



**CENTRAL
HAWKE'S BAY**
DISTRICT COUNCIL



Risk and Assurance Committee Meeting Agenda

Thursday, 16 September 2021

9.00am

Council Chamber, 28-32 Ruataniwha
Street, Waipawa

Together we Thrive! E ora ngātahi ana!

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- 1 **KARAKIA**
- 2 **APOLOGIES**
- 3 **DECLARATIONS OF CONFLICTS OF INTEREST**
- 4 **STANDING ORDERS**

RECOMMENDATION

THAT the following standing orders are suspended for the duration of the meeting:

- 21.2 Time limits on speakers
- 21.5 Members may speak only once
- 21.6 Limits on number of speakers

And that Option C under section 22 General procedures for speaking and moving motions be used for the meeting.

Standing orders are recommended to be suspended to enable members to engage in discussion in a free and frank manner.

5 CONFIRMATION OF MINUTES

Risk and Assurance Committee Meeting - 27 May 2021

RECOMMENDATION

That the minutes of the Risk and Assurance Committee Meeting held on 27 May 2021 as circulated, be confirmed as true and correct.

**MINUTES OF CENTRAL HAWKES BAY DISTRICT COUNCIL
RISK AND ASSURANCE COMMITTEE MEETING
HELD AT THE COUNCIL CHAMBER, 28-32 RUATANIWHA STREET, WAIPAWA
ON THURSDAY, 27 MAY 2021 AT 9.00AM**

PRESENT: Mayor Alex Walker
Chairperson Neil Bain (Chair)
Cr Tim Aitken
Cr Gerard Minehan
Cr Brent Muggeridge
Cr Jerry Greer

IN ATTENDANCE: Monique Davidson (Chief Executive)
Joshua Lloyd (Group Manager, Community Infrastructure and Development)
Darren de Klerk (Director Projects and Programmes)
Doug Tate (Group Manager, Customer and Community Partnerships)
Nicola Bousfield (Group Manager, People and Business Enablement)
Brent Chamberlain (Chief Financial Officer)
Caitlyn Dine (Governance and Support Officer)

1 KARAKIA

Mayor Walker Led the Karakia

2 APOLOGIES

NIL

3 DECLARATIONS OF CONFLICTS OF INTEREST

4 STANDING ORDERS

RECOMMENDATION

THAT the following standing orders are suspended for the duration of the meeting:

- 20.2 Time limits on speakers
- 20.5 Members may speak only once
- 20.6 Limits on number of speakers

And that Option C under section 21 General procedures for speaking and moving motions be used for the meeting.

Standing orders are recommended to be suspended to enable members to engage in discussion in a free and frank manner.

5 CONFIRMATION OF MINUTES**COMMITTEE RESOLUTION**

Moved: Cr Gerard Minehan

Seconded: Cr Jerry Greer

That the minutes of the Risk and Assurance Committee Meeting held on 31 March 2021 as circulated, be confirmed as true and correct.

CARRIED

6 REPORT SECTION**6.1 RESOLUTION MONITORING REPORT****PURPOSE**

The purpose of this report is to present to the Committee the Risk and Assurance Committee Resolution Monitoring Report. This report seeks to ensure the Committee has visibility over work that is progressing, following resolutions made by the Committee.

COMMITTEE RESOLUTION

Moved: Mayor Alex Walker

Seconded: Cr Jerry Greer

That, having considered all matters raised in the report, the report be noted.

CARRIED

Mrs Davidson presented this report.

6.2 RISK AND ASSURANCE WORK PROGRAMME MONITORING REPORT**PURPOSE**

The purpose of this report is for the Risk and Assurance Committee to receive a progress update on the Risk & Assurance Committee Work Programme.

COMMITTEE RESOLUTION

Moved: Cr Gerard Minehan

Seconded: Cr Brent Muggeridge

That, having considered all matters raised in the report, the report be noted.

CARRIED

Mrs Davidson presented this report.

6.3 TREASURY MANAGEMENT MONITORING REPORT**PURPOSE**

The purpose of this report is to provide an update on Treasury Management and Policy Compliance.

COMMITTEE RESOLUTION

Moved: Mayor Alex Walker
Seconded: Cr Tim Aitken

That, having considered all matters raised in the report, the report be noted.

CARRIED

Mr Chamberlain presented this report.

6.4 HEALTH & SAFETY REPORT**PURPOSE**

To provide the Risk & Assurance Committee with health, safety and wellbeing information and insight and to update the Committee on key health and safety critical risks and initiatives.

COMMITTEE RESOLUTION

Moved: Mayor Alex Walker
Seconded: Cr Gerard Minehan

That, having considered all matters raised in the report, the report be noted.

CARRIED

Mrs Bousfield and Mr Johnstone presented this report. Chair Neil Bain requested we report a detailed summary table of events where there has been a health and safety event.

6.5 RISK STATUS REPORT**PURPOSE**

The purpose of this paper is to report to the Risk and Assurance Committee (the Committee) on Council's risk landscape, risk management work in progress and to continue a discussion with the Committee about risk.

COMMITTEE RESOLUTION

Moved: Cr Brent Muggeridge
Seconded: Cr Gerard Minehan

That, having considered all matters raised in the report, the report be noted.

CARRIED

Mrs Bousfield presented this report.

6.6 INTERNAL AUDIT - FRAUD HEALTH CHECK**PURPOSE**

The purpose of this report is to bring to the Risk and Assurance Committee the findings of the recent Fraud Health Check.

COMMITTEE RESOLUTION

Moved: Mayor Alex Walker

Seconded: Cr Tim Aitken

That, having considered all matters raised in the report, the report be noted.

CARRIED

Mr Chamberlain presented this report.

6.7 AUDIT FINDINGS MONITORING REPORT**PURPOSE**

The purpose of this report is to track and update the committee on audit recommendations from recent audits.

COMMITTEE RESOLUTION

Moved: Cr Tim Aitken

Seconded: Cr Brent Muggeridge

That, having considered all matters raised in the report, the report be noted.

CARRIED

Mr Chamberlain presented this report. Mayor Walker noted she doesn't have a credit card in her own name, and it was agreed the report needed to be updated to reflect that.

6.8 CLIMATE CHANGE COMMISSION AND IMPACT FOR LOCAL GOVERNMENT**PURPOSE**

The purpose of this report is to provide visibility to the Risk and Assurance Committee of the emerging importance of the impact of climate change and how local authorities are responding to it. This report does not seek a decision, but follows a request from the committee on understanding the emerging expectations on local authorities to respond to Climate Change.

COMMITTEE RESOLUTION

Moved: Cr Tim Aitken

Seconded: Mayor Alex Walker

That, having considered all matters raised in the report, the report be noted.

CARRIED

Mr Lloyd presented this report.

Meeting adjourned at 10:35am for a morning tea break.

Meeting returned for public excluded business at 11:04am.

RESOLUTION TO EXCLUDE THE PUBLIC

COMMITTEE RESOLUTION

Moved: Mayor Alex Walker

Seconded: Cr Tim Aitken

That the public be excluded from the following parts of the proceedings of this meeting.

The general subject matter of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48 of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
7.1 - Cyber Security Report	s7(2)(f)(i) - free and frank expression of opinions by or between or to members or officers or employees of any local authority s7(2)(j) - the withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7

CARRIED

7 DATE OF NEXT MEETING

RECOMMENDATION

THAT the next meeting of the Central Hawke's Bay District Council Risk and Assurance Committee be held on 16 September 2021.

8 TIME OF CLOSURE

The Meeting closed at 11:40am.

The minutes of this meeting were confirmed at the Risk and Assurance Committee Meeting held on 16 September 2021.

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CHAIRPERSON

6 REPORT SECTION

6.1 INSURANCE RISK PROFILE REPORT

File Number: COU1-1408

Author: Brent Chamberlain, Chief Financial Officer

Authoriser: Monique Davidson, Chief Executive

Attachments: 1. Aon - Risk Profile Report [↓](#)

RECOMMENDATION

That, having considered all matters raised in the report, the report be noted.

PURPOSE

The purpose of this report is to provide the Risk and Assurance Committee with feedback on AON's insurable risk profile meeting held on the 30 March 2021.

SIGNIFICANCE AND ENGAGEMENT

This report is provided for information purposes only and has been assessed as not significant.

BACKGROUND

Council engaged Aon's expertise to facilitate an insurable risk profile exercise. This was led on the 30 March 2021. The key objectives of the process were to:

- Reviewing risk management practices, corporate governance and management decision processes.
- Ensuring appropriate insurance is in place where there are material exposures.
- Clarifying rationale for decisions around interests / property insured, sums insured, limits and deductibles. Identify loss control measures.
- Developing a "roadmap" towards optimal insurance outcomes, including premium spend and total cost of risk.
- Driving improved operational performance and strategic decision making, including a strategic approach to risk transfer.

DISCUSSION

Against a backdrop of accelerated change and uncertainty, the way organisations purchase insurance is evolving. AON's clients are looking harder at their insurance expenditure and are demanding more innovative solutions. As such, insurance is increasingly seen as one of several tools in an organisation's risk management toolbox. There is now a greater focus on optimising the organisation's overall risk management programme to create and protect value.

Risk management embraces a more integrated approach, connecting all relevant risks to overall objectives and strategy. This integrated approach aims to help with the setting of priorities, to ensure the success of strategy execution and to protect the interests of stakeholders. These good practices are reflected in important risk management standards such as ISO31000.

To this end Aon facilitated an insurable risk profile exercise on the 30th March 2021 with key Councillors and Officers to establish Councils risk management needs and ambitions, and to design plans to progress risk management to the desired maturity level. Within the attached report,

they aim to provide an overview of your risk and insurance programme to help set Councils broad “next step” priorities.

The following are the top strategic recommendations for the organisation based on the insurable risk profiling process:

<p>Risk Governance</p> <p>Guidance:</p> <p>Opportunity to review risk management practices, corporate governance and management decision processes. Key steps typically include:</p> <p>Engaging with Aon to establish current risk maturity through Aon's evidence-based risk maturity audit.</p> <p>Determining desired risk maturity and developing a roadmap towards achieving risk management objectives, e.g. annual programme of tasks and initiatives.</p> <p>Leveraging your risk maturity journey to achieve better insurance outcomes by communicating a proactive risk management approach to insurers.</p>	<p>Components:</p> <p>High-Level Commitment; Executive Leadership; Transparent Risk Communication; Culture of Risk ownership; Data and Analytics; Stakeholder Participation; Risk-based Decision Making;</p> <p>Risk Quantification; Optimised Risk Profile</p>	<p>Actions:</p> <p>Aon Owner to liaise with Client Owner and Aon Delivery to provide a proposal to deliver a risk maturity audit.</p>	<p>Very High</p>
<p>Exposures not Insured through Aon</p> <p>Guidance:</p> <p>Consider risk transfer for uninsured exposures and exposures not insured through Aon as outlined in the exposure review. Classes of insurance not insured through Aon with ratings of Medium, High and Very High priority are listed below.</p>	<p>Priority:</p> <p>Professional Indemnity (Very High); Cyber Risk (High) ; General Liability (Medium) ; Environmental Impairment (Medium)</p>	<p>Actions:</p> <p>Aon Owner to liaise with Client Owner and provide information on covers as applicable.</p>	<p>Very High</p>
<p>Property Schedule Development</p> <p>Guidance:</p> <p>Opportunity to improve processes around property schedule development and sums insured.</p> <p>Key steps typically include:</p> <p>Identifying all assets owned, based on asset management systems and processes.</p> <p>Assessing asset criticality, vulnerability, hazard exposure and reinstatement strategies to determine whether to insure the asset, and if insured, determine the</p>	<p>Priority:</p> <p>Infrastructure (Very High); Material Damage (High)</p>	<p>Actions:</p> <p>Aon Owner to liaise with Client Owner and Aon Delivery to provide a proposal for asset selection framework.</p>	<p>Very High</p>

<p>appropriate basis of settlement (i.e. reinstatement, indemnity or declared conditions).</p> <p>Ensuring property valuations are appropriate for insurance purposes (typically these consider demolition costs, inflation and reinstatement strategies).</p> <p>Including summary information on Construction, Occupancy, Protection and Exposure in property schedule(s).</p> <p>If applicable, ensuring Aon is advised when capital works are completed so that new assets are added to the property schedule immediately.</p>			
<p>Limit Analysis</p> <p>Guidance:</p> <p>Opportunity to better inform limits and sub limits. Key steps typically include:</p> <p>Benchmarking against comparable organisations.</p> <p>Reviewing historic losses.</p> <p>Identifying potential exposures, e.g. activities, hazard types.</p> <p>Describing potential loss scenarios.</p> <p>Quantifying loss estimates and approximate likelihood measures (e.g. Normal Loss Expectancy, Probable Maximum Loss, Maximum Foreseeable Loss).</p> <p>Liaising with broker to relate potential losses to desired insurance limit or sub limit, considering factors such as premium impact, capacity, insurer requirements, risk appetite and quantified risk tolerance.</p>	<p>Priority:</p> <p>Infrastructure (Very High); Material Damage (Medium)</p>	<p>Actions:</p> <p>Aon Owner to liaise with Client Owner and Aon Delivery to provide proposal for infrastructure sub limit analysis.</p> <p>Aon Owner to liaise with Client Owner to review MD fire loss limit internally and other MD sublimits.</p>	Very High
<p>Risk Appetite and Quantified Risk Tolerance</p> <p>Guidance:</p> <p>Opportunity to better inform risk retention options and strategies (e.g. deductible / excess levels). Key steps typically include:</p> <p>Engaging at a governance level to define the organisation's desired approach to accepting and</p>	<p>Priority:</p> <p>Material Damage (High)</p>	<p>Actions:</p> <p>Aon Owner to liaise with Client Owner and Aon Delivery to provide proposal for risk appetite workshop and risk tolerance</p>	High

<p>managing risk across different categories of risk (not limited to insurable risk).</p> <p>Analysing the organisation's most recent financial statements to determine the level of unbudgeted loss that would have a material adverse impact (e.g. impact key financial ratios beyond an acceptable level).</p> <p>Relating financial risk tolerance to expected claim frequency across different classes of insurance, informing the feasibility of potential risk retention structures.</p>		analysis.	
<p>Property Loss Control</p> <p>Guidance:</p> <p>Opportunity to improve loss control and communication to insurers. Key steps typically include:</p> <p>Engaging Aon to undertake risk engineering surveys for lifelines facilities (e.g. WTP/WWTP), sites with value greater than \$20m, and heritage buildings.</p> <p>Presenting survey reports to insurers to facilitate insurance placement. Reports provide a summary of construction, occupancy, protections and exposure, specifically formatted for underwriting purposes.</p> <p>Implementing loss control recommendations from survey reports and updating insurers of progress on an annual basis at renewal.</p>	<p>Priority:</p> <p>Material Damage (Medium)</p>	<p>Actions:</p> <p>Aon Owner to liaise with Client Owner and Aon Delivery to provide proposal for engineering surveys as applicable.</p>	Medium
<p>Loss Control (Non-Property)</p> <p>Guidance:</p> <p>Opportunity to improve loss control and communication to insurers. Key steps typically include:</p> <p>Including insurable liability risks in the organisation's risk register and managing these via the risk management process, i.e. identify exposures, analyse likelihood and consequence, evaluate and treat the risk.</p>	<p>Priority:</p> <p>Professional Indemnity (Medium)</p>	<p>Actions:</p> <p>Progress internally and/or Aon Owner to liaise with Client Owner and Aon Delivery to provide proposal for strategic risk analysis.</p>	Medium

Documenting and communicating the benefits of loss control initiatives as part of the organisations risk profile, e.g. risk management processes, quality management systems, contract management systems and communication channels.			
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Officers are working with AON to cover off some of these risks as it completes its annual insurance renewal (1 November 2021).

Telfer Young has completed a desk top revaluation of all buildings for insurance purposes, and 3 Waters was valued 30 June 2020 and has had an inflationary uplift added, plus any completed capital works added.

Professional Indemnity, General Liability, Environmental Impairment were all renewed on the 1st July (all be it – through Marsh, not through AON).

Representatives from AON will be attending the meeting to present their Risk Profiling Report and to give an update on the current insurance market and renewal process.

IMPLICATIONS ASSESSMENT

This report confirms that the matter concerned has no particular implications and has been dealt with in accordance with the Local Government Act 2002. Specifically:

- Council staff have delegated authority for any decisions made;
- Council staff have identified and assessed all reasonably practicable options for addressing the matter and considered the views and preferences of any interested or affected persons (including Māori), in proportion to the significance of the matter;
- Any decisions made will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses;
- Unless stated above, any decisions made can be addressed through current funding under the Long-Term Plan and Annual Plan;
- Any decisions made are consistent with the Council's plans and policies; and
- No decisions have been made that would alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or would transfer the ownership or control of a strategic asset to or from the Council.

NEXT STEPS

Officers will continue to work with AON to mitigate the risks they have highlighted.

RECOMMENDATION

That, having considered all matters raised in the report, the report be noted.



With you, every step of the way

Central Hawkes Bay District Council (CHBDC)

Insurable Risk Profile | Executive Summary

2021

Overview

CHBDC engaged Aon's expertise to facilitate an insurable risk profile exercise. Key objectives of the process are:

- Reviewing risk management practices, corporate governance and management decision processes.
- Ensuring appropriate insurance is in place where there are material exposures.
- Clarifying rationale for decisions around interests / property insured, sums insured, limits and deductibles. Identify loss control measures.
- Developing a "roadmap" towards optimal insurance outcomes, including premium spend and total cost of risk.
- Driving improved operational performance and strategic decision making, including a strategic approach to risk transfer.

Context

Against a backdrop of accelerated change and uncertainty, the way organisations purchase insurance is evolving. Our clients are looking harder at their insurance expenditure and are demanding more innovative solutions. As such, insurance is increasingly seen as one of several tools in an organisation's risk management toolbox. There is now a greater focus on optimising the organisation's overall risk management programme to create and protect value.

Risk management embraces a more integrated approach, connecting all relevant risks to overall objectives and strategy. This integrated approach aims to help with the setting of priorities, to ensure the success of strategy execution and to protect the interests of stakeholders. These good practices are reflected in important risk management standards such as ISO31000. Although the basic principles of risk management could apply to every organisation, the optimal level of investment can vary. The risk maturity goals of an organisation may differ depending on the way it is structured, the complexity of its processes, the markets it operates in, or the nature of its activities.

At Aon we help our clients to establish their risk management needs and ambitions, and to design plans to progress risk management to the desired maturity level. Within this report, we aim to provide an overview of your risk and insurance programme to help set your broad "next step" priorities. Based on the outcomes we are at your disposal to further analyse and define your organisation's risk management needs.

Risk Workshop

A risk workshop was held with CHBDC to:

- Leverage expertise within the organisation to ensure accurate and comprehensive responses to the assessment.
- Build awareness and engagement around insurance and risk management within the organisation.

The workshop included participants from a range of functions, such as: insurance, risk management, finance, general management, risk and assurance, asset management, legal, operations, IT, and HR. The workshop covered modules as shown below.



Risk Governance

Organisational governance practices, culture and decision-making systems.



Property

First party asset exposures (including business interruption).



Liability

Third party liability exposures.



Technology

First and third-party cyber exposures.



Retention

Risk tolerance, retained risk and available risk financing tools.



Miscellaneous

Selection of other insurable risks.

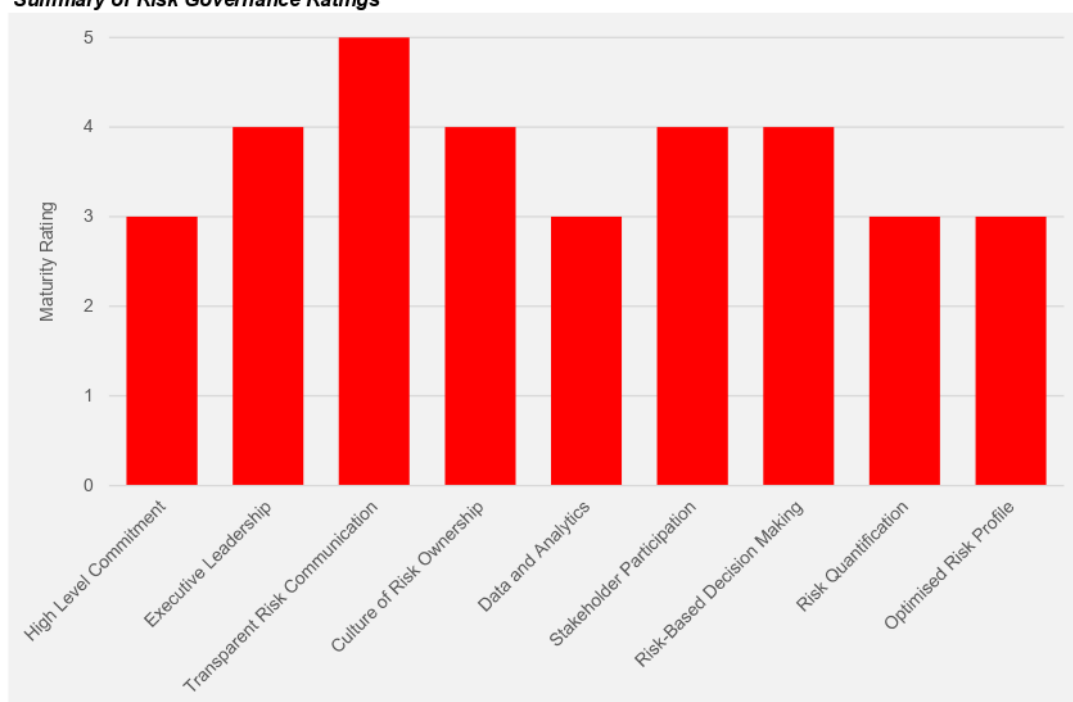
Risk Governance Summary

Risk Governance is the overarching guide for the organisation's approach to insurance. Insurance represents one way of sharing risk within the Enterprise Risk Management framework. Advanced Risk Governance is associated with better insurance outcomes. The following components of risk governance were discussed and rated.

Component	Statement
High Level Commitment	Councillors understand and commit to risk management.
Executive Leadership	Senior leaders drive risk management processes and development.
Transparent Risk Communication	There is consistent and routine risk reporting throughout the organisation.
Culture of Risk Ownership	There is a risk culture that encourages engagement and accountability at all levels.
Data and Analytics	Council uses internal and external data and information to identify existing and emerging risks.
Stakeholder Participation	Stakeholders collaborate in risk management, strategy development and policy setting.
Risk-Based Decision Making	Risk information is incorporated into decision making and the governance processes.
Risk Quantification	Quantification methods are used to understand risk and demonstrate added value through risk management.
Optimised Risk Profile	Council leverages risk management to create and protect value.

The chart below presents a summary of risk governance responses provided as part of the insurable risk profiling process.

Summary of Risk Governance Ratings



Exposure Review Process

The risk profiling process includes a review of available classes of insurance to identify where the organisation has material exposures. The table below shows a rating framework that can be used to prioritise classes of insurance for review.

Rating	Priority	Description
1	Very Low	No material exposure identified.
2	Low	Premium < 10% total programme premium, and; Credible losses potentially < \$5m for 1/1,000-year recurrence interval (any one event or in the aggregate), and; Not internally assessed as a material emerging, operational, strategic or reputational risk, and; No additional underwriting requests or placement challenges forecast at next insurance renewal.
3	Medium	Premium > 10% total programme premium, or; Credible losses potentially > \$5m for 1/1,000-year recurrence interval (any one event or in the aggregate), or; Internally assessed as a material emerging, operational, strategic or reputational risk, or; Additional underwriting requests or placement challenges forecast at next insurance renewal.
4	High	Premium > 20% total programme premium, or; Credible losses potentially > \$20m for 1/1,000-year recurrence interval (any one event or in the aggregate), or; Internally assessed as a significant emerging, operational, strategic or reputational risk, or; Significant underwriting requests or placement challenges forecast at next insurance renewal.
5	Very High	Premium > 30% total programme premium, or; Credible losses potentially > \$50m for 1/1,000-year recurrence interval (any one event or in the aggregate), or; Internally assessed as a critical emerging, operational, strategic or reputational risk, or; Critical underwriting requests or placement challenges forecast at next insurance renewal.

Where a material exposure is identified, the organisation's current high-level risk financing strategy of "transfer" or "retain" is indicated, as described in the table below.

Exposure	Strategy	Description
Material Exposure	Transfer	Material exposure identified. High-level risk financing strategy currently involves some degree of risk transfer via insurance.
	Retain	Material exposure identified. Internal decision to retain risk, i.e. currently no degree of risk transfer via insurance arranged through Aon.
No Material Exposure		No material exposure identified.

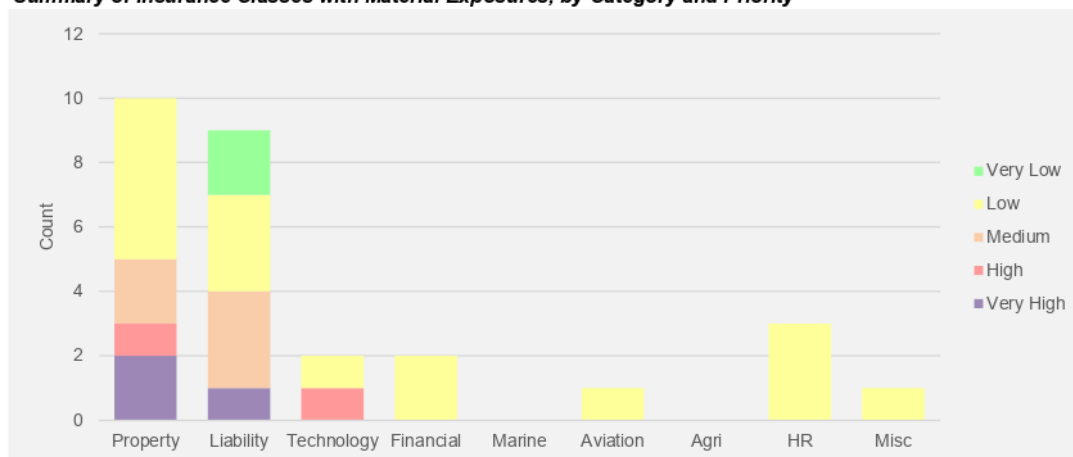
Exposure Review Summary

The following is a summary and breakdown of the insurance classes reviewed as part of the insurable risk profiling process.

Total Insurance Classes Reviewed 74

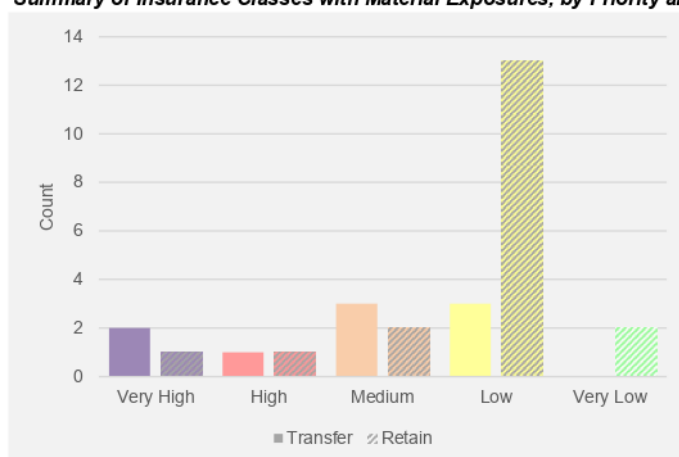
Total Insurance Classes with Material Exposures Identified 28

Summary of Insurance Classes with Material Exposures, by Category and Priority



Priority	Property	Liability	Technology	Financial	Marine	Aviation	Agri	HR	Misc	Total
Very Low	0	2	0	0	0	0	0	0	0	2
Low	5	3	1	2	0	1	0	3	1	16
Medium	2	3	0	0	0	0	0	0	0	5
High	1	0	1	0	0	0	0	0	0	2
Very High	2	1	0	0	0	0	0	0	0	3
Total	10	9	2	2	0	1	0	3	1	28

Summary of Insurance Classes with Material Exposures, by Priority and Transfer Strategy



Priority	Transfer	Retain	Total
Very Low	0	2	2
Low	3	13	16
Medium	3	2	5
High	1	1	2
Very High	2	1	3
Total	9	19	28

Insurance Classes with Material Exposures, by Priority Rating and Transfer Strategy

Class of Insurance	Priority	Material Exposure	
		Transfer	Retain
Infrastructure	Very High	✓	
Material Damage	Very High	✓	
Professional Indemnity	Very High		✓
Contract Works	High	✓	
Cyber Risk	High		✓
Business Interruption	Medium	✓	
Environmental Impairment	Medium		✓
General Liability	Medium		✓
Motor Vehicle	Medium	✓	
Statutory Liability	Medium	✓	
Computer Consequential Loss	Low		✓
Crime	Low	✓	
Defence Costs	Low		✓
Employee Benefits	Low		✓
Employers Liability	Low	✓	
Employment Practices Liability	Low		✓
Fidelity	Low	✓	
Fine Arts	Low		✓
Key Person	Low		✓
Machinery Breakdown including Boiler Explosion	Low		✓
Machinery Business Interruption	Low		✓
Media Liability/Internet Liability	Low		✓
Personal Accident	Low		✓
Terrorism	Low		✓
Travel	Low		✓
Unmanned Aerial Vehicle (UAV) Operators	Low		✓
Exemplary Damages	Very Low		✓
Private Legal Aid	Very Low		✓

Optimisation Review Summary

The optimisation review explores the rationale driving sums / interests insured, limits and deductibles / excesses for selected categories of insurance in CHBDC's insurance programme.

The following aspects are reviewed for each of the selected policies:

Interests Insured – what the policy covers. For property this includes individual assets, as well as the sum insured for those assets. For other classes of insurance this can include business activities, geographic limits and discovery periods.

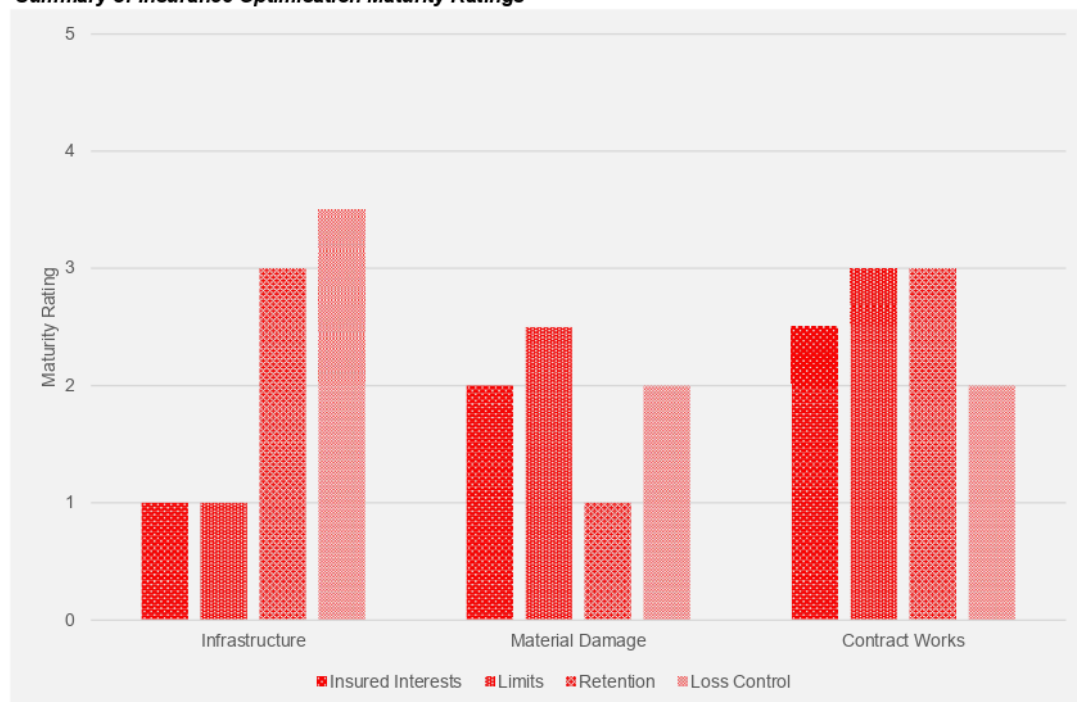
Limits – the maximum amount payable by the insurer under a section or sections of the policy. This can be for an individual claim, or in the aggregate for multiple claims during the period of insurance. Also includes sub limits and additional limits.

Retention (deductibles / excesses) – the first amount of each claim under the policy, which is payable by the insured. For Business Interruption this can be expressed as a time period.

Loss Control – risk management techniques that seek to reduce the possibility that a loss will occur and reduce the severity of those that do occur.

This chart below shows a summary of maturity ratings for High and Very High priority policies reviewed as part of the insurance strategy process. Maturity ratings are combined with a priority framework to identify strategic recommendations for the organisation.

Summary of Insurance Optimisation Maturity Ratings



Strategic Recommendations

The following are the top strategic recommendations for the organisation based on the insurable risk profiling process.

