



**CENTRAL  
HAWKE'S BAY**  
DISTRICT COUNCIL

## Annual Report 2022/23

E ora ngātahi ana! Together we Thrive!



This annual report highlights the progress we have made toward achieving our outcomes for our community and our overall delivery and performance for the year 2022/23.

It has been prepared in accordance with the Local Government Act 2002 and is a legislative requirement. It also informs ratepayers and our communities about our stewardship of the district's assets, our financial performance, how we have used rates and achievements for the year. These achievements reflect the contribution of many in our community with the Council supporting community-led initiatives and working with its partners for a Thriving Central Hawke's Bay.

This annual report for 2022/23 financial year is the second of our Long-term Plan 2021-31, so the key activities we discuss follow the priorities we agreed with the community when we formed that plan. You can find this and our previous annual reports at our website [www.chbdc.govt.nz](http://www.chbdc.govt.nz)

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## Together we Thrive!

E ora ngātahi ana!

**Proud District**

**Prosperous District**

**Connected Citizens**

**Strong Communities**

**Smart Growth**

**Environmentally Responsible**

**Durable Infrastructure**

# Raarangi korero

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# *Kia ora* *From the Mayor and Council Team*

## **Tēnā koutou, tēnā koutou, tēnā koutou katoa**

This Annual Report marks a chapter in Central Hawke's Bay's history, which describes the significant impact that Cyclone Gabrielle has had on our community and Council.

The 2022/2023 financial year saw a year of extremes. Winter 2022 was one of the wettest winters on record, setting the scene for ongoing and recurring damage across Central Hawke's Bay. This ongoing weather damage peaked with Cyclone Gabrielle on 14 February, impacting not only roads and Council-owned infrastructure and services, but homes, businesses and livelihoods across our district.

### **Cyclone Gabrielle**

Cyclone Gabrielle arrived just over halfway through the financial year, fundamentally changing and shaping the months afterwards.

It brought unprecedented weather with strong winds and heavy rain bearing down across the district and wider region. This led rivers, creeks and drains to rise rapidly and, in some instances, overtop stop banks, causing significant damage to our communities, economy, transport network, infrastructure and natural landscape.

Specifically, the cyclone destroyed \$2.7 million of Council assets – mainly water assets, such as electronic equipment and minor sections

of roading – and caused \$39.6 million of damage to Council roading as outlined in the Statement of Comprehensive Revenue and Expenses. Both values, however, are based on the remaining 'book value' of the assets – the original cost of the asset minus depreciation, amortisation or impairment. The water assets have already been replaced, but the roading assets - both destroyed and damaged – still need funding and the true cost to repair is estimated between \$120 million and \$150 million.

To date, Central Government has announced \$46 million of funding for roading repairs in Central Hawke's Bay with approximately \$16 million received this year and the balance due in the next financial year.

In addition to the funding issues and financial pressures we are experiencing, the cyclone and the volume of work it has brought with it, has also put pressure on our ability to repair and maintain our roading and stormwater infrastructure and has impacted expected service levels. This has been reflected in many of our non-financial performance measures, where we have not been able to achieve these due to the impacts of the cyclone.

We also cannot underestimate the emotional cost of the cyclone on our communities. A number of people in Central Hawke's Bay remain in the process of rebuilding their homes or waiting to rebuild, particularly in Pōrangahau.

Since Cyclone Gabrielle struck, we have been leading the recovery at a local level, coordinating with our regional colleagues and negotiating with the Government to achieve the best outcome for the people of Central Hawke's Bay. The cyclone continues to have a central role in our decision-making, communications, service delivery and work programme prioritisation.

The community energy and commitment to renewal and rebuilding we've seen since February has been true local leadership in action. With your feedback you've helped shape our first recovery plan for Central Hawke's Bay, and the second round of Community Conversations, which will inform our final recovery plan.

Despite the huge challenges in past 12 months, there has been much across all of our activities that has been brought to life across our community.

## 2022 Local Government Elections

In the Local Government elections in October 2022 all Councillors of Central Hawke's Bay District Council were re-elected for the 2022-25 triennium. Collaborative decision-making and a shared commitment to putting the community first stood our team in good stead to face the broad and challenging work programme of the year.

Following the October election, Elected Members spent time reflecting on what had been achieved and what the remaining priority areas needed to be for the future. Weeks before Cyclone Gabrielle these were confirmed by Council, having to again be refocused as a result of the cyclone in June 2023.

With three key focus areas being #1 Partnership and Localism, #2 Right sized for the Future and #3 Climate Change and Resilience, these priorities have set a clear pathway for the organisation to focus on over the coming two years.

Our vision of a thriving future in Central Hawke's Bay involves several perspectives on 'well-being': proud, prosperous, strong, connected, proud kaitiaki of our environment, and custodians of our district for the next generations. Through this year of extremes, challenge and uncertainty, we have held true to that vision, and will continue to do so.

## Affordability Challenges

Alongside weather events and emergencies, the country has faced another extreme - an economic storm caused by dramatic shifts in both the global and local economy. Rising costs of living and borrowing are causing hardship for families and businesses alike.

Our results in the last financial year reflect these affordability pressures, with all activities experiencing the same strains we face at home going about our daily lives.

## Reform and Uncertainty

Undoubtedly, local government is currently in a significant period of reform and change not experienced since the 1980s. The scope of change is such that there is significant uncertainty ahead for the future shape of Council services.

Navigating this uncertain period has required a combined effort from governance and officers, having to regular strategise and remain agile to give direction and certainty to the organisation and community. We can expect to operate in this environment for the immediate future, recognising the major political and legislative changes that may result from the 2023 Central Government Elections

## Growing Tamatea Partnership

Over this year we have continued to grow our partnership with local Mana Whenua. With over a quarter of our population identifying as Māori, we have a unique opportunity to ride the wave of a cultural evolution and partnership with Māori in Tamatea-Central Hawke's Bay to achieve equality and well-being for all.

The last 12 months have seen many small but important milestones marked. This has included the establishment of the Tamatea Partnerships Committee as part of the establishment of the 2022 new triennium. While still in its infancy, this and other initiatives put us in a good position to achieve a strong strategic governance relationship for a truly intergenerational partnership for the future.

## External Funding Continued

As we have over the last three years, the last 12 months have continued to see us achieve a strong level of external funding, supporting us to deliver a range of important community projects and activities.

We've attracted over \$16m in external funding over the financial year. This has included funding through the Tourism Infrastructure Fund, Regional Growth Fund, Waka Kotahi Streets for People and Transport Choices, and the Kāinga Ora Infrastructure Acceleration Fund.

## Continuing to deliver on the Long Term Plan 2021-2031 - 'Facing the Facts'

While so much of our focus and attention has necessarily been given to Cyclone Gabrielle, we have still continued to deliver many of the key projects identified in the Long Term Plan 2021 –2031 – 'Facing the Facts'.

Key projects such as the Waipukurau to Waipawa Second Supply Drinking Water Programme, and our wastewater and drinking water renewal projects have all made solid progress and achieved important milestones over the last 12 months.

The impact of affordability, delays to the Affordable Water Reforms Programme and uncertainty relating to Cyclone Gabrielle, does mean that we will need to rephase and carefully consider the use of our remaining capital capacity for the coming months and years ahead.

## Thank you, Central Hawke's Bay!

We've all faced a challenging year. We've seen the global issues of extreme weather and economic shifts alter lives and livelihoods at a local level. We've also seen the value of local leadership, community resilience, and strong support networks across our district.

As we recover, rebuild, and plan for the future, we are shaping the thriving Central Hawke's Bay we want for our grandchildren - together.



**Alex Walker**  
Mayor of Tamatea/  
Central Hawke's Bay



**Doug Tate**  
Chief Executive



# Cyclone Gabrielle

The devastation caused by Cyclone Gabrielle when it hit from 13 February to 14 February 2022 was a major challenge for the year and its impact will be felt for years to come.

It caused a national state of emergency and severely impacted our communities, economy, transport network, infrastructure and natural landscape.

We saw extensive damage to our already vulnerable 1200km network of roads, damage to over 630 homes in Central Hawke's Bay with around 70 homes that are still uninhabitable, and damage to our stormwater and drinking water infrastructure.

While Cyclone Gabrielle has been described as one of the worst storms in New Zealand's history, the basic performance and management of the district's flood management systems has been a major focus.

Our short-term recovery efforts have focused on working with Hawke's Bay Regional Council to rapidly repair our community flood safety schemes. This includes restoring the level of protection provided by stopbanks in Waipawa in particular, allowing 400 residents to get on with rebuilding their homes.

We've also been working closely with Hawke's Bay Regional Council to develop flood mitigation options for Pōrangahau where 130 properties are still waiting to rebuild. Key priorities include working with the regional council to improve levels of gravel extraction to support the performance of the district's stopbank network and managing the impacts of Chilean Needle Grass.

While we thought 2022 was a challenging year for roading, we faced 3,400 faults across our local roading network. Immediate work involved inspecting and assessing over 1,268km of roads, 256 bridges and other vital assets across the network.

With funding support from Waka Kotahi, we have reopened all major roads and routes but we still have many roads and key routes severely compromised or closed and the continuing wet weather and high rainfall has hampered efforts and caused further damage, such as potholes.

Across our Three Waters network, the cyclone has impacted on our drinking water, wastewater and stormwater networks.

Water supply to Waipawa, Otāne and Waipukurau was heavily impacted due to pump issues from the flooding. The Tikokino borefield sustained major damage. While outside the timeline for this Annual Report, we were pleased to have funding confirmed from Central Government in September to replace and upgrade a stopbank on private land near the Waipawa Drinking Water Treatment Plant, which will help protect the water supply of around 3,200 people in Waipawa and Otāne.

Damage to the Waipawa (including Otāne) wastewater treatment plant was extensive with the full treatment system reinstated on 9 March, but, it remains closely monitored. The Waipukurau treatment plant is fully operational, however had major inundation from the event.

The impacts of Cyclone Gabrielle have required greater focus on stormwater and as a result the general stormwater programme has seen significantly more progress. Overall, there has been a clear message that the level of proactive management of Council's urban stormwater drains has been insufficient. This includes mechanical removal of vegetation and keeping culverts open and clean.

We continue to see a heightened level of awareness, concern and anxiety when weather warnings are issued. The psychological needs of the community need to be carefully monitored and supported. We also cannot underestimate the long-term personal impacts from this event that we can expect will be taxing on our community for years to come.

Towards the end of the financial year much of our work has been focused on working closely with the Government and the region's five councils to plan and fund Hawke's Bay's recovery, as well as working with affected communities on the Government's land categorisation process with nearly 600 properties and their homeowners impacted.

Despite the heartbreak during this time, there have been many heartwarming stories and examples of our communities rallying together too.

Other highlights of the effort include:

- By early April, the Central Hawke's Bay Mayoral Relief Fund had distributed nearly \$150,000 to 112 Central Hawke's Bay households, businesses, farms and community groups since it was established in February.
- The strength of community was incredible. So many people turned out to support their neighbours, friends and even strangers in some of the most challenging times.
- In mid-April our first round of Central Hawke's Bay Community Conversations took place, facilitating local recovery planning throughout the district. This formed the basis for our first version of our recovery plan, which has identified the immediate priorities for the community as well as longer-term aspirations and have helped to reframe our key priorities and issues across the district







# Highlights of 2022/23

Despite the significant challenges and extremes over the year, Central Hawke's Bay District Council continued to deliver on its Long Term Plan 2021-2031, working across our five key priority areas. This section highlights the major activities of the year.

## Governance Priorities and Projects: Thrive in Five

Council identified five key strategic priorities following the October 2019 Triennial Election. It has continued to focus on these priorities to support the smart growth and aspirations of the district and deliver on our vision for a proud and prosperous district made up of strong communities and connected citizens.

These priorities were reviewed following the 2022 Triennium Election and again following Cyclone Gabrielle in June 2023 to inform our focus for the future. We've continued to focus our efforts around these five areas.

### **Thrive in five includes:**

#### **#1 – #thebigwaterstory**

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

#### **#2 – The District Plan Review**

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

#### **#3 – Wastewater**

Wastewater 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 – 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.

With the knowledge of how important water is to our community for health and prosperity, #thebigwaterstory was born six years ago from the foundations of Project Thrive.

With a major focus on Environmental Responsibility and Durable Infrastructure, Council has made significant progress in this activity over the last six years to support the day to day lives of our communities.

This year we have progressed a number of key projects that were signalled in the Long Term Plan:

## Drinking Water

A major focus throughout the year has been the Waipukurau and Waipawa Second Drinking Water Supply project; and progressing the platform for a new reservoir between Waipawa and Waipukurau. After delays from Cyclone Gabrielle, the work was completed early in the 2023/24 year.

The year has also seen the Kairakau Water Supply Upgrade completed with funding support from the Tourism Infrastructure Fund. This project has seen major investment in the quality and safety of the drinking water supply to meet new drinking water standards. The project hasn't been without its delays and challenges, which have been reported to Council.

In August 2022 work began on the first stage of a major water pipeline upgrade on Pōrangahau Road in Waipukurau, which will help to improve the reliability and resilience of drinking water supply and support future population growth. This project was part of Council's major renewals focus from the Long Term Plan 2021 – 2031 – Facing the Facts, replacing an existing 100-year-old cast iron main.

In December 2022 we started another major asset renewal project to upgrade the water main on Great North Road. This involved replacing approximately 215 metres of aged and undersized pipe to improve resilience and reliability. We also extended the wastewater network to cater for future growth at the same time.

## Stormwater

Following Cyclone Gabrielle, work on Council's Stormwater Strategy was accelerated and refocused using the lessons learnt and experiences from the cyclone on our stormwater networks and systems. The scale of the cyclone on our networks cannot be underestimated with work immediately after prioritising:

- Connections from Council's network into the river corridor
- Inspection of stormwater pinch points and/or barriers
- Clearing of existing stormwater drains. This programme will continue.

The nature of stormwater including ownership, responsibility for maintenance and legal access is complex. It will require a long term and coordinated approach to how we address the many challenges we have across the networks, and the level of service that we are willing to pay for or are able to afford.



Top: Overview of the Waipawa to Waipukurau supply project.

# 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 2003 plan was of its time, benefiting development but sometimes at the cost of the natural environment.

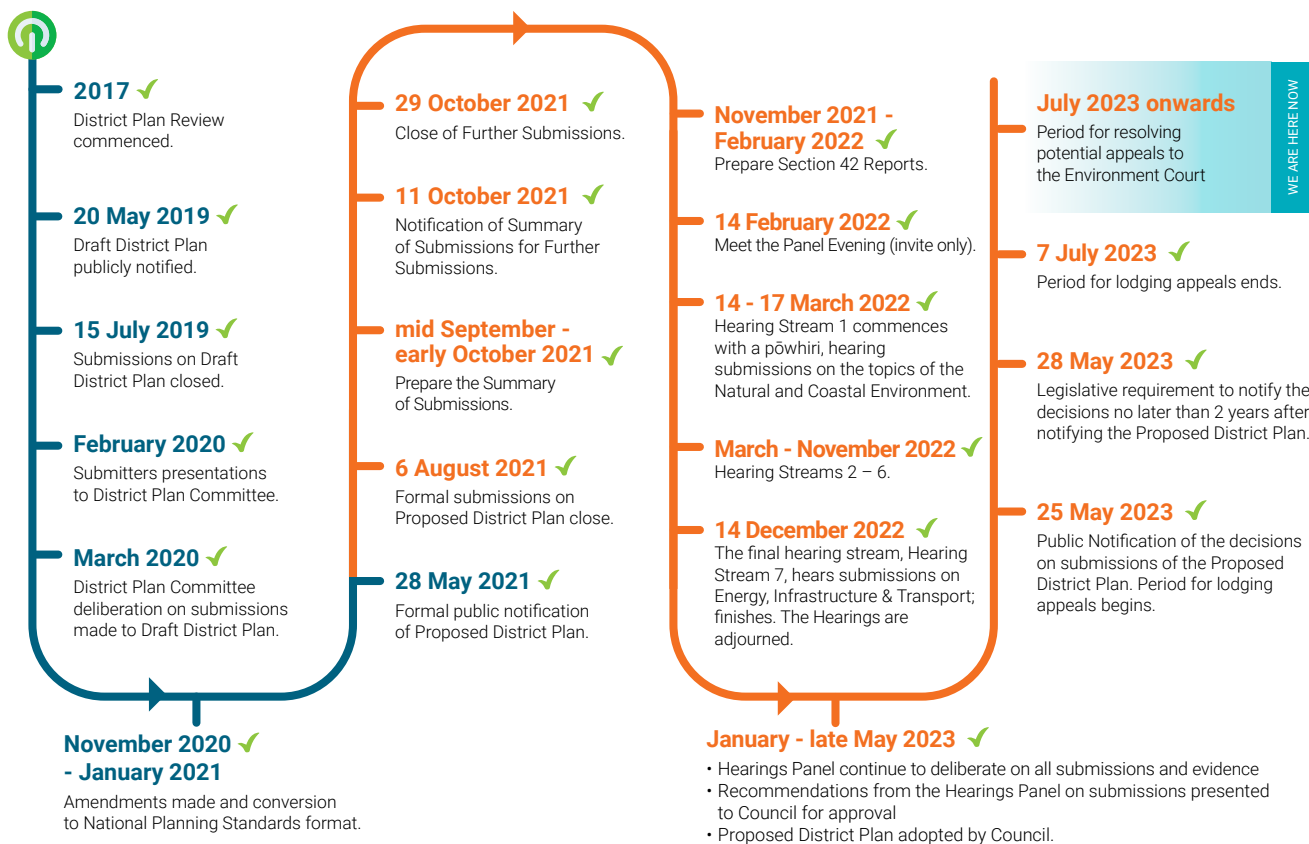
After six years of working with Mana Whenua, stakeholders and the local community we were proud to adopt the Decisions Version of the District Plan on 24 May 2023.

The Proposed District Plan now has legal effect and will become fully operative once all appeals have been resolved.

Reaching this position, comes after consulting community on a draft plan in 2019, formally releasing the Proposed District Plan in 2021, to then be heard by independent Commissioners and recommended to Council – a significant effort in six years.

This strategic document is a blueprint for the district's future and is one of the most important documents Council produces. In this plan we worked hard to strike the right balance between sustainable economic development for the district with the need to protect our natural resources, landscape and cultural heritage for future generations.

## District Plan Development Process



— Informal Phase — Legislative Formal Phase ✓ Completed ⚙ In Progress

# Priority #3 – Wastewater Treatment Projects

Significant progress, milestones reached and improvements underway.

In October 2020 Council adopted our Long Term Wastewater Strategy that sets out the direction confirmed in the 2021 -2031 Long Term Plan – Facing the Facts. 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.”*

2022/2023 saw significant development in our wastewater programme with the removal of the wastewater discharge from the Papanui catchment and the granting of the new Takapau consent and significant improvements to the treatment quality at Waipawa. The year saw a number of challenges as well.

## Removal of Discharge into the Papanui Basin

Otāne’s wastewater discharge was permanently removed from the Papanui stream via a new pipeline to the Waipawa Wastewater Treatment plant – an important first #bigwastewaterstory step towards removing all treated wastewater from the district’s waterways.



## Waipawa Treatment Upgrades

Waipawa treatment has been significantly improved by the installation of a Dissolved Air Flotation system which removes solids and therefore improves the quality of the effluent to be discharged.

## Impact of Cyclone Gabrielle

During the significantly high flows of Cyclone Gabrielle there were a number of varying impacts seen at our wastewater treatment plants across the district.

All treatment ponds experienced significant inundation from rainfall and a higher flow of wastewater.

In particular the Waipawa treatment plant was flooded by the Waipawa River, resulting in a significant amount of silt deposited within the pond, damaged fencing, damaged pumps and the movement of 5 geobags into adjacent paddocks. The Waipukurau pump station was also flooded causing damage to electricals. This damage impacted the level of treatment which could be provided and the resilience of both plants.

## Pōrangahau and Takapau Consents

In October 2022, Takapau’s new consent was granted, allowing for further progression in the design of treatment upgrades and irrigation system which will remove discharge from the Makaretu River.

A new wastewater consent for Pōrangahau and Te Paerahi’s combined wastewater discharge was applied for in August 2021. Following public notification and three pre-hearings we anticipate the consent will be granted in early 2024.

These upgrades, if consented, will see wastewater discharge removed from the river and sand dunes and rather irrigated or dispersed onto land progressively.

## Biosolids, Flow and Load Management

In line with the strategy, we have also focused on the management of biosolids (sludge) produced through the treatment process and how council can manage the flow and load entering our systems.

Earlier this year a consent was acquired for the application of biosolids to crop land for beneficial reuse. Consultation with affected parties is complete and we hope to achieve the milestone of application to land in 2024.

This year further CCTV investigations and visual inspections have taken place across the district’s wastewater network to identify where ground and rainwater are entering the network. In July 2023 the first portion of a new media campaign commenced, aiming to educate the community on how they can minimise inflow and infiltration.

More information on all of our projects can be found 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.

### Cyclone Gabrielle and Our Homes Strategy

With housing already a complex activity prior to Cyclone Gabrielle, ensuring housing outcomes for our community has become more pressing post-cyclone.

At the peak of Cyclone Gabrielle, over 600 homes were impacted, particularly in lower Waipawa and Pōrangahau.

In response, Council worked with Mana Whenua partners to refresh our existing strategy and create the ‘Our Homes Strategy’. The strategy identified a number of quick wins to be delivered and achieved collaboratively. The focus now turns to funding and delivering the plan.

### Retirement Housing

Following the adoption of the service and delivery review in 2020 of the Retirement Housing activity, Council adopted its Retirement Housing Policy in late 2021. In closing the year, the activity achieved its first surplus in many years, outlining that the key changes to achieve funding for future renovation and maintenance of the flats can occur, without reliance on ratepayer funds.

### Waipukurau South Growth Precinct (Infrastructure Acceleration Fund application)

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 landowners, the land has been zoned residential for over 20 years. However, due to constraints with infrastructure it has not been able to be developed. Council has taken a leadership role in meeting and facilitating discussions with landowners regarding opportunities for the site, including producing an outlined development plan for the precinct, in order to make a submission to the Proposed District Plan to support it.

