Plan: Delivery of a notified and operative District Plan.



Waste Water Treatment Project: Capital works plan completed, initial improvements completed, and future funding strategy clarified.






Social Housing: Increased numbers of social housing in Central Hawke's Bay, including improved leverage off Council's retirement housing portfolio.



Waste Free CHB: Reduce recycling to landfill and improved asset management and leverage of landfill.

Priorities and projects

In addition to setting the direction for Council, this report seeks to provide clarity on the role of the two full Committees of Council by outlining the work programme for the committees in the next three years on the basis of "what we know now". Priorities and projects can change at the direction of Council.

 Strategy and Wellbeing Committee	 Council	 Finance and Infrastructure Committee
<p>Lead and monitor the implementation of the Waste Free CHB Strategy.</p> <p>Lead the delivery of the Social Housing Strategic Framework.</p> <p>Monitor the implementation of the Economic Development Strategy.</p> <p>Monitor the implementation of the Environmental Strategy.</p> <p>Review the current Community Wellbeing Strategy and then monitor the implementation of a revised Social Development Strategy.</p> <p>Develop a Māori/Iwi Engagement Strategy.</p> <p>Monitor development and implementation of Community Plans.</p>	<p>Review and approve Section 17a Reviews as appropriate.</p> <p>Monitor the delivery of the District Plan project and make any decisions related to this project.</p> <p>Lead the development of the Long Term Plan 2021-2031, and delegate to committees on specific functions as and when required.</p> <p>Lead the development of Annual Plans, and delegate to committees on specific functions as and when required.</p> <p>Monitor the implementation of CouncilMARK recommendations and progress.</p> <p>Provide advocacy, leadership and facilitation on Water Security initiatives for Central Hawke's Bay.</p> <p>Work with committees to undertake reviews of Council Bylaws and Policies.</p>	<p>Lead and monitor the Wastewater Treatment Plan projects for across Central Hawke's Bay.</p> <p>Monitor the implementation of #thebigwaterstory.</p> <p>Complete and lead the Rates Review.</p> <p>Monitor the implementation and progress of Provincial Growth Fund projects.</p> <p>Develop a Land Transport Strategic Framework and ensure governance input into the three-year business plan before NZTA submission.</p> <p>Lead the review of the Financial Strategy and associated policies that input into the Long Term Plan 2021-2031.</p> <p>Review the current Treasury Policy – Investment, Debt and Liability Management policies.</p> <p>Monitor the implementation of the Non-Rateable Income Strategic Framework.</p>

2019/2020 Governance Report

In October 2018, Central Hawke's Bay District Council received a BB rating after completing its inaugural assessment as part of the CouncilMARK™ local government excellence programme.

The result gives Central Hawke's Bay District Council independent external confidence that the work started, and intended to continue, is on the right track, based on best practice in the sector.

The CouncilMARK™ programme, developed by Local Government New Zealand, is designed to improve the public's knowledge of the work councils are doing in their communities and to support individual councils to further improve the service and value they provide to all New Zealanders.

Councils that participate in CouncilMARK™ are given a rating ranging from AAA to C, after being assessed across these four priority areas:

- Governance, leadership, and strategy
- Financial decision-making and transparency
- Service delivery and asset management
- Communicating and engaging with the public and business.

In October 2019, the triennial election took place - resulting in the return of Mayor Alex Walker, Councillor Kelly Annand, Councillor Brent Muggeridge, Councillor Tim Aitken, Councillor Tim Chote and Councillor Gerard Minehan, and Councillor Kate Taylor, Councillor Exham Wichman and Councillor Jerry Greer were welcomed to the governance team.

Not long after the 2019 triennial election, Council spent time exploring how the essence of Project Thrive and foundations that were built in the 2016-2019 electoral cycle could be leveraged to ensure that Project Thrive continued to be brought alive.

Council agreed to continue to place its energy and investment on projects and priorities that deliver on the five key areas of focus:

1	Promoting smart growth
2	Strengthening our district and community identity
3	Protecting and promoting our unique landscape
4	Attracting and enabling business success
5	Planning for tomorrow as we future-proof Central Hawke's Bay

These are supported and delivered through five strategic priorities that Council want to ensure its success in:

1	Delivery of #thebigwaterstory and improved water security for Central Hawke's Bay
2	The District Plan: Delivery of a notified and operative District Plan
3	Waste Water Treatment Project: Capital works plan completed, initial improvements completed, and future funding strategy clarified
4	Social Housing: Increased numbers of social housing in Central Hawke's Bay, including improved leverage off Council's retirement housing portfolio
5	Waste Free CHB: Reduce recycling to landfill and improved asset management and leverage of landfill

In addition to setting the direction for Council, key priorities and responsibilities were set for Council and Council committees.

STRATEGY AND WELLBEING COMMITTEE	COUNCIL	FINANCE AND INFRASTRUCTURE COMMITTEE
<ul style="list-style-type: none"> Lead and monitor the implementation of the Waste Free CHB Strategy. Lead the delivery of the Social Housing Strategic Framework. Monitor the implementation of the Economic Development Strategy. Monitor the implementation of the Environmental Strategy. Review the current Community Wellbeing Strategy and then monitor the implementation of a revised Social Development Strategy. Develop a Maori / Iwi Engagement Strategy. Monitor development and implementation of Community Plans. 	<ul style="list-style-type: none"> Review and approve Section 17a Reviews as appropriate. Monitor the delivery of the District Plan project and make any decisions related to this project. Lead the development of the Long-Term Plan 2021-2031, and delegate to committees on specific functions as and when required. Lead the development of Annual Plan's, and delegate to committees on specific functions as and when required. Monitor the implementation of CouncilMARK recommendations and progress. Provide advocacy, leadership, and facilitation on Water Security initiatives for Central Hawke's Bay. Work with committees to undertake reviews of Council Bylaws and Policies. 	<ul style="list-style-type: none"> Lead and monitor the Wastewater Treatment Plan projects for across Central Hawke's Bay. Monitor the implementation of #thebigwaterstory. Complete and lead the Rates Review. Monitor the implementation and progress of Provincial Growth Fund projects. Develop a Land Transport Strategic Framework and ensure governance input into the three-year business plan before NZTA submission. Lead the review of the Financial Strategy and associated policies that input into the Long-Term Plan 2021-2031. Review the current Treasury Policy – Investment, Debt and Liability Management policies. Monitor the implementation of the non-rateable income strategic framework.

While not a comprehensive report on all governance activities and achievements for the 2019/2020 financial year, the following table aims to provide a high-level annual report on Governance Achievements, reported against the key pillars of CouncilMARK™, and aligned with Council and Committee key priorities.

GOVERNANCE, LEADERSHIP AND STRATEGY	FINANCIAL DECISION-MAKING AND TRANSPARENCY
<ul style="list-style-type: none"> Participating in comprehensive Elected Member induction programme and collective commitment to continued training and development. Development of Elected Member Training and Development programme. Supported and actively participated in a number of Regional and National Leadership forums including Matariki, National Waters Review and Regional Land Transport Committee. 	<ul style="list-style-type: none"> Completed full Rates Review and adopted Draft Revenue and Financing Policy and Statement of Proposal for community consultation. Through courageous leadership, Council have secured over \$30 million to support necessary infrastructure upgrades and project investments. Appointment of Independent Chair, Risk and Assurance Committee. Governance meetings began being broadcast publicly through Social Media. Actively contributed to regional collaboration discussions for 3 waters reform recognised nationally as industry leading and acknowledged via a \$20M additional allocation of funding to the region.
SERVICE DELIVERY AND ASSET MANAGEMENT	COMMUNICATING AND ENGAGING WITH THE PUBLIC AND BUSINESS
<ul style="list-style-type: none"> Adopted and provide leadership to the implementation of the COVID-19 and Drought Recovery Plan. Developed and adopted a Land Transport Strategic Framework. Establishment of Section 17a Reviews for Solid Waste and Retirement Housing. Developed and adopted an Asset Management Policy. Provided leadership and commitment to the continued progression of Councils Big Water Story and Big Waste Water Story marking significant investment in infrastructure above historic levels and supported by the community. 	<ul style="list-style-type: none"> Council are progressing in their relationship with Maori. The appointment of Dr Roger Maaka as Kaiarahi Matua to Central Hawke's Bay District Council, and adoption of the Maori Contribution to Decision Making which commits to the development of a Maori Engagement Strategy are critical steps to continuing momentum. A Communications Strategic Framework for the business was developed, establishing key campaigns that support the Governance priorities such as Waste Free CHB. Continued leadership and contribution to Councils engagement with community and Maori as part of the Big Waste Water Story.

Working across Hawke's Bay

Combined, the Hawke's Bay Councils serve approximately 151,000 residents, in a geographic area of 14,111km².

The Hawke's Bay region Triennial Agreement provides the framework for regional collaboration for the current and future needs for our communities. This agreement entered into by our Mayors at the start of each term sets out the guiding principles that guide the way that the Councils will work together and provides the leadership commitment to ensure a positive difference for Hawke's Bay.

Key principles of the Agreement are:

- Acknowledge that the communities within the region are diverse and encompass a range of desired outcomes and objectives;
- To support the establishment of processes for communication and collaboration at both governance and management levels in ways that will enhance the overall performance and reputation of local government in the region;
- Recognise that collaboration and co-operation between local authorities of the Region can bring efficiencies in terms of planning, administration costs and decision-making and consultation. There is also the potential to increase available resources and promote co-operative approaches in making strategic choices;
- Will show leadership to ensure the implementation of the Triennial Agreement makes a positive difference for Hawke's Bay.

A governance structure has been developed to support the collaboration framework for the agreement with a Mayors and Chair/Chief Executive Collaboration Forum. This monthly forum's focus is to embed the collaboration approach in governance refreshing the framework for initiatives going forward.

Key Initiatives

Three Waters Programme

Our Councils have been working together to review the current and potential three waters (drinking water, wastewater and stormwater) service delivery options for Hawke's Bay, Te Matau-a-Māui. The Review aligns with all five councils' shared strategic priority for 2019 to 2022 – water safety, security and planning – agreed by the Hawke's Bay Leaders Forum in November 2019.

We have been investigating whether there are benefits to developing a region-wide solution to the way we manage drinking, waste and stormwater services (three waters). As councils, we all share responsibility for ensuring our communities enjoy safe, reliable, resilient and efficient drinking, waste and stormwater services. That's why it makes sense to work together to ensure the most sustainable solution for the whole region.

Our Review means we will understand current and future challenges for the delivery of drinking water, wastewater and stormwater services and to prepare for likely new central government regulations. It will also inform us in our engagement with Central Government through the service delivery reform process which is now underway.



The independent Review of current water services and potential future service delivery options is now complete and is being presented to councils, together with their respective Māori Standing Committees, during August. The Review report will be formally delivered to Councils in September and it will then be made public.



Regional Water Security Programme

Water security and its effective management is one of the most significant challenges facing the Hawke's Bay's economy, community and natural environment. It is also a fundamental concern to tangata whenua and their cultural values.

The Government's Provincial Growth Fund (PGF) has allocated \$30.6m for a package of four freshwater security initiatives for project development and construction activity, co-funded and led by the Hawke's Bay Regional Council.

The initiatives are supported by the Hastings District Council, Wairoa District Council, Central Hawke's Bay District Council and Napier City Council.

Four water security initiatives have been identified as a priority for Hawke's Bay.

1. 3D Aquifer Mapping Project.
2. Whole-of-region freshwater assessment which are underway.
3. investigations into a Heretaunga flow maintenance/water storage initiative.
4. Central Hawke's Bay water security initiative.

The focus is on thoroughly investigating our region's freshwater resources, including our demands on them well into a future challenged by climate change. We will also look at how groundwater systems can be supplemented during periods of high water flows and small-scale water storage designed to offer environmental protections during dry periods.

We will work together with local iwi and the wider community to advance these projects over the coming months and years.

COVID-19 Recovery

Our councils have collectively employed a Regional Recovery Manager to play a critical role in supporting the Hawke's Bay Region in its recovery journey; coordinating, supporting and leading recovery activities across the Region in relation to the impacts of COVID-19 and Drought.

The key objectives of the role are:

- The development of a COVID-19 and Drought regional recovery action plan.
- Ensure an operational and effective structure is in place to manage the recovery and undertaken alongside any ongoing COVID-19 and Drought Response.
- Effective consultation is undertaken with stakeholders throughout the recovery and that the community is engaged in all aspects of the recovery.

Procurement

The Councils have identified procurement and contract management as an opportunity to collaborate to support improvement activities and provide direction and consistency in the procurement and contract management approach across the region. To date there has been significant collaboration between the Councils which has mainly focused on activities where the strategic risk is low and there a range of suppliers. Activities with a high strategic and technical risk have been managed within each Council.

This initiative is also focused on the development of a strategic procurement framework to support our regions objectives and delivers a positive impact on economic, environmental, social and cultural wellbeing for our communities. Specifically:

- Determine priority regional infrastructure projects to test strategic/alliance approach to deliver broader outcomes for region.
- Develop and implement a strategic and sustainable procurement framework to support the regional collective objectives.
- Establish the Council's procurement function as a centre of leadership and expertise.

LiDAR Aerial Data Capture

Councils have collectively engaged to deliver high-quality elevation data, an enabling infrastructure that allows accurate mapping and digital recreation of our physical world, both built and natural.

The result will be a nationally consistent and open dataset covering the majority of New Zealand which will be used by Hawke's Bay Councils and regional businesses for a range of high-value activities.

It will provide a foundational data asset essential to decision with the potential to help drive regional economic growth and spur new investment.

A broad range of other collaborative initiatives

There are a broad range of other collaborative committees and initiatives Councils collectively participate in including:

- The Matariki Regional Development Strategy for economic and inclusive growth (the Strategy) is about working together, through co-design and partnership so every whānau and every household is actively engaged in growing a thriving Hawke's Bay economy to support inclusive and connected communities and sustainable and resilient environments.
- Clifton to Tangoio Coastal Hazards Strategy developing options for the long term management of our coastal communities.
- Joint Drinking Water Committee providing governance following the Governments inquiry into the Havelock North Waters supply and implementation of 17 initial recommendations. As this group has evolved it has become an ongoing forum for regional collaboration and decision making.
- Regional Transport Committee to develop plans supporting the region's economic development, population, social and environmental requirements.
- Shared IT Support and Web Services across the five Councils.
- Civil Defence Emergency Management as a shared service across all councils with in the Hawke's Bay region to operate a shared and cohesive service to national agencies and meet the responses to emergencies that may occur.



Key Initiatives and Projects

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

A number of significant projects or initiatives were undertaken during this financial year.

The Big Water Story

Three years ago, Central Hawke's Bay District Council started a very important conversation with the community about how we could realise our aspirations to *Thrive*, and what role the Council plays in that. Through this process, the importance of water to our community came through as one of the strongest messages. This, combined with a vision for growth and prosperity, environmental responsibilities, and durable infrastructure, was how [#thebigwaterstory](#) was born.

[#thebigwaterstory](#) is about our wastewater, stormwater and drinking water, and represents the durable infrastructure required to transform the day to day lives of Central Hawke's Bay's residents.

The 2019/2020 year has seen the delivery of key flagship projects in The Big Water Story, including the Otane Alternate Water Supply and the Takapau Water Treatment Plant upgrade, both of which have seen tangible improvements made to the day to day lives of those in Otane and Takapau.



The Big Waste Water Story

Wastewater Treatment Project 2019 saw some significant strides forward in planning for the future of our Wastewater in Central Hawke's Bay.

We formally responded to the environment court order concerning the Waipawa Wastewater Plant and outlined a proposed long term plan for the future of Waipawa, Waipukurau and Otane's wastewater. We've been working closely with community members develop options which focus on generational thinking to ensure a positive balance between the environmental health of our District, the strength of our infrastructure to enable Central Hawke's Bay to thrive, and affordability for all of our people.

District Plan

The review of the District Plan began in late 2017. The review is a full second generation review and began with the preparation of a draft Plan to engage with the Central Hawke's Bay community and key stakeholders.

Elected members are committed to engaging with the community and stakeholders to ensure that the community clearly understands and supports the direction and provisions of the reviewed Plan. We released the draft Plan for public consultation in May 2019. Several community meetings and hui were held to discuss the draft, with 100 submissions received covering a wide range of issues and provisions. Submitters were also given the opportunity to present in person at Informal Hearings in February 2020.

The District Plan Committee have met on several occasions following the informal hearings to deliberate on all submissions and make recommendations on them for consideration by Council. Following adoption of the Integrated Spatial Plan by Council in September 2020 the Committee will then be able to make final recommendations on remaining submissions.

Once any necessary amendments are completed on the draft Plan, we will be embarking on the preparation of the Proposed Plan. The Proposed Plan is anticipated to be notified for public comment in 2021. At this point, the ball really starts rolling as the release of the Proposed Plan marks the beginning of the formal and statutory phase of the District Plan review.

Social Housing

We're continuing to focus on social housing as a major enabler of the social and economic wellbeing of Central Hawke's Bay.

In March 2019 Council adopted its first Housing Strategic Framework, with four goals and a number of actions defining how Council will support the transformation of social housing in the District. The major focus of Council to date has been advocating for the District, by working in partnership with the Ministry of Housing and Urban Development (MHUD) and Kainga Ora on Government funded housing development opportunities with results of that partnership expecting to result in tangible outcomes in late 2020 early 2021 for our community.

The second major focus is a piece of work underway reviewing Council's Retirement Housing portfolio. The purpose of the review is to understand how best Council can leverage the community's investment in the portfolio to support social housing outcomes across the District. The outcomes of the review will be included in the 2021 Long Term Plan for consideration by the community.

Waste Free CHB

In 2019, Council went out for consultation on the new Waste Minimisation and Management Plan (WMMP), which sets out how Central Hawke's Bay District Council will play its part in managing the district's waste over the next six years while continuing to work towards our goal of a 'Waste Free CHB'.



Council has set some ambitious goals and targets to assist us in our mission to become a Waste Free CHB:

Targets

1	To increase diversion from landfill to 70% by 2040
2	To increase diversion from landfill to 48% by 2025
3	To increase participation in kerbside recycling services (measured through set-out rates) to 60% by 2025

Goals

1	A community committed to minimising waste sent to landfill
2	A community that considers, and where appropriate implements, new initiatives and innovative ways to assist in reducing, reusing and recycling wastes
3	Minimise environmental harm and protect public health
4	Work in partnership with others

Key background work for this plan includes:

- An audit undertaken by Waste Not in 2019 of wastes at our landfill, transfer stations, and in kerbside services.
- A Waste Assessment written by Eunomia in 2019, collating all information and data relating to waste in our district (including the outcomes of the Waste Not audit).
- Workshops with key stakeholder groups.
- Workshops with councillors.

We know that together with the community we need to reduce what is going into our landfill, increase re-use and recycling, raise awareness and education and ensure that our services are practical and affordable.

Waste has long been a widely-discussed topic in our community and Council wants to ensure that this plan has the support of residents and the business community alike. In the 2020 / 2021 year, Council will undertake a major review of Section 17a in the waste space, reviewing how we deliver services to the community.

Integrated Spatial Plan

Central Hawke’s Bay is growing at unprecedented levels and our community is changing, as families and people head to our patch of paradise as a desirable lifestyle location. In 2018 Central Hawke’s Bay’s population hit an all-time high of just over 14,000 residents, reaching levels of growth and optimism not seen since the 1960’s.

Fast forward to 2031 and despite the current economic challenges, our population is projected to increase to over 18,000 people – with some 1,500 homes forecast to be built in that same time. Being prepared for what’s ahead is critical to ensuring future generations of residents in Central Hawke’s Bay continue to *Thrive!*

To respond to this growth to ensure our cultural, environmental, social and economic wellbeing needs and land infrastructural and legislative responsibilities are met, we’ve developed a blueprint for growth of our three main towns for the next 30 years.

We’ve relied heavily on feedback taken from the community in the development of *Project Thrive*, to build upon our communities’ vision and with workshops held with local residents and stakeholders such as Centralines and the New Zealand Transport Agency in June to develop the blueprint. This blueprint – called an ‘Integrated Spatial Plan’ (ISP) – is key to informing our Long Term Plan 2021 to 2031. Both are essential documents in ensuring that our assets – infrastructure and community – meet the needs of our community now and into the future.

This will help us finalise our direction of growth. We will then use every tool in our box from our Long Term Plan investments, through our District Plan review, through partnerships and programmes to implement this direction and bring *Thrive* alive!

Economic Development and Tourism Funding

Central Hawke’s Bay District Council has been successful in securing funding from multiple sources, to assist us in tourism and economic development projects across the district.

Council welcome the investment into local projects that support and accelerate economic growth for businesses, communities and tourism in the district.

In this space, funding has been granted through the Provincial Growth Fund, Tourism Infrastructure Fund and Lottery Environment and Heritage Fund.

This funding is going toward a number of initiatives including:

- Ngā Ara Tipuna Pā Site capital project: **\$3,198,000** (Provincial Growth Fund and Lottery Environment and Heritage).
- Vegetation Management in roading corridors and public reserves: **\$2,000,000** (Provincial Growth Fund).
- Employment pilot: **\$100,000** (Mayor’s Taskforce for Jobs).
- Te Paerahi Beach, ablution block and water storage: **\$406,896** (Tourism Infrastructure Fund).
- Tourism Infrastructure Needs Assessment: **\$50,000** (Tourism Infrastructure Fund).