Risk Governance		Very High
<i>Guidance:</i>	<p>Opportunity to review risk management practices, corporate governance and management decision processes. Key steps typically include:</p> <ul style="list-style-type: none"> -Engaging with Aon to establish current risk maturity through Aon's evidence-based risk maturity audit. -Determining desired risk maturity and developing a roadmap towards achieving risk management objectives, e.g. annual programme of tasks and initiatives. -Leveraging your risk maturity journey to achieve better insurance outcomes by communicating a proactive risk management approach to insurers. 	
<i>Components:</i>	High-Level Commitment; Executive Leadership; Transparent Risk Communication; Culture of Risk ownership; Data and Analytics; Stakeholder Participation; Risk-based Decision Making; Risk Quantification; Optimised Risk Profile	
<i>Action(s):</i>	Aon Owner to liaise with Client Owner and Aon Delivery to provide a proposal to deliver a risk maturity audit.	
<i>Client Owner:</i>	Brent Chamberlain	
<i>Aon Owner:</i>	Richard Harrison	
<i>Aon Delivery:</i>	Matt Bilderbeck	
Exposures not Insured through Aon		Very High
<i>Guidance:</i>	Consider risk transfer for uninsured exposures and exposures not insured through Aon as outlined in the exposure review. Classes of insurance not insured through Aon with ratings of Medium, High and Very High priority are listed below.	
<i>Policy (Priority)</i>	Professional Indemnity (Very High); Cyber Risk (High) ; General Liability (Medium) ; Environmental Impairment (Medium)	
<i>Action(s):</i>	Aon Owner to liaise with Client Owner and provide information on covers as applicable.	
<i>Client Owner:</i>	Brent Chamberlain	
<i>Aon Owner:</i>	Richard Harrison	
<i>Aon Delivery:</i>	Richard Harrison	
Property Schedule Development		Very High
<i>Guidance:</i>	<p>Opportunity to improve processes around property schedule development and sums insured. Key steps typically include:</p> <ul style="list-style-type: none"> -Identifying all assets owned, based on asset management systems and processes. -Assessing asset criticality, vulnerability, hazard exposure and reinstatement strategies to determine whether to insure the asset, and if insured, determine the appropriate basis of settlement (i.e. reinstatement, indemnity or declared conditions). -Ensuring property valuations are appropriate for insurance purposes (typically these consider demolition costs, inflation and reinstatement strategies). -Including summary information on Construction, Occupancy, Protection and Exposure in property schedule(s). -If applicable, ensuring Aon is advised when capital works are completed so that new assets are added to the property schedule immediately. 	
<i>Policy (Priority)</i>	Infrastructure (Very High); Material Damage (High)	
<i>Action(s):</i>	Aon Owner to liaise with Client Owner and Aon Delivery to provide a proposal for asset selection framework.	
<i>Client Owner:</i>	Brent Chamberlain	
<i>Aon Owner:</i>	Richard Harrison	
<i>Aon Delivery:</i>	Peter Erceg	

Limit Analysis		Very High
	Opportunity to better inform limits and sub limits. Key steps typically include: -Benchmarking against comparable organisations. -Reviewing historic losses. -Identifying potential exposures, e.g. activities, hazard types. -Describing potential loss scenarios.	
Guidance:	-Quantifying loss estimates and approximate likelihood measures (e.g. Normal Loss Expectancy, Probable Maximum Loss, Maximum Foreseeable Loss). -Liaising with broker to relate potential losses to desired insurance limit or sub limit, considering factors such as premium impact, capacity, insurer requirements, risk appetite and quantified risk tolerance.	
Policy (Priority)	Infrastructure (Very High); Material Damage (Medium)	
Action(s):	Aon Owner to liaise with Client Owner and Aon Delivery to provide proposal for infrastructure sub limit analysis. Aon Owner to liaise with Client Owner to review MD fire loss limit internally and other MD sublimits. Additional support can be provided if required.	
Client Owner:	Brent Chamberlain	
Aon Owner:	Richard Harrison	
Aon Delivery:	Chris Standing	
Risk Appetite and Quantified Risk Tolerance		High
	Opportunity to better inform risk retention options and strategies (e.g. deductible / excess levels). Key steps typically include: - Engaging at a governance level to define the organisation's desired approach to accepting and managing risk across different categories of risk (not limited to insurable risk).	
Guidance:	- Analysing the organisation's most recent financial statements to determine the level of unbudgeted loss that would have a material adverse impact (e.g. impact key financial ratios beyond an acceptable level). - Relating financial risk tolerance to expected claim frequency across different classes of insurance, informing the feasibility of potential risk retention structures.	
Policy (Priority)	Material Damage (High)	
Action(s):	Aon Owner to liaise with Client Owner and Aon Delivery to provide proposal for risk appetite workshop and risk tolerance analysis.	
Client Owner:	Brent Chamberlain	
Aon Owner:	Richard Harrison	
Aon Delivery:	Matt Bilderbeck	
Property Loss Control		Medium
	Opportunity to improve loss control and communication to insurers. Key steps typically include: -Engaging Aon to undertake risk engineering surveys for lifelines facilities (e.g. WTP/WWTP), sites with value greater than \$20m, and heritage buildings.	
Guidance:	-Presenting survey reports to insurers to facilitate insurance placement. Reports provide a summary of construction, occupancy, protections and exposure, specifically formatted for underwriting purposes. -Implementing loss control recommendations from survey reports and updating insurers of progress on an annual basis at renewal.	
Policy (Priority)	Material Damage (Medium)	
Action(s):	Aon Owner to liaise with Client Owner and Aon Delivery to provide proposal for engineering surveys as applicable.	
Client Owner:	Brent Chamberlain	
Aon Owner:	Richard Harrison	
Aon Delivery:	Chris Standing	

Loss Control (Non-Property)		
<i>Guidance:</i>	<p>Opportunity to improve loss control and communication to insurers. Key steps typically include:</p> <ul style="list-style-type: none"> -Including insurable liability risks in the organisation's risk register and managing these via the risk management process, i.e. identify exposures, analyse likelihood and consequence, evaluate and treat the risk. -Documenting and communicating the benefits of loss control initiatives as part of the organisations risk profile, e.g. risk management processes, quality management systems, contract management systems and communication channels. 	Medium
<i>Policy (Priority)</i>	Professional Indemnity (Medium)	
<i>Action(s):</i>	Progress internally and/or Aon Owner to liaise with Client Owner and Aon Delivery to provide proposal for strategic risk analysis.	
<i>Client Owner:</i>	Brent Chamberlain	
<i>Aon Owner:</i>	Richard Harrison	
<i>Aon Delivery:</i>	Matt Bilderbeck	



Aon offers holistic risk management services to help our clients identify, assess and manage existing and emerging risks. We assist with the selection and implementation of appropriate risk transfer, risk retention and risk mitigation strategies and provide the right advice following a major claim. We add distinctive, long-term value to optimise your overall insurance programme and enhance your risk management.

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6.2 RESOLUTION MONITORING REPORT

File Number: COU1-1408

Author: Monique Davidson, Chief Executive

Authoriser: Monique Davidson, Chief Executive

Attachments: Nil

At this time there are no outstanding resolutions.

PURPOSE

The purpose of this report is to present to the Committee the Risk and Assurance Committee Resolution Monitoring Report. This report seeks to ensure the Committee has visibility over work that is progressing, following resolutions made by the Committee.

RECOMMENDATION

That, having considered all matters raised in the report, the report be noted.

SIGNIFICANCE AND ENGAGEMENT

This report is provided for information purposes only and has been assessed as not significant.

DISCUSSION

At this time there are no outstanding resolutions.

IMPLICATIONS ASSESSMENT

This report confirms that the matter concerned has no particular implications and has been dealt with in accordance with the Local Government Act 2002. Specifically:

- Council staff have delegated authority for any decisions made;
- Council staff have identified and assessed all reasonably practicable options for addressing the matter and considered the views and preferences of any interested or affected persons (including Māori), in proportion to the significance of the matter;
- Any decisions made will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses;
- Unless stated above, any decisions made can be addressed through current funding under the Long-Term Plan and Annual Plan;
- Any decisions made are consistent with the Council's plans and policies; and
- No decisions have been made that would alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or would transfer the ownership or control of a strategic asset to or from the Council.

RECOMMENDATION

That, having considered all matters raised in the report, the report be noted.

6.3 RISK AND ASSURANCE WORK PROGRAMME MONITORING REPORT

File Number: COU1- 1408
Author: Monique Davidson, Chief Executive
Authoriser: Monique Davidson, Chief Executive
Attachments: Nil

RECOMMENDATION

That, having considered all matters raised in the report, the report be noted.

PURPOSE

The purpose of this report is for the Risk and Assurance Committee to receive a progress update on the Risk & Assurance Committee Work Programme.

SIGNIFICANCE AND ENGAGEMENT

This report is provided for information purposes only and has been assessed as not significant.

BACKGROUND

In 2019 following the Triennial Election, Council established a Risk and Assurance Committee, which included the appointment of an Independent Chair.

At the time that Council agreed on Council and Committee priorities, the Risk and Assurance Committee had not been fully established, therefore a formal work programme was not determined.

At the Risk and Assurance Committee meeting in late June 2020, the Chief Executive following guidance from the Independent Chair, presented a Draft Risk and Assurance Work Programme for feedback. Subsequently, The Risk and Assurance Committee Work Programme was adopted by the Committee at meeting held 3 September 2020.

DISCUSSION

The purpose of the Risk and Assurance Committee is to contribute to improving the governance, performance and accountability of the Central Hawke's Bay District Council by:

- Ensuring that the Council has appropriate financial, health and safety, risk management and internal control systems in place.
- Seeking reasonable assurance as to the integrity and reliability of the Council's financial and non-financial reporting.
- Providing a communications link between management, the Council and the external and internal auditors and ensuring their independence and adequacy.
- Promoting a culture of openness and continuous improvement.

The Council delegates to the Risk and Assurance Committee the following responsibilities:

- To monitor the Council's treasury activities to ensure that it remains within policy limits. Where there are good reasons to exceed policy, that this be recommended to Council.
- To review the Council's insurance policies on an annual basis.

- To review, in depth, the Council's annual report and if satisfied, recommend the adoption of the annual report to Council.
- To work in conjunction with Management in order to be satisfied with the existence and quality of cost-effective health and safety management systems and the proper application of health and safety management policy and processes.
- To work in conjunction with the Chief Executive in order to be satisfied with the existence and quality of cost-effective risk management systems and the proper application of risk management policy and processes, including that they align with commitments to the public and Council strategies and plans.
- To provide a communications link between management, the Council and the external and internal auditors.
- To engage with Council's external auditors and approve the terms and arrangements for the external audit programme.
- To engage with Council's internal auditors and approve the terms and arrangements for the internal audit programme.
- To monitor the organisation's response to the external and internal audit reports and the extent to which recommendations are implemented.
- To engage with the external and internal auditors on any one off assignments.
- To work in conjunction with management to ensure compliance with applicable laws, regulations standards and best practice guidelines.
- To provide a communications link between management, the Council and the external and internal auditors.
- To engage with Council's external auditors and approve the terms and arrangements for the external audit programme.
- To engage with Council's internal auditors and approve the terms and arrangements for the internal audit programme.
- To monitor the organisation's response to the external and internal audit reports and the extent to which recommendations are implemented.
- To engage with the external and internal auditors on any one off assignments.
- To work in conjunction with management to ensure compliance with applicable laws, regulations standards and best practice guidelines.

Subject to any expenditure having been approved in the Long Term Plan or Annual Plan the Risk and Assurance Committee shall have delegated authority to approve:

- Risk management and internal audit programmes.
- Terms of the appointment and engagement of the audit with the external auditor.
- Additional services provided by the external auditor.
- The proposal and scope of the internal audit.

In addition, the Council delegates to the Risk and Assurance Committee the following powers and duties:

- The Risk and Assurance Committee can conduct and monitor special investigations in accordance with Council policy, including engaging expert assistance, legal advisors or external auditors, and, where appropriate, recommend action(s) to Council.

The Risk and Assurance Committee can recommend to Council:

- Adoption or non-adoption of completed financial and non-financial performance statements.
- Governance policies associated with Council's financial, accounting, risk management, compliance and ethics programmes, and internal control functions, including the: Liability Management Policy, Treasury Policy, Sensitive Expenditure Policy, Fraud Policy, and Risk Management Policy.
- Accounting treatments, changes in generally accepted accounting practice (GAAP).
- New accounting and reporting requirements.

The Risk and Assurance Committee may not delegate any of its responsibilities, duties or powers.

The Risk and Assurance Committee is still developing, as is the maturity of the organisation in the way it manages risk and assurance matters. It is for these reasons that a 12-month work programme was adopted, with the intention in early 2021 to develop a 2-year work programme that will take Council through until the end of 2022, which also aligns with the triennial election.

The Risk and Assurance Committee will receive the following standing reports:

- **Committee Priorities Monitoring Report**
- **Committee Resolution Monitoring Report**
- **Internal and External Audit Monitoring Report**
- **Risk Status Monitoring Report**
- **Health and Safety Monitoring Report**
- **Treasury Management Monitoring Report**

The monitoring report which provides an update on the key priorities of the Committee is below:

Key Priority	Responsible Officer	Progress Update
Review Internal Audit Work Programme	Brent Chamberlain	<p>Council has sufficient funding for generally two internal audits during each financial year.</p> <p>Council has recently undertaken a Cyber Security audit and a Fraud Health Check audit.</p> <p>Crowe has recently provided some templates to allow Council to build its Business Continuity Plans, which are an area of focus ahead of any further internal audits.</p>
Review Governance Policy Framework and determine role for Risk and Assurance Committee	Brent Chamberlain	<p>The Risk and Assurance Committee participated in a workshop on the 27 May 2021 on this item. The Committee clarified its role, in recognising that policy sits with Council however agreed that Risk and Assurance Committee will play a role in developing the following policy:</p> <ul style="list-style-type: none"> • Procurement Policy • Fraud and Corruption Prevention Policy (Operational) • Sensitive Expenditure Policy • Treasury Management Policy • Protected Disclosures Policy (Operational)
Review Risk Management Policy	Nicola Bousfield	In the November 2020 report, revisions to the Risk Framework were completed and Officers advised they considered a separate Policy was not needed. The Framework has been amended to provide clear principles and intent for risk management and it is not considered that a separate Policy would add any value.
Review Risk Appetite Statement and Governance Risk Register.	Nicola Bousfield & Brent Chamberlain	This work will be undertaken as part of the wider review on risk management later in 2021.
Review Fraud	Brent Chamberlain	The newly developed policy has been adopted, and socialised with staff.
Whistle Blowing Policy	Nicola Bousfield	The People and Capability Team has the review of the policy programmed – currently “live” for staff as the Protected Disclosures Policy.
Review Health, Safety and	Nicola Bousfield	This review was completed and minor changes is presented to the Committee in the September Risk & Assurance

Key Priority	Responsible Officer	Progress Update
Wellbeing Governance Charter		meeting to adopt.
Review Insurances and Risk Appetite	Brent Chamberlain	Officers, the CEO, the Chair and Deputy Chair of Risk and Assurance, and the Chair of Finance and Infrastructure, and the Mayor attended an AON Insurance to workshop on the 30 th March 2021. AON are presenting the follow up report at this meeting.

As part of the Risk and Assurance's role in ensuring assurance on things that matter the most, regular deep dives on key issues are agreed to:

Topic	Responsible Officer	Progress Update
Critical Risks	Nicola Bousfield	Critical Risks "in focus" are reported to the Risk & assurance Committee regularly through the Health & Safety Report, providing Governors line of site into Council's critical risks and the controls taken to manage these.
Contractor Performance	Brent Chamberlain	As reported in the May 2021 Health and Safety Report to this Committee, the H&S contractor management guidance has been completed, but the project has been re-scoped to take a wider 'all of Council' approach for contract management and embed the H&S aspects into the existing Contract Management Framework. This work requires a full review of the existing framework by the Chief Financial Officer, progress will be reported to the Committee.
Legal Challenges / Files	Monique Davidson	The Risk and Assurance Committee will be updated on this in a workshop following the next meeting in November. This information does not exist in the public domain given the need for Council to protect legal privilege.

IMPLICATIONS ASSESSMENT

This report confirms that the matter concerned has no particular implications and has been dealt with in accordance with the Local Government Act 2002. Specifically:

- Council staff have delegated authority for any decisions made;

- Council staff have identified and assessed all reasonably practicable options for addressing the matter and considered the views and preferences of any interested or affected persons (including Māori), in proportion to the significance of the matter;
- Any decisions made will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses;
- Unless stated above, any decisions made can be addressed through current funding under the Long-Term Plan and Annual Plan;
- Any decisions made are consistent with the Council's plans and policies; and
- No decisions have been made that would alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or would transfer the ownership or control of a strategic asset to or from the Council.

NEXT STEPS

A further update will be provided at the next committee meeting 11 November 2021.

RECOMMENDATION

That, having considered all matters raised in the report, the report be noted.

6.4 TREASURY MANAGEMENT MONITORING REPORT**File Number:** COU1-1408**Author:** Brent Chamberlain, Chief Financial Officer**Authoriser:** Monique Davidson, Chief Executive**Attachments:** Nil**RECOMMENDATION**

That, having considered all matters raised in the report, the report be noted.

PURPOSE

The purpose of this report is to provide an update on Treasury Management and Policy Compliance.

SIGNIFICANCE AND ENGAGEMENT

This report is provided for information purposes only and has been assessed as not significant.

BACKGROUND

Council is required under the Local Government Act 2002 to have 3 policies:

- Treasury Management Policy
- Liability Management Policy, and
- Investment Policy

The rationale for the policies is to ensure prudent use of public funds, manage investment returns, borrowing costs, and to minimise the risk of loss of public funds.

In practice Central Hawkes Bay District Council has combined them into a single policy covering all 3 topics.

Council consulted on a revision to its treasury policy as part the 2021-31 Long Term Plan. After considering submissions, Council has recently adopted the revised policy on the 13th May2021.

DISCUSSION**Investments**

At the 20th August 2021, Council was holding \$5.8m in funds on call (up \$2.6m from 30 June 2021). Much of this is due to instalment of one of rates and the next \$1.6m of tranche 1 water reform monies being received on this day.

In addition Council was holding \$10.0m in term deposits (\$13m as at 30 June 2021) spread across 3 maturities, \$320k in capital notes (\$320k as at 30 June 2021), and \$955k (\$955k as at 30 June 2021) in bank bonds.

These investments are listed below:

Cash and Investment Position

	Maturity Date	Int Rate (Face)	Int Rate (Actual)	Amount 30/06/2021	Amount Now	Movement
<u>ANZ Cheque and Call Accounts</u>				2,622,813	5,771,764	3,148,951
<u>Term Deposits with maturity < 90 days</u>						
Westpac Term Deposit (AA-)	31/12/2021	0.94%	0.94%	4,500,000	4,500,000	0
Westpac Term Deposit (AA-)	30/09/2021	0.83%	0.83%	2,500,000	2,500,000	0
Westpac Term Deposit (AA-)	29/10/2021	0.88%	0.88%	3,000,000	3,000,000	0
BNZ Term Deposit (AA-)	19/07/2021	0.55%	0.55%	3,000,000	-	(3,000,000)
				13,000,000	10,000,000	(3,000,000)
<u>Bonds, Capital Notes, & Term Deposits with maturity > 90 days</u>						
LGFA Capital Notes	25/08/2025	3.54%	3.54%	32,000	32,000	0
LGFA Capital Notes	15/04/2024	1.79%	1.79%	160,000	160,000	0
LGFA Capital Notes	15/04/2023	1.56%	1.56%	64,000	64,000	0
LGFA Capital Notes	15/04/2027	1.63%	1.63%	64,000	64,000	0
ANZ Bond (AA-)	1/09/2023	3.71%	3.71%	355,000	355,000	0
ASB Bond (AA-)	7/09/2023	3.33%	3.33%	600,000	600,000	0
				1,275,000	1,275,000	-
<u>Total Cash and Investments Held</u>				16,897,813	17,046,764	148,951

Term Deposit Rates are at an all time low with returns for periods of 3-6 months length returning less than 1% pa.

Council currently has a maximum exposure with a single bank of \$10m which is at the top of Council's policy (\$10m limit), so this exposure and the quality of the investments (credit worthiness) is compliant with policy.

Borrowing

At the 20th August 2021 Council had \$22m of external debt drawn (\$20m 30 June 2021).

Council borrowed an additional \$2m on the 19th July 2021 in order to settle supplier invoices on the 20th. This was borrowed short term (364 days) at a rate of 1.25% bringing Council's average weighted average cost of debt down to 2.19% pa.

The table below shows the details of Council's current debt portfolio:

<u>Debt Position</u>	Draw Date	Maturity Date	Interest Rate	Amount 30/06/2021	Amount Now	Movement
LGFA - Fixed Rate	28/08/2017	25/08/2025	3.85%	2,000,000	2,000,000	-
LGFA - Fixed Rate	22/07/2019	15/04/2024	2.19%	10,000,000	10,000,000	-
LGFA - Fixed Rate	16/12/2019	15/04/2023	1.96%	4,000,000	4,000,000	-
LGFA - Fixed Rate	16/03/2020	15/04/2027	2.03%	4,000,000	4,000,000	-
LGFA - Fixed Rate	19/07/2021	18/07/2022	1.25%	-	2,000,000	-
ANZ Seasonal Facility (\$1,500,000)				-	-	-
Total Debt			2.19%	20,000,000	22,000,000	-

On the following page are a list of Council's debt ratios as per the existing policy and the proposed policy:


Treasury Compliance with PolicyLiquidity (Liquid Assets + Debt / Debt)

	Policy Limit	Actual
	>115%	128%


Finance Costs / Total Revenue

	Policy Limit	Actual
	<20%	0.8%

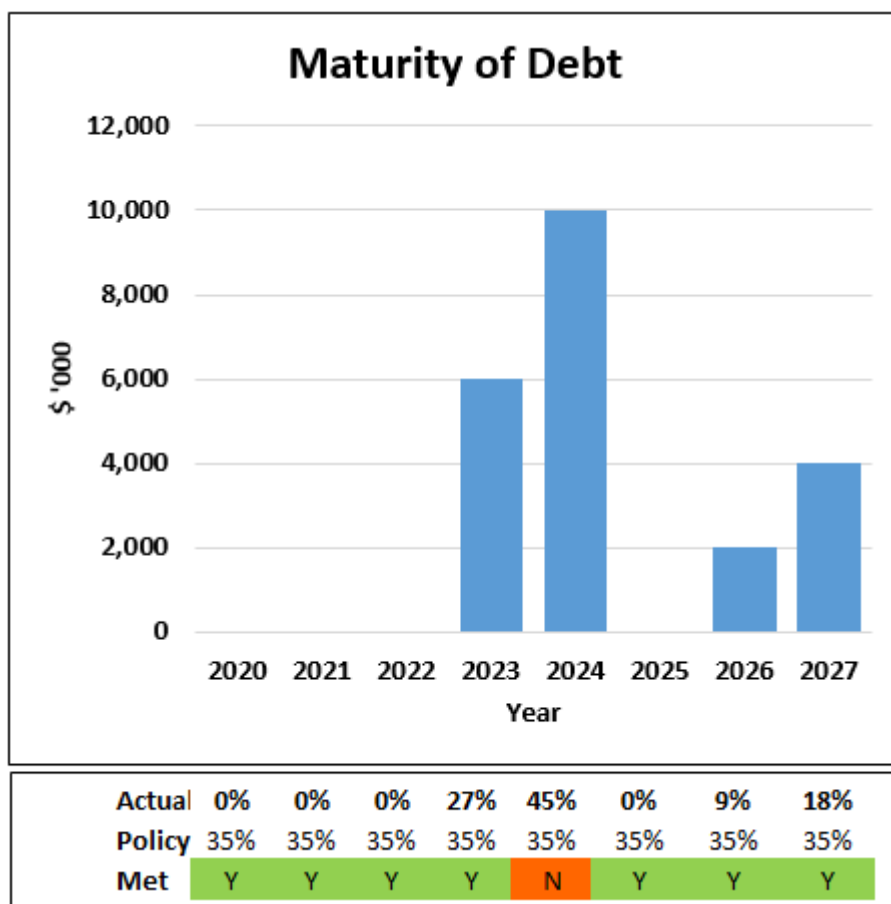
Finance Costs / Total Rates Revenue

	Policy Limit	Actual
	<25%	1.9%

Debt to Operating Revenue

	Policy Limit	Actual
	<150%	37.3%

As at 20th August 2021, Council is holding sufficient funds to meet its financial obligations (liquidity ratio), it is within its debt ceiling (debt per head of population and debt to operating revenue ratios), and it is within its financial costs ratios.



Council's policy states that "no more than the greater of \$10m, or 35% of Council's total debt can mature in any 12 month rolling period". As at 20th August 2021 the only 12 month period that exceeds 35% of all debt maturing in a 12 month period is 2024 where \$10m matures, which is still inside the proposed policy.

Expected Funding / Refinancing Requirements

Over the next six months, Council will have a further rates instalment due in August, the remaining 3 Waters reform monies due (further \$3.9m) due, and \$10m of term deposits maturing.

On the flip side the first LGFA debt maturity doesn't occur until July 2022.

Treasury/Investment Advisor

At the end of July Council signed up to an initial 12 month contract with Bancorp Treasury for treasury advice, including a review of Council's existing Treasury Policy with a particular focus on the investment aspect of the policy. It is expected that Bancorp will attend November's Risk and Assurance to present the outcomes of this review and their proposed changes.

Officers have also held initial meeting with Eriksens Global (the investment advisor recommended by Bancorp Treasury) to discuss possible investment strategies for Special and Trust Funds. Currently Council holds approximately \$7m of these funds and they are invested partly in term deposits and partly have been used to reduce Council's External Debt.

A separate report will come to this meeting to discuss possible investment strategies going forward.

3 Waters Reform

Officers attended a webinar run by DIA, LGNZ, and Taituarā on 3 Waters Reform aimed at the Council CFO's. While most of it was of a technical accounting nature, the piece that will affect this Council's decision making going forward for the next 3 years is around debt maturities.

Below is a screen grab from that seminar, and the key piece of information is the third bullet point. The new 3 Waters entity will not take over Council's existing debt, but a cash receipt will be made to Council allowing them to settle their debts with their bankers.

How will debt transfer?



- Questions about the process to transfer debt to the entities include:
 - How will councils three waters related debt be treated after the assets are transferred
 - What will happen for councils that run their balance sheet as a whole – like an internal 'bank'
 - What is the process council's three waters related debt to be 'payed off' and how will you identify how much
- A financial due diligence process will need to be undertaken to accurately determine the value of three waters debt on a robust and nationally consistent basis. This process will provide further insight into the financial arrangements that have been entered into at the three water and council level
- Currently it is proposed that debt and interest rate derivatives (swaps) will not be transferred/ novated to the proposed entities. Instead, when the asset transfer takes place (around 30 June 2024) we are proposing cash payments are made to councils for three waters debt
- We will work with councils to ensure that interest rate derivatives are appropriately managed to protect community interests (including avoid any material break costs)

The issue with this is all of Council's debt is borrowed with a fixed maturity date where a balloon repayment is due. Council currently has 2 debt lines with a balloon payment occurring after the 30 June 2024, and this will force Council to either carry on servicing this debt until maturity or break the contract and request an early repayment option.

DIA have promised that no Council will be worse off under the proposal and some form of compensation will be applied if this was to become an issue.

Council will also need to be mindful of this when taking on any new debt between now and then.

IMPLICATIONS ASSESSMENT

This report confirms that the matter concerned has no particular implications and has been dealt with in accordance with the Local Government Act 2002. Specifically:

- Council staff have delegated authority for any decisions made;
- Any decisions made will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses;
- Any decisions made are consistent with the Council's plans and policies; and
- No decisions have been made that would alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or would transfer the ownership or control of a strategic asset to or from the Council.

NEXT STEPS

Officers will continue to provide quarterly updates on Treasury Management.

RECOMMENDATION

That, having considered all matters raised in the report, the report be noted.

6.5 AUDIT FINDINGS MONITORING REPORT

File Number: COU1-1408

Author: Brent Chamberlain, Chief Financial Officer

Authoriser: Monique Davidson, Chief Executive

Attachments: Nil

RECOMMENDATION

That, having considered all matters raised in the report, the report be noted.

PURPOSE

The purpose of this report is to track and update the committee on audit recommendations from recent audits.

SIGNIFICANCE AND ENGAGEMENT

This report is provided for information purposes only and has been assessed as not significant.

BACKGROUND

Over the course of each year Council undertakes a number of audits that look at the activities of Council's Corporate Services functions.

This include internal audits which test Councils Policies and Procedures to ensure they are fit for purpose and that they are being adhered to, but also includes external audits of financial reporting to the public (whether this is an Annual Report, or a Long Term Plan). These external audit focus on the quality of data being supplied, and the controls that Council has in place to ensure accuracy of data, controls to ensure protection of public funds, and transparency of information supplied.

DISCUSSION

Below are the findings/recommendations of the last three audits undertaken on the Corporate Services Activities:

Internal Audit: Procurement and Purchasing (undertaken November 2019)

Observation	Recommendation	Actions Taken
<p>Managing Conflicts of Interest</p> <p>The Council adopted the Procurement and Contract Management Policy in October 2018. The Policy sets the Council's requirements and expectations in relation to how procurement should be done at the Council. The responsibility for the Policy has been assigned to Group Manager Corporate Support and Services.</p> <p>The Policy requires 'all staff involved in the preparation and execution of a public procurement process to complete a Conflict of Interest (Col) declaration which is to be approved by the delegated financial authority for the procurement'.</p> <p>We received a list of current major contracts from the Council's Contract Register and selected a sample to check how the decision to procure was made, how the supplier was selected, what procurement methods were used in the selection (tender, direct engagement, pre-approved</p>	<p>The Council should effectively communicate the requirements of its Procurement and Contract Management Policy across relevant staff involved in procurement. This could be achieved through a Council-wide training session or workshop for staff.</p>	<p>Officers have worked with the PMO (Project Management Office) to ensure that conflict of interest forms are correctly filled out and kept for all of Councils significant procurements.</p> <p>Officers are working with MBIE staff (Wellington based) who have offered to run training sessions for Hawkes Bay Staff, and this will be progress once New Zealanders are allowed to move around the country again.</p>

<p>supplier list), whether all documentation (such as conflicts of interest forms) were completed and documented.</p> <p>For our sample of 5 procurements we noted the following:</p> <ul style="list-style-type: none"> • For 2 procurements the Col declarations were not prepared at all. • For 2 procurements the Col declarations were prepared by the members of the evaluation team but were approved by the 3 Waters Programme Manager instead of the appropriate delegated financial authority (the Council for one and the GM for the other). • For 1 procurement (for which the procurement plan was approved on 29/8/19) the Col hasn't been done at the time of our review (November 2019), although the Procurement Plan that went for approval to the Council said that the Col declarations had been approved. <p><u>Risk</u></p> <p>If the Council doesn't effectively manage the conflicts of interest across its procurement activities, it can make inappropriate purchases or enter into inappropriate contracts which could be challenged by other suppliers or ratepayers. Poor management of conflicts of interest also increases risk of corruption.</p>		
<p>Managing procurement outside the Infrastructure Team</p> <p>As part of our testing, a listing of annualised Council spend by supplier was provided. From this a random sample of suppliers with annualised spends of over \$50k were selected for testing. The testing consisted of how the decision to procure was made, how the supplier was selected, what procurement methods were used in the selection (tender, direct engagement, pre-approved supplier list), whether all documentation (such as conflicts of interest forms) were completed and documented.</p> <p>For our sample of 6 vendors with purchases between \$25k and \$200k we were unable to find:</p> <ul style="list-style-type: none"> - Procurement Plans - Vendor selection documentation - Conflicts of interest declarations for personnel involved in the procurement activities. <p>According to the Council's Policy we would expect that these procurements would either use quotes from preferred or panel suppliers. If existing contracted, preferred or panel suppliers are not appropriate then a Procurement Plan that recommends another approach must be prepared (e.g. an open tender or direct award to a high performing supplier).</p>	<p>Like the point above, the Council should effectively communicate the requirements of its Procurement and Contract Management Policy across relevant staff involved in procurement outside the Infrastructure team. This could be achieved through a Council-wide training session or workshop for staff.</p>	<p>As above</p>

<p>Risk</p> <p>If the Council doesn't comply with its Policy, the Council may procure goods or services at a higher price or may spend public money inappropriately. The Council's decisions can be challenged by ratepayers or suppliers. This may lead to legal or reputational damage.</p>		
<p>Lack of oversight of procurement activities</p> <p>A large number of instances of non-compliance with the Council's Policy (findings 1-3 above), requires the Council to monitor the extent to which the business units comply with the requirements of the Policy. This becomes even more important given the decentralised procurement operating model at the Council, i.e. when each business unit performs its own procurements without a centralised support.</p> <p>Currently no monitoring is performed by the Council to ensure all purchases and procurement activities comply with the Policy and there is varying degrees of understanding of procurements activities happening across the Council.</p> <p>In addition, there is limited procurement reporting to the Executive Team and the Council. We understand that reporting is on an exception basis. As a result, this reduces Managements oversight on procurement activities.</p> <p>Procurement reporting would provide an overview of large value, high risk or complex procurements. It would also provide valuable insights into the activities of other departments.</p> <p>Risk</p> <p>The lack of an effective process to monitor compliance with the Council's Policy increases the risk that the Council's purchases may not meet the policy requirements and the Council's expectations.</p>	<p>The Council should implement a formal process to review the Council's compliance with the requirements of the Policy. This could be done by regularly reviewing a sample of purchases to check whether all Policy requirements have been met. The results of this 'audit' should be communicated to the ELT. The responsibility for this work should either sit with the Group Manager Corporate Support and Services (as the Policy Owner) or could be delegated to the 3 Waters Programme Manager (as a 'Centre of Procurement Excellence' within the Council).</p>	<p>Council's finance team has recently had a small restructure which has introduced procurement as an element into the job description of a staff member other than the Chief Financial Officer.</p> <p>This staff member has undertaken some procurement training in June 2021, and has been involved in the rebranding of the progressive procurement toolkit.</p> <p>Again this staff member isn't a dedicated procurement role, and she is currently focused on Council's year end audit, but will begin to undertake quarterly checks of adherence to policy post audit.</p>
<p>Lack of additional guidance to assist employees in the procurement process</p> <p>The Council has started drafting a Procurement Manual to provide additional guidance and support to the Council's personnel involved in procurement activities. However, at the time of our review, this work hasn't been finished yet.</p> <p>The Council's 3 Waters team has developed several templates (e.g. Procurement Plan) to assist with its major procurements, however they do not cover the end-to-end procurement process and additional templates need to be created (e.g. probity checklists, RFx templates, supplier recommendation templates, etc.).</p> <p>In a de-centralised environment, we would expect a suite of tools and templates such as procurement plans, tender documents and checklists to guide employees.</p>	<p>Finalise the Council's Procurement Manual and communicate it to all personnel involved in procurement.</p> <p>Develop additional tools and templates to assist employees in the procurement process. The need for these templates will be identified in the Manual.</p> <p>The Manual and templates should be developed or reviewed by procurement and or legal professionals.</p>	<p>Council adopted a rewritten procurement policy in 2020.</p> <p>Officers have recently released the Procurement Toolkit, and staff have access to procurement manual and associated templates.</p> <p>Both the CFO and assistant accountant are trained in procurement and have been actively offering procurement advice to other departments as they undertake procurement.</p>

<p>Risk</p> <p>The absence of additional guidance material to assist staff during procurement may lead to a situation where staff do not comply with the Council's procurement process.</p>		
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External Audit: Year End (Undertaken August/September 2020)

Observation	Recommendation	Actions Taken
<p>Approval of Expenditure</p> <p>Under the current sensitive expenditure policy, an approver or expenditure cannot benefit personally from the expenditure being claimed. However, through our testing we identified instances where expenditure was approved by a member of staff that benefited from the expense being incurred as well as the approver being more junior than the individual incurring the expense.</p>	<p>We recommend that Council update their policy to include a requirement for a "one up" approval of the individual incurring the expenses, this would be a council member in the case of the Mayor's expenses.</p>	<p>This item is a carry forward from 2019.</p> <p>Sensitive Expenditure was again retested in 2020 with one breach identified so it remains an audit point.</p>
<p>Land Title Discrepancies</p> <p>We obtained and reviewed the land titles for land owned by the Council on a sample basis to verify the information used by QV in their 2017 valuation of the Council's land and to validate the land is freehold. We identified several discrepancies between the Council records and the information used by QV. For one title the land information on the title was less than the area valued in by QV. In addition, a number of titles were not able to be obtained.</p> <p>There is a risk the Council records do not contain the most up to date information in relation to land titles. In addition, there is a risk QV may be performing their valuation on incomplete / inaccurate information.</p>	<p>We recommend a formal review be completed for land held by the council to ensure all land titles are available and the title area reflects the Council's records and that used by QV.</p>	<p>This item is a carry forward from 2019.</p> <p>5 Titles were identified as belonging to CHBDC but had discrepancies with the LINZ records. 3 have now been resolved, and 2 remain:</p> <p>1092050900 232 Pourerere Beach 1095013300 Hatuma Road</p> <p>Both these are recorded by LINZ as public reserves with Department of Conservation Ownership</p>
<p>Policies due for update</p> <p>We noted a number of policies are past their date for revision.</p> <p>There is a risk that outdated policies may not reflect the most up to date intentions of Council. It is important policies are updated in a timely manner, particularly when there is public visibility to policies via the council's website.</p>	<p>We recommend the Council update the policies, and in the future establish a process to ensure they are updated in a timely manner.</p>	<p>This item is a carry forward from 2019.</p> <p>Officers are working through a review process to ensure all policies are up to date and significant progress was made during the Long Term Plan Process.</p>

Internal Audit: Fraud Health Check (Undertaken April 2021)

Observation	Recommendation	Actions Taken
<p>Fraud-related policies and procedures</p> <p>The Council does not have a Fraud Policy in place.</p> <p>We also noted the following regarding other fraud</p>	<p>A significant amount of occupational fraud and corruption is opportunistic in nature and informing employees that the</p>	<p>A Fraud and Corruption Prevention Policy has been written and adopted.</p>

<p>related policies:</p> <ul style="list-style-type: none"> • The Staff Conduct Policy is out of date and was due for renewal in 2018. • The Protected Disclosures Policy is out of date and due for renewal in 2018. <p>The absence of up-to-date and relevant fraud-related policies prevents the Council from clearly communicating its attitude to fraudulent behaviour, raising awareness of fraud risk amongst its staff and communicating relevant fraud prevention, detection and monitoring controls.</p>	<p>company has detailed fraud and corruption control strategies can act as an effective deterrent to fraudulent activity.</p> <p>We recommend that a specific Fraud Policy should be documented including the following key elements:</p> <ul style="list-style-type: none"> • A categorical statement that the council has zero tolerance to fraud. • A statement that all staff are responsible to disclose any suspicious activities they become aware of should be included. • Examples of the types of behaviour the council considers to be fraudulent should be given. • A description of specific prevention and detection procedures that are employed to manage fraud risk, such as, fraud awareness training, specific transactional reviews, management reporting etc • An overview of fraud investigation processes and responsibilities. • The consequences for perpetrating fraud. <p>The following is also recommended:</p> <ul style="list-style-type: none"> • The Council should consider assigning the responsibility of maintaining the Fraud Policy to a person in a position with sufficient authority, relevant subject matter expertise, independence and objectivity (for example the CFO). • The Council should periodically review its internal policies to ensure they remain relevant and include the latest fraud risks. 	<p>Staff Conduct Policy and Protected Disclosures Policy scheduled to be reviewed in 2021 by People and Capability Advisor</p> <p>Responsible person CFO and People and Capability Advisor</p> <p>Date of implementation Fraud Policy – 31/05/2021</p> <p>Other Policy Reviews – September 2021</p>
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	<ul style="list-style-type: none"> • The Audit Committee should proactively oversee fraud risk by: <ul style="list-style-type: none"> - Providing direction and input into anti-fraud activities and implementation of a fraud programme - Reviewing the results of the fraud risk assessment (see above) - Reviewing and approving relevant fraud-related policies - Overseeing and monitoring fraud related assurance activity. 	
<p>Fraud risk assessment</p> <ul style="list-style-type: none"> • The Council does not have formal fraud risk assessment procedures in place. Reliance is placed on controls implemented at transaction level to identify its exposure to fraud risk. <p>Whilst this assignment has considered fraud risks as a stand-alone assignment, the review and consideration of fraud risks should be considered alongside other strategic and operational risks on an ongoing basis.</p> <p>With a lack of formal fraud risk assessment and placing reliance on controls in only one area (payments), limits the Council's ability to understand the areas of its activities that are exposed to fraud, bribery and corruption and develop fit-for-purpose fraud identification and response procedure.</p> <ul style="list-style-type: none"> • Risk assessment criteria are not periodically reassessed which can lead to a lack of awareness of the latest fraud that can occur. • Risk registers are only maintained for each project, at an operational level. 	<ul style="list-style-type: none"> • The Council should perform a formal fraud risk assessment (FRA). Fraud risk should be treated as a business risk like other risks and be incorporated into the Council's ongoing risk assessment and risk management processes. <p>The FRA should identify and evaluate the Council's exposure to key fraud risks – bribery and corruption, financial statement fraud, etc. – across all the Council's activities.</p> <p>The FRA should also assess the effectiveness of the Council's key fraud-related controls and assurance activities providing a better understanding of the level of risk and comfort and any possible gaps that need to be addressed.</p> <ul style="list-style-type: none"> • Discussions of fraud or errors should be incorporated in management meetings and documented in the minutes. • The Council should periodically reassess risk assessment criteria to consider changes in Council processes, and the latest fraudulent activities. • The risk register should 	<p>Council has undertaken this Fraud Health Check as a Fraud Risk Assessment with its internal auditor – Crowe.</p> <p>This will result a paper being taken to Risk and Assurance Sub-committee.</p> <p>Council is also audited annually by Ernst Young as part of the external audit program who check internal controls as part of their audit reliance program.</p> <p>Post Audit, every year Council has a debrief with Ernst and Young where audit findings and concerns are discussed.</p> <p>Council has a risk register that covers financial strategy failure, but officers will extend this to cover the risk of fraud.</p> <p>Responsible person CFO</p> <p>Date of implementation October 2021</p>

	include council-wide fraud risks.	
<p>Fraud awareness and training</p> <p>We note the following:</p> <ul style="list-style-type: none"> • There is no ongoing fraud-related communication and training provided to employees. • There is no fraud awareness communication to third parties (i.e. vendors, contractors, etc.) <p>Raising awareness of fraud risks, scenarios and 'red flags' is an effective way to prevent and detect fraudulent activity. The absence of regular communication of fraud matters and relevant training creates an environment where staff can better understand their obligations and support effective prevention and detection of fraud, bribery and corruption.</p>	<p>With the implementation of the Fraud Policy and the Fraud Risk Assessment, we recommend that periodic training and awareness sessions should be provided to all staff. Contents should include:</p> <ul style="list-style-type: none"> • A clear definition of the types of behaviour that constitute fraudulent or corrupt practice. • An unequivocal statement that fraudulent and corrupt practices within the council will not be tolerated. • The types of fraud that are common (as identified in the fraud risk assessment). • The fraud detection measures that are in place. • Red flag behaviours and due diligence activities that staff should undertake when reviewing invoices, contracts etc. • How staff should report any unusual or suspicious documents or red flag behaviours. 	<p>Council has undertaken training and socialization on the the new 'Fraud and Corruption Prevention Policy' with staff.</p> <p>The refreshed Staff Conduct Policy and Protected Disclosures Policy will be socialized with staff in September 2021 by People and Capability Advisor.</p> <p>Responsible person CFO and People and Capability Advisor</p> <p>Date of implementation Fraud Policy – 31/05/2021</p> <p>Other Policy Reviews – September 2021</p>
<p>Fraud prevention – internal controls</p> <p>We identified a number of internal control weaknesses during our review including the following:</p> <ul style="list-style-type: none"> • We noted that there are insufficient controls in place for adding and uploading direct debits to the bank account. Currently this process is performed by one individual and no secondary review is completed prior to the bank upload. Where bank numbers are entered by one person and not reviewed, the risk of error exists. Reliance is currently placed on complaints being made to identify errors. • A review of permissions in the Magiq accounting system noted users outside the Finance team and Finance team members that should not be able to, can process journal entries. There is also no 	<p>The following is recommended:</p> <ul style="list-style-type: none"> • The Council should consider implementing dual controls for adding and uploading direct debits into the bank account for the receipt of rate payments. A secondary review on all bank account addition or changes should be undertaken either on a real time basis or through reviewing change logs or reports from the accounting system on a regular scheduled basis. 	<p>Direct Debits – Issue is a result of only having a single rates officer and not being able to achieve separation of duties.</p> <p>The financial delegation register has been reviewed in August 2021, and these have been updated in Magiq as part of the move to Magiq Cloud in August 2021.</p> <p>Data Analytics – This was last undertaken by Crowe in October 2018.</p>

<p>review of journal entries undertaken. We noted additionally that a recent IT security review identified a number of user access issues that are currently being investigated and resolved.</p> <ul style="list-style-type: none"> • Some basic data analytics testing was undertaken in 2018 as part of a Sensitive Expenditure audit to identify any unusual transactions, trends or relationships between employees and suppliers. No periodic routine analytics is undertaken on a scheduled basis. 	<ul style="list-style-type: none"> • Magiq access rights and authorisations should be reviewed on a periodic basis to ensure individual authorisations remain up to date and appropriate. • Consideration should be given to undertaking further periodic data analytics audits to help identify 'red flags', suspicious transactions, trends or relationships between employees and suppliers. 	<p>Responsible person CFO</p> <p>Date of implementation July 2021</p>
<p>Protected disclosures</p> <p>The Association of Certified Fraud Examiners' Global Fraud Survey 2020 noted 43% of frauds were initially detected through a tip off (3 times higher than the next-most common detection method). Having clear protected disclosure policies and procedures is therefore a key control in the detection of fraud.</p> <p>Surveys undertaken by us and preferred methods indicated in the Association of Certified Fraud Examiners' Global Fraud Survey 2020 note preferences for whistleblowing equally split between telephone hotlines, email reports, web-based/online forms as well as face-to-face disclosures.</p> <p>Surveys undertaken by us also suggest a range of persons to whom staff prefer to make reports (most commonly to their direct supervisor but also to their HR representative to senior management or external parties).</p> <p>We note that the council has a Protected Disclosures Policy which covers the key areas we would expect it to. We note however that, as per the details above, that there is currently further mechanisms for reporting disclosures could be offered to ensure staff do not feel uncomfortable or discouraged in reporting.</p>	<p>Consideration should be given as to whether further methods of reporting and persons to whom reports can be made can be established to ensure the methods available do not discourage staff from reporting concerns (these could include a hotline, internal email address or contact details of the internal or external auditors).</p>	<p>Protected Disclosures Policy scheduled to be reviewed in 2021 by People and Capability Advisor.</p> <p>Responsible person People and Capability Advisor</p> <p>Date of implementation September 2021</p>

External Audit: Waka Kotahi Investment Audit Report (Undertaken March 2021)

Observation	Recommendation	Actions Taken
<p>NPV's For 2020/21 Programs</p> <p>Council didn't have documentary evidence of NPV's (Net Present Value) calculations for its work program.</p>	<p>Provides evidence to Waka Kotahi of completed NPVs for 2020/21 programs.</p>	<p>Projects for the upcoming year are in progress and the NPVs will be carried out as part of that</p>

	NPVs on all renewal and improvement projects start immediately and will be on-going.	process. These will be saved with the project file.
Improvement Plans Council didn't have that actions in the improvement plan from the 2018-28 Activity Management Plan were completed.	Provides evidence to Waka Kotahi that actions in the improvement plan from the 2018-28 Activity Management Plan are completed to plan.	A report of the actions taken and completed was submitted to Waka Kotahi.
Rural road delineation strategy Council doesn't have a rural road delineation strategy.	Develops and implements a rural road delineation strategy, based on ONRC classifications and including a strong focus on curve warning.	A rural road delineation strategy is under development with the 2 highest class roads (Arterials and Primary Collectors) already complete. A work programme is being compiled to address delineation deficiencies.
Technical specifications for new development work Council doesn't develop technical specifications for new developments.	Develops technical specifications for new development work to reduce the variety and ensure the quality of asset types to be maintained by Council. These should then be prescribed through the District Plan.	Council now states in all developments that development will be guided by NZS: 4404 and the Hastings District Council Code of Practice. This has been communicated to Waka Kotahi
Resolve Data Gaps Council has data gaps and data issues as identified in the REG Data Quality report.	Assigns resources to investigate and resolve data gaps and the data issues identified in the REG Data Quality report to provide long term assurance of data quality.	The data gaps have been assigned to Stantec and a lot of them have already been rectified. Others were found to be errors as a result of the system REG uses.

IMPLICATIONS ASSESSMENT

This report confirms that the matter concerned has no particular implications and has been dealt with in accordance with the Local Government Act 2002. Specifically:

- Council staff have delegated authority for any decisions made;
- Council staff have identified and assessed all reasonably practicable options for addressing the matter and considered the views and preferences of any interested or affected persons (including Māori), in proportion to the significance of the matter;
- Any decisions made will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses;
- Unless stated above, any decisions made can be addressed through current funding under the Long-Term Plan and Annual Plan;
- Any decisions made are consistent with the Council's plans and policies; and

- No decisions have been made that would alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or would transfer the ownership or control of a strategic asset to or from the Council.

NEXT STEPS

Officers will continue to work towards resolution for the audit recommendations listed above that have yet to be resolved. Officers will continue to report any items above until resolution is achieved.

RECOMMENDATION

That, having considered all matters raised in the report, the report be noted.

6.6 RISK STATUS REPORT

File Number: COU1-1408

Author: Nicola Bousfield, Group Manager - People & Business Enablement

Authoriser: Monique Davidson, Chief Executive

Attachments: Nil

RECOMMENDATION

That, having considered all matters raised in the report, the report be noted.

PURPOSE

The purpose of this paper is to report to the Risk and Assurance Committee (the Committee) on Council's risk landscape, risk management work in progress and to continue a discussion with the Committee about risk.

SIGNIFICANCE AND ENGAGEMENT

This report is provided for information purposes only and has been assessed as not significant.

BACKGROUND

The Risk Status Report is part of regular and routine reporting designed to provide governance with oversight and input into the way that identified risks are being managed within Council.

Further to the obvious benefits of 'reporting up' risk, Officers consider that these reports should be the basis of discussion that covers and adds value to all elements of the risk management spectrum (Identify, Analyse, Evaluate, Treat, Monitor/Report). That is, Officers intend that these reports facilitate discussion that identifies new risk, as well as focussing on existing listed and managed risks.

Feedback from the previous Committee meeting has shaped the structure and content of this report, with a specific focus of this report and future reports shifting to a clearer summary and assessment of risks that are considered 'active' at the time of reporting.

DISCUSSION

Sections below provide detail across and into Council's risk-scape.

Risk Management Review and Improvement

Officers previously reported to the Committee that Council was preparing to develop an improvement programme of work to engage with activity managers and their teams, workshopping each area of operational risk. This process will ensure all operational risks are reviewed and analysed as they are prepared for input into Risk Manager, identifying any opportunities to refine existing operational risk registers.

This improvement programme is now confirmed and will be undertaken in three parts, with the outcome being an increased understanding of risk management across the organisation by wider staff.

Part 1: Risk Management Framework Review

The Risk Management Framework was reviewed recently last November. During the development of the improvement programme it has been identified that there are inconsistencies between Council's current risk management practices and what the new system Risk Manager requires as operational risks are inputted. This review will seek to collaboratively review and update the current Risk Management framework to reflect core ISO31000:2018 concepts and enable integration of enterprise risk management (Risk Manager) with risk management. The output will be an updated Risk Management Framework document for Council.

Part 2: Risk Management Staff Workshops

These workshops will be facilitated with the aim of reviewing and updating the corporate risk register, operational risk registers and site-specific hazard registers. High levels of worker engagement and participation will be achieved using this approach. The output will be information that is ready to input into Risk Manager and that has the general acceptance of the relevant teams.

Part 3: Risk Assessment Training for Staff

In addition to the review of the Risk Management Framework and the operational risks, there is additional benefit to be gained from Council rolling out risk assessment training for staff. This will widen the knowledge and understanding of risk management across the organisation, rather than relying on just those in a leadership role to understand and manage risk. The risk assessment training has been designed for staff in roles that need to understand how to conduct a risk assessment and provides a set of practical tools to improve health and safety risk assessments in the workplace.

Health and Safety Risks – Critical Risks

As previously reported to the Committee, officers were in the process of identifying specialist Bow Tie software to identify, develop and control Council's critical Health and Safety risks. Council has now implemented the new software system and work is underway with officers in-putting the data ahead of the second stage of the Bow Tie project work, which is to undertake a review of the controls of each critical risk.

Active Risks

The following risks are considered to be 'active' or 'live' at the time of this report, as determined by Officers. These risks span across the operational portfolios of the organisation. Some may be linked to or part of a larger Corporate Strategic Risk. This list will change from report to report as risks become live, escalate in terms of priority or are mitigated and no longer require reporting at this level.

Risk	Strategic Risk Register Linkage	Update
Impact on business operations from COVID lockdown restrictions	Failure to effectively deliver services and projects	COVID restrictions have impacted aspects of the business through level 4 and 3 as services have been ceased or hampered by changes or delays. There is risk to ongoing programmes of work from the lockdown restrictions that have already occurred or may continue to occur. Capital and maintenance programmes where not critical have been delayed, for example and these delays are considered manageable without significant impact on assets or the community for now. Ongoing lockdowns and restricted work will place further pressure on these programmes and mean community outcomes or asset / infrastructure integrity will be challenged.
Maintaining customer consenting services	Failure to effectively deliver services and projects	Consent volumes remain very high and limited ability to gain external resource support has pushed out processing timeframes for both building and resource consents. Mitigation efforts are underway to secure further external resource.
Construction of infrastructure to service the wave of growth	Failure to effectively deliver services and projects	Relating to the active risk above, Officers have identified that following the wave of consents flowing through processing channels, subsequent programmes of physical and professional work will be required to plan for and build infrastructure to meet the needs of growth. Council have recently employed a full time dedicated

		development engineer to complete necessary infrastructure engineering requirements for growth and Council are embarking on numerous capital projects as part of the adopted LTP.
Asset condition related failures	Failure of Critical Assets	Councils 3 waters assets remain largely in a compromised condition and failures are still common. Significant funding has been tagged in the new LTP to address this risk but until such time as work is undertaken across a number of years to replace tired assets, the risk will remain actively managed.
Ability to secure resources to complete work (External)	Failure to effectively deliver services and projects	<p>Tightening competitive contracts market make it difficult to quickly and easily secure external contracting resources for a range of works, especially civil works and specialist works in the waters sector. This has the potential and experienced impact of delaying projects or increasing budget timelines and/or costs as principles begin bidding for contractors.</p> <p>Council are embarking on numerous large programmes of work as part of the LTP with a heavy reliance on external contracting resources to deliver. Council relies on its relationship with the market, being a preferred buyer, providing clear forward work programmes, optimally bundling and packaging works for delivery to the market and securing contracts with long term partners to manage this risk where it can.</p>
Ability to secure resources to complete work (Internal)	Failure to effectively deliver services and projects	Council are embarking on numerous large programmes of work as part of the LTP 2021, to effectively manage these project(s), council need to ensure they have adequate resourcing to lead and coordinate the technical, community engagement and due diligence of each project as the client – recruitment for additional resources are planned to continue to support the delivery of this heightened work programme.
Supply Chain Delays	Failure to effectively deliver services and projects	Tightened supply chain is resulting in delays in material and product arriving in the country – this is affecting pipe supply and may result in delays in project(s) commencing and/ or cost increases as supply ability aims to keep up with demand.
Infrastructure ability to service development	Failure to effectively deliver services and projects	<p>The influx of development while putting pressure on the consenting team, also puts pressure on the tangible infrastructure to adequately service the development and not have a negative impact on existing levels of service.</p> <p>Council continues to develop modelling of infrastructure networks to best understand impact of development and how to service these, and use the tools available to grow networks to support development.</p>

IMPLICATIONS ASSESSMENT

This report confirms that the matter concerned has no particular implications and has been dealt with in accordance with the Local Government Act 2002. Specifically:

- Council staff have delegated authority for any decisions made;
- Council staff have identified and assessed all reasonably practicable options for addressing the matter and considered the views and preferences of any interested or affected persons (including Māori), in proportion to the significance of the matter;

- Any decisions made will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses;
- Unless stated above, any decisions made can be addressed through current funding under the Long-Term Plan and Annual Plan;
- Any decisions made are consistent with the Council's plans and policies; and
- No decisions have been made that would alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or would transfer the ownership or control of a strategic asset to or from the Council.

NEXT STEPS

Officers focus on Risk Management continues to be the establishment and embedding of a common single system for managing and reporting all risks.

Officers welcome feedback and guidance of the Committee and its members on the future of this report and other matters with respect to Risk Management in the organisation.

RECOMMENDATION

That having considered all matters raised in the report, that the report be noted.

6.7 HEALTH & SAFETY REPORT

File Number: COU1-1408

Author: Nicola Bousfield, Group Manager - People & Business Enablement

Authoriser: Monique Davidson, Chief Executive

Attachments: 1. Health & Safety Report Dashboards - 16 September 2021 [↓](#)

RECOMMENDATION

That, having considered all matters raised in the report, the report be noted.

PURPOSE

To provide the Risk & Assurance Committee with health, safety and wellbeing information and insight and to update the Committee on key health and safety critical risks and initiatives.

SIGNIFICANCE AND ENGAGEMENT

This report is provided for information purposes only and has been assessed as not significant.

BACKGROUND

Elected members, as 'Officers' under the Health and Safety at Work Act 2015 (HSWA), are expected to undertake due diligence on health and safety matters.

The Health and Safety at Work Act requires those in governance roles, and senior management, to have a greater understanding of their organisation's health and safety activities. Under the Health and Safety at Work Act 2015, all elected members are deemed 'officers' and must exercise a duty of due diligence in relation to health and safety. These reports provide information to assist elected members to carry out that role and provides the health and safety information it needs to be aware of to meet its responsibilities under the Act.

OVERVIEW

This is the update for Quarter three of 2021 – May 2021 through to August 2021. The Health Safety & Wellbeing (HS&W) team continue to work on the improvements previously identified while beginning other planned work.

The Health & Safety Training programme for staff has been identified and planned, which will continue to progress the priority actions recommended within the Gap Analysis Report, including contractor management and related to the Risk Management Improvement work outlined in the Risk Status report to the Committee.

The HS&W team have partnered with a local vaccination provider to submit an expression of interest to the Ministry of Health to become a workplace Covid-19 vaccination site. If successful, this will make it easy for staff and contractors of Council to access the Covid-19 vaccination at work with minimal disruption to operations.

HEALTH AND SAFETY - CRITICAL RISKS





This diagram identifies the logical and methodical approach adopted to address our critical risks as well, as the 13 critical risks identified by Council.

Lone/Isolated Working - Lone Worker Devices

As previously reported phase 1 of the device purchase, training and rollout is complete. Owing to our partnership with Veolia and the work Council have done with lone worker devices, Veolia are now looking at the lone worker solution Council have adopted with a view to adopt similar nationally. Usage of lone worker devices has increased over the quarter; it has been observed that the regular reporting to staff has helped drive their usage.

Driving - Vehicle GPS Tracking - Eroad

The HS&W Team are pleased to report that over-speed events have decreased and driver safety related behaviours have begun to improve since the installation of the GPS system and the increased attention to this risk. Please see the driver safety dashboard for further information (in the attached dashboard section).

Contractor Management

The next critical risk “in focus” is contractor management, with the HS&W Team rolling out contractor management training for activity managers, workshopping concepts ahead of the wider review of contractor management. On this course, contract managers will explore the process of working with other PCBUs to develop a clear understanding of the duties and obligations as a PCBU, and how these duties overlap with Council’s contractors.

Further detail is provided below on the training scheduled for staff.

HEALTH AND SAFETY ACTIVITIES

Health & Safety Training

Following the Gap Analysis Project, Council is continuing to implement the recommended actions in priority order. Training actions were recommended within the main areas for improvement and in response to this, Council have planned a comprehensive staff training programme for the coming 6 months.

The main areas for improvement relating to training in the Gap Analysis Report were:

- Hazard and risk management, including improving the robustness and consistency of risk assessment processes across the organisation
- Contractor management - while large contracts are well managed, there is a risk that these processes do not capture small or historical contractors
- Information, training and supervision, including role-specific content

The recommendations related to training in the Gap Analysis Report:

1. Develop an OH&S leadership training and coaching program, to develop middle and senior management, enhance knowledge, reset attitudes towards health and safety risk management and legislation, as well as provide practical leadership tools and techniques to foster higher levels of engagement.
2. Develop an operational risk management guideline to establish practical tools and templates to support operational risk assessment.

3. Bring the whole of the organisation up to the same basic level of knowledge of understanding related to core risk management principles and terminology.

To address each of the areas for improvement and recommendations, Council has developed the following training programme:

- Health & Safety Leadership – progressing the recommend action 1 above, this training covers practical knowledge and skills to better manage health and safety risks in the face of competing demands, including strategies to respond effectively to change.
- Contractor Management – relating to our critical risk of “contractor management” – this training will ensure staff have an understanding the duties and obligations as a PCBU, and how these duties overlap with others – essential skills needed in Council’s role as a contractor manager.
- Risk Management - Hazard ID and Risk Assessment workshop – addresses action 2 above, to develop practical tools for assessing risk in the field, as well as action 3, to increase the organisation knowledge of Risk Management and further described as part of the Risk Management improvements in the Risk Status Report.

Workplace Influenza (Flu) Vaccinations

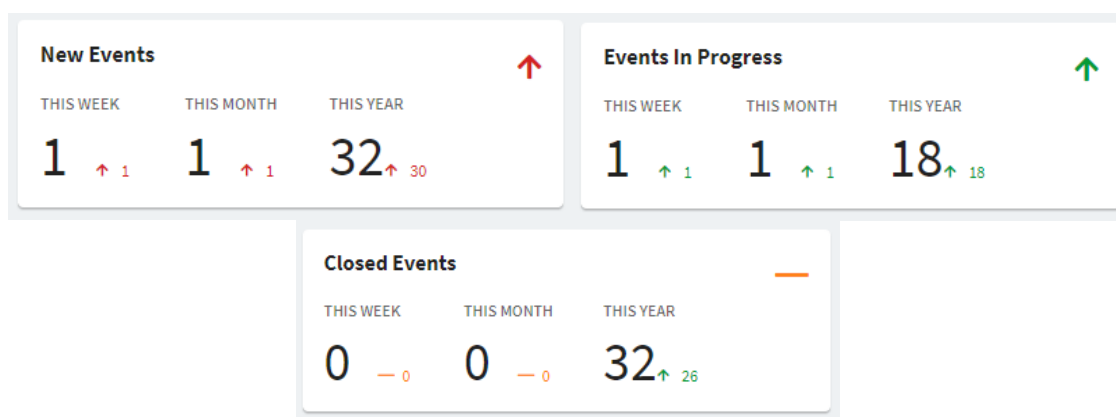
Council has run the most successful annual Influenza vaccination campaign to date with 50 people taking the opportunity compared to 20 and 30 in 2020 and 2019 respectively. The increase in uptake is expected to be a result of many factors both internal and external, however it is observed that the campaign’s educational approach was a significant factor in the increase.

Workplace Covid-19 Vaccinations

The Ministry of Health has called for joint expressions of interest for workplaces and partnered vaccination providers to become workplace Covid-19 vaccination sites. Offering onsite Covid-19 vaccinations stands to benefit our people and contractors and to minimise the impact on operations, while encouraging a high vaccination rate amongst our people.

HS&W Reporting

Reporting levels across the organisation have increased compared to the previous quarter, as previously reported work will continue to encourage and drive reporting levels.



Aggression and Abuse of Stop-Go Operators in CHB Campaign #ActWithMana

Work on the #ActWithMana campaign is continuing, the Tararua Alliance has been inspired by Councils work in this space and plans to mirror this work in their district to influence similar issues as identified here in Central Hawke’s Bay. The campaign has been presented to members of the Manawatu Branch of the New Zealand Institute of Safety Management and received a pleasing feedback.

Wellbeing Activities

When Covid lock-down hit again in 2021, Council responded to needs of its staff by ramping up its wellbeing wrap-around support for staff as the organisation moved back into the remote working environment.

Council recognised that the wellbeing of its staff and keeping them engaged and productive in their work at home was more important than ever. Like the implementation seen during Covid in 2020, the daily Wellbeing Check-ins through Risk Manager were reintroduced, where staff could indicate their wellness and ensure Council meets the support needs of each individual.

Council also ran a Wellbeing Survey during the lockdown, with an impressive overall result of 87% with employees reporting they “felt support by their peers and teammates”.

IMPLICATIONS ASSESSMENT

This report confirms that the matter concerned has no particular implications and has been dealt with in accordance with the Local Government Act 2002. Specifically:

- Council staff have delegated authority for any decisions made;
- Council staff have identified and assessed all reasonably practicable options for addressing the matter and considered the views and preferences of any interested or affected persons (including Māori), in proportion to the significance of the matter;
- Any decisions made will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses;
- Unless stated above, any decisions made can be addressed through current funding under the Long-Term Plan and Annual Plan;
- Any decisions made are consistent with the Council's plans and policies; and
- No decisions have been made that would alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or would transfer the ownership or control of a strategic asset to or from the Council.

NEXT STEPS

To continue to improve the safety culture at Council, while implementing the initiatives laid out in the Health and Safety Action Plan for 2020 and 2021, and to work through the actions laid out in the 2019 Gap Analysis Report.

RECOMMENDATION

That, having considered all matters raised in the report, the report be noted.