In November 2022, Central Hawke’s Bay District Council was successful in its application for \$10.9 million from the Government’s Infrastructure Acceleration Fund to fund critical infrastructure to unlock land for new housing within the Waipukurau South Growth Precinct between Pōrangahau and Tavistock Roads. This funding will enable up to 950 much-needed new homes to be built on these 50 hectares, supporting a range of dwelling types from retirement housing to larger blocks open to market, and smaller homes.

The Waipukurau South Growth Precinct incorporates the old Waipukurau hospital site and several other landholdings. In the development of Project Thrive and the Central Hawke’s Bay Integrated Spatial Plan 2050, the area was a key project identified by community to support smart growth and long-term housing supply in Waipukurau. The required infrastructure works include various transport improvements, several kilometres of new pipeline for wastewater and water supply, a new water reservoir, and major stormwater upgrades.



Earlier this year, Council purchased the 3.6ha property at 83A Pōrangahau Road to allow Council to build stormwater infrastructure as part of the Waipukurau South Growth Precinct project. With the key area of required land currently being subdivided, the balance of the property is currently being marketed to be sold.

## 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 2022/23. The catch phrase 'Waste Free CHB' has continued to grow to embody a range of initiatives and activities that Council and its communities undertake together to reduce waste and promote environmental outcomes.

Through the Long Term Plan 2021 – 2031 following extensive community engagement, Council made the decision to extend kerbside recycling services to the rural communities of Takapau, Ongaonga, Tikokino and Otāne and also created a new rural mobile recycling trailer service. These changes continue to see increases in recycling across the district.

In Year 3 of the Long Term Plan, a proposal to end the current single-use rubbish bag service for refuse bins was also adopted. As part of the 2023/24 Annual Plan, due to affordability, the decision was made to delay the implementation of this, also recognising the multitude of other reform activities in the waste area.

Building on the Waste Management and Minimisation Plan approved in 2019, the Council continued to invest in waste minimisation education and events.

After a false start in 2021, the planned Keep New Zealand Beautiful State Highway Cleanup was achieved with over 80 people taking to the state highway between Waipawa and Waipukurau for this major clean up, cleaning it in three hours.

Other activities and events included:

- Continued investment in the Enviroschools Programme
- Continued delivery of the Zero Waste education programme
- Delivery of the Paper to Trees programme to schools
- Continued the Second-hand Sunday Initiative.

The 12 months wasn't without its challenges, however – particularly from Cyclone Gabrielle. Waste from flood affected properties saw major increases in tonnages to landfill, with Council working to place mobile bins in affected areas and lifting landfill fees for those homes who were severely affected. Council also had to receive waste from Hastings and Napier for a period with their landfill inoperable.

The increase in waste from Cyclone Gabrielle, meant the activity did not achieve its targets for waste reduction despite increases in recycling overall.

A particularly wet year also saw increases in the volume of tankering of leachate from the landfill, despite the completion of the landfill leachate irrigation project. Officers are continuing to explore and operationalise this project to see the investment in the project realised.



**WASTE FREE**  **CHB**

# More highlights over the last 12 months

Outside of our Thrive in Five projects and priorities, there were a number of other highlights and notable opportunities and challenges over the last 12 months.



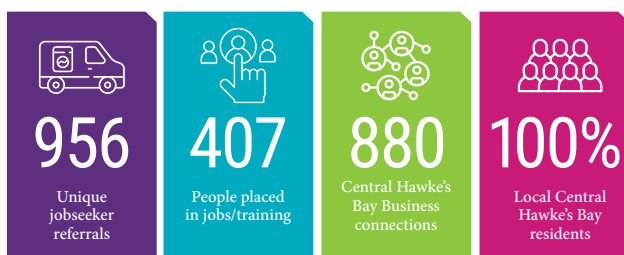
## Mayor's Taskforce for Jobs

Jobs in Central Hawke's Bay won the Martin Jenkins Excellence Award for Economic Well-Being at the Local Government NZ Conference in August. This employment project, run in communities nationwide, received multi-year funding from Central Government in the May 2023 budget announcement.

The programme has been hugely successful for finding local jobs for local people by breaking down barriers between employers and job seekers. It has achieved transformational change for our district both socially and economically and has had a strong influence on creating a growing positive "culture of work" in our community.

It was launched in 2020 off the back of a difficult time for our district, following a period of drought for our farmers with productivity falling and COVID-19. Ministry of Social Development (MSD) statistics show that between June and July 2020 the number of people receiving Work and Income support in Central Hawke's Bay increased, with it peaking at 919, an increase of over 40 in just one month.

Since then, we have had nearly a thousand unique jobseekers approach us for support in finding employment – almost half of these were young people between 16 and 24-years-old, and secured employment for just over 400 people. It has provided support to 880 local businesses to grow by connecting them to jobseekers, networking events, regular economic updates, training and workshops. And as a result, has been key to Central Hawke's Bay consistently having one of the lowest unemployment rates in Aotearoa New Zealand.



## Celebrating our stories, culture and heritage

In November, Central Hawke's Bay was recognised when the district took out the supreme award, three major category awards and a highly commended at the inaugural Hawke's Bay Heritage Awards.

Of the eight categories awarded, Ngā Ara Tipuna, a cultural storytelling tour of historic Pā sites in Waipukurau and Takapau, won two, including the overall Supreme Award and the Māori Realm Award.

## Support for Transport Improvements

In September we were one of 13 Councils across Aotearoa New Zealand to receive Waka Kotahi NZ Transport Agency Streets for People funding. This will allow us to test traffic interventions along State Highway 2 through Waipawa for a safer, healthier street for all road users, starting in 2023-24.

In December, Waka Kotahi NZ Transport Agency's Transport Choices Programme announced up to \$4M of funding for nearly four kilometres of footpaths and safe crossings in the centre of Otāne, and 250m of footpaths along the main road to the local school in Pōrangahau. Work on this project will commence in the 2023/24 year.







### **Completion of Pōrangahau and Wimbledon Road Upgrade**

In October, Central Hawke's Bay District Council completed the long-needed improvements to Pōrangahau and Wimbledon Roads, funded in 2019 by a \$20.1m investment by Kānoa, the Government's Regional Economic Development and Investment Unit.

This vital arterial route to Napier Port was previously prone to repeated flooding. These much-needed upgrades now ensure access for local businesses and residents, and anticipate growth in the forestry sector. The opening of the route saw Ministers visit the length of the roading network and see the major improvements across the roading network.



### **Supporting Tourism**

We received \$738,000 from the New Zealand Tourism Infrastructure Fund, which provided much-needed upgrades at Pouterere Beach Reserve and Otaia/Lindsay Bush Reserve, and a motorhome septic dump station at Takapau. Work on the Pouterere toilets were completed through the year, following delays due to the Cyclone.



# Statement of Māori Contribution to Decision-Making

Tautoko me te akiaki i Ngāi Māori hei āwhina i ngā whakataunga  
Supporting and Encouraging Māori to contribute to Council Decision Making

Tāngāta Whenua play a hugely significant role in the district in terms of leading economic, environmental, social and cultural opportunities for the community.

This considered, the scope for Māori involvement in decision making is wide and varied. Council recognises the mana, rights, and interests of Māori, considering the relationship of Māori and their culture and traditions with their ancestral land, water, sites, waahi tapu, valued flora and fauna, and other taonga.

## **Tuhono Mai Tuhono Atu**

In 2020 Council adopted its Māori Engagement Strategy as a channel to ensure council continues to consider and promote the current and future opportunities for Māori well-being.

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*The Māori Engagement Strategy was developed in partnership with Tāngāta whenua, Mana Whenua and Council in 2020.*

---

Developed in conjunction with Te Taiwhenua o Tamatea, the Strategy seeks to ensure that as a Council and community we are acting as a key enabler in supporting Tāngāta Whenua to achieve their aspirations.

The strategy provides a framework for priorities that contribute toward our collective aspirations for cultural development – both internally as an organisation and outward facing to our community.

---

*We realise that achieving this will require time, flexibility, and the ability to self reflect.*

---

## **Our Policy Approach**

Our approach to partnering with Māori will continue to be enhanced and grow as the fires of our partnership are fanned.

Council's **Governance Policy Framework** sets the Māori Contribution to Decision Making Policy as an integral policy in Council's overall Governance Policy Framework.

The **Māori Contribution to Decision Making Policy** recognises the unique position of Tāngāta whenua of Tamatea / Central Hawke's Bay District and the important role Māori play in Council's decision-making processes. It sets our recognition of Te Tiriti o Waitangi / the Treaty of Waitangi as New Zealand's founding document. Our relationship with and responsibilities to Māori are grounded by this and guided by relevant law.

Council's **Significance and Engagement Policy** also sets out the engagement principles and practices that guide when and how council will engage with the community as part of any decision-making process. The Policy acknowledges the unique status of Māori and the wider Māori community and is committed to ensuring that it provides opportunities for Māori to contribute to in the decision-making process.

## Te Tiriti o Waitangi – Treaty of Waitangi Obligations

We recognise Te Tiriti o Waitangi as the founding document between Māori and the Crown.

For Council, the legislative recognition of Te Tiriti o Waitangi is provided for in the Local Government Act 2002. There are specific provisions in Parts 2 and 6 of the Act which provide principles and requirements for Council to facilitate participation by Māori in local authority decision-making processes. The Act states that Council must:

- Establish and maintain processes to provide opportunities for Māori to contribute to the decision-making processes of the local authority.
- Consider ways in which it may foster the development of Māori capacity to contribute to the decision-making processes of the local authority.
- Provide relevant information to Māori for these purposes.

The Resource Management Act 1991 (RMA) is another key piece of legislation applicable to local government. Section 8 of the RMA requires all persons exercising functions and powers under it in relation to managing the use, development, and protection of natural and physical resources shall take into account the principles of Te Tiriti o Waitangi.

## The Tamatea Way

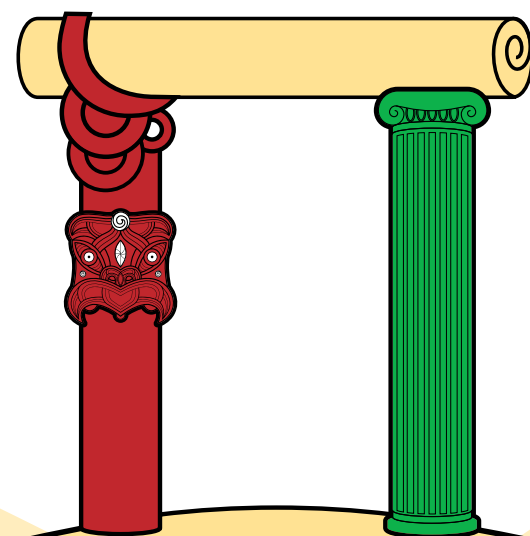
The Tohu shown below, introduced into into Tuhono Mai Tuhono Atu is an interpretation of Tamatea's concept of equality and partnership according to Te Tiriti o Waitangi, te Te Reo Māori version of the Treaty.

As an authority we welcome responsibility to work with iwi Māori to give effect to and realise the promise of Te Tiriti o Waitangi. We realise that achieving this will require time, flexibility, and the ability to self-reflect. Our success will be shaped by our ability and capacity to form a range of relationships with iwi and Māori in our rohe.

The two strong Pou upholds the treaty scroll the founding document for partnership between these two entities, Ngā Marae Me Ngā Hāpu o Tamatea and Central Hawke's Bay District Council on behalf of the Crown.

The Pou stand of equal height width and diameter, representing the equal right of decision-making through connections and conversations as set out in our **Māori Contribution to Decision Making Policy**.

The Waharoa is the entranceway by which we enter into strong partnerships that determine and guide ongoing strengthening.



# 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 2022 fairly reflect the financial position of Central Hawke's Bay District Council



**Alex Walker**  
Mayor of Tamatea/  
Central Hawke's Bay



**Doug Tate**  
Chief Executive

# Independent Auditor's Report

To the readers of Central Hawke's Bay District Council's  
Annual Report for the year ended 30 June 2023



TO COME

# Independent Auditor's Report

To the readers of Central Hawke's Bay District Council's  
Annual Report for the year ended 30 June 2023



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# Section Two

## Council Services




### Groups of Activities

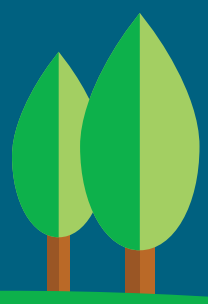
- Leadership, Governance and Consultation Group 25
- Planning and Regulatory Group 29
- Land Transport Group 37
- Solid Waste Group 40
- Water Supplies Group 43
- Wastewater (Sewerage) Group 46
- Stormwater Group 49
- Places and Open Spaces 52



# Groups of Activities

We've got an ambitious plan to bring the vision and goals for a Thriving Central Hawke's Bay of the future to life. How the activities and services we deliver support the achievement of our community's vision and goals can be summarised below.

Vision		Central Hawke's Bay – 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.						
Our DNA		Working Together   Customer Excellence   Thinking Smarter   Planning for Tomorrow						
Goals		 Proud District	 Prosperous District	 Strong Communities	 Connected Citizens	 Smart Growth	 Environmentally Responsible	 Durable Infrastructure
Groups of Activities:	Leadership, Governance and Consultation	✓	✓	✓	✓	✓	✓	
	Planning and Regulatory Services	✓	✓	✓		✓	✓	
	Land Transport		✓		✓			✓
	Solid Waste	✓	✓	✓	✓	✓	✓	✓
	Water Supplies	✓	✓	✓	✓	✓	✓	✓
	Wastewater	✓	✓	✓	✓	✓	✓	✓
	Stormwater						✓	✓
	Places and Open Spaces	✓	✓	✓	✓		✓	



# Leadership, Governance and Consultation Group

## Leadership, Governance and Consultation

### What Council does

This activity enables elected Councillors to effectively govern the activities, services and projects delivered by the Council. Councillors must represent their communities and make decisions in an open, transparent and accountable manner.

The activity in this section supports the decision-making processes of elected members and ensures decisions are made in accordance with guiding legislation, including the preparation of reports and other supporting functions, to ensure a functioning local democracy exists in Central Hawke's Bay.

Through this activity, funds such as the Community Voluntary Organisation Scheme (CVOS) are sourced and distributed to community organisations through the Social Development Activity.

### The Leadership, Governance and Consultation Activity supports the following goals of Council:



LEVEL OF SERVICE TO BE DELIVERED	TARGETS TO MEASURE OUR SUCCESS IN 2022/23	ACHIEVED LEVEL OF SERVICE
Council that listens to its community, responds efficiently and effectively, communicates well and has a can-do customer services attitude.	85% of people who consider that Council has responded well or very well to community needs and issues.	<p><b>Not Achieved</b></p> <p>76% of people consider that Council has responded well or very well to community needs and issues.</p> <p>This is an area that Council continues to work on, recognising the Council has responded to a wide range of issues in the last 12 months, most notably Cyclone Gabrielle.</p> <p>Through the Residents' Opinion Survey, we received consistent positive feedback in relation to our response to the cyclone.</p> <p>2022 Result: 77%.</p>
	100% of formal consultation follows legislative and policy requirements.	<p><b>Achieved</b></p> <p>All consultation has been compliant with legislation and policy.</p> <p>2022 Result: 100%.</p>
	85% of people consider that Council has communicated well on Council business.	<p><b>Not Achieved</b></p> <p>81% of people consider that Council has engaged and communicated well about Council business.</p> <p>The feedback from the Residents' Opinion Survey in relation to this is mixed: we have strong feedback from people saying that they appreciated the good communication while others have commented that they feel unheard or are not receiving adequate consultation on various matters.</p> <p>2022 Result: 91%.</p>
	60% of Iwi and Marae report to be satisfied with the level of engagement and partnership with Central Hawke's Bay District Council.	<p><b>Not Achieved</b></p> <p>Steady progress has been made with Mana Whenua including a range of hui, communications and wananga; however, we have still not reached a point of maturity of our relationships to appropriately measure the level of satisfaction.</p> <p>2022 Result: Not Achieved</p>

## Social Development

### What Council does

Council provides Social Development services to foster the growth of community social assets. Council's role is to advocate, facilitate and coordinate the sustained enablement and enhancement of the community's social well-being.

Primarily this is achieved through the implementation of the District's Community Well-Being Strategy, along with the management of the 'network of networks', which provides important social services and connections across the District and Region.

The activity also coordinates Council's community planning programme, with successful results already in Ongaonga and Takapau.

The distribution of community funding, both funded by Council and other organisations such as Creative NZ, is also a major focus of this activity.

### The Social Development Activity supports the following goals of Council:



### What we delivered

LEVEL OF SERVICE TO BE DELIVERED	TARGETS TO MEASURE OUR SUCCESS IN 2022/23	ACHIEVED LEVEL OF SERVICE
Council has a strong voice so that it can, in partnership with community, advocate and lead change in social issues and opportunities for the District.	95% of the community is satisfied with the Social Development activity of Council.	<b>Not Achieved</b> 76% of people were satisfied with the Social Development activity of Council. From the feedback received through the Residents' Opinion Survey, there were a number of concerns regarding housing, affordability, public transport and transparency around communication, but these concerns didn't necessarily relate to the services of Council. 2022 Result: 90%.
	Council implements the Social Well-Being Strategy	<b>Achieved</b> Council continues to make solid progress through the implementation of the Network of Networks? Action Plans. 2022 Result: Achieved
Council creates opportunities for the community to build capacity and is resourced to deliver on community priorities.	85% of community groups associated with the Social Well-Being Network are satisfied with the advice and support provided by Council. Council supports community groups to achieve their goals.	<b>Achieved</b> 100% of Network of Networks? partners who responded to the 2022/23 Social Development survey were satisfied or very satisfied with the advice and support provide by Council. 2022 Result: 98%.
	100% of community groups supported by Council are satisfied with the level of service provided.	<b>Not Achieved</b> 95% of Network of Networks? partners who responded to the 2022/23 Social Development survey were satisfied or very satisfied with the level of service provided. While still a great achievement at 95%, this hasn't met the very high standard the target measure sets. 2022 Result: 100%.

# Economic Development

## What Council does

This activity primarily supports the sustainable economic well-being and prosperity of Central Hawke’s Bay. Primarily delivered through the District’s Economic Development Action Plan 2019, it leverages on coordinated leadership and the facilitation of shared outcomes.

## The Economic Development Activity supports the following goals of Council:

**ENVIRONMENTALLY RESPONSIBLE**  
HE WHAKAARO NUI KI TE TAI AO

**STRONG COMMUNITIES**  
HE HAPORI KAHA

**SMART GROWTH**  
HE TIPU ATAMA I

**PROSPEROUS DISTRICT**  
HE ROHE TŌNUI

## What we delivered

LEVEL OF SERVICE TO BE DELIVERED	TARGETS TO MEASURE OUR SUCCESS IN 2022/23	ACHIEVED LEVEL OF SERVICE
Council supports the enhancement of economic well-being by the delivery of increased job opportunities, a diversified and resilient local economy, and increased productivity.	Council implements the 2019 Economic Development Action Plan (Implementation Plan).	<b>Not Achieved</b> Due to staff changes, there has been a delay in the implementation of actions.
	90% of the representatives of the Economic Leadership Group are satisfied that the 2019 Economic Development Action Plan deliverables are being achieved.	<b>Not Achieved</b> Due to staffing changes, there has been a delay in achieving this measure. There has been support provided post-cyclone for local businesses and an Economic Development Recovery meeting has been held, including regular forums held with the business community. Feedback on Council’s involvement has been positive to date.

**Funding Impact Statement for the year ending 30 June 2023 for**

**Community Leadership Group**

	2022 Long Term Plan \$000	2023 Long Term Plan \$000	2023 Annual Plan \$000	2023 Actual \$000
<b>SOURCES OF OPERATING FUNDING</b>				
General rates, uniform annual general charges and rates penalties	1,604	1,724	1,922	1,953
Targeted rates	0	0	0	0
Subsidies and grants for operating purposes	34	35	35	1,014
Fees, charges	25	77	34	24
Interest and dividends from investments	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	509
<b>Total operating funding</b>	<b>1,663</b>	<b>1,836</b>	<b>1,991</b>	<b>3,500</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>				
Payments to staff and suppliers	1,145	1,301	1,439	2,777
Finance costs	0	0	0	0
Other operating funding applications	523	549	566	462
<b>Total applications of operating funding</b>	<b>1,668</b>	<b>1,850</b>	<b>2,005</b>	<b>3,239</b>
<b>Surplus (deficit) of operating funding</b>	<b>(5)</b>	<b>(14)</b>	<b>(14)</b>	<b>261</b>
<b>SOURCES OF CAPITAL FUNDING</b>				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	9	8	8	0
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
<b>Total sources of capital funding</b>	<b>9</b>	<b>8</b>	<b>8</b>	<b>0</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>				
<b>Capital expenditure</b>				
- to meet additional demand	0	0	0	0
- to improve the level of service	10	0	0	0
- to replace existing assets	0	0	0	0
Increase (decrease) in reserves	(6)	(6)	(6)	(261)
Increase (decrease) of investments	0	0	0	0
<b>Total application of capital funding</b>	<b>4</b>	<b>(6)</b>	<b>(6)</b>	<b>(261)</b>
<b>Surplus (deficit) of capital funding</b>	<b>5</b>	<b>14</b>	<b>14</b>	<b>(261)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Council's operational income was ahead of budget by \$1.5 million due to external funding from Central Government – examples of this includes program funding: He Ringa Whanau Ora, Tamatea Housing Taskforce, Mayors Taskforce for Jobs.

This additional funding has also led to additional expenditure as the unbudgeted programs were delivered.

# Planning and Regulatory Group

## District Planning

### What Council does

The Council prepares plans and policies that deliver the Resource Management Act 1991 (RMA), including Development Strategies and the District Plan.

The District Plan, a legal requirement under the RMA, controls the way we use, subdivide and develop land in our District. It identifies where activities can take place, how land can be developed and what special features of our District should be protected.

This requires careful consideration and balancing of the need to protect our heritage, taonga and quality of living environments with enabling development and growth.

### District Plan Review

In 2017, Council embarked on a full review of its District Plan. The current District Plan is nearly 20 years old and is no longer compliant with the RMA. In May 2021, the Proposed District Plan was formally notified. Council received 123 submissions and 29 further submissions on this proposed plan and appointed a Panel of Commissioners, chaired by Commissioner Robert Schofield, to assess the submissions. The formal hearings for the District Plan review concluded at the end of 2022. In May 2023, Council formally adopted and notified the decisions-version of its Proposed District Plan in line with statutory timeframes. The Proposed District Plan is currently subject to appeals under the Environment Court and will not be completely finalised until all appeals are resolved.

Over the next ten years, investment is planned to see a continually rolling review of the District Plan put in place. This rolling review will be critical to ensure the plan remains compliant with resource management legislation, including the two new acts (the Natural and Built Environment Act and the Spatial Planning Act) that replaced the Resource Management Act 1991 in August 2023. This rolling review will also ensure Council is well prepared to keep pace with the growth our District is currently experiencing, and which is forecast to continue over the coming decades.

### The District Planning Activity supports the following goals of Council:



### What we delivered

LEVEL OF SERVICE TO BE DELIVERED	TARGETS TO MEASURE OUR SUCCESS IN 2022/23	ACHIEVED LEVEL OF SERVICE
Council creates an environment where development and the use of land in our District balances the need for growth while protecting our special places and community values.	A District Plan that is current within the statutory time frames.	<p><b>Achieved</b></p> <p>Decisions on matters and provisions raised in submissions were notified on 25 May 2023. This was within the two-year statutory time frame from the date of notification of a Proposed District Plan, as outlined in the Resource Management Act 1991.</p> <p>Appeals have since been received on the decisions and officers are working towards how they will be resolved. The Proposed District Plan cannot become operative until all appeals are resolved, of which there are no statutory time frames.</p>
	A District Plan that is future-focused and responsive to the District’s growth and development.	<p><b>Achieved</b></p> <p>Council now has a notified District Plan that is fit for purpose.</p>

## Land Use and Consenting

### What Council does

The Council processes and provides advice on resource consent applications, which enable the use, development and subdivision of land in line with our District Plan and other policies.

When assessing applications or providing advice, we look at how any proposed use, development and subdivision will affect the whole community.

We work with developers to facilitate new initiatives and developments in our District. As part of this, we work to ensure the advice we give and the consents we issue benefit the wider community and facilitate good development decisions.

We monitor compliance with the District Plan standards and conditions of consents to ensure any negative effects on the environment are avoided, remedied or mitigated.

This sometimes means there are appeals to the Environment Court on our decisions, and managing that process is an important part of this activity.

### Growth a major focus

Forecast growth is expected to be a major ongoing challenge in this area. We are managing unprecedented levels of growth and development in the District, not seen to the same extent since the 1960s.

In the last two years, we have seen a period of unprecedented growth. An additional 1,500 homes are expected to be constructed over the next ten years across the District, with subdivision of land required to create new land parcels for these homes.

### The Land Use Consent Activity supports the following goals of Council:





## What we delivered

LEVEL OF SERVICE TO BE DELIVERED	TARGETS TO MEASURE OUR SUCCESS IN 2022/23	ACHIEVED LEVEL OF SERVICE
<p>To enable use, development and subdivision of land in line with our District Plan and other environmental policies.</p>	<p>80% of resource consents (non-notified) are processed within 20 working days (the statutory time frame).</p>	<p><b>Not Achieved</b></p> <p>223 consents were processed during the 2022/2023 year. 133 of these were processed within the 20 day statutory timeframe, while 90 were not.</p> <p>The adoption of the Proposed District Plan (Decisions Version) has increased complexities throughout our consent decisions and has increased time frames for processing while we seek legal opinions and ensure consistency in the application of the new rules.</p> <p>There is still a heavy reliance on external consent processing as the team look to increase internal resources, including senior-level and planner-level resources, which we know is having a material impact on the delivery of these services.</p> <p>2022 Result: 62%.</p>
	<p>90% of customers are satisfied with the land use and subdivision consent services provided.</p>	<p><b>Not Achieved</b></p> <p>59% of people were satisfied with the land use and subdivision consent services provided. This is a decline from last year. The feedback received through the Residents' Opinion Survey was that there was concern around subdivision and development going ahead without public notification (despite not being legally required to), longer processing times and environmental impact from some developments, with the comments not necessarily linked to the services provided. However, some of these comments do reflect the pressure and volume of consenting the activity has experienced over some time.</p> <p>2022 Result: 87%.</p>

## Building Control

### What Council does

The Council is responsible for receiving, processing and issuing building consents. This involves processing applications, conducting inspections throughout building projects, enforcing building standards and responding to building-related complaints.

As a Council, we must manage building consents in a manner that contributes to the health and well-being of the community. We work hard to ensure that all people, including developers, understand the requirements, costs and time frames involved in a building process.

Providing advice and guidance throughout the process is an important part of this activity and helps to generate successful outcomes for all. We encourage people to come and talk to us before or during works to ensure things are done correctly the first time.

### A growing District

There are 1,500 new homes forecast for construction in Central Hawke's Bay over the next ten years. In the 22/23 year, the District experienced its largest year for Residential Dwellings with 175 new dwelling consents processed.

Further expansion and capital investment in commercial construction is expected over the life of this plan. This growth will require Council to be prepared to respond to this increase in building consents.

### The Building Control Activity supports the following goals of Council:



### What we delivered

LEVEL OF SERVICE TO BE DELIVERED	TARGETS TO MEASURE OUR SUCCESS IN 2022/23	ACHIEVED LEVEL OF SERVICE
To protect the community from unsafe buildings and ensure buildings are designed and constructed in a manner that promotes sustainable development.	100% of building consents are processed within 20 working days (the statutory time frame).	<b>Not Achieved</b> 80.46% of consents were processed within the 20 working day time frame during the year. This figure was impacted by Cyclone Gabrielle which diverted resources away from processing for several weeks and the team were also short staffed for part of the year. The Building Consents Team are back to full compliment and are working to get back to the 100% target for 2023/24. 2022 Result: 73%.
	90% of customers are satisfied with the building consent services provided.	<b>Not Achieved</b> 88% of people were satisfied with the Building Control services provided. 2022 Result: 88%.

## Environmental Health

### What Council does

The Council monitors and enforces environmental and public health standards to keep our community safe and healthy.

We ensure that public health standards are maintained so that you can be confident that your food is safe when you go out to eat. We also respond to complaints in accordance with our legislative responsibilities.

This activity delivers three key functions among other powers and responsibilities:

1. Registration and inspection of premises including hair salons, camping grounds and funeral directors
2. Registration and auditing of food premises
3. Alcohol licensing

### The Environmental Health Activity supports the following goals of Council:



### What we delivered

LEVEL OF SERVICE TO BE DELIVERED	TARGETS TO MEASURE OUR SUCCESS IN 2022/23	ACHIEVED LEVEL OF SERVICE
To keep the community safe and healthy by ensuring environmental and public health standards are maintained.	100% of Complaints received are responded to within 3 working days.	<b>Achieved</b> 16 complaints were received this year and were responded to within three working days. 2022 Result: 100%.
	95% of customers satisfied with the public health services delivered.	<b>Not Achieved</b> 87% of people were satisfied with the public health services delivered. The feedback through the Residents' Opinion Survey was that there were concerns regarding the number of liquor licences being issued in certain areas and how some of the licences were being adhered to. There was also strong feedback around wait times to see doctors, which while not directly linked has affected the results of satisfaction for this area. 2022 Result: 95%.

## Animal Services

### What Council does

The Council delivers services to manage dog and stock control, safeguarding the public from wandering, threatening and aggressive animals. This includes educating the public on responsible animal ownership and providing services for dog registration.

We receive and respond to complaints from the public and issue fines for breaches of legislation when necessary.

The Council operates a pound, which provides roaming or abandoned animals with shelter and food and offers a microchipping service.

This involves rehoming stray animals where possible and appropriate. We have a statutory responsibility to undertake this activity, through the Dog Control Act 1996 and the Stock Impounding Act 1955.

### The Animal Services Activity supports the following goals of Council:



### What we delivered

LEVEL OF SERVICE TO BE DELIVERED	TARGETS TO MEASURE OUR SUCCESS IN 2022/23	ACHIEVED LEVEL OF SERVICE
To ensure that animals are looked after in a humane manner and are not menacing, dangerous or a nuisance to the public.	More than 95% of known dogs are registered.	<b>Achieved</b> 97% of dogs are currently registered. 2022 Result: 97%.
	100% of serious dog incidents are responded to within two hours.	<b>Achieved</b> A total of 43 serious dog incidents have been received to 30 June 2023, all of which were attended to within two hours. 2022 Result: 100%.
	100% response to all stock complaints and requests within 24 hours.	<b>Achieved</b> A total of 59 stock complaints have been received to 30 June 2023, all of which were attended to within 24 hours. 2022 Result: 100%.
	90% of users are satisfied with the Animal Control service provided.	<b>Not Achieved</b> 83% of people were satisfied with the Animal Control services provided. This is a decline from the previous year. The feedback received through the Residents' Opinion Survey concerned the absence of a rehoming facility and the number of wandering dogs. 2022 Result: 91%. -

## Compliance and Monitoring

### What Council does

This activity ensures that standards, either set by Council through policies or bylaws, or by Central Government legislation that Council is required to monitor, are being met.

This includes monitoring the conditions of resource consents and requirements of the Resource Management Act 1991 (RMA).

We carry out inspections under legislation, including the inspection of swimming pool fences and management of earthquake prone building legislation. We also implement our requirements under the Building Act 2004, relating to Building Warrants of Fitness and other related requirements.

We respond to noise complaints and other bylaw breaches, and issue Land Information Memorandums (LIMS) and Property Information Memorandums (PIMS).

### The Compliance and Monitoring Activity supports the following goals of Council:



### What we delivered

LEVEL OF SERVICE TO BE DELIVERED	TARGETS TO MEASURE OUR SUCCESS IN 2022/23	ACHIEVED LEVEL OF SERVICE
To ensure that animals are looked after in a humane manner and are not menacing, dangerous or a nuisance to the public.	95% of owners or their agents are advised that their BWOF has lapsed within one month of expiry.	<b>Achieved</b> 100% notified 2022 Result: 100%.
	100% of PIMs, LIMs and CCCs are issued within the statutory time frame.	<b>Achieved</b> 100% of LIMs have been delivered within ten days. No PIMs or CCCs have been requested. 2022 Result: 100%.
	100% of complaints about non-compliance with bylaws are responded to within three days.	<b>Achieved</b> A total of 107 complaints have been received to 30 June 2023 and addressed within three working days in the quarter. 2022 Result: 100%
	100% of resource consents are monitored within two years of being issued.	<b>Not Achieved</b> Resource consents have not been monitored this year due to resourcing. We are working towards reallocating a 0.5FTE resource to monitor resource consents for the next year. 2022 Result: Not achieved
	90% of users satisfied with the Compliance and Monitoring service provided.	<b>Not Achieved</b> 71% of people were satisfied with monitoring and investigation of property issues related to building and resource consents. The feedback received from the Residents' Opinion Survey was that people expressed a desire for more proactive and regular communication. They reported Council takes too long to respond to issues, Council is not taking appropriate action, and they found it hard to obtain clear information and guidance from Council. 2022 Result: 71%.

## Funding Impact Statement for the year ending 30 June 2023 for

# Planning and Regulatory Group

	2022 Long Term Plan \$000	2023 Long Term Plan \$000	2023 Annual Plan \$000	2023 Actual \$000
<b>SOURCES OF OPERATING FUNDING</b>				
General rates, uniform annual general charges and rates penalties	1,238	1,428	1,429	1,389
Targeted rates	0	0	0	0
Subsidies and grants for operating purposes	0	0	0	37
Fees, charges	1,686	1,805	2,308	2,243
Interest and dividends from investments	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	16	17	15	72
<b>Total operating funding</b>	<b>2,939</b>	<b>3,250</b>	<b>3,752</b>	<b>3,741</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>				
Payments to staff and suppliers	2,920	3,306	3,830	4,037
Finance costs	66	88	79	61
Other operating funding applications	597	638	669	583
<b>Total applications of operating funding</b>	<b>3,583</b>	<b>4,032</b>	<b>4,578</b>	<b>4,681</b>
<b>Surplus (deficit) of operating funding</b>	<b>(644)</b>	<b>(782)</b>	<b>(826)</b>	<b>(940)</b>
<b>SOURCES OF CAPITAL FUNDING</b>				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	1,344	782	826	619
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
<b>Total sources of capital funding</b>	<b>1,344</b>	<b>782</b>	<b>826</b>	<b>619</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	700	0	0	9
- to replace existing assets	0	0	0	0
Increase (decrease) in reserves	0	0	0	(330)
Increase (decrease) of investments	0	0	0	0
<b>Total application of capital funding</b>	<b>700</b>	<b>0</b>	<b>0</b>	<b>(321)</b>
<b>Surplus (deficit) of capital funding</b>	<b>644</b>	<b>782</b>	<b>826</b>	<b>940</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Fees and charges were above last year's levels, but the budget proved optimistic as the resource and building consent income dipped compared to the prior year.

Despite the drop in consenting income, Council has been carrying staff vacancies in this area, which has required part of this activity to be outsourced and so driven costs up. These costs were not fully recovered through fees and charges.

The District Plan Review reached another milestone with the plan notified and is now subject to an appeal process.

# Land Transport Group

## Land Transport

### What Council does

Council is the road controlling authority for Central Hawke's Bay. Our role is to provide a transport system that improves well-being and liveability by providing safe, sustainable, reliable, efficient and effective movement of people and goods.

The existing transport network is a significant part of the District's core infrastructure and contributes to the social and economic well-being of residents, visitors and businesses.

Our transport network is essential to the continued growth and economic success of Central Hawke's Bay District and must be managed safely, efficiently and effectively now and in the future.

### Funding Assistance Rate (FAR)

As part of the National Land Transport Programme run by Waka Kotahi NZ Transport Agency, each Council receives a Funding Assistance Rate (FAR). This offsets the rates cost of local land transport activities, such as local road maintenance and improvements, public transport and cycling improvements.

Currently Council receives a 60% FAR from Waka Kotahi NZ Transport Agency, with rates forming the remaining 40% of the cost of current subsidised works Council completes.

The FAR rate we receive is forecast to decrease over the 2021–2031 Long Term Plan. This means that ratepayers will have to pay 1% more for the cost of everyday roading services each year until the FAR rate eventually reduces to 59% in 2023/24.

### The Land Transport Activity supports the following goals of Council:



## What we delivered

LEVEL OF SERVICE TO BE DELIVERED	TARGETS TO MEASURE OUR SUCCESS IN 2022/23	ACHIEVED LEVEL OF SERVICE
To deliver safe, reliable and lasting road assets that connect our people and places and allow our District to prosper.	Reduce fatalities and serious injury crashes on the local road network to zero.	<p><b>Not Achieved</b></p> <p><b>Year: 1 July 2022–30 June 2023 Summary</b></p> <p>Zero fatalities Eight serious injuries</p> <p><b>Quarter 1</b></p> <p>Two serious injuries were reported between 1 July 2022 and 30 September 2022. One motorcycle lost control due to loose gravel. One cyclist wearing black clothing with no helmet and no light was hit from behind in the dark. There have been no fatalities on the network during this period.</p> <p><b>Quarter 2</b></p> <p>Four serious injuries – none were road condition related: two were alcohol and drug related; one involved an accident on an intersection that is programmed for safety improvements; and one involved a car and pedestrian in an urban area. There have been no fatalities this quarter.</p> <p><b>Quarter 3</b></p> <p>Zero fatalities There has been one serious injury this quarter. This involved a motorbike accident where speed and alcohol were suspected factors.</p> <p><b>Quarter 4</b></p> <p>Zero fatalities One serious injury where a passenger jumped from a moving vehicle at 70 km/h. 2022 Result: Not achieved</p>
	85–90% quality of ride on a sealed local road network, measured by smooth travel exposure.	<p><b>Achieved</b></p> <p>The average ride quality on the local sealed road network is 90.7%; however, we acknowledge there are still considerable issues across our network. This is generally measured in November but the last two years it has been measured in January, which would have occurred prior to Cyclone Gabrielle. The timing is in conjunction with the measurement of the State Highways. 2022 Result: 96%</p>
	At least 50% of the footpaths are in excellent condition and no more than 10% of the footpaths are in poor condition measured annually.	<p><b>Achieved</b></p> <p>As the footpath condition rating only happens once every three years, the goal has been met (footpaths do not deteriorate as rapidly due to their usage being lighter and any damage from incidents is reported and repaired quickly). 2022 Result: 60% excellent and only 5% poor</p>
	4–10% of the sealed local road network is resurfaced.	<p><b>Achieved</b></p> <p>While the reseal season was delayed due to weather, 4.1% of reseals have been completed. 2022 Result: 4.1%</p>
	100% of customer service requests relating to road and footpaths are responded to within three working days.	<p><b>Not Achieved</b></p> <p>Yearly Report: 69%</p> <p>A percentage of the overdue requests occurred during the cyclone event to advise of road issues and were not closed out. A percentage was assigned to the EOC and managed within the function, and while dealt with in the pace of the cyclone event, they were not formally signed off in the time frames. The total requests for 2021/22 were 1,116 versus 1,538 in 2022/23. An increase of 38% (422 more requests). 2022 Result: 91%</p>
	90% of users are satisfied with the roading service provided.	<p><b>Not Achieved</b></p> <p>34% of people were satisfied with the roading services provided. This result is not unsurprising given the current conditions and effects that the severe weather has had across our roading network. Commentary from respondents also made it unclear if people fully understood they were responding about the local network only, not the State Highway network. It is recognised that there is significant work to achieve across the Land Transport Activity. 2022 Result: 67%</p>



## Funding Impact Statement for the year ending 30 June 2023 for

# Land Transport Group

	2022 Long Term Plan \$000	2023 Long Term Plan \$000	2023 Annual Plan \$000	2023 Actual \$000
<b>SOURCES OF OPERATING FUNDING</b>				
General rates, uniform annual general charges and rates penalties	6,967	7,122	7,124	7,138
Targeted rates	0	0	0	0
Subsidies and grants for operating purposes	3,198	3,121	3,121	18,782
Fees, charges	63	65	65	11
Interest and dividends from investments	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	166	171	171	173
<b>Total operating funding</b>	<b>10,394</b>	<b>10,479</b>	<b>10,481</b>	<b>26,104</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>				
Payments to staff and suppliers	5,349	5,331	5,307	13,344
Finance costs	0	0	0	0
Other operating funding applications	1,792	1,918	1,944	1,977
<b>Total applications of operating funding</b>	<b>7,141</b>	<b>7,249</b>	<b>7,251</b>	<b>15,321</b>
<b>Surplus (deficit) of operating funding</b>	<b>3,253</b>	<b>3,230</b>	<b>3,230</b>	<b>10,783</b>
<b>SOURCES OF CAPITAL FUNDING</b>				
Subsidies and grants for capital expenditure	12,466	4,240	4,240	5,939
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	27
Lump sum contributions	0	0	0	0
<b>Total sources of capital funding</b>	<b>12,466</b>	<b>4,240</b>	<b>4,240</b>	<b>5,966</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	1,250	1,256	1,256	405
- to replace existing assets	14,303	6,048	6,048	17,419
Increase (decrease) in reserves	166	166	166	(1,075)
Increase (decrease) of investments	0	0	0	0
<b>Total application of capital funding</b>	<b>15,719</b>	<b>7,470</b>	<b>7,470</b>	<b>16,749</b>
<b>Surplus (deficit) of capital funding</b>	<b>(3,253)</b>	<b>(3,230)</b>	<b>(3,230)</b>	<b>(10,783)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Cyclone Gabrielle had the largest impact on this activity during the year. Included in the operating subsidies and grant revenue is an unbudgeted \$14.3 million of revenue from Waka Kotahi for emergency events which is also matched in additional costs – both operational and asset replacement. Unfortunately, the total expected repair bill is expected to be well north of \$100 million and will take many years to return to pre-cyclone condition.

This year saw completion of the PGF-funded route 52 upgrade project which included various upgrades and added resilience for this key transportation route.

# Solid Waste Group

## Solid Waste

### What Council does

Our solid waste activities cover refuse collection and disposal, transfer stations, recycling, hazardous waste management, management of the District's operating Landfill on Farm Road and closed landfill sites, and support for waste minimisation and educational activities.

In the 2022/2023 financial year, we managed 17,640 tonnes of waste. This comes from weekly kerbside collections, transfer station deliveries, green waste and e-waste deliveries, and deliveries direct to our landfill from Central Hawke's Bay and other districts such as Taranaki. Approximately 4,600 tonnes of waste is recycled through the recycling services, green waste diversion and other waste diversion programmes.



A major focus for Council has been its vision for a Waste Free CHB. This vision, established through the Waste Management and Minimisation Strategy in 2019, introduces three new 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

We continue to make minor adjustments to our kerbside recycling collection attempting to increase waste diversion from landfill whilst balancing these against costs.

A separate crate for cardboard and paper was introduced to improve the amount and quality of recyclable paper we receive.