Our Thriving Future – Long Term Plan 2021-31

In 2020, work commenced in setting the direction for the 2021-31 Long Term Plan – Our Thriving Future.

Three years ago, Council asked you to tell us what it would take to ensure that we, the Central Hawke’s Bay community, *Thrive*. Since then, we’ve been hard at work – planning, preparing and focusing on [#DoingtheMahi](#) to put these aspirations into practice, and solve the big issues that you told us were important to you. Together, we’ve been working on a plan for the years ahead, to ensure we have a thriving future that belongs to everyone.

At Central Hawke’s Bay District Council, we pride ourselves on our transparency, and in the fact that we truly listen to what it is that you, as a community, have to say. And we’ll always continue to do just that. What YOU want is still unquestionably important to us.

Now, it’s time to adjust and build our next steps, as we set the direction for the next 10 years in Central Hawke’s Bay. We’ve all got big goals for our district and now, together, we need to decide how we’re going to bring these plans to life.

In building *Project Thrive*, you’ve told us what your priorities are and there’s a lot you, the community, collectively want to achieve. Council has drilled down on these priorities to come up with 'The Great Eight' areas of opportunity for you, and for Council. Some of these areas focus on our infrastructure – drinking water, water management and roading for example; some on community wellness – like housing and facilities; and some on our changing environment – such as our open spaces, our district growth, and ways in which we can work toward a waste free CHB.

Council commenced pre-engagement in August 2020, asking the community to consider: **Of all the things you want to do, what’s most important to you, and at what cost?**

Following feedback received through this pre-engagement, formal consultation will take place early in 2021 and the 2021-31 Long Term Plan drafted for adoption mid-2021.



Financial Performance

This section of the report provides an overview of our financial performance for the year ended 30 June 2020. This overview provides an explanation to our financial statements and notes on pages 74 to 125.

Overall Results

For the financial year Council had a deficit of \$1,567k compared to a budget surplus of \$12k. Overall income was above budget by \$3.4m with total operating expenditure over budget by \$3.7m. The table and explanations below illustrate this.

Financial Overview

	2019 COUNCIL ACTUAL \$000	2020 COUNCIL BUDGET \$000	2020 COUNCIL ACTUAL \$000
Total Revenue	35,754	32,020	35,398
Operating expenditure	22,184	19,323	23,057
Finance Cost	173	583	429
Other (Gains) and Losses	0	0	0
Net Surplus/(Deficit) excluding non-cash movements	13,397	12,114	11,912
Non Cash Movements			
Depreciation	11,946	12,102	12,397
Other Gains and (Losses)	22	0	0
Net Surplus/(Deficit)	1,429	12	(485)

Explanations

- During the year Council was recipient of significant Central Government funding towards tourism infrastructure (public toilets at Te Paerahi and Ngā Ara Tipuna which is a Pā site interpretation project which will showcase the network of six historic pā sites surrounding Waipukurau), and other infrastructure (such as funding to upgrade the Central Hawke's Bay end of Route 52), as well as COVID-19/drought recovery job creation schemes (Mayors Taskforce, and vegetation management projects). This has had the impact of both increasing Councils revenue, but also increasing its expenditure.
- NZTA subsidies received were below budget by \$0.6m, and \$2.5m lower than the previous year. NZTA subsidies are a reimbursement of work undertaken and this decrease reflects a lower level of physical works undertaken during the year. This doesn't mean our transport team haven't been busy. In fact have been working closely with Councils roading engineers on a number of bridge strengthening and retaining wall projects which will see a large amount of physical work undertaken in early 2020/21, and this subsidy received then.

- Income from Fees and Charges was above budget by \$521k (and \$366k above last year) due to increased income from Solid Waste Charges +\$342k (reflecting the buoyant economy and refuse from out of the district income – Tararua Council) and from Consents +\$249k (again reflecting the buoyant economy and the high level of residential construction happening in the region). However, both these activities had corresponding increases in costs driven by this high level of demand. The Solid Waste activity had to acquire additional carbon credits to match the tonnage of waste going to landfill, and the volume of consents being processed was beyond what Council's internal staff could process so Council was more reliant on external consultants to process the excess demand. Both these increases are reflected in the higher than budgeted operating expenditure for the year.
- Other Revenue for the year was \$282k above budget due to contributions towards the Districts Wastewater upgrade project and donations for the Waipawa and Districts Centennial Memorial Pool upgrade.
- Operating expenditure is above budget due to the following:
 - Higher Personnel Costs +\$278k against budget driven by a combination of market matching to ensure staff retention, addition positions funded by PGF projects, and growth pressures within certain Council activities.
 - Operating Costs +\$3.5m against budget, but only \$0.5m against Last Year (comments are against budget – \$0.3m in economic development due to Provincial Growth Fund and COVID-19 Recovery spends, \$0.2m in planning and regulatory primarily due to outsourcing high volume of consents which couldn't all be processed in house that Land Transport cost for maintenance were higher by \$712k which is offset by a reduction in renewals approved by NZTA.
 - Land Transport cost for maintenance were higher by \$1.0m due to the flooding events mainly offset by subsidy from NZTA and a project to improve Council Asset Management Systems/Information.
 - Solid Waste costs were higher by \$0.4m which reflects the higher volume of waste being processed and buying the additional carbon credits.
 - Across the 3 Waters (Drinking, Sewer, and Stormwater) operational costs were over budget by \$0.1m, however drinking water was significantly over due to higher compliance and treatment costs as well as additional resources applied to fixing water leaks, offset by savings across the other two networks.

Statement of Māori Contribution to Decision-Making

Māori Contribution

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

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

In 2020 Council appointed Professor Roger Maaka, Chair of Te Taiwhenua o Tamatea, as Kaiārahi Matua. The Kaiārahi Matua is in attendance at every scheduled ordinary, special, and extraordinary meeting of full Council, as well as all Committees of the Whole.

Council is continuing to work closely with Te Taiwhenua o Tamatea on particular issues and opportunities. Current engagement and priorities are District Plan, Wastewater Project, Ngā Ara Tipuna and Social Housing.

Council recognises the special role Māori play in the history and future of Central Hawke's Bay.

Over the coming years Council has identified building stronger partnerships with Iwi, Hapū and Marae across Tamatea as a priority to ensure our whole community thrives. Over the next year Council will turn its attention to working closer with Te Taiwhenua o Tamatea, Marae and post Treaty settlement groups to strengthen engagement with Māori.

Māori Wards

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

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

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

Statement of Compliance and Responsibility

Compliance

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

Responsibility

1. The Central Hawke's Bay District Council and its management accept responsibility for the preparation of the annual Financial Statements and non-financial performance information and the judgements used in them.
2. The Central Hawke's Bay District Council and its management accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting and non-financial performance information.
3. In the opinion of the Central Hawke's Bay District Council and its management the Annual Financial Statements and the results of its operations and the service performance achievements for the year ended 30 June 2020 fairly reflect the financial position of Central Hawke's Bay District Council.



Alex Walker
Mayor



Monique Davidson
Chief Executive

Audit Report



INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF
CENTRAL HAWKE'S BAY DISTRICT COUNCIL'S
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

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

We are also required to report on:

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

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

We completed our work on 24 September 2020. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 73 to 77 and pages 79 to 111:
 - present fairly, in all material respects:
 - the District Council's financial position as at 30 June 2020;
 - the results of its operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on page 78, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan and long term plan;
- the statement of service provision referred to as "Council Services" on pages 25 to 68:
 - presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2020, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
 - complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 25 to 68, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's annual plan and long term plan; and

- the funding impact statement for each group of activities on pages 25 to 68, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan and long term plan.

Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 70 to 72, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council's audited information and, where applicable, the District Council's annual plan and long term plan.

Basis for our opinion on the audited information

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

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

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

Emphasis of Matter

Impact of Covid-19

Without modifying our opinion, we draw attention to the disclosures about the impact of Covid-19 on the District Council as set out in Note 3 to the financial statements.

Responsibilities of the Council for the audited information

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

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

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error. A member firm of Ernst & Young Global Limited

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

Responsibilities of the auditor for the audited information

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

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

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

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

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

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the statement of service provision referred to as "Council Services" as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the District Council to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.

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

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 1 to 21 and 112 to 116, but does not include the audited information and the disclosure requirements.

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

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

Independence

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

Other than the audit, our report on the disclosure requirements, and an assignment relating to the Council's debenture trust deed reporting we have no relationship with or interests in the District Council.



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

Council Services



Groups of Activities

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

Community Leadership Group



Leadership, Governance and Consultation



Economic and Social Development

Planning and Regulatory Group



District Planning



Land Use and Subdivision Consents



Building Control



Public Health



Animal Control



Compliance and Monitoring

Land Transport Group



Land Transport

Solid Waste Group



Solid Waste

Water Supplies Group



Water Supplies

Wastewater (Sewerage) Group



Wastewater (Sewerage)

Stormwater Group



Stormwater

Recreation and Community Facilities Group



Parks, Reserves and Swimming Pools



Public Toilets



Retirement Housing



Libraries



Theatre, Halls and Museums



Cemeteries



Property and Buildings

Community Leadership Group



Leadership, Governance and Consultation

What does this activity involve?

This Group of Activities comprises of how Council meets its responsibilities to represent the Community, as well as to provide leadership for the Community and to involve it in decision-making.

The Council is elected every three years by those eligible to vote in the District. The Council is made up of a Mayor (elected at large) and eight Councillors (representing two Wards).

The core functions of the Leadership, Governance and Consultation Activity are:

- Setting the policy direction of Council.
- Monitoring the performance of Council.
- Representing the interests of the District (on election all members must make a declaration that they will perform their duties faithfully and impartially, and according to their best skill and judgment in the best interests of the District).
- Wherever and whenever possible, facilitating solutions to local needs/issues.
- Employing the Chief Executive (under the Local Government Act 2002, the local authority employs the Chief Executive who in turn employs all other staff on its behalf).

These core functions are achieved by:

- Holding regular meetings, which are open to the public
- Preparing the key policy and planning documents
- Consulting the public on major decisions
- Providing Council representation on a wide range of community groups
- Holding civic functions, including citizenship ceremonies
- Advocating the District's interests to agencies at Regional and National levels
- Keeping abreast of issues, legislation, and best practice
- Balancing the books.

Why are we involved?

This activity contributes to all outcomes through advocacy for Central Hawke's Bay District to outside organisations, such as Central Government and Local Government NZ.

It provides open and transparent decision making through meetings, plans, reports and other consultation.

Community Outcomes that this activity contributes to



What we delivered

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2019/20?	ACHIEVED LEVEL OF SERVICE
Council that listens to its community, responds efficiently and effectively, communicates well and has a can-do customer services attitude.	50% of people who consider that Council has responded well or very well to community needs and issues.	<p>Target Achieved</p> <p>During the Independent Survey in June, 66% (2019: 55%) of people considered Council has responded well or very well to community needs and issues.</p>
	100% of formal consultation which follows legislative and policy requirements.	<p>Target Achieved</p> <p>All consultation processes conducted this year (2019: 100%) followed legislative and policy requirements.</p>
	Every time consultation occurs more than 4 engagement methods are used.	<p>Target Achieved</p> <p>No formal consultations have taken place in the reporting period. However, we continue to explore new opportunities to maximise ways to consult and engage with our community. (2019:4)</p>
	100% of Council and committee agendas made available to the public four working days before the meeting.	<p>Target Achieved</p> <p>100% of Council and committee agendas made available to the public four working days before the meeting. (2019:100%)</p>
	70% of people who consider that Council has communicated well on Council business.	<p>Target Not Achieved</p> <p>During the Independent Survey in June 52% of people considered Council communicates well about Council business. This is a drop from 56% in 2019, although still an improvement from 47% in 2018.</p>
	Council meets formally with Taiwhenua o Tamatea at least 4 times a year.	<p>Target Not Achieved</p> <p>Council is working with Te Taiwhenua o Tamatea on a range of matters which include social housing, District Plan, Ngā Ara Tipuna and the wastewater project. However, no formal meetings have occurred. Discussions occurred with Dr Roger Maaka on a new approach to the relationship. The Maori Contribution to Decision Making Policy was adopted by Council on 9 April 2020 appointing Dr Roger Maaka as Kaiārahi Matua. Through Council's partnership with local hapu and Te Taiwhenua o Tamatea in the development of Nga Ara Tipuna, Council have held over 30 meetings in the last year supporting hapu and Taiwhenua in the delivery of the project. Similarly, in support of new applications through the Provincial Growth Fund for Rakei Ora –Bring Wellbeing to marae and other similar funds, Council have been giving strong support to Taiwhenua, in making applications on their behalf.</p>



Economic and Social Development

What does this activity involve?

This activity provides for the Community's social and economic wellbeing including providing Community support, providing funding and support to Community groups, providing visitor information, and encouraging economic development within this District.

Council's primary role is to advocate, facilitate and coordinate on behalf of the community to enable economic and social wellbeing enhancement.

A key contributor will be the implementation of the Regional Economic and Social Strategy 'Matariki – Hawke's Bay Regional Economic Development Strategy and Action Plan' which was formally adopted by Council in September 2016 and the Council's own Economic Development Action Plan which was adopted August 2019.

This is supported by a local Community Wellbeing Strategy which was adopted by Council at the beginning of 2018. The Community Wellbeing Strategy incorporates the Youth, Positive Ageing, Safer CHB and Disability Action Plans with Council leading and facilitating a collaborative approach to the implementation of these Actions Plans.

Council is supported by the Community Reference Leadership Group, Safer CHB Coalition, Youth Council, Positive Ageing Network and Disability Reference Group to assist in providing feedback on progress and implementation of projects.

Over the next 12 months, Council will be working to review the Community Wellbeing Strategy to support the transformation of Central Hawke's Bay.

The purpose of this Activity is to facilitate economic growth and improved social and economic wellbeing in the District through the support and implementation of strategies targeting increased investment, job growth, skill growth, income growth and an enhanced prosperity for people living in District.

Central Hawke's Bay is poised for smart growth and has the opportunity to considerably advance its economic wellbeing and prosperity over the next 10 years through the implementation of these strategic initiatives.

As part of Council's response to the Drought and COVID-19 Council adopted an 18 point "Drought and COVID-19 Economic Recovery Action Plan" in April 2020. Included in the actions is the adoption of rates hardship policies and rebates, creation of recovery task force in partnership with Centralines, job creation schemes run in partnership with Central Government and other agencies, and the use of social procurement in Councils capital programs.

Why are we involved?

Social Development, advocacy, facilitation and coordination through the implementation of the Community Wellbeing Strategy and associated action plans.

Economic Development advocacy, support and facilitation across the following service areas:

- Business sector growth and performance
- Sustainable natural resource utilisation
- Infrastructure and policy development/implementation
- Workforce skill development, training and education
- Central Hawke's Bay as a proud and prosperous place to live and visit.

Community Outcomes that this activity contributes to



What we delivered

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2019/20?	ACHIEVED LEVEL OF SERVICE
To have a strong Council voice that advocates and leads change in economic and social issues and opportunities for the District.	Council actively participates in regional collaborative initiatives around economic and social development.	Achieved Council has been an active participant in regional social development initiatives including Hawke's Bay Funders Forum, Hawke's Bay Housing Coalition, and Hawke's Bay Safe Communities Forum. Council is an active participant and leader in regional economic development initiatives including Matariki HBRDS, and THINK HB.
	Council develops and implements a Community Wellbeing and Economic Development Strategy.	Achieved The Community Wellbeing Strategy is being actively implemented. The Economic Development Action Plan (EDAP) has been adopted by Council and implementation is underway. An economic recovery plan has been developed to respond to the challenges of COVID-19 and drought, and this sits alongside the EDAP.
	60% of the Youth Action Plan action points have been implemented.	Achieved 60% of action points have been implemented (2019:20%).
	60% of the Safer CHB Action Plan action points have been implemented.	Achieved 60% of action points have been completed (2109:25%).
	60% of the Older Persons Action Plan action points have been implemented.	Achieved 67% of action points have been completed (2019:25%).
	60% of the Disability Action Plan action points have been implemented.	Achieved 60% of action points have been implemented (2019:25%).
	The annual visitor spend increases by \$1m annually.	Target Not Achieved For the 12 months ending May 2020, visitor spend was at \$33m – down \$1.35m on the same YTD last year. The COVID-19 pandemic has negatively impacted these results.
	1000 participants in events financially supported by Council.	Target Achieved The Christmas Parade and Carnival attracted approximately 2100 people; therefore, to date there has been 14,070 participants in 16 events. More recently through March, Parks Week had approximately 1,500 people participate in activities across the District. Three major events planned for late summer/autumn were cancelled or postponed due to COVID-19 (Spirited Women, Vantage Age Group Cycling Champs, The Little Easy). Vantage Age Group cycling was postponed to July, Spring Fling is being planned for October/November and a new readers and writers' festival in July has sold out all seven events (2019: 3180 participants over 10 events).
	Support the creation of 50 new jobs within the District.	Target Achieved Whilst the ability to measure Council's intervention in this activity remains difficult the current PGF funded vegetation management programme of \$2m will create approximately 50 new jobs. Mayor's Taskforce for Jobs has created a further 19 and Nga Ara Tipuna will also create 5-6 short term jobs (2019: 2).
	80% of the community satisfied with the Economic and Social Development activity of Council.	Target Achieved The 2020 Residents Satisfaction Survey shows 89% satisfaction.(2019: 88%)

Funding Impact Statement for the year ending 30 June 2020 for Community Leadership Group

	2019 LONG TERM PLAN \$000	2020 LONG TERM PLAN \$000	2020 ANNUAL PLAN \$000	2020 ACTUAL \$000
Sources of operating funding				
General rates, uniform annual general charges and rates penalties	1,157	1,229	1,314	1,321
Targeted rates	0	0	0	0
Subsidies and grants for operating purposes	46	47	52	469
Fees, charges	0	0	0	85
Interest and dividends from investments	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0
Total operating funding	1,203	1,276	1,367	1,875
Applications of operating funding				
Payments to staff and suppliers	938	1,010	1,087	1,452
Finance costs	0	0	0	0
Internal charges and overheads applied	281	281	305	307
Other operating funding applications	0	0	0	0
Total applications of operating funding	1,219	1,292	1,392	1,759
Surplus (deficit) of operating funding	(15)	(15)	(25)	116
Sources of capital funding				
Subsidies and grants for capital expenditure	0	0	0	681
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	0	0	0	0
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	0	0	0	681
Applications of capital funding				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	0	0	0	681
- to replace existing assets	0	0	0	24
Increase (decrease) in reserves	(15)	(15)	(25)	92
Increase (decrease) of investments	0	0	0	0
Total application of capital funding	(15)	(15)	(25)	797
Surplus (deficit) of capital funding	15	15	25	(116)
Funding balance	0	(0)	(0)	(0)

Operational Income is over budget by \$599k based on the funding from Provincial Growth Fund for Economic Development projects which is reflected in operating expenditure being over budget by \$467k.

Capital funding and expenditure reflects the Ngā Ara Tipuna project which is a Pā site interpretation project which will showcase the network of six historic pā sites surrounding Waipukurau.

Planning and Regulatory Group

District Planning

What does this activity involve?

Council is required to provide a comprehensive District Plan that provides for the needs of the community. The activity’s goal is to implement the Resource Management Act 1991 to ensure that Council provides for the management of the districts natural and physical resources while providing for the safety and wellbeing of the Central Hawke’s Bay community. The Operative District Plan is nearly 20 years old and a full review of this document is required to ensure Council meets its responsibilities under the Resource Management Act.

The review of the current District Plan was a major priority for the new Council, following the completion of *Project Thrive*. Council set an ambitious target to adopt a draft plan on 31 October 2018. Council achieved what it said it would do, adopting the substantially complete draft on 31 October.

In April 2019, Council approved the draft District Plan for release, with a community consultation programme commencing in May 2019. It is intended the draft Plan will be notified following the consideration of submissions received during consultation and integration of recommendations from the Spatial Plan and central government policies.

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 rules and performance standards for land use, subdivision and development.

Community Outcomes that this activity contributes to



- PROUD DISTRICT**
HE ROHE POHO KERERŪ
- SMART GROWTH**
HE TIPU ATAMAI
- DURABLE INFRASTRUCTURE**
HE HANGANGA MAUROA
- PROSPEROUS DISTRICT**
HE ROHE TŌNUI
- ENVIRONMENTALLY RESPONSIBLE**
HE WHAKAARO NUI KI TE TĀIAO

What we delivered

LEVEL OF SERVICE TO BE DELIVERS	HOW WILL WE MEASURE OUR SUCCESS IN 2019/20?	ACHIEVED LEVEL OF SERVICE
The District Plan is kept up to date and relevant to the needs of our community – helping us to ensure that management of the districts natural and physical resources is undertaken in a sustainable way.	Completion of the informal phase of the draft District Plan is completed and preparation for notification of the Proposed Plan commences.	Target Achieved The draft District Plan started in 2017 has been delayed to incorporate the District Spatial Plan and to allow for identification of significant natural areas and is now expected to be notified in May 2021 (2019: Draft Plan prepared).



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



PROUD DISTRICT
HE ROHE POHO KERERŪ



SMART GROWTH
HE TIPU ATAMAI



PROSPEROUS DISTRICT
HE ROHE TŌNUI



ENVIRONMENTALLY RESPONSIBLE
HE WHAKAARO NUI KI TE TAIAO

What we delivered

LEVEL OF SERVICE TO BE DELIVERS	HOW WILL WE MEASURE OUR SUCCESS IN 2019/20?	ACHIEVED LEVEL OF SERVICE
The land use and subdivision consent process is compliant, efficient and user friendly.	100% of resource consents (non-notified) processed within 20 working days (the statutory timeframe).	<p>Target Not Achieved</p> <p>183 resource consents were processed in the year with 145 (79%) processed within the 20-day statutory limit in the reporting period (2019: 60%). Resource shortages and increases in consent volumes and complexity, lead to the exceedance of time limits however in most cases it was only by a few days.</p> <p>Increased resource in the team and streamlining of some processes are aimed to reduce the number of consents exceeding 20 days in 2020/21.</p>
	90% of customers satisfied with the land use and subdivision consent services provided.	<p>Target Not Achieved</p> <p>During the Independent Survey in June, 83% of customers were satisfied with compliance and monitoring consent services provided (2019: 91%).</p>



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 Consent Authority to retain accreditation is being increased, therefore higher levels of quality control and documentation 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



What we delivered

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2019/20?	ACHIEVED LEVEL OF SERVICE
The building consent process is compliant, efficient and user friendly.	100% of building consents processed within 20 working days (the statutory timeframe).	Target Not Achieved 363 Building Consents were processed in the year with 356 (98%) processed within the 20 day statutory timeframes in the reporting period. Record high consent volumes put pressure on staff to keep up with the number of consents submitted. For most of the year the 100% target was met however Council are heavily reliant on external processing companies for support. (2019:99%).
	The maintenance of building consent authority accreditation status will be achieved.	Target Achieved IANZ Accreditation was achieved in November 2018 for 2 years. The IANZ assessors completed their independent and comprehensive audit and remarked on Councils continued progress and exemplary performance in most areas. (The next accreditation assessment is in November 2020 with a target to achieve a top 10% ranking).
	90% of customers satisfied with the building consent services provided.	Target Not Achieved During the independent Annual Resident's Survey in June, 79% of customers were satisfied with the building consent services provided (2019: 77).The Building Consents team have focussed on process improvement and effective relationships and communication with industry partners. These will continue to be a focus in 2020/21 to further improve these scores.



What does this activity involve?

The Public Health Activity covers the following services:

- **Environmental Health** – this administers the requirements of statutes and health regulations that cover subjects such as safe food, safe water, disease containment, environmental nuisance, public accommodation and private housing.
- **Liquor Licensing** – the licensing and monitoring of premises under the provisions of the Sale and Supply of Alcohol Act 2012.
- **Hazardous substances** – the control of hazardous substances is now the responsibility of the Environmental Risk Management Authority (ERMA) but Council will continue to provide local support at emergency incidents involving hazardous substances because of our local knowledge, expertise and proximity.
- **Monitoring and response** regarding the Gambling Act 2003 and Prostitution Reform Act 2003.
- **Noise control** responsibilities.

Why are we involved?

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

Community Outcomes that this activity contributes to



What we delivered

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2019/20?	ACHIEVED LEVEL OF SERVICE
The public health process is compliant, efficient and user friendly.	100% of food and other premises that are due for inspection in that financial year.	Target Not Achieved We have not achieved this performance measure this financial year. Under legislation and regulations, we are not required to inspect every premise every 12 months. This is a higher level of service than required in legislation and not provided for within current resourcing and budgets. 51 of 116 of food and other premises have been inspected year to date (2019: 83 out of 92)
	100% of premises that do not meet minimum standards, will have a corrective plan put in place to help them within 10 working days.	Target Achieved There were no corrective plans required to be established this year.
	100% of Complaints received are responded to within 3 working days.	Target Achieved 100% of complaints responded to within 3 working days' year to date (2019: 100%).
	95% of customers satisfied with the public health services delivered.	Target Not Achieved During the independent Annual Resident's Opinion Survey in June, 72% of customers were satisfied with the public health services delivered. This is a drop from 91% in 2019. Due to the survey being completed during the Pandemic we had reduced levels of service. We are continuing to focus on delivering services that add value to the community in the public health space.



Animal Control

What does this activity involve?

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

An animal pound facility is currently operated within the SPCA compound located in Waipukurau. The Animal Services and Compliance staff employed by Council service the pound.

Why are we involved?

Council is required under statute to provide a regulatory function of Animal Control. This activity ensures that:

- Dog owners are held responsible for their pets and do not cause a nuisance to people and property.
- The welfare of animals is protected.
- The public/owners are given an opportunity to become more educated on dog behaviour.
- General maintenance of public safety in relation to the keeping of animals within the District.
- Roadside grazing and wandering stock are controlled to avoid risks to public safety.

Community Outcomes that this activity contributes to



What we delivered

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2019/20?	ACHIEVED LEVEL OF SERVICE
Excellent customer service is provided to our customers and the animal control activity minimises nuisance and makes our community a safer place to live.	95% of known dogs registered.	Target Achieved 98% of known dogs were registered in the 2019-20 year. 5273 dogs have been registered out of a total of 5381. (2019: 97.7%)
	100% of serious dog incidences responded to within 2 hours.	Target Not Achieved 91.5% of serious dog incidences responded to within 2 hours. A total of 72 requests for service were received. 6 of those requests were not noted as responded to within 2 hours. An administration error has been found in relation to these requests and has been resolved so that it does not occur in the future (2019:100%)
	100% response to all stock complaints and requests within 24 hours.	Target Achieved 100% of all stock complaints and requests responded to within 24 hours. A total of 106 complaints were received in the 2019-20 year (2019: 100%)
	90% of users satisfied with the Animal Control service provided.	Target Not Achieved During the independent Annual Residents Opinion Survey in June, 73% of users were satisfied with the Animal Control service provided. This is a drop from of 85% from 2019. Due to the pandemic the levels of service were dramatically reduced as we were only able to attend to urgent call outs e.g. dog attacks. Due to the survey being completed in May/June and the smaller number of residents completing the survey compared to other years, this has had a negative effect on our annual results. We are continuing to work on being proactive in the community to raise the profile of our Animal Services team.



Compliance and Monitoring

What does this activity involve?

Compliance and Monitoring primarily involves the monitoring of resource consent conditions, responding to noise complaints and bylaw breaches, and carrying out territorial authority responsibilities as defined in legislation such as the inspection of swimming pool fences, earthquake prone buildings, and processing of Land Information Memoranda (LIMS), Compliance Schedules and Building Warrants of Fitness.

Why are we involved?

Council has a broad variety of responsibilities under New Zealand legislation, as well as our own bylaws, that we need to monitor on a regular basis to ensure compliance. Our compliance and monitoring activity is (our tool) for the enforcement of these areas. This activity ensures that:

- Resource consent conditions are monitored for compliance.
- We abide by our legislative requirements for the processing of Land Information Memoranda (LIMS), Compliance Schedules and Building Warrants of Fitness.
- Bylaws that are put in place to protect public safety, the environment, and other areas, are monitored for compliance and enforced as required.

Community Outcomes that this activity contributes to



PROUD DISTRICT
HE ROHE POHO KERERŪ



SMART GROWTH
HE TIPU ATAMAI



DURABLE INFRASTRUCTURE
HE HANGANGA MAUROA



PROSPEROUS DISTRICT
HE ROHE TŌNUI



ENVIRONMENTALLY RESPONSIBLE
HE WHAKAARO NUI KI TE TAIĀO

What we delivered

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS 2019/20?	ACHIEVED LEVEL OF SERVICE
The compliance and monitoring process is compliant, efficient and user friendly.	95% of Owners, or their agents, advised that their BWOFF has lapsed within one month of expiry.	Target Not Achieved This has been an under-resourced area and the target not specifically measured. BWOFF compliance is a key focus for this year (2019:100%)
	100% of PIMs, LIMs, and CCCs issued within the statutory timeframe.	Target Not Achieved <ul style="list-style-type: none"> • 8 PIMS, 81 LIMS and 270 CCCs were issued this year. • 100% of PIMS issued within statutory timeframe of 20 days. Average processing time 8 days (2019:99.56%) • 100% of LIMS issued within 10 days (2019:99.56%) • 98.74% of CCC issued within statutory timeframe of 20 days. Average processing time was 3 days (2019:99.56%)
	Respond to 100% of complaints about non-compliance with bylaws within 3 days.	Target Achieved 100% of complaints responded to within 3 working days compared to 86% in 2019.
	100% of resource consents monitored within two years of being issued.	Target Not Achieved This has been an under-resourced area and the target not specifically measured. Monitoring of Resource Consent compliance is a key focus for this year (2019:100%)
	90% of users satisfied with the Compliance and Monitoring service provided.	Target Achieved During the independent Annual Residents Survey in June, 91% of users were satisfied with the Compliance and Monitoring service provided. As additional resources are allocated to this area, a targeted user survey is planned this year to gain a broader understanding of customer satisfaction (2019:91%).

Funding Impact Statement for the year ending 30 June 2020 for Planning and Regulatory Group

	2019 LONG TERM PLAN \$000	2020 LONG TERM PLAN \$000	2020 ANNUAL PLAN \$000	2020 ACTUAL \$000
Sources of operating funding				
General rates, uniform annual general charges and rates penalties	721	785	694	699
Targeted rates	0	0	0	0
Subsidies and grants for operating purposes	0	0	0	0
Fees, charges	1,043	1,030	1,247	1,361
Interest and dividends from investments	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	21	21	18	(25)
Total operating funding	1,785	1,836	1,959	2,035
Applications of operating funding				
Payments to staff and suppliers	1,298	1,329	1,392	1,902
Finance costs	2	9	19	6
Internal charges and overheads applied	481	482	523	529
Other operating funding applications	0	0	0	0
Total applications of operating funding	1,781	1,821	1,934	2,437
Surplus (deficit) of operating funding	4	15	25	(401)
Sources of capital funding				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	78	194	680	247
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	78	194	680	247
Applications of capital funding				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	0	0	422	0
- to replace existing assets	82	208	283	0
Increase (decrease) in reserves	0	0	0	(155)
Increase (decrease) of investments	0	0	0	0
Total application of capital funding	82	208	705	(155)
Surplus (deficit) of capital funding	(4)	(15)	(25)	401
Funding balance	0	0	0	0

Fees & Charges were above budget with an increase in building and resource consents income. This was offset by additional costs to outsource the processing the consents that couldn't be handled in house and undertaking the District Plan Review.

Land Transport Group



Land Transport

What does this activity involve?

Council owns and maintains the district road network. Network maintenance and renewals are funded by rates with substantial funding assistance from the New Zealand Transport Agency (NZTA). The current Funding Assistance Rate provided by NZTA is currently 60% and will be in effect until 2023. For emergency works that reach the required threshold, the Funding Assistance Rate increases to 80%. 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 not Council staff directly. These methods will continue into the future although minor changes will be made to obtain better value for money with the intent of lowering the costs to the ratepayer.

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

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

Why are we involved?

We are involved in this activity to provide a safe, efficient, resilient and reliable transport network for all users which contributes to the following Community Outcomes.

Community Outcomes that this activity contributes to



MAJOR CONTRACTS COMPLETED DURING THE YEAR 2019/20	TOTAL
Emergency Re-instatement	\$718,510
Area Wide Pavement Treatments	\$901,231
Reseal Programme	\$1,420,970

Key achievements during the year

- a. Procurement of a new 5 year Road Maintenance Services contract – Downer
- b. Procurement of a new 5 year Reseal Contract – Downer
- c. Procurement of a 2 year Area Wide Pavement Treatment Contract – Higgins
- d. The procurement of a 2 year Minor Structural Renewal Services contract – Higgins
- e. Investigations of bridges and retaining walls along Porangahau and Wimbledon Roads to determine repairs required under the PGF funding of this route
- f. Completion of major network repairs following a significant weather event 2019

What we delivered

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2019/20?	ACHIEVED LEVEL OF SERVICE
The provisions of a safe and secure local roading network that meets the needs of our community.	Reduce fatalities and serious injury crashes on the local road network to 0.	Target Not Achieved 1 fatality and 4 serious injury crashes were recorded within the reporting period. In reviewing the crash reports road factors were not a contributing factor in the crashes (2019: same).
	85-90% quality of ride on a sealed local road network, measured by smooth travel exposure.	Target Achieved 88.3% of average quality of ride on a sealed local road network, measured by smooth travel exposure (2019:95.9%).
	At least 20% of the footpaths in excellent condition and no more than 10% of the footpaths in poor condition measured annually.	Target Not Achieved Councils has 69.8 kilometres of footpaths. In 2019 75% were assessed as in excellent condition and 6% as in poor condition. No footpath condition rating was completed during the 2019/2020 financial year. The next rating assessment is scheduled to be completed in September 2020.
	6-8% of the sealed local road network that is resurfaced.	Target Achieved 56.5 km of resealing was completed in the year. This equates to 6.5% (2019: 6%)
	100% of customer service requests relating to road and footpaths to which the territorial authority responds within 3 working days.	Target Not Achieved 88% of customer service requests relating to road and footpaths were responded to within the targeted 3 days. Changes to the RFS system and the response processes will assist the target to be met in the future (2019:87.5%)
	90% of users satisfied with the roading service provided.	Target Not Achieved During the independent Annual Residents Survey in June, 72% of residents indicated they were satisfied with the roading service provided (2019: 78%)

Funding Impact Statement for the year ending 30 June 2020 for Land Transport Group

	2019 LONG TERM PLAN \$000	2020 LONG TERM PLAN \$000	2020 ANNUAL PLAN \$000	2020 ACTUAL \$000
Sources of operating funding				
General rates, uniform annual general charges and rates penalties	6,426	6,564	6,568	6,562
Targeted rates	0	0	0	0
Subsidies and grants for operating purposes	2,483	2,554	2,626	3,844
Fees, charges	18	19	19	40
Interest and dividends from investments	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	159	162	162	164
Total operating funding	9,086	9,299	9,374	10,610
Applications of operating funding				
Payments to staff and suppliers	4,488	4,602	4,569	6,012
Finance costs	0	0	0	0
Internal charges and overheads applied	1,163	1,169	1,284	1,507
Other operating funding applications	0	0	0	0
Total applications of operating funding	5,651	5,771	5,853	7,518
Surplus (deficit) of operating funding	3,435	3,528	3,522	3,092
Sources of capital funding				
Subsidies and grants for capital expenditure	4,387	4,499	4,977	4,419
Development and financial contributions	3	3	3	(0)
Increase (decrease) in debt	0	0	0	0
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	4,390	4,502	4,980	4,419
Applications of capital funding				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	300	300	789	1,197
- to replace existing assets	7,509	7,713	7,713	5,810
Increase (decrease) in reserves	16	16	(1)	504
Increase (decrease) of investments	0	0	0	0
Total application of capital funding	7,825	8,029	8,501	7,510
Surplus (deficit) of capital funding	(3,435)	(3,528)	(3,522)	(3,092)
Funding balance	0	0	0	0

Operating Income from Subsidies and Grants increased primarily due to the NZTA subsidy paid for the repairs following the June 2019 flooding events. This also impacted operating maintenance expenditure.

Capital income and expenditure was under budget, which reflects a lower level of renewal/asset replacement physical works undertaken during the year. This doesn't mean our transport team haven't been busy. In fact have been working closely with Councils roading engineers on a number of bridge strengthening and retaining wall projects which will see a large amount of physical work undertaken in early 2020/21, and this subsidy received then.

Solid Waste Group



What does this activity involve?

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

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

PROUD DISTRICT
HE ROHE POHO KERERŪ

CONNECTED CITIZENS
HE KIRIRARAU WHAI HONONGA

DURABLE INFRASTRUCTURE
HE HANGANGA MAUROA

PROSPEROUS DISTRICT
HE ROHE TŌNUI

SMART GROWTH
HE TIPU ATAMAI

STRONG COMMUNITIES
HE HĀPORI KAHA

ENVIRONMENTALLY RESPONSIBLE
HE WHAKAARO NUI KI TE TAIĀO

What we delivered

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2019/20?	ACHIEVED LEVEL OF SERVICE
Council supports and provides incentives for waste reduction, reuse and recycling in line with its Waste Management & Minimisation Plan.	1,500 tonnes of recyclables through the centre each year.	Target Not Achieved 1,212 tonnes of recyclables went through the centres (2019: 1,663 tonnes). During Covid Alert levels 3 and 4 Council was unable to either collect or process it's recycling which is the reason for the decline.
	2,250m ³ of greenwaste composted each year.	Target Achieved 2,273 m ³ of green waste composted (2019: 2,586 m ³). During Covid Alert levels 3 and 4 Council was unable to operate, or fully operate it's transfer stations which is the reason for the decline.
	75% of schools participating in waste minimisation programmes.	Target Achieved 94.4% of schools participating in waste minimisation programmes (2019: 94.4%).
	Hold 4 waste minimisation promotional events in the District.	Target Achieved 5 waste minimisation events were held during the year (2019: 4)
	90% of users satisfied with the solid waste service provided.	Target Not Achieved During the independent Annual Residents Survey in June, 77% of users were satisfied with the solid waste service provided (2019: 81%).

Funding Impact Statement for the year ending 30 June 2020 for Solid Waste Group

	2019 LONG TERM PLAN \$000	2020 LONG TERM PLAN \$000	2020 ANNUAL PLAN \$000	2020 ACTUAL \$000
Sources of operating funding				
General rates, uniform annual general charges and rates penalties	1,163	1,193	1,309	1,317
Targeted rates	231	236	294	297
Subsidies and grants for operating purposes	52	53	53	50
Fees, charges	1,107	1,132	1,152	1,494
Interest and dividends from investments	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0
Total operating funding	2,553	2,614	2,808	3,158
Applications of operating funding				
Payments to staff and suppliers	1,861	1,911	2,036	2,535
Finance costs	94	92	71	37
Internal charges and overheads applied	340	341	431	444
Other operating funding applications	0	0	0	0
Total applications of operating funding	2,295	2,344	2,538	3,016
Surplus (deficit) of operating funding	258	270	271	142
Sources of capital funding				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	78	(115)	(96)	100
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	78	(115)	(96)	100
Applications of capital funding				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	0	0	0	621
- to replace existing assets	277	95	155	85
Increase (decrease) in reserves	59	59	19	(465)
Increase (decrease) of investments	0	0	0	0
Total application of capital funding	336	154	175	241
Surplus (deficit) of capital funding	(258)	(270)	(271)	(142)
Funding balance	0	0	0	0

The income from fees and charges was higher than budgeted reflecting the buoyant economy and refuse from out of the district income – Tararua Council also uses Central Hawke’s Bay’s Landfill.

Operating expenditure was also higher than budget by \$499k. \$273k of this was from the purchase of additional carbon credits to reflect the additional tonnage going to landfill (Council Fees and Charges include a recovery component to cover this cost). This volume also drove additional contractual costs, and extra Health and Safety measures during the COVID-19 response at the Transfer Stations.

During the year Council undertook a Leachate to Landfill project which makes up \$601k of the level of service improvement shown in the financials above.

Water Supplies Group



What does this activity involve?

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

Water provided at Otane, Waipawa and Porangahau meets the New Zealand Drinking Water Standards criteria for bacterial compliance at the treatment plants and in the reticulated networks. Other supplies do not meet criteria at the treatment plants but do in the reticulated network.

Significant advancements are being made across all supplies through improved processes and risk management practices guided by regulation as set out under the Water Safety Plan framework. Council continues to face heavy compliance requirements and is working actively with the regulator (DHB) to improve compliance and reporting in all aspects. Works at Takapau and Porangahau are now complete but as they were not running for the full year these sites do not comply for the 19-20 year. Waipawa / Otane supply has been assessed as compliant for the year. Waipukurau has continuing issues with air in the system giving false readings to the monitoring equipment causing the treatment to fail compliance criteria. This is a focus for the 20-21 year.

Why are we involved?

The Water Activity provides benefits to the community through reliable, safe, effective and efficient, collection, management, treatment and delivery of water to ensure that the capacity of available facilities is optimised and that neither public health nor the environment is compromised.

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

 <p>PROUD DISTRICT HE ROHE POHO KERERŪ</p>	 <p>CONNECTED CITIZENS HE KIRIRARAU WHAI HONONGA</p>	 <p>DURABLE INFRASTRUCTURE HE HANGANGA MAUROA</p>
 <p>PROSPEROUS DISTRICT HE ROHE TŌNUI</p>	 <p>SMART GROWTH HE TIPU ATAMAI</p>	
 <p>STRONG COMMUNITIES HE HĀPORI KAHA</p>	 <p>ENVIRONMENTALLY RESPONSIBLE HE WHAKAARO NUI KI TE TAIAO</p>	

What we delivered

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2019/20?	ACHIEVED LEVEL OF SERVICE																								
A continuous supply of water is provided at the right quantity, quality and pressure so that residents and industry can do what they need to do.	100% of all potable supplies comply with part 4 of the drinking water standards (bacteria compliance criteria) Pass/Fail.	<p>Target Not Achieved</p> <p>For clarity we are reporting compliance with both parts of the Water Supply systems for part 4.</p> <p>Reticulation</p> <table> <tr><td>Otane</td><td>Pass (2019: Pass)</td></tr> <tr><td>Waipawa</td><td>Pass (2019: Pass)</td></tr> <tr><td>Waipukurau</td><td>Pass (2019: Pass)</td></tr> <tr><td>Takapau</td><td>Pass (2019: Pass)</td></tr> <tr><td>Kairakau</td><td>Pass (2019: Pass)</td></tr> <tr><td>Porangahau</td><td>Pass (2019: Pass)</td></tr> </table> <p>Treatment</p> <table> <tr><td>Otane</td><td>Pass (2019: Fail)</td></tr> <tr><td>Waipawa</td><td>Pass (2019: Fail)</td></tr> <tr><td>Waipukurau</td><td>Fail (2019: Fail)</td></tr> <tr><td>Takapau</td><td>Fail (2019: Pass)</td></tr> <tr><td>Kairakau</td><td>Fail (2019: Fail)</td></tr> <tr><td>Porangahau</td><td>Fail (2019: Fail)</td></tr> </table> <p>Waipukurau: Due to several turbidity events caused by air being trapped in the pipework and insufficient evidence provided to the DWAU we have failed compliance in Waipukurau for 19-20 year.</p> <p>Takapau: While we have secure bore status for Takapau there were some samples not done on the raw water which has failed our compliance for 19-20 year.</p>	Otane	Pass (2019: Pass)	Waipawa	Pass (2019: Pass)	Waipukurau	Pass (2019: Pass)	Takapau	Pass (2019: Pass)	Kairakau	Pass (2019: Pass)	Porangahau	Pass (2019: Pass)	Otane	Pass (2019: Fail)	Waipawa	Pass (2019: Fail)	Waipukurau	Fail (2019: Fail)	Takapau	Fail (2019: Pass)	Kairakau	Fail (2019: Fail)	Porangahau	Fail (2019: Fail)
	Otane	Pass (2019: Pass)																								
	Waipawa	Pass (2019: Pass)																								
	Waipukurau	Pass (2019: Pass)																								
Takapau	Pass (2019: Pass)																									
Kairakau	Pass (2019: Pass)																									
Porangahau	Pass (2019: Pass)																									
Otane	Pass (2019: Fail)																									
Waipawa	Pass (2019: Fail)																									
Waipukurau	Fail (2019: Fail)																									
Takapau	Fail (2019: Pass)																									
Kairakau	Fail (2019: Fail)																									
Porangahau	Fail (2019: Fail)																									
100% of all potable supplies comply with Part 5 of the drinking water standards (protozoal compliance criteria) Pass/Fail.	<p>Target Not Achieved</p> <table> <tr><td>Otane</td><td>Pass (2019 Fail)</td></tr> <tr><td>Waipawa</td><td>Pass (2019 Fail)</td></tr> <tr><td>Waipukurau</td><td>Fail (2019 Fail)</td></tr> <tr><td>Takapau</td><td>Fail (2019 Pass)</td></tr> <tr><td>Kairakau</td><td>Fail (2019 Fail)</td></tr> <tr><td>Porangahau</td><td>Fail (2019 Fail)</td></tr> </table> <p><i>Target On Track for 2021</i></p> <p>Porangahau: The treatment plant is now complete. It ran for 6 months of the compliance year and was compliant for 6 months. This plant will be compliant for 20-21 year.</p> <p>Waipukurau: Due to several turbidity events caused by air being trapped in the pipework and insufficient evidence provided to the DWAU we have not met compliance in Waipukurau for 19-20 year.</p>	Otane	Pass (2019 Fail)	Waipawa	Pass (2019 Fail)	Waipukurau	Fail (2019 Fail)	Takapau	Fail (2019 Pass)	Kairakau	Fail (2019 Fail)	Porangahau	Fail (2019 Fail)													
Otane	Pass (2019 Fail)																									
Waipawa	Pass (2019 Fail)																									
Waipukurau	Fail (2019 Fail)																									
Takapau	Fail (2019 Pass)																									
Kairakau	Fail (2019 Fail)																									
Porangahau	Fail (2019 Fail)																									
30% of real water loss from the local authority's networked reticulation system.	<p>Target Not Achieved</p> <p>Sufficient information has not been available to accurately measure real water loss in the period. New equipment is being installed including in-line flow meters that will allow an accurate estimation of water losses for future reporting. Meters are being installed in the 20-21 year (2019: Not Measured).</p>																									
Attendance for urgent call-outs; 2 hours from the time that the local authority received notification to the time that service personnel reach the site.	<p>Target Achieved</p> <p>The median response time for year to date is 28 minutes (2019: 31 mins)</p>																									

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2019/20?	ACHIEVED LEVEL OF SERVICE
	Resolution of urgent call outs; 12 hours from the time that the local authority receives notification to the time the service personnel confirm resolution of the fault or interruption.	Target Achieved The median resolution time for year to date is 1 hours 48 minutes (2019: 1 hours 34 mins)
	Attendance for non-urgent call outs: 6 hours from the time that the Local Authority receives notification to the time the service personnel reaches the site.	Target Achieved The median response time for year to date is 38 minutes (2019: 4 hours 43 mins)
	Resolution of non-urgent call outs: 72 hours from the time that the Local Authority receives notification to the time the service personnel confirm resolution of the fault or interruption.	Target Achieved The median resolution time for year to date is 27 hours 18 minutes (2019: 35 hours 23.5 mins)
	<p>≤ 5 complaints relating to drinking water received (per annum per 1000 connections to the local authority's networked reticulation system).</p> <p>Drinking water clarity, Drinking water taste, Drinking water odour, Drinking water pressure or flow, Continuity of supply, The local authority's response to any of these issues.</p>	Target Achieved 3.68 complaints per 1,000 connected customers were received in the period. A total of 15 complaints were received against a total of 4,073 connections. The complaints primarily related to water taste and colour. While the number of complaints in Takapau have decreased due to the treatment upgrade there are stills coming from other networks where dead ends exist in the network, this is an area of investigation in 20-21. (2019: 14/1000)
	≤1.80m ³ average consumption of drinking water per day per water connection.	Target Achieved 1.65 m ³ average consumption of drinking water per day per connection year to date (2019: 1.56m ³)
	90% of users satisfied with the water supply service provided.	Target Not Achieved During the independent Annual Residents Survey in June, 83% of users were satisfied with the water supply service provided (2019: 82%).

Funding Impact Statement for the year ending 30 June 2020 for Water Supplies Group

	2019 LONG TERM PLAN \$000	2020 LONG TERM PLAN \$000	2020 ANNUAL PLAN \$000	2020 ACTUAL \$000
Sources of operating funding				
General rates, uniform annual general charges and rates penalties	0	0	0	0
Targeted rates	2,804	3,109	3,036	3,156
Subsidies and grants for operating purposes	0	0	0	0
Fees, charges	0	0	3	5
Interest and dividends from investments	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0
Total operating funding	2,804	3,109	3,039	3,160
Applications of operating funding				
Payments to staff and suppliers	1,195	1,223	1,313	1,849
Finance costs	199	453	317	112
Internal charges and overheads recovered	508	509	552	514
Other operating funding applications	0	0	0	0
Total applications of operating funding	1,902	2,185	2,182	2,475
Surplus (deficit) of operating funding	902	924	856	685
Sources of capital funding				
Subsidies and grants for capital expenditure	0	0	0	263
Development and financial contributions	5	5	5	85
Increase (decrease) in debt	3,836	6,319	6,956	4,804
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	3,841	6,324	6,961	5,152
Applications of capital funding				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	0	0	0	5867
- to replace existing assets	4,593	7,123	7,687	216
Increase (decrease) in reserves	150	125	130	(245)
Increase (decrease) of investments	0	0	0	0
Total application of capital funding	4,743	7,248	7,817	5,837
Surplus (deficit) of capital funding	(902)	(924)	(856)	(685)
Funding balance	0	0	0	(0)

Payment to Staff and Suppliers was above budget by \$536k and included expenditure required for increased compliance costs, water monitoring costs, leak detection and remedial work across the networks. This was offset by savings in Finance Costs of \$205k due to the reduction on loans drawn this year and the low interest environment.

During the year Council undertook \$6.1m of asset creation/renewals against a budget of \$7.7m (as detailed in the table below). This is largely timing related with COVID and other factors causing delays. In addition, some of these projects were partly funded by grants and development contributions, meaning that Council didn't need to draw as much loan funding as budgeted (a savings of \$2.1m against budget).

PROJECT	2020 LONG TERM PLAN \$000	2020 ANNUAL PLAN \$000	2020 ACTUAL \$000	PROJECT STATUS	FUNDING MECHANISM	EXPECTED COMPLETION DATE
Water Supply Kairakau Upgrade	–	–	10	Ongoing	Budgeted for in future years, but funding brought forward	Jun-21
Otane Alternative Water Supply	1,678	2,242	2,233	Ongoing	Funded by development contributions and loans	Oct 20
Porangahau Treatment Plant Upgrade	818	818	894	Complete	Funded by unspent budgets brought forward from a prior year and the balance being funded by loans	
Takapau Treatment Improvement	–	–	659	Complete	Funded by loans	
Water Supply Te Paerahi Water Storage	–	–	301	Complete	Funded by the Tourism Infrastructure Fund grant and loans	
Water Supply Waipawa Model	52	52	–	Yet to Commence	This money has not been spent yet and the budget will be carried forward to the 2020/21 year	Jun-21
Waipukurau SH2 Pump Station Upgrade	–	–	856	Ongoing	Funded by unspent budgets brought forward from a prior year, development contributions and the balance being funded by a loan	Oct-20
Waipukurau Second Supply	3,670	3,670	223	Ongoing	Funded by development contributions and loans	Jun-23
Waipukurau Water Shortfalls / Firefighting Stage 1	288	288	384	Completed	Funded by unspent budgets brought forward from a prior year, development contributions and the balance being funded by a loan	
Waipukurau Fire Fighting Stage 2	288	288	306	Completed	Funded by rates and development contributions	
WPK Main upgrades Mackie, McLean, McCarthy Mt View St	–	–	51	Completed	Funded by rates	
District Minor Renewals	329	329	166	Completed	Funded by rates with the unspent balance will be carried forward to the 20/21 year	
Total application of capital funding	7,123	7,687	6,083			

Wastewater (Sewerage) Group



Wastewater (Sewerage)

What does this activity involve?

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

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

Compliance with Resource Consents is also monitored and includes reporting to Hawke's Bay Regional Council.

Council continues to face significant challenges to improve its two largest (Waipawa and Waipukurau) wastewater treatment plants. Council took these challenges head on in 2017/18 with the formalisation of a project to review and upgrade the plants. Acknowledging what will be a length consultation, design and build process, Council spent time in 2019/20 engaging with the community, with wastewater experts and with the regulator to determine a long term solution for the plants that meets community, consent and affordability outcomes this work will continue in 2020-21. A package of solutions has been developed as preferable and will be formally consulted on with the community before construction of new or upgraded plants commences.

Why are we involved?

The Wastewater Activity provides benefits to the community through reliable, safe, effective and efficient, collection, management 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



What we delivered

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2019/20?	ACHIEVED LEVEL OF SERVICE
The sewerage system is convenient, safe and reliable.	≤10 of dry weather sewerage overflows (per 1,000 connections to the total sewerage system).	<p>Target Achieved</p> <p>3.5 dry weather sewerage overflows per 1,000 connections to the total sewerage system (2019:0.58).</p> <p>There are currently 3,463 sewerage connections to the total sewerage systems.</p>
	≤30 of total sewerage overflows (per 1,000 connections to the total sewerage system).	<p>Target Achieved</p> <p>3.5 sewerage overflows per 1,000 connections to the total sewerage system (2019: 1.16).</p> <p>There are currently 3,463 sewerage connections to the total sewerage systems.</p>
	<p>Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of:</p> <ul style="list-style-type: none"> • 0 abatement notices • 0 infringement orders • 0 enforcement orders and • 0 convictions, received by the territorial authority 	<p>Target Achieved</p> <p>All requirements listed below were achieved within the reporting period for Councils wastewater systems.</p> <ul style="list-style-type: none"> • 0 abatement notices (2019:0) • 0 infringement orders (2019:0) • 0 enforcement orders (2019:0) • 0 convictions, received by the territorial authority (2019:0) <p>During the year, 3 out of 6 Wasterwater Treatment Plants had elements of non-compliance with Council's resource consents. Council is currently working with Regional Council on upgrades/design work for upgrades of all of its wastewater plants to improve compliance.</p>
	≤1hr median response time for attending sewerage overflows resulting from blockages or other faults (measured from the time that notification is received to the time that the service personnel reach the site).	<p>Target Achieved</p> <p>The median response time year to date is 47 minutes (2019: 22 mins).</p>
	≤ 4 hrs median resolution time for attending sewerage overflows resulting from blockages or other faults (measured from the time that notification is received to the time that service personnel confirm resolution of the blockage or other fault).	<p>Target Achieved</p> <p>The median resolution time year to date is 2 hours 20 minutes (2018: 1 hour 54 mins).</p>
	<p>≤ 10 number of complaints received per annum per 1,000 sewerage connections about any of the following:</p> <ul style="list-style-type: none"> • Sewage odour, • Sewerage system faults, • Sewerage system blockages or Council's response to issues with its sewerage systems. 	<p>Target Not Achieved</p> <p>14.4 complaints received per 1,000 sewerage connections year to date (2019: 0).</p> <p>There are currently 3,463 sewerage connections to the total sewerage systems.</p> <p>During the year Council had some odour issues which drove the 2020 complaints.</p>
	90% of users satisfied with the wastewater service provided.	<p>Target Achieved</p> <p>During the independent Annual Residents Survey in June, 91% of those surveyed were satisfied with the wastewater service provided. (2019:93%)</p>

Funding Impact Statement for the year ending 30 June 2020 for Wastewater (Sewerage) Group

	2019 LONG TERM PLAN \$000	2020 LONG TERM PLAN \$000	2020 ANNUAL PLAN \$000	2020 ACTUAL \$000
Sources of operating funding				
General rates, uniform annual general charges and rates penalties	0	0	0	0
Targeted rates	3,101	3,319	3,241	3,272
Subsidies and grants for operating purposes	0	0	0	0
Fees, charges	235	240	237	276
Interest and dividends from investments	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	185
Total operating funding	3,336	3,559	3,478	3,733
Applications of operating funding				
Payments to staff and suppliers	1,309	1,404	1,682	1,281
Finance costs	552	620	482	244
Internal charges and overheads recovered	508	509	552	623
Other operating funding applications	0	0	0	0
Total applications of operating funding	2,369	2,533	2,717	2,149
Surplus (deficit) of operating funding	967	1,026	761	1,584
Sources of capital funding				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	10	10	10	8
Increase (decrease) in debt	661	2,163	2,455	1,938
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	671	2,173	2,465	1,946
Applications of capital funding				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	0	0	0	3127
- to replace existing assets	1,607	3,168	3,416	262
Increase (decrease) in reserves	31	31	(190)	140
Increase (decrease) of investments	0	0	0	0
Total application of capital funding	1,638	3,199	3,226	3,529
Surplus (deficit) of capital funding	(967)	(1,026)	(761)	(1,584)
Funding balance	0	0	0	0

Payment to Staff and Suppliers were below budget by \$401k. This was partly due to savings in maintenance contracts and partly due to the planned Asset Management Plan refresh running behind schedule (this will be completed in 2020-21). Finance Costs were also below budget by \$238k due to the reduction on loans drawn this year and the low interest environment.

The table below sets out the capital projects undertaken during 2019/20. While this shows the projects largely matched budgets, due to the savings in operations being applied to capital works Council was able to deliver the same levels of capital works but borrow \$0.5m less than budgeted.

PROJECT	2020 LONG TERM PLAN \$000	2020 ANNUAL PLAN \$000	2020 ACTUAL \$000	PROJECT STATUS	FUNDING MECHANISM	EXPECTED COMPLETION DATE
Waipukurau Waipawa Treatment Investigation	1,048	1,075	1,169	Ongoing	Funded by loans	Jun-21
Otane Resource WWTP I&I Study	86	86	73	Completed	Funded by Council Reserves	
Otane Wastewater treatment upgrade (now Otane to Waipawa pipeline)	1,022	1,022	298	Ongoing	Funded by loans and Council Reserves	Oct-20
Porangahau / Te Paerahi wastewater treatment upgrade	105	105	111	Ongoing	Funded by loans	Jun-24
Takapau resource consent renewal	76	76	44	Ongoing	Funded by loans	Jun 22
Takapau wastewater treatment upgrade	0	0	42	Ongoing	Budgeted for in future years, but funding brought forward	Jun-23
Waipawa trunk main renewal	630	630	1,378	Ongoing	Funded by Rates, Council Reserves and Loans	Oct-20
Waste Water Wetlands Otane, Waipawa and Waipukurau			12	Ongoing	Funded from Council Reserves	Dec-20
Other Minor Projects	201	422	263	Completed	Funded by rates and unspent budgets brought forward from prior year	
Total application of capital funding	3,168	3,416	3,390			

Storm Water Group



Stormwater

What does this activity involve?

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

The catchments in Waipukurau consist of open watercourses and piped reticulation. They drain into the Tukituki River through a number of systems including the Pah Flat Stream, Coughlan Rd, Harris St, James St and Northumberland St Drains, or to the South and West to Lake Whatuma and its tributaries.

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

Why are we involved?

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

Community Outcomes that this activity contributes to



What we delivered

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2019/20?	ACHIEVED LEVEL OF SERVICE
A safe and operational stormwater drainage network for design events.	For each flooding event, 0 of habitable floors affected. (Expressed per 1,000 properties connected to the territorial authority's stormwater system.)	<p>Target Achieved</p> <p>0 habitable floors affected in flooding events per 1,000 properties connected (2019: 0). There are currently 2,979 storm water connections to the networked reticulation system.</p>
	<p>Compliance with the territorial authority's resource consents for discharge from its stormwater system measured by the number of:</p> <ul style="list-style-type: none"> • abatement notices 0 • infringement orders 0 • enforcement orders 0; and • successful prosecutions, received by the territorial authority in relation to those resource consents 0 	<p>Target Achieved</p> <p>All requirements listed below were achieved within the reporting period for Councils stormwater systems.</p> <ul style="list-style-type: none"> • abatement notices: 0 (2019:0) • infringement orders: 0 (2019: 0) • enforcement orders: 0 (2019: 0) • successful prosecutions, received by the territorial authority in relation to those resource consents: 0 (2019:0)
	≤2hr median response time to attend a flooding event, measured from the time that the territorial authority receives notification to the time that service personnel reach the site.	<p>Target Achieved</p> <p>The median response time year to date is 0 minutes as there were no flooding events reported (2019: 20 mins)</p>
	≤ 5 complaints received about the performance of the stormwater system (expressed per 1,000 properties connected to the stormwater system).	<p>Target Achieved</p> <p>4.7 complaints received per 1,000 stormwater connections (2019: 0) There are currently 2,979 storm water connections to the networked reticulation system.</p>
	90% of users satisfied with the stormwater service provided.	<p>Target Achieved</p> <p>During the independent Annual Residents Survey in June, 92% of users were satisfied with the stormwater service provided. (2019: 85%)</p>

Funding Impact Statement for the year ending 30 June 2020 for Storm Water Group

	2019 LONG TERM PLAN \$000	2020 LONG TERM PLAN \$000	2020 ANNUAL PLAN \$000	2020 ACTUAL \$000
Sources of operating funding				
General rates, uniform annual general charges and rates penalties	0	0	0	0
Targeted rates	752	670	685	688
Subsidies and grants for operating purposes	0	0	0	0
Fees, charges	0	0	0	0
Interest and dividends from investments	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0
Total operating funding	752	670	685	688
Applications of operating funding				
Payments to staff and suppliers	335	258	255	303
Finance costs	41	27	24	6
Internal charges and overheads recovered	165	165	179	185
Other operating funding applications	0	0	0	0
Total applications of operating funding	541	451	458	494
Surplus (deficit) of operating funding	211	220	227	194
Sources of capital funding				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	450	70	77	227
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	450	70	77	227
Applications of capital funding				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	0	0	0	394
- to replace existing assets	676	304	304	398
Increase (decrease) in reserves	(15)	(15)	0	(371)
Increase (decrease) of investments	0	0	0	0
Total application of capital funding	661	289	304	421
Surplus (deficit) of capital funding	(211)	(220)	(227)	(194)
Funding balance	0	(0)	0	(0)

Operationally Council was largely on budget, but spent \$488k more on asset creation/renewals than budgeted (see table below for details). This was funded through loans and the use of Council reserves.

PROJECT	2020 LONG TERM PLAN \$000	2020 ANNUAL PLAN \$000	2020 ACTUAL \$000	PROJECT STATUS	FUNDING MECHANISM	EXPECTED COMPLETION DATE
Waipukurau Francis Helicoil upgrade			220	Completed	Funded from Council reserve funds and unspent budgets brought forward from prior year	
Waipukurau Jellicoe to Travistock Helicoil Reline			166	Completed	Funded by loans	
Waipukurau Ruataniwha St Flooding Solution			1	Ongoing	Funded by loans	Sept-21
Waipukurau Savage Carpenter Churchill Improvements			195	Completed	Funded by loans and development contributions	
Waipukurau Woburn/Wilder Improvements			198	Completed	Funded by loans, development contributions, and unspent budgets brought forward from prior year	
Storm Water Waipukurau Model	84	84	–	Yet to commence	This money has not been spent yet and the budget will be carried forward to the 2020/21 year	Jun-21
Waipukurau Tutanekai St Helicoil Replacement			13	Ongoing	Funded from Council reserve funds and unspent budgets brought forward from prior year	Dec-21
Other Minor renewals and remediations	221	221	–	Yet to commence	This money has not been spent yet and the budget will be carried forward to the 2020/21 year	Ongoing
Total application of capital funding	304	304	792			

Recreation and Community Facilities Group



Parks, Reserves and Swimming Pools

What does this activity involve?

Council provides parks, reserves, trees, playgrounds, swimming pools and camping grounds to ensure our community has access to a wide range of leisure and recreation opportunities.

We do it by:

- Maintaining 55 parks and reserves, war memorials and the Waipawa and District Centennial Memorial Pool to ensure the provision of quality, safe spaces for recreation and leisure.
- Working with community groups and organisations to add value and deliver programmes and development for our community.
- Providing camping grounds, operated either by lessees or as freedom camping sites.

Council provides financial assistance to support recreation and leisure to:

- **Central Hawke's Bay Community Trust** – for heated pools at AW Parsons Centre.
- **Sport Hawke's Bay** – for promotion of sport and leisure.
- **Forest Gate Domain Committee** – to mow the Domain.
- **Takapau Memorial Park Sports Association** – operational grant.
- **Forest and Bird** – maintenance grant for Tukituki Scenic Reserve / Otaia.

Why are we involved?

The provision of Recreation and Community Facilities is important for the well-being our community as places for play, sport, fitness activity, community events, and contemplation away from the built environment. They are also attractive assets to both current residents and potential residents considering relocation to the Central Hawke's Bay District. Visually appealing public spaces add to the character of the District and are a source of civic pride and attraction to visitors.

Council has legislative responsibilities under the Reserves Act 1977 for reserves and parks vested or administered under the Act.

Community Outcomes that this activity contributes to



What we delivered

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2019/20?	ACHIEVED LEVEL OF SERVICE
A range of parks and reserves that are affordable, well maintained and safe that provide for the sporting, cultural and well-being of the community.	Achieve safety checks on playground equipment monthly.	Not achieved 67% of playgrounds received monthly playground checks. This is primarily due to COVID when the end of 3 rd quarter and a large segment of 4 th quarter had playgrounds closed. They were all inspected and sanitised before reopening. (2019: 100%)
	65% of people have used or visited a park or reserve in the last 12 months.	Target Achieved 78% of residents have used/visited parks and reserves in the District in the last 12 months (Residents Opinion Survey 2020) (2019: 81%).
	90% of people that are satisfied with the park or reserve used or visited in the last 12 months.	Target Achieved 95% of residents (who use this service) were satisfied with the parks & reserves visited in the last twelve months (Residents Opinion Survey 2020) (2019: 94%).
Access to good quality swimming pool facilities for fun, recreation and exercise.	75,000 of A W Parsons pool users.	Target Not Achieved 47,253 swimmers used the swimming complex. Numbers were already diminishing prior to lockdown due to concerns around COVID. Timing of lockdown also meant that 16 school swimming –sports were not held. The number does not include spectators or other visitors to the complex. (2019: 75,493).
	3,000 of Waipawa pool users.	Target Achieved A total of 12,133 Waipawa Pool users for the 2019/20 year were recorded despite some closures due to cooler days when water and air temperatures were too cold (2019: 2,881).
	Both pools to achieve compliance with the lifeguard pool safety standard requirements.	Target Not Achieved Waipawa Pool complied with pool safety standards (2019: Compliant). The data is not available to Council for reporting for AW Parsons pools.
	65% of people that are satisfied with the swimming pools used or visited in the last 12 months.	Target Achieved During the independent Residents Opinion Survey 2020 in June, 94% of users were satisfied with the swimming pools, being specifically the Waipawa Pools (2019: 90%). The data is not available to Council for reporting for AW Parsons pools.



Public Toilets

What does this activity involve?

The provision of public toilets to protect public health and meet the expectations of the residents and visitors. Council operates 23 permanent public toilets, as well as temporary toilets during the height of summer when there are more freedom campers. The sites below in bold are those open either 24/7 or during daylight hours. The others are open for specific events, activities, or summer hours.

RURAL	WAIPUKURAU AND WAIPAWA	COASTAL
<ul style="list-style-type: none"> Forest Gate Domain Otane Hall Otane Recreation Ground Tikokino Hall Ongaonga (at Ongaonga Museum) Takapau Town 	<ul style="list-style-type: none"> A'Deane Park Coronation Park Madge Hunter Park Nelly Jull Park The Green Patch (Post Officer Corner) Bogle Brothers Esplanade Russell Park Russell Park Sports Field Waipawa Cemetery 	<ul style="list-style-type: none"> Aramoana Beach Blackhead Beach Kairakau Beach Campground Kairakau Beach Northern Pourerere Beach Pourerere portaloos (Christmas holidays only) Te Paerahi changing shed Te Paerahi freedom camping area White Domain – Porangahau

Why are we involved?

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

Community Outcomes that this activity contributes to



PROUD DISTRICT
HE ROHE POHO KERERŪ



CONNECTED CITIZENS
HE KIRIRARAU WHAI HONONGA



STRONG COMMUNITIES
HE HĀPORI KAHA



ENVIRONMENTALLY RESPONSIBLE
HE WHAKAARO NUI KI TE TAIĀO

What we delivered

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2019/20?	ACHIEVED LEVEL OF SERVICE
Facilities are clean, safe, in good working order and meet the needs of our community and visitors.	90% of the public satisfied with the cleanliness and provision of public toilets.	Achieved During the independent Residents Opinion Survey 2020 in June 91% were satisfied (2019: 87%)



Retirement Housing

What does this activity involve?

Retirement housing is provided for people aged 60 and over.

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

- The flats are managed by Council, with each tenant having a separate tenancy agreement with Council.
- Property management of the retirement housing is carried out by an independent contractor along with day to day maintenance, refurbishing or upgrading of the buildings.
- Grounds maintenance is carried out by Council’s open space maintenance contractor.

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



What we delivered

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2019/20?	ACHIEVED LEVEL OF SERVICE
Safe, well maintained and comfortable community housing for the ageing population in the District living on fixed income.	95% of retirement housing units that are occupied.	Target Achieved 100% of retirement housing units occupied this year. (2019: 100%)
	80% of Tenants' overall satisfaction with Council's Retirement Housing service.	Target Achieved A tenant's survey was distributed in June. 100% of returned surveys (44%) indicated that residents were either 'satisfied' or 'very satisfied' (2019: 54%).



What does this activity involve?

Central Hawke's Bay District Libraries consist of:

- The Waipawa Library which is situated in Council owned building in Waipawa.
- The Waipukurau Library also in a Council owned building in Waipukurau. (Temporarily closed following advice from engineers that the building has structural vulnerabilities).

The library service offers access to a range of content, programmes and experiences for the Central Hawke's Bay Community. This includes:

- information resources and material for reading for pleasure and relaxation which includes various fiction and nonfiction collections, Māori non-fiction, fiction and Junior collections, children and youth sections, magazines, large print, talking books, DVDs and interloans.
- free broadband internet access/wifi through Aotearoa Peoples Network Kaharoa and access to eBooks through the consortium NZLibs and ePukapuka.
- Programmes including community programmes, afterschool, school holiday and programmes designed to increase digital literacy and confidence in the use of devices and digital technology.
- Experiences including author readings, social interaction and exposure to new or emerging trends and technology.

The library service is a keen facilitator of community initiatives, the most successful being the Eastern and Central Community Trust sponsored ECREAD'N reading programmes for children and youth as well as other sponsored events and relationships with schools, retirement homes and housebound residents.

This activity covers the daily running of the library services. However, information and library services can be accessed via the library website). The buildings are operated and maintained under the Properties and Buildings activity.

The Waipukurau Library is the Central Hawke's Bay agency for AA which includes driver and vehicle licencing. We have a temporary Pop-up Council Services, AA and VIC at the Waipukurau Railway Stations and library books can be returned here, holds and is a depot for the home borrowers service.

More than 50% of library users live outside Waipukurau and Waipawa.

Why are we involved?

Libraries are in many ways the modern public square: they embody the very idea of community. The last 'free' spaces our libraries provide central locations where individuals and groups can come to relax, learn, innovate and connect with knowledge in the widest sense.

Libraries play an important role in supporting literacy including digital literacy 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



What we delivered

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2019/20?	ACHIEVED LEVEL OF SERVICE
Our libraries are inclusive places and all people are encouraged to make use of the library's services.	65% of the Central Hawke's Bay population that use the library services.	<p>Target Not Achieved</p> <p>63% of residents used a Council Library in the last 12 months (2019: 54%). This was affected by the fact that COVID-19 closed the libraries however we also acknowledge that a portion of our community do not use our services.</p> <p>A flaw in this dataset is that it does not measure children or youth and they are not represented in the data source of the Residents Survey.</p> <p>There is no way to accurately measure this level of service with some library users not necessarily registering to use the service.</p>
	<p>The number of people visiting our libraries measure by:</p> <ul style="list-style-type: none"> • Physical visits – 114,878 • Online visits – 4,189 	<p>Target Not Achieved</p> <p>The Libraries have been closed as a result of COVID-19 and the Waipukurau Library reopened for a month at Level 2, only to close due to seismic vulnerabilities. It remains closed pending the engineers report. The Waipawa Library reopened on June 2, 2020.</p> <p>The physical visit data cannot be provided as there was a technical fault (2019: 146,474).</p> <p>Online Visits 17,827 (2019: 9,094)</p>
	90% of library users satisfied with the service provided.	<p>Target Achieved</p> <p>During the independent Annual Residents Survey in June, 93% of those surveyed were satisfied with the service provided (2019: 96%). This statistic does not include children.</p>



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:** Management of the theatre transitioned this year from an independent contractor to being managed by Council. Operation includes managing shows and productions, providing conferences facilities, and operating a commercial kitchen.
- **Waipukurau Civic Theatre:** Managed by an independent contractor who operates the theatre including showing movies, providing meeting facilities and operating a restaurant. The theatre is maintained jointly by council staff and the manager, with Council providing funding for renewal and upgrading of assets.
- **Waipukurau Memorial Hall:** A multipurpose facility used for sports, recreation and community requirements.
- **Community Halls:** Managed by Committees include Otane, Tikokino, Ongaonga, Takapau, Elsthorpe and Wallingford.
- **Halls:** Owned by Council and leased to Community Groups include Argyll, Porangahau and Otawahao Halls.

In addition, three halls not owned or leased by Council are supported financially by Council:

- **Omakere** (owned by Waiapu Board of Diocesan Trust)
- **Sherwood** (owned by the Ashley Clinton – Makaretu Hall Society)
- **Flemington** (owned by the Flemington Community Trust)

Museums: Council supports the CHB Museum and Ongaonga Museum which are managed by committees and operational grants are provided. Council owns one of the buildings (the old bank) at CHB museum and both museums are on reserve land.

Why are we involved?

The Theatres, Halls and Museums activity are community and public spaces provide for social interactions to enhance our community's sense of social connectedness, cultural wellbeing and civic pride.

Community Outcomes that this activity contributes to



What we delivered

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2019/20?	ACHIEVED LEVEL OF SERVICE
Safe, affordable and appropriate facilities that provide for the cultural and social well-being of the communities.	100% of all Community Owned Halls have a current BWOFF.	Target Not Achieved 99% (143/144) of community halls with a current BWOFF. Unable to access Elsthorpe during April due to COVID (2019:100%).
	5,000 users of the Memorial Hall.	Achieved 5,234 estimated users based on 237 bookings of the Memorial Hall for the year (2019: 209 Bookings).
	16,500 users of the Civic Theatre.	Target Not Achieved 12,179 users of the Civic Theatre for the year. Due to COVID 3rd quarter showed diminishing numbers and 0 in the fourth quarter (2019: 17,573).
	180 bookings of the CHB Municipal Theatre.	Target Not Achieved 128 bookings. The Theatre was on target until COVID which affected the 3 rd and 4 th quarters (2019: Data not available).
	85% of hirers that are satisfied with the Memorial Hall.	Target Not Achieved Due to the data being unable to be supplied, achievement of the measure cannot be made.
	85% of hirers that are satisfied with the Civic Theatre.	Target Not Achieved Due to the data being unable to be supplied, achievement of the measure cannot be made (2019: Data unavailable).
	85% of hirers that are satisfied with the CHB Municipal Theatre.	Achieved 100% satisfaction from those reporting on satisfaction survey sent to those who have booked CHB Theatre in past year (2019: Data unavailable).

Cemeteries

What does this activity involve?

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

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

OPERATIONAL		CLOSED
<ul style="list-style-type: none"> The CHB Cemetery Waipawa Cemetery Waipukurau Cemetery Otane Cemetery Takapau Cemetery Tikokino/Hampden Bush Cemetery 	<ul style="list-style-type: none"> Forest Gate Cemetery (Ongaonga) Porangahau Cemetery Ashley-Clinton Cemetery Makaretu Cemetery Elsthorpe Cemetery 	<ul style="list-style-type: none"> Old Kaikora North Cemetery, Otane Old Hampden Bush Cemetery, Tikokino <p>Unofficial:</p> <ul style="list-style-type: none"> St. Peter's Church Cemetery Reserve, Waipawa Church Knoll Reserve, Porangahau

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



What we delivered

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2019/20?	ACHIEVED LEVEL OF SERVICE
Cemetery grounds provide a special place of remembrance for loved ones amongst attractive and well maintained grounds.	500 plots available for burial or cremation in the district.	Target Achieved 660 plots are available for burial and ash interments (2019: 2,077).
	90% of the community satisfied with cemetery facilities.	Target Achieved During the independent Residents Opinion Survey 2020 in June, 97% of the community were satisfied with cemetery facilities. (2019: 96%)
	100% burial records available to be viewed on the internet.	Target Achieved 100% burial records available to be viewed on the internet. (2019: 100%)



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?

Libraries are key community facilities and will, therefore, be reflected as such in new groupings for the next Long-Term Plan. Similarly, the Community Rooms serve Waipukurau like a community hall and will be re-grouped. Other buildings serve as administrative services, storage, or are additional community properties – some with grazing leases.

Community Outcomes that this activity contributes to



What we delivered

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2019/20?	ACHIEVED LEVEL OF SERVICE
Ensure safe buildings for public use.	Achieve monthly Building Warrant of Fitness (BWOFF) checks.	Target Achieved 100% of monthly BWOFF carried out this year. (2019: 100%)

Funding Impact Statement for the year ending 30 June 2020 for Recreation and Community Facilities Group

	2019 LONG TERM PLAN \$000	2020 LONG TERM PLAN \$000	2020 ANNUAL PLAN \$000	2020 ACTUAL \$000
Sources of operating funding				
General rates, uniform annual general charges and rates penalties	3,359	3,400	3,520	3,539
Targeted rates	0	0	0	0
Subsidies and grants for operating purposes	16	17	13	134
Fees, charges	542	554	558	521
Interest and dividends from investments	131	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	131	15	156
Total operating funding	4,048	4,101	4,106	4,349
Applications of operating funding				
Payments to staff and suppliers	2,253	2,303	2,380	2,656
Finance costs	173	166	141	73
Internal charges and overheads recovered	771	773	838	863
Other operating funding applications	0	0	0	0
Total applications of operating funding	3,197	3,241	3,359	3,592
Surplus (deficit) of operating funding	851	859	747	757
Sources of capital funding				
Subsidies and grants for capital expenditure	0	0	0	144
Development and financial contributions	4	4	4	(1)
Increase (decrease) in debt	740	134	241	(247)
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	744	138	245	(104)
Applications of capital funding				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	960	120	120	344
- to replace existing assets	769	698	822	345
Increase (decrease) in reserves	(134)	179	51	(35)
Increase (decrease) of investments	0	0	0	0
Total application of capital funding	1,595	997	992	653
Surplus (deficit) of capital funding	(851)	(859)	(747)	(757)
Funding balance	0	0	0	0

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

Parks, Reserves and Swimming Pools

Operational expenditure was under budget by \$100k. \$52k of this was unused cycleway grants, and \$27k was in savings in finance costs due to the reduction on loans drawn this year and the low interest environment.

New asset creation was below budget \$76k (primarily the upgrade of camping ground toilets at Waipukurau), renewals were also slightly below budget. This has meant that Council didn't require any new debt funding or as much reserve money.

Public Toilets

During the year a tourism infrastructure grant was received and used to fund an upgrade of the toilets at Te Paerahi.

Retirement Housing

Retirement housing is a self-funding activity and operational surplus or deficits are funded from reserves. Due to COVID the rental increase during the year has been delayed until 2020/21 in line with Central Government policy. This led to lower than expected rents being received.

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

Libraries

During the year the library received a bequest of \$94k which is earmarked at year end for a future library project. As well have being closed due to COVID under level 3 and 4 restrictions, the Waipukurau Library was permanently closed in May 2020 due to seismic concerns while Council is considers options. In the meantime, the Waipawa Library is fully operational and Council is operating a temporary pop up site in Waipukurau.

Theatres, halls and museums

During the year the lease of the Waipawa Municipal Theatre expired and wasn't renewed. Therefore, Council has resumed day to day operation of this site. This site also received a HVAC upgrade during the year.

Cemeteries

This activity operated on budget throughout the year.

Property and Buildings

No significant expenditure was undertaken on Council owned properties during the year other than minor maintenance.

Financial Information



Annual Report Disclosure Statement for the year ended 30 June 2020

What is the purpose of this statement?

The purpose of this statement is to disclose the Council’s financial performance in relation to various benchmarks to enable the assessment of whether Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

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

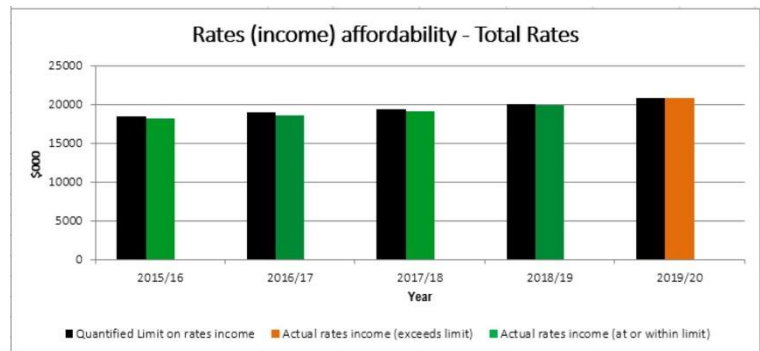
Rates (income) affordability benchmark

The council meets the rates affordability benchmarks if:

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

The following graphs compare the council’s actual rates income with a quantified limit on rates contained in the financial strategy included in the council’s long-term Plan. The quantified limit is the total rates as forecast in the 2015-2025 Long Term Plan (LTP) and 2018-2028 LTP.

Total Rates for income for 2019/20 is \$23K above defined limit by \$23K due to higher than expected water meter revenue.



Rates (increases) affordability benchmark

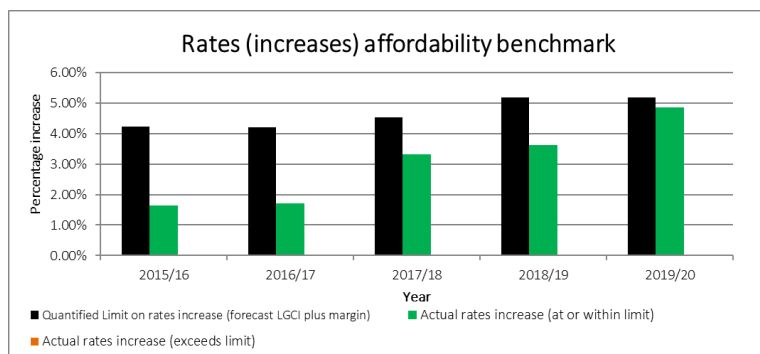
The following graph compares the council’s actual rates increases with a quantified limit on rates increases contained in the financial strategy included in the council’s long-term plan. The quantified limit as set in the 2018-2028 LTP is:

“Rates Increases to existing ratepayers will not exceed the projected Local Government Cost Index plus 3%.

The additional 3% provided in the rates increases limit is included to cover costs relating to natural disasters, new initiatives, additional responsibilities or higher standards imposed by central government, or increases to the levels of services approved by Council. The limits set for rates increases are the upper limit and Council will work hard to maintain increases to levels below these limits”. For the 2015-25 LTP this was set at LGCI plus 2%.

The quantified limit used for this benchmark is the LG CPI as forecast in the 2012-22 LTP for 2014/15, the 2015-25 LTP for 2015/16 to 2017/18 and the 2018-28 LTP for 2018/2019.

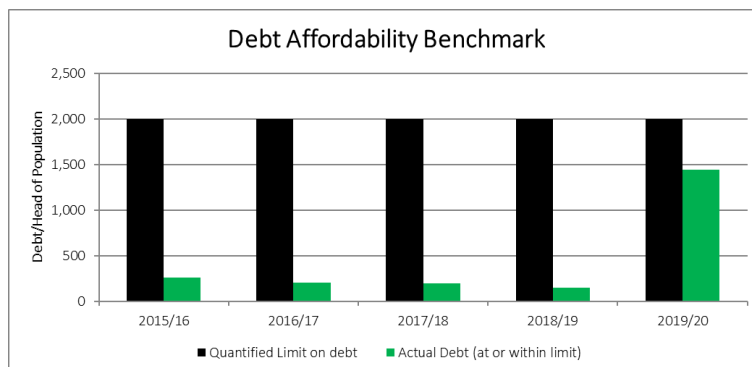
In 2019/20 rates increased by 4.85% which is within the 2019/20 benchmark of 5.20% (LGCI of 2.2% plus 3%).



Debt affordability benchmark

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

In 2019/20 actual debt was \$1,446 per person. The significant increase in debt levels during 2019/20 reflect both the high level of capital expenditure being undertaken by Council and present, and some deliberate decisions regarding investment management. During the year Council's investment portfolio has increased by \$10m. At the 30 June 2020 Council was holding \$11m of term deposits with a weighted average yield of 2.59%, while Council's average weighted cost of funds (debt) was only 2.28%.

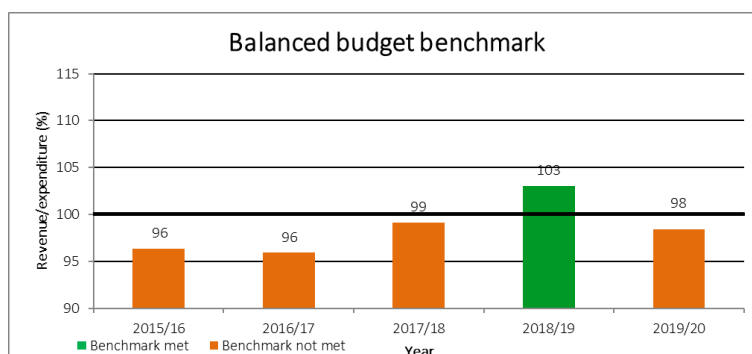


Balanced budget benchmark

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.

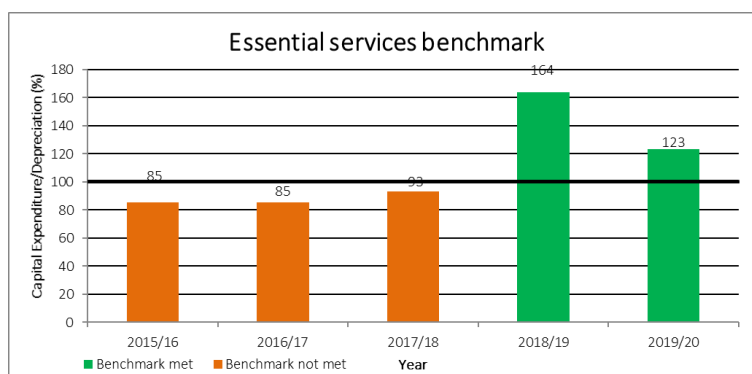
In 2019/20 operating revenue declined over 2018/19 levels largely due to the \$2.5m decline in NZTA subsidies. The majority of this NZTA income is typically spent on capital projects rather than operating expenditure so this has a significant impact on this ratio. It is expected that in 2020/21 when the bridge strengthening project is undertaken that this ratio will be met.



Essential Services benchmark

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

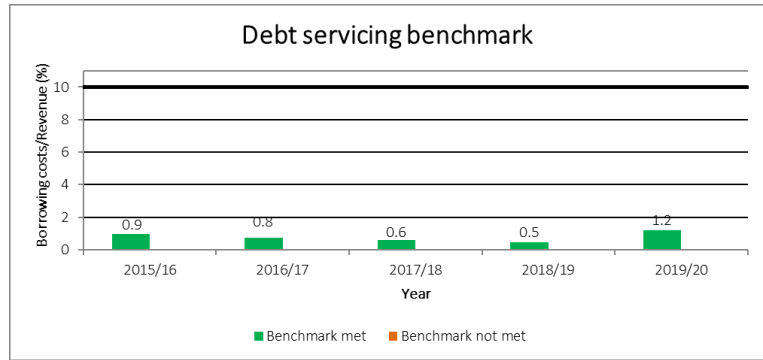
In 2019/20 While Land Transport has already been identified as an activity with less activity than in the previous year, but it still achieved spending 93% of its depreciation on capital replacements. Across the 3 Waters many of the [#bigwaterstory](#) projects have been completed, or are underway meaning that capital expenditure across 3 Waters exceeded depreciation by 249%. Overall Council spent \$1.23 on capital replacements for every \$1.00 of depreciation during the year.



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 low interest rate environment Council is operating in at present.

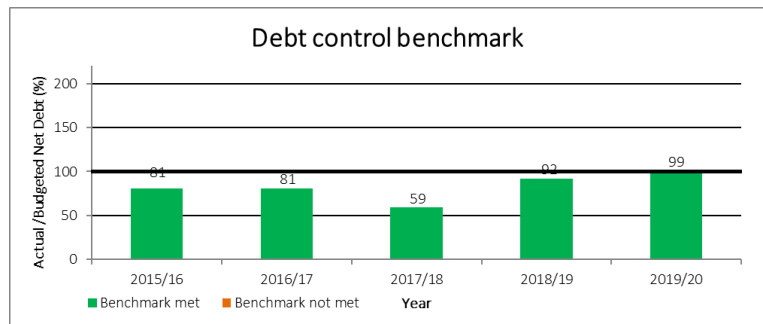


Debt control benchmark

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.

While in 2019/20 Council has deliberately borrowed more than budgeted (see Debt affordability benchmark commentary for details), it has also increased financial assets (Bank Term Deposits by \$11m) which has had the effect of balancing this ratio for the year. These Term deposits are spread across both the Bank of New Zealand and Westpac Banking Corporation and across 5 different maturities. The maturity of these deposits are aligned with the expected capital program that Council has for the 2020/21 financial year and will see Council need less new debt funding in 2020/21 for this work.

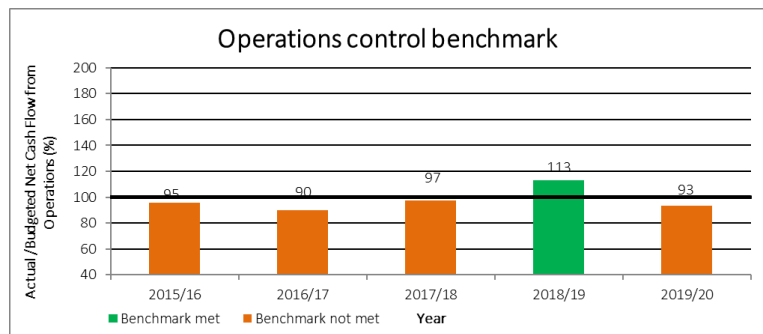


Operations control benchmark

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.

Because this benchmark is driven by operating cash flows it is impacted by changes in levels of unpaid invoices at year end. What Council’s cash flow statement shows is that Council’s cash operating surplus was \$0.8m less than budgeted. However, as part of Council’s commitment to the Council to the local business community during COVID Council is processing its supplier payments more regularly than the previous monthly cycle. As a result, Council’s outstanding supplier payments owing at year end was \$1.7m lower than the previous year which has adversely impacted Council’s cash surplus this year.



Statement of Comprehensive Revenue and Expense

	ACTUAL 2019 \$000	NOTE	BUDGET 2020 \$000	ACTUAL 2020 \$000
Revenue				
Rates revenue	19,830	2	20,691	20,793
Subsidies and grants	11,167	2	7,721	10,004
Interest and dividends	189		140	215
Fees and Charges	3,416	2	3,216	3,781
Development contributions	364		22	92
Other revenue	788	2	231	513
Total revenue	35,754		32,020	35,398
Expenditure				
Personnel costs	5,147		5,289	5,567
Depreciation and amortisation	11,946	2	12,102	12,397
Finance costs	173		583	429
Other operating expenses	17,037	2	14,034	17,490
Total operating expenditure	34,303		32,008	35,883
Net Operating Surplus/(Deficit)	1,451		12	(485)
Other (Gains)/Losses				
(Gains)/Losses on Public Debt	(17)		0	0
(Gains)/Losses on Investments	39		0	0
Total Other (Gains)/Losses	22		0	0
Operating surplus/(deficit) before tax	1,429		12	(485)
Income tax expense	0		0	0
Net surplus/(deficit) after tax	1,429		12	(485)
Other comprehensive revenue and expense				
Gains/(losses) on the revaluation of property, plant and equipment	47,287	6	20,005	2,417
Impairment of Recreation and Community Asset	0	6	0	(1,082)
Total other comprehensive Revenue and Expense	47,287		20,005	1,335
Total comprehensive Revenue and expense for the year	48,716		20,017	850

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

Statement of Financial Position

	ACTUAL 2019 \$000	NOTE	BUDGET 2020 \$000	ACTUAL 2020 \$000
Assets				
Current assets				
Cash and cash equivalents	4,561	4	3,956	2,527
Trade and other receivables	4,548	3	2,904	5,104
Prepayments	238		239	296
Stock on Hand	22		26	22
Current Investments	1,053	5	500	11,119
Total current assets	10,422		7,624	19,068
Non-current assets				
Investments	1,034	5	1,981	1,322
Property, plant and equipment	844,797	6	840,456	853,700
Intangible Assets	359	6	359	369
Total non-current assets	846,190		842,796	855,391
Total assets	856,612		850,420	874,459
Liabilities				
Current liabilities				
Trade and other payables	9,240	7	5,073	7,608
Employee entitlements	238	7	236	330
Interest Accrued on Public Debt	26	7	26	118
Total current liabilities	9,504		5,335	8,056
Non-current liabilities				
Non-Current Public Debt	2,000	8	15,753	20,000
Provisions for Landfill Closure	3,489	9	2,054	3,934
Total non-current liabilities	5,489		17,806	23,934
Total liabilities	14,993		23,141	31,990
Equity				
Special & Other Funds	6,900	10	6,925	7,025
Trust Funds	182	10	166	182
Revaluation Reserve of Assets	589,475	10	575,684	590,804
Ratepayers' Equity	245,062		244,504	244,458
Total equity	841,619		827,279	842,469
Total Liabilities and Equity	856,612		850,420	874,459

Statement of Changes in Equity

	ACTUAL 2019 \$000	NOTE	BUDGET 2020 \$000	ACTUAL 2020 \$000
Opening Equity Balance	792,903		807,262	841,619
Total comprehensive revenue and expense for the year	48,716		20,017	850
Closing Equity Balance	841,619		827,279	842,469
Components of Equity				
Ratepayers Equity at the beginning of the Year	243,694		244,946	245,062
Net Surplus/(Deficit) for the Year	1,429		20,017	(485)
Transfers to (from) other reserves	(61)		(20,459)	(119)
Ratepayers Equity at end of Year	245,062		244,504	244,458
Special & Other Funds at the beginning of the Year	6,835	10	6,461	6,900
Transfers to (from) Special Funds	65		464	125
Special & Other Funds at the end of the Year	6,900		6,925	7,025
Trust Funds at the beginning of the Year	186	10	176	182
Transfers to (from) Trust Funds	(4)		(10)	0
Trust Funds at the end of the Year	182		166	182
Revaluation Reserves at the beginning of the Year	542,188	10	555,679	589,475
Gains/(Losses) on the Revaluation Property, Plant, and Equipment	47,287	10	20,005	2,417
Impairment of Recreation and Community Asset	0	6	0	(1,082)
Gains/(Losses) on the Disposal Revalued Property, Plant, and Equipment	0		0	(6)
Revaluation Reserves at the end of the Year	589,475		575,684	590,804
Total Equity at end of Year	841,619		827,279	842,469

Statement of Cash Flows

	ACTUAL 2019 \$000	NOTE	BUDGET 2020 \$000	ACTUAL 2020 \$000
Cash flows from operating activities				
Cash was provided from:				
- Receipts from rates revenue	19,783		20,691	20,854
- Operating subsidies and grants received	5,893		2,744	3,910
- Fees and charges received	2,697		3,217	3,665
- Interest received	213		140	206
- Receipts from other revenue	762		181	513
- Development Contributions	364		22	92
Cash was disbursed to:				
- Payments to suppliers of Goods and Services	(15,021)		(13,986)	(17,664)
- Payments to employees	(5,145)		(5,289)	(5,475)
- Interest paid	(117)		(558)	(270)
Net cash from operating activities	9,429		7,162	5,831
Cash flows from investing activities				
Cash was provided from:				
- Proceeds from capital subsidies and grants received	4,386		4,977	5,507
- Proceeds from sale of property, plant and equipment	0		35	19
- Proceeds from investments	1,268		531	12,128
Cash was disbursed to:				
- Purchase of investment	(957)		277	(22,473)
- Purchase of intangible assets	(313)		0	(132)
- Purchase of property, plant and equipment	(12,524)		(22,202)	(20,796)
Net cash from investing activities	(8,140)		(16,382)	(25,747)
Cash flows from financing activities				
Cash was provided from:				
- Proceeds from borrowing	1,500	8	9,905	18,000
Cash was disbursed to:				
- Repayment of borrowings	(2,184)	8	(684)	(118)
Net cash from financing activities	(684)		9,221	17,882
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	605		0	(2,034)
Cash, cash equivalents and bank overdrafts at the beginning of the year	3,956	4	3,956	4,561
Cash, cash equivalents and bank overdrafts at the end of the year	4,561	4	3,956	2,527

	ACTUAL 2019 \$000	NOTE	BUDGET 2020 \$000	ACTUAL 2020 \$000
Net Operating Surplus/(deficit) after tax	1,429		12	(485)
Add/(less) non-cash items				
Depreciation and amortisation expense	11,946		12,102	12,397
Vested Assets revenue	(26)		0	0
Total non-cash items	11,920		12,102	12,397
Add/(less) items classified as investing or financing activities				
Proceeds from capital subsidies and grants received	(4,386)		(4,977)	(5,507)
(Gains)/losses on disposal of property, plant and equipment	9		0	0
Total items classified as investing or financing activities	(4,377)		(4,977)	(5,507)
Add/(less) movements in working capital items				
(Increase)/decrease in receivables	(1,644)		0	(556)
(Increase)/decrease in prepayments	1		0	(58)
(Increase)/decrease in inventory	4		0	0
Increase/(decrease) in payables	2,094		25	(52)
Increase/(decrease) in employee entitlements	2		0	92
Net movement in working capital items	457		25	(574)
Net cash inflow from operating activities	9,429		7,162	5,831

Funding Impact Statement for the year ending 30 June 2020 (whole of council)

	2019 LONG TERM PLAN \$000	2020 LONG TERM PLAN \$000	2020 ANNUAL PLAN \$000	2020 ACTUAL \$000
Sources of operating funding				
General rates, uniform annual general charges and rates penalties	12,884	12,897	13,435	13,380
Targeted rates	6,888	6,933	7,256	7,413
Subsidies and grants for operating purposes	2,598	4,466	2,744	4,497
Fees, charges	2,945	3,416	3,216	3,781
Interest and dividends from investments	125	189	140	215
Local authorities fuel tax, fines, infringement fees and other receipts	311	762	196	492
Total operating funding	25,751	28,663	26,987	29,778
Applications of operating funding				
Payments to staff and suppliers	17,789	22,184	19,503	22,887
Finance costs	239	107	558	364
Other operating funding applications	0	0	(180)	0
Total applications of operating funding	18,028	22,291	19,881	23,251
Surplus (deficit) of operating funding	7,723	6,372	7,105	6,527
Sources of capital funding				
Subsidies and grants for capital expenditure	4,386	6,701	4,977	5,507
Development and financial contributions	22	364	22	92
Increase (decrease) in debt	4,798	(684)	9,221	18,000
Gross proceeds from sale of assets	67	0	35	19
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
Total sources of capital funding	9,273	6,381	14,254	23,618
Applications of capital funding				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	1,260	1,246	1,531	12,232
- to replace existing assets	15,851	13,732	20,671	7,532
Increase (decrease) in reserves	0	(1,949)	0	(468)
Increase (decrease) of investments	(115)	(276)	(842)	10,849
Total application of capital funding	16,996	12,753	21,359	30,145
Surplus (deficit) of capital funding	(7,723)	(6,372)	(7,105)	(6,527)
Funding balance	0	(0)	0	0

Notes to the Financial Statements

1. Statement of Accounting Policies

Reporting Entity

Central Hawke's Bay District Council (Council) is a New Zealand territorial local authority established under the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002.

The Council provides local infrastructure, local public services, and performs regulatory functions to the community. The Council does not operate to make a financial return and accordingly, Council has designated itself as a public benefit entity (PBE) for the purposes of complying with generally accepted accounting practice.

The financial statements of the Council are for the year ended 30 June 2020. The financial statements were authorised for issue by Council on 24 September 2020.

Basis of Preparation

Statement of Compliance

The financial statements of the Council have been prepared in accordance with the requirements of the LGA and the Local Government (Financial Reporting and Prudence) Regulations 2014 (LG(FRP)R), which include the requirement to comply generally accepted accounting practice in New Zealand (NZ GAAP).

The financial statements have been prepared in accordance with and comply with PBE Standards.

Measurement Base

The financial statements have been prepared on a historical cost basis, except for the revaluation of land and buildings, certain infrastructural assets, and certain financial instruments.

Functional and Presentation Currency

The financial statements are presented in New Zealand dollars. There will be rounding of numbers in the Report as certain balances have been rounded to the nearest thousand dollars or dollar.

Changes in Accounting Policies

There have been no changes in accounting policies during the year.

Standards issued and not yet effective, and not early adopted

Standards and amendments, issued but not yet effective that have not been early adopted, and which is relevant to the Council:

Financial instruments

In January 2017, the XRB issued PBE IFRS 41 Financial Instruments. PBE IFRS 41 replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IFRS 41 is effective for annual periods beginning on or after 1 January 2022, with early application permitted. The main changes under PBE IFRS 41 are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.
- A new impairment model for financial assets based on expected credit losses, which may result in the earlier recognition of impairment losses.
- Revised hedge accounting requirements to better reflect the management of risks.

The Council plans to apply this standard in preparing its 30 June 2023 financial statements. The Council has not yet assessed the effects of the new standard.

In November 2017, the XRB issued PBE IFRS 48 Service Performance Reporting. PBE FRS 48 is effective for annual periods beginning on or after 1 January 2021, with early application permitted. This standard establishes new requirements for the selection and presentation of service performance information.

An entity must provide users with:

- sufficient contextual information to understand why the entity exists, what it intends to achieve in broad terms over the medium to long term, and how it goes about this; and
- information about what the entity has done during the reporting period in working towards its broader aims and objectives.

The Council plans to apply this standard in preparing its 30 June 2022 financial statements. The Council has not yet assessed the effects of the new standard.

Significant Accounting policies

Significant accounting policies are included in the notes to which they relate.

Significant accounting policies that do not relate to specific note are outlined below:

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.

Budget figures

The budget figures are those approved by the Council in its 2019-20 Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Council in preparing these financial statements.

Revenue

Revenue is measured at the fair value of consideration received or receivable. 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.

Fees and Charges

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

Exchange Revenue

Contribution Revenue

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

Rates Revenue from Water by Meter

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

Provision of services

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

Sale of Goods

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

Interest and Dividends

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

Borrowing Costs

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

Grant Expenditure

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

Discretionary grants are those grants where Council has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of the Council's decision.

Operating Leases as Lessor

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

Cash and Cash Equivalents

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

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

Trade and Other Receivables

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

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

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

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

Inventories

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

Financial Assets

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

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

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

Financial assets at fair value through surplus or deficit

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

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

Loans and Receivables

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

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

Fair value

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

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

Impairment of Financial Assets

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

Loans and Other Receivables

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

For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in surplus or deficit in the Statement of Comprehensive Revenue and Expense. When the receivable is uncollectable, it is written off against the allowance account.

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

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

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

Non-Current Assets Held for Sale

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

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

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

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

Property Plant and Equipment and Intangibles

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

Operational Assets

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

Infrastructure Assets

Infrastructure assets are the fixed utility systems owned by Council. Each asset class includes all items that are required for the network to function, for example, sewer reticulation includes reticulation piping and sewer pump stations.

Intangible Assets

These include Software and GIS District Imagery.

Restricted Assets

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

Additions

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

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

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the Statement of Comprehensive Revenue and Expense. 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, and the museum assets are not depreciated.

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

ASSET CATEGORY	USEFUL LIFE	DEPRECIATION RATE
Operational & Restricted Assets		
Buildings	4-190	0.5%–25.6%
Monuments	42-96	1.0%–2.4%
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	25%
Plant and equipment	5-50	2%–20%
Swimming pools	9-50	2%-11.6%
Intangible Assets		
Software	4-5	20%-25%
GIS Imagery	4	25%

ASSET CATEGORY	USEFUL LIFE	DEPRECIATION RATE
Infrastructural Assets		
Roading		
Base Course	50-75	1.3%-2%
Bridge (Deck)	70-140	.7%-1.4%
Crossing	75	1.3%
Drainage	30-80	1.3%-3.3%
Footpath	30 -75	1.3%-3.3%
Marking	2	50%
Minor Structure	75	1.3%
Railing	20-40	2.5%-5%
Retaining Wall	35-75	1.3%-2.9%
SW Channel	75	1.3%
Sign	15	6.7%
Street Light (Bracket)	25	4%
Street Light (Light)	6	16.7%
Street Light (Pole)	25	4%
Sub Base [urban]	50-75	1.3%-2%
Sub Base [rural]	50-75	1.3%-2%
Top Surface	3-25	4%-33.3%
Sewerage Network		
Pipes and manholes	60-135	0.7%-1.7%
Manholes	100	1%
Treatment ponds and pumps	15-100	1%-3.8%
Flow monitoring equipment	10	10%
Stormwater		
Pipes	30-100	1%-3.5%
Manholes	100	1%
Water Network		
Monitoring equipment (hardware)	5-20	5%–20%
Monitoring equipment (software)	5-20	5%–20%
Pipes, hydrants, valves	25-50	2%–4%
Treatment plants and pumps	5-20	5%–20%
Items under construction	Non-depreciable	

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

Revaluations

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

REVALUATIONS	FREQUENCY
Roads (except land under roads)	Annually
Bridges	Annually
Sewerage	Every 3 years
Stormwater	Every 3 years
Water	Every 3 years
Land, excluding land under roads	Every 3 years
Restricted Assets	Every 3 years
Buildings	Every 3 years

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

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

The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the Statement of Comprehensive Revenue and Expense. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the Statement of Comprehensive Revenue and Expense will be recognised first in the Statement of Comprehensive Revenue and Expense 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 a depreciated replacement cost basis and reviewed by an independent valuer. The most recent valuation was performed by Pauline True, Consultant, BBS Economics, PGDipArts (GIS), Stantec through their professional services contract. The revaluation is based on a straight line depreciation following the NZ Infrastructure Asset Valuation and Depreciation Guidelines. The unit rates are based on the commercial rates previously determined by GHD Consultants and have been adjusted using NZTA's infrastructure cost indices. The valuation is effective as at 30 June 2020. There are no restrictions on the assets.

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. The valuation was completed internally using commercial rates provided by and reviewed by an independent external consultant (Stantec). Revaluation is based on straight line depreciation following the NZ Infrastructure Asset Valuation and Depreciation Guidelines (NZIAVDG), using Council asset management programs. The valuation was effective as at 30 June 2020.

Operational and Restricted Land and Buildings

These are revalued at fair value as determined from market-based evidence by an independent valuer. The most recent valuation for land was performed by Registered Valuer, David Nagel, B.Agr.Sc (RVM), SPINZ, ANZIV, and Ashton Gibbard BBS (VPM), MPINZ from QV Asset & Advisory and the valuation is effective as at 30 June 2019. The most recent valuation for buildings was performed by Registered Valuer, Susie Penrose BBS VPM ANZIV SPINZ, Telfer Young (Hawke's Bay) Limited and the valuation is effective as at 30 June 2019.

Two properties (Waipukurau Library and Memorial Hall) have been partly impaired due to seismic concerns during 2020 based on the expected cost to strengthen to 67% of building code.

Land Under Roads

Land under roads is based on cost less accumulated depreciation and impairment.

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

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using EIR method. Gains and losses are recognised in surplus or deficit when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of Comprehensive Revenue and Expense.

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.

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 operating 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 and Expense.

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 2020.

Classification of Property

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

Financial Information

Rounding

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

2. Operating Revenue and Expense

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

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

	2020 COUNCIL \$000	2019 COUNCIL \$000
Insurance premiums	350	273

b. Council incurred the following expenses.

	2020 COUNCIL \$000	2019 COUNCIL \$000
Depreciation and amortisation	12,397	11,946

c. Other Operating expense

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

	2020 COUNCIL \$000	2019 COUNCIL \$000
Repairs and maintenance	5,803	6,566
Contracts	4,265	3,620
Fees to Auditors	101	96
Other	7,321	6,755
Total	17,490	17,037

	2020 COUNCIL \$000	2019 COUNCIL \$000
Audit Fees are broken down as follows		
Fees to EY for audit of financial Statements	99	94
Fees to EY for audit of LTP		
Fees to EY for trustee reporting assurance	2	2
Total	101	96

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 \$151,000 of Interest Revenue has been credited to Special Funds following recognition in the Statement of Comprehensive Revenue and Expense, and \$92,000 from Development Contributions will be held to meet future capital upgrades.

f. Breakdown of rates and further information

	2020 COUNCIL \$000	2019 COUNCIL \$000
General Rates	13,420	12,933
Targeted rates attributable to activities		
Metered Water Revenue	517	436
Other Water Rates	2,638	2,410
Sewer	3,272	3,100
Storm Water	688	754
Refuse and Recycling	297	232
Economic Social Development	0	0
Rate discounts taken	(25)	(22)
Rate remissions	(14)	(13)
Total	20,793	19,830

g. Breakdown of subsidies and grants

	2020 COUNCIL \$000	2019 COUNCIL \$000
New Zealand Transport Agency roading subsidies	8,263	10,811
Ministry of Business Innovation and Employment / PGF Various Infrastructure Projects	1,331	263
Mayor's Task Force Job Creation	100	0
Library Bequest	94	0
Centralines Contribution to Spatial Plan	55	0
Ministry for the Environment Landfill Subsidy	50	53
Other Grants and Subsidies	111	40
Total	10,004	11,167

h. Breakdown of fees & charges

	2020 COUNCIL \$000	2019 COUNCIL \$000
Building and resource consent charges	1,007	741
Landfill Charges	806	782
Transfer Stations Charges	305	314
District Trade Waste Sewerage	276	417
Retirement Housing and District Property Rents & Hires	328	346
Camp Ground Charges	79	79
Other fees & Charges	980	737
Total	3,781	3,416

i. Breakdown of other revenue

	2020 COUNCIL \$000	2019 COUNCIL \$000
Petrol Tax Income	137	146
Warranty Recoveries	185	200
Gain on Property Plant and Equipment Sales	34	0
Waipawa Pool Donations	122	333
Road Legalisation Income	0	0
Others	35	109
Total	513	788

j. Summary revenue and expenditure for group of activities

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

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs that 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 appropriate cost drivers such as actual usage, staff numbers, and floor area.

There have been no changes to the cost allocation methodology during the year.

Revenue

	2020 COUNCIL \$000	2019 COUNCIL \$000
Community Leadership	1,235	288
Land Transport	8,466	11,024
Planning and Regulatory	1,337	1,077
Recreation and Community Facilities	948	884
Solid Waste	1,544	1,432
Water Supplies	352	184
Wastewater (Sewerage)	469	821
Stormwater	0	18
Total Activity Revenue	14,351	15,728
Less Internal Revenue	254	196
General Rates	20,793	19,830
Total Revenue	35,398	35,754

Expenditure

	2020 COUNCIL \$000	2019 COUNCIL \$000
Community Leadership	1,759	1,500
Land Transport	15,373	15,538
Planning and Regulatory	2,438	2,271
Recreation and Community Facilities	5,055	4,861
Solid Waste	3,419	3,063
Water Supplies	3,259	3,056
Wastewater (Sewerage)	3,674	3,958
Stormwater	781	712
Total Activity Expenditure	35,758	34,959
Less Internal Expenditure	125	(656)
Total expenditure	35,883	34,303

3. Trade and Other Receivables

	2020 COUNCIL \$000	2019 COUNCIL \$000
Rates Receivable – Non-exchange	649	745
Rates Receivable – Exchange (Water Meter)	223	188
NZ Transport Agency Subsidies – Non-exchange	2,797	2,333
Ministry of Business Innovation & Employment (MBIE)/PGF	123	0
General Debtors – Non-exchange	1,590	1,474
Total	5,382	4,740
Less Provision for Impairment of Receivables	278	192
Total	5,104	4,548

Trade and Other Receivables Aging is as follows:

	2020 COUNCIL \$000	2019 COUNCIL \$000
Current	4,529	3,998
Overdue (net of impairment)	575	550
Total	5,104	4,548

Fair value

Debtors and other receivables are non-interest bearing and receipt is normally on 30 day terms, therefore the carrying value of debtors and other receivables approximates their fair value.

Impairment

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

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

Council has considered the potential impact of COVID-19 as part of its impairment testing of assets on its statement of financial position. The majority of Council services (the provision of roading, 3 waters, solid waste and housing) are considered essential services and, as such, Council will continue to operate these services regardless of the alert levels/lockdown levels. In some cases, this will incur additional costs to achieve this (particularly at alert levels 3 and 4 which require additional health and safety measures, staff and contractor personal protection equipment, and traffic management to enforce social distancing).

Seventy percent of Councils operating revenue come through rates which are legally enforceable through the provisions of the Local Government (Rating) Act 2002 so will not be materially impacted.

Twelve percent of Councils operating revenue comes through fees and charges, and while at present Council is not seeing a material impact on these, an economic recession could impact these in the future both through demand and collection issues. Council has increased its doubtful debt provision from \$192k to \$278k in part to reflect this higher level of uncertainty.

Subsidies and Grant accounts for another fifteen percent operating revenue, of which that majority sourced from Central Government (either through NZTA, PGF, or MBIE), so is not considered at risk.

Council's infrastructure is recorded at fair value, and this year the roading and water networks have been revalued post COVID-19. Buildings were revalued in 2019, and at balance date there had been no softening of property prices in the Central Hawke's Bay so no new impairment has been made. The exception was of the two properties (Waipukurau Library and Memorial Hall) which have been impaired due to seismic concerns.

No receivables (2019: nil) whose carrying amount would otherwise be past due or impaired, have terms which have been renegotiated:

	2020 COUNCIL \$000	2019 COUNCIL \$000
Individual impairment	278	192
Collective Impairment	–	–
Total provision for impairment	278	192

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:

	2020 COUNCIL \$000	2019 COUNCIL \$000
At 1 July	192	182
Additional provision made during the year	283	68
Provisions reversed during the year	0	(34)
Receivable written off during the period (see note below)	(197)	(24)
At 30 June	278	192

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

During the year Council has written off \$197k of historical debts. This represents a significant cleansing of the Councils historical debtors and was undertaken in conjunction with debt collection agencies. Much of this debt dates back multiple years. \$159k of these relates to Māori Freehold Land which is where the land has been placed the Maori Land Register which denotes the land isn't being used productively, has disparate ownership, and therefore is unenforceable. The remaining \$38k relates to historical fees and charges where the debtor can't be traced or has no ability to pay.

4. Cash & cash equivalents

	2020 COUNCIL \$000	2019 COUNCIL \$000
Cash and cash equivalents		
Cash at bank and in hand	9	10
Short term deposits maturing 3 months or less from date of acquisition	2,518	4,551
Total Cash and Cash Equivalents	2,527	4,561

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 \$182,000 (2019 \$182,000).

5. Investments

	2020 COUNCIL \$000	2019 COUNCIL \$000
Term Deposit – Current	11,119	1,053
Bank Bonds – Non-current	1,275	987
Total Bonds	12,394	2,040

	2020 COUNCIL \$000	2019 COUNCIL \$000
NZ Local Government Insurance Corp. Limited	46	46
Total Shares	46	46
Total Term Investments	12,440	2,086
Investments in Associates (non-controlled)		
HB LASS	1	1
Total Investments	12,441	2,087

Amortised Costs

The amortised costs of local authority and bonds/notes is reflected in the above values which are based on EIR method.

6. Property Plant and Equipment and Intangible Assets

2020		OPENING COST 1 JULY 2019	ADDITIONS*	VESTED ASSETS	DISPOSALS	TRANSFERS	REVALUATION	CLOSING COST 30 JUNE 2020	OPENING ACC DEPN 1 JULY 2019	DEPN	DISPOSALS	IMPAIRMENT	REVALUATION	CLOSING ACCM DEPN 30 JUNE 2020	NET BOOK VALUE 30 JUNE 2020	NET BOOK VALUE 30 JUNE 2019
Wastewater	Treatment	14,470	190	0	0	92	2,964	17,716	(1,370)	(722)	0	0	2,092	0	17,716	13,100
	Reticulation	30,636	72	0	0	0	(4,682)	26,026	(1,259)	(629)	0	0	1,888	0	26,026	29,377
Water	Treatment	4,653	367	0	0	1,924	(2,549)	4,395	(345)	(194)	0	0	539	0	4,395	4,308
	Reticulation	26,978	402	0	0	841	5,472	33,693	(1,175)	(589)	0	0	1,764	0	33,693	25,803
Stormwater		16,966	0	0	0	945	4,675	22,586	(572)	(286)	0	0	858	0	22,586	16,394
Roading		672,982	5,891	0	0	2,354	(18,433)	662,794	0	(7,829)	0	0	7,829	0	662,794	672,982
Land Under Roads		37,657	0	0	0	0	0	37,657	0	0	0	0	0	0	37,657	37,657
Solid Waste		408	61	0	0	2	0	471	0	(9)	0	0	0	(9)	462	408
Landfill		7,808	398	0	0	15	0	8,221	(1,830)	(319)	0	0	0	(2,149)	6,072	5,978
Total Infrastructure Assets		812,558	7,381	0	0	6,173	(12,553)	813,559	(6,551)	(10,577)	0	0	14,970	(2,158)	811,401	806,007
Land		14,121	32	0	0	294	0	14,447	0	0	0	0	0	0	14,447	14,121
Buildings		18,683	276	0	(5)	121	0	19,075	(120)	(1,197)	0	(1,082)	0	(2,399)	16,676	18,563
Motor Vehicles		675	87	0	(38)	0	0	724	(457)	(111)	38	0	0	(530)	194	218
Emergency Equipment		169	22	0	0	0	0	191	(164)	(8)	0	0	0	(172)	19	5
Misc Plant		1,942	194	0	0	(2)	0	2,134	(1,521)	(159)	0	0	0	(1,680)	454	421
Computer Equipment		547	117	0	0	0	0	664	(286)	(97)	0	0	0	(383)	281	261
Office Furniture & Equipment		670	0	0	0	0	0	670	(557)	(19)	0	0	0	(576)	94	113
Monuments		284	0	0	0	0	0	284	(12)	(4)	0	0	0	(16)	268	272
Library Books		1,096	67	0	(269)	0	0	894	(708)	(103)	269	0	0	(542)	352	388
Total Operating Assets		38,187	795	0	(312)	413	0	39,083	(3,825)	(1,698)	307	(1,082)	0	(6,298)	32,785	34,362
Software and Other Intangibles		533	99	0	0	33	0	665	(174)	(122)	0	0	0	(296)	369	359
Total		851,278	8,275	0	(312)	6,619	(12,553)	853,307	(10,550)	(12,397)	307	(1,082)	14,970	(8,752)	844,555	840,728
Work In Progress		4,428	11,869	0	(164)	(6,619)	0	9,514	0	0	0	0	0	0	9,514	4,428
Total		855,706	20,144	0	(476)	0	(12,553)	862,821	(10,550)	(12,397)	307	(1,082)	14,970	(8,752)	854,069	845,156

Additions* All assets are constructed by Council

2019		OPENING COST 1 JULY 2018	ADDITIONS*	VESTED ASSETS	DISPOSALS	TRANSFERS	REVALUATION	CLOSING COST 30 JUNE 2019	OPENING ACC DEPN 1 JULY 2018	DEPN	DISPOSALS	IMPAIRMENT	REVALUATION	CLOSING ACCM DEPN 30 JUNE 2019	NET BOOK VALUE 30 JUNE 2019	NET BOOK VALUE 30 JUNE 2018
Wastewater	Treatment	14,374	96	0	0	0	0	14,470	(648)	(722)	0	0	0	(1,370)	13,100	13,726
	Reticulation	30,417	9	26	0	184	0	30,636	(630)	(629)	0	0	0	(1,259)	29,377	29,787
Water	Treatment	4,547	106	0	0	0	0	4,653	(151)	(194)	0	0	0	(345)	4,308	4,396
	Reticulation	26,489	180	0	0	309	0	26,978	(586)	(589)	0	0	0	(1,175)	25,803	25,903
Stormwater		16,946	20	0	0	0	0	16,966	(285)	(287)	0	0	0	(572)	16,394	16,661
Roading		633,875	7,885	0	0	0	31,222	672,982	0	(7,533)	0	0	7,533	0	672,982	633,875
Land Under Roads		37,657	0	0	0	0	0	37,657	0	0	0	0	0	0	37,657	37,657
Solid Waste		346	26	0	0	0	36	408	(17)	(11)	0	0	28	0	408	329
Landfill		6,387	1,421	0				7,808	(1,640)	(190)				(1,830)	5,978	4,747
Total Infrastructure Assets		771,038	10,236	26	0	0	31,258	812,558	(3,957)	(10,155)	0	0	7,561	(6,551)	806,007	767,081
Land		10,216	0	0	0	0	3,905	14,121	0	0	0	0	0	0	14,121	10,216
Buildings		16,464	203	0	0	1,324	692	18,683	(2,726)	(1,265)	0	0	3,871	(120)	18,563	13,738
Motor Vehicles		598	77	0	0	0	0	675	(333)	(124)	0	0	0	(457)	218	265
Emergency Equipment		169	0	0	0	0	0	169	(157)	(7)	0	0	0	(164)	5	12
Misc Plant		1,939	3	0	0	0	0	1,942	(1,355)	(166)	0	0	0	(1,521)	421	584
Computer Equipment		315	232	0	0	0	0	547	(222)	(64)	0	0	0	(286)	261	93
Office Furniture & Equipment		644	26	0	0	0	0	670	(537)	(20)	0	0	0	(557)	113	107
Monuments		280	4	0	0	0	0	284	(8)	(4)	0	0	0	(12)	272	272
Library Books		999	88	0	0	0	9	1,096	(629)	(70)	0	0	(9)	(708)	388	370
Total Operating Assets		31,624	633	0	0	1,324	4,606	38,187	(5,967)	(1,720)	0	0	3,862	(3,825)	34,362	25,657
Software and Other Intangibles		220	73	0	0	240	0	533	(103)	(71)	0	0	0	(174)	359	117
Total		802,882	12,506	26	0	2,057	35,864	851,278	(10,027)	(11,946)	0	0	11,423	(10,550)	840,728	792,855
Work In Progress		567	5,947	0	(29)	(2,057)	0	4,428	0	0	0	0	0	0	4,428	567
Total		803,449	18,453	26	(29)	0	35,864	855,706	(10,027)	(11,946)	0	0	11,423	(10,550)	845,156	793,422

Additions* All assets are constructed by Council.

Work in Progress

	2020 COUNCIL \$000	2019 COUNCIL \$000	STATUS	ESTIMATED COMPLETION DATE
Cultural Heritage-Nga Ara Tipuna Project	681	0	Active	June 21
Halls, Property and Buildings Projects	114	47	Active	June 21
Community Facilities Te Paerahi Freedom Camping Toilets	170	0	Active	December 20
Community Facilities Waipawa Pool Sewer Upgrade	0	105	Complete	
Other Parks and Reserve Projects	0	31	Complete	
Roading Projects	1,090	2,354	Active	June 21
Solid Waste Landfill Cell Capping/Leachate Irrigation	702	101	Active	July 21
Stormwater Tutanekai St Helicoil Replacement	13	0	Active	December 21
Stormwater Waipukurau Carpenter Churchill Improvements	0	30	Complete	
Stormwater Waipukurau Harris Street Drain	0	10	Complete	
Stormwater Waipukurau Helicoil Projects	0	97	Complete	
Stormwater Waipukurau Service Land Overflow (Ruataniwha St Flooding Solution)	49	47	Active	September 21
Stormwater Waipukurau Woburn/Wilder Improvements	0	29	Complete	
Wastewater Otane Resource Consent Extension	15	10	Active	October 20
Wastewater Otane to Waipawa Pipeline	298	0	Active	October 20
Wastewater Otane Treatment Plant Upgrade	0	165	Written/Off	
Wastewater Otane WWTP I&I Study	0	24	Complete	
Wastewater Porangahau Upgrade	111	0	Active	June 24
Wastewater Takapau Consent	79	35	Active	June 22
Wastewater Takapau Treatment Upgrade	42	0	Active	June 23
Wastewater Waipawa Main Trunk Renewal	1,496	118	Active	October 20
Wastewater Waipukurau Waipawa Treatment Investigation	886	0	Active	June 21
Wastewater Wetlands for WPA WPK Project	12	0	Active	December 20
Water Kairakau Upgrade	10	0	Active	June 21
Water Otane Alternative Water Supply	2,376	142	Active	October 20
Water Porangahau Treatment Plant Upgrade	0	186	Complete	
Water Takapau Treatment Improvement	0	186	Complete	
Water Waipukurau Main Upgrades	0	354	Complete	
Water Waipukurau Pump Station 2	1,024	182	Active	October 20
Water Waipukurau Second Supply	346	123	Active	June 23
Water Waipukurau Water shortfalls/Firefighting Stage 1	0	52	Complete	
Total	9,514	4,428		

Depreciation by Activity

	2020 ACTUAL \$000	2020 ANNUAL PLAN BUDGET \$000	2019 ACTUAL \$000	2019 ANNUAL PLAN BUDGET \$000
COMMUNITY LEADERSHIP GROUP				
Depreciation expense for the year	0	0	0	0
Renewals, Loan Funding	24	5	0	5
Difference (Depreciation – renewals, loans)	(24)	(5)	0	(5)
REGULATORY GROUP				
Depreciation expense for the year	1	1	0	1
Renewals, Loan Funding	30	44	0	5
Difference (Depreciation – renewals, loans)	(29)	(43)	0	(4)
LAND TRANSPORT GROUP				
Depreciation expense for the year	7,854	7,699	7,562	7,622
Renewals, Loan Funding	6,280	7,013	9,926	6,809
Difference (Depreciation – renewals, loans)	1,574	686	(2,364)	813
SOLID WASTE GROUP				
Depreciation expense for the year	337	221	209	223
Renewals, Loan Funding	248	282	266	293
Difference (Depreciation – renewals, loans)	89	(61)	(57)	(70)
WATER GROUP				
Depreciation expense for the year	784	794	789	749
Renewals, Loan Funding	547	1,110	1,045	956
Difference (Depreciation – renewals, loans)	237	(316)	(256)	(207)
WASTEWATER GROUP				
Depreciation expense for the year	1,360	1,325	1,362	1,432
Renewals, Loan Funding	1,088	1,537	1,051	1,498
Difference (Depreciation – renewals, loans)	272	(212)	311	(66)
STORMWATER GROUP				
Depreciation expense for the year	287	297	287	286
Renewals, Loan Funding	418	260	142	267
Difference (Depreciation – renewals, loans)	(131)	37	145	19
RECREATION AND COMMUNITY GROUP				
Depreciation expense for the year	1,464	1,291	1,496	1,313
Renewals, Loan Funding	839	954	780	851
Difference (Depreciation – renewals, loans)	625	337	716	462
OVERHEADS				
Depreciation expense for the year	310	474	241	402
Renewals, Loan Funding	239	409	516	341
Difference (Depreciation – renewals, loans)	71	65	(275)	61
TOTALS				
Depreciation expense for the year	12,397	12,102	11,946	12,028
Renewals, Loan Funding	9,713	11,614	13,726	11,025
Difference (Depreciation – renewals, loans)	2,684	488	(1,780)	1,003

7. Trade and other payables

	2020 COUNCIL \$000	2019 COUNCIL \$000
Trade Creditors – Exchange	6,843	8,466
Other Accounts Payable and Accrued Expenses – Non Exchange	765	774
Total Trade Creditors and Other Accounts Payables	7,608	9,240
Other		
Current Public Debt	118	26
Employee benefit liabilities	330	238
Total Other Current Debt	448	264
Total Current Liabilities	8,056	9,504

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

	2020 COUNCIL \$000	2019 COUNCIL \$000
Loans as at 1 July	2,000	2,684
Net Accrued Interest Change	118	26
Fair Value Adjustments	0	0
Plus Loans raised during the year	18,000	1,500
Less Loans repaid during the year	–	(2,184)
Less Loans repayable within 12 months	(118)	(26)
Non-Current Public Debt	20,000	2,000

Interest rates payable are in the range 1.96% to 3.85% (2019: 3.85% to 5.75%). The weighted average interest rate payable is 2.28% (2019: 4.33%).

Public Debt is due for repayment in the following periods:

	2020 COUNCIL \$000	2019 COUNCIL \$000
Current	118	26
One to Two years	0	0
Two to Five years	14,000	0
More than Five years	6,000	2,000
Total	20,118	2,026

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

Internal Borrowings

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

Internal borrowings are funded through Council's treasury function, which is in turn funded from number of sources including, but limited to external debt, reserves, special funds, and rates.

	COUNCIL BALANCE 1 JULY 2019 \$000	BORROWED \$000	INTEREST \$000	PRINCIPAL REPAID \$000	COUNCIL BALANCE 30 JUNE 2020 \$000
Cemeteries	55	0	1	18	37
Properties and Buildings	482	9	12	33	458
Parks and Reserves	1,650	30	42	329	1,351
Public Conveniences	164	0	4	12	152
Retirement Housing	0	0	0	0	0
Land Transport	0	0	0	0	0
Solid Waste	1,386	226	37	127	1,485
Stormwater	139	240	6	14	365
Theatres, Halls, and Museums	427	10	11	20	417
Wastewater	8,518	2,520	244	582	10,456
Water Supplies	1,975	5,023	112	219	6,779
Libraries	50	126	3	9	167
IT	65	0	2	18	47
Civil Defence	0	200	3	23	177
GIS Maps	0	80	1	9	71
District Plan	97	271	6	24	344
Total	15,008	8,735	484	1,437	22,306

9. Provision for Landfill Decommissioning and Aftercare Cost

	2020 COUNCIL \$000	2019 COUNCIL \$000
Opening Balance	3,489	2,005
Effect of Discounting	65	65
Additional Provisioning	380	1,419
Release of Provision	0	0
Closing balance	3,934	3,489

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. The current resource consent expires in 2030. 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.

Estimated Time of closure = 31 May 2030

Estimated Remaining Capacity = 228,000 m³ Airspace Volume

Length of post-closure monitoring period = 30 years

Total expected cash outflow – undiscounted = \$5.6m

Discount rate=0.40%

The unwinding of the discount during the year has been recognised as an expense within finance costs.

10. Public Equity

Capital Management

For the purpose of the Council's capital management, the Council's capital is its equity, including accumulated comprehensive revenue and expense and all equity reserves attributable to the Council. Equity is represented by net assets.

The Council manages the Council's capital largely as a by-product of managing its revenue, expenses, assets, liabilities and general financial dealings. The Local Government Act 2002 requires the Council to manage its revenue, expenses, assets, liabilities and general financial dealings in a manner that promotes the current and future interests of the community. In addition, The Local Government (Financial Reporting and Prudence) Regulation 2014 sets out a number of benchmarks for assessing whether the Council is managing its revenue, expenses, assets and liabilities prudently.

The primary objective of the Group's capital management is to achieve intergenerational equity, which is a principle promoted in the Local Government Act 2002 and applied by the Council. Intergenerational equity requires the Council to spread the funding of the cost of its assets over the current and future generations of ratepayers, such that:

- Current ratepayers are required to meet the cost of using the assets, but not the full cost of long term assets that will benefit ratepayers in future generations and
- Ratepayers in future generations are not required to meet the costs of deferred asset renewals and maintenance.

In order to achieve this overall objective, the Council has in place asset management plans for major classes of assets, detailing renewals and programmed maintenance.

An additional objective of capital management is to ensure that the expenditure needs identified in the Council's Long-term Plan and Annual Plan are met in the manner set out in these plans. The Local Government Act 2002 requires the Council to make adequate and effective provision in its Long-term Plan and in its Annual Plan to meet the expenditure needs identified in those plans. The factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities are set out in the Local Government Act 2002. The sources and levels of funding are set out in the funding and financial policies in the Council's Long-term Plan. The Council monitors actual expenditure incurred against the Long-term Plan and Annual Plan.

No changes were made in the objectives, policies or processes for managing capital during the years ended 30 June 2020 and 2019.

(a) Council Special & Other Funds

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

	COUNCIL BALANCE 1 JULY 2019 \$000	COUNCIL TRANSFERS FROM RATEPAYERS EQUITY \$000	COUNCIL TRANSFERS TO RATEPAYER EQUITY \$000	COUNCIL BALANCE 30 JUNE 2020 \$000
Reserves held for Emergency Purposes				
Mayors Relief Fund	5	3	(1)	7
Adverse Events Reserve Fund	398	18	(263)	153
Catastrophic Events Reserve Fund	2,835	71		2,906
Total	3,238	92	(264)	3,066
	\$000	\$000	\$000	\$000
Reserves for Future Asset Purchases				
Capital Projects Fund	(104)		(54)	(158)
Ruahine Ward Disbursement Fund	662	16	(5)	673
Ruataniwha Ward Disbursement Fund	37	1		38
Aramoana Ward Disbursement Fund	239	6	(16)	229
Esplanade Reserve Fund	347	9	(6)	350
Rural Fire Reserve	97	3		100
Stormwater Renewal Reserve	359	94	(232)	221
Water Rates Smoothing Reserve	150	125		275
Wastewater Upgrade Reserve	406	459	(12)	853
EQC Pourerere	4			4
Bridge Replacement Funding	51	52		103
CHB District Retirement Housing Reserve	187	4	(51)	140
Vehicle Depreciation Reserve	375	85		460
LT Vehicle Depreciation Reserve	91	22		113
Total	2,901	876	(376)	3,401
	\$000	\$000	\$000	\$000
Reserves held for Future Operational Costs				
Elections & By-elections Reserve Fund	42	1		43
Ruahine Ward Hall Maintenance Reserve	42	1		43
Library Fund	53	96		149
Road Legalisation Funding	22			22
Landfill Aftercare Depreciation Reserve	488	51	(333)	206
District Landfill Levy Reserve	73	2	(30)	45
Total	720	151	(363)	508
Total Special Funds	6,859	1,119	(1,003)	6,975

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

	COUNCIL BALANCE 1 JULY 2019 \$000	COUNCIL TRANSFERS FROM RATEPAYERS EQUITY \$000	COUNCIL TRANSFERS TO RATEPAYER EQUITY \$000	COUNCIL BALANCE 30 JUNE 2020 \$000
Te Aute Drain Channel Clearing Reserve	41	15	(6)	50
	\$000	\$000	\$000	\$000
Total Special & Other Funds	6,900	1,134	(1,009)	7,025

(b) Trust Funds

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

	COUNCIL BALANCE 1 JULY 2019 \$000	COUNCIL TRANSFERS FROM RATEPAYERS EQUITY \$000	COUNCIL TRANSFERS TO RATEPAYER EQUITY \$000	COUNCIL BALANCE 30 JUNE 2020 \$000
Waipawa Building Society Scholarship Trust	112	(4)	3	111
Eric Tate Scholarship Trust	70	(1)	2	71
Creative NZ Grants unspent	0	0	0	0
Total	182	(5)	5	182

(c) Asset Revaluation Reserve

INFRASTRUCTURE	WATER, WASTEWATER, STORM WATER, SOLID WASTE \$000	ROADING \$000	TOTAL \$000
Opening Balance	62,856	501,601	564,457
Revaluation	13,021	(10,604)	2,417
Revaluation Reserve Change	0	0	0
Transfer from/(to) Ratepayers Equity	0	0	0
Closing Balance	75,877	490,997	566,874

OTHER PROPERTY PLANT AND EQUIPMENT	LAND \$000	BUILDINGS \$000	TOTAL \$000
Opening Balance	11,768	13,250	25,018
Current Year Revaluation	0	0	0
Current Year Impairment	0	(1,082)	(1,082)
Disposal of Asset (Write Back)	0	(6)	(6)
Closing Balance	11,768	12,162	23,930

TOTAL REVALUATION RESERVE	COUNCIL \$000
Opening Balance	589,475
Revaluations	2,417
Impairment	(1,082)
Disposal of Asset (Write Back)	(6)
Closing Balance	590,804

11. Related party transactions other than remuneration of key management personnel

All related party transactions that the Council entered into during the year occurred within a normal client/supplier relationship and under terms equivalent to those that prevail in arm's length transactions in similar circumstances. Therefore, the Council did not disclose these transactions and balances.

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties (2019: nil).

12. Statement of Commitments

	2020 COUNCIL \$000	2019 COUNCIL \$000
Payments of Commitments		
Landfill Lease	119	119
Takapau Transfer Station Lease	2	2
Works Depot Lease	40	0
Pop up Library/AA Centre Lease	5	0
Carbon Credits Forward Contract Settlements	239	158
Total	405	279

	2020 COUNCIL \$000	2019 COUNCIL \$000
Non-Cancellable Commitments		
Less than 1 year	405	279
1 – 2 years	166	360
3 – 5 years	497	362
Over 5 years	2,698	2,550

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

Works Depot Lease

- Rent reviews are carried 31 October 2023 and 2026.
- Amounts are subject to these reviews.
- Further terms = 2 of 3 years
- Final expiry date = 31 October 2029
- Annual rental = \$40,000 plus GST

Pop up Library/AA Centre Lease

- Rent reviews are carried out at 3 yearly.
- Amounts are subject to these reviews.
- Further terms = 1 of 5 years
- Final expiry date = 30 April 2030
- Annual rental = \$5,000 plus GST

Carbon Credits

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

DATE	NUMBER OF UNITS	CONTRACTED PRICE
12-Mar-21	5,500	\$21.75 per Unit
12-Mar-21	5,500	\$21.65 per Unit

13. Employee Staffing Levels and Remuneration

The Chief Executive of Council appointed under Section 42 of the Local government Act 2002, receives a salary of \$238,000 (2019: \$225,000).

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	2020	2019
\$59,999 and under	37	33
\$60,000-\$79,999	6	16
\$80,000-\$99,999	12	12
\$100,000-\$239,999	13	9
Total Employees	68	70

	2020 COUNCIL \$000	2019 COUNCIL \$000
SALARIES AND OTHER SHORT TERM EMPLOYMENT BENEFITS PAID		
CE and Key Management	881	784
Mayor and Councillors	357	322

	2020		2019	
NUMBER OF EMPLOYEES AS AT 30 JUNE	FTE	HEAD COUNT	FTE	HEAD COUNT
Number of full time Key Management Personnel	5	5	5	5
Number of full time employees	43	43	48	48
Number of part time employees	13	20	10	17
Total Employees	61	68	63	70

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.

The report notes an increase in FTE's across this organisation. This increase includes the following:

- Increase in Resource Management and Building Consent resources to manage the increased growth in the district funded from Fees and Charges.
- The transfer of roles historically carried out through consultations, or shared service arrangements brought in house.
- The addition of roles that either are fully or part funded through government agencies, grants or subsidies.

14. Severance Payments to Staff

There was a \$38,683 severance payment made during the year that was outside of contractual for staff. (2019: \$65,778).

15. Councillors Fees

	2020	2019
Mayor		
A Walker	102,509	89,376
Councillors		
Kelly Annand (Deputy Mayor, Strategy and Wellbeing Chair, Urban Lead Councillor)	45,417	31,768
Ian Sharp (2019 Deputy Mayor)	11,874	39,099
Brent Muggeridge (Finance and Infrastructure Committee Chair, Risk and Assurance Member)	34,821	24,437
Tim Aitken (Rural Lead Councillor, Risk and Assurance Member)	32,636	31,768
Tim Chote	25,345	24,437
Gerard Minehan (Risk and Assurance Member)	28,519	24,437
Jerry Greer (Risk and Assurance Member)	21,097	0
Kathryn Taylor	18,576	0
Exham Wichman	18,576	0
Shelley Burne-Field	7,422	24,437
David Tennent	9,873	31,768
Total	356,665	321,527

16. Financial Instruments

Financial Instrument Categories

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

	2020 COUNCIL \$000	2019 COUNCIL \$000
Financial Assets		
Fair Value through surplus/(deficit)		
Local Authority Stock, Bonds, Term Deposits	–	–
Unlisted Shares	46	46
Loans and Receivables		
Amortised Costs		
Cash and Cash Deposits	2,527	4,561
Debtors and Other Receivables	5,104	4,548
Local Authority Stock, Bonds, Term Deposits	12,394	2,040
Financial Liabilities		
Financial Liabilities at amortised cost		
Public Debt	20,118	2,026
Creditors and other payables	7,608	9,240

All borrowing costs are recognised as expenses in the period in which they occur.

Financial Instruments risks

The Council's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Council has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from its treasury activities. CHBDC has established Council approved Liability Management and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

Market Risk

Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Council does not have foreign currency risks as all transactions are in New Zealand dollars.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowings and investments issued at fixed rates of interest expose the Council to fair value interest rate risk. Council's Liability Management Policy is to maintain between 50% to 95% of its borrowings in fixed rate instruments (this policy is due was brought to Council for review in September 2020, where the policy was revised to allow 100% fixed rate instruments).

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issues at variable interest rates expose a council to cash flow interest rate risk. As Council's financial instruments are all on a fixed rate basis (i.e. fixed rate borrowing through the LGFA, fixed rate bonds and bank term deposits), the impact of changing interest rates is zero, as a change in market interest rates will not change interest cash flow amounts.

Credit Risk

Credit risk is the risk that a third party will default on its obligations to the Council, causing it to incur a loss. Due to the timing of its cash inflows and outflows, surplus cash is invested into term deposits and listed bonds, which gives rise to credit risk.

The Council's investment policy limits the amount of credit exposure to any organisation based on the following limits. The Local Government Funding Agency is limited to \$10m. Any NZ Registered bank is limited to \$8m with the exception of Council's transactional bank which may exceed this for up to 5 working days. There is no limit for investment in the NZ Government.

Other than NZ Government, the Council invests funds only with entities that have a Standard and Poor's credit rating of at least A-1 for short-term and A+ for long term investments.

The Council holds no collateral or credit enhancements for financial instruments that give rise to credit risk.

Maximum Exposure to credit risk

The Council's maximum credit risk exposure for each class of financial instrument is as follows:

	2020 COUNCIL \$000	2019 COUNCIL \$000
Cash at bank and term deposit	13,628	5,093
Receivables	5,104	4,548
Community and related party loans	0	–
Bonds	973	1,476
LGFA Borrower Notes	320	32
Derivative financial instrument assets	0	–
Financial guarantees	0	–
Total	20,025	11,149

Credit quality of financial Assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates.

	2020 COUNCIL \$000	2019 COUNCIL \$000
Counterparties with Credit Ratings		
Cash at bank and term deposits AA-	13,268	5,093
Bonds AA-	973	1,476
LGFA Borrower Notes AA+	320	32

Receivables arise mainly from the Councils statutory functions. Therefore, there are no procedures in place to monitor or report the credit quality of receivables with reference to internal or external credit ratings. The Council has no significant concentrations of credit risk in relation to receivables as it has a large number of credit customers, mainly ratepayers, and the Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers. For details on the aging of receivables refer to Note 3.

Liquidity Risk

Management of Liquidity Risk

Liquidity risk is the risk that the Council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions. The Council aims to maintain flexibility in funding by keeping committed credit lines available.

As part of meeting its liquidity requirements, the Council maintains a target level of investments that must mature within the next 12 months. The Council manages its borrowings in accordance with its funding and financial policies, which include a Liability Management policy.

The Council has a maximum amount that can be drawn down against its overdraft facility of \$1.5m (2019 \$1.5m). There are no restrictions on the use of this facility.

Contractual maturity analysis of financial liabilities, excluding derivatives

The table below analyses the Council's financial liabilities (excluding derivatives) into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate on the instrument at balance date. The amounts disclosed are the contractual undiscounted cash flows and include interest payments.

	2020	CARRYING AMOUNT \$000	CONTRACTUAL CASH FLOWS \$000	LESS THAN 1 YEAR \$000	1-2 YEARS \$000	2-5 YEARS \$000	MORE THAN 5 YEARS \$000
Payables		7,608	7,608	7,608			
Bank overdraft		0	0				
Secured loans		20,118	22,453	456	456	15,226	6,315
Finance leases		0	0				
Total		27,726	30,061	8,064	456	15,226	6,315

	2019	CARRYING AMOUNT \$000	CONTRACTUAL CASH FLOWS \$000	LESS THAN 1 YEAR \$000	1-2 YEARS \$000	2-5 YEARS \$000	MORE THAN 5 YEARS \$000
Payables		9,240	9,240	9,240			
Bank overdraft		0	0				
Secured loans		2,026	2,551	77	77	231	2,166
Finance leases		0	0				
Total		11,266	11,791	9,317	77	231	2,166

Contractual maturity analysis of financial assets

The table below analyses the Council's financial assets into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows and include interest receipts. The table below analyses the Council's financial assets into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows and include interest receipts.

	2020	CARRYING AMOUNT \$000	CONTRACTUAL CASH FLOWS \$000	LESS THAN 1 YEAR \$000	1-2 YEARS \$000	2-5 YEARS \$000	MORE THAN 5 YEARS \$000
Cash and cash equivalents		2,527	2,527	2,527			
Receivables		5,104	5,104	5,104			
Other financial assets							
term deposits		11,101	11,159	11,159			–
community and related party loans		0	0				
listed bonds		973	1,061	0	–	1,061	–
LGFA Borrower Notes		320	353	0	–	241	112
Total		20,025	20,204	18,790	–	1,302	112

2019	CARRYING AMOUNT \$000	CONTRACTUAL CASH FLOWS \$000	LESS THAN 1 YEAR \$000	1-2 YEARS \$000	2-5 YEARS \$000	MORE THAN 5 YEARS \$000
Cash and cash equivalents	4,561	4,561	4,561			
Receivables	4,548	4,548	4,548			
Other financial assets						
term deposits	532	541	541			–
community and related party loans	0	0				
listed bonds	1,476	1,634	509		1,125	–
LGFA Borrower Notes	32	41				41
Total	11,149	11,325	10,159	–	1,125	41

17. Contingencies

Liabilities

There are no known contingent liabilities against Council.

The historic Ministry of Education (MOE) proceedings against Carter Holt Harvey (CHH) and others alleging inherent defects in the shadow clad cladding sheets manufactured and distributed by CHH has been concluded and Central Hawke's Bay District Council does not have any fourth party claims in the litigation.

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. (2019: No events).

Supplementary Information

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

Rating Base Information

For all rating units in the district

	2020	2019
Number of rating units	7,950	7,812
Capital Value	5,663,804,205	5,604,290,205
Land Value	3,642,224,600	3,624,285,600

Insurance Information

		TOTAL VALUE COVERED \$000	MAXIMUM AMOUNT AVAILABLE \$000	
Year ending June 2020				
Insurance Contracts	• Buildings, Plant & Equipment	80,503	80,503	
	• Infrastructure	300,000	30,000	Loss Limit
Financial Risk Sharing		0	0	0
Self-Insured		0	0	0
Year ending June 2019				
Insurance Contracts	• Buildings, Plant & Equipment	76,072	76,072	
	• Infrastructure	300,000	30,000	Loss Limit
Financial Risk Sharing		0	0	0
Self-Insured		0	0	0

	TOTAL REPLACEMENT COSTS (TRC)
Water	77,348,634
Wastewater	84,154,938
Stormwater	37,872,377
Roading	884,546,638
Totals	1,083,922,587

Elected Council Members

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

MAYOR

Alex Walker	+64 27 860 7752	alex.walker@chbdc.govt.nz
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ARAMOANA/RUAHINE WARD

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RUATANIWHA WARD

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Exham Wichman	+64 27 4656484	exham.wichman@chbdc.govt.nz
Gerard Minehan	+64 27 479 3773	gerard.minehan@chbdc.govt.nz
Vacant		Tim Chote (till 20/06/20)

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



Acknowledgements

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

Summer Reading and Waipawa and District Centennial Memorial Baths



Eastern & Central have again generously supported the E.C. READ'N summer reading programmes in our libraries and those throughout the region as well as have generously supported the redevelopment of Waipawa and District Centennial Memorial Baths with funding of \$110,000.

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.