Risk and Assurance Committee

Health and Safety Report - Dashboards

16 September 2021

Central Hawke's Bay District Council – Health and Safety Report Dashboard

Author: Bevan Johnstone

Date: September 2021

1



ORGANISATIONAL DASHBOARDS

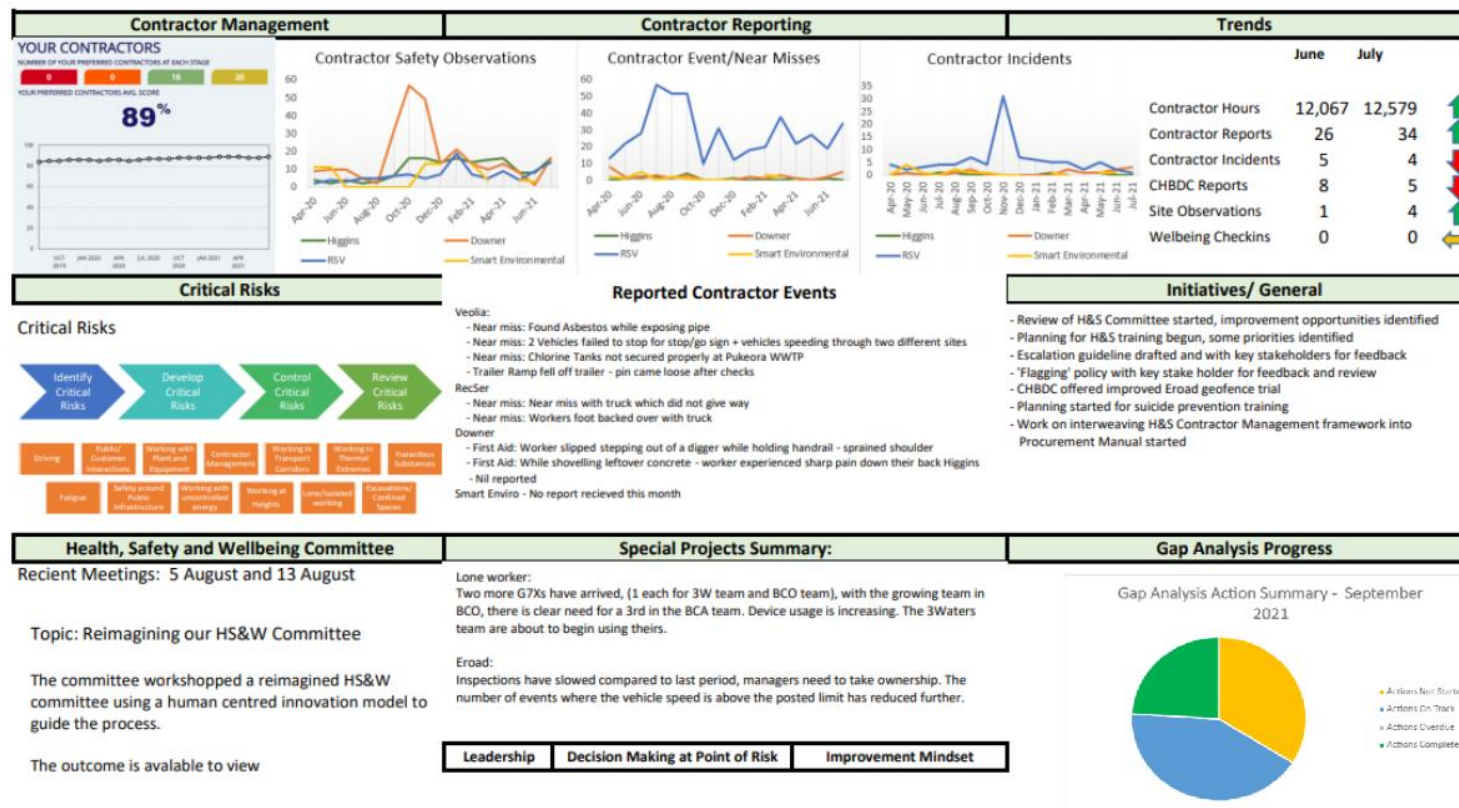
HEALTH AND SAFETY PERFORMANCE DASHBOARD



**CENTRAL
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DISTRICT COUNCIL

Health and Safety Performance Dashboard

Jul-21



Central Hawke's Bay District Council – Health and Safety Report

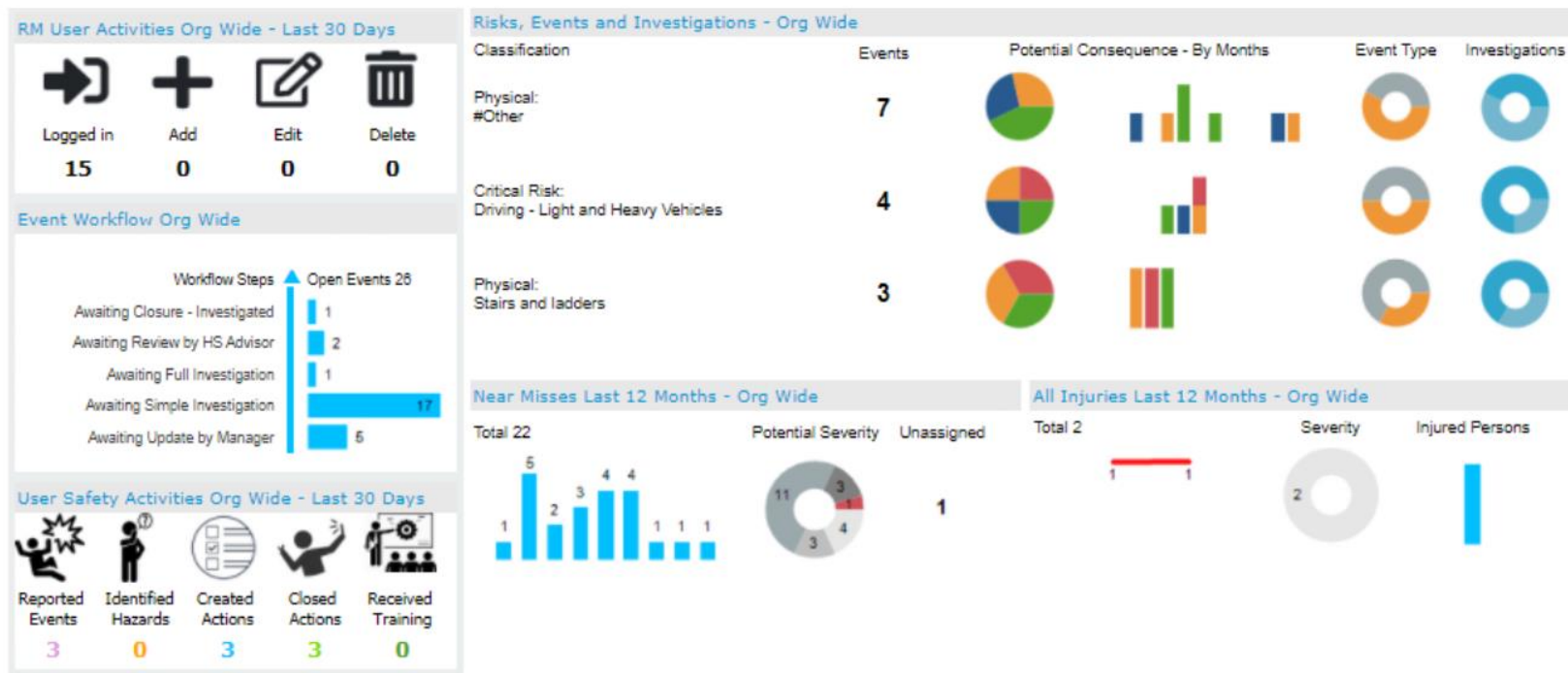
Author: Bevan Johnstone

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Date: September 2021



RISKMANAGER DASHBOARD



Central Hawke's Bay District Council – Health and Safety Report Dashboard

Author: Bevan Johnstone

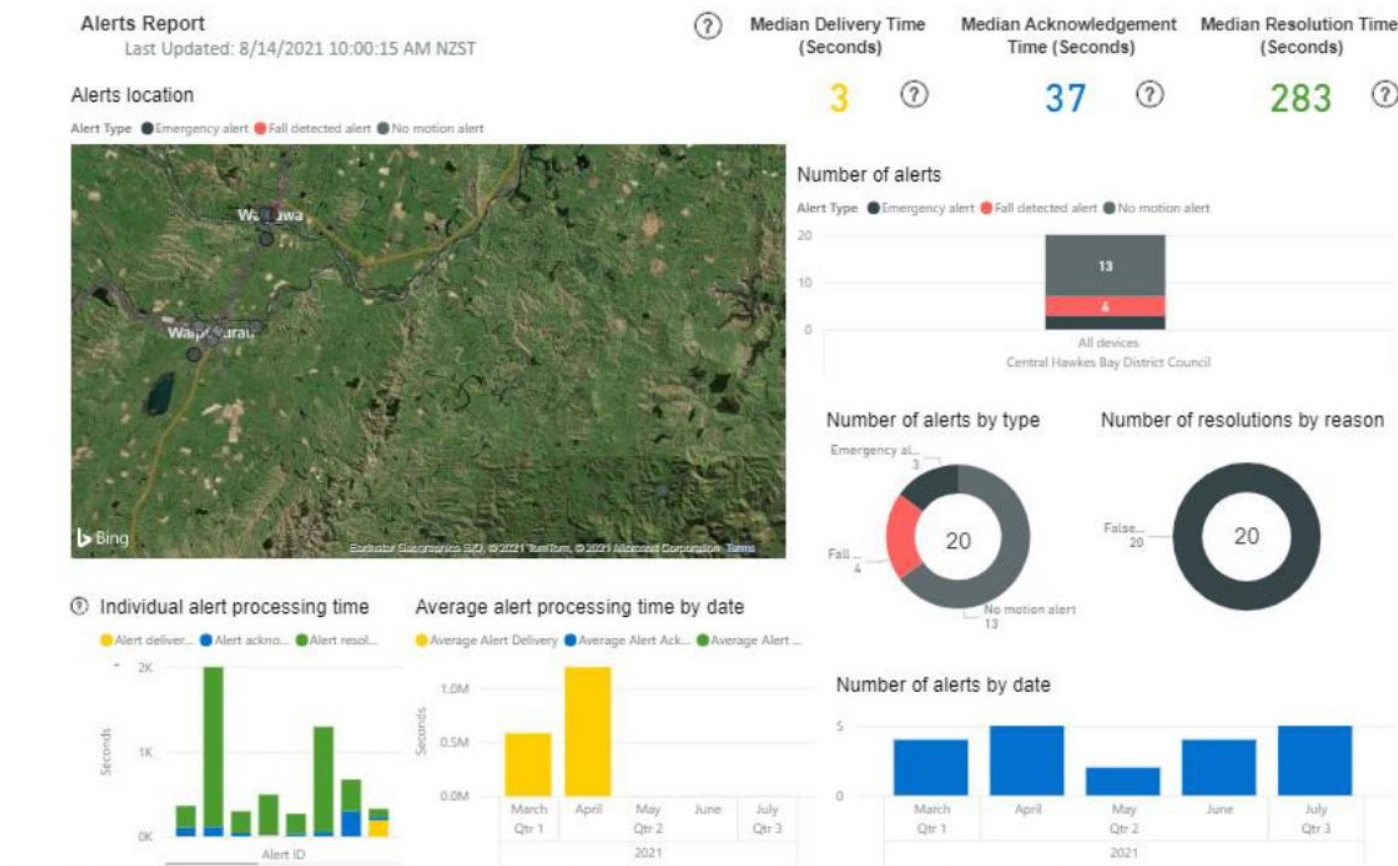
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Date: September 2021



LONE WORKER DEVICE – ACTIVATION DASHBOARD

This dashboard reports on the lone worker device activations for the selected period (excluding training or demo activations), it splits the activations into the type of alert (SOS, no-motion or fall) and provides data on the system performance including: delivery of the alert to the monitoring centre, the median time for the monitoring centre to respond to each alert, and the median time taken to resolve the activations.



Central Hawke's Bay District Council – Health and Safety Report Dashboard

Author: Bevan Johnstone

Date: September 2021

4

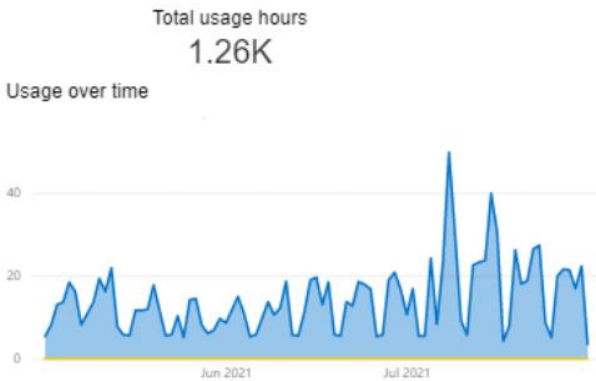


LONE WORKER DEVICE – USAGE DASHBOARD

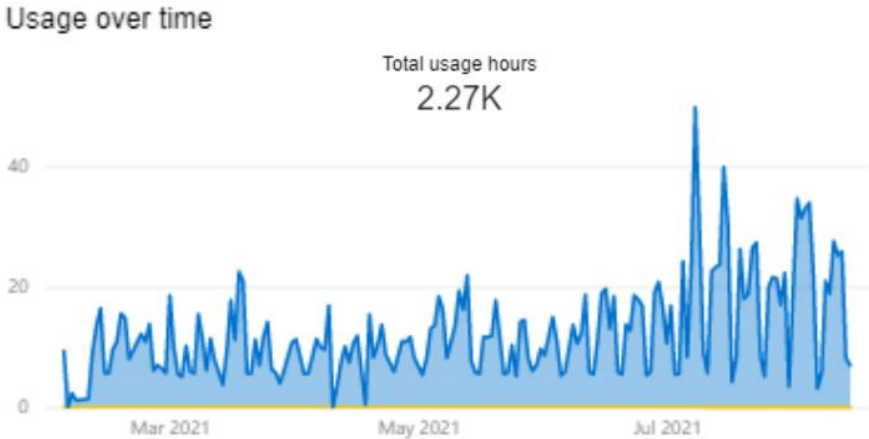
Last Quarter



This Quarter



This year

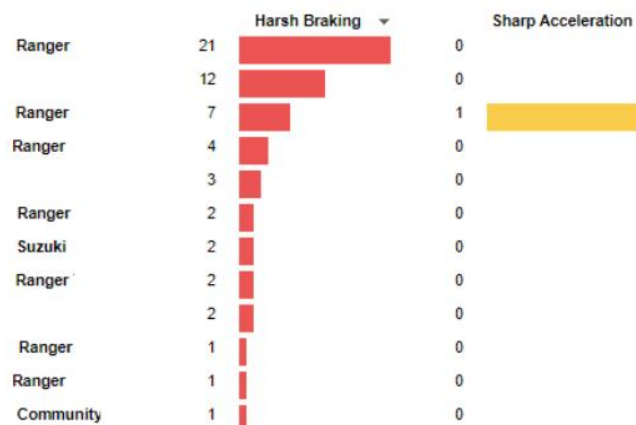




EROAD DRIVER SAFETY DASHBOARD

Driving Events by Vehicle (This Quarter)

Driving Events by Vehicle



Safety Leader Board by Vehicle

(More stars represents safer driving)

Rank	Vehicle Name	Stars	Trend	Rank Change
1	Ute	★★★★★	▲	+ 3
2	FlatDeck	★★★★★	▲	+ 1
3	Ranger	★★★★★	▼	- 2
4	Ranger	★★★★★	▲	+ 6
5	Ranger	★★★★★	→	0
6		★★★★★	▼	- 4
7	Ranger	★★★★★	→	0
8	Ranger	★★★★★	▲	+ 3
9	Ranger	★★★★★	▼	- 3
10	Ranger	★★★★★	▼	- 2
11	Suzuki	★★★★★	▼	- 2
12	Community	★★★★★	→	New
13		★★★★★	▲	+ 1
14	Merc Van	★★★★★	▼	- 2

Central Hawke's Bay District Council – Health and Safety Report

Author: Bevan Johnstone

6

Date: September 2021

6.8 HEALTH, SAFETY AND WELLBEING GOVERNANCE CHARTER - REVIEW AND AMENDMENTS

File Number: COU1-1408

Author: Nicola Bousfield, Group Manager - People & Business Enablement

Authoriser: Monique Davidson, Chief Executive

Attachments: 1. Health Safety & Wellbeing Governance Charter - September 2021 [↓](#)

PURPOSE

The matter for consideration by the Risk & Assurance Committee is the adoption of minor changes to the Health Safety & Wellbeing Governance Charter following a scheduled review.

RECOMMENDATION FOR CONSIDERATION

That having considered all matters raised in the report:

That the Risk and Assurance Committee adopt the recommended changes to the Health Safety & Wellbeing Governance Charter.

BACKGROUND

Council adopted the Health Safety & Wellbeing Governance Charter (the Charter) in 2020. The Charter sets out Council's commitment to the health, safety, and wellbeing of its community. The purpose of the Charter is to define the activities, processes, and supporting structures the Risk and Assurance Committee will adopt to meet its governance duties in relation to the Health and Safety at Work Act 2015.

DISCUSSION

The Health Safety & Wellbeing Governance Charter was adopted by the Risk and Audit Committee (now the Risk and Assurance Committee) in 2020. It is due for review in 2021. The amendments following the review are minor and not considered to impact the intent of the Charter. These are largely corrections, clarifications and a change to the review period, moving from annually to 3-yearly, to align with the elected member's triennium and the review period adopted for internal policies.

The review of the Charter was scheduled in the Risk and Assurance Committee Work Programme Report to this the committee, with any changes adopted by the Risk and Assurance Committee in 2021. The changes recommended for the Committee to adopt are attached and highlighted in red for easy reference.

RISK ASSESSMENT AND MITIGATION

Officers do not consider there to be any risk in amending the Charter as proposed. The proposed changes do not substantively impact the intent or direction of the Charter and are intended to simply update and clarify the document following a scheduled review.

FOUR WELLBEINGS

There is no direct link between the proposed amendments to the Charter and the four wellbeing's.

DELEGATIONS OR AUTHORITY

The Health Safety & Wellbeing Governance Charter was adopted by the Risk and Audit Committee (now the Risk and Assurance Committee) in 2020. It is due for review in 2021. The amendments are not considered to impact the intent of the Charter but as part of the Risk and Assurance Committee Work Programme Report to this the committee, the Charter was scheduled to be reviewed and adopted by the Risk & Assurance Committee in 2021.

SIGNIFICANCE AND ENGAGEMENT

In accordance with the Council's Significance and Engagement Policy, this matter has been assessed of low or no significance (e.g. technical and/or minor amendments to a Council policy).

OPTIONS ANALYSIS

The options considered include adopting the proposed amendments to the Charter or not adopting them and leaving the Charter as it stands, until it is brought before Committee again through a workshop process later in 2021.

	<u>Option 1</u>	<u>Option 2</u>
	Changes to the Charter are adopted	Changes to the Charter are not adopted
Financial and Operational Implications	There are no financial implications. Operationally the revised Framework will be easier to implement and understand.	There are no financial implications. If changes are not adopted they will be brought back before Committee later in 2021 through a workshop process.
Long Term Plan and Annual Plan Implications	NA	NA
Promotion or Achievement of Community Outcomes	NA	NA
Statutory Requirements	The purpose of this Charter is to define the activities, processes, and supporting structures the Risk and Assurance Committee (consisting of elected members and the Chief Executive - CE) will adopt to meet its governance duties in relation to the Health and Safety at Work Act 2015.	If changes are not adopted they will be brought back before Committee later in 2021 through a workshop process.
Consistency with Policies and Plans	The proposed changes do not substantively impact the intent or direction of the Charter, but would provide consistency and alignment to other policies and plans by using similar language. The update to the review period will align with other policies and the elected member triennium.	If changes are not adopted they will be brought back before Committee later in 2021 through a workshop process.

Recommended Option

This report recommends **option 1, Changes to the Charter are adopted**, for addressing the matter.

NEXT STEPS

If the changes are accepted and the amended Charter adopted and signed.

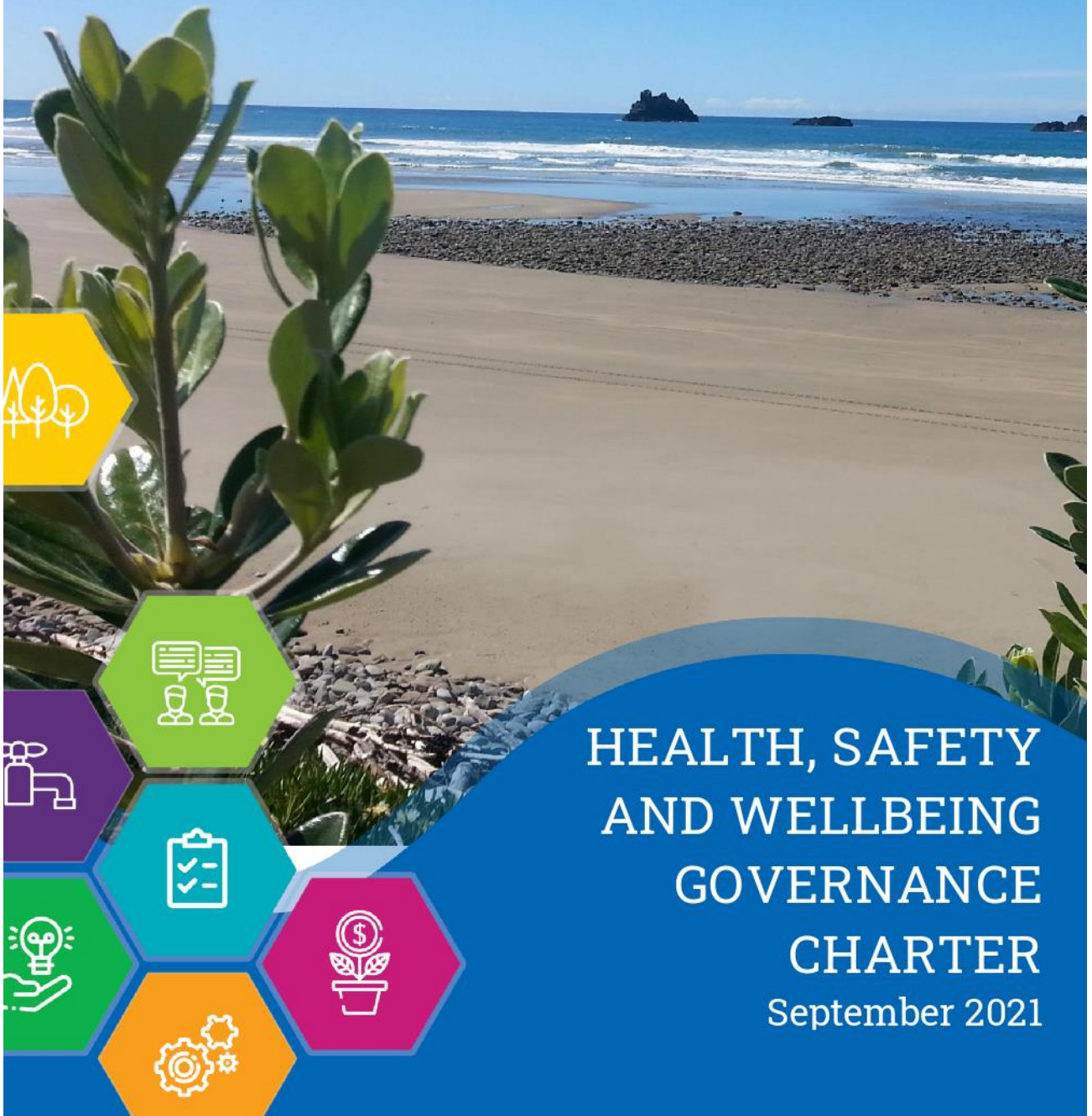
RECOMMENDATION

That having considered all matters raised in the report:

That the Risk and Assurance Committee adopt the recommended changes to the Health Safety & Wellbeing Governance Charter.



**CENTRAL
HAWKE'S BAY**
DISTRICT COUNCIL



INTENT AND PURPOSE

Central Hawke's Bay District Council (Council) is committed to the health, safety, and wellbeing of our community. This commitment extends to those who work for us and with us in the delivery of services and those who receive services from us.

The purpose of this charter is to define the activities, processes, and supporting structures the **Risk and Assurance Committee** will adopt to meet its governance duties in relation to the Health and Safety at Work Act 2015.

OVERVIEW OF GOVERNANCE DUTIES

It is recognised that **individual elected members and the Chief Executive (CE)** are Officers of the **Person Conducting a Business or Undertaking (PCBU)** under Health and Safety at Work Act 2015 and have a duty to exercise due diligence to make sure that (Council complies with health and safety law.

This due diligence duty requires Officers, so far as is reasonably practicable, to:

- a) Acquire, and keep up-to-date, knowledge of work health and safety matters.
- b) gain an understanding of the nature of the operations of the business or undertaking of the PCBU and generally of the hazards and risks associated with those operations
- c) ensure that the PCBU has available for use, and uses, appropriate resources and processes to eliminate or minimise risks to health and safety from work carried out as part of the conduct of the business or undertaking
- d) ensure that the PCBU has appropriate processes for receiving and considering information regarding incidents, hazards, and risks and for responding in a timely way to that information
- e) ensure that the PCBU has, and implements, processes for complying with any duty or obligation of the PCBU under the HSW Act
- f) verify the provision and use of the resources and processes referred to in points (c) to (e) above.

POLICY AND STRATEGY

It is **Council's** role to provide leadership and policy that sets the direction for effective health, safety and wellbeing risk management at Council. **Council** creates expectations and exercises due diligence in holding the **Executive Leadership Team** strictly and continuously accountable via the following mechanisms:

- Approve and publish a health, safety and wellbeing policy statement. It will be signed by a worker representative, the **Risk and Assurance Committee Chair** and CE, and will be reviewed **on a 3-yearly basis**.
- Ensure that health, safety and wellbeing elements, including targets and objectives, are incorporated into annual business planning processes and that they are regularly monitored and reviewed, as for any other element of business plans.
- Ensure that the appropriate resources (human, technical and financial) are provided to ensure the effective management of health, safety and wellbeing and that other Council strategies or objectives do not negatively conflict with health, safety and wellbeing strategies and objectives.
- Hold the CE accountable for the deployment of the health, safety and wellbeing policy and strategy, via a health and safety management system and annual plan.
- Demonstrate leadership and keep up to date with the critical health, safety and wellbeing risks and control processes of the business through the tripartite means of external assurance, internal assurance, and self-assurance.

DELIVERY

Structure to Manage Health and Safety

Health, safety and wellbeing is **governed in practice by the Risk and Assurance Committee**. The Council may invite members of the Executive Leadership Team or other persons, to attend meetings to make presentations, participate in discussions, or provide information and assistance as required.

Meetings

Health, safety and wellbeing will be a formal agenda item at all **Risk and Assurance Committee** meetings. Every twelve months a greater proportion of the **Risk and Assurance Committee** meeting will be devoted to health and safety to allow for the review of policy and strategy, as well as a more rigorous assessment of health and safety performance.

Records

Health and safety information will be prepared for each **Risk and Assurance Committee** meeting and distributed in advance via the **meeting agenda**. Discussion on health, safety and wellbeing will be recorded as with any other part of the meeting and copies of minutes will be circulated to all **elected members** after each meeting.

The Health, Safety and Wellbeing Management System

The **Council** shall ensure that a fit for purpose health, safety and wellbeing management system is in place that reflects the key requirements of the ISO 45001 standard and is being audited and reviewed effectively by management.

Resourcing

Council allocates resources to achieve the Health, Safety and Wellbeing Action Plan. Additional resources required to achieve successful work and service delivery outcomes are factored in.

ASSURANCE ACTIVITY AND REPORTING

The **Risk and Assurance Committee** will gain assurance through a governance due diligence assurance reporting framework that is designed to focus on gaining self-assurance, internal assurance, and external assurance on the three key areas of governance: risks, relationships, and resourcing.

The framework drives assurance activity and reporting. Table 1 provides detail on the framework.

REVIEW PROCESS

Council will review and update the following on a **3 yearly** basis:

1. The Health, Safety and Wellbeing Governance Charter
2. The Health, Safety and Wellbeing Policy Statement
3. The Health, Safety and Wellbeing Action Plan and resource allocation

IMPROVEMENT ACTION MANAGEMENT

The **Council** will identify any corrective actions required to be implemented as a result of its deliberations, and ensure they are recorded via the formal minutes and managed to completion.

APPROVAL

This health, safety and wellbeing charter is approved by the Chief Executive and the Risk & Assurance Committee of the Central Hawke's Bay District.

Signature

Signature

Signature

Monique Davidson_____
Neil Bain_____
Bevan Johnstone**CHIEF EXECUTIVE****CHAIR – RISK & ASSURANCE
COMMITTEE****COUNCIL REPRESENTATIVE -
HEALTH & SAFETY ADVISOR**

Date: 16 September 2021

Date: 16 September 2021

Date: 16 September 2021

This charter is reviewed on a 3 yearly basis. Date of next review: September 2024

Table 1: The governance due diligence assurance reporting framework

	Risks	Relationships	Resourcing
Self-assurance	<p>High-level findings of critical risk reviews done by council members</p> <p>Qualitative feedback from ELT engagements relating to critical risks</p>	<p>Qualitative feedback from ELT engagements and other sources relating to multiple PCBU overlaps</p> <p>Feedback from attendance at sector-wide forums and contractor events</p>	<p>Governance competency assessment and CPD update</p> <p>Feedback from conversations with key staff about capacity to deliver the plan</p>
Internal assurance	<p>High level results of critical risk assessments (done for new risks) and risk reviews (checks of existing risks)</p> <p>High level results of internal audits to standards</p> <p>Success stories update</p> <p>Summary of notifiable events and events involving potential critical risk learning opportunities (significant near miss)</p>	<p>Quantitative and qualitative information from PCBU engagement (number of events against planned, plus key outcomes)</p> <p>Quantitative and qualitative information from internal committee meetings (number of events against planned, plus key outcomes)</p> <p>Summary of H&S recognition and awards</p> <p>Summary of wellbeing initiative outcomes</p>	<p>Progress against the annual health, safety and wellbeing plan (key improvement initiatives)</p> <p>Summary of potential threats to capacity to complete planned critical risk activity</p> <p>Progress against CPD plan, training attendance %</p> <p>HSW committee action summary update</p> <p>Critical risk control checks % to standard</p>
External assurance	<p>High level results of external audits to critical risk control standards</p> <p>Lost Time Injury Frequency Rate (LTIFR) benchmarking</p> <p>Results of external reviews of critical risk assessments and incident investigations</p>	<p>Stakeholder engagement update (comments, compliments, complaints)</p> <p>Media relations update</p> <p>Contractor prequalification / renewal results</p>	<p>External audit score for management system</p> <p>Critical risk control checks % to standard (external specialists)</p> <p>Compliance checks results</p> <p>3 yearly governance review</p>

6.9 DRAFT ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2021**File Number:** COU1-1408**Author:** Brent Chamberlain, Chief Financial Officer**Authoriser:** Monique Davidson, Chief Executive

Attachments: 1. Draft Annual Report - Summary Version [↓](#)
 2. Draft Annual Report - Full Version [↓](#)

PURPOSE

The matter for consideration by the Council is to receive the Draft Annual Report for the Year Ended 30 June 2021.

RECOMMENDATION FOR CONSIDERATION

That having considered all matters raised in the report:

- a) That the Risk and Assurance Committee receive the report entitled “Draft Annual Report for the Year Ended 30 June 2021”.
- b) That after receiving the Draft Annual Report, and hearing assurances from Ernst Young, that they endorse the Draft Annual Report, and recommend it to Council for adoption once the audit has been completed.

EXECUTIVE SUMMARY

Attached to this report are draft copies of the Central Hawkes Bay District Council’s Annual Report for the Year Ended 30 June 2021, and the Annual Report Summary.

While Officers are still finalising with the auditors some wording around disclosures contained in the accounts, the numbers should be substantially final with one exception and that is we are waiting on a valuation to be completed on Council’s land holdings.

Later in the meeting Ernst Young will be presenting their management findings that arose during the course of the audit.

BACKGROUND

Each year Council is required to publically report on its activities for the year, and how they have spent the rates and fees collected from residents, and the grants from 3rd Parties such as Central Government.

As part of this report the Ernst Young have been contracted from the Audit NZ to undertake an audit of both the financial and non-financial disclosures contained within the report. In addition, they also check that all the required statutory disclosures have been made.

DISCUSSION

This year’s Annual Report is 120 pages long and covers a Governance Overview, Details of Council Activities and Activity Financials, and the Statutory Financial Statements.

Most of the sections contain similar information to previous Annual Reports, and this report being the final report in the 2018-2028 Long Term Plan Cycle it has a particular focus on the achievements over the past years.

Below are the summary financial statement contained in the annual report:

	2020 COUNCIL ACTUAL \$'000	2021 COUNCIL BUDGET \$'000	2021 COUNCIL ACTUAL \$'000
Total Revenue	35,398	33,821	53,986
Finance Costs	429	462	462

Other Operating expenditure	35,454	34,211	44,113
Net Operating Surplus/(Deficit)	(485)	(851)	9,411
Other (Gains)/Losses	-	-	-
Income Tax	-	-	-
Net Surplus/(Deficit)	(485)	(851)	9,411
Movements in PPE revaluations	2,417	14,928	4,983
Impairment of Asset	(1,082)	-	-
Total Comprehensive Revenue and Expense	850	14,076	14,394

For the financial year Council had a surplus of \$9,411k compared to a deficit of \$850k in the previous financial year. Overall income was above budget by \$20.1m with total operating expenditure over budget by \$10.9m.

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

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

Income from Fees and Charges was above budget by \$866k (and \$1.4m above last year) due to increased income from the Consents +\$791k (reflecting the buoyant economy and the high level of residential construction happening in the region) and in Solid Waste Charges +\$289k (reflecting the buoyant economy and the construction industry). However, both these activities had corresponding increases in costs driven by this high level of demand. The Solid Waste activity had to acquire additional carbon credits to match the tonnage of waste going to landfill and pay for external parties to process tyres, concrete, and green waste, and the volume of consents being processed was beyond what Council's internal staff could process so Council was more reliant on external consultants to process the excess demand. Both these increases are reflected in the higher than budgeted operating expenditure for the year.

Other Revenue for the year was \$707k above budget. Waka Kotahi NZ Transport Agency made a \$280k one off back payment following a Funding Assistance Rate Adjustment, and Council being vested a \$393k road in Otane following a greenfield subdivision there.

Personnel Costs were below budget \$134k despite some of the Central Government funding creating new temporary roles to deliver their recovery projects.

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

This year Council has revalued its roading network and this has resulted in a non-cash revaluation gain of \$4.9m.

While Council isn't due to revalue its Land and Buildings until 2022, due to the inflated property market in the two years since the last valuation, Council has been requested to undertake an out of sequence land valuation this year and this is the last outstanding audit adjustment that we are aware of at the time of writing.

After these valuation adjustments, Council is left with a Comprehensive Revenue and Expense Surplus of \$14.394m for the year.

		• 2020 • COUNCIL • ACTUAL • \$'000	• 2021 • COUNCIL • BUDGET • \$'000	• 2021 • COUNCIL • ACTUAL • \$'000
Total Current Assets	1.	19,068	2.	20,626
Total Non-Current Assets	4.	855,391	5.	873,198
Total Assets	7.	874,459	8.	893,824
Total Current Liabilities	10.	8,056	11.	13,496
Total Non-Current Liabilities	13.	23,934	14.	23,463
Total Liabilities	16.	31,990	17.	36,959
Special & Other Funds	19.	7,025	20.	7,193
Trust Funds	22.	182	23.	184
Revaluation Reserve of Assets	25.	590,804	26.	595,583
Ratepayers' Equity	28.	244,458	29.	253,905
Total Equity	31.	842,469	32.	856,865
Total Liabilities and Equity	34.	874,459	35.	893,824

The above table sets out a summary of Council's Statement of Financial Position.

This shows that Council's non-current assets (mainly buildings, roading, and water infrastructure) has grown by \$17.8m during the year. This represents a combination of the significant work Council has been undertaking upgrading water assets and route 52 this year, in addition to the roading revaluation.

Interestingly much of this work has been funded by central government (through the PGF and 3 waters reform monies) and no new external debt was drawn during the year (hence the minimal movement in Non -Current Liabilities).

RISK ASSESSMENT AND MITIGATION

As the financial audit (at the time of writing) is not yet complete, there is a risk that the draft financial statements are still subject to change.

FOUR WELLBEINGS

The annual report is the mechanism that Council reports back to its community on its activities for the year, and shows how it has done against its Levels of Service that it budgeted to deliver in its Long Term Plan, and where its money has been spent.

Amongst these Level of Service metrics are both economic, environment, and social measures.

DELEGATIONS OR AUTHORITY

This report has been brought to Risk and Assurance for endorsement to Council. But more importantly Ernst and Young will be presenting their management findings from the audit, and highlighting areas of risk and possible improvements for next year.

SIGNIFICANCE AND ENGAGEMENT

In accordance with the Council's Significance and Engagement Policy, this matter has been assessed as of some importance.

OPTIONS ANALYSIS

Risk and Assurance has two options available to it:

1. That after receiving the Draft Annual Report, and hearing assurances from Ernst Young, that they endorse the Annual Report, and recommend it to Council for adoption once the audit has been completed.
2. That after receiving the Draft Annual Report, and hearing assurances from Ernst Young, that they not endorse the Annual Report, and request further work be undertaken by Officers and Ernst Young before adoption by Council.

Recommended Option

This report recommends option number one — Endorse the Annual Report to Council for adoption once the audit has been completed addressing the matter.

NEXT STEPS

Officers will continue to work with Ernst Young to finalise the Annual Report and the Audit before the Council Meeting on the 23rd September 2021.

RECOMMENDATION

That having considered all matters raised in the report:

- a) **That the Risk and Assurance Committee receive the report entitled “Draft Annual Report for the Year Ended 30 June 2021”.**
- b) **That after receiving the Draft Annual Report, and hearing assurances from Ernst Young, that they endorse the Draft Annual Report, and recommend it to Council for adoption once the audit has been completed.**



Kia ora from the Mayor and Council Team

Tēnā koutou, tēnā koutou, tēnā koutou katoa

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

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

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

External Funding

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

Unprecedented Growth and Development

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

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

Facing up to the Facts

Long Term Plan 2021-2031

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

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

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

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

Our Tamatea Partnership

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

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

Major Projects Progressed

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

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

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

Our Caring Community – Covid-19 and Sustained Drought

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

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

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

Change on the Horizon

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

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

Thank you Central Hawke's Bay!

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



About this Summary

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

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

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

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

This summary financial report is for an individual entity.

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

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

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

Governance Priorities and Projects: *Thrive in Five*

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

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

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

#1 – #thebigwaterstory

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

#2 – The District Plan Review

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

#3 – Wastewater

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

#4 – Social Housing

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

#5 – Creating a Wastefree CHB

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

Priority #1 – #thebigwaterstory

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

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

Through this process, the importance of water to our community came through as one of the strongest messages. This, combined with a vision for growth and prosperity, environmental responsibilities, and durable infrastructure, was how #thebigwaterstory was born. #thebigwaterstory is about our wastewater, stormwater and drinking water, and represents the durable infrastructure required to transform the day to day lives of Central Hawke's Bay's residents.

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

Water

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



Waipukurau firefighting upgrades on Ruataniwha Street

Wastewater

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



Porangahau and Te Paerahi Water Treatment Plant Opening

Stormwater

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

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

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

Priority #2 – The District Plan Review

Delivery of a notified and operative District Plan

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

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

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

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

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

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

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



Priority #3 – Waste Water Treatment Projects

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

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

Informed through working closely with community members to develop options which focus on generational thinking to ensure a positive balance between the environmental health of our District, the strength of our infrastructure to enable Central Hawke's Bay to thrive, and affordability for all of our people.

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

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

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



Stage 1 of the Otane to Waipawa Wastewater Pipeline

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

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

<https://youtu.be/D2zwM0gVp3o>



Preparation of the geobag area at Waipawa WWTP for desludging

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

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

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

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

More information here:

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

Priority #4 – Social Housing

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

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

Continuing to Champion Central Government for Housing Support

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

Tamatea Housing Taskforce

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

Councils Retirement Housing Review

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

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

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

Porangahau Road South Growth Precinct

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

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



Outline of Stage 1 of the Porangahau South Growth Precinct

Priority #5 – Creating a Waste Free CHB

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

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

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

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

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

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

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



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



Our other highlights over the last 12 months

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

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

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

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

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

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

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

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

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

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

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

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

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



Community Planning

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

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

This needs more!

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

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



Unprecedented Growth and Development

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

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

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

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

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

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

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

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

Continued Recovery for Covid-19 and Sustained Drought

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

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

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

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

Tukituki Trails

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



Rapid Redeployment

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

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

Rakei ora – Bringing Wellbeing to Marae

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

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

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

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

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



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

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



Major Land Transport Contracts mobilised

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

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

About this summary

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

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

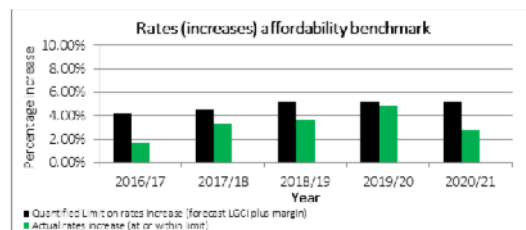
Rates (increases) affordability benchmark

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

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

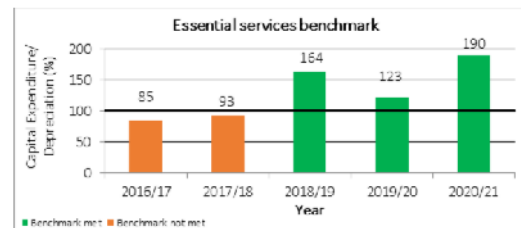
"Rates Increases to existing ratepayers will not exceed the projected Local Government Cost Index plus 3%.

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



Essential Services benchmark

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



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

Summary of Financial Statements for the period ending 30 June 2021

Statement of Comprehensive Revenue and Expense

	2020 COUNCIL ACTUAL \$'000	2021 COUNCIL BUDGET \$'000	2021 COUNCIL ACTUAL \$'000
Total Revenue	35,398	33,821	53,986
Finance Costs	429	462	462
Other Operating expenditure	35,454	34,211	44,113
Net Operating Surplus/(Deficit)	(485)	(851)	9,411
Other (Gains)/Losses	-	-	-
Income Tax	-	-	-
Net Surplus/(Deficit)	(485)	(851)	9,411
Movements in PPE revaluations	2,417	14,928	4,983
Impairment of Asset	(1,082)	-	-
Total Comprehensive Revenue and Expense	850	14,076	14,394

Statement of Financial Position Summary

	2020 COUNCIL ACTUAL \$'000	2021 COUNCIL BUDGET \$'000	2021 COUNCIL ACTUAL \$'000
Total Current Assets	19,068	9,395	20,626
Total Non-Current Assets	855,391	897,550	873,198
Total Assets	874,459	906,945	893,824
Total Current Liabilities	8,056	9,503	13,496
Total Non-Current Liabilities	23,934	21,730	23,463
Total Liabilities	31,990	31,233	36,959
Special & Other Funds	7,025	6,909	7,193
Trust Funds	182	-	184
Revaluation Reserve of Assets	590,804	624,408	595,583
Ratepayers' Equity	244,458	244,396	253,905
Total Equity	842,469	875,713	856,865
Total Liabilities and Equity	874,459	906,945	893,824

Statement of Changes in Equity Summary

	2020 COUNCIL ACTUAL \$'000	2021 COUNCIL BUDGET \$'000	2021 COUNCIL ACTUAL \$'000
Equity at the Beginning of the Year	841,619	861,636	842,469
Total Comprehensive Revenue and Expense	850	14,076	14,394
Equity at the End of the Year	842,469	875,713	856,863

Statement of Cash Flows Summary

	2020 COUNCIL ACTUAL \$'000	2021 COUNCIL BUDGET \$'000	2021 COUNCIL ACTUAL \$'000
Net Cash from Operating Activities	5,831	13,748	7,882
Net Cash from Investing Activities	(25,747)	(15,547)	(7,786)
Net Cash from Financing Activities	17,882	2,404	-
Net Increase/(Decrease) in Cash	(2,034)	606	95
Cash at the Beginning of the Year	4,561	3,956	2,527
Cash at the End of the Year	2,527	4,562	2,623

Financial Performance Overview

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

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

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

ANNUAL REPORT 2020-2021

The table and explanations below illustrates Councils financial results.

Financial Overview

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

Explanations

- During the year Council was recipient of significant Central Government and third party funding (see earlier table). This was a mix of operational and capital funding. This has had the impact of both increasing Councils revenue, but also increasing its expenditure.
- Income from Fees and Charges was above budget by \$866k (and \$1.4m above last year) due to increased income from the Consents +\$791k (reflecting the buoyant economy and the high level of residential construction happening in the region) and in Solid Waste Charges +\$289k (reflecting the buoyant economy and the construction industry). However, both these activities had corresponding increases in costs driven by this high level of demand. The Solid Waste activity had to acquire additional carbon credits to match the tonnage of waste going to landfill and pay for external parties to process tyres, concrete, and greenwaste, and the volume of consents being processed was beyond what Council's internal staff could process so Council was more reliant on external consultants to process the excess demand. Both these increases are reflected in the higher than budgeted operating expenditure for the year.
- Other Revenue for the year was \$707k above budget. Waka Kotahi NZ Transport Agency made a \$280k one off back payment following a Funding Assistance Rate Adjustment, and Council being vested a \$393k road in Otane following a greenfield subdivision there.
- Operating expenditure is above budget due to the following:

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

Non-Financial Performance Overview

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

In Brief the Council Achievements are as follows:

GROUP	TARGET ACHIEVED	TARGET NOT ACHIEVED
Community Leadership and Governance Group	15 (94%)	1 (6%)
Planning and Regulatory Group	8 (41%)	11 (59%)
Land Transport Group	2 (33%)	4 (67%)
Solid Waste Group	3 (60%)	2 (40%)
Water Supply Group	5 (50%)	5 (50%)
Wastewater Group	6 (86%)	1 (14%)
Stormwater Group	4 (80%)	1 (20%)
Recreation and Community Facilities Group	14 (58%)	10 (42%)

Community Leadership and Governance

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

Planning and Regulatory

We set a target that 100% of building consents would be processed within 20 working days. 443 Building Consents were processed in the year (which is a 22% increase on the previous year) with 411 (98%)

processed within the 20-day statutory timeframes in the reporting period. Record high consent volumes put pressure on staff to keep up with the number of consents submitted.

Land Transport

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



Solid Waste

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

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

Water Supply

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



We set a target that 90% of users satisfied with the water supply service. During the independent Annual Residents Survey in June, 83% of users were satisfied with the water supply service provided.

Wastewater

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

Stormwater

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

Recreation and Community Facilities

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

Within the Public Toilets all targets which achieved.

Within the Retirement Housing all targets which achieved.

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



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

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

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Audit Report



INDEPENDENT AUDITOR'S REPORT
TO THE READERS OF
CENTRAL HAWKE'S BAY DISTRICT COUNCIL'S
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021







This annual report highlights for our community the progress we have made toward our outcomes and our overall delivery and performance for the year 2020/21 in accordance with the Local Government Act 2002.

The Annual Report is a legislative requirement, however we also see it as an opportunity to inform residents and stakeholders about how we're using rates funding, and our stewardship of the District's assets. It's also a record of the year's achievements, which reflect the contribution of many in our community as the Council increasingly supports community-led initiatives and seeks to work collaboratively and in partnership with our many stakeholders for a Thriving Central Hawke's Bay.

This annual report for 2020/21 is the third and final against our Long-term Plan 2018–28, so the key activities we discuss follow the priorities we agreed with the community when we formed that plan, and which we restated in our annual plan for 2020/21.

You can find this and our previous annual reports at our website www.chbdc.govt.nz.

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Introduction and Overview



Kia ora from the Mayor and Council Team

Tēnā koutou, tēnā koutou, tēnā koutou katoa

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

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

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

External Funding

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

Unprecedented Growth and Development

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

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

Facing up to the Facts Long Term Plan 2021-2031

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

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

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

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

Our Tamatea Partnership

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

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

Major Projects Progressed

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

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

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

Our Caring Community – Covid-19 and Sustained Drought

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

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

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

Change on the Horizon

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

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

Thank you Central Hawke's Bay!

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

Alex Walker

Mayor of Tamatea/Central Hawke's Bay



Alex Walker

Alex Walker
Mayor of Central Hawke's Bay



Monique Davidson

Monique Davidson
Chief Executive Officer



Central Hawke's Bay District Council

Highlights of 2020/21

As year three of Central Hawke's Bay District Councils Long Term Plan 2018-2028, the work programme for 2020/21 – despite the ongoing challenges of COVID-19 and sustained drought, was largely as projected in the Long Term Plan – boosted however with the addition of new external funding.

The addition of major investment as a result of the Provincial Growth Fund, Covid-19 Social and Economic Recovery Funding and Three Waters stimulus funding, saw major investment and activity in new activities, projects and services for the District not anticipated in the 2018-2028 Long Term Plan.

This section provides highlights of the major activities of the year, our ongoing response efforts to Covid-19 and sustained drought in the District and our achievements continuing to deliver on Project Thrive in the last 12 months.

This annual report is the third since *Project Thrive* initiated its first Long Term Plan in 2018. The community's voice shaped the direction and a list of 25 projects were adopted at the time – based on their prioritisation from the outcomes described in our vision of a thriving future.

It is important that this Annual Report recognises not only the activities completed by Council in 2020-21, but throughout the duration of the 2018-21 LTP.

And another para which captures something about the top few including Nga ara Tipuna, Community Plans and Environmental Strategy.

Governance Priorities and Projects: *Thrive in Five*

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

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

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

#1 – #thebigwaterstory

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

#2 – The District Plan Review

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

#3 – Wastewater

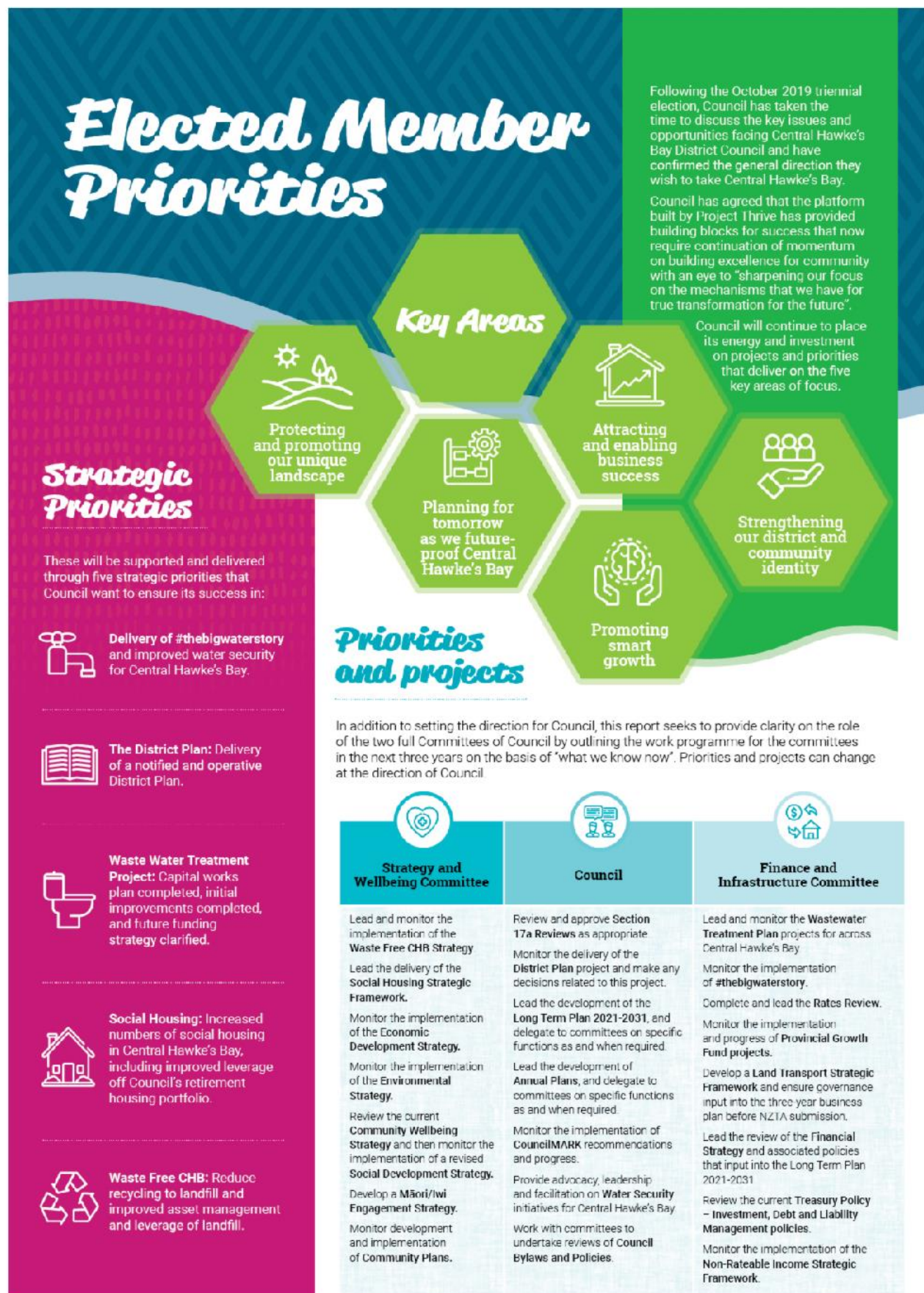
Waste Water Treatment Project: Capital Works plan completed, initial improvements completed, and future funding strategy clarified.

#4 – Social Housing

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

#5 – Creating a Wastefree CHB

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



Priority #1 – #thebigwaterstory

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

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

Through this process, the importance of water to our community came through as one of the strongest messages. This, combined with a vision for growth and prosperity, environmental responsibilities, and durable infrastructure, was how #thebigwaterstory was born. #thebigwaterstory is about our wastewater, stormwater and drinking water, and represents the durable infrastructure required to transform the day to day lives of Central Hawke's Bay's residents.

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

Water

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



Waipukurau firefighting upgrades on Ruataniwha Street

Wastewater

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



Porangahau and Te Paerahi Water Treatment Plant Opening

Stormwater

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

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

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

Priority #2 – The District Plan Review

Delivery of a notified and operative District Plan

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

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

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

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

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

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

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



Priority #3 – Waste Water Treatment Projects

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

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

Informed through working closely with community members to develop options which focus on generational thinking to ensure a positive balance between the environmental health of our District, the strength of our infrastructure to enable Central Hawke's Bay to thrive, and affordability for all of our people.

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

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

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



Stage 1 of the Otane to Waipawa Wastewater Pipeline

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

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

<https://youtu.be/D2zwM0gVp3o>



Preparation of the geobag area at Waipawa WWTP for desludging

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

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

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

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

More information here:

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

Priority #4 – Social Housing

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

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

Continuing to Champion Central Government for Housing Support

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

Tamatea Housing Taskforce

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

Councils Retirement Housing Review

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

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

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

Porangahau Road South Growth Precinct

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

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



Outline of Stage 1 of the Porangahau South Growth Precinct

Priority #5 – Creating a Waste Free CHB

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

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

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

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

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

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

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



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



Our other highlights over the last 12 months

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

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

The Long Term Plan 2021-2031 placed a focus on planning ahead, to ensure the next 10 years deliver on our community's vision for a *Thriving Central Hawke's Bay*.

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

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

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

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

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

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

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

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

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

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



Community Planning

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

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

This needs more!

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

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



Unprecedented Growth and Development

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

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

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

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

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

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

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

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

Continued Recovery for Covid-19 and Sustained Drought

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

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

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

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

Tukituki Trails

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



Rapid Redeployment

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

Primarily focussing on employment and training outcomes, the District achieved the removal of a

number of dangerous and wilding trees, along with crews focussing on reserve and open space areas, planting and enhancing Council open spaces.

Rakei ora – Bringing Wellbeing to Marae

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

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

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

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

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



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

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



Major Land Transport Contracts mobilised

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

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

Local Government Reform

In the past financial year, central government has announced three tranches of local government reform. These reforms may have impacts on the Central Hawke Bay District Council responsibilities, operations and financial statements in future periods.

Three Waters Reform

In the previous year (2019/20) Council was already exploring opportunities for the future of water management, in a regional collaborative approach.

On 8 July 2020, Government announced a national funding package of \$761m to provide immediate post Covid-19 stimulus to local authorities to maintain and improve three waters. In return Council simply needed to provide support to the reform discussions, by providing data for the assessment of the reform, with there being no commitment to further stages of the reform programme.

Council received just over \$11.3m of funding, coming with a requirement for the funding to be spent in full within two years.

Funding has accelerated a number of projects identified in **#thebigwaterstory** in the year, including the development of the Waipukurau Drinking Water Second Supply, completion of the Waipawa to Otane Wastewater connection, and the Waipukurau Motor Caravan dump station to name a few projects.

Substantially the funding has provided for Council to establish a Project Management Office that will deliver the stimulus funding body of works and the next stages of Councils investment in three waters as outlined in the Long Term Plan 2021-2031.

At the time of writing, Central Government has outlined its intentions for three waters to be split into four zones, with Council having a period of time to consider the proposal and seek information and clarification for the community. No decisions have been made.

For more information on the reform head to our website <https://www.chbdc.govt.nz/our-district/three-waters-reform>

Resource Management Reform

The resource management reform looks to unlock better infrastructure outcomes across all sectors, through an overhaul of the Resource Management Act and proposal of a national planning instrument that would streamline consenting for nationally significant infrastructure. At this stage the outcome is uncertain and the annual report has been prepared on the basis that the delivery model will not change in the foreseeable future.

For more information on the Resource Management Reform, please visit <https://environment.govt.nz/what-government-is-doing/key-initiatives/resource-management-system-reform/overview/>

Local Government Reform

Central Government has indicated a need to rethink the form, function and funding of local government in New Zealand. This is as a result of the impact of the Resource Management and Three Waters Reforms on local government responsibilities, combined with the need for a cohesive long term response to Covid-19, climate change and the opportunities that technological change present. It has been indicated that this reform will aim to incentivise and empower local government to work in partnership with central government to drive regional development, improve environmental outcomes and deliver on the wellbeing needs of communities.

This may result in new services, activities or responsibilities for Council. At this stage the outcome is uncertain and the annual report has been prepared on the basis that the delivery model will not change in the foreseeable future.

For more information on the Local Government Reform, please visit <https://www.dia.govt.nz/Future-for-Local-Government-Review>.

Elected Member Highlights of the Long Term Plan 2018–2021

This Annual Report represents the completion of the first three years of the Long Term Plan 2018-2021.

The last three years has seen the continued growth and development of Central Hawke's Bay, with the District now experiencing unprecedented development and growth.

From a period of decline and pessimism, Central Hawke's Bay has emerged as a proactive Council, future-focussed and recognised regionally and nationally as a key player in Local Government.

The 2018-2028 Long Term Plan, Council set an ambitious plan to focus on and address the Districts woeful infrastructure, and a number of other initiative. The four key initiatives we consulted as part of this Long Term Plan as part of their consultation:

#1 – #thebigwaterstory – upgrading our three waters infrastructure

#2 – Upgrade of the Waipawa Memorial Centennial Baths

#3 – Developing Town and Community specific Plans

#4 – District Plan Review

In 2019, the election saw new Councillors join the Council table and in 2020 we sadly saw the passing of Councillor Tim Chote.

The adoption on the Long Term Plan 2021-2031 in June 2021 draws a close now on the previous Long Term Plan, as we look towards our *Thriving Future*.

As we enter into the new Long Term Plan 2021-2031, Councillors share their highlights of the last three years:



I am extremely proud of how far we have come as a council, we stepped up the leadership, support and advocacy for our community. We have worked hard and done what's in our hand to do to ensure Central Hawke's Bay is best placed for the future and wider community wellbeing is the over arching goal. From facing the facts of our infrastructure and assets, spatial, town and community planning, handling growth, chasing external funding, COVID and drought responses, advocating for housing, ensuring we are customer service focused, recycling and waste education and reduction, strengthening our network of networks, to working with our Te Taiwhenua o Tamatea partners. This is what I see is the future for Local Government leading, supporting, facilitating and advocating to get the best outcomes for our people and I am humbled to be a part of it.

KELLY ANNAND

*Deputy Mayor
Chair of Strategy and Wellbeing
Committee
Councillor Ruataniwha Ward*



As a Council we've made some major progress, addressing the significant historic issues that have plagued our District. The completion of the Wastewater Strategy and having a clear pathway forward for the management of our Districts wastewater, places us well for the future. The future is uncertain, particularly in relation to the three water reform, but the funding provided by Government in the short term has certainly gone some way to beginning to address the urgent work needed across our waters networks.

BRENT MUGGERIDGE

*Chair of Finance and Infrastructure
Committee Councillor Aramoana/
Ruahine Ward*



With growth rampant, the decision to move with the District Plan has been the right decision. Nearly twenty years old, the current District Plan doesn't reflect the District that we want for our future. Getting it out and notified in the timeframes that we have done, speaks to the commitment of the District Plan Committee and the wider staff in delivering on Council's priorities.

TIM AITKEN

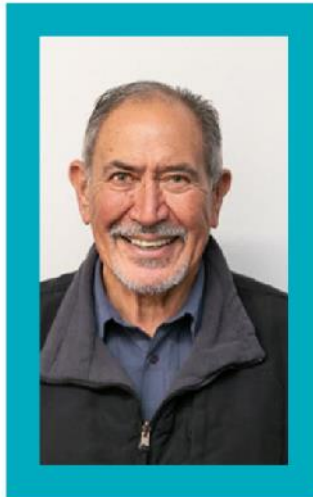
*Lead Councillor
Aramoana/Ruahine Ward*

Elected Member Highlights of the Long Term Plan 2018–2021



Joining Council in 2019, it was great to be part of a team with a clear focus on the future. This forward thinking has placed us well, as projects like prioritising the District Plan and #thebigwaterstory places us in a strong position for the future, especially with unprecedented growth. I'm looking forward to continuing this same approach into the 2021-2031 Long Term Plan as we look to take the same approach for our waters across our other facilities and services to see our community receive the most benefit they can from these too.

JERRY GREER
Councillor
Aramoana/Ruahine Ward



The completion of Tuhono mai Tuhono Atu – Councils Māori Engagement Strategy and the appointment of Councils first Pou Whatuia – Māori Relationships Manager, is one of my highlights over the last three years. The growing relationship between Council and tangata whenua is my other highlight, which we've seen most clearly through the way we worked so closely together during the Covid-19 lockdown in 2020 and our ongoing partnership in Nga Ara Tipuna. The fires of our partnership continue to be fanned, making for a strong future together.

PROFESSOR ROGER MAAIA
Kaiārahi Matua



As a recently elected Councillor, I want to acknowledge Councillor Tim Chote who passed in June 2020 and previously represented Waipawa and the wider Ruataniwha ward with great pride. The work of Tim and his fellow Councillors in 2018 have set a great platform for the future of our District, and now seeing the aspirations of the wider team come to life is really rewarding. As a champion for the District, I continue to be surprised by the generosity of our community – what I saw and experienced from our community over the Waipawa 4 Square Fire indicates the future of our community is strong.

PIP BURNE
Councillor
Ruataniwha Ward



I stood for Council in 2019 in support of and to continue the great work this Council had begun as part of the 2018 Long Term Plan. Now as an elected member, the ground work laid in the Long Term Plan 2018 set us up well for our recent Long Term Plan 2021-2031. The challenges ahead for us are not insignificant, however working together we'll continue to build a thriving Central Hawke's Bay for the future!

KATE TAYLOR
Councillor
Aramoana/Ruahine Ward



Having a plan to get on top of our water leaks and a solid way forward for our rubbish and recycling services has to be my highlight of the last three years. I know that the basics like leaks are so frustrating for many – especially in summer with water restrictions, so I'm proud that we've started on a journey to address these with work already visible around town. Another highlight for me, is the continuing work of our active community plans. In conjunction with the council, these plans have been "Community-Led".

These plans identify our CHB Communities vision, priorities and opportunities for their own current and future direction.

Finally, I was deeply saddened by the passing of my good friend and colleague Councillor Tim Chote in 2020. Tim had a outstanding depth of knowledge and his advice was always pragmatic and to the point, which was much respected by fellow councillors and staff.

GERARD MINEHAN
Councillor
Ruataniwha Ward



As a new Councillor in 2019, I've really appreciated the support from the community and my fellow Councillors. Council deals with some complex issues at times, however I'm really proud of the way we've communicated the many issues to our communities – especially the multiple priorities and issues over the long term plan. I'm really proud to see the growing role of tangata whenua in Council and am really excited about the future opportunities, especially as projects such as Nga Ara Tipuna come close to completion.

EXHAM WICHMAN
Councillor
Ruataniwha Ward

Financial Performance

This section of the report provides an overview of our financial performance for the year ended 30 June 2021. This overview provides an explanation to our financial statements and notes on pages 78 to 129.

Overall Results

For the financial year Council had a surplus of \$9,411k compared to a budget deficit of \$851k. Overall income was above budget by \$20.1m with total operating expenditure over budget by \$11.0m.

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

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

The table and explanations below illustrates Councils financial results.

Financial Overview

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

Explanations

- During the year Council was recipient of significant Central Government and third party funding (see earlier table). This was a mix of operational and capital funding. This has had the

impact of both increasing Councils revenue, but also increasing its expenditure.

- Income from Fees and Charges was above budget by \$866k (and \$1.4m above last year) due to increased income from the Consents +\$791k (reflecting the buoyant economy and the high level of residential construction happening in the region) and in Solid Waste Charges +\$289k (reflecting the buoyant economy and the construction industry). However, both these activities had corresponding increases in costs driven by this high level of demand. The Solid Waste activity had to acquire additional carbon credits to match the tonnage of waste going to landfill and pay for external parties to process tyres, concrete, and greenwaste, and the volume of consents being processed was beyond what Council's internal staff could process so Council was more reliant on external consultants to process the excess demand. Both these increases are reflected in the higher than budgeted operating expenditure for the year (but were covered by the additional revenue).
- Other Revenue for the year was \$707k above budget. Waka Kotahi NZ Transport Agency made a \$280k one off back payment following a Funding Assistance Rate Adjustment, and Council was vested a \$393k road in Otane following a greenfield subdivision there.
- Operating expenditure is above budget due to the following:
 - Personnel Costs were below budget \$134k despite some of the Central Government funding creating new temporary roles to deliver their recovery projects.
 - Operating Costs +\$11.1m against budget – the majority of this \$6.9m was in the economic development area and reflects the external funding Council got to construct the Nga Ara Tipuna Project \$3.5m and the economic stimulus monies \$3.5m used to create jobs in the district (such a vegetation control, Tuki Tuki Trails, Mayors Task Force for Jobs). \$0.8m was in the Consenting Team where they had to outsource some consent processing due to the volumes experienced. Land Transport was \$0.7m as it caught up on works carried forward from 2020, and undertook the Route 52 work. Solid Waste was \$0.6m with its higher the budgeted volumes of waste, and 3 Waters were \$1.1m as they used the Central Government Stimulus money to undertake additional projects.

Statement of Māori Contribution to Decision-Making

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

Tangata 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, taking into account 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 wellbeing.

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 Tangata Whenua to achieve their aspirations. Based on four pou that Strategy's vision is:

"Together, Central Hawke's Bay values the place and role of tangata whenua in our history and our future – E ora Ngātahi ana – Together we Thrive"

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.

Culture connects and strengthens communities, instils a sense of pride and identity and improves individual and community health and wellbeing. Māori culture is central to our sense of New Zealand's uniqueness as a place, a society and a nation.

Our roles for Cultural Development include being a funder, partner, collaborator, leader and facilitator. We recognise that our role needs to grow, as we continue to strengthen our relationship with the people of Tamatea.

Our Policy Approach

Our approach to partnering with Māori will continue to grow and enhance as the fires of our partnership is 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 special and unique position of tangata whenua of Tamatea / Central Hawke's Bay District and the important role Māori have to play in enhancing and contributing to Council's decision-making processes. It sets out that we recognise 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

Tamatea/Central Hawke's Bay has always been known for doing things differently. Our growing partnership approach speaks to that, as Council, community and tangata whenua build our collective capacity and capability to engage and partner into the future in a uniquely Tamatea way.

We collectively recognise it is early days in our partnership journey and we both have considerable work ahead of us. The future is exciting and promising, as we both collectively seek to enhance the outcomes for the people of Tamatea / Central Hawke's Bay.

Statement of Compliance and Responsibility

Compliance

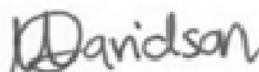
Council and management of the Central Hawke's Bay District Council confirm that all the statutory requirements of section 283 of the Local Government Act 2002, which includes the requirement to comply with Part VIIA of the Local Government Act 1974 regarding financial management and borrowing, have been 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 2021 fairly reflect the financial position of Central Hawke's Bay District Council.



Alex Walker
Mayor



Monique Davidson
Chief Executive

Audit Report



INDEPENDENT AUDITOR'S REPORT
TO THE READERS OF
CENTRAL HAWKE'S BAY DISTRICT COUNCIL'S
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

Council Services



Groups of Activities

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

Community Leadership Group



Leadership, Governance and Consultation



Economic and Social Development

Planning and Regulatory Group



District Planning



Land Use and Subdivision Consents



Building Control



Environmental Health



Animal Services



Compliance and Monitoring

Land Transport Group



Land Transport

Solid Waste Group



Solid Waste

Water Supplies Group



Water Supplies

Wastewater (Sewerage) Group



Wastewater (Sewerage)

Stormwater Group



Stormwater

Places and Open Spaces Group



Reserves and Open Spaces



Public Toilets



Retirement Housing



Libraries



Community Facilities



Cemeteries



Property and Buildings

Community Leadership Group



Leadership, Governance and Consultation

What does this activity involve?

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

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

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

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

These core functions are achieved by:

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

Why are we involved?

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

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

Community Outcomes that this activity contributes to



What we delivered

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2020/21?	ACHIEVED LEVEL OF SERVICE
Council that listens to its community, responds efficiently and effectively, communicates well and has a can-do customer services attitude.	50% of people who consider that Council has responded well or very well to community needs and issues.	Target Achieved During the Independent Survey in June, 82% (2020: 66%) of people considered Council has responded well or very well to community needs and issues.
	100% of formal consultation which follows legislative and policy requirements.	Target Achieved All consultation processes conducted this year followed legislative and policy requirements. (2020: 100%)
	Every time consultation occurs more than 4 engagement methods are used.	Target Achieved Council achieved this outcome with robust engagement and consultation occurring through a variety of methods (2020: No formal consultations undertaken)
	100% of Council and committee agendas made available to the public four working days before the meeting.	Target Achieved 100% of Council and committee agendas made available to the public four working days before the meeting. (2020:100%)
	70% of people who consider that Council has communicated well on Council business.	Target Achieved During the Independent Survey in June 90% of people considered Council communicates well about Council business (2020: 52%).
	Council meets formally with Taiwhenua o Tamatea at least 4 times a year.	Target Achieved Through Council's partnership with manawhenua and Te Taiwhenua o Tamatea in the development of The Māori Engagement Strategy, Nga Ara Tipuna, and key projects including Vegetation, Rakei Ora – Bringing Wellbeing to Marae, He Ringa ora Whanau and He Kura Kainga are further projects where Council is partnering with Taiwhenua in the delivery of services.



Economic and Social Development

What does this activity involve?

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

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

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

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

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

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

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

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

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

Why are we involved?

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

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

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

Community Outcomes that this activity contributes to



What we delivered

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2020/21?	ACHIEVED LEVEL OF SERVICE
To have a strong Council voice that advocates and leads change in economic and social issues and opportunities for the District.	Council actively participates in regional collaborative initiatives around economic and social development.	Achieved Council has been an active participant in regional social development initiatives including Hawke's Bay Funders Forum, Hawke's Bay Housing Coalition, and Hawke's Bay Safe Communities Forum. Council is an active participant and leader in regional economic development initiatives including Matariki HBRDS and THINK HB.
	Council develops and implements a Community Wellbeing and Economic Development Strategy.	Achieved The Community Wellbeing Strategy is being actively implemented. The Economic Development Action Plan (EDAP) was adopted by Council and implementation is underway. An economic recovery plan was developed to respond to the challenges of COVID-19 and drought, and this sits alongside the EDAP.
	80% of the Youth Action Plan action points have been implemented.	Achieved 80% of action points have been implemented (2020:60%).
	80% of the Safer CHB Action Plan action points have been implemented.	Achieved 80% of action points have been completed (2020:60%).
	80% of the Older Persons Action Plan action points have been implemented.	Achieved 80% of action points have been completed (2020:67%).
	80% of the Disability Action Plan action points have been implemented.	Achieved 80% of action points have been implemented (2020:60%).
	The annual visitor spend increases by \$1m annually.	Achieved Overall growth of 6.1% to May 2021 EFTPOS transactions only, and 8.6% domestic visitor's growth to May 2021. Note official advice from MBIE is to focus on the % trend, rather than the actual \$\$ number.
	1000 participants in events financially supported by Council.	Achieved The Onga Onga Victorian Fair alone saw over 3,000 people in attend this Council financially supported event early in Q2. The Central Hawkes Bay Christmas Carnival held in December attracted an estimated 2000-2500 people into the Waipukurau town centre.
	Support the creation of 50 new jobs within the District.	Achieved Since the commencement of the Mayor's Taskforce for Jobs – Jobs in Central Hawke's Bay project in August 2020 the team have worked with over 507 people and have assisted over 211 people into employment or training, 76 of these have been Youth aged 16-24. The PGF funded programmes: Vegetation programmes (51), Rakei Ora marae development (12) and Tukituki Trail restoration (11) have also contributed to providing employment opportunities for the community.
	95% of the community satisfied with the Economic and Social Development activity of Council.	Not Achieved The 2021 Residents Satisfaction Survey shows 84% satisfaction. (2020: 89%).

ANNUAL REPORT 2020-2021

Funding Impact Statement for the year ending 30 June 2021 for Community Leadership Group

	2020 LONG TERM PLAN \$000	2021 LONG TERM PLAN \$000	2021 ANNUAL PLAN \$000	2021 ACTUAL \$000
SOURCES OF OPERATING FUNDING				
General rates, uniform annual general charges and rates penalties	1,229	1,251	1,406	1,405
Targeted rates	0	0	0	0
Subsidies and grants for operating purposes	47	48	35	6,146
Fees, charges	0	0	29	41
Interest and dividends from investments	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0
Total operating funding	1,276	1,299	1,470	7,592
APPLICATIONS OF OPERATING FUNDING				
Payments to staff and suppliers	1,010	1,032	1,142	8,161
Finance costs	0	0	0	0
Internal charges and overheads applied	281	282	343	332
Other operating funding applications	0	0	0	0
Total applications of operating funding	1,291	1,315	1,485	8,493
Surplus (deficit) of operating funding	(15)	(15)	(15)	(901)
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	0	0	0	0
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	0	0	0	0
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	0	0	0	0
- to replace existing assets	0	0	0	0
Increase (decrease) in reserves	(15)	(15)	(15)	(901)
Increase (decrease) of investments	0	0	0	0
Total application of capital funding	(15)	(15)	(15)	(901)
Surplus (deficit) of capital funding	15	15	15	901
Funding balance	0	(0)	0	0

Operational Income is over budget by \$6.1m based on the funding from Central Government for post Covid-a9 Economic Stimulus and Job Creation Programs and for Cultural Tourism – Nga Ara Tipuna a Pā site interpretation project. Operating Costs also reflect a similar increase caused by the out working of these projects.

Planning and Regulatory Group



District Planning

What does this activity involve?

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

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

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

Why are we involved?

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

Community Outcomes that this activity contributes to



What we delivered

LEVEL OF SERVICE TO BE DELIVERS	HOW WILL WE MEASURE OUR SUCCESS IN 2020/21?	ACHIEVED LEVEL OF SERVICE
The District Plan is kept up to date and relevant to the needs of our community – helping us to ensure that management of the districts natural and physical resources is undertaken in a sustainable way.	Completion of the informal phase of the draft District Plan is completed and preparation for notification of the Proposed Plan commences.	Target Achieved The District Plan Review began in 2017 and was delayed to incorporate the District Integrated Spatial Plan and to allow for completion of the identification of significant natural areas. In alignment with the District Plan review work programme the Proposed District Plan was formally notified on 28 May 2021 with submissions closing on 6 August.



Land Use and Subdivision Consents

What does this activity involve?

The District Plan establishes specific rules around subdivision and land use activities. When applications for subdivision and land use activities are received, they are assessed against the requirements of the District Plan. This will determine the appropriate conditions to apply to the application.

Council processes resource consent applications, monitors conditions of consent and completes documentation to facilitate new title creation. Once completed, property files and records are updated.

The processing of Land Information Memoranda also sits with this activity.

Why are we involved?

Council is required under statute to provide a regulatory function which includes provision and administration of the District Plan under the Resource Management Act 1991.

This activity ensures that growth and development is facilitated in a managed and sustainable way.

Community Outcomes that this activity contributes to



What we delivered

LEVEL OF SERVICE TO BE DELIVERS	HOW WILL WE MEASURE OUR SUCCESS IN 2020/21?	ACHIEVED LEVEL OF SERVICE
The land use and subdivision consent process is compliant, efficient and user friendly.	100% of resource consents (non-notified) processed within 20 working days (the statutory timeframe).	Target Not Achieved 271 resource consents were processed in the year compared to 183 the previous year with 128 (47%) processed within the 20-day statutory limit in the reporting period (2020:79%). A shortage of internal planning resources necessitated a heavy reliance of external consultant for processing. An increase in complexity and volumes driven by the new development contributions policy and Proposed District plan lead to the exceedance of time limits however in most cases it was only by a few days. The average processing timeframes was 26 days.
	90% of customers satisfied with the land use and subdivision consent services provided.	Target Not Achieved During the Independent Survey in June, 73% of customers were satisfied with compliance and monitoring consent services provided (2020: 79%). A specifically targeted survey for users of this service will be implemented in 2021/2022.



Building Control

What does this activity involve?

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

- Processing applications for building consents.
- Monitoring compliance through inspections and the issue of Code Compliance Certificates.
- Enforcing the provisions of the Building Act 2004 and associated regulations.
- Issuing of Building Compliance Schedules as part of Building Warrant of Fitness compliance monitoring.

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

Why are we involved?

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

Community Outcomes that this activity contributes to



What we delivered

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2020/21?	ACHIEVED LEVEL OF SERVICE
The building consent process is compliant, efficient and user friendly.	100% of building consents processed within 20 working days (the statutory timeframe).	Target Not Achieved 443 Building Consents were processed in the year with 411 (98%) processed within the 20 day statutory timeframes. The average processing time was 15 days. Record high consent volumes resulted in a heavy reliance on National Processing for support which was unable to keep up with national demand resulting in timeframes pushing out to 25 days in some cases. A targeted recruitment programme has been successful with two BCO cadets now appointed (and a third in progress) to build internal capability and capacity and reduce reliance on external contractors (2020:98%).
	The maintenance of building consent authority accreditation status will be achieved.	Target Achieved IANZ Accreditation was achieved in November 2020 for 2 years. The IANZ assessors completed their independent and comprehensive audit and remarked on Councils continued progress and exemplary performance in most areas, in particular consistency across the technical aspects of the consenting process. The next accreditation assessment is in November 2022.
	90% of customers satisfied with the building consent services provided.	Target Not Achieved During the independent Annual Resident's Survey in June, 73% of customers were satisfied with the building consent services provided (2020:79%). A specifically targeted survey for users of this service will be implemented in 2021/2022



Environmental Health

What does this activity involve?

The Environmental Health Activity covers the following services:

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

Why are we involved?

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

Community Outcomes that this activity contributes to



What we delivered

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2020/21?	ACHIEVED LEVEL OF SERVICE
The environmental health process is compliant, efficient and user friendly.	100% of food and other premises that are due for inspection in that financial year.	Target Not Achieved We have not achieved this performance measure this financial year. Under legislation and regulations, we are not required to inspect every premise every 12 months. This is a higher level of service than required in legislation and not provided for within current resourcing and budgets. 69 of the 110 of food and other premises have been inspected year to date.
	100% of premises that do not meet minimum standards, will have a corrective plan put in place to help them within 10 working days.	Target Achieved There were 7 corrective plans required to be established this year. These corrective plans were put in place within 10 working days.
	100% of Complaints received are responded to within 3 working days.	Target Achieved 100% of complaints responded to within 3 working days' year to date.
	95% of customers satisfied with the public health services delivered.	Target Not Achieved During the independent Annual Resident's Opinion Survey in June, 94% of customers were satisfied with the public health services delivered (2020: 72%).



Animal Services

What does this activity involve?

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

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

Why are we involved?

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

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

Community Outcomes that this activity contributes to



What we delivered

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2020/21?	ACHIEVED LEVEL OF SERVICE
Excellent customer service is provided to our customers and the animal services activity minimises nuisance and makes our community a safer place to live.	95% of known dogs registered.	Target Not Achieved 92% of known dogs were registered in the 2020-21 year. 5034 dogs have been registered out of a total of 5490.
	100% of serious dog incidences responded to within 2 hours.	Target Achieved 100% of serious dog incidences responded to within 2 hours. A total of 73 requests for service were received.
	100% response to all stock complaints and requests within 24 hours.	Target Achieved 100% of all stock complaints and requests responded to within 24 hours. A total of 72 complaints were received in the 2019-20 year (2020: 100%).
	90% of users satisfied with the Animal Control service provided.	Target Not Achieved During the independent Annual Residents Opinion Survey in June, 71% of users were satisfied with the Animal Control service provided (2020: 73%). We are continuing to work on being proactive in the community to raise the profile of our Animal Services team.



Compliance and Monitoring

What does this activity involve?

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

Why are we involved?

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

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

Community Outcomes that this activity contributes to



What we delivered

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS 2020/21?	ACHIEVED LEVEL OF SERVICE
The compliance and monitoring process is compliant, efficient and user friendly.	95% of Owners, or their agents, advised that their BWOFF has lapsed within one month of expiry.	Target Achieved This has been a key focus area for 2021 and 100% of buildings now have up to date BWOFFs. The focus for 2021/2022 is to complete compliance schedule audits for all buildings at the time of BWOFF renewal.
	100% of PIMs, LIMs, and CCCs issued within the statutory timeframe.	Target Not Achieved As reflected in the year on year comparisons below, volumes have significantly increased this year with minimal impact on meeting statutory timeframes. <ul style="list-style-type: none"> • 0 PIMS, 124 LIMS (2020:79) and 375 CCCs (2020:274) were issued this year. • 97% of LIMS issued within 10 days (2020:96%) • 97.3% of CCC issued within statutory timeframe of 20 days. Average processing time was 3 days (2020: 98.7%)
	Respond to 100% of complaints about non-compliance with bylaws within 3 days.	Target Achieved 100% of complaints responded to within 3 working days.

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS 2020/21?	ACHIEVED LEVEL OF SERVICE
	100% of resource consents monitored within two years of being issued.	<p>Target Not Achieved</p> <p>This has been an under-resourced area and the target not specifically measured. Monitoring of Resource Consent compliance is a key focus for this year (2020: Not Measured)</p>
	90% of users satisfied with the Compliance and Monitoring service provided.	<p>Target Not Achieved</p> <p>During the independent Annual Residents Survey in June, 72% of users were satisfied with the Compliance and Monitoring service provided. As additional resources are allocated to this area, a targeted user survey is planned this year to gain a broader understanding of customer satisfaction (2020:72%).</p>

ANNUAL REPORT 2020-2021

Funding Impact Statement for the year ending 30 June 2021 for Planning and Regulatory Group

	2020 LONG TERM PLAN \$000	2021 LONG TERM PLAN \$000	2021 ANNUAL PLAN \$000	2021 ACTUAL \$000
SOURCES OF OPERATING FUNDING				
General rates, uniform annual general charges and rates penalties	785	807	823	819
Targeted rates	0	0	0	0
Subsidies and grants for operating purposes	0	0	0	0
Fees, charges	1,030	1,041	1,393	2,108
Interest and dividends from investments	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	21	22	17	3
Total operating funding	1,836	1,870	2,233	2,930
APPLICATIONS OF OPERATING FUNDING				
Payments to staff and suppliers	1,329	1,334	1,583	2,606
Finance costs	9	19	35	6
Internal charges and overheads applied	482	484	585	627
Other operating funding applications	0	0	0	0
Total applications of operating funding	1,821	1,837	2,202	3,239
Surplus (deficit) of operating funding	15	33	31	(309)
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	194	201	695	392
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	194	201	695	392
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	0	234	726	0
- to replace existing assets	208	0	0	0
Increase (decrease) in reserves	0	0	0	83
Increase (decrease) of investments	0	0	0	0
Total application of capital funding	208	234	726	83
Surplus (deficit) of capital funding	(15)	(33)	(31)	309
Funding balance	0	0	0	0

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

Land Transport Group



Land Transport

What does this activity involve?

Council owns and maintains the district road network. Network maintenance and renewals are funded by rates with substantial funding assistance from the New Zealand Transport Agency (NZTA). The current Funding Assistance Rate provided by NZTA is currently 61% and will be lowered to 60% in 2021/22 with a further 1% reduction in 2022/23. For emergency works that reach the required threshold, the Funding Assistance Rate increases 20% above the current FAR for the remainder of the fiscal year. Council staff, assisted by consultants, manage the various aspects of the District's road assets. All physical work that is carried out on the network is done by Contractors not Council staff directly. These methods will continue into the future although minor changes will be made to obtain better value for money with the intent of lowering the costs to the ratepayer.

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

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

Why are we involved?

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

Community Outcomes that this activity contributes to



MAJOR CONTRACTS COMPLETED DURING THE YEAR 2020/21	TOTAL
Route 52 Upgrade – PGF Funded	\$5,699,952
Footpaths	\$544,762
Reseal / Resurfacing Programme	\$3,622,691
Bridges / Structures	\$3,298,200
Drainage	\$1,363,360

Key achievements during the year

- a. Submitted a successful bid for funding for the next 3-year programme in maintenance and renewals
- b. Have successfully enhanced our Asset Management Plan
- c. Delivered an oversized programme of work due to work being carried forward from the previous year
- d. Spent all of the NZTA funding allotment, with the exception of the minor events budget which a portion of was declared surplus and the council's share was retained
- e. Completed major structural repairs to 3 of Council's structures which were failing

What we delivered

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2020/21?	ACHIEVED LEVEL OF SERVICE
The provisions of a safe and secure local roading network that meets the needs of our community.	Reduce fatalities and serious injury crashes on the local road network to 0.	Target Not Achieved 0 fatality and 6 serious injury crashes were recorded within the reporting period. In reviewing the crash reports road factors were not a contributing factor in the crashes (2020: 1 fatality).
	85-90% quality of ride on a sealed local road network, measured by smooth travel exposure.	Target Achieved 88.8% of average quality of ride on a sealed local road network, measured by smooth travel exposure (2020: 88.3%).
	At least 20% of the footpaths in excellent condition and no more than 10% of the footpaths in poor condition measured annually.	Target Achieved The council has 69.8 kilometres of footpaths. The footpath condition was rated as 61.6% excellent and only 1% poor.
	6-8% of the sealed local road network that is resurfaced.	Target Not Achieved Due to the good condition of our network and pushing some work out into the following year to get better coordination with our 3 waters team only 5.5 % of the network has been re-sealed this year
	100% of customer service requests relating to road and footpaths to which the territorial authority responds within 3 working days.	Target Not Achieved 90% of customer service requests relating to road and footpaths were responded to within the targeted 3 days.
	90% of users satisfied with the roading service provided.	Target Not Achieved During the independent Annual Residents Survey in June, 68% of residents indicated they were satisfied with the roading service provided (2020: 72%). Analysis of the data is required.

Funding Impact Statement for the year ending 30 June 2021 for Land Transport Group

	2020 LONG TERM PLAN \$000	2021 LONG TERM PLAN \$000	2021 ANNUAL PLAN \$000	2021 ACTUAL \$000
SOURCES OF OPERATING FUNDING				
General rates, uniform annual general charges and rates penalties	6,564	6,707	6,854	6,854
Targeted rates	0	0	0	0
Subsidies and grants for operating purposes	2,554	2,571	2,613	3,472
Fees, charges	19	19	36	67
Interest and dividends from investments	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	162	165	162	462
Total operating funding	9,299	9,462	9,664	10,855
APPLICATIONS OF OPERATING FUNDING				
Payments to staff and suppliers	4,602	4,635	4,705	5,745
Finance costs	0	0	0	0
Internal charges and overheads recovered	1,169	1,178	1,497	1,622
Other operating funding applications	0	0	0	0
Total applications of operating funding	5,771	5,813	6,201	7,367
Surplus (deficit) of operating funding	3,528	3,649	3,463	3,488
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	4,499	4,663	4,852	12,298
Development and financial contributions	3	3	3	0
Increase (decrease) in debt	0	0	0	0
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	4,502	4,666	4,855	12,298
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	300	300	1,000	1,602
- to replace existing assets	7,713	7,999	7,299	14,756
Increase (decrease) in reserves	16	16	19	(572)
Increase (decrease) of investments	0	0	0	0
Total application of capital funding	8,029	8,315	8,318	15,786
Surplus (deficit) of capital funding	(3,528)	(3,649)	(3,463)	(3,488)
Funding balance	0	0	0	0

Subsidies for Capital Expenditure and the replacement of assets contains additional revenue and costs of \$5.7m relating to the PGF funded route 52 upgrade project.

2020/21 was year three of Council's operating envelope with Waka Kotahi NZ Transport Agency, and Council was slightly behind in its delivery schedule at the end of last year but has caught up during this financial year which is why subsidies from Waka Kotahi are slightly up on budget, and so too are expenses. By year end Council had completed all its agreed schedule of works for the three year contract.

Solid Waste Group



Solid Waste

What does this activity involve?

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

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

Why are we involved?

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

Community Outcomes that this activity contributes to



What we delivered

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2020/21?	ACHIEVED LEVEL OF SERVICE
Council supports and provides incentives for waste reduction, reuse and recycling in line with its Waste Management & Minimisation Plan.	1,500 tonnes of recyclables through the centre each year.	Target Not Achieved 1,064 tonnes of recyclables went through the centres (2020: 1,212 tonnes). Both years impacted by Covid-19.
	2,250m ³ of green waste composted each year.	Target Achieved 4,659 m ³ of green waste composted (2020: 2,273 m ³ - Impacted by Covid-19).
	75% of schools participating in waste minimisation programmes.	Target Achieved 81% of schools participating in waste minimisation programmes (2020: 94%).
	Hold 4 waste minimisation promotional events in the District.	Target Achieved 15 waste minimisation events were held during the year (2020: 5)
	90% of users satisfied with the solid waste service provided.	Target Not Achieved During the independent Annual Residents Survey in June: <ul style="list-style-type: none"> • 92% of users were satisfied with the Kerbside Rubbish Service. • 82% of users were satisfied with the Kerbside Recycling Service. • 71% of users were satisfied with the Transfer Station Service. • 82% average satisfaction rate of solid waste services provided (2020: 77%).

Funding Impact Statement for the year ending 30 June 2021 for Solid Waste Group

	2020 LONG TERM PLAN \$000	2021 LONG TERM PLAN \$000	2021 ANNUAL PLAN \$000	2021 ACTUAL \$000
SOURCES OF OPERATING FUNDING				
General rates, uniform annual general charges and rates penalties	1,193	1,195	1,196	1,227
Targeted rates	236	242	373	374
Subsidies and grants for operating purposes	53	54	53	132
Fees, charges	1,132	1,156	1,713	2,002
Interest and dividends from investments	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0
Total operating funding	2,614	2,648	3,335	3,735
APPLICATIONS OF OPERATING FUNDING				
Payments to staff and suppliers	1,911	1,942	2,472	2,936
Finance costs	92	85	44	27
Internal charges and overheads applied	341	342	501	484
Other operating funding applications	0	0	0	0
Total applications of operating funding	2,344	2,369	3,017	3,447
Surplus (deficit) of operating funding	270	278	318	288
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	0	0	0	20
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	(115)	(122)	(129)	(54)
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions		0	0	0
Total sources of capital funding	(115)	(122)	(129)	(34)
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	0	0	0	80
- to replace existing assets	95	97	97	94
Increase (decrease) in reserves	59	59	93	80
Increase (decrease) of investments	0	0	0	0
Total application of capital funding	154	157	190	254
Surplus (deficit) of capital funding	(270)	(278)	(318)	(288)
Funding balance	0	0	0	0

The income from fees and charges was higher than budgeted reflecting the buoyant economy and the activity in the construction industry.

Operating expenditure was also higher than budget by \$464k. \$210k of this was from the purchase of additional carbon credits to reflect the additional tonnage going to landfill (Council Fees and Charges include a recovery component to cover this cost). This volume also drove additional contractual costs including payments to dispose of concrete, tyres, and greenwaste out of district.

During the year Council built a new glass recycling bunker using MfE funding, and undertook other minor renewals.

Water Supplies Group



Water Supplies

What does this activity involve?

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

Water supplied in these schemes met the national compliance standards with the exception of a technical error for the Takapau treatment scheme and a positive bacteria sample reading in the Te Paerahi reticulation network that was further tested and proven to be safe.

Significant progress continues to be made with the upgrades and advancements of the Districts drinking water supplies. The drinking water regulator made comment again in 2021 on Councils strong continued progress towards the ever-increasing compliance standards. Capital works at our treatment plants, bore fields and pump stations continues but is slowing as the majority of major upgrades at those 'hub' sites is nearing completion and network upgrades are now beginning to focus on the wider reticulation network. These upgrades will see reductions in the frequency and duration of water leaks which will greatly improve the end result and service offering for our customers.

Why are we involved?

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

The provision of systems for the extraction, treatment and distribution of water is a function of Councils permitted and governed by the Local Government Act 2002 and the Health Act 1956.

Community Outcomes that this activity contributes to



What we delivered

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2020/21?	ACHIEVED LEVEL OF SERVICE																								
A continuous supply of water is provided at the right quantity, quality and pressure so that residents and industry can do what they need to do.	100% of all potable supplies comply with part 4 of the drinking water standards (bacteria compliance criteria) Pass/Fail.	<p>Target Not Achieved</p> <p>For clarity we are reporting compliance with both parts of the Water Supply systems for part 4.</p> <p>Reticulation</p> <table><tr><td>Otane</td><td>Pass (2020: Pass)</td></tr><tr><td>Waipawa</td><td>Pass (2020: Pass)</td></tr><tr><td>Waipukurau</td><td>Pass (2020: Pass)</td></tr><tr><td>Takapau</td><td>Pass (2020: Pass)</td></tr><tr><td>Kairakau</td><td>Pass (2020: Pass)</td></tr><tr><td>Porangahau</td><td>Fail (2020: Pass)</td></tr></table> <p>Treatment</p> <table><tr><td>Otane</td><td>Pass (2020: Pass)</td></tr><tr><td>Waipawa</td><td>Pass (2020: Pass)</td></tr><tr><td>Waipukurau</td><td>Pass (2020: Fail)</td></tr><tr><td>Takapau</td><td>Fail (2020: Fail)</td></tr><tr><td>Kairakau</td><td>Fail (2020: Fail)</td></tr><tr><td>Porangahau</td><td>Pass (2020: Fail)</td></tr></table> <p>Porangahau Retic: Due to a positive E-Coli result nearing the end of the compliance year, it was not possible to achieve compliance in this area with additional sampling. The E-Coli result was deemed to be a false positive.</p> <p>Takapau: While we have secure bore status for Takapau there was a single sample missed due to a scheduling error which has failed our compliance for 20-21 year.</p> <p>Kairakau: Processes are not currently in place to comply with part 4 of the drinking water standards due to continuous monitoring requirements. It is anticipated that this site will become fully compliant within the 2022/2023 compliance year after treatment upgrades are complete.</p>	Otane	Pass (2020: Pass)	Waipawa	Pass (2020: Pass)	Waipukurau	Pass (2020: Pass)	Takapau	Pass (2020: Pass)	Kairakau	Pass (2020: Pass)	Porangahau	Fail (2020: Pass)	Otane	Pass (2020: Pass)	Waipawa	Pass (2020: Pass)	Waipukurau	Pass (2020: Fail)	Takapau	Fail (2020: Fail)	Kairakau	Fail (2020: Fail)	Porangahau	Pass (2020: Fail)
	Otane	Pass (2020: Pass)																								
Waipawa	Pass (2020: Pass)																									
Waipukurau	Pass (2020: Pass)																									
Takapau	Pass (2020: Pass)																									
Kairakau	Pass (2020: Pass)																									
Porangahau	Fail (2020: Pass)																									
Otane	Pass (2020: Pass)																									
Waipawa	Pass (2020: Pass)																									
Waipukurau	Pass (2020: Fail)																									
Takapau	Fail (2020: Fail)																									
Kairakau	Fail (2020: Fail)																									
Porangahau	Pass (2020: Fail)																									
	100% of all potable supplies comply with Part 5 of the drinking water standards (protozoal compliance criteria) Pass/Fail.	<p>Target Not Achieved</p> <table><tr><td>Otane</td><td>Pass (2020 Pass)</td></tr><tr><td>Waipawa</td><td>Pass (2020 Pass)</td></tr><tr><td>Waipukurau</td><td>Pass (2020 Fail)</td></tr><tr><td>Takapau</td><td>Fail (2020 Fail)</td></tr><tr><td>Kairakau</td><td>Fail (2020 Fail)</td></tr><tr><td>Porangahau</td><td>Pass (2020 Fail)</td></tr></table> <p>Takapau: The treatment plant had a failure of a water quality monitoring device (UVT) for a short period and insufficient evidence was able to be supplied to the DWA to allow compliance.</p> <p>Kairakau: No treatment processes are currently in place to comply with criteria 5. It is anticipated that this site will become fully compliant with criteria 5 within the 2022/2023 compliance year after treatment upgrades are complete.</p>	Otane	Pass (2020 Pass)	Waipawa	Pass (2020 Pass)	Waipukurau	Pass (2020 Fail)	Takapau	Fail (2020 Fail)	Kairakau	Fail (2020 Fail)	Porangahau	Pass (2020 Fail)												
Otane	Pass (2020 Pass)																									
Waipawa	Pass (2020 Pass)																									
Waipukurau	Pass (2020 Fail)																									
Takapau	Fail (2020 Fail)																									
Kairakau	Fail (2020 Fail)																									
Porangahau	Pass (2020 Fail)																									

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LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2020/21?	ACHIEVED LEVEL OF SERVICE
	30% of real water loss from the local authority's networked reticulation system.	Target Not Achieved Sufficient information has not been available to accurately measure real water loss at all points in the network during the reporting period. Equipment has been installed and more is planned to provide a more accurate picture of supply, demand and losses. This work is ongoing and will be completed through 2021/22 when Council will then be able to confidently report on losses.
	Attendance for urgent call-outs; 2 hours from the time that the local authority received notification to the time that service personnel reach the site.	Target Achieved The median response time for year to date is 6 minutes (2020: 28 mins)
	Resolution of urgent call outs; 12 hours from the time that the local authority receives notification to the time the service personnel confirm resolution of the fault or interruption.	Target Achieved The median resolution time for year to date is 1 hour 12 minutes (2020: 1 hours 48 mins)
	Attendance for non-urgent call outs: 6 hours from the time that the Local Authority receives notification to the time the service personnel reaches the site.	Target Achieved The median response time for year to date is 12 minutes (2020: 38 minutes)
	Resolution of non-urgent call outs: 72 hours from the time that the Local Authority receives notification to the time the service personnel confirm resolution of the fault or interruption.	Target Achieved The median resolution time for year to date is 1 hour 21 minutes (2020: 27 hours 18 minutes)
	≤ 5 complaints relating to drinking water received (per annum per 1000 connections to the local authority's networked reticulation system). Drinking water clarity, Drinking water taste, Drinking water odour, Drinking water pressure or flow, Continuity of supply, The local authority's response to any of these issues.	Target Not Achieved 22.2 complaints per 1,000 connected customers were received in the period. A total of 91 complaints were received against a total of 4,084 connections. The complaints primarily related to loss of supply. This is due to a large number of burst mains occurring during the year which has caused loss of supply to customers. Increased investment in infrastructure is a priority item for council and a large renewal programme is in the LTP.
	≤1.80m ³ average consumption of drinking water per day per water connection.	Target Achieved 1.68 m ³ average consumption of drinking water per day per connection year to date (2020: 1.65m ³)
	90% of users satisfied with the water supply service provided.	Target Not Achieved During the independent Annual Residents Survey in June, 83% of users were satisfied with the water supply service provided (2020: 83%).

Funding Impact Statement for the year ending 30 June 2021 for Water Supplies Group

	2020 LONG TERM PLAN \$000	2021 LONG TERM PLAN \$000	2021 ANNUAL PLAN \$000	2021 ACTUAL \$000
SOURCES OF OPERATING FUNDING				
General rates, uniform annual general charges and rates penalties	0	0	0	0
Targeted rates	3,109	3,272	3,416	3,331
Subsidies and grants for operating purposes	0	0	0	319
Fees, charges	0	0	3	10
Interest and dividends from investments	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0
Total operating funding	3,109	3,272	3,419	3,660
APPLICATIONS OF OPERATING FUNDING				
Payments to staff and suppliers	1,223	1,532	1,522	2,363
Finance costs	453	616	347	130
Internal charges and overheads recovered	509	511	703	457
Other operating funding applications	0	0	0	0
Total applications of operating funding	2,185	2,659	2,572	2,950
Surplus (deficit) of operating funding	924	613	847	710
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	0	0	0	1,629
Development and financial contributions	5	5	50	218
Increase (decrease) in debt	6,319	220	1,675	960
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	6,324	225	1,725	2,807
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	0	0	1,990	2093
- to replace existing assets	7,123	1,088	832	1469
Increase (decrease) in reserves	125	(250)	(250)	(45)
Increase (decrease) of investments	0	0	0	0
Total application of capital funding	7,248	838	2,572	3,517
Surplus (deficit) of capital funding	(924)	(613)	(847)	(710)
Funding balance	0	0	0	0

Payment to Staff and Suppliers was above budget by \$841k and included expenditure required for increased compliance costs, water monitoring costs, leak detection and remedial work across the networks. This was offset by savings in Finance Costs of \$217k due to the reduction on loans drawn this year and the low interest environment.

During the year Council undertook \$3.5m of asset creation/renewals against a budget of \$2.8m (as detailed in the table below). During 2020/21 Council received Tranche 1 of 3 Waters stimulus money from Central Government (shown as unbudgeted grant revenue) for and allowed Council to deliver additional \$1.6m of capital works.

PROJECT	2021 LONG TERM PLAN \$	2021 ANNUAL PLAN \$	2021 ACTUAL \$	PROJECT STATUS	FUNDING MECHANISM
3 Waters Reform Capital Improvements/Renewals	0	0	1,628,618	Ongoing	Central Government – 3 Waters Reform
Waipukurau SH2 Pump Station Upgrade	0	0	324,674	Ongoing	Loan Funded
Waipukurau Second Supply	0	0	13,208	Ongoing	Loan Funded
Waipukurau Shortfalls in existing reticulation	268,173	1,507,682	830	Ongoing	Loan Funded
Waipukurau fire fighting improvements	321,808	321,808	368,446	Ongoing	Loan Funded
Waipawa Shortfalls in existing reticulation	107,269	0	0	Ongoing	Loan Funded
Waipawa fire fighting improvements	214,538	160,904	156,544	Ongoing	Loan Funded
District Renewals	176,145	832,039	897,609	Ongoing	Rates
Otane Water Supply Capital Improvements	0	0	2,563	Ongoing	Loan Funded
Takapau Water Supply Capital	0	0	0	Ongoing	Loan Funded
Kairakau Water Capital Projects	0	0	168,485	Ongoing	Loan Funded
Porangahau Water Capital Project	0	0	877	Ongoing	Loan Funded
Total application of capital funding	1,087,933	2,822,433	3,561,853		

Wastewater (Sewerage) Group



Wastewater (Sewerage)

What does this activity involve?

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

Council has adopted a long term comprehensive wastewater strategy that will see the upgrade to all 6 of its wastewater treatment plants and discharge schemes in the next 15 years. The strategy has seen a lengthy and thorough investigation, engagement and design phase for the various treatment schemes that is nearing its end with consent applications beginning to be lodged now before substantive physical works at the plants begin in the next year. Upgrades have been made to the two largest plants at Waipawa and Waipukurau in the past year however and this has seen positive results with improved compliance reporting in the short period since the upgrades were implemented.

The renewal of general wastewater assets is a continuing process. Pipelines, manholes, pumping stations and treatment plants are renewed as necessary and as funding allows with significant increases provisioned for in the 2021 LTP.

Compliance with Resource Consents is closely monitored and includes reporting to Hawke's Bay Regional Council who have been involved in the development of the long term wastewater strategy and short term improvements made to date.

Why are we involved?

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

Community Outcomes that this activity contributes to



What we delivered

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2020/21?	ACHIEVED LEVEL OF SERVICE
The sewerage system is convenient, safe and reliable.	≤10 of dry weather sewerage overflows (per 1,000 connections to the total sewerage system).	Target Achieved 0.86 dry weather sewerage overflows per 1,000 connections to the total sewerage system (2020: 3.5). There are currently 3,463 sewerage connections to the total sewerage systems.
	≤30 of total sewerage overflows (per 1,000 connections to the total sewerage system).	Target Achieved 0.86 sewerage overflows per 1,000 connections to the total sewerage system (2020: 3.5). There are currently 3,463 sewerage connections to the total sewerage systems.
	Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of: <ul style="list-style-type: none"> • 0 abatement notices • 0 infringement orders • 0 enforcement orders and • 0 convictions, received by the territorial authority 	Target Achieved All requirements listed below were achieved within the reporting period for Council's wastewater systems. <ul style="list-style-type: none"> • 0 abatement notices (2020:0) • 0 infringement orders (2020:0) • 0 enforcement orders (2020:0) • 0 convictions, received by the territorial authority (2020:0) During the year, 5 out of 6 Wastewater Treatment Plants had elements of non-compliance with Council's resource consents. Council is currently working with Regional Council on upgrades/design work for upgrades of all of its wastewater plants to improve compliance.
	≤1hr median response time for attending sewerage overflows resulting from blockages or other faults (measured from the time that notification is received to the time that the service personnel reach the site).	Target Achieved The median response time year to date is 51 minutes (2020: 47 minutes).
	≤ 4 hrs median resolution time for attending sewerage overflows resulting from blockages or other faults (measured from the time that notification is received to the time that service personnel confirm resolution of the blockage or other fault).	Target Achieved The median resolution time year to date is 10 minutes (2020: 2 hours 20 minutes).
	≤ 10 number of complaints received per annum per 1,000 sewerage connections about any of the following: <ul style="list-style-type: none"> • Sewage odour, • Sewerage system faults, • Sewerage system blockages or Council's response to issues with its sewerage systems. 	Target Not Achieved 15.01 complaints received per 1,000 sewerage connections year to date (2020:14.4). There are currently 3,463 sewerage connections to the total sewerage systems. During the year Council had several sewer blockages which drove this figure up
	90% of users satisfied with the wastewater service provided.	Target Achieved During the independent Annual Residents Survey in June, 93% of those surveyed were satisfied with the wastewater service provided. (2020: 91%)

Funding Impact Statement for the year ending 30 June 2021 for Wastewater (Sewerage) Group

	2020 LONG TERM PLAN \$000	2021 LONG TERM PLAN \$000	2021 ANNUAL PLAN \$000	2021 ACTUAL \$000
SOURCES OF OPERATING FUNDING				
General rates, uniform annual general charges and rates penalties	0	0	0	0
Targeted rates	3,319	3,573	2,932	2,933
Subsidies and grants for operating purposes	0	0	0	743
Fees, charges	240	245	417	330
Interest and dividends from investments	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0
Total operating funding	3,559	3,818	3,349	4,006
APPLICATIONS OF OPERATING FUNDING				
Payments to staff and suppliers	1,404	1,519	1,459	1,879
Finance costs	620	698	375	213
Internal charges and overheads recovered	509	511	675	782
Other operating funding applications	0	0	0	0
Total applications of operating funding	2,533	2,728	2,509	2,874
Surplus (deficit) of operating funding	1,026	1,090	841	1,132
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	0	0	0	974
Development and financial contributions	10	10	50	96
Increase (decrease) in debt	2,163	1,100	977	2,143
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	2,173	1,110	1,027	3,213
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	0	0	1,609	4181
- to replace existing assets	3,168	2,168	259	408
Increase (decrease) in reserves	31	32	0	(244)
Increase (decrease) of investments	0	0	0	0
Total application of capital funding	3,199	2,200	1,868	4,345
Surplus (deficit) of capital funding	(1,026)	(1,090)	(841)	(1,132)
Funding balance	0	0	(0)	0

Payment to Staff and Suppliers were over budget by \$420k. The majority of this was spending the Trance 1 3 Waters Revenue from Central Government (unbudgeted). Finance Costs were also below budget by \$162k due to the reduction on loans drawn this year and the low interest environment.

The table below sets out the capital projects undertaken during 2020/21. Again this shows Council spending the 3 Waters Trance 1 monies (shown as unbudgeted grant revenue and expenditure), and that Council has begun building a wastewater pipeline between Otane and Waipawa, and has undertaken engineering works read for the creation of a main urban wastewater treatment plant in Waipawa servicing Otane, Waipawa, and Waipukurau.

PROJECT	2021 LONG TERM PLAN \$	2021 ANNUAL PLAN \$	2021 ACTUAL \$	PROJECT STATUS	FUNDING MECHANISM
3 Waters Reform Capital Improvements/Renewals	0	0	1,369,677	Ongoing	Central Government – 3 Waters Reform
Otane Sewer Capital Improvements	164,766	0	842,737	Ongoing	Loan Funded
Takapau Sewer Capital Improvements	0	0	129,276	Ongoing	Loan Funded
District Sewer Capital Improvements	0	1,609,038	399,920	Ongoing	Loan Funded
Wetlands Removal	0	0	258,305	Ongoing	Loan Funded
District Sewer Capital Renewal	794,954	258,877	335,440	Ongoing	Rates Funded
Main Urban Wastewater Plant – Treatment and Discharge	0	0	964,611	Ongoing	Loan Funded
Porangahau / Te Paerahi wastewater treatment upgrade	1,208,281	0	289,332	Ongoing	Loan Funded
Total application of capital funding	2,168,000	1,867,915	4,589,298		

Storm Water Group



Stormwater

What does this activity involve?

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

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

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

The focus on Stormwater continues to grow within Council as we now must comply with the conditions of a single district-wide resource consent for stormwater discharge to freshwater bodies and the impacts of Stormwater management on the environment become more known. Council completed significant Stormwater maintenance operations in 2021 on the open drain network that have not been prioritised for many years and the 2021 LTP provides a lift in available funding for further routine Stormwater maintenance as well as the early stages of treatment which will be a first for Central Hawke's Bay.

Why are we involved?

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

Community Outcomes that this activity contributes to



What we delivered

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2020/21?	ACHIEVED LEVEL OF SERVICE
A safe and operational stormwater drainage network for design events.	For each flooding event, 0 of habitable floors affected. (Expressed per 1,000 properties connected to the territorial authority's stormwater system.)	Target Achieved 0 habitable floors affected in flooding events per 1,000 properties connected (2020: 0). There are currently 2,979 storm water connections to the networked reticulation system.
	Compliance with the territorial authority's resource consents for discharge from its stormwater system measured by the number of: <ul style="list-style-type: none"> • abatement notices 0 • infringement orders 0 • enforcement orders 0; and • successful prosecutions, received by the territorial authority in relation to those resource consents 0 	Target Achieved All requirements listed below were achieved within the reporting period for Councils stormwater systems. <ul style="list-style-type: none"> • abatement notices: 0 (2020:0) • infringement orders: 0 (2020: 0) • enforcement orders: 0 (2020: 0) • successful prosecutions, received by the territorial authority in relation to those resource consents: 0 (2020:0)
	≤2hr median response time to attend a flooding event, measured from the time that the territorial authority receives notification to the time that service personnel reach the site.	Target Achieved The median response time year to date is 0 minutes as there were no flooding events reported (2020: 20 mins)
	≤ 5 complaints received about the performance of the stormwater system (expressed per 1,000 properties connected to the stormwater system).	Target Achieved 4.34 complaints received per 1,000 stormwater connections (2020: 4.7) There are currently 3,219 storm water connections to the networked reticulation system.
	90% of users satisfied with the stormwater service provided.	Target Not Achieved During the independent Annual Residents Survey in June, 85% of users were satisfied with the stormwater service provided. (2020: 92%)

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

	2020 LONG TERM PLAN \$000	2021 LONG TERM PLAN \$000	2021 ANNUAL PLAN \$000	2021 ACTUAL \$000
SOURCES OF OPERATING FUNDING				
General rates, uniform annual general charges and rates penalties		0	0	0
Targeted rates	670	713	782	784
Subsidies and grants for operating purposes	0	0	0	0
Fees, charges	0	0	0	0
Interest and dividends from investments	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0
Total operating funding	670	713	782	784
APPLICATIONS OF OPERATING FUNDING				
Payments to staff and suppliers	258	250	312	216
Finance costs	27	28	17	7
Internal charges and overheads recovered	165	166	208	227
Other operating funding applications	0	0	0	0
Total applications of operating funding	451	444	538	450
Surplus (deficit) of operating funding	220	269	245	334
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	7
Increase (decrease) in debt	70	(43)	(19)	(11)
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	70	(43)	(19)	(4)
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	0	0	0	9
- to replace existing assets	304	226	226	344
Increase (decrease) in reserves	(15)	0	0	(23)
Increase (decrease) of investments	0	0	0	0
Total application of capital funding	289	226	226	330
Surplus (deficit) of capital funding	(219)	(269)	(245)	(334)
Funding balance	0	0	(0)	0

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Operationally Council was largely on budget, but spent \$118k more on asset creation/renewals than budgeted (see table below for details). This was funded through the use of Council reserves.

PROJECT	2021 LONG TERM PLAN \$	2021 ANNUAL PLAN \$	2021 ACTUAL \$	PROJECT STATUS	FUNDING MECHANISM
District Wide Renewals	226,000	226,000	49,380	Ongoing	Rates
Waipukurau Tutaneke St Helicoil Replacement			303,352	Complete	Rates / Reserves
Total application of capital funding	226,000	226,000	352,732		

Places and Open Spaces



Reserves and Open Spaces

What does this activity involve?

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

We do it by:

- Maintaining 63 parks and reserves, war memorials and the Waipawa and District Centennial Memorial Pool to ensure the provision of quality, safe spaces for recreation and leisure.
- Working with community groups and organisations to add value and deliver programmes and development for our community.
- Providing camping grounds, operated either by lessees or as freedom camping sites.

Council provides financial assistance to support recreation and leisure to:

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

Why are we involved?

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

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

Community Outcomes that this activity contributes to



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What we delivered

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2020/21?	ACHIEVED LEVEL OF SERVICE
A range of parks and reserves that are affordable, well maintained and safe that provide for the sporting, cultural and well-being of the community.	Achieve safety checks on playground equipment monthly.	Target Not achieved 98.8% of playgrounds received monthly or twice monthly playground checks. One playground was either not inspected or paperwork misplaced in November (2020: 67%)
	65% of people have used or visited a park or reserve in the last 12 months.	Target Achieved 85% of residents have used/visited parks and reserves in the District in the last 12 months (Residents Opinion Survey 2020) (2020: 78%).
	90% of people that are satisfied with the park or reserve used or visited in the last 12 months.	Target Achieved 95% of residents (who use this service) were satisfied with the parks & reserves visited in the last twelve months (Residents Opinion Survey 2021) (2020: 95%).
Access to good quality swimming pool facilities for fun, recreation and exercise.	75,000 of A W Parsons pool users.	Target Not Achieved Total for year was 62,699. An increase over last year, but still lower numbers due to pool operating under strict COVID level 2 guidelines which meant no recreational swimming was allowed. This also impacted on number of children in Learn to Swim Programme. (2020: 47,253).
	3,000 of Waipawa pool users.	Target Achieved A total of 10,228 Waipawa Pool users for the 2020/21 year were recorded despite some closures due to cooler days when water and air temperatures were too cold (2020: 12,133).
	Both pools to achieve compliance with the lifeguard pool safety standard requirements.	Target Not Achieved Waipawa Pool complied with pool safety standards (2020: Compliant). The data is not available to Council for reporting for AW Parsons pools.
	65% of people that are satisfied with the swimming pools used or visited in the last 12 months.	Target Achieved During the independent Residents Opinion Survey 2021 in June, 89% of users were satisfied with the swimming pools, being specifically the Waipawa Pools (2020: 94%). The data is not available to Council for reporting for AW Parsons pools.



Public Toilets

What does this activity involve?

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

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

Why are we involved?

To provide and maintain public toilets which contribute to public hygiene and meet the needs of our community and visitors.

Community Outcomes that this activity contributes to



What we delivered

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2020/21?	ACHIEVED LEVEL OF SERVICE
Facilities are clean, safe, in good working order and meet the needs of our community and visitors.	90% of the public satisfied with the cleanliness and provision of public toilets.	Achieved During the independent Residents Opinion Survey 2021 in June 91% were satisfied (2020: 91%)



Retirement Housing

What does this activity involve?

Retirement housing is provided for people aged 60 and over.

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

- The flats are managed by Council, with each tenant having a separate tenancy agreement with Council.
- Property management of the retirement housing shifted mid-year from being carried out by an independent contractor to being operated by Council.
- Grounds maintenance is carried out by Council's open space maintenance contractor.
- A Section 17a review was completed with outcome to retain assets and services but increase costs to meet Council's financing policy.
- Council now provides heating in all its units.

Why are we involved?

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

Community Outcomes that this activity contributes to



What we delivered

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2020/21?	ACHIEVED LEVEL OF SERVICE
Safe, well maintained and comfortable community housing for the ageing population in the District living on fixed income.	95% of retirement housing units that are occupied.	Target Achieved 100% of retirement housing units occupied this year. (2020: 100%)
	80% of Tenants' overall satisfaction with Council's Retirement Housing service.	Target Achieved A tenant's survey was distributed in June. 94% of surveys indicated that residents were either 'satisfied' or 'very satisfied' (2020: 100%).



Libraries

What does this activity involve?

Central Hawke's Bay District Libraries consist of:

- The Waipawa Library which is situated in Council owned building in Waipawa.
- The Waipukurau Library has been closed for over a year following advice from engineers that the building has structural vulnerabilities. The service will reopen in September 2021 sharing a building with the Digital Business Hub, the new combined services will be called Te Huinga Wai: Knowledge & Learning Hub.

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

- Information resources and material for reading for pleasure and relaxation which includes various fiction and nonfiction collections, Māori non-fiction, fiction and Junior collections, children and youth sections, magazines, large print, talking books, DVDs and interloans.
- Free broadband internet access/Wi-Fi through Aotearoa Peoples Network Kaharoa and access to eBooks through the consortium NZLibs and ePukapuka.
- Programmes including community programmes, afterschool, school holiday and programmes designed to increase digital literacy and confidence in the use of devices and digital technology. We have been fortunate with Covid Recovery funding to have the opportunity to employ a Digital Inclusion Coordinator and are successful in providing all the above.
- Along with the above we also have been able to employ a He Kura Kainga Co-ordinator through Covid Recovery Funding. Both these positions are fixed term until June 2022.
- Experiences including author readings, social interaction and exposure to new or emerging trends and technology.

The library service is a keen facilitator of community initiatives, reading programmes for children and youth as well as other sponsored events and relationships with schools, retirement homes and housebound residents.

This activity covers the daily running of the library services. However, information and library services can be accessed via the library website, and we have a strong social media presence. The buildings are operated and maintained under the Properties and Buildings activity.

With the opening of a Waipukurau Library the Central Hawke's Bay agency for AA which includes driver and vehicle licencing will reopen in the library.

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

Why are we involved?

Libraries are in many ways the modern public square: they embody the very idea of community. The last 'free' spaces our libraries provide central locations where individuals and groups can come to relax, learn, innovate and connect with knowledge in the widest sense. Our goal is to be relevant to all and that our services are future focused and responsive to change.

Libraries play an important role in supporting literacy including digital literacy and provide an essential service for recreational information, and the cultural and educational needs of the Central Hawke's Bay Community.

Community Outcomes that this activity contributes to



What we delivered

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2020/21?	ACHIEVED LEVEL OF SERVICE
Our libraries are inclusive places and all people are encouraged to make use of the library's services.	65% of the Central Hawke's Bay population that use the library services.	<p>Target Not Achieved</p> <p>54% of residents used a Council Library in the last 12 months. The main factor affecting this was the fact that the Waipukurau Library was closed for this period.</p> <p>A flaw in this dataset is that it does not measure children or youth and they are not represented in the data source of the Residents Survey.</p> <p>There is no way to accurately measure this level of service with some library users not necessarily registering to use the service.</p>
	<p>The number of people visiting our libraries measure by:</p> <ul style="list-style-type: none"> Physical visits – 114,878 Online visits – 4,189 	<p>Target Not Achieved</p> <p>The libraries have been closed as a result of COVID-19 and the Waipukurau Library reopened for a month at Level 2, only to close due to seismic vulnerabilities. It remains closed pending the engineers report. The Waipawa Library reopened on June 2, 2020. The Waipukurau Library is due to reopen as part of the Knowledge and Learning Hub early September 2021.</p> <p>The physical visit data cannot be provided. (2019: 146,474).</p> <p>Online Visits 21,456 (2020: 17,827)</p>
	90% of library users satisfied with the service provided.	<p>Target Not Achieved</p> <p>During the independent Annual Residents Survey in June, 88% of those surveyed were satisfied with the service provided (2020: 93%). This statistic does not include children.</p> <p>This is not unexpected due to the closure of Waipukurau Library for over a year.</p>



Community Facilities

What does this activity involve?

Council owns 12 buildings that are used to provide meeting places for the community. These are:

- **CHB Municipal Theatre:** Operation includes event and venue management. A range of productions, concerts, conferences and meetings are held throughout the year. Identification of the building being potentially earthquake prone has led to decreasing the maximum capacity.
- **Waipukurau Civic Theatre:** Managed by an independent contractor who operates the theatre including showing movies, providing meeting facilities and operating a restaurant. The theatre is maintained jointly by council staff and the manager, with Council providing funding for renewal and upgrading of assets.
- **Waipukurau Memorial Hall:** A multipurpose facility used for sports, recreation and community requirements.
- **Community Halls:** Managed by Committees include Otane, Tikokino, Ongaonga, Takapau, Elsthorpe and Wallingford. Identified as potentially earthquake prone the capacity has been limited to 100.
- **Halls:** Owned by Council and leased or operated by community groups include Argyll, CHB Community Rooms, Ongaonga, Otane, Otawhao, Porangahau, Takapau, Tikokino, and Wallingford Halls

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

- **Omakere** (owned by Waiapu Board of Diocesan Trust)
- **Sherwood** (owned by the Ashley Clinton – Makaretu Hall Society)
- **Flemington** (owned by the Flemington Community Trust)
- **Museums:** Council supports the CHB Museum and Ongaonga Museum which are managed by committees and operational grants are provided. Council owns one of the buildings (the old bank) at CHB museum and both museums are on reserve land.

Why are we involved?

The Community Facilities are community and public spaces providing social interactions to enhance our community's sense of social connectedness, cultural wellbeing and civic pride.

Community Outcomes that this activity contributes to



What we delivered

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2020/21?	ACHIEVED LEVEL OF SERVICE
Safe, affordable and appropriate facilities that provide for the cultural and social well-being of the communities.	100% of all Community Owned Halls have a current BWOF.	Achieved 100% of community halls had a current BWOF throughout 2020-21. (2020:99%).
	5,000 users of the Memorial Hall.	Target Not Achieved 4,444 estimated users based on 303 bookings of the Memorial Hall for the year shows bookings have returned but have limited capacity to 100. (2020: 5,234 from 237 bookings).
	16,500 users of the Civic Theatre.	Target Not Achieved 9,680 users of the Civic Theatre for the year. Due to COVID and a delay and limited number of movies released (2020: 12,179).
	180 bookings of the CHB Municipal Theatre.	Target Not Achieved 108 bookings. (2020: 128).
	85% of hirers that are satisfied with the Memorial Hall.	Achieved 100% satisfaction from those reporting on satisfaction survey sent to those who have booked the Memorial Hall in past year (2020: Data unavailable data).
	85% of hirers that are satisfied with the Civic Theatre.	Target Not Achieved Due to the data being unable to be supplied, achievement of the measure cannot be made (2020: Data unavailable).
	85% of hirers that are satisfied with the CHB Municipal Theatre.	Achieved 100% satisfaction from those reporting on satisfaction survey sent to those who have booked CHB Theatre in past year (2020: 100%).



Cemeteries

What does this activity involve?

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

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

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

All Council owned cemeteries are managed by Council staff and day-to-day maintenance is part of the open space contract.

Why are we involved?

The Burial and Cremations Act 1964 requires local authorities to ensure sufficient cemeteries are provided within the District.

- To provide local burial spaces.
- To provide places for remembrance and an important historical record for future generations.

Community Outcomes that this activity contributes to



What we delivered

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2020/21?	ACHIEVED LEVEL OF SERVICE
Cemetery grounds provide a special place of remembrance for loved ones amongst attractive and well-maintained grounds.	500 plots available for burial or cremation in the district.	Target Achieved 630 plots are available for burial and ash interments (2020: 660).
	90% of the community satisfied with cemetery facilities.	Target Achieved During the independent Residents Opinion Survey 2021 in June, 96% of the community were satisfied with cemetery facilities. (2020: 97%)
	100% burial records available to be viewed on the internet.	Target Achieved 100% burial records available to be viewed on the internet. (2020: 100%)



Property and Buildings

What does this activity involve?

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

The properties included in this activity are:

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

Why are we involved?

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

Community Outcomes that this activity contributes to



What we delivered

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2020/21?	ACHIEVED LEVEL OF SERVICE
Ensure safe buildings for public use.	Achieve monthly Building Warrant of Fitness (BWOF) checks.	Target Achieved 100% of monthly BWOF carried out this year. (2020: 100%)

Funding Impact Statement for the year ending 30 June 2021 for Recreation and Community Facilities Group

	2020 LONG TERM PLAN \$000	2021 LONG TERM PLAN \$000	2021 ANNUAL PLAN \$000	2021 ACTUAL \$000
SOURCES OF OPERATING FUNDING				
General rates, uniform annual general charges and rates penalties	3,400	3,561	3,644	3,637
Targeted rates	0	0	0	0
Subsidies and grants for operating purposes	17	17	13	178
Fees, charges	554	566	746	646
Interest and dividends from investments	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	130	6	51	41
Total operating funding	4,100	4,150	4,454	4,502
APPLICATIONS OF OPERATING FUNDING				
Payments to staff and suppliers	2,303	2,375	2,659	3,033
Finance costs	166	174	98	75
Internal charges and overheads recovered	773	776	934	903
Other operating funding applications	0	0	0	0
Total applications of operating funding	3,241	3,324	3,691	4,011
Surplus (deficit) of operating funding	859	826	763	491
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	4	4	4	1
Increase (decrease) in debt	134	185	129	(160)
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	138	189	133	(159)
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	120	0	326	79
- to replace existing assets	698	959	586	378
Increase (decrease) in reserves	179	56	(16)	(125)
Increase (decrease) of investments	0	0	0	0
Total application of capital funding	997	1,015	897	332
Surplus (deficit) of capital funding	(859)	(826)	(763)	(491)
Funding balance	0	0	(0)	0

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

Places and Open Spaces

Council was successful in acquiring some "Responsible Camping" funding from MBIE, and took over some of the urban maintenance contracts previously undertaken by Land Transport. This resulted in additional revenue and expenses.

The capital funding for upgrading the Waipukurau Camping ground has been carried forward to be spent in 2021/22.

Public Toilets

Operational costs were largely on budget.

During 2020/21 Council completed the Te Paerahi toilet upgrade.

Retirement Housing

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

During the year rents were increased, however despite this activity ran at a loss (increased insurance costs and a review of the service) meant that retirement housing reserves were further depleted.

Capital works included pre-programmed exterior painting, reactive need to replace a number of flashings on roofs, needed renewals during change-over of tenants, and addition of heating where needed to meet the healthy homes standard.

Libraries

The Waipukurau Library was permanently closed in May 2020 due to seismic concerns while Council considered options. In the meantime, the Waipawa Library remained fully operational, and Council operated a temporary pop-up site in Waipukurau, staffed by library staff and AA trained staff.

The Waipukurau Library services will reopen in September 2021 sharing a building with the Digital Business Hub, the new combined services will be called Te Huinga Wai : Knowledge & Learning Hub.

Community Facilities

The Waipukurau Memorial Hall and the CHB Municipal Theatre were both affected by announcements that facilities were potentially earthquake prone limiting user numbers. COVID management strategies either limited bookings, numbers able to gather or uncertainty of operation led many to postpone or not make bookings at all.

Cemeteries

This activity operated on budget throughout the year.

Property and Buildings

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

Financial Information



Annual Report Disclosure Statement for the year ended 30 June 2021

What is the purpose of this statement?

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

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

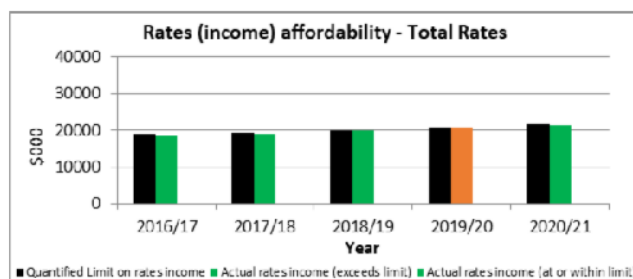
Rates (income) affordability benchmark

The council meets the rates affordability benchmarks if:

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

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

Total Rates for income for 2020/21 is \$231K below defined limit due to lower wastewater rates than forecast in year 3 of the LTP.



Rates (increases) affordability benchmark

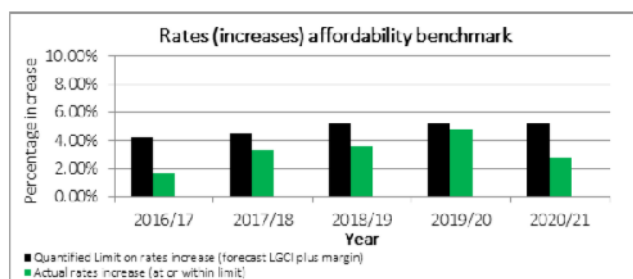
The following graph compares the council's actual rates increases with a quantified limit on rates increases contained in the financial strategy included in the council's long-term plan. The quantified limit as set in the 2018-2028 LTP is:

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

The additional 3% provided in the rates increases limit is included to cover costs relating to natural disasters, new initiatives, additional responsibilities or higher standards imposed by central government, or increases to the levels of services approved by Council. The limits set for rates increases are the upper limit and Council will work hard to maintain increases to levels below these limits". For the 2018-28 LTP this was set at LGCI plus 2.2%.

The quantified limit used for this benchmark is the LG CPI as forecast in the 2015-25 LTP for 2015/16 to 2017/18 and the 2018-28 LTP for 2018/2019 to 2020/2021 years.

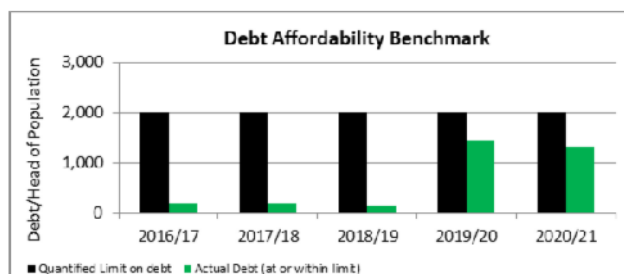
In 2020/21 rates increased by 2.74% which is within the 2020/21 benchmark of 5.20% (LGCI of 2.2% plus 3%).



Debt affordability benchmark

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

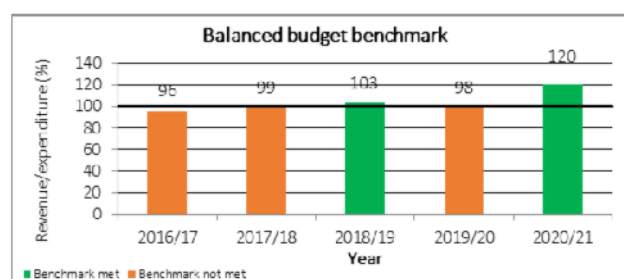
In 2020/21 actual debt reduced to \$1,319 per person. 2020/2021's debt level in dollar terms was unchanged from 2019/2020, however Central Hawke's Bay District's population has significantly increased (source NZ Department of Statistics population estimates) which has lowered the debt level per head of population. At the 30 June 2021 Council was holding \$20m of external debt and Councils average weighted cost of funds was only 2.28%.



Balanced budget benchmark

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

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

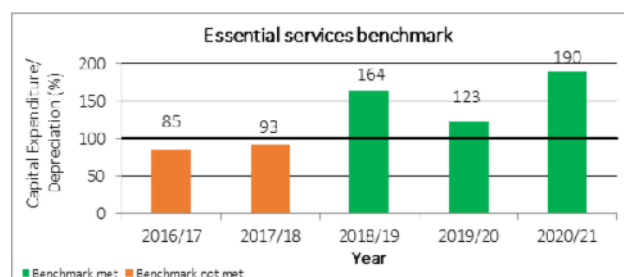


In 2020/21 operating revenue was significantly boosted by external funding (PGF, 3 Waters Reform, Cultural Tourism, Economic Recovery, and Tourism Infrastructure). This extra revenue has impacted this benchmark but isn't expected to repeat to the same extent next year as the PGF project wind up and the Covid-19 economic stimulus is withdrawn.

Essential Services benchmark

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

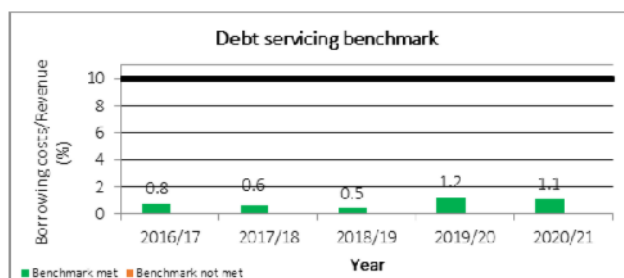
Due to the upgrade of Route 52 (PGF funded) and 3 Waters Upgrades (funded by the 3 Waters Reform monies) Council has undertaken some significant capital works in 2020/2021. This was purely driven by the availability of external funding. Overall Council spent \$1.90 on capital replacements for every \$1.00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



Debt servicing benchmark

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

Council's borrowing costs are well below the prescribed benchmark of being equal or less than 10% of revenue. This highlights low interest rate environment Council is operating in at present.

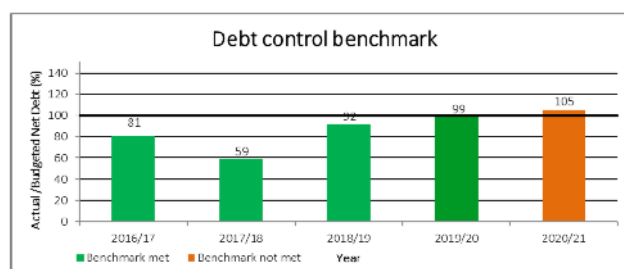


Debt control benchmark

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

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

As mentioned previously Council has received significantly external funding from Central Government (3 Waters Reform and Economic Recovery Funds). As at 30 June 2021 Council had not spent all the grants it had received, and has treated \$3.5m as income in advance (that is a financial liability). This combined with an increase in trade payables owing to the contractors delivering these projects has seen Council financial liabilities increase by \$5.5m over the previous year, but hasn't been reflected to the same extent by cash on hand. This has caused a distortion of this benchmark this year, but this will correct itself when the grant monies are fully spent.



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 2020/21 Council has undertaken significant unbudgeted works relating to "Economic Recovery" post Covid. While this work has been funded by Central Government (through grants), it has significantly distorted the Council's financial results compared to budget. While this benchmark looks like Council's cashflow has worsened, its operating cashflow is actually \$4.1m better off than for the same period last year.



Statement of Comprehensive Revenue and Expense for the year ending 30 June 2021

	NOTE	ACTUAL 2021 \$000	BUDGET 2021 \$000	ACTUAL 2020 \$000
REVENUE				
Rates revenue	2	21,364	21,453	20,793
Subsidies and grants	2	25,909	7,566	10,004
Interest and dividends		215	92	215
Fees and Charges	2	5,204	4,338	3,781
Development contributions		322	107	92
Other revenue	2	972	265	513
Total revenue		53,986	33,821	35,398
EXPENDITURE				
Personnel costs		5,696	5,829	5,567
Depreciation and amortisation	2	11,971	13,065	12,397
Finance costs		462	462	429
Other operating expenses	2	26,447	15,316	17,490
Total operating expenditure		44,575	34,673	35,883
Net Operating Surplus/(Deficit)		9,411	(851)	(485)
OTHER (GAINS)/LOSSES				
(Gains)/Losses on Public Debt		-	-	-
(Gains)/Losses on Investments		-	-	-
Total Other (Gains)/Losses		-	-	-
Operating surplus/(deficit) before tax		9,411	(851)	(485)
Income tax expense		0	0	0
Net surplus/(deficit) after tax		9,411	(851)	(485)
OTHER COMPREHENSIVE INCOME				
Gains/(losses) on the revaluation of property, plant and equipment	10	4,983	14,928	2,417
Gains/(Losses) on the Disposal Revalued Property, Plant and Equipment		-	-	-
Impairment of Recreation and Community Assets		-	-	(1,082)
Total other comprehensive Income		4,983	14,928	1,335
Total comprehensive income for the year		14,394	14,076	850

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

ANNUAL REPORT 2020-2021

Statement of Financial Position as at 30 June 2021

	NOTE	ACTUAL 2021 \$000	BUDGET 2021 \$000	ACTUAL 2020 \$000
ASSETS				
Current assets				
Cash and cash equivalents	3	2,623	4,561	2,527
Trade and other receivables	4	4,462	4,548	5,104
Prepayments		480	238	296
Stock on Hand		26	22	22
Current Investments	5	13,037	27	11,119
Total current assets		20,626	9,395	19,068
Non-current assets				
Investments	5	1,322	2,386	1,322
Property, plant and equipment and Intangibles	6	871,876	895,164	854,069
Total non-current assets		873,198	897,550	855,391
Total assets		893,824	906,945	874,459
LIABILITIES				
Current liabilities				
Trade and other payables	7	13,003	9,239	7,608
Employee entitlements	7	386	238	330
Current Public Debt	7	107	26	118
Total current liabilities		13,496	9,503	8,056
Non-current liabilities				
Non-Current Public Debt	8	20,000	18,157	20,000
Provisions for Landfill Closure	9	3,463	3,573	3,934
Total non-current liabilities		23,463	21,730	23,934
Total liabilities		36,959	31,233	31,990
EQUITY				
Special & Other Funds	10	7,193	6,909	7,025
Trust Funds	10	184	-	182
Revaluation Reserve of Assets	10	595,583	624,408	590,804
Ratepayers' Equity		253,905	244,396	244,458
Total equity		856,865	875,713	842,469
Total Liabilities and Equity		8943,824	906,945	874,459

Statement of Changes in Equity for the year ending 30 June 2021

	NOTE	ACTUAL 2021 \$000	BUDGET 2021 \$000	ACTUAL 2020 \$000
Opening Equity Balance		842,469	861,636	841,619
Total comprehensive income for the year		14,394	14,076	850
Closing Equity Balance		856,863	875,713	842,469
COMPONENTS OF EQUITY				
Ratepayers Equity at the beginning of the Year		244,458	244,620	245,062
Net Surplus/(Deficit) for the Year		9,411	(851)	(485)
Transfers to (from) other reserves		34	627	(119)
Ratepayers Equity at end of Year		253,903	244,396	244,458
Special & Other Funds at the beginning of the Year	10	7,025	7,364	6,900
Transfers to (from) Special Funds		168	(455)	125
Special & Other Funds at the end of the Year		7,193	6,909	7,025
Trust Funds at the beginning of the Year	10	182	172	182
Transfers to (from) Trust Funds		2	(172)	0
Trust Funds at the end of the Year		184	-	182
Revaluation Reserves at the beginning of the Year	10	590,804	609,480	589,475
Gains/(Losses) on the Revaluation Property, Plant, and Equipment		4,983	14,928	2,417
Impairment of Recreation and Community Asset		-	-	(1,082)
Gains/(Losses) on the Disposal Revalued Property, Plant and Equipment		(204)	-	(6)
Revaluation Reserves at the end of the Year		595,583	624,408	590,804
Total Equity at end of Year		856,863	875,713	842,469

ANNUAL REPORT 2020-2021

Statement of Cash Flows for the year ending 30 June 2021

	NOTE	ACTUAL 2021 \$000	BUDGET 2021 \$000	ACTUAL 2020 \$000
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash was provided from:				
- Receipts from rates revenue		21,584	20,510	20,854
- Operating subsidies and grants received		13,825	7,566	3,910
- Fees and charges received		4,438	3,638	3,665
- Interest received		297	92	206
- Receipts from other revenue		507	265	513
- Development Contributions		322	107	92
Cash was disbursed to:				
- Payments to suppliers of Goods and Services		(26,994)	(12,136)	(17,664)
- Payments to employees		(5,640)	(5,832)	(5,475)
- Interest paid		(458)	(462)	(270)
Net cash from operating activities		7,882	13,748	5,831
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash was provided from:				
- Proceeds from capital subsidies and grants received		16,986	-	5,507
- Proceeds from sale of property, plant and equipment		38	35	19
- Proceeds from investments		17,000	-	12,128
Cash was disbursed to:				
- Purchase of investment		(19,000)	68	(22,473)
- Purchase of intangible assets		(11)	-	(132)
- Purchase of property, plant and equipment		(22,799)	(15,649)	(20,796)
Net cash from investing activities		(7,786)	(15,547)	(25,747)
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash was provided from:				
- Proceeds from borrowing	8	-	2,404	18,000
Cash was disbursed to:				
- Repayment of borrowings	8	-	-	(118)
Net cash from financing activities		-	2,404	17,882
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		95	606	(2,034)
Cash, cash equivalents and bank overdrafts at the beginning of the year	3	2,527	3,956	4,561
Cash, cash equivalents and bank overdrafts at the end of the year	3	2,623	4,562	2,527

ANNUAL REPORT 2020-2021

	NOTE	ACTUAL 2021 \$000	BUDGET 2021 \$000	ACTUAL 2020 \$000
Net Operating Surplus/(deficit) after tax		9,411	(851)	(485)
Add/(less) non-cash items				
Depreciation and amortisation expense		11,971	13,065	12,397
Property, plant, and equipment impairment		-	-	-
Vested Assets revenue		(393)	-	-
(Gains)/Losses in fair value of investment property		-	-	-
(Gains)/Losses on derivative financial instruments		-	-	-
Total non-cash items		11,578	13,065	12,397
Add/(less) items classified as investing or financing activities				
Proceeds from capital subsidies and grants received		(16,986)	-	(5,507)
(Gains)/losses on disposal of property, plant and equipment		(17)	-	0
Total items classified as investing or financing activities		(17,003)	-	(5,507)
Add/(less) movements in working capital items				
(Increase)/decrease in receivables		642	-	(556)
(Increase)/decrease in prepayments		(184)	-	(58)
(Increase)/decrease in inventory		(4)	-	-
Increase/(decrease) in payables		3,386	1,534	(52)
Increase/(decrease) in employee entitlements		56	-	92
Net movement in working capital items		13,896	1,534	(574)
Net cash inflow from operating activities		7,882	13,748	(485)

ANNUAL REPORT 2020-2021

Funding Impact Statement for the year ending 30 June 2021 (whole of council)

	ANNUAL PLAN 2020 \$000	ANNUAL REPORT 2020 \$000	ANNUAL PLAN 2021 \$000	ACTUAL 2021 \$000
SOURCES OF OPERATING FUNDING				
General rates, uniform annual general charges and rates penalties	13,435	13,380	13,950	13,942
Targeted rates	7,256	7,413	7,503	7,421
Subsidies and grants for operating purposes	2,744	4,497	2,715	10,989
Fees, charges	3,216	3,781	4,337	5,205
Interest and dividends from investments	140	215	92	215
Local authorities fuel tax, fines, infringement fees and other receipts	196	492	231	505
Total operating funding	26,987	29,778	28,828	38,277
APPLICATIONS OF OPERATING FUNDING				
Payments to staff and suppliers	19,503	22,887	21,325	32,142
Finance costs	558	364	419	447
Other operating funding applications	(180)	0	(180)	0
Total applications of operating funding	19,881	23,251	21,565	32,589
Surplus (deficit) of operating funding	7,105	6,527	7,263	5,688
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	4,977	5,507	4,852	14,920
Development and financial contributions	22	92	107	322
Increase (decrease) in debt	9,221	18,000	2,762	0
Gross proceeds from sale of assets	35	19	35	295
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding	14,254	23,618	7,755	15,537
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure				
- to meet additional demand	-	-	-	-
- to improve the level of service	1,531	12,232	5,652	8,105
- to replace existing assets	20,671	7,532	9,554	17,711
Increase (decrease) in reserves	0	(468)	0	(6,591)
Increase (decrease) of investments	(842)	10,849	(188)	2,000
Total application of capital funding	21,359	30,145	15,018	21,225
Surplus (deficit) of capital funding	(7,105)	(6,527)	(7,263)	(5,688)
Funding balance	-	-	-	-

Notes to the Financial Statements

1. Statement of Accounting Policies

Reporting Entity

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

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

The financial statements of the Council are for the year ended 30 June 2021. The financial statements were authorised for issue by Council on 23 September 2021.

Basis of Preparation

Statement of Compliance

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

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

Measurement Base

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

Functional and Presentation Currency

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

Changes in Accounting Policies

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

Standards issued and not yet effective, and not early adopted

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

Financial instruments

In January 2017, the XRB issued PBE 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 plans to apply this standard in preparing its 30 June 2023 financial statements. The Council has not yet assessed the effects of the new standard.

In November 2017, the XRB issued PBE IFRS 48 Service Performance Reporting. PBE FRS 48 is effective for annual periods beginning on or after 1 January 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 plans to apply this standard in preparing its 30 June 2023 financial statements. The Council has not yet assessed the effects of the new standard.

Significant Accounting policies

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

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

Good and Service Tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Budget figures

The budget figures are those approved by the Council in its 2020-21 Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Council in preparing these financial statements.

Revenue

Revenue is measured at the fair value of consideration received or receivable. Where revenue is derived by acting as an agent for another party, the revenue that is recognised is the commission or fee on the transaction.

Revenue may be derived from either exchange or non-exchange transactions.

Exchange transactions

Exchange transactions are transactions where the Council receives assets (primarily cash) or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services, or use of assets) to another entity in exchange.

Non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange revenue transaction, the Council receives value from another entity without directly giving approximately equal value in exchange.

An inflow of resources from a non-exchange transaction recognised as an asset, is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow. A liability arises only when there is a condition attached to the revenue which requires the entity perform in a certain way, or return the asset.

As Council satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange revenue transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Non-exchange Revenue**Rates Revenue**

Rates are set annually by a resolution from Council and relate to a financial year. All ratepayers are invoiced quarterly within the financial year to which the rates have been set. Rates revenue is recognised when payable.

Government subsidies

Council receives government grants from Waka Kotahi NZ Transport Agency, Ministry of Business Innovation and Employment, and Department of Internal Affairs which subsidises 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 asset is obtained.

Fees and Charges

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

Exchange Revenue**Contribution Revenue**

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

Rates Revenue from Water by Meter

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

Provision of services

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

Sale of Goods

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

Interest and Dividends

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

Borrowing Costs

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

Grant Expenditure

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

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

Operating Leases as Lessor

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

Cash and Cash Equivalents

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

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

Trade and Other Receivables

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

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

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

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

Inventories

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

Financial Assets

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

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

Council classifies its financial assets into the following categories: fair value through surplus or deficit, held-to-maturity investments, 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 it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short-term profit-taking.

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

Loans and Receivables

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

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

Fair value

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

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

Impairment of Financial Assets

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

Loans and Other Receivables

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

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

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

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

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

Property Plant and Equipment and Intangibles

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

Operational Assets

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

Infrastructure Assets

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

Intangible Assets

These include Software and GIS District Imagery.

Restricted Assets

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

Additions

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

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

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the Statement of Comprehensive Revenue and Expense. When revalued assets

are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

Subsequent Costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to Council and the cost of the item can be measured reliably.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

Land, land under roads, restricted assets, assets under construction, and the museum assets are not depreciated.

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

ASSET CATEGORY	USEFUL LIFE	DEPRECIATION RATE
Operational & Restricted Assets		
Buildings	4-190	0.5%-25.0%
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%
Intangible Assets		
Software	4-5	20%-25%
GIS Imagery	4	25%
Infrastructural Assets		
Roading		
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%

ASSET CATEGORY	USEFUL LIFE	DEPRECIATION RATE
Sewerage Network		
Pipes and manholes	60-135	0.7%-1.7%
Manholes	100	1%
Treatment ponds and pumps	15-100	1%-3.8%
Flow monitoring equipment	10	10%
Stormwater		
Pipes	30-100	1%-3.5%
Manholes	100	1%
Water Network		
Monitoring equipment (hardware)	5-20	5%-20%
Monitoring equipment (software)	5-20	5%-20%
Pipes, hydrants, valves	25-50	2%-4%
Treatment plants and pumps	5-20	5%-20%
Items under construction	Non-depreciable	

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

Revaluations

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

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

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

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

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

Infrastructural asset classes: roads

Roading assets are revalued at fair value determined on a depreciated replacement cost basis and reviewed by an independent valuer. The most recent valuation was performed by Pauline True, Consultant, BBS Economics, PGDipArts (GIS), Stantec through their professional services contract. The revaluation is based on a straight line depreciation following the NZ Infrastructure Asset Valuation and Depreciation Guidelines. The unit rates are based on the commercial rates previously determined by GHD Consultants and have been adjusted using NZTA's infrastructure cost indices. The valuation is effective as at 30 June 2021. There are no restrictions on the assets.

Infrastructural asset classes: water, sewerage and stormwater systems

Water, sewer and stormwater infrastructure assets are revalued at fair value determined on a depreciated replacement cost basis. The valuation was completed internally using commercial rates provided by and reviewed by an independent external consultant (Stantec). Revaluation is based on straight line depreciation following the NZ Infrastructure Asset Valuation and Depreciation Guidelines (NZIAVDG), using Council asset management programs. The most recent valuation was effective as at 30 June 2020.

Operational and Restricted Land and Buildings

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

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

Land Under Roads

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

Unformed or Paper Roads

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

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

Intangible Assets**Carbon Credits**

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

Creditors and Other Payables

Trade and other payables are measured by amortised cost using the effective interest method. Trade payables are usually paid within 30 days of recognition. Due to their short-term nature they are not discounted.

Employee Benefits

Short-Term Benefits

Employee benefits are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements able to be settled within 12 months, and sick leave.

Council recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that Council anticipates it will be used by staff to cover those future absences.

Long-Term Benefits

Long Service Leave: These are long-term employee benefits that are assessed on an actuarial entitlement basis at current rates of pay.

Provisions

Council recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Borrowing

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

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

Equity

Equity is the community's interest in Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves.

The components of equity are:

- Ratepayers equity
- Revaluation reserves
- Special funded reserves
- Trust funds.

Special Funded and Council Created Reserves

Special funded reserves are reserves restricted by Council decision. The Council may alter them without references to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

Trust Funds

Trust funds are those subject to specific conditions accepted as binding by Council. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Cost Allocation

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

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs, which cannot be identified in an economically feasible manner, with a specific significant activity.

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using specific allocation ratio.

Statement of Cash Flows

Cash means cash and cash equivalent balances on hand, held in bank accounts, demand deposits and other highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The Council invests such assets as part of its day to day cash management.

Operating activities are the principal revenue-producing activities of the entity and other activities that are not investing or financing activities. They include cash received from all revenue sources (such as rates, taxes and operating government grants) and record the cash payments made for the supply of goods and services (including payments to other public benefit entities to finance their operations, but not loans). Agency transactions are not recognised as receipts and payments in the Statement of Cash Flows as they do not represent transactions that Council can control.

Investing activities are those activities relating to the acquisition and disposal of non-current assets, which are intended to generate future income and cash flows. Investing and financing activity transactions have had their respective sources and applications of cash netted off where roll over of financing has occurred and where there have been transfers between Council bank accounts.

Financing activities comprise activities that change the equity and debt capital structure of the Council.

Critical Accounting Estimates and Assumptions

In preparing these financial statements Council has made estimates and assumptions concerning the future.

These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Overdue Receivables Provision

The appropriate note discloses an analysis of the exposure of Council in relation to the estimates and uncertainties surrounding impairment provision for overdue receivables.

Landfill Aftercare Provision

The appropriate note discloses an analysis of the exposure of Council in relation to the estimates and uncertainties surrounding the landfill aftercare provision.

Infrastructural Assets

There are a number of assumptions and estimates used when performing Depreciated Replacement Cost valuations over infrastructural assets. These include:

- the physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets, which are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets;
- estimating any obsolescence or surplus capacity of an asset; and
- estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then Council could be over or under estimating the annual depreciation charge recognised as an expense in the Statement of Comprehensive Revenue and Expense.

To minimise this risk Council's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering

Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the Council's asset management planning activities, which gives Council further assurance over its useful life estimates.

Experienced independent valuers are used in performing or reviewing the Council's infrastructural asset revaluations.

Critical Judgements in Applying Council's Accounting Policies

Management has exercised the following critical judgements in applying the Council's accounting policies for the period ending 30 June 2021.

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 four multi-regional entities, with effect from 1 July 2024. The exact size, shape and design of these entities is still being worked through, including details of revenues, expenses, assets and liabilities that may transfer to the new entities.

If the reforms progress, and Central Hawkes Bay District Council participates, there is likely to be a material impact on our financial statements from 1 July 2024. No allowance has been made in the 30 June 2021 financial statements for this possibility, but the table below details at a high level the categories that will be impacted should this progress:

	2021 COUNCIL \$000	2020 COUNCIL \$000
3 Waters Revenue	11,372	7,938
3 Waters Operational Spend	6,272	5,118
3 Waters Capital Spend	8,504	10,265
3 Waters Assets – Plant, Property, & Equipment	109,751	104,416
3 Waters Liabilities - Debt	20,693	17,600

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:

	2021 COUNCIL \$000	2020 COUNCIL \$000
Insurance premiums	402	350

b. Council incurred the following expenses.

	2021 COUNCIL \$000	2020 COUNCIL \$000
Depreciation and amortisation	11,970	12,397

c. Other Operating expense

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

	2021 COUNCIL \$000	2020 COUNCIL \$000
Repairs and maintenance	6,638	5,803
Contracts	4,536	4,265
Fees to Auditors	204	101
Other	15,069	7,321
Total	26,447	17,490

	2021 COUNCIL \$000	2020 COUNCIL \$000
Audit Fees are broken down as follows		
Fees to EY for audit of financial Statements	116	99
Fees to EY for audit of LTP	86	
Fees to EY for trustee reporting assurance	2	2
Total	204	101

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 \$204,487 of Interest Revenue has been credited to Special Funds following recognition in the Statement of Comprehensive Revenue and Expense, and \$22,566 from Development Contributions will be held to meet future capital upgrades (during 2021 a total of \$322,240 of Development Contributions were received, and \$299,674 were applied to capital projects).

f. Breakdown of rates and further information

	2021 COUNCIL \$000	2020 COUNCIL \$000
General Rates	13,982	13,420
Targeted rates attributable to activities		
Metered Water Revenue	408	517
Other Water Rates	2,923	2,638
Sewer	2,933	3,272
Storm Water	784	688
Refuse and Recycling	374	297
Economic Social Development	0	0
Rate discounts taken	(26)	(25)
Rate remissions	(14)	(14)
Total	21,364	20,793

g. Breakdown of subsidies and grants

	2021 COUNCIL \$000	2020 COUNCIL \$000
Roading Subsidies – Waka Kotahi NZ Transport Agency	9,681	8,263
PGF Infrastructure Projects – MBIE	6,135	650
Department of Internal Affairs – 3 Waters Reform	3,647	0
Nga Ara Tipuna – MBIE, Lotteries, ECCT, Centralines	2,387	681
Economic Stimulus Packages – Various Government Agencies	3,518	100
Tourism Infrastructure and Responsible Camping – MBIE	131	0
Library Bequest	0	94
Spatial Plan – Centralines	0	55
Landfill Subsidy – MfE	81	50
Other Grants and Subsidies	329	111
Total	25,090	10,004

h. Breakdown of fees & charges

	2021 COUNCIL \$000	2020 COUNCIL \$000
Building and resource consent charges	1,725	1,007
Landfill Charges	987	806
Transfer Stations Charges	421	305
District Trade Waste Sewerage	330	276
Retirement Housing and District Property Rents & Hires	372	328
Camp Ground Charges	80	79
Other fees & Charges	1,289	980
Total	5,204	3,781

i. Breakdown of other revenue

	2021 COUNCIL \$000	2020 COUNCIL \$000
Petrol Tax Income	147	137
Warranty Recoveries	0	185
Gain on Property Plant and Equipment Sales	73	34
Waipawa Pool Donations	1	122
Vested Roading Asset	393	0
Waka Kotahi NZ Transport Agency – Funding Assistance Rate Adjustment	280	0
Others	78	35
Total	972	513

j. Summary revenue and expenditure for group of activities

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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

	2021 COUNCIL \$000	2020 COUNCIL \$000
Community Leadership	6,188	1,235
Land Transport	16,693	8,466
Planning and Regulatory	2,111	1,337
Recreation and Community Facilities	920	948
Solid Waste	2,153	1,544
Water Supplies	2,175	352
Wastewater (Sewerage)	2,143	469
Stormwater	6	0
Total Activity Revenue	32,389	14,351
Less Internal Revenue	233	254
General Rates	21,364	20,793
Total Revenue	53,986	35,398

Expenditure

	2021 COUNCIL \$000	2020 COUNCIL \$000
Community Leadership	8,493	1,759
Land Transport	14,533	15,373
Planning and Regulatory	3,240	2,438
Recreation and Community Facilities	5,415	5,055
Solid Waste	3,838	3,419
Water Supplies	3,902	3,259
Wastewater (Sewerage)	4,222	3,674
Stormwater	824	781
Total Activity Expenditure	44,467	35,758
Less Internal Expenditure	108	(125)
Total expenditure	44,693	35,883

3. Cash & cash equivalents

	2021 COUNCIL \$000	2020 COUNCIL \$000
Cash and cash equivalents		
Cash at bank and in hand	7	9
Short term deposits maturing 3 months or less from date of acquisition	2,615	2,518
Total Cash and Cash Equivalents	2,622	2,527

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 \$184k (2019 \$182k).

4. Trade and Other Receivables

	2021 COUNCIL \$000	2020 COUNCIL \$000
Rates Receivable – Non-exchange	445	649
Rates Receivable – Exchange (Water Meter)	207	223
NZ Transport Agency Subsidies – Non-exchange	1,370	2,797
Ministry of Business Innovation & Employment (MBIE)/PGF	0	123
Department of Internal Affairs	93	0
General Debtors – Non-exchange	2,513	1,590
Total	4,628	5,382
Less Provision for Impairment of Receivables	166	278
Total	4,462	5,104

Trade and Other Receivables Aging is as follows:

	2021 COUNCIL \$000	2020 COUNCIL \$000
Current	3,689	4,529
Overdue (net of impairment)	773	575
Total	4,462	5,104

Fair value

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

Impairment

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

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

Council's infrastructure is recorded at fair value, and this year the roading network has been revalued. Water Networks were revalued in 2020, and buildings were revalued in 2019. No new assets are considered to be impairment during 2021, so no new impairment has been made. The two properties (Waipukurau Library and Memorial Hall) were impaired in 2020 due to seismic concerns.

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No receivables (2020: nil) whose carrying amount would otherwise be past due or impaired, have terms which have been renegotiated:

	2021 COUNCIL \$000	2020 COUNCIL \$000
Individual impairment	166	278
Collective Impairment	–	–
Total provision for impairment	166	278

Individually impaired receivables have been determined to be impaired because of the significant financial difficulties being experienced by the debtor.

Movements in the provision for impairment of receivables are as follows:

	2021 COUNCIL \$000	2020 COUNCIL \$000
At 1 July	278	192
Additional provision made during the year	82	283
Provisions reversed during the year	0	0
Receivable written off during the period (see note below)	(194)	(197)
At 30 June	166	278

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 \$194k of historical debts. This represents a significant cleansing of the Councils historical debtors and was undertaken in conjunction with debt collection agencies. Much of this debt dates back multiple years. \$145k of these relates to Māori Freehold Land which is where the land has been placed the Māori Land Register which denotes the land isn't being used productively, has disparate ownership, and therefore is unenforceable. The remaining \$49k relates to historical fees and charges where the debtor can't be traced or has no ability to pay.

5. Investments

	2021 COUNCIL \$000	2020 COUNCIL \$000
Term Deposit – Current	13,036	11,119
Bank Bonds – Non-current	1,275	1,275
Total Bonds	14,311	12,394

	2021 COUNCIL \$000	2020 COUNCIL \$000
NZ Local Government Insurance Corp. Limited	46	46
Total Shares	46	46
Total Term Investments	14,357	12,440
Investments in Associates (non-controlled)		
HB LASS	1	1
Total Investments	14,358	12,441

Amortised Costs

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

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6. Property Plant and Equipment and Intangible Assets

2021		OPENING COST 1 JULY 2020	ADDITIONS*	VESTED ASSETS	DISPOSALS	TRANSFERS	REVALUATION	CLOSING COST 30 JUNE 2021	OPENING ACC DEPN 1 JULY 2020	DEPN	DISPOSALS	IMPAIRMENT	REVALUATION	CLOSING ACCM DEPN 30 JUNE 2021	NET BOOK VALUE 30 JUNE 2021	NET BOOK VALUE 30 JUNE 2020
DESCRIPTION																
Wastewater	Treatment	17,716	263	0	0	1,851	0	19,830	0	(798)	0	0	0	(798)	19,032	17,716
	Reticulation	26,026	219	0	0	1,566	0	27,811	0	(543)	0	0	0	(543)	27,268	26,026
Water	Treatment	4,395	230	0	0	2,378	0	7,003	0	(206)	0	0	0	(206)	6,797	4,395
	Reticulation	33,693	1,138	0	0	0	0	34,831	0	(746)	0	0	0	(746)	34,085	33,693
Stormwater		22,586	41	0	0	316	0	22,943	0	(374)	0	0	0	(374)	22,569	22,586
Roading		662,794	9,555	393	0	1,090	(2,164)	671,668	0	(7,147)	0	0	7,147	0	671,668	662,794
Land Under Roads		37,657	0			0		37,657	0	0	0	0	0	0	37,657	37,657
Solid Waste		471	75	0	0	0	0	546	(9)	(11)	0	0	0	(20)	526	462
Landfill		8,221	(467)	0		0		7,754	(2,149)	(357)				(2,506)	5,248	6,072
Total Infrastructure Assets		813,559	11,054	393	0	7,201	(2,164)	830,043	(2,158)	(10,182)	0	0	7,147	(5,193)	824,850	811,401
Land		14,447	0	0	(220)	0	0	14,227	0	0	0	0	0	0	14,227	14,447
Buildings		19,075	236	0	0	193	0	19,504	(2,399)	(1,191)	0	0	0	(3,590)	15,914	16,676
Motor Vehicles		724	122	0	(38)	0	0	808	(530)	(104)	35	0	0	(599)	209	194
Emergency Equipment		191	19	0	0	0	0	210	(172)	(7)	0	0	0	(179)	31	19
Misc Plant		2,134	44	0	0	0	0	2,178	(1,680)	(145)	0	0	0	(1,825)	353	454
Computer Equipment		664	141	0	0	0	0	805	(383)	(129)	0	0	0	(512)	293	281
Office Furniture & Equipment		670	8	0	0	0	0	678	(576)	(18)	0	0	0	(594)	84	94
Monuments		284	0	0	0	0	0	284	(16)	(4)	0	0	0	(20)	264	268
Library Books		894	65	0	(10)	0	0	949	(542)	(68)	10	0	0	(600)	349	352
Total Operating Assets		39,083	635	0	(268)	193	0	39,643	(6,298)	(1,666)	45	0	0	(7,919)	31,724	32,785
Software and Other Intangibles		665	11	0	0	0	0	676	(296)	(122)	0	0	0	(418)	258	369
Total		853,307	11,700	393	(268)	7,394	(2,164)	870,362	(8,752)	(11,970)	45	0	7,147	(13,530)	856,832	844,555
Work In Progress		9,514	16,405	0	(3,480)	(7,394)	0	15,045	0	0	0	0	0	0	15,045	9,514
Total		862,821	28,105	393	(3,748)	0	(2,164)	885,407	(8,752)	(11,970)	45	0	7,147	(13,530)	871,877	854,069

Additions* All assets are constructed by Council

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

Additions* All assets are constructed by Council.

Work in Progress

	2021 COUNCIL \$000	2020 COUNCIL \$000	STATUS	ESTIMATED COMPLETION DATE
Cultural Heritage-Nga Ara Tipuna Project	0	681	Reclassified	
Halls, Property and Buildings Projects	211	114	Active	Sept 21
Community Facilities Te Paerahi Freedom Camping Toilets	0	170	Complete	
Roading Projects	6,803	1,090	Active	June 22
Solid Waste Landfill Cell Capping/Leachate Irrigation	783	702	Active	June 22
Stormwater Tutanekai St Helicoil Replacement	0	13	Active	December 21
Stormwater Waipukurau Carpenter Churchill Improvements	0	0	Complete	
Stormwater Waipukurau Service Land Overflow (Ruataniwha St Flooding Solution)	53	49	Active	June 22
Stormwater Waipukurau Modelling	4	0	Complete	June 23
Wastewater Otane Resource Consent Extension	0	15	Reclassified	
Wastewater Otane to Waipawa Pipeline	1,156	298	Active	June 22
Wastewater Porangahau Upgrade	400	111	Active	June 24
Wastewater Takapau Consent	0	79	Reclassified	
Wastewater Takapau Treatment Upgrade	714	42	Active	June 23
Wastewater Waipawa Main Trunk Renewal	0	1,496	Complete	
Wastewater Waipukurau Waipawa Treatment Investigation	0	886	Complete	
Wastewater Wetlands for Waipawa/Waipukurau Project	0	12	Written Off	
Wastewater Leachate to Land Stage 2	125	0	Active	July 22
Wastewater Renewals (3 Waters Reform Tranche 1)	73	0	Active	June 22
Wastewater Otane to Waipawa Stage 2 (3 Waters Reform Tranche 1)	1,116	0	Active	June 22
Wastewater Treatment Improvements (3 Waters Reform Tranche 1)	35	0	Active	June 22
Water Kairakau Upgrade	178	10	Active	June 22
Water Otane Alternative Water Supply	0	2,376	Complete	
Water Waipukurau Pump Station 2	1,349	1,024	Active	October 21
Water Waipukurau Second Supply	359	346	Active	June 23
Water Supply Software (3 Waters Reform Tranche 1)	54	0	Active	June 22
Water Supply Waipukurau Second Supply (3 Waters Reform Tranche 1)	1,003	0	Active	June 22
Water Supply Nelson Street (3 Waters Reform Tranche 1)	572	0	Active	June 22
Water Supply Waipawa Firefighting Stage 1	55	0	Active	June 22
Water SH2 Filtration system (turbidity solutions)	1	0	Active	June 22
Total	15,044	9,514		

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Depreciation by Activity

	2021 ACTUAL \$000	2021 ANNUAL PLAN BUDGET \$000	2020 ACTUAL \$000	2020 ANNUAL PLAN BUDGET \$000
COMMUNITY LEADERSHIP GROUP				
Depreciation expense for the year	0	0	0	0
Renewals, Loan Funding	0	0	24	5
Difference (Depreciation – renewals, loans)	0	0	(24)	(5)
REGULATORY GROUP				
Depreciation expense for the year	1	50	1	1
Renewals, Loan Funding	66	118	30	44
Difference (Depreciation – renewals, loans)	(65)	(68)	(29)	(43)
LAND TRANSPORT GROUP				
Depreciation expense for the year	7,164	8,005	7,854	7,699
Renewals, Loan Funding	14,756	7,299	6,280	7,013
Difference (Depreciation – renewals, loans)	(7,592)	706	1,574	686
SOLID WASTE GROUP				
Depreciation expense for the year	378	310	337	221
Renewals, Loan Funding	256	270	248	282
Difference (Depreciation – renewals, loans)	122	40	89	(61)
WATER GROUP				
Depreciation expense for the year	953	916	784	794
Renewals, Loan Funding	2,017	1,494	547	1,110
Difference (Depreciation – renewals, loans)	(1,064)	(578)	237	(316)
WASTEWATER GROