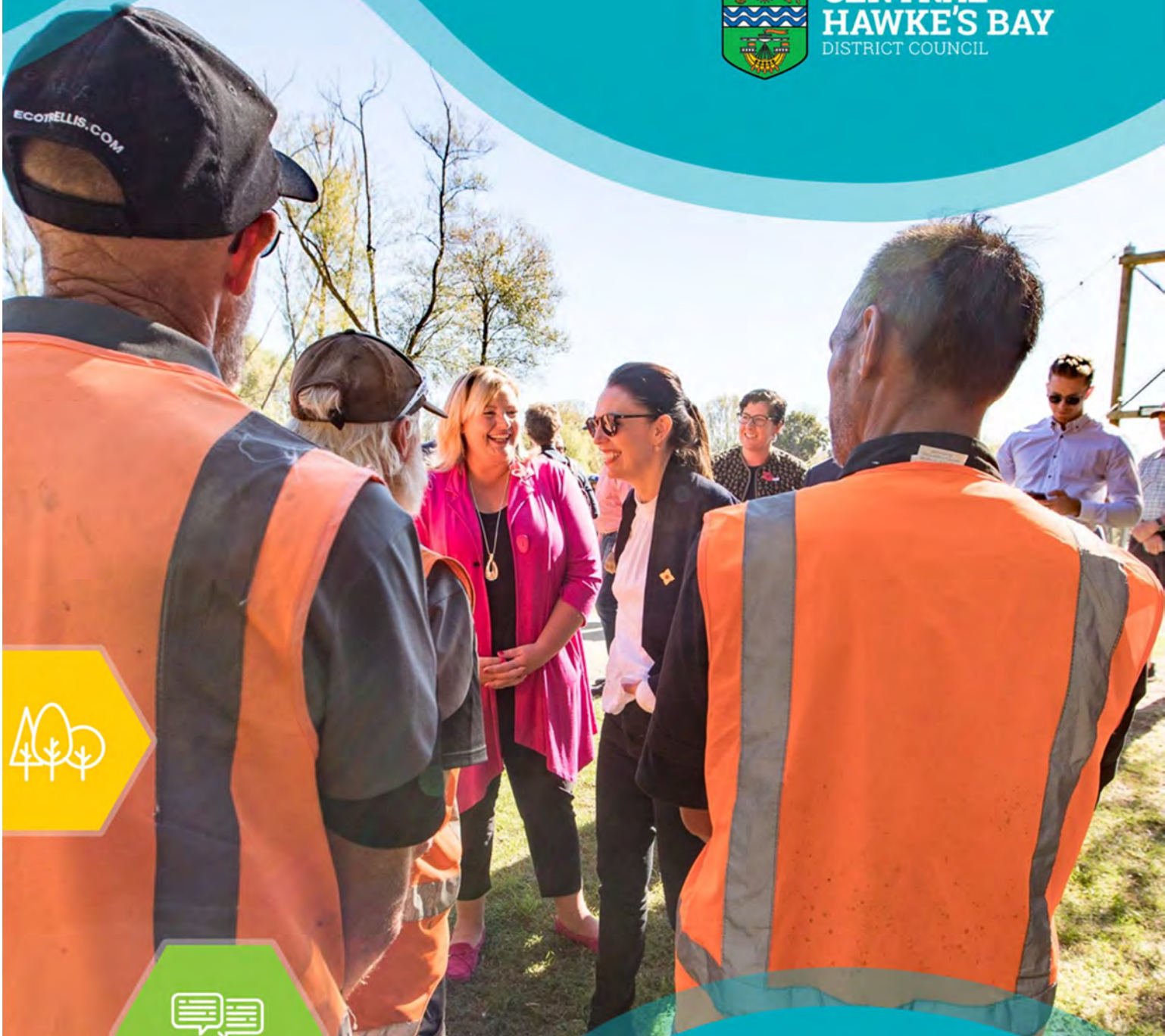




**CENTRAL
HAWKE'S BAY**
DISTRICT COUNCIL



Annual Report Summary 2020-2021

Together we Thrive! E ora ngātahi ana!

Kia ora from the Mayor and Council Team

Tēnā koutou, tēnā koutou, tēnā koutou katoa

On behalf of your elected members, I'm proud to be sharing this Annual Report with everyone in our community.

On the back of an unprecedented 2019/20 year, with the double hit of a global pandemic of Covid-19 and sustained drought in Central Hawke's Bay, this annual report presents a huge year of delivery for a District that is thriving!

Despite the challenges, Council have remained focussed on delivering our core services and priorities to deliver on our communities bold and ambitious vision for a thriving Central Hawke's Bay.

External Funding

This has been a challenging and rewarding 12 months, with opportunities from over \$17 million of unexpected investment in our community from Central Government adding new activities, projects and services that have added pace, value and accelerated many things for our community. This has included the development of the Regional Digital Hub through the Provincial Growth Fund, Mayors Taskforce for Jobs funding to support employment and \$11.3m of investment to accelerate our three waters programme.

Unprecedented Growth and Development

On the back of this investment has been unprecedented growth and development at scales that have not been surpassed since the 1960's. It was only 2013 as a District we were still rapidly shrinking, with a vastly different future and outlook. Fast forward seven years to now, where despite the global financial impacts of Covid-19 in the last year this District consented more new builds and sections than ever before – growth is certainly here.

This growth has not always been well received by our wider community, and has surprised many in our District as it starts to impact on the things we hold important in our own patch of paradise. Council and Communities decision to prioritise projects like the District Plan that was notified in May 2021 has paid off, with the plan being notified in a tight, however robust programme of three years in May 2021.

Facing up to the Facts

Long Term Plan 2021-2031

In the last 12 months we've also got to understand and know more about our assets, completing the Districts most robust Long Term Plan to date.

We presented and delivered the open and transparent view of our reality, where we now know more than we have ever known about the state of our assets. The truth was and remains confronting.

Facing the Facts for our thriving future means major investment across all of our assets. Addressing our past will mean a concerted and continued path of investment that will stretch well beyond this elected Council to ensure we create a positive future for our children and our children's children.

As a Council team, thank you for the conversations, the feedback and the suggestions in building the Long Term Plan – these have all been essential in shaping a Central Hawke's Bay of the future we can all live, work and play in and together we will *Thrive*.

Our Tamatea Partnership

In September 2020 Council adopted Tuhono Mai Tuhono Atu – Council's Māori Engagement Strategy. Overall the intent of the strategy is to raise the bar of Māori engagement and development as a priority.

At an operational level, there is already some great partnership work underway including projects like Nga Ara Tipuna and we look forward to growing our partnerships and relationships with Manawhenua, Marae and Te Taiwhenua of Tamatea at a Governance level into the future. The collaboration and kotahitanga that has resulted is something we can collectively be very proud of as we continue to build and progress partnerships and opportunities together.

Major Projects Progressed

In this last 24 months we have nearly doubled our capital programme delivery, boosted with \$20.1m of investment thanks to the Provincial Growth Fund on the Porangahau to Wimbledon Road upgrade and the implementation of major water, waste water and stormwater projects across our District.

By far the most significant milestone has to be confirmation on the way forward for our wastewater projects. Through the Long Term Plan 2021-2031 this has confirmed nearly \$70m of investment in our waste water plants in order to meet compliance and address historical investment that failed to improve our wastewater discharges. Supported by a wastewater strategy for treatment of wastewater across our District, we have a clear pathway forward.

While the big stuff is critical, other projects such as our District Plan Review, Community Planning and the Provincial Growth Fund development of the Tukituki Trails, are all projects of high community value that add to the fabric of a Thriving Central Hawke's Bay.

Our Caring Community – Covid-19 and Sustained Drought

While many communities were affected by the unprecedented effects of Covid-19 – with the March 2020 lock down being the big focus, Central Hawke's Bay also experienced the twin blows of Covid-19 and sustained drought.

We understand the impacts of Covid-19 and the sustained drought have impacted our community in a different way to the rest of New Zealand. I'm hugely proud of the way that our community has continued to respond to these ongoing challenges. It further demonstrates the true values and sense of community that is Central Hawke's Bay.

This has also highlighted the success of the approach to community that Council has been working on since the adoption of the previous Long Term Plan. Recognising that Council cannot 'do' everything for community wellbeing, we are clear in our role as facilitators, enablers and advocates which has built into what we call a 'network of networks' approach. Community are our leaders and they are the workforce in ensuring strong and resilient whanau, households, farms and businesses.

Change on the Horizon

Local Government is in a period of unprecedented change and uncertainty, with the Three Water Reform, Resource Management Act 1991 Review and Future of Local Government Review – all active reform priorities being led out by Central Government.

In the last year we've focussed on ensuring that we are as equipped as we can be to ensure our community gains the best approach from the reform and review programmes. At the time of writing, there is uncertainty, however we want to give you every confidence that as a Council we are asking the hard questions and advocating for the very best for our community, to ensure our thriving future.

Thank you Central Hawke's Bay!

On behalf of the Council, I want to thank you for your contributions to your community during the year. Your ongoing support is essential in shaping a Central Hawke's Bay of the future we can all live, work and play in and together we will *Thrive*.



Alex Walker

Alex Walker
Mayor of Central Hawke's Bay



Monique Davidson

Monique Davidson
Chief Executive Officer



Central Hawke's Bay District Council

About this Summary

This summary is a snapshot of the Council's activities and finances for the period ending 30 June 2021.

The information it contains has been extracted from our 2020/21 Annual Report which was prepared in accordance with NZ GAAP and in compliance with PBE IPSAS and contains detailed information about our finances and service performance.

This summary financial report has been prepared in accordance with PBE FRS – 43 but cannot be expected to provide as complete an understanding as provided by the full financial report of the financial and service performance, financial position and cash flows of the Central Hawke's Bay District Council.

The financial statements have been prepared to comply with Public Benefit Entity Standards (PBE Standards) for a Tier 1 entity.

This summary financial report is for an individual entity.

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

Copies of the full 2020/21 Annual Report can be obtained from the Council office, Ruataniwha Street, Waipawa or viewed online at www.chbdc.govt.nz. This summary represents fairly and consistently the major matters dealt with in the Annual Report 2020/21 which was issued on 24 September 2021.

The Annual Report was audited and received an unmodified audit opinion.

Governance Priorities and Projects: Thrive in Five

Following the October 2019 Triennial Election, Council took the time to identify key issues and opportunities facing Central Hawke's Bay.

Council agreed that the platform provided by *Project Thrive* provided the building blocks for success, however with a need to sharpen the focus on key issues to truly transform the future for Central Hawke's Bay.

Five Strategic Priorities that Council wanted to focus its attention on to ensure success were identified and these include:

#1 – #thebigwaterstory

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

#2 – The District Plan Review

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

#3 – Wastewater

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

#4 – Social Housing

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

#5 – Creating a Wastefree CHB

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

Priority #1 – #thebigwaterstory

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

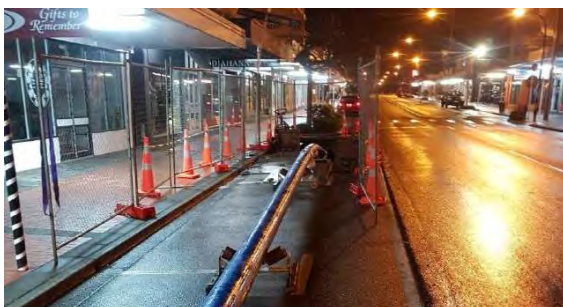
Four years ago, Central Hawke's Bay District Council started a very important conversation with the community about how we could realise our aspirations to *Thrive*, and what role the Council plays in that.

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 2020/ 2021 year has seen the delivery of further key flagship projects in The Big Water Story, including the Porangahau Water Treatment Plant upgrade, which has seen tangible improvements made to the day to day lives of those in Porangahau and Te Paerahi. Over the last 3 years of the Long Term Plan 2018-2021 – a number of important project(s) signalled in the Long Term Plan have been completed, these include the water treatment plant upgrades in:

Water

- Water treatment plant upgrades in Porangahau and Takapau
- Increased water storage for Te Paerahi
- Otane Alternate Water Supply
- First 3 stages of the Waipukurau firefighting and growth upgrades
- Water main renewals – Porritt Place, Mackie and McLean.



Waipukurau firefighting upgrades on Ruataniwha Street

Wastewater

- Waipawa Trunk Sewer Main Renewal
- McGreevy Street pump station upgrade
- Inlet works upgrade at Waipawa wastewater plant
- Inlet and metering upgrade at Takapau wastewater plant.



Porangahau and Te Paerahi Water Treatment Plant Opening

Stormwater

- Upgrades on Churchill, Carpenter Street, Waipukurau
- Upgrades on Woburn/Wilder Streets, Waipukurau
- Helicoil replacement on Francis Drake Street, Tavistock and Jellicoe Roads, and Tutanekei Streets.

The review of our 3 waters bylaws and an update of our sustainable water management plan are key enabling documents to recognise the work required over and above the physical upgrades to safeguard and sustainably manage our assets into the future. Significant work continues on updating our 3 waters models to support growth, development and future upgrades required in the district.

A number of projects commenced as part of Long Term Plan 2018, continue into 2021 – these are the Waipukurau Second Water Supply, SH2 Borefield and Filtration upgrade and the Kairakau water upgrades.

Priority #2 – The District Plan Review

Delivery of a notified and operative District Plan

In 2017 Council set a bold and ambitious plan to review the District Plan as a key project to bring *Project Thrive* alive. With the current operative District Plan – essentially a rule book that directs how the community can use, develop and subdivide land nearly 20 years old, the mandate for change was clear.

The review project began in late 2017, with key milestones in 2019 including consulting with the community and key stakeholders on the Draft District Plan, the delivery of hearings and Committee Meetings in 2020 prior to and through Covid-19.

In December the review programme reached a ‘pens down’ milestone, where the writing of the plan came to end, ready to commence the formal Schedule 1 process under the Resource Management Act 1991.

On 27 May 2021, Council formally adopted the Proposed District Plan for formal notification, which began on Friday 28 May 2021, and due to close on 6 August 2021.

In the time, an expression of interest process to identify suitably experienced and qualified Commissioners for the District Plan Review process also began, for completion in the 2021/22 year.

Notifying the Proposed District Plan in just over three years is an outstanding achievement, and Council’s decision to prioritise the District Plan – now in the context of unprecedented growth and development has paid off.

Overall, the review project continues to meet its major milestones, with the next steps in the 2021/22 year including the closing of submissions, a further summary of submission process and hearings on the Proposed Plan planned for early 2022.



Priority #3 – Waste Water Treatment Projects

Capital Works plan completed, initial improvements completed, and future funding strategy clarified.

In October 2020 – Council adopted our Long Term In **Wastewater strategy** that sets out the direction confirmed in our recent Long Term Plan 2021 adoption. The strategy aligns with our vision to ensure *“Our effluent is treated in a sustainable way that creates a resource, protects our environment, and continues to do so for generations to come.”*

Informed through working closely with community members to 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.

Work commenced in 2018 to implement improvements to our plants and these continue as we focus on short term improvements while the longer term improvements are planned and delivered.

Some of the short term upgrades underway relate to the wetland removal at 3 sites, the desludging of ponds at 2 sites and the replacement or improvement to tertiary treatment in Waipawa and Waipukurau.

In 2020/2021 we have continued to work with our smaller communities in Takapau, Porangahau and Te Paerahi as we prepare to upgrade their plants to align with new resource consents, new consents have been lodged for Takapau, and a long term consent is due to be lodged for Porangahau and Te Paerahi at the end of August 2021.



Stage 1 of the Otane to Waipawa Wastewater Pipeline

These upgrades will see wastewater discharge be removed from rivers and rather irrigated or dispersed onto land.

The Waipawa, Otane and Waipukurau plants have been merged into one programme of work. Laid out in this informative video created alongside our Long Term Plan engagement:
<https://youtu.be/D2zwM0gVp3o>



Preparation of the geobag area at Waipawa WWTP for desludging

Works have commenced on some aspects of our long term vision where we are aiming to complete an over 8 km pipeline from Otane to Waipawa, and a pump station to convey wastewater from Otane to Waipawa for treatment and eventually discharge at our land based site. To date over 6 kms has been installed.

The strategy also focusses on management of biosolids (sludge) produced through the treatment process and how council can manage the flow and load entering our systems – a review of our trade waste system was undertaken in 2020 and continues into 2021 as we look to work with industry to support or upgrade strategy.

Renewals of aging pipelines and improvements to the liquids that enter our wastewater system are underway through additional funding set aside in our Long Term Plan for renewals and inflow and infiltration management.

Alongside all of this, significant design work continues on the future upgrades as we prepare to build these upgrades over the next 10-15 years.

More information here:
<https://www.chbdc.govt.nz/our-district/projects/the-big-wastewater-story>

Priority #4 – Social Housing

Increased numbers of social housing in Central Hawke’s Bay, including improved leverage off Council’s Retirement Housing Portfolio.

Social Housing of all of Councils priorities has been the most challenging to gain positive traction for the community, despite a number of actions underway. In 2019, Council adopted its Housing Strategic Framework with a vision of [supporting our community to Thrive through access to a home – He āhuru mōwai, e taurikura ai te hāpori](#). In some cases, it is taking considerably longer for results to materialise, recognising the significant complexity and interrelatedness of housing. It is also important to consider Councils mandated role in housing in relation to Central Government. Successes over the last 12 months include:

Continuing to Champion Central Government for Housing Support

Council has been relentless in seeking positive outcomes for Central Hawke’s Bay. In the 12 months Kainga Ora (KO) have announced the purchase of 8 2 bedroom units in Waipukurau. Development of the Porangahau Road Maternity site where 20 homes will be built by KO has been slow, however still progressing. Council and community look forward to solid progress on this site being achieved this year taking a place based approach to housing.

Tamatea Housing Taskforce

Working with Te Taiwhenua o Tamatea and the Heretaunga Tamatea Settlement Trust, Council are working to establish a Tamatea housing taskforce. This taskforce will focus on the range of housing issues – not just constructing homes, with a number of positive meetings being held in the year to align on housing opportunities in Tamatea/Central Hawke’s Bay.

Councils Retirement Housing Review

One of four key goals in Councils Housing Strategic Framework has been the review of its retirement housing portfolio. The review of the portfolio recommenced in May 2020 following delays with COVID-19, with Council considering and adopting recommendations from the Section 17a Review in September 2020. In short, the review identified that additional funding was required in order to plan for

and fund renewals and upgrades to the flats to meet mandatory standards and repairs for the future. The activity previously had only been breaking even or in some cases depleting reserves. A step change to fees to build a reserve was required and implemented through the Long Term Plan 2021-2031.

At this time, it was investigated as to how the portfolio could be used to support the provision and increase the supply of retirement housing in Central Hawke’s Bay. The review concluded, that without Government support, the focus for the activity needed to remain on ensuring its financial viability and establishing reserves, rather than seeking to build new assets at this time.

Porangahau Road South Growth Precinct

A priority action from the Central Hawke’s Bay Integrated Spatial Plan 2050 was addressing growth opportunities on the site known as the Waipukurau Hospital site. Made up of six land owners the land has been zoned residential for over 20 years, however due to constraints with infrastructure has not been able to be developed. Council has taken a leadership role in meeting and facilitating discussions with land owners opportunities for the site, including developing an outlined development plan for the precinct, preparing to make a submission to the Proposed District Plan to support the Precinct and in June preparing an application to KO’s Infrastructure Acceleration Fund.

If successful, the Precinct could provide over 950 lots for the District over the next ten years to support housing outcomes for the District.



Outline of Stage 1 of the Porangahau South Growth Precinct

Priority #5 – Creating a Waste Free CHB

Reduce recycling to landfill and improved asset management and leverage of landfill.

Council has continued and strengthened its promotion of a 'Waste Free CHB' through 2020/21. The catch phrase 'Waste Free CHB' has grown to embody a range of initiatives and activities that Council and its communities undertake together to reduce waste and promote environmental outcomes.

Much of the 2020/21 year was spent in a planning and engagement phase as Central Hawke's Bay sought to make significant changes to its service delivery offerings for the future. On the back of a Section 17A review of services in 2019, in 2020 Council took to the community options for the future of kerbside collection services as part of the Long Term Plan 2021-2031. Council made decisions about future services that will position Central Hawke's Bay to deliver on its objectives and aspirations of a Waste Free CHB.

Engaging with our community, providing education and awareness and building relationships and partnerships remained a key focus through 2020/21. As well as its normal operational services, in the 2020/21 period Council continued to deliver:

- Free to public composting workshops
- Funding for Enviroschools
- Access to educational material for waste minimisation
- Access for public and community groups to funding for community-led environmental and sustainability initiatives
- Subsidised collections of e-waste and hazardous waste
- Access to bail-wrap recycling services.

Council is particularly proud to have been able to support Hunter Park Kindergarten and Sustainable Ewe with funding towards their own environmental and sustainability initiatives with the funding made available through Councils Waste Levy Returns scheme.

Operational improvements to a number of core infrastructure assets for solid waste have also been enhanced in the period. Notably significant improvements have been made to the operational management of the landfill during early parts of 2021.



Below: photo showing our team taking local Argyle School through a tour of the landfill giving awareness of where our districts waste ends up.



Our other highlights over the last 12 months

Outside of our *Thrive in Five* projects and priorities, other successes and highlights over the last 12 months include:

Facing the Facts: Adoption of the Long Term Plan 2021-2031

planning ahead, to ensure the next 10 years deliver on our community's vision for a *Thriving* Central Hawke's Bay.

Understanding that the plans we make today, will impact the aspirations and realities of our children and grandchildren for decades to come, Council uncovered some huge challenges we collectively had to face, before we could move forward.

Facing the Facts and responding to the challenges, recognised that the road ahead for the community would not be easy, however was essential to create and secure a thriving Central Hawke's Bay for our future generations.

In July 2020 we launched our Long Term Plan pre-engagement around on the 'Great Eight', seeking community feedback on eight key areas as we worked to set the direction of the Long Term Plan 2021-2031. This feedback on issues from Solid Waste, sustainable transport, resolving Councils wastewater through to Community Facilities, provided clear guidance and direction to Council in its decision making process.

In the Long Term Plan 2021-2031 Council presented and delivered the open and transparent view of our realities – from earthquake prone halls, failing wastewater treatment plants, to underinvestment in playgrounds. Through this Long Term Plan, we have come to know more than ever on our assets. The facts of this knowledge are confronting.

What was clear was the for more than two decades, due to political constraints on our approach to rating, our essential infrastructure went without the necessary funding and investment to ensure it was properly maintained. Alongside some poor investment decisions, this has delivered an unfortunate reality for our communities of today.

Through the Long Term Plan as a community, we have faced up to these facts. And our response is to correct this underinvestment, and to secure our future.

Never before has this district seen a level of investment in its core infrastructure and services like that which is in this Long Term Plan. This investment will place us well for our future.

But this investment does not come without its significant challenges. The Long Term Plan includes increases to our debt limits and significant rates increases – not just in the first year of the plan, but through the life of the Long Term Plan Budget 2021-2031. We pulled every financial lever available to us to address the affordability challenges the investment creates. This meant in some cases moving swiftly to implement policies with immediate effect, such our Development Contributions Policy, to reduce the financial burden to existing ratepayers.

Addressing our past will mean a concerted and continued path of investment that will stretch well beyond this elected Council to ensure we create a positive future for our children and our children's children. It is our collective responsibility to ensure that we remain focussed on our future and 'stay the course' despite the challenges, to deliver on a thriving Central Hawke's Bay of tomorrow.

Following the adoption of the Long Term Plan on 2021-2031 on 17 June 2021, Council moved swiftly to implement a number of new service changes, including recycling services that have taken effect from 1 August 2021.



Community Planning

In March Council formally adopted the Takapau and Ongaonga Community Plans. A major initiative to ensure the voice and vision for rural communities was clear during *Project Thrive*, Community Plans are key documents for the ensuring a Thriving rural heart of Central Hawke's Bay.

Planning for Tikokino and Otane's Community Plan was underway in June.

This needs more!

Strong communities and connected citizens are a vital part of our we view the future of Central Hawke's Bay. Community Plans were an important part of Council's commitment to being community-led as an organisation. Maintaining and strengthening the unique identities of each of the district's rural settlements is part of celebrating what we love about Central Hawke's Bay – with all of its parts together.

The active community plans in Takapau and Onga Onga have provided clear direction to both community and council about priorities and opportunities to work together. From road safety advocacy in Takapau to support of the Onga Onga Coles Factory restoration, the partnership opportunities are growing in a truly meaningful way.



Unprecedented Growth and Development

The secret is out and Central Hawke's Bay has grown like never before over the last 12 months.

As part of the Long Term Plan 2021-2031 a high growth scenario was forecast for the District, adding roughly 1,500 homes to the District over the next ten years and another 4,000 residents.

This year has seen unprecedented resource consent and building consent numbers for new dwellings across the District. While some of this activity is a result of the early implementation of the Development Contributions Policy on 13 May as part of the Long Term Plan 2021-2031, overall it also reflects an optimism and positivity for the District that has been growing since 2013.

As context the table below gives an indication of the development in the District for the 2019-20 and 2020-2021 years for the periods 1 July to 30 June.

BUILDING CONSENTS	2019-20	2020-21	CHANGE	%
Volume – Applications	419	434	15	4%
New Dwellings	125	141	16	13%
Total Value – \$M's	\$60.9	\$69.3	\$8.4	9%

RESOURCE CONSENTS	2019-20	2020-21	CHANGE	%
Total Applications	219	334	115	53%
Total Applications approved	181	265	84	46%
New lots for creation	332	1152	820	247%

While many of the subdivision applications are for large lot subdivisions, that could effectively take up to ten years to be fully developed, on the basis that the District has predicted 1,500 new dwellings over the next ten years, the number of potential lots indicates a pipeline of growth that is likely to outstrip Councils growth estimates.

Council decision to prioritise investment and the review of review of the District Plan, and the completion of more holistic planning such as the Central Hawke's Bay Integrated Spatial Plan 2050 – places the District well to plan for and prepare for this growth for the future.

Continued Recovery for Covid-19 and Sustained Drought

As Central Hawke's Bay experienced the effects of COVID-19, it also felt the pressures of sustained drought running deep through its community.

For many in the rural community of Central Hawke's Bay, the timing of the national lockdown came as the grips of the drought were taking full effect making ensuring visibility of the twin sustained blows the District was experiencing difficult.

Central Government stimulus funding provided a number of opportunities in the District to redeploy those affected with employment from both Covid-19 and the sustained drought in the District.

The continued recovery from Covid-19 and the sustained drought was a major focus through the year as projects came to life and support for those affected by the events came to the fore for our people of Tamatea/Central Hawke's Bay. Some of the initiatives are outlined below:

Tukituki Trails

With the support of the Rotary River Pathways Trust, Council secured \$750k of funds to establish 10 kilometres of new Mountain Bike Track, 12 kilometres of lime pathway and a new bridge over Black Creek to create a loop ride on the Tukituki trails of over 20 kilometres. Key to the project was the employment of 11 staff to deliver the project. The project commenced in mid-December and is due to be complete in October.



Rapid Redeployment

Council secured \$2m to support those immediately affected by the effects of Covid-19 into redeployed roles focussing primarily on vegetation management. Mobilising early in July 2020 in a matter of weeks, the programme has seen over 50 people redeployed into employment and supported with pastoral support and on the job training, undertaking courses from traffic management, growsafe, chainsaw certification and a range of licencing.

Primarily focussing on employment and training outcomes, the District achieved the removal of a number of dangerous and wilding trees, along with crews focussing on reserve and open space areas, planting and enhancing Council open spaces.

Rakei ora – Bringing Wellbeing to Marae

Rakei ora was a partnership project between Te Taiwhenua o Tamatea and Council to deliver nearly \$850k of funding sourced through the Provincial Growth Fund for the renewal and upgrade of marae.

Through the programme 11 people were employed who have all proceeded into employment – an outstanding outcome for the project. Through the project, marae have had a wide arrange of works completed.

Jobs in Central Hawke's Bay – Mayors Taskforce for Jobs

Since its development in July 2020, the Jobs in Central Hawke's Bay – Mayors Taskforce for jobs has gone from strength to strength. Funded through partnership funding between Local Government New Zealand and the Ministry of Social Development, the programme has achieved outstanding results for our community.

To date the programme has achieved over 513 unique visitors to its employment hubs, placed over 217 people into employment for Central Hawke's Bay residents.



At the time of writing Council has secured funding for a further year on the programme, through to July 2022.

The programme has received national attention for its achievements and is recognised amongst the Mayors Taskforce for Job initiatives as an outstanding example of Council and Community Collaboration.



Major Land Transport Contracts mobilised

Four contracts with a combined value of over \$35m procured late in the 2019/20 calendar year were mobilised or step changes in delivery expectations implemented. This included:

- Awarding Downer Councils previous road maintenance contractor a new contract for up to five years to complete all day to day servicing and repairs on the roading network
- Downer was also awarded the road sealing contract for the District, with the 2021/22 year reseals forecast to be achieved ahead of time
- Higgins were awarded two contracts for both area wide pavement treatments (where the road has failed) along with a separate contract for structural work associated with bridges, retaining walls and guardrails.

About this summary

The following graphs are examples of benchmark reporting requirements that Council must now report against in the full Annual Report.

The full set of benchmark disclosures is included in the full Annual Report.

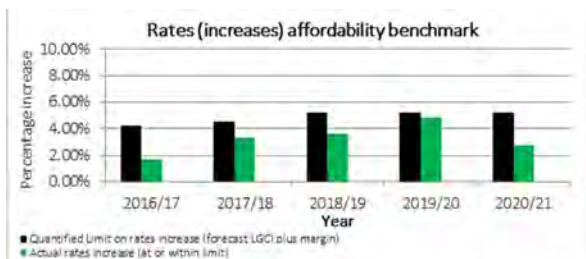
Rates (increases) affordability benchmark

The council meets the rates (increases) affordability benchmark if its actual rate increases are a quantified limit.

The e 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:

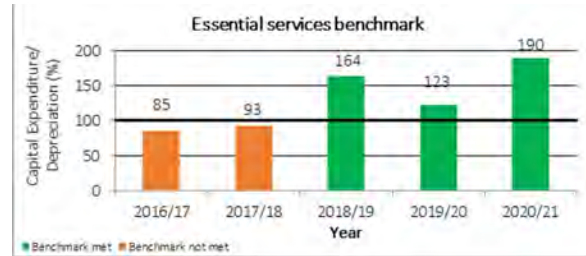
“Rates Increases to existing ratepayers will not exceed the projected Local Government Cost Index plus 3%.

In 2020/21 rates increased by 2.74% which is within the 2020/21 benchmark of 5.20% (LGCI of 2.2% plus 3%).



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.



Due to the upgrade of Route 52 (PGF funded) and 3 Waters Upgrades (funded by the 3 Waters Reform monies) Council has undertaken some significant capital works in 2020/2021. This was purely driven by the availability of external funding. Overall Council spent \$1.90 on capital replacements for every \$1.00 of depreciation during the year.

Summary of Financial Statements for the period ending 30 June 2021

Statement of Comprehensive Revenue and Expense

	2020 COUNCIL ACTUAL \$'000	2021 COUNCIL BUDGET \$'000	2021 COUNCIL ACTUAL \$'000
Total Revenue	35,398	33,821	53,986
Finance Costs	429	462	462
Other Operating expenditure	35,454	34,211	44,113
Net Operating Surplus/(Deficit)	(485)	(851)	9,411
Other (Gains)/Losses	-	-	-
Income Tax	-	-	-
Net Surplus/(Deficit)	(485)	(851)	9,411
Movements in PPE revaluations	2,417	14,928	14,005
Impairment of Asset	(1,082)	-	-
Total Comprehensive Revenue and Expense	850	14,076	23,415

Statement of Financial Position Summary

	2020 COUNCIL ACTUAL \$'000	2021 COUNCIL BUDGET \$'000	2021 COUNCIL ACTUAL \$'000
Total Current Assets	19,068	9,395	20,626
Total Non-Current Assets	855,391	897,550	882,219
Total Assets	874,459	906,945	902,845
Total Current Liabilities	8,056	9,503	13,496
Total Non-Current Liabilities	23,934	21,730	23,463
Total Liabilities	31,990	31,233	36,959
Special & Other Funds	7,025	6,909	7,193
Trust Funds	182	-	184
Revaluation Reserve of Assets	590,804	624,408	604,604
Ratepayers' Equity	244,458	244,396	253,905
Total Equity	842,469	875,713	865,886
Total Liabilities and Equity	874,459	906,945	902,845

Statement of Changes in Equity Summary

	2020 COUNCIL ACTUAL \$'000	2021 COUNCIL BUDGET \$'000	2021 COUNCIL ACTUAL \$'000
Equity at the Beginning of the Year	841,619	861,636	842,469
Total Comprehensive Revenue and Expense	850	14,076	23,415
Equity at the End of the Year	842,469	875,713	865,884

Statement of Cash Flows Summary

	2020 COUNCIL ACTUAL \$'000	2021 COUNCIL BUDGET \$'000	2021 COUNCIL ACTUAL \$'000
Net Cash from Operating Activities	11,338	13,748	24,867
Net Cash from Investing Activities	(31,254)	(15,547)	(24,772)
Net Cash from Financing Activities	17,882	2,404	-
Net Increase/(Decrease) in Cash	(2,034)	606	95
Cash at the Beginning of the Year	4,561	3,956	2,527
Cash at the End of the Year	2,527	4,562	2,623

Financial Performance Overview

For the financial year Council had a surplus of \$9.411m (before revaluations) compared to a prior year deficit of \$485k. Overall income was above budget by \$20.165m with total operating expenditure over budget by \$10.997m.

This year has been an unusual year with a higher than normal level of external funding. Examples of the unbudgeted funders/projects were:

FUNDER	REASON	NATURE	AMOUNT \$000
PGF	Roading – Route 52	Capital	6,135
DIA	3 Waters Reform	Operational and Capital	3,647
MBIE, Lotteries, ECCT	Cultural Tourism – Nga Ara Tipuna	Operational	2,387
MBIE	Economic Recovery	Operational	2,696

The table and explanations below illustrates Councils financial results.

Financial Overview

	2020 COUNCIL ACTUAL \$'000	2021 COUNCIL BUDGET \$'000	2021 COUNCIL ACTUAL \$'000
Total Revenue	35,398	33,821	53,986
Operating expenditure	23,057	21,145	32,142
Finance Cost	429	462	462
Other (Gains) and Losses	0	0	0
Net Surplus/(Deficit) excluding non-cash movements	11,912	12,214	21,381
Non Cash Movements			
Depreciation and Amortisation	12,397	13,065	11,971
Other Gains and Losses	0	0	0
Net Surplus/(Deficit)	(485)	(851)	9,411

Explanations

- During the year Council was recipient of significant Central Government and third party funding (see earlier table). This was a mix of operational and capital funding. This has had the impact of both increasing Councils revenue, but also increasing its expenditure.
- Income from Fees and Charges was above budget by \$866k (and \$1.4m above last year) due to increased income from the Consents +\$791k (reflecting the buoyant economy and the high level of residential construction happening in the region) and in Solid Waste Charges +\$289k (reflecting the buoyant economy and the construction industry). 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 pay for external parties to process tyres, concrete, and greenwaste, 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 \$707k above budget. Waka Kotahi NZ Transport Agency made a \$280k one off back payment following a Funding Assistance Rate Adjustment, and Council being vested a \$393k road in Otane following a greenfield subdivision there.

- Operating expenditure is above budget due to the following:
 - Personnel Costs were below budget \$134k despite some of the Central Government funding creating new temporary roles to deliver their recovery projects.
 - Operating Costs +\$11.1m against budget – the majority of this \$6.9m was in the economic development area and reflects the external funding Council got to construct the Nga Ara Tipuna Project \$3.5m and the economic stimulus monies \$3.5m used to create jobs in the district (such a vegetation control, Tuki Tuki Trails, Mayors Task Force for Jobs). \$0.8m was in the Consenting Team where they had to outsource some consent processing due to the volumes experienced. Land Transport was \$0.7m as in caught on works carried forward from 2020 and undertook the Route 52 work, Solid Waste was \$0.6m with its higher the budgeted volumes of waste, and 3 Waters were \$1.1m as they used the Central Government Stimulus money to undertake additional projects.

Non-Financial Performance Overview

Overall, we achieved good results this year in terms of the non-financial performance measures. However, there were some areas that we did not achieve what we set out to do in the 2018-28 Long Term Plan, as identified below.

In Brief the Council Achievements are as follows:

GROUP	TARGET ACHIEVED	TARGET NOT ACHIEVED
Community Leadership and Governance Group	15 (94%)	1 (6%)
Planning and Regulatory Group	8 (41%)	11 (59%)
Land Transport Group	2 (33%)	4 (67%)
Solid Waste Group	3 (60%)	2 (40%)
Water Supply Group	5 (50%)	5 (50%)
Wastewater Group	5 (70%)	2 (30%)
Stormwater Group	4 (80%)	1 (20%)
Recreation and Community Facilities Group	14 (58%)	10 (42%)

Community Leadership and Governance

We set a target that 50% of people who consider that Council has responded well or very well to community needs and issues. During the Independent Survey in June 82% of people considered Council has responded well or very well to community needs and issues (up from 66% in the previous year).

Planning and Regulatory

We set a target that 100% of building consents would be processed within 20 working days. 443 Building

Consents were processed in the year (which is a 22% increase on the previous year) with 411 (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.

Land Transport

We set a target that we would resurface 6-8% of sealed roads during the year. During the year 5.5% of sealed roads were resurfaced. This was due to the good condition of our network and pushing some work out into the following year to get better coordination with our 3 waters team.



Solid Waste

We set a target that 90% of users satisfied with the solid waste service provided. During the independent Annual Residents Survey in June, 82% of users were satisfied with the solid waste service provided.

We set a target of 2,250 m³ of green waste be composted each year. 4,659 m³ was achieved.

Water Supply

We set a target that all water supplies comply with Parts 4 and 5 of the Drinking water Standard. Of the six supplies, this was achieved with Otane, Waipukurau, and Waipawa. As part of the big water story Council is making improvements across its treatment network to improve this compliance in the future.



We set a target that 90% of users satisfied with the water supply service. During the independent Annual

Residents Survey in June, 83% of users were satisfied with the water supply service provided.

Wastewater

We set a target that there would be <10 complaints per annum per 1,000 sewer connections. During the year 15 complaints per 1,000 were received, as Council had some sewer blockage issues during the year.

Stormwater

We set a target that there would be <5 complaints per annum per 1,000 properties connected to the stormwater system. During the year 4.3 complaints per 1,000 were received.

Recreation and Community Facilities

Within the Park, Reserves and Swimming Pools activities, the majority of measures were achieved, with some of those not achieved impacted by COVID-19.

Within the Public Toilets all targets which achieved.

Within the Retirement Housing all targets which achieved.

Within the Libraries activity some measures were not achievable due to COVID-19 closures, as well as closures due to seismic concerns.



Within the Theatres, Halls and Museums activities, many measures were not achievable due to COVID-19 level 3 and 4 closures.

For the complete list of measures and outcomes, please refer to the full Annual Report 2020/21 on our website www.chbdc.govt.nz.

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 2021

The summary of the annual report was derived from the annual report of Central Hawke's Bay District Council (the District Council) for the year ended 30 June 2021.

The summary of the annual report comprises the following summary statements on page 4 and pages 14 to 17:

- the summary statement of financial position as at 30 June 2021;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended 30 June 2021;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary of the statement of service provision (referred to as the Non-Financial Performance Overview).

Opinion

In our opinion:

- the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS-43: *Summary Financial Statements*.

Summary of the annual report

The summary of the annual report does not contain all the disclosures required by generally accepted accounting practice in New Zealand. Reading the summary of the annual report and the auditor's report thereon, therefore, is not a substitute for reading the full annual report and the auditor's report thereon.

The summary of the annual report does not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full annual report.

The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2021 in our auditor's report dated 23 September 2021.

Council's responsibility for the summary of the annual report

The Council is responsible for preparing the summary of the annual report which includes preparing summary statements, in accordance with PBE FRS-43: *Summary Financial Statements*.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the full annual report and whether the summary statements comply with PBE FRS 43: *Summary Financial Statements*.

Our opinion on the summary of the annual report is based on our procedures, which were carried out 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.

In addition to reporting on the summary and full annual reports, we have performed a limited assurance engagement related to the debenture trust deed, and the audits of the District Council's consultation document and long term plan. Other than these engagements, we have no relationship with, or interest in, the District Council.



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