### The Solid Waste Activity supports the following goals of Council:



## What we delivered

LEVEL OF SERVICE TO BE DELIVERED	TARGETS TO MEASURE OUR SUCCESS IN 2021/22	ACHIEVED LEVEL OF SERVICE
<p>Council supports and provides incentives for waste reduction, reuse and recycling in order to achieve its Waste Free CHB goals.</p>	<p>40% of total waste from transfer station and kerbside collections is diverted from the landfill to recycling, reuse and recovery.</p>	<p><b>Not Achieved</b></p> <p>The total waste diverted through the year was 7,686 tonnes, achieving a diversion rate of 38.6%. The impacts of the cyclone have increased the amount of waste received as well as divertible materials (e.g. gravels and metals).</p> <p>This does not reflect normal operations. This metric was on-track for achievement pre-Cyclone Gabrielle.</p> <p>2022 Reported: 37.6%</p>
	<p>2,275 m<sup>3</sup> of green waste is processed each year.</p>	<p><b>Achieved</b></p> <p>6,500m<sup>3</sup> of green waste was processed during the year.</p> <p>The increase in green waste was due to the impacts of Cyclone Gabrielle, clean-up of green waste stockpiles in the outlying transfer stations and unseasonable wet summer.</p> <p>This does not reflect normal operations.</p> <p>2022 Reported: 2,655 m<sup>3</sup></p>
	<p>94.4% of schools are participating in waste minimisation programmes.</p>	<p><b>Achieved</b></p> <p>17 out of the 18 registered schools are participating in a waste minimisation programme (94%).</p> <p>2022 Reported: 94%</p>
	<p>Council will hold five waste minimisation promotional events in the District.</p>	<p><b>Achieved.</b></p> <p>Eight events completed: SH2 clean-up; free green drop-off over Labour Weekend; four compost workshops; free Christmas tree drop-off; and Hazardous Waste Day.</p>
	<p>85% of users are satisfied with the solid waste service provided.</p>	<p><b>Achieved</b></p> <p>86% of people were satisfied with the kerbside rubbish collection service provided (2022: 90%).</p> <p>90% of people were satisfied with the drop-off recycling centres (2022: 96%).</p> <p>87% of people were satisfied with the rural mobile recycling services (2022: 93%).</p>

## Funding Impact Statement for the year ending 30 June 2023 for

# Solid Waste Group

	2022 Long Term Plan \$000	2023 Long Term Plan \$000	2023 Annual Plan \$000	2023 Actual \$000
<b>SOURCES OF OPERATING FUNDING</b>				
General rates, uniform annual general charges and rates penalties	1,327	1,378	1,281	1,248
Targeted rates	399	431	478	478
Subsidies and grants for operating purposes	260	267	267	362
Fees, charges	2,088	1,861	2,361	2,387
Interest and dividends from investments	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0
<b>Total operating funding</b>	<b>4,074</b>	<b>3,937</b>	<b>4,387</b>	<b>4,475</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>				
Payments to staff and suppliers	2,943	3,035	3,515	3,970
Finance costs	39	35	35	51
Other operating funding applications	537	574	582	619
<b>Total applications of operating funding</b>	<b>3,519</b>	<b>3,644</b>	<b>4,132</b>	<b>4,640</b>
<b>Surplus (deficit) of operating funding</b>	<b>554</b>	<b>293</b>	<b>255</b>	<b>(165)</b>
<b>SOURCES OF CAPITAL FUNDING</b>				
Subsidies and grants for capital expenditure	0	0	65	0
Development and financial contributions	10	10	10	0
Increase (decrease) in debt	(119)	(149)	(61)	92
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
<b>Total sources of capital funding</b>	<b>(109)</b>	<b>(139)</b>	<b>14</b>	<b>92</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	68	74	189	21
- to replace existing assets	105	110	110	10
Increase (decrease) in reserves	272	(30)	(30)	(104)
Increase (decrease) of investments	0	0	0	0
<b>Total application of capital funding</b>	<b>445</b>	<b>154</b>	<b>269</b>	<b>(73)</b>
<b>Surplus (deficit) of capital funding</b>	<b>(554)</b>	<b>(293)</b>	<b>(255)</b>	<b>165</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Income-wise, Solid Waste performed close to budget; however in terms of costs, this activity exceeded budget. The activity was impacted by inflation escalation clauses in Council's contracts with its external providers and costs related to the wet weather creating excess leachate.

# Water Supplies Group

## Water Supply

### What Council does

We operate seven different water supply schemes servicing Kairakau, Porerere, Pōrangahau, Takapau, Te Paerahi, Waipawa and Otāne, and Waipukurau. These supply schemes provide water to over 4,400 households and businesses.

Our water supply schemes require a large amount of infrastructure, including water treatment plants, reservoirs, pump stations, pipe networks, water meters, back-flow prevention units, hydrants and more.

The water supply systems are designed to treat raw water to make sure it is safe to drink, and to continuously supply this water to users at a suitable pressure and quantity through a piping network. Council's water supply systems also need to provide enough water pressure for firefighting services in urban areas. Council undertakes these water supply activities because of public demand, statutory obligations and duty of care.

We work under a Ministry of Health framework to ensure our supplies are meeting the Drinking Water Standards for New Zealand.

### The Wastewater Activity supports the following goals of Council:

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

## What we delivered

LEVEL OF SERVICE TO BE DELIVERED	TARGETS TO MEASURE OUR SUCCESS IN 2022/23	ACHIEVED LEVEL OF SERVICE
To provide safe, reliable and consistent water supplies to our community, working with our customers to support wise and sustainable water use.	100% of the local authority's drinking water complies with Part 4 of the drinking water standards (bacteria compliance criteria).	<b>Not Achieved</b> 92% – Council operates seven water supply schemes and during Cyclone Gabrielle our worst affected scheme (Otāne/Waipawa) only achieved 92% due to this event. Other schemes were less impacted and achieved a higher rating. This does not reflect normal operations. This metric was on-track for achievement pre-Cyclone Gabrielle. Also, Part 4 has been replaced by new Drinking Water Standards. 2022 Reported: Not achieved
	100% of the local authority's drinking water supply complies with Part 5 of the drinking water standards (protozoal compliance criteria).	<b>Not Achieved</b> 92% – Council operates seven water supply schemes and during Cyclone Gabrielle our worst affected scheme (Otāne/Waipawa) only achieved 92% due to this event. Other schemes were less impacted and achieved a higher rating. This does not reflect normal operations. This metric was on-track for achievement pre-Cyclone Gabrielle. Also, Part 5 has been replaced by new Drinking Water Standards. 2022 Reported: Not achieved
	No more than 30% of real water loss from the local authority's networked reticulation system.	<b>Not Achieved</b> This data is not available as water loss is not actively tracked or monitored across Council's networks. Further work is underway to install additional network water meters that will verify losses more accurately and enable targeted improvement. 2022 Reported: Not achieved
	Attendance to urgent call-outs: no longer than two hours from notification to the time that service personnel reach the site.	<b>Achieved</b> 0.7 hours 2022 Reported: 0.3 hours
	Resolution of urgent call-outs: no longer than 12 hours from the time that the local authority receives notification to the time the service personnel confirms resolution of the fault or interruption.	<b>Achieved</b> 1.8 hours 2022 Reported: 1.5 hours
	Attendance for non-urgent call-outs: no longer than six hours from the time that the local authority receives notification to the time the service personnel reaches the site	<b>Achieved</b> 0.8 hours 2022 Reported: 0.2 hours
	Resolution of non-urgent call-outs: 72 hours from notification to the time that service personnel confirms resolution of the fault or interruption.	<b>Achieved</b> 17.2 hours 2022 Reported: 117.8 hours
	No more than five complaints relating to drinking water received (per annum per 1,000 connections to the local authority's networked reticulation system).	<b>Not Achieved</b> 9.8 complaints received per 1,000 connections (40 complaints and 4,084 connections) 2022 Reported: 4.19 complaints per 1,000
	≤1.80 m <sup>3</sup> average consumption of drinking water per day per water connection.	<b>Not Achieved</b> A full data set is not available as a result of cyclone damage to flow meters/equipment. 2022 Reported: 2.62 m <sup>3</sup>
	90% of users are satisfied with the water supply service provided.	<b>Not Achieved</b> 88% of people were satisfied with the drinking water supply services provided. The feedback from the Residents' Opinion Survey was that many people expressed dissatisfaction with the taste and quality of the drinking water and the frequency of boil water notices, with the opinion that the system should be at a level where boil water notices are not needed after rain events. 2022 Result: 90%

## Funding Impact Statement for the year ending 30 June 2023 for

# Water Supplies Group

	2022 Long Term Plan \$000	2023 Long Term Plan \$000	2023 Annual Plan \$000	2023 Actual \$000
<b>SOURCES OF OPERATING FUNDING</b>				
General rates, uniform annual general charges and rates penalties	0	0	0	0
Targeted rates	3,713	4,078	4,113	4,049
Subsidies and grants for operating purposes	0	0	0	279
Fees, charges	5	5	5	27
Interest and dividends from investments	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0
<b>Total operating funding</b>	<b>3,718</b>	<b>4,083</b>	<b>4,118</b>	<b>4,355</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>				
Payments to staff and suppliers	1,980	2,145	2,309	3,561
Finance costs	293	375	331	409
Other operating funding applications	780	834	814	902
<b>Total applications of operating funding</b>	<b>3,053</b>	<b>3,354</b>	<b>3,454</b>	<b>4,872</b>
<b>Surplus (deficit) of operating funding</b>	<b>665</b>	<b>729</b>	<b>664</b>	<b>(517)</b>
<b>SOURCES OF CAPITAL FUNDING</b>				
Subsidies and grants for capital expenditure	2300	0	0	853
Development and financial contributions	770	793	793	169
Increase (decrease) in debt	1,707	3,199	3,301	7,734
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	4,777	3,992	4,094	8,756
<b>APPLICATIONS OF CAPITAL FUNDING</b>				
<b>Capital expenditure</b>				
- to meet additional demand	163	167	167	283
- to improve the level of service	3,939	3,182	3,201	4,338
- to replace existing assets	1,668	3,045	3,063	3,810
Increase (decrease) in reserves	(328)	(1,673)	(1,673)	(192)
Increase (decrease) of investments	0	0	0	0
<b>Total application of capital funding</b>	<b>5,442</b>	<b>4,721</b>	<b>4,758</b>	<b>8,214</b>
<b>Surplus (deficit) of capital funding</b>	<b>(665)</b>	<b>(729)</b>	<b>(664)</b>	<b>542</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

This year saw the last of the Three Waters Reforms monies spent and saw significant damage particularly at Council's Tikokino Water Treatment Plant as part of Cyclone Gabrielle.

Work has continued improving reticulation across our two main towns, as well as further work on a second supply for added resilience and an upgrade to the Kairakau network. The table below shows the spend by location:

Drinking Water Capex	2022/23 LTP \$'000	2022/23 AP \$'000	2022/23 Actuals \$'000
Waipawa	637	637	1,371
Waipukurau	3,429	4,202	4,841
Kairakau	-	-	170
Water Metering & Demand Management	219	216	74
Reticulation & Water Security	2,109	1,376	1,860
Reservoir Replacement	-	-	115
<b>Total</b>	<b>6,394</b>	<b>6,431</b>	<b>8,431</b>

# Wastewater (Sewerage) Group

## Wastewater

### What Council does

The Council operates and manages six wastewater schemes servicing the urban areas of Pōrangahau, Otāne, Takapau, Te Paerahi, Waipawa and Waipukurau.

The Council provides a variety of infrastructure to manage sewerage within our identified urban and residential areas.

Our sewer system includes sewer service lines, manholes, underground pipes, pump stations and sewer treatment plants. Major investment is required across our entire network as a result of rates being held at artificially low levels over a number of years, at the expense of essential renewals.

This activity also includes the Council's tradewaste functions, which include the monitoring and treatment of liquid discharged from businesses into the wastewater system.

We undertake wastewater activities because of statutory obligations, duty of care and public demand. The alternative to a Council-provided sewerage system is the use of septic tanks. These independent systems are approved and monitored by the Hawke's Bay Regional Council (HBRC). The six Council-managed wastewater schemes all have resource consents that have expired or will expire in the life of this plan.

### Our vision for Wastewater:

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*“Our effluent is treated in a sustainable way that creates a resource, protects our environment, and continues to do so for generations to come.”*

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### The Wastewater Activity supports the following goals of Council:





## What we delivered

LEVEL OF SERVICE TO BE DELIVERED	TARGETS TO MEASURE OUR SUCCESS IN 2022/23	ACHIEVED LEVEL OF SERVICE
<p>To provide for the effective reticulation, treatment and disposal of wastewater in a way that protects the health of our communities and natural environment.</p>	<p>No more than ten dry weather sewerage overflows (per 1,000 connections to the total sewerage system).</p>	<p><b>Achieved</b> Two dry weather overflows per 1,000 sewerage connections. 2022 Reported: 2.0</p>
	<p>No more than 30 total sewerage overflows (per 1,000 connections to the total sewerage system).</p>	<p><b>Achieved</b> Six sewerage overflows per 1,000 sewerage connections. 2022 Reported: 2.6</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"> <li>• zero abatement notices,</li> <li>• zero infringement orders,</li> <li>• zero enforcement orders, and</li> <li>• zero convictions received by the territorial authority</li> </ul>	<p><b>Achieved</b></p> <ul style="list-style-type: none"> <li>• Zero abatement notices,</li> <li>• Zero infringement orders,</li> <li>• Zero enforcement orders, and</li> <li>• Zero convictions received by the territorial authority.</li> </ul>
	<p>No more than a one-hour 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 service personnel reaches the site).</p>	<p><b>Achieved</b> 0.5 hours 2022 Reported: 0.6 hours</p>
	<p>No more than a four-hour 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 confirms resolution of the blockage or other fault).</p>	<p><b>Achieved</b> 2.6 hours 2022 Reported: 2.45 hours</p>
	<p>No more than ten complaints received per annum per 1,000 sewerage connections about any of the following:</p> <ul style="list-style-type: none"> <li>• Sewage odour</li> <li>• Sewerage system faults</li> <li>• Sewerage system blockages or Council's response to issues with its sewerage systems</li> </ul>	<p><b>Not achieved</b> 15 complaints per 1,000 sewerage connections. 2022 Reported: 8.1 complaints</p>
	<p>90% of users are satisfied with the wastewater service provided.</p>	<p><b>Achieved</b> 93% of people were satisfied with the wastewater services provided. 2022 Reported: 92%</p>

## Funding Impact Statement for the year ending 30 June 2023 for

# Wastewater (Sewerage) Group

	2022 Long Term Plan \$000	2023 Long Term Plan \$000	2023 Annual Plan \$000	2023 Actual \$000
<b>SOURCES OF OPERATING FUNDING</b>				
General rates, uniform annual general charges and rates penalties	0	0	0	0
Targeted rates	3,008	3,190	3,172	3,173
Subsidies and grants for operating purposes	0	0	0	120
Fees, charges	775	1,017	1,017	405
Interest and dividends from investments	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0
<b>Total operating funding</b>	<b>3,783</b>	<b>4,207</b>	<b>4,189</b>	<b>3,698</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>				
Payments to staff and suppliers	1,412	1,496	1,584	3,334
Finance costs	426	551	498	574
Other operating funding applications	780	834	814	814
<b>Total applications of operating funding</b>	<b>2,618</b>	<b>2,882</b>	<b>2,896</b>	<b>4,722</b>
<b>Surplus (deficit) of operating funding</b>	<b>1,165</b>	<b>1,326</b>	<b>1,293</b>	<b>(1,024)</b>
<b>SOURCES OF CAPITAL FUNDING</b>				
Subsidies and grants for capital expenditure	700	0	0	(424)
Development and financial contributions	902	929	929	485
Increase (decrease) in debt	1,535	4,836	4,870	4,379
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
<b>Total sources of capital funding</b>	<b>3,137</b>	<b>5,765</b>	<b>5,799</b>	<b>4,440</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>				
<b>Capital expenditure</b>				
- to meet additional demand	1,496	1,541	1,541	563
- to improve the level of service	2,969	2,128	2,128	1,755
- to replace existing assets	3,698	4,437	4,437	1,215
Increase (decrease) in reserves	(3,860)	(1,014)	(1,014)	(118)
Increase (decrease) of investments	0	0	0	0
<b>Total application of capital funding</b>	<b>4,302</b>	<b>7,092</b>	<b>7,092</b>	<b>3,414</b>
<b>Surplus (deficit) of capital funding</b>	<b>(1,165)</b>	<b>(1,326)</b>	<b>(1,293)</b>	<b>1,024</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Council continued its treatment upgrade programme across its main treatment plants and extended its network in Waipawa to allow for further growth of this town. The table below details the location and nature of the capital spend this year:

Wastewater Capex	2022/23 LTP \$'000	2022/23 AP \$'000	2022/23 Actuals \$'000
Te Paerahi/Pōrangahau Plant	2,128	2,128	695
Takapau Plant	-	-	531
Reticulation Upgrades	2,056	2,056	1,013
Waipukurau/Waipawa/Ota ne Plant	3,922	3,922	1,294
<b>Total</b>	<b>8,105</b>	<b>8,105</b>	<b>3,533</b>

# Stormwater Group

## Stormwater

### What Council does

Stormwater is the water that runs off surfaces such as roads, driveways, footpaths and rooftops after rain events.

The Council operates and manages four stormwater systems in Otāne, Takapau, Waipawa and Waipukurau. These systems are designed to take stormwater away from built-up urban areas and disperse it to waterways (streams, rivers and the ocean) to minimise the effects of flooding on properties and the risk to human life.

Our stormwater systems include underground pipes, open drains, overland flow paths, pump stations and stormwater ponds.

Networks in Pōrangahau, Ongaonga, Te Paerahi, Tikokino and other coastal settlements form part of the roading network and drainage system.

Alongside our urban stormwater drainage systems, the Hawke's Bay Regional Council (HBRC) is responsible for managing rivers and rural drainage schemes to ensure our communities are protected from flooding.

### Freshwater Management – National Policy Statement

The National Policy Statement Freshwater Water Management 2020 came into effect in September 2020.

The new policy statement aims to avoid further loss or degradation of waterways and will involve a whole new approach to how stormwater is currently managed in the District.

This means Council can expect required upgrades to its existing and/or new stormwater discharges, with the ongoing levels of maintenance and treatment standards of stormwater to be much higher than currently provided for in future resource consents.

### The Stormwater Activity supports the following goals of Council:



## What we delivered

LEVEL OF SERVICE TO BE DELIVERED	TARGETS TO MEASURE OUR SUCCESS IN 2022/23	ACHIEVED LEVEL OF SERVICE
To effectively manage stormwater in a manner that respects and protects private and public assets and preserves the health of our waterways.	For each flooding event, zero habitable floors will be affected. (Expressed per 1,000 properties connected to the territorial authority's stormwater system.)	<p><b>Not Achieved</b></p> <p>31 properties affected per 1,000 connections, based on 100 habitable floors flooded (Cyclone Gabrielle) and 3,219 existing connections to the stormwater systems.</p> <p>Clearly Cyclone Gabrielle had a major impact on this.</p> <p>2022 Reported: 0.3</p>
	Compliance with the territorial authority's resource consents for discharge from its stormwater system measured by the number of:	
	Zero abatement notices.	<p><b>Not Achieved</b></p> <p>One abatement notice for a non-compliant discharge of wastewater into the stormwater network was received in the reporting period.</p> <p>The notice related to a reported wastewater overflow from the reticulation network in Waipawa caused by root intrusion in a pipe.</p> <p>2022 Reported: 0</p>
	Zero infringement orders.	<p><b>Achieved</b></p> <p>Zero infringement notices</p> <p>2022 Reported: 0</p>
	Zero enforcement orders.	<p><b>Achieved</b></p> <p>0 enforcement orders</p> <p>2022 Reported: 0</p>
	Zero successful prosecutions, received by the territorial authority in relation to those resource consents.	<p><b>Achieved</b></p> <p>0 prosecutions</p> <p>2022 Reported: 0</p>
	No more than a two-hour median response time to attend a flooding event (measured from the time that the territorial authority receives notification to the time that service personnel reaches the site).	<p><b>Achieved</b></p> <p>1.4 hours</p> <p>2022 Reported: 2 hours</p>
	No more than five complaints received about the performance of the stormwater system (expressed per 1,000 properties connected to the stormwater system).	<p><b>Achieved</b></p> <p>1.1 complaints per 1,000 properties.</p> <p>2022 Reported: 3.7</p>
	90% of users are satisfied with the stormwater service provided.	<p><b>Not Achieved</b></p> <p>64% of people were satisfied with the stormwater services provided. This is to be expected given the recent weather events we have had, most notably Cyclone Gabrielle. The Residents' Opinion Survey feedback reflects the effects weather events have had on the network and the need to upgrade infrastructure to cope with weather patterns and increase in growth in the district.</p> <p>2022 Result: 83%</p>

## Funding Impact Statement for the year ending 30 June 2023 for

# Stormwater Group

	2022 Long Term Plan \$000	2023 Long Term Plan \$000	2023 Annual Plan \$000	2023 Actual \$000
<b>SOURCES OF OPERATING FUNDING</b>				
General rates, uniform annual general charges and rates penalties	85	106	104	101
Targeted rates	808	991	975	977
Subsidies and grants for operating purposes	0	0	0	0
Fees, charges	0	0	0	0
Interest and dividends from investments	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0
<b>Total operating funding</b>	<b>894</b>	<b>1,097</b>	<b>1,079</b>	<b>1,078</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>				
Payments to staff and suppliers	376	484	487	1,176
Finance costs	34	66	62	36
Other operating funding applications	313	335	320	325
<b>Total applications of operating funding</b>	<b>723</b>	<b>885</b>	<b>869</b>	<b>1,537</b>
<b>Surplus (deficit) of operating funding</b>	<b>171</b>	<b>212</b>	<b>210</b>	<b>(459)</b>
<b>SOURCES OF CAPITAL FUNDING</b>				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	217	224	224	17
Increase (decrease) in debt	771	1,230	1,232	1,804
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
<b>Total sources of capital funding</b>	<b>988</b>	<b>1,454</b>	<b>1,456</b>	<b>1,821</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>				
<b>Capital expenditure</b>				
- to meet additional demand	245	886	886	84
- to improve the level of service	140	309	309	1,244
- to replace existing assets	774	797	797	88
Increase (decrease) in reserves	1	(326)	(326)	(56)
Increase (decrease) of investments	0	0	0	0
<b>Total application of capital funding</b>	<b>1,159</b>	<b>1,666</b>	<b>1,666</b>	<b>1,360</b>
<b>Surplus (deficit) of capital funding</b>	<b>(171)</b>	<b>(212)</b>	<b>(210)</b>	<b>459</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

This year Council undertook a significant amount of drain clearing work, which has been treated as operational maintenance while the budget sat in capital, hence the overspend on operational supplies and underspend on capital expenditure. The table below details where the capital expenditure was undertaken:

<b>Stormwater Capex</b>	<b>2022/23 LTP \$'000</b>	<b>2022/23 AP \$'000</b>	<b>2022/23 Actuals \$'000</b>
Bush Drain Restoration	26	26	12
District Wide	663	663	161
Lake Whatuma Health	103	103	-
Pah Flat Drain	103	103	-
Ota ne	52	52	-
Takapau	52	52	-
Waipawa	52	52	-
Waipukurau	943	943	1,243
<b>Total</b>	<b>1,992</b>	<b>1,992</b>	<b>1,416</b>

# Places and Open Spaces

## Reserves and Open Spaces

### What Council does

This activity manages open spaces and parks across Central Hawke's Bay.

This includes active and passive recreation, playgrounds, sports fields and walking tracks. The activity beautifies and celebrates our townscape and special places and promotes pride in our places. Providing quality public open spaces gives our local community spaces to enjoy, promotes the District and attracts visitors.

Some sites provide attractive venues for our community. Reserves alongside riverbanks, lakes or the coast provide for passive recreation and access to water and promote conservation values.

We also maintain some reserves that provide, for operational purposes, access or drainage. This activity works with other community groups and organisations to develop walking and cycling facilities in our District and the Hawke's Bay Region.

### The Reserves and Open Spaces Activity supports the following goals of Council:

 <p><b>PROUD DISTRICT</b> HE ROHE POHO KERERŪ</p>	 <p><b>CONNECTED CITIZENS</b> HE KIRIRARAU WHAI HONONGA</p>	 <p><b>DURABLE INFRASTRUCTURE</b> HE HANGANGA MAUROA</p>
 <p><b>STRONG COMMUNITIES</b> HE HAPORI KAHA</p>	 <p><b>ENVIRONMENTALLY RESPONSIBLE</b> HE WHAKAARO NUI KI TE TAIAO</p>	

## What we delivered

LEVEL OF SERVICE TO BE DELIVERED	TARGETS TO MEASURE OUR SUCCESS IN 2022/23	ACHIEVED LEVEL OF SERVICE
<p>Council provides a range of parks and reserves that are affordable, well maintained and safe, and that provide for the recreational (play and sport), cultural and environmental well-being of the community.</p>	<p>Monitoring the number of health and safety incidents or injuries due to inadequate or poor maintenance in our parks, reserves or sports grounds. Target 0.</p>	<p><b>Not Achieved</b></p> <p>There was one incident recorded for the year.</p>
	<p>60% of residential dwellings are within a ten-minute walk (pedshed) of a Council-owned or supported playground.</p>	<p><b>Not Achieved</b></p> <p>41%</p> <p>This is calculated based on the total number of residential parcels across the District's urban areas (below) that are within the target zone, divided by the total number of residential parcels within the township zone. There has been no change to this calculation in this financial year.</p> <p>The provision of new playgrounds and play areas will be reviewed during the LTP conversations currently underway.</p>
	<p>60% of urban dwellings are within a ten-minute walk (pedshed) of a park or community open space.</p>	<p><b>Achieved</b></p> <p>61%</p> <p>This is calculated based on the total number of residential parcels across the District's urban areas (below) that are within a ten-minute walk of a park or community open space divided by the total number of residential parcels within the urban areas.</p> <p>2022 Reported: 61%</p>
	<p>80% of people have used or visited a park, reserve or open space in the last 12 months.</p>	<p><b>Not Achieved</b></p> <p>79% of people have used or visited a park, reserve or open space in the last 12 months.</p> <p>2022 Reported: 86%</p> <p>This reduction could be attributed to the impact of the overall weather patterns and the weather event in February 2023, both of which have significantly impacted the way people engage with open spaces, attend events, play sports and visit playgrounds.</p>
	<p>90% of people are satisfied with the parks, reserves and open spaces.</p>	<p><b>Not Achieved</b></p> <p>87% of people were satisfied with the parks, reserves and open spaces. The feedback received through the Residents' Opinion Survey is that residents have expressed a desire for more inviting, multipurpose parks with improved playground equipment. There is also a place to think about how we tell the story of our parks and open spaces, ensuring that the community knows how to access the full range of spaces available to them. This messaging reflects the intent and direction in the Thriving Places and Spaces Programme.</p> <p>2022 Reported: 91%</p>

## Public Toilets

### What Council does

The Council provides and maintains 15 public toilets across the District at parks and other prominent locations.

Public conveniences meet the needs of our community and visitors as they are out and about. They are located for the convenience of people using spaces and facilities such as beaches and playgrounds, or as they travel through the District.

#### RURAL

- Forest Gate Domain
- Otāne Hall
- Otāne Recreation Ground
- Tikokino Hall
- Ongaonga (at Ongaonga Museum)
- Takapau Town

#### WAIPUKURAU AND WAIPAWA

- A'Deane Park
- Coronation Park
- Madge Hunter Park
- Nelly Jull Park
- The Green Patch (Post Officer Corner)
- Bogle Brothers Esplanade
- Russell Park
- Russell Park back Sports Field
- Waipawa Cemetery

#### COASTAL

- Aramoana Beach
- Blackhead Beach
- Kairakau Beach Campground
- Kairakau Beach North End
- Pourerere Beach
- Pourerere portaloos (Christmas holidays only)
- Te Paerahi changing shed
- Te Paerahi freedom camping area
- Whangaehu
- White Domain – Pōrangahau

### The Public Toilets Activity supports the following goals of Council:



### What we delivered

LEVEL OF SERVICE TO BE DELIVERED	TARGETS TO MEASURE OUR SUCCESS IN 2022/23	ACHIEVED LEVEL OF SERVICE
Council provides public toilets that are clean, safe, in good working order, and meet the needs of our community and visitors.	Fewer than eight complaints are received about inadequate maintenance and poor cleaning of our toilets.	<p><b>Achieved</b></p> <p>Seven complaints were received for the year.</p> <p>We are continuing to monitor and lift contractor performance in this respect.</p> <p>2022 Reported: 1 Complaint</p>



## Retirement Housing

### What Council does

Council owns and operates 48 flats across Waipukurau and Waipawa, providing retirement housing to those aged over 60.

Our aged population is increasing. Demand for housing is high and a long waiting list exists for retirement housing. In late 2020 the Council considered a Section 17a review of the Retirement Housing Activity and confirmed it would retain the portfolio of housing it currently owns.

The decision was taken to increase rents across the portfolio to cover the cost of maintenance and renewal work. This increase means the Council can retain its retirement portfolio for older residents without financially impacting ratepayers.

### The Retirement Housing Activity supports the following goals of Council:



### What we delivered

LEVEL OF SERVICE TO BE DELIVERED	TARGETS TO MEASURE OUR SUCCESS IN 2021/22	ACHIEVED LEVEL OF SERVICE
Council provides safe, well maintained and comfortable community housing for our retired community.	95% of tenants are satisfied with Council's Retirement Housing service.	<p><b>Not Achieved</b></p> <p>78%</p> <p>A total of 18 responses or 37.5% of surveys were returned, which is similar to previous years' number of respondents. The overall satisfaction question had 17 responses, with 78% (14 of 17) being satisfied (5 of these were very satisfied). Three responses were dissatisfied and there were no very dissatisfied responses. Those reporting dissatisfaction were mostly from the Kingston Place complex, with complaints concerning increased cost, lawn mowing and window draughts.</p> <p>Tenancy management: 88% satisfaction</p> <p>Maintenance of unit: 75% satisfaction</p> <p>Value for money: 82% satisfaction</p> <p>2022 Reported: 80%</p>

## Libraries

### What Council does

Libraries provide a space where our community can fully participate in society, providing social connectedness, lifelong learning and literacy in the widest sense, from celebrating the love of reading to developing skills related to business, the arts or science.

Central Hawke's Bay is serviced by two libraries in Waipawa and Waipukurau, as well as a range of online services.

In addition to traditional lending services, libraries provide a range of programmes, online services and opportunities for social connectedness, including free Wi-Fi 24/7. The programmes on offer seek to break down barriers many people face and to empower our community to lead better lives.

### Libraries Strategic Framework

The service is guided by a Strategic Framework adopted in 2019, the first ever strategic plan for the service.

The Strategic Framework is guided by the outcomes and vision in Project Thrive, 'Connecting Minds, Creating Futures'. This vision is supported by four goals:

1. Leading the Way – relevant to all
2. Facilitators for discovery, innovation and lifelong learning
3. Empowering our community to lead better lives
4. Inspiring everyone to thrive

Guided by our Libraries Strategic Framework, our libraries are transitioning into providing services that have wide-ranging relevance to our community

### The Libraries Activity supports the following goals of Council:



## What we delivered

LEVEL OF SERVICE TO BE DELIVERED	TARGETS TO MEASURE OUR SUCCESS IN 2022/23	ACHIEVED LEVEL OF SERVICE
Our libraries are inclusive places and all people are encouraged to make use of the libraries' services.	81,000 physical visitors to Waipukurau Knowledge and Learning Hub – Te Huinga Wai; 66,000 physical visitors to Waipawa Library	<p><b>Not Achieved</b></p> <p>The totals in the four quarters were 61,948 people visiting Te Huinga Wai and 72,432 visiting Waipawa. When combining the two locations, we had 134,380 people visit both locations in the last year.</p> <p>This means that the target for number of visits to the Waipawa Library was exceeded; however, the number of visits to Waipukurau did not surpass the target.</p> <p>It is noted that in this quarter, the main door counter at Waipawa Library was not working in April and half of May, which has affected the statistics.</p> <p>This can be attributed to Cyclone Gabrielle given the facility had to be closed, affecting the number of people able to come through the door as well as the Christmas break, which required the facility to be closed for eight working days.</p> <p>2022 Reported: Not achieved</p>
	12,500 digital visits to the libraries' facilities through website, online databases and online platforms.	<p><b>Achieved</b></p> <p>The total number of digital visits was 20,377, which exceeds the target.</p> <p>2022 Reported: 25,548</p>
Council will provide a range of information services for community to access.	Eight issues per capita per annum, both physical and digital.	<p><b>Not Achieved</b></p> <p>The number of books equates to seven issues per capita per year to date, which is under the target set. Not achieving this target is not unsurprising, particularly with both libraries closed for periods due to Cyclone Gabrielle.</p> <p>2022 Reported: 6 Issues</p>
Council will provide a range of activities and learning opportunities.	400 events and programmes available.	<p><b>Achieved</b></p> <p>The total number of programmes run in the four quarters was 631.</p> <p>2022 Reported: 439</p>
	6,000 participants in events, including programmes, exhibitions, author events and classes.	<p><b>Achieved</b></p> <p>The total number of participants attending programmes in the four quarters was 6,853.</p> <p>2022 Reported: 6,104</p>

## Community Facilities

### What Council does

The Council manages built community assets and places, including halls, museums, theatres, swimming pools and the Council administration building.

Our primary role is in the provision and management of these facilities on behalf of our community, regularly liaising directly with users, lessees or operators of the facilities.

We directly manage the Central Hawke's Bay Municipal Theatre and lease the Waipukurau Civic Theatre. We also support a number of hall committees in the operation of Council and community-owned halls.

We manage and operate the Waipawa and Districts Centennial Memorial Pool and provide an operational grant to the Central Hawke's Bay Community Trust for the operation of the Centralines Pool. We employ staff on behalf of the Central Hawke's Bay Museum and provide an operational grant towards its operation each year.

### The Community Facilities Activity supports the following goals of Council:



### What we delivered

LEVEL OF SERVICE TO BE DELIVERED	TARGETS TO MEASURE OUR SUCCESS IN 2022/23	ACHIEVED LEVEL OF SERVICE
Council provides safe, affordable and appropriate facilities that provide cultural and social well-being of our community. These, that are activated, are vibrant community spaces used by our community.	13,000 community users of the Waipawa pool.	<p><b>Not Achieved</b></p> <p>Season total: 6,512</p> <p>December and January numbers were well down against forecast due to the unseasonably wet summer. February started off well until Cyclone Gabrielle; the pool shut as a result of Cyclone Gabrielle and did not reopen for the season.</p> <p>2022 Reported: 13,301</p>
	60% of users are satisfied with community halls.	<p><b>Achieved</b></p> <p>91% of people were satisfied with the community halls provided in the District.</p> <p>2022 Reported: 91%</p>

# Cemeteries

## What Council does

The Council provides and maintains cemeteries across the District, maintaining accurate records of lost loved ones. We provide and operate 11 operational cemeteries and 4 closed cemeteries in the District.

The history and essence of our community are contained within our cemeteries. The community expects attractive and peaceful cemetery facilities to celebrate the lives of their loved ones, which will need to cater for a growing range of differing needs and preferences.

Families and loved ones can arrange burials at Council's cemeteries or through the services of a funeral director. Providing and managing cemeteries is carried out in accordance with the Burial and Cremations Act 1964.

### OPERATIONAL

- The CHB Cemetery
- Waipawa Cemetery
- Waipukurau Cemetery
- Otāne Cemetery
- Takapau Cemetery
- Tikokino/Hampden Bush Cemetery
- Forest Gate Cemetery (Ongaonga)
- Pōrangahau Cemetery
- Ashley-Clinton Cemetery
- Makaretu Cemetery
- Elsthorpe Cemetery

### CLOSED

- Old Kaikora North Cemetery, Otāne
- Old Hampden Bush Cemetery, Tikokino

### Unofficial:

- St. Peter's Church Cemetery Reserve, Waipawa
- Church Knoll Reserve, Pōrangahau

The Cemeteries Activity supports the following goals of Council:



## What we delivered

LEVEL OF SERVICE TO BE DELIVERED	TARGETS TO MEASURE OUR SUCCESS IN 2022/23	ACHIEVED LEVEL OF SERVICE
Council looks after its cemetery grounds, providing a special place of remembrance for loved ones amongst attractive and well-maintained grounds.	90% of the community are satisfied with cemetery facilities.	<b>Achieved</b> 93% of people were satisfied with the condition and maintenance of the District's cemeteries. 2022 Reported: 98%
	Zero complaints about late or inadequate services at our cemeteries.	<b>Achieved</b> There have been no complaints throughout the year. 2022 Reported: Nil

**Funding Impact Statement for the year ending 30 June 2023 for**

**Places and Open Spaces Group**

	2022 Long Term Plan \$000	2023 Long Term Plan \$000	2023 Annual Plan \$000	2023 Actual \$000
<b>SOURCES OF OPERATING FUNDING</b>				
General rates, uniform annual general charges and rates penalties	4,166	4,453	4,334	4,355
Targeted rates	0	0	0	0
Subsidies and grants for operating purposes	2	2	2	52
Fees, charges	776	916	884	836
Interest and dividends from investments	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	43	44	62	58
<b>Total operating funding</b>	<b>4,987</b>	<b>5,415</b>	<b>5,282</b>	<b>5,301</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>				
Payments to staff and suppliers	3,547	3,277	3,316	3,361
Finance costs	115	127	95	78
Other operating funding applications	1,008	1,069	1,129	981
<b>Total applications of operating funding</b>	<b>4,669</b>	<b>4,473</b>	<b>4,540</b>	<b>4,420</b>
<b>Surplus (deficit) of operating funding</b>	<b>318</b>	<b>942</b>	<b>742</b>	<b>881</b>
<b>SOURCES OF CAPITAL FUNDING</b>				
Subsidies and grants for capital expenditure	0	0	0	149
Development and financial contributions	173	178	178	140
Increase (decrease) in debt	406	515	683	25
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
<b>Total sources of capital funding</b>	<b>578</b>	<b>693</b>	<b>861</b>	<b>314</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>				
<b>Capital expenditure</b>				
- to meet additional demand	0	51	51	0
- to improve the level of service	193	474	474	438
- to replace existing assets	683	912	921	313
Increase (decrease) in reserves	20	198	157	444
Increase (decrease) of investments	0	0	0	0
<b>Total application of capital funding</b>	<b>896</b>	<b>1,635</b>	<b>1,603</b>	<b>1195</b>
<b>Surplus (deficit) of capital funding</b>	<b>(318)</b>	<b>(942)</b>	<b>(742)</b>	<b>(881)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

### **Places and Open Spaces**

This year was business as usual, and work has begun on developing the Russell Park Masterplan ahead of the next Long Term Plan. Unspent capital funding will be carried forward to future years.

### **Public Toilets**

Operational costs were largely on budget.

During 2023 Council completed the Pourerere Beach toilet upgrade. This was partly funded by a Tourist Infrastructure Improvement Grant.

### **Retirement Housing**

Retirement housing is a self-funding activity and operational surplus or deficits are funded from reserves.

During the year rents were increased, returning this activity to a surplus allowing funds to be put aside for future capital replacements (roofs, painting, carpets, etc.).

Capital works included pre-programmed exterior painting, reactive maintenance and renewals during changeover of tenants.

### **Libraries**

Operational costs were largely on budget. This has been the first full year of operation of Te Huinga Wai – Knowledge & Learning Hub in Waipukurau. The additional meeting spaces and IT suite have been well utilised during the year.

### **Community Facilities**

The Central Hawke's Bay Municipal Theatre bookings have begun to return to pre-Covid levels, but the theatre was unavailable for part of the year as it was used as a Civil Defense evacuation centre and community hub during the month post-Cyclone Gabrielle.

Work has been undertaken with the committee that runs the Centralines Sports Complex to develop an asset management plan for the pool complex, and an upgrade of the pools' aged filtration system is due to commence in 2023/24.

Cyclone Gabrielle damaged the Wallingford and Pōrangahau Halls and repairs to these buildings will occur in 2023/24.

Again, limited capital work was undertaken during the 2022/23 and unspent funds have been carried forward to 2023/24.

### **Cemeteries**

This activity operated largely on budget throughout the year.







# Section Three

## **Financial Information**



### **For the Year Ended 30 June 2023**

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# Annual Report Disclosure Statement

For the year ended 30 June 2023

## 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

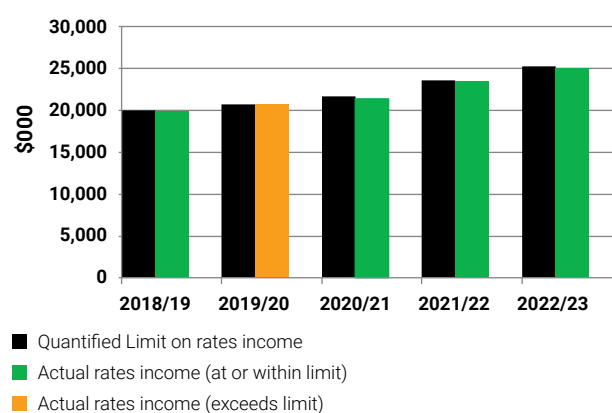
The Council meets the rates affordability benchmarks if:

- 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 (LTP). The quantified limit is the total rates as forecast in the 2018–2028 LTP and 2021–2031 LTP.

Total Rates Income for 2022/23 is \$208k below the defined limit.

Rates (income) affordability - Total Rates



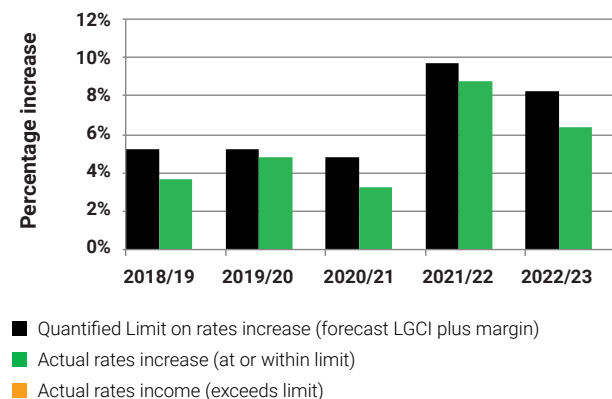
## Rates (increases) affordability benchmark

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 LTP. The quantified limit as set in the 2021–2031 LTP is:

Rates Increases to existing ratepayers will not exceed the 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 2022/23 year, this was set at LGCI (5.2%) plus 3%, or 8.2% in total, which was compliant with the benchmark.

Rates (increases) affordability benchmark

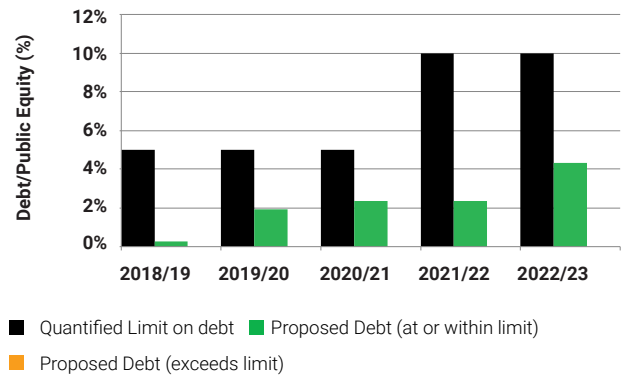


### Debt affordability benchmark

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 LTP. The quantified limit in the 2018–2028 LTP was 5% of Council's Equity. For the 2021–2031 LTP, this was increased to 10%.

For 2022/23 Council's External Debt equated to 4.5% of Council's Equity, which was compliant with the benchmark.

### Debt affordability benchmark

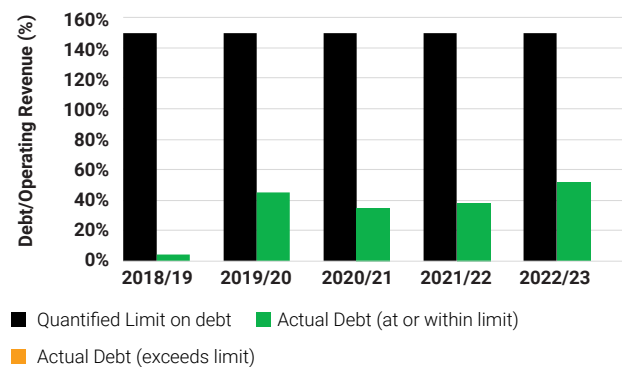


### Debt as a percentage of operating income

Council meets the debt as a percentage of operating income benchmark if Council's external debt level remains below 150% of its annual operating income. This limit is set in Council's Treasury Management Policy.

For 2022/23 Council's debt was 52% of its 2022/23 operating income so was compliant with this benchmark.

### Debt as a Percentage of Operating Income



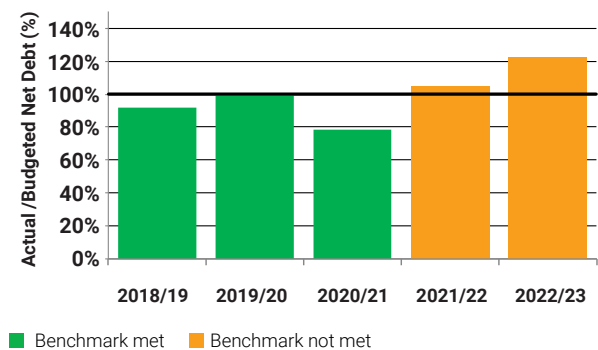
### Debt control benchmark

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.

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

Council's financials were impacted by Cyclone Gabrielle in 2023, which saw Council borrowing unplanned debt to deal with unfunded recovery activities. In addition, in June 2023 Council was undertaking significant roading repairs that while 100% funded by Waka Kotahi, is funded on a reimbursement basis meaning creditors are higher than usual.

### Debt control benchmark

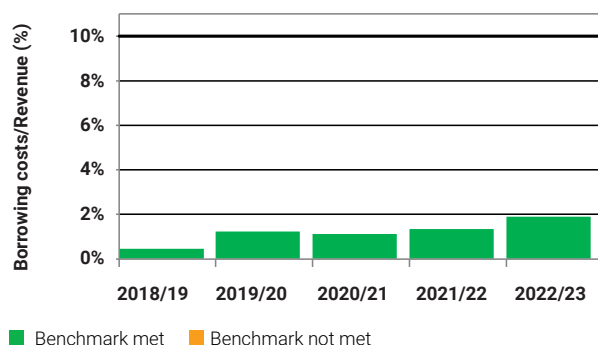


### Debt servicing benchmark

The following graph compares the Council's actual borrowing costs with a quantified limit set in the Council's long-term plan. The quantified limit in the 2018–2028 LTP was 5% of operating revenue. For the 2021–2031 LTP, this was increased to be 10%.

Council's borrowing costs are well below the prescribed benchmark of being equal to or less than 10% of revenue.

### Debt servicing benchmark



### Balanced budget benchmark

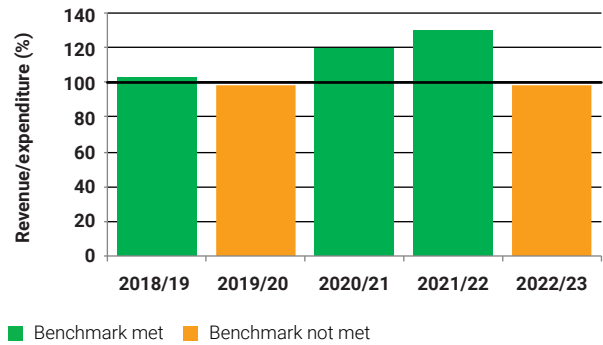
The following graph displays the Council’s revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment) as a proportion of operating expenses (excluding losses on derivative financial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

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

In 2022/23 Council undertook a large amount of unplanned and unfunded Cyclone Gabrielle-related expenditure, which has distorted the current year.

The previous two years were distorted by large amounts of external funding that was spent on asset creation, not operational expenditure.

### Balanced budget benchmark



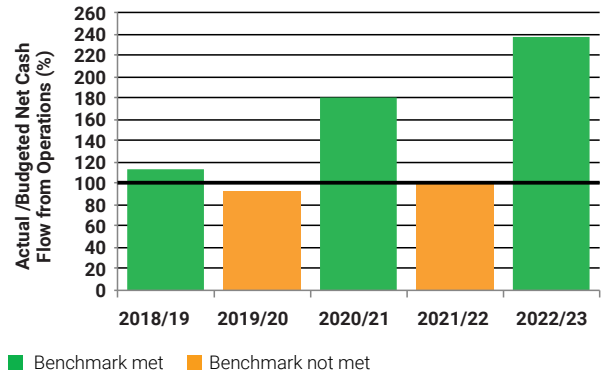
### Operations control benchmark

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.

During the current financial year Council received \$16m of additional, unbudgetted operational funding from Waka Kotahi to assist with cyclone roading repairs which has distorted this graph.

### Operations control benchmark

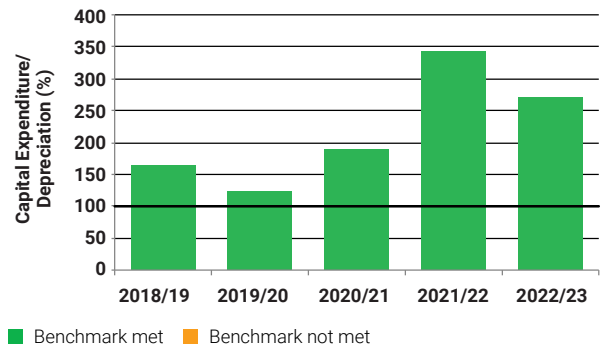


### Essential services benchmark

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 (partly funded by the 3 Waters Reform monies), Council has undertaken some significant capital works in 2020–2023. Because of this additional funding and through the use of debt, Council has spent \$1.96 for every dollar of depreciation charged the year. This shows that Council’s aged assets are being replaced with younger assets as promised in the “Facing the Facts” 2021/2031 Long Term Plan.

### Essential services benchmark



# Statement of Comprehensive Revenue and Expense

For the year ending 30 June 2023

	Note	Actual 2022 \$000	Budget 2023 \$000	Actual 2023 \$000
<b>REVENUE</b>				
Rates revenue	2 (f)	23,483	24,939	24,979
Subsidies and grants	2 (g)	29,692	7,730	27,331
Interest and dividends		101	68	274
Fees and Charges	2 (h)	6,284	6,674	5,932
Development contributions		675	2,133	812
Other revenue	2 (i)	282	274	2,411
<b>Total revenue</b>		<b>60,517</b>	<b>41,819</b>	<b>61,739</b>
<b>EXPENDITURE</b>				
Personnel costs		7,403	8,641	7,950
Depreciation and amortisation	2 (a), 6	12,816	12,543	13,822
Write Off of Destroyed Assets relating to Cyclone Gabrielle	6,17	0	0	2,764
Finance costs		521	847	1,109
Other operating expenses	2 (c)	25,379	19,402	36,316
<b>Total operating expenditure</b>		<b>46,119</b>	<b>41,433</b>	<b>61,961</b>
<b>Net Operating Surplus/(Deficit)</b>		<b>14,398</b>	<b>386</b>	<b>(222)</b>
<b>OTHER (GAINS)/LOSSES</b>				
(Gains)/Losses on Investments and Carbon Credits Held		32	0	275
<b>Total Other (Gains)/Losses</b>		<b>32</b>	<b>0</b>	<b>275</b>
<b>Operating surplus/(deficit) before tax</b>		<b>14,366</b>	<b>386</b>	<b>(497)</b>
Income tax expense		0	0	0
<b>Net surplus/(deficit) after tax</b>		<b>14,366</b>	<b>386</b>	<b>(497)</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
Gains/(Losses) on the revaluation of property, plant and equipment	10	73,384	31,347	65,726
Impairment of Assets relating to Cyclone Gabrielle	6,17	0	0	(39,904)
<b>Total other comprehensive Income /(Loss)</b>		<b>73,384</b>	<b>31,347</b>	<b>25,822</b>
<b>Total comprehensive income/(Loss) for the year</b>		<b>87,750</b>	<b>31,732</b>	<b>25,326</b>

# Statement of Financial Position

As at 30 June 2023

	Note	Actual 2022 \$000	Budget 2023 \$000	Actual 2023 \$000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	3	5,703	2,623	9,064
Trade and other receivables	4	6,088	4,573	7,898
Prepayments		567	480	306
Stock on Hand		29	26	26
Current Investments	5	555	1,152	1,808
Assets Held for Sale		0	0	732
<b>Total current assets</b>		<b>12,943</b>	<b>8,853</b>	<b>19,833</b>
<b>Non-current assets</b>				
Investments	5	1,240	2,827	673
Property, plant and equipment and Intangibles	6	977,581	972,178	1,018,577
<b>Total non-current assets</b>		<b>978,821</b>	<b>975,005</b>	<b>1,019,250</b>
<b>Total assets</b>		<b>991,764</b>	<b>983,858</b>	<b>1,039,083</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	7	12,762	6,415	14,118
Employee entitlements	7	513	386	652
Current Public Debt	7	6,130	10,107	14,372
<b>Total current liabilities</b>		<b>19,406</b>	<b>16,908</b>	<b>29,142</b>
<b>Non-current liabilities</b>				
Non-Current Public Debt	8	16,000	25,230	28,000
Provisions for Landfill Closure	9	2,722	3,547	2,983
<b>Total non-current liabilities</b>		<b>18,722</b>	<b>28,777</b>	<b>30,983</b>
<b>Total liabilities</b>		<b>38,128</b>	<b>45,685</b>	<b>60,125</b>
<b>EQUITY</b>				
Special & Other Funds	10	6,519	7,361	5,993
Trust Funds	10	184	184	186
Revaluation Reserve of Assets	10	677,990	660,441	702,345
Ratepayers' Equity		268,943	270,187	270,434
<b>Total equity</b>		<b>953,636</b>	<b>938,174</b>	<b>978,958</b>
<b>Total Liabilities and Equity</b>		<b>991,764</b>	<b>983,858</b>	<b>1,039,083</b>

# Statement of Changes in Equity

For the year ending 30 June 2023

	Note	Actual 2022 \$000	Budget 2023 \$000	Actual 2023 \$000
<b>Opening Equity Balance</b>		<b>865,884</b>	<b>874,709</b>	<b>953,634</b>
Total comprehensive income / (loss) for the year		87,750	31,732	25,325
<b>Closing Equity Balance</b>		<b>953,634</b>	<b>906,441</b>	<b>978,958</b>
<b>COMPONENTS OF EQUITY</b>				
Ratepayers Equity at the beginning of the Year		253,903	237,938	268,942
Net Surplus/(Deficit) for the Year		14,366	386	(497)
Transfers to (from) other reserves		674	131	1,989
<b>Ratepayers Equity at end of Year</b>		<b>268,942</b>	<b>238,454</b>	<b>270,434</b>
Special & Other Funds at the beginning of the Year	10	7,193	7,492	6,518
Transfers to (from) Special Funds		(675)	(131)	(525)
<b>Special &amp; Other Funds at the end of the Year</b>		<b>6,518</b>	<b>7,361</b>	<b>5,993</b>
Trust Funds at the beginning of the Year	10	184	184	184
Transfers to (from) Trust Funds		0	0	2
<b>Trust Funds at the end of the Year</b>		<b>184</b>	<b>184</b>	<b>186</b>
Revaluation Reserves at the beginning of the Year	10	604,605	629,094	677,989
Gains/(Losses) on the Revaluation Property, Plant and Equipment		73,384	31,347	65,726
Impairment of Infrastructure Assets		0	0	(39,904)
Gains/(Losses) on the Disposal Revalued Property, Plant and Equipment		0	660,441	(1,466)
<b>Revaluation Reserves at the end of the Year</b>		<b>677,989</b>	<b>906,441</b>	<b>702,345</b>
<b>Total Equity at end of Year</b>		<b>953,634</b>	<b>237,938</b>	<b>978,958</b>

# Statement of Cash Flows

For the year ending 30 June 2023

	Note	Actual 2022 \$000	Budget 2023 \$000	Actual 2023 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Cash was provided from:</b>				
- Receipts from rates revenue		23,058	24,969	25,221
- Subsidies and grants received		25,574	7,730	
		26,190		
- Fees and charges received		6,232	6,661	5,764
- Interest received		78	68	75
- Receipts from other revenue		250	274	2,411
- Development Contributions		675	2,133	812
<b>Cash was disbursed to:</b>				
- Payments to suppliers of Goods and Services		(24,479)	(19,402)	(31,315)
- Payments to employees		(7,276)	(8,641)	(7,812)
- Interest paid		(456)	(847)	(794)
<b>Net cash from operating activities</b>		<b>23,656</b>	<b>12,945</b>	<b>20,551</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Cash was provided from:</b>				
- Proceeds from sale of property, plant and equipment		311	26	154
- Proceeds from investments		15,500	2,127	64
<b>Cash was disbursed to:</b>				
- Purchase of investment		(2,963)	0	(550)
- Purchase of intangible assets		(218)	0	(48)
- Purchase of property, plant and equipment		(35,206)	(26,319)	(36,810)
<b>Net cash from investing activities</b>		<b>(22,576)</b>	<b>(24,166)</b>	<b>(37,191)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Cash was provided from:</b>				
- Proceeds from borrowing	8	2,000	17,221	26,000
<b>Cash was disbursed to:</b>				
- Repayment of borrowings	8	0	(6,000)	(6,000)
<b>Net cash from financing activities</b>		<b>2,000</b>	<b>11,221</b>	<b>20,000</b>
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		3,080	0	3,360
Cash, cash equivalents and bank overdrafts at the beginning of the year	3	2,623	2,623	5,703
<b>Cash, cash equivalents and bank overdrafts at the end of the year</b>	<b>3</b>	<b>5,703</b>	<b>2,623</b>	<b>9,064</b>
<b>Net Operating Surplus/(deficit) after tax</b>				
		<b>14,366</b>	<b>386</b>	<b>(497)</b>
<b>Add/(less) non-cash items</b>				
Depreciation and amortisation expense		12,816	12,543	13,822
Written Off Cyclone Damaged Assets		0	0	2,764
Landfill discounted cashflow rate adjustment		42	0	73
Work in progress assets expensed		101	0	314
(Gains)/Losses in fair value of investment property		32	0	0
(Gains)/Losses on derivative financial instruments		0	0	0
<b>Total non-cash items</b>		<b>12,991</b>	<b>12,543</b>	<b>16,973</b>
<b>Add/(less) items classified as investing or financing activities</b>				
Proceeds from capital subsidies and grants received		0	0	0
(Gains)/losses on disposal of property, plant and equipment		(32)	0	(275)
<b>Total items classified as investing or financing activities</b>		<b>(32)</b>	<b>0</b>	<b>(275)</b>
<b>Add/(less) movements in working capital items</b>				
(Increase)/decrease in receivables		(1,893)	(250)	(2,904)
(Increase)/decrease in prepayments		(88)	0	261
(Increase)/decrease in inventory		(4)	0	4
Increase/(decrease) in payables		(1,813)	141	6,851
Increase/(decrease) in employee entitlements		127	125	138
<b>Net movement in working capital items</b>		<b>(3,669)</b>	<b>16</b>	<b>4,350</b>
<b>Net cash inflow from operating activities</b>		<b>23,655</b>	<b>12,945</b>	<b>20,552</b>



# Funding Impact Statement

For the year ending 30 June 2023 (whole of council)

	Long Term Plan 2022 \$000	Long Term Plan 2023 \$000	Annual Plan 2023 \$000	Actual 2023 \$000
<b>SOURCES OF OPERATING FUNDING</b>				
General rates, uniform annual general charges and rates penalties	15,413	16,237	16,202	16,302
Targeted rates	7,929	8,690	8,737	8,678
Subsidies and grants for operating purposes	3,494	3,426	3,426	20,813
Fees, charges	5,418	5,746	6,674	5,932
Interest and dividends from investments	71	42	68	274
Local authorities fuel tax, fines, infringement fees and other receipts	224	232	248	2,229
<b>Total operating funding</b>	<b>32,548</b>	<b>34,373</b>	<b>35,355</b>	<b>54,228</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>				
Payments to staff and suppliers	26,446	27,344	29,525	45,492
Finance costs	685	1,013	805	1,035
Other operating funding applications	(910)	(834)	(1,481)	(1,226)
<b>Total applications of operating funding</b>	<b>26,221</b>	<b>27,523</b>	<b>28,849</b>	<b>45,301</b>
<b>Surplus (deficit) of operating funding</b>	<b>6,328</b>	<b>6,850</b>	<b>6,506</b>	<b>8,927</b>
<b>SOURCES OF CAPITAL FUNDING</b>				
Subsidies and grants for capital expenditure	15,466	4,240	4,304	6,517
Development and financial contributions	2,072	26	26	812
Increase (decrease) in debt	6,954	2,131	2,135	21,000
Gross proceeds from sale of assets	25	10,751	11,221	154
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
<b>Total sources of capital funding</b>	<b>24,517</b>	<b>17,148</b>	<b>17,686</b>	<b>28,483</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>				
Capital expenditure				
- to meet additional demand	1,904	2,646	2,646	931
- to improve the level of service	9,338	7,474	7,602	8,238
- to replace existing assets	22,129	16,053	16,071	23,531
Increase (decrease) in reserves	0	0	0	4,225
Increase (decrease) of investments	(2,526)	(2,175)	(2,127)	485
<b>Total application of capital funding</b>	<b>30,845</b>	<b>23,998</b>	<b>24,192</b>	<b>37,410</b>
<b>Surplus (deficit) of capital funding</b>	<b>(6,328)</b>	<b>(6,850)</b>	<b>(6,506)</b>	<b>(8,927)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

# Notes to the Financial Statements

## 1. Statement of Accounting Policies

### Reporting Entity

Central Hawke's Bay District Council (Council) is a New Zealand territorial local authority 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 and 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 2023. The financial statements were authorised for issue by Council on 19 October 2023.

### 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 with 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 dollar or thousand dollars.

#### Changes in Accounting Policies

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

#### Standards Issued and Effective

Standards and amendments, issued and effective, that have been adopted and which are relevant to the Council:

#### Financial instruments

In January 2017, the XRB issued PBE IFSAS 41 Financial Instruments. PBE IFSAS 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 IFSAS 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 has adopted PBE IFSAS 41 and the impacts of this change are disclosed in Notes 4 and 16.

In November 2017, the XRB issued PBE IFRS 48 Service Performance Reporting. PBE IFRS 48 is effective for annual periods beginning on or after 1 January 2022, 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 has applied this standard in preparing its 30 June 2023 financial statements. Information about the transition to PBE IFRASA 41 is disclosed in Note 16.

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 are relevant to the Council:

Nil

### **Significant Accounting Policies**

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

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

#### **Goods 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 2022–23 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 that 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 for which the rates have been set. Rates revenue is recognised when payable.

### **Government subsidies**

Council receives government and crown agencies grants, which subsidise part of Council's costs in providing the local infrastructure and community 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 assets are obtained.

### **Fees and charges**

Non-exchange revenue from the rendering of services consists of services in activities where Council subsidises 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 include 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; and loans and receivables. 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 if 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 assets are 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.

### **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.

#### **Current assets held for sale**

These include assets immediately available for sale, and the disposal is likely to occur within 12 months.

In this case it relates to 83 Pōrangahau Road, Waipukurau. This property was purchased to enable a stormwater attenuation basin to be built on the rear of the property as part of the housing development project known as the Waipukurau South Growth Precinct. The front of this property, which includes the existing house, is surplus to the development project and has been subdivided off and will be sold in the next financial year.

#### **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 that 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's 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
<b>Operational &amp; Restricted Assets</b>		
Buildings	4-190	0.5%–25.0%
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%-11.1%
<b>Intangible Assets</b>		
Software	4-5	20%-25%
GIS Imagery	4	25%
<b>Infrastructural Assets</b>		
Rooding		
Base Course	50-75	1.3%-2%
Bridge (Deck)	70-140	0.7%-1.4%
Crossing	75	1.3%
Drainage	30-80	1.3%-3.3%
Footpath	30-80	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%
<b>Sewerage Network</b>		
Pipes and manholes	60-135	0.7%-1.7%
Manholes	100	1%
Treatment ponds and pumps	15-100	1%-3.8%
Flow monitoring equipment	10	10%
<b>Stormwater</b>		
Pipes	30-100	1%-3.5%
Manholes	100	1%
<b>Water Network</b>		
Monitoring equipment (hardware)	5-20	5%–20%
Monitoring equipment (software)	5-20	5%–20%
Pipes, hydrants, valves	25-50	2%–4%
Treatment plants and pumps	5-20	5%–20%
Items under construction	Non-depreciable	

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

## Revaluations

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

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

Land, buildings (operational and restricted), and infrastructural assets (except land under roads) are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value.

All other asset classes are carried at depreciated historical cost.

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

The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the Statement of Comprehensive Revenue 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 2023. 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 programmes. The most recent valuation was effective as at 30 June 2022.

### 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 Kaydee Lee, MPINZ from QV Asset & Advisory, and the valuation is effective as at 30 June 2021.

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 2022.

### 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; and
- 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 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 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 that 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.
- estimates that 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 underestimating 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 give Council further assurance over its useful life estimates.

Experienced independent valuers are used in performing or reviewing the Council's infrastructural asset revaluations and impairment assessments. For further information on the impacts of cyclone on this years asset values refer to note 17

## 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 2023.

### 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.

### Three Waters Reform Programme

In July 2020, the Government launched the Three Waters Reform Programme with the goal of reforming local government three waters service delivery arrangements.

Currently 67 different councils own and operate the majority of the drinking water, wastewater and stormwater services across New Zealand. The Government proposes reforming local government's three waters services into ten multiregional entities. It is expected that entity F (covering Hawke's Bay and Tairāwhiti) will be effective from 1 October 2024. The exact transfer to the new entity is still being worked through.

If the reforms progress and Central Hawke's Bay District Council participates, there is likely to be a material impact on our financial statements from 1 October 2024. No allowance has been made in the 30 June 2023 financial statements for this possibility but the table below details at a high level the categories that will be impacted should this progress:

	2022 COUNCIL \$000	2023 COUNCIL \$000
3 Waters Revenue	15,887	10,231
3 Waters Operational Spend	8,615	11,131
3 Waters Capital Spend	16,308	13,354
3 Waters Assets – Plant, Property & Equipment	126,806	134,878
3 Waters Liabilities – Debt	29,004	42,922

## 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:

	2022 Council \$000	2023 Council \$000
<b>Insurance premiums</b>	<b>434</b>	<b>620</b>

### b. Council incurred the following expenses:

	2022 Council \$000	2023 Council \$000
<b>Depreciation and amortisation</b>	<b>12,813</b>	<b>13,822</b>

### c. Other operating expenses:

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

	2022 Council \$000	2023 Council \$000
Repairs and maintenance	3,867	4,939
Contractors #	16,166	22,393
Fees to auditors	124	153
Other	5,222	8,831
<b>Total</b>	<b>25,379</b>	<b>36,316</b>

# Note the 2022/2023 figure includes fees paid to contractors for roading repairs due to Cyclone Gabrielle Damage

	2022 Council \$000	2023 Council \$000
Audit Fees are broken down as follows		
Fees to EY for audit of financial statements	122	151
Fees to EY for trustee reporting assurance	2	2
<b>Total</b>	<b>124</b>	<b>153</b>

### d. Budget variance

Variances to forecast budgets are explained in the Funding Impact Statements earlier in these financial reports.

### e. Revenue

Revenue included in Surplus or Deficit includes amounts where the associated expenditure has been or will be capitalised. In the current year, \$169,991 of Interest Revenue has been credited to Special Funds following recognition in the Statement of Comprehensive Revenue and Expense, and during 2023 a total of \$811,682 of Development Contributions were received, and \$730,889 were applied to capital projects.

### f. Breakdown of rates and further information

	2022 Council \$000	2023 Council \$000
General Rates	15,432	16,175
Targeted rates attributable to activities		
Metered Water Revenue	601	478
Other Water Rates	3,206	3,571
Sewer	3,008	3,173
Storm Water	817	977
Refuse and Recycling	401	478
Economic Social Development	0	0
Rate discounts taken	33	143
Rate remissions	(16)	(16)
<b>Total</b>	<b>23,483</b>	<b>24,979</b>

### 3. Breakdown of subsidies and grants

	2022 Council \$000	2023 Council \$000
Roading Subsidies – Waka Kotahi NZ Transport Agency	8,469	22,962
PGF Infrastructure Projects – MBIE	11,232	1,759
Department of Internal Affairs – 3 Waters Reform	6,980	829
Nga Ara Tipuna – MBIE, Lotteries, ECCT, Centralines	359	0
Economic Stimulus Packages – Various Government Agencies	2,021	1,014
Tourism Infrastructure and Responsible Camping – MBIE	204	177
Landfill Subsidy – MfE	286	362
Other Grants and Subsidies	141	228
<b>Total</b>	<b>29,692</b>	<b>27,331</b>

#### h. Breakdown of fees & charges

	2022 Council \$000	2023 Council \$000
Building and resource consent charges	2,151	1,729
Landfill Charges	1,853	1,645
Transfer Stations Charges	421	511
District Trade Waste Sewerage	455	405
Retirement Housing and District Property Rents & Hires	392	493
Campground Charges	76	84
Other fees & charges	936	1,066
<b>Total</b>	<b>6,284</b>	<b>5,932</b>

#### i. Breakdown of other revenue

	2022 Council \$000	2023 Council \$000
Petrol Tax Income	136	129
Gain on Property Plant and Equipment Sales	36	182
Mayoral Cyclone Fund Donations	0	509
Vested Rooding Asset	0	0
Waka Kotahi NZ Transport Agency – Funding Assistance Rate Adjustment	20	0
NEMA Civil Defense Claims	0	901
Insurance Proceeds	0	500
Others	91	190
<b>Total</b>	<b>282</b>	<b>2,411</b>

## 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

	2022 Council \$000	2023 Council \$000
Community Leadership	2,044	1,547
Land Transport	19,894	24,932
Planning and Regulatory	2,585	2,352
Recreation and Community Facilities	1,356	1,235
Solid Waste	2,739	2,749
Civil Defense	0	1,401
Water Supplies	3,310	1,328
Wastewater (Sewerage)	4,833	586
Stormwater	26	17
Total Activity Revenue	36,787	36,147
Less Internal Revenue	247	613
General Rates	23,483	24,979
<b>Total Revenue</b>	<b>60,517</b>	<b>61,739</b>

### Expenditure

	2022 Council \$000	2023 Council \$000
Community Leadership	3,548	3,239
Land Transport	15,521	26,234
Planning and Regulatory	4,557	4,682
Recreation and Community Facilities	5,878	5,966
Solid Waste	5,020	4,879
Civil Defense	0	2,135
Water Supplies	4,944	6,321
Wastewater (Sewerage)	5,303	6,185
Stormwater	1,039	1,993
Total Activity Expenditure	45,810	58,869
Plus Internal Expenditure	308	329
<b>Total expenditure</b>	<b>46,119</b>	<b>61,961</b>

## 4. Cash & Cash Equivalents

	2022 Council \$000	2023 Council \$000
<b>Cash and cash equivalents</b>		
Cash at bank and in hand	9	9,063
Short-term deposits maturing three months or less from date of acquisition	5,695	1
<b>Total Cash and Cash Equivalents</b>	<b>5,703</b>	<b>9,064</b>

The carrying value of cash at bank and term deposits with maturities less than three months approximate their fair value.

The total value of cash and cash equivalents that can only be used for a specified purpose as outlined in the relevant trust deeds is \$186k (2022: \$184k)

## 5. Trade and Other Receivables

### Accounting Policy

Short-term receivables are recorded at the amount due, less an allowance for Expected Credit Losses (ECL).

The Council applies the simplified ECL model of recognising lifetime ECL for short-term receivables.

In measuring ECLs, receivables have been grouped into rates receivables and other receivables, and assessed on a collective basis as they possess shared credit risk characteristics. They have then been grouped based on the days past due. A provision matrix is then established based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Rates are 'written-off':

- when remitted in accordance with the Council's rates remission policy; and
- in accordance with the write-off criteria of sections 90A (where rates cannot be reasonably recovered) and 90B (in relation to Māori freehold land) of the Local Government (Rating) Act 2002.

Previous accounting policy

In the previous year, debtors and other receivables were initially measured at fair value and subsequently measured at amortised cost using face value, less any provision for impairment.

A provision for impairment of receivables was established when there was objective evidence that the Council would not be able to collect all amounts due according to the original terms of receivables. The amount of provision was the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

	2022 Council \$000	2023 Council \$000
Rates Receivable – Non-exchange	450	586
Rates Receivable – Exchange (Water Meter)	627	250
NZ Transport Agency Subsidies – Non-exchange	2,888	4,333
National Emergency Management Agency – Non-exchange	0	229
Hawke's Bay Regional Council – Exchange	0	173
General Debtors – Non-exchange	2,302	2,529
Total	6,267	8,099
Less Provision for Impairment of Receivables	178	201
<b>Total</b>	<b>6,088</b>	<b>7,898</b>

Trade and Other Receivables Aging is as follows:

	2022 Council \$000	2023 Council \$000
Current (net of impairment)	6,158	7,118
Overdue (net of impairment)	(70)	780
<b>Total</b>	<b>6,088</b>	<b>7,898</b>

### Rates receivables

The Council does not provide for ECL on rates receivable, with the exception of Māori land arrears, as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. These powers allow the Council to commence legal proceedings to recover any rates that remain unpaid four (4) months after the due date for payment. If payment has not been made within three (3) months of the Court's judgment, then the Council can apply to the Registrar of the High Court to have the judgment enforced by sale or lease of the rating unit.

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.

### Other receivables

The ECL rates for other receivables at 30 June 2023 and 30 June 2022 are based on the payment profile of revenue on credit over the prior two years at the measurement date and the corresponding historical credit losses experienced for that period. The historical loss rates are adjusted for current and forward-looking macroeconomic factors that might affect the expected recoverability of receivables. Given the short period of credit risk exposure, the effects of macroeconomic factors are not considered significant.



The ageing profile of other receivables at year end is detailed below:

2022 Council \$000	Expected Credit Loss Rate 2022	Lifetime ECL 2022 \$000		2023 Council \$000	Expected Credit Loss Rate 2023	Lifetime ECL 2023 \$000
RATES						
179	0%	0	Current & Past Due < 90 Days	251	0%	0
271	3%	8	Past due > 90 days	335	3%	10
450		8	Total	586		10
WATER RATES						
426	18%	77	Not past due	63	11%	7
31	14%	4	Past due 1-60 days	19	12%	2
82	52%	43	Past due 61-90 days	10	28%	3
88	79%	70	Past due > 90 days	157	77%	121
627		194	Total	250		132
GENERAL DEBTORS						
1,565	0%	0	Not past due	1,496	1%	15
115	1%	1	Past due 1-60 days	186	2%	4
300	2%	6	Past due 61-90 days	56	3%	1
322	12%	39	Past due > 90 days	258	15%	39
2,302		46	Total	1,996		59
NZTA & Other Govt Agencies						
2,888	0%	0	Total	5,267	0%	0
<b>6,267</b>		<b>247</b>		<b>8,099</b>		<b>201</b>

All receipts greater than 30 days in age are considered past due.

Movement in the allowance for credit losses are as follows:

	2022 Council \$000	2023 Council \$000
At 1 July	166	178
ECL adjustment due to the adoption of PBE IPSAS 41	0	69
Additional provision made during the year	83	132
Provisions reversed during the year	0	0
Receivable written off during the period (see note below)	(71)	(178)
<b>At 30 June</b>	<b>178</b>	<b>201</b>

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 \$178k of debt. Most of this relates to the debt that had previously been identified as doubtful. This is a mixture of rates on unproductive Māori Land (unenforceable), remissions granted under Council's Water Leak Policy, or where the debtor can't be traced or has no ability to pay.

## 6. Investments

	2022 Council \$000	2023 Council \$000
Bank Bonds & LGFA Bonds – Current	92	1,158
Carbon Credit Units Held	463	650
Bank Bonds & LGFA Bonds – Non-current	1,211	646
<b>Total Bonds</b>	<b>1,766</b>	<b>2,454</b>

	2022 Council \$000	2023 Council \$000
NZ Local Government Insurance Corp. Limited	28	26
<b>Total Shares</b>	<b>28</b>	<b>26</b>
<b>Total Term Investments</b>	<b>1,794</b>	<b>2,479</b>
Investments in Associates (non-controlled)		
HB LASS	1	1
<b>Total Investments</b>	<b>1,795</b>	<b>2,480</b>

### Amortised Costs

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

## 6a. Property Plant and Equipment and Intangible Assets

2023	Description	Opening Cost 1-Jul-22	Additions*	Vested Assets	Disposals Expensed	Transfers	Revaluation	Impairment	Closing Cost 30-Jun-23	Opening Cost 01-Jul-22	Depn	Disposals	Revaluation	Closing Accum Depr 30-Jun-23	Net Book Value 30-Jun-23	Net Book Value 30-Jun-22
	Wastewater	56,408	1,188	0	(93)	4,433	0	(20)	61,916	0	(1,462)	40	0	(1,422)	60,495	56,408
	Water	45,362	2,762	0	(1,340)	3,739	0	(10)	50,513	0	(1,448)	651	0	(798)	49,715	45,362
	Stormwater	25,036	88	0	0	0	0	0	25,124	0	(456)	0	0	(456)	24,669	25,036
	Roading	727,718	10,252	0	(4,336)	20,478	68,322	(39,904)	782,539	0	(8,127)	2,314	(2,314)	(8,127)	774,412	727,718
	Land Under Roads	37,657	36	0	0	0	(36)	0	37,657	0	0	0	0	0	37,657	37,657
	Solid Waste	529	4	0	0	0	0	0	533	0	(12)	0	0	(12)	521	529
	Landfill	7,501	0	0	0	0	188	0	7,689	(2,809)	(216)	0	0	(3,025)	4,664	4,692
	<b>Total</b>	<b>900,211</b>	<b>14,330</b>	<b>0</b>	<b>(5,769)</b>	<b>28,650</b>	<b>68,484</b>	<b>(39,934)</b>	<b>965,972</b>	<b>(2,809)</b>	<b>(11,721)</b>	<b>3,005</b>	<b>(2,314)</b>	<b>(13,839)</b>	<b>952,132</b>	<b>897,402</b>
	Land	23,441	0	0	0	0	0	0	23,441	0	0	0	0	0	23,441	23,441
	Buildings	19,705	605	0	0	0	(225)	0	20,085	(392)	(1,368)	0	0	(1,760)	18,325	19,313
	Motor Vehicles	952	216	0	(288)	0	0	0	881	(635)	(138)	288	0	(485)	395	317
	Emergency Equipment	210	0	0	0	0	0	0	210	(189)	(10)	0	0	(199)	11	21
	Misc Plant	3,035	72	0	0	0	0	0	3,107	(2,018)	(237)	0	0	(2,255)	851	1,017
	Computer Equipment	902	124	0	0	0	0	0	1,026	(643)	(134)	0	0	(777)	249	259
	Office Furniture & Equipment	685	20	0	0	0	0	0	705	(608)	(15)	0	0	(623)	82	77
	Monuments	379	0	0	0	0	0	0	379	0	(12)	0	0	(12)	367	379
	Library Books	777	150	0	0	0	(73)	0	854	(423)	(40)	0	0	(463)	390	354
	<b>Total Operating Assets</b>	<b>50,086</b>	<b>1,188</b>	<b>0</b>	<b>(288)</b>	<b>0</b>	<b>(299)</b>	<b>0</b>	<b>50,687</b>	<b>(4,908)</b>	<b>(1,956)</b>	<b>288</b>	<b>0</b>	<b>(6,576)</b>	<b>44,112</b>	<b>45,178</b>
	Software and Other Intangibles	900	48	0	0	0	0	0	948	(541)	(145)	0	0	(686)	262	359
	<b>Total</b>	<b>951,197</b>	<b>15,566</b>	<b>0</b>	<b>(6,057)</b>	<b>28,650</b>	<b>68,185</b>	<b>(39,934)</b>	<b>1,017,608</b>	<b>(8,258)</b>	<b>(13,822)</b>	<b>3,293</b>	<b>(2,314)</b>	<b>(21,102)</b>	<b>996,506</b>	<b>942,939</b>
	Work in Progress	34,642	16,393	0	(314)	(28,650)	0	0	22,071	0	0	0	0	0	22,071	34,642
	<b>Total</b>	<b>985,839</b>	<b>31,959</b>	<b>0</b>	<b>(6,371)</b>	<b>0</b>	<b>68,185</b>	<b>(39,934)</b>	<b>1,039,679</b>	<b>(8,258)</b>	<b>(13,822)</b>	<b>3,293</b>	<b>(2,314)</b>	<b>(21,102)</b>	<b>1,018,577</b>	<b>977,581</b>

2022	Description	Opening Cost	Additions*	Vested Assets	Disposals Expensed	Transfers	Revaluation	Closing Cost	Opening Cost	Depn	Disposals	Impairment	Revaluation	Closing Accum Depr	Net Book Value	Net Book Value
		1-Jul-21	01-Jul-21	30-Jun-22	01-Jul-21	30-Jun-22	01-Jul-21	30-Jun-22	01-Jul-21	30-Jun-22	30-Jun-22	30-Jun-22	30-Jun-22	30-Jun-22	30-Jun-22	30-Jun-22
	Wastewater	47,641	0	0	0	5,540	3,227	56,408	(1,341)	(1,341)	0	0	2,682	0	56,408	46,300
	Water	41,834	0	0	0	3,504	25	45,362	(952)	(955)	0	0	1,907	0	45,362	40,882
	Stormwater	22,943	0	0	0	712	1,381	25,036	(374)	(374)	0	0	748	0	25,036	22,569
	Roading	671,668	0	0	0	4,695	51,355	727,718	0	(7,447)	0	0	7,447	0	727,718	671,668
	Land Under Roads	37,657	0	0	0	0	0	37,657	0	0	0	0	0	0	37,657	37,657
	Solid Waste	546	9	0	0	0	(26)	529	(20)	(12)	0	0	32	(0)	529	526
	Landfill															
	7,754	4	0	0	527	(784)	7,501	(2,506)	(303)	0	0	0	(2,809)	4,692	5,248	
	<b>Total Infrastructure Assets</b>	<b>830,043</b>	<b>13</b>	<b>0</b>	<b>0</b>	<b>14,978</b>	<b>55,178</b>	<b>900,211</b>	<b>(5,193)</b>	<b>(10,432)</b>	<b>0</b>	<b>0</b>	<b>12,816</b>	<b>(2,810)</b>	<b>897,401</b>	<b>824,850</b>
	Land	23,248	193	0	0	0	0	23,441	0	0	0	0	0	0	23,441	23,248
	Buildings	19,504	439	0	0	189	(427)	19,705	(3,590)	(1,710)	0	0	4,908	(392)	19,313	15,914
	Motor Vehicles	808	221	0	(77)	0	0	952	(599)	(114)	78	0	0	(635)	317	209
	Emergency Equipment	210	0	0	0	0	0	210	(179)	(10)	0	0	0	(189)	21	31
	Misc Plant	2,178	857	0	0	0	0	3,035	(1,825)	(193)	0	0	0	(2,018)	1,017	353
	Computer Equipment	805	97	0	0	0	0	902	(512)	(131)	0	0	0	(643)	259	293
	Office Furniture & Equipment	678	7	0	0	0	0	685	(594)	(14)	0	0	0	(608)	76	84
	Monuments	284	0	0	0	0	0	379	(20)	(12)	0	0	32	0	379	264
	Library Books	949	80	0	(252)	0	0	777	(600)	(77)	254	0	0	(423)	354	349
	<b>Total Operating Assets</b>	<b>48,664</b>	<b>1,894</b>	<b>0</b>	<b>(329)</b>	<b>189</b>	<b>(332)</b>	<b>50,086</b>	<b>(7,919)</b>	<b>(2,261)</b>	<b>332</b>	<b>0</b>	<b>4,940</b>	<b>(4,907)</b>	<b>45,179</b>	<b>40,745</b>
	Software and Other Intangibles	676	218	0	0	6	0	900	(418)	(123)	0	0	0	(541)	359	258
	<b>Total</b>	<b>879,383</b>	<b>2,125</b>	<b>0</b>	<b>(329)</b>	<b>15,173</b>	<b>54,846</b>	<b>951,197</b>	<b>(13,530)</b>	<b>(12,816)</b>	<b>332</b>	<b>0</b>	<b>17,756</b>	<b>(8,258)</b>	<b>942,939</b>	<b>865,853</b>
	Work in Progress	15,045	34,872	0	(101)	(15,173)	0	34,642	0	0	0	0	0	0	34,642	15,045
	<b>Total</b>	<b>894,428</b>	<b>36,997</b>	<b>0</b>	<b>(430)</b>	<b>0</b>	<b>54,846</b>	<b>985,839</b>	<b>(13,530)</b>	<b>(12,816)</b>	<b>332</b>	<b>0</b>	<b>17,756</b>	<b>(8,258)</b>	<b>977,581</b>	<b>880,898</b>

## 6b. Work in Progress

	2022	
Council		
\$000	2023	
Council		
\$000		
Animal Control Pound	44	53
Parks & Reserves	-	20
Roading Projects	20,478	7,536
Solid Waste Landfill Cell Capping/Leachate Irrigation	844	844
Solid Waste Transfer Station Weighbridge	6	26
Stormwater	117	12
Wastewater	6,910	4,787
Water	6,243	7,917
IAF Project	-	876
<b>Total</b>	<b>34,642</b>	<b>22,071</b>

## 6c. Depreciation by Activity

	2023 Actual	2023 Annual Plan Budget	2022 Actual	2022 Annual Plan Budget
<b>COMMUNITY LEADERSHIP GROUP</b>				
Depreciation expense for the year	0	0	0	0
Renewals, Loan Funding	0	0	0	10
Difference (Depreciation – renewals, loans)	0	0	0	(10)
<b>REGULATORY GROUP</b>				
Depreciation expense for the year	1	1	1	1
Renewals, Loan Funding	9	0	237	700
Difference (Depreciation – renewals, loans)	(9)	1	(236)	(699)
<b>LAND TRANSPORT GROUP</b>				
Depreciation expense for the year	8,149	8,070	7,460	7,616
Renewals, Loan Funding	17,824	7,304	18,370	15,553
Difference (Depreciation – renewals, loans)	(9,675)	766	(10,910)	(7,937)
<b>SOLID WASTE GROUP</b>				
Depreciation expense for the year	239	318	326	305
Renewals, Loan Funding	30	299	80	173
Difference (Depreciation – renewals, loans)	208	19	246	132
<b>WATER GROUP</b>				
Depreciation expense for the year	1,449	908	953	1,014
Renewals, Loan Funding	8,431	6,431	6,176	5,770
Difference (Depreciation – renewals, loans)	(6,982)	(5,523)	(5,223)	(4,756)
<b>WASTEWATER GROUP</b>				
Depreciation expense for the year	1,463	1,291	1,344	1,457
Renewals, Loan Funding	3,533	8,106	9,359	8,162
Difference (Depreciation – renewals, loans)	(2,070)	(6,815)	(8,015)	(6,705)
<b>STORMWATER GROUP</b>				
Depreciation expense for the year	456	375	374	381
Renewals, Loan Funding	1,416	1,992	772	1,159
Difference (Depreciation – renewals, loans)	(961)	(1,617)	(398)	(778)
<b>RECREATION AND COMMUNITY GROUP</b>				
Depreciation expense for the year	1,546	1,311	1,603	1,375
Renewals, Loan Funding	750	1,446	1,244	876
Difference (Depreciation – renewals, loans)	796	(135)	359	499
<b>OVERHEADS</b>				
Depreciation expense for the year	521	269	755	546
Renewals, Loan Funding	706	741	759	968
Difference (Depreciation – renewals, loans)	(186)	(472)	(5)	(422)
<b>TOTALS</b>				
Depreciation expense for the year	13,822	12,543	12,816	12,696
Renewals, Loan Funding	32,700	26,319	36,997	33,371
Difference (Depreciation – renewals, loans)	(18,877)	(13,776)	(24,181)	(20,675)

## 7. Trade and Other Payables

	2022 Council \$000	2023 Council \$000
Trade Creditors – Exchange	11,257	11,627
Revenue in Advance – Non-exchange	1,078	1,820
Other Accounts Payable and Accrued Expenses – Non-exchange	428	672
Total Trade Creditors and Other Accounts Payables	12,762	14,118
Other		
Current Public Debt	6,130	14,372
Employee benefit liabilities	513	652
Total Other Current Debt	6,644	15,023
<b>Total Current Liabilities</b>	<b>19,406</b>	<b>29,142</b>

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of creditors and other payables approximates their fair value.

## 8. Public Debt

	2022 Council \$000	2023 Council \$000
Loans as at 1 July	20,000	22,130
Net Accrued Interest Change	130	242
Fair Value Adjustments	0	0
Plus Loans raised during the year	2,000	26,000
Less Loans repaid during the year	0	(6,000)
<b>Total Public Debt</b>	<b>22,130</b>	<b>42,372</b>
Less Loans repayable within 12 months	(6,130)	(14,372)
<b>Non-Current Public Debt</b>	<b>16,000</b>	<b>28,000</b>

	2022 Council \$000	2023 Council \$000
Current	6,130	14,372
One-to-Two years	10,000	6,000
Two-to-Five years	6,000	22,000
More than Five years	0	0
<b>Total</b>	<b>22,130</b>	<b>42,372</b>

## 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 a number of sources including, but not limited to, external debt, reserves, special funds and rates.

	Council Balance 30 Jun 22 \$000	Borrowed \$000	Interest \$000	Principal Repaid \$000	Council Balance 30 Jun 23 \$000
Properties and Buildings	595	0	17	52	543
Parks and Reserves	1,386	50	40	111	1,325
Public Conveniences	207	193	9	25	375
Solid Waste	1,663	291	51	199	1,755
Stormwater	425	1,863	36	59	2,229
Theatres, Halls and Museums	370	0	10	22	349
Animal Control	212	9	6	5	216
Wastewater	17,924	5,313	574	933	22,304
Water Supplies	10,655	8,231	408	496	18,389
Libraries	138	0	4	15	123
IT	14	0	0	14	0
Civil Defense	91	1,095	18	151	1,034
GIS Maps	36	0	1	18	18
District Plan	1,487	866	55	251	2,102
<b>Total</b>	<b>35,205</b>	<b>17,918</b>	<b>1,230</b>	<b>2,353</b>	<b>50,768</b>

## 9. Provision for Landfill Decommissioning and Aftercare Cost

	2022 Council \$000	2023 Council \$000
Opening Balance	3,463	2,722
Effect of Discounting	42	73
Additional Provisioning	(783)	188
Release of Provision	0	0
<b>Closing balance</b>	<b>2,722</b>	<b>2,983</b>

Central Hawke's Bay District Council gained resource and land use consents for the District Landfill in 1995 with the consent expiring in 2030. The landfill opened for operation in July 1996. 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 that 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 in undeveloped cells (based on short-term developments stages 1-3) = 133,950 m<sup>3</sup> airspace volume
- Estimated additional remaining capacity in undeveloped cells (based on longer-term developments beyond stage 3)
- = 889,000 m<sup>3</sup> airspace volume
- Average tonnes of waste received by the landfill over the last three years = 13,000 tonnes pa
- Length of post-closure monitoring period = 30 years
- Total expected cash outflow – undiscounted = \$5.5 million
- Discount rate = 4.13%

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 2023 and 2022.



## (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-Jul-22 \$000	Council Transfers from Ratepayers Equity \$000	Council Transfers to Ratepayer Equity \$000	Council Balance 30-Jun-23 \$000
<b>RESERVES HELD FOR EMERGENCY PURPOSES</b>				
Mayors Relief Fund	5	0	0	5
Adverse Events Reserve Fund	838	19	0	858
Catastrophic Events Reserve Fund	2,300	196	(854)	1,642
<b>Total</b>	<b>3,143</b>	<b>215</b>	<b>(854)</b>	<b>2,505</b>
	\$000	\$000	\$000	\$000
<b>RESERVES FOR FUTURE ASSET PURCHASES</b>				
Capital Projects Fund	17	1	(5)	14
Ruahine Ward Disbursement Fund	609	18	0	627
Ruataniwha Ward Disbursement Fund	18	1	0	19
Aramoana Ward Disbursement Fund	179	5	0	185
Esplanade Reserve Fund	177	5	0	182
Rural Fire Reserve	37	1	0	39
Stormwater Renewal Reserve	34	1	(35)	0
Water Rates Smoothing Reserve	200	0	(100)	100
Wastewater Upgrade Reserve	577	0	(84)	493
EQC Pourerere	4	0	0	4
Bridge Replacement Funding	216	57	0	273
CHB District Retirement Housing Reserve	102	86	0	188
Vehicle Depreciation Reserve	463	132	(6)	589
Landfill/Transfer Station Smoothing Reserve	132	0	(132)	0
LT Vehicle Depreciation Reserve	94	51	(82)	63
<b>Total</b>	<b>2,860</b>	<b>358</b>	<b>(442)</b>	<b>2,776</b>
	\$000	\$000	\$000	\$000
<b>RESERVES HELD FOR FUTURE OPERATIONAL COSTS</b>				
Elections & By-elections Reserve Fund	42	18	0	61
Ruahine Ward Hall Maintenance Reserve	44	1	0	45
Library Fund	22	1	0	23
Road Legalisation Funding	23	1	0	23
Landfill Aftercare Depreciation Reserve	356	96	0	452
District Landfill Levy Reserve	0	65	0	65
Recreation and Community Facilities Reserve	0	0	0	0
<b>Total</b>	<b>488</b>	<b>182</b>	<b>0</b>	<b>670</b>
<b>Total Special Funds</b>	<b>6,491</b>	<b>755</b>	<b>(1,296)</b>	<b>5,950</b>

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

	Council Balance 1-Jul-22 \$000	Council Transfers from Ratepayers Equity \$000	Council Transfers to Ratepayer Equity \$000	Council Balance 30-Jun-23 \$000
Te Aute Drain Channel Clearing Reserve	28	15	0	43
<b>Total Special &amp; Other Funds</b>	<b>6,519</b>	<b>770</b>	<b>(1,296)</b>	<b>5,993</b>

## (b) Trust Funds

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

	Council Balance 1-Jul-22 \$000	Council Transfers from Ratepayers Equity \$000	Council Transfers to Ratepayer Equity \$000	Council Balance 30-Jun-23 \$000
Waipawa Building Society Scholarship Trust	113	3	(1)	115
Eric Tate Scholarship Trust	71	2	(2)	71
Creative NZ Grants unspent	0	0	0	0
<b>Total</b>	<b>184</b>	<b>5</b>	<b>(3)</b>	<b>186</b>

## (c) Asset Revaluation Reserve

	Water, Wastewater, Storm Water, Solid Waste \$000	Roading \$000	Total \$000
<b>INFRASTRUCTURE</b>			
Opening Balance	85,850	554,782	640,632
Revaluation	0	65,726	65,726
Current Year Impairment/Write-off due to Cyclone Damage	(535)	(40,610)	(41,145)
<b>Closing Balance</b>	<b>85,316</b>	<b>579,898</b>	<b>665,497</b>

	Land \$000	Buildings/ Monumentals \$000	Total \$000
<b>OTHER PROPERTY, PLANT AND EQUIPMENT</b>			
Opening Balance	20,585	16,771	37,356
Current Year Revaluation	0	0	0
Current Year Impairment/Write-off due to Cyclone Damage	0	(535)	(225)
<b>Closing Balance</b>	<b>20,585</b>	<b>16,545</b>	<b>37,131</b>

	Council \$000
<b>TOTAL REVALUATION RESERVE</b>	
Opening Balance	677,988
Revaluations	65,726
Current Year Impairment/Write-off due to Cyclone Damage	(41,396)
<b>Closing Balance</b>	<b>702,345</b>

## 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 (2022 : nil).

## 12. Statement of Commitments

	2022 Council \$000	2023 Council \$000
<b>PAYMENTS OF COMMITMENTS</b>		
Landfill Lease	127	127
Takapau Transfer Station Lease	2	2
Works Depot Lease	40	40
Railway Office Lease	5	5
Te Huinga Wai Lease	35	35
Kairakau Water Treatment Land Lease	3	3
<b>Total Leases</b>	<b>212</b>	<b>212</b>
Carbon Credits Forward Contract Settlements	1,557	592
<b>Total</b>	<b>17,69</b>	<b>804</b>
	2022 Council \$000	2023 Council \$000
<b>NON-CANCELLABLE COMMITMENTS</b>		
Less than 1 year	212	212
1–2 years	1,177	804
3–5 years	1,225	632
Over 5 years	2,761	2,550

### List of Financially Material Leases

#### 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

#### Works Depot Lease

- Annual rental \$40,000 per annum, with rent reviews 31/10/23 and 31/10/26
- Further terms = 2 x 3 years
- Final expiry date = 31/10/29
- Further terms = 2 x 3 years

#### Te Huinga Wai Lease

- Annual rental \$34,980 per annum, with rent reviews 01/07/26, 01/07/28 and 01/07/30
- Further terms = 3 x 2 years
- Final expiry date = 30 /06/32

## 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 \$230,400 (2022: \$230,400)

The Chief Executive has full access to use of a Council vehicle.

<b>Annual Remuneration Bands</b>	<b>2022</b>	<b>2023</b>
\$59,999 and under	40	18
\$60,000–\$79,999	17	25
\$80,000–\$99,999	7	17
\$100,000–\$119,999	7	10
\$120,000–\$139,999 (2023)	0	7
\$120,000–\$250,000	7	0
\$140,000–\$239,999 (2023)	0	8
<b>Total Employees</b>	<b>78</b>	<b>85</b>

	<b>2022 Council \$000</b>	<b>2023 Council \$000</b>
<b>Salaries and other short-term employment benefits paid</b>		
CE and Key Management	1,112	1,188
Mayor and Councillors	376	434

	<b>FTE</b>	<b>2022 Head Count</b>	<b>FTE</b>	<b>2023 Head Count</b>
<b>Number of Employees as at 30 June</b>				
Number of full-time Key Management Personnel	6	6	6	6
Number of full-time employees	60	60	64	64
Number of part-time employees	9	12	11	15
<b>Total Employees</b>	<b>75</b>	<b>78</b>	<b>81</b>	<b>85</b>

Employee staffing levels and remuneration are required to be disclosed under Clause 32A, Schedule 10 of the Local Government Act 2002. Definitions used in this disclosure are those contained in Clause 32A.

## 14. Severance Payments to Staff

There was no severance payment made during the year that was outside of contractual for staff. (2022: \$25,000).

## 15. Councillors' Fees

	<b>2022</b>	<b>2023</b>
<b>Mayor</b>		
A Walker	105,000	119,272
<b>Councillors</b>		
Kelly Annand (Deputy Mayor)	54,198	57,000
Brent Mugeridge	41,006	41,397
Tim Aitken	33,902	41,397
Gerard Minehan	30,858	41,397
Jerry Greer	30,858	41,397
Kathryn Taylor	26,798	41,397
Exham Wichman	26,798	41,397
Pip Burne	26,798	41,397
<b>Total</b>	<b>376,216</b>	<b>469,831</b>

## 16. Financial Instruments

The Council have adopted PBE IPSAS 41.

In accordance with the transitional provisions in PBE IPSAS 41, the Council have elected not to restate the comparative information. The comparative information continues to be reported under PBE IPSAS 29. Adjustments arising from the adoption of PBE IPSAS 41 are recognised in opening equity at 1 July 2022 (the date of initial application).

The accounting policies for the year ended 30 June 2023 have been updated to comply with PBE IPSAS 41. The main changes to the Council and group's accounting policies are:

- Note 4 – Trade Receivables – this policy has been updated to reflect that the impairment of short-term receivables is now determined by applying the simplified expected credit loss model.
- Note 16 – Financial Instruments – this policy has been updated to reflect:
  - the new classification categories;
  - the measurement and recognition of loss allowances based on the new expected credit loss (ECL) model; and
  - the removal of impairment loss considerations for equity investments at fair value through other comprehensive revenue and expenses (FVTOCRE).

PBE IPSAS 41 also significantly amended the financial instruments disclosures of PBE IPSAS 30. This has resulted in new or amended disclosures, mostly in relation to hedge accounting and credit risk.

On the date of initial application of PBE IPSAS 41, the classification and carrying amounts of financial assets under PBE IPSAS 41 and PBE IPSAS 29 are outlined in the following table.

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

	Measurement	Classification	30 June 2022	30 June 2023	Adoption
	PBE IPSAS 29	PBE IPSAS 41	PBE IPSAS 29	PBE IPSAS 41	Adjustment
			\$000	\$000	\$000
<b>Financial Assets</b>					
Local Authority Stock, Bonds, Term Deposits	FVTSD	FVTSD	0	0	
Unlisted Shares	FVTSD	FVTOCRE	28	26	
Cash and Cash Deposits	Amortised Cost	Amortised Cost	5,703	9,064	
Debtors and Other Receivables	Amortised Cost	Amortised Cost	6,088	7,898	(179)
Local Authority Stock, Bonds, Term Deposits	Amortised Cost	Amortised Cost	1,766	2,454	
Public Debt	Amortised Cost	Amortised Cost	22,130	42,372	
Creditors and other payables	Amortised Cost	Amortised Cost	13,276	14,772	

### 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 40% to 100% of its borrowings in 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 issued at variable interest rates expose a council to cash flow interest rate risk. As Council's financial instruments are a mixture of variable and fixed rates (i.e. floating rate and fixed rate borrowing through the LGFA, floating and fixed rate bonds, and bank term deposits), Council has the ability to use an interest rate swap to minimise this exposure. The use of interest rate swaps has the economic effect of converting borrowings at floating rates into fixed rates that are generally lower than those available to the Council borrowed at fixed rates directly. Under the interest rate swaps, the Council agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts. Currently this instrument has not been engaged but the facility to do so organised.

## 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 \$10 million. Any NZ Registered bank is limited to \$8 million, with the exception of Council's transactional bank, which may exceed this for up to five working days. There is no limit for investment in the NZ Government.

Other than the 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:

	2022 Council \$000	2023 Council \$000
Cash at bank and term deposit	5,770	9,064
Receivables	6,088	7,898
Community and related party loans	0	0
Bonds	981	966
LGFA Borrower Notes	320	838
Derivative financial instrument assets	0	0
Financial guarantees	0	0
<b>Total</b>	<b>13,159</b>	<b>18,766</b>

## 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.

	2022 Council \$000	2023 Council \$000
Counterparties with Credit Ratings		
Cash at bank and term deposits AA-	5,770	9,064
Bonds AA-	981	998
LGFA Borrower Notes AA+	320	806

Receivables arise mainly from the Council's 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 4.

## 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 \$1.5 million (2022: \$1.5 million). 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 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.

2023	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	14,118	14,118	14,118			
Secured loans	42,372	48,809	5,701	4,484	36,624	0
<b>Total</b>	<b>56,490</b>	<b>62,927</b>	<b>19,819</b>	<b>4,484</b>	<b>36,624</b>	<b>0</b>

2022	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	12,726	12,726	12,726			
Secured loans	22,130	23,567	479	6,441	12,583	4,064
<b>Total</b>	<b>34,892</b>	<b>36,329</b>	<b>13,241</b>	<b>6,441</b>	<b>12,583</b>	<b>4,064</b>

### 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.

2023	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	9,064	9,064	9,064			
Receivables	7,898	7,898	7,898			
Term deposits	0					
Listed bonds	966	1,027	33	994		
LGFA Borrower Notes	838	949	0	174	456	319
<b>Total</b>	<b>18,766</b>	<b>18,938</b>	<b>16,995</b>	<b>1,168</b>	<b>456</b>	<b>319</b>

2022	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	5,703	5,703	5,703			
Receivables	6,088	6,088	6,088			
Term deposits	67	67	67			0
Listed bonds	981	1,028	0	0	1,028	0
LGFA Borrower Notes	320	353	67	174	112	0
<b>Total</b>	<b>13,159</b>	<b>13,239</b>	<b>11,925</b>	<b>174</b>	<b>1,140</b>	<b>0</b>

## 17. Cyclone Gabrielle Asset Impacts

On 14 February 2023 Central Hawke’s Bay District Council was struck by Cyclone Gabrielle. This event brought with it high winds and heavy rain, which resulted in toppled trees, surface flooding and rivers that breached stopbanks, which then required evacuations of homes in lower Waipawa and Pōrangahau townships. During the event, the Waipawa River stopbank failed, leading to the river being diverted to an old water course that then flooded parts of Otane and surrounding rural land holdings.

The flooded houses created the need for rapid safety assessments to be undertaken by Council’s building team, requiring over 120 houses being stickered as insanitary until the houses were able to be dried out, silt removed and repairs undertaken.

The stopbank breaches in Waipawa caused the main water supply and treatment plant to become inundated, destroying key electronics in the treatment plant. This took the plant offline for a period of weeks until key equipment was replaced, meaning no water was reaching the reservoirs feeding the townships of Waipawa and Otāne. The Waipawa sewerage treatment plant was also impacted but to a lesser extent.

In Waipukurau, the water supply bore field was also inundated, meaning this township was also unable to pump water to its treatment plant/reservoir until this pump station could be brought back online and this reservoir also ran dry for a period.

The high rivers and wet soil conditions created a significant level of slips and slumps, and bridge and bridge-approach damage across Council’s network. It is estimated that the damage to Council’s roading network exceeds \$100 million to repair and will take years to fully repair.

As part of preparing this annual report, Council has assessed the condition of its assets post cyclone as fitting into one of three categories. Below are the categories and the accounting treatment Council has adopted for each:

1. Assessed as unaffected – no adjustment is required.
2. Assessed as damaged but repairable – the carrying value of the asset has been impaired by the expected value of the repair and when the repair is undertaken, the repair cost has/will be capitalised back into the carrying value of the asset.
3. Assessed as damaged beyond repair or washed away and lost – the carrying value of the asset has been written off as fully amortised. The replacement asset has/will be capitalised at the new replacement price when acquired.

A summary of the asset carrying value adjustments booked as part of Cyclone Gabrielle are as per the table below:

Asset Category	Impairment Amount \$000	Written-Off Amount \$000	Total Adjustment \$000
Community Halls	225	0	225
Drinking Water Treatment Plant	10	689	699
Sewerage Treatment Plant	20	52	72
Road Network	39,649	2,023	41,672
<b>Total</b>	<b>39,904</b>	<b>2,764</b>	<b>42,668</b>

## 18. Contingencies

### Liabilities

There are no known contingent liabilities against Council.

## 19. 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 that will have a material financial impact on Council have arisen. (2022: No events).



# Supplementary Information

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

## Supplementary Information

### Rating Base Information

For all rating units in the district

	2022	2023
Number of rating units	7,976	7,994
Capital Value	\$5,761,524,900	\$9,081,147,310
Land Value	\$3,608,282,300	\$5,915,727,400

### Insurance Information

	Total Value Covered \$0	Maximum Amount Available \$0	
<b>Year ending June 2023</b>			
Insurance Contracts			
· Buildings, Plant & Equipment	133,116	46,200	
· Infrastructure	216,443	30,000	
Financial Risk Sharing			
Self-Insured			
<b>Year ending June 2022</b>			
Insurance Contracts			
· Buildings, Plant & Equipment	116,067	114,726	
· Infrastructure	155,924	30,000	Loss Limit
Financial Risk Sharing	0	0	0
Self-Insured	0	0	0

	Total Replacement Costs (TRC)
Water	\$87,423,950
Wastewater	\$90,032,641
Stormwater	\$42,575,156
Roading	\$1,114,037,729
Totals	\$1,334,069,476

# 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

Tim Aitken	+64 27 472 4587	tim.aitken@chbdc.govt.nz
Jerry Greer	+64 27 488 4786	jerry.greer@chbdc.govt.nz
Brent Muggeridge	+64 21 332 353	brent.muggeridge@chbdc.govt.nz
Kate Taylor	+64 27 603 2200	kate.taylor@chbdc.govt.nz

## RUATANIWHA WARD

Kelly Annand	+64 27 479 4000	kelly.annand@chbdc.govt.nz
Exham Wichman	+64 27 4656484	exham.wichman@chbdc.govt.nz
Gerard Minehan	+64 27 479 3773	gerard.minehan@chbdc.govt.nz
Pip Burne	+64 21 025 74496	pip.burne@chbdc.govt.nz

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





# Glossary

<b>Activity</b>	Services, projects or goods provided by, or on behalf of, Council (eg libraries). These activities are then combined into groups of activities.
<b>Annual Plan</b>	The Annual Plan is produced in the intervening years between Long Term Plans. It includes the work programme for the year and financial statements.
<b>Annual Report</b>	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.
<b>Asset</b>	Something of value that Council owns on behalf of the people of Central Hawke's Bay such as roads, drains, parks and buildings.
<b>Asset Management Plan</b>	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.
<b>Borrowing</b>	Refers to the raising of loans for capital items, such as the sewerage scheme.
<b>Capital Expenditure</b>	Expenditure that will increase the value of Council's assets.
<b>Capital Value</b>	Value of land including any improvements.
<b>Community Boards</b>	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.
<b>Community Outcomes</b>	Goals that the community believe are important for its present and future economic, social, cultural and environmental well-being.
<b>Council Controlled Organisations</b>	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.
<b>Financial Year</b>	Council's financial year runs from 1 July to 30 June of the following year.
<b>General Rate</b>	A rate levied across all properties for activities that benefit the whole District.
<b>Group of Activities</b>	Several activities combined together (eg cultural and community facilities).
<b>Land Value</b>	Value of land, excluding any improvements.
<b>Local Government Act 2002</b>	The key legislation that defines the powers and responsibilities of local authorities like Central Hawke's Bay District Council.
<b>Long Term Plan (LTP)</b>	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.
<b>Operating Expenditure</b>	Money Council spends on such items as salaries, materials, electricity and plant hire.
<b>Operating Revenue</b>	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.

<b>Operating Surplus (Deficit)</b>	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.
<b>Performance Measure</b>	A measure that shows how well Council is doing in achieving the objectives it has set for itself.
<b>Rates</b>	Funds collected by Council from levies on property. These are based on the Capital and Land value of the property but the term is often used to include Uniform Annual General Charges and Targeted Rates.
<b>Revenue and Financing Policy</b>	This describes how the Council's work will be paid for and the mechanisms for gathering the funds (such as general rate, targeted rates, user charges, grants).
<b>Significance</b>	Degree of importance of the issue, proposal, decision or matter as assessed by the local authority in terms of its likely consequences for the current and future social, economic, environmental, or cultural wellbeing of the community.
<b>Subsidies</b>	Amounts received from other agencies for the provision of services (eg NZ Transport Agency roading subsidies).
<b>Targeted Rates</b>	Any rate levied other than the general rate, which is targeted at users of a service such as water supply, wastewater and solid waste.
<b>Transfer to/from Reserves</b>	Transfer of funds to reserves are generally surpluses on operations. Transfers from reserves assist to fund capital expenditure.
<b>User Charges</b>	The charges levied for use of Central Hawke's Bay District Council services (eg building consent fees, health inspections).
<b>Working Capital</b>	These are Council's net current assets that are held in cash or can be readily converted to cash, less liabilities due for payment within a year. This is indicative of Council's ability to meet its obligations as they become due.

**CENTRAL HAWKE'S BAY DISTRICT COUNCIL**

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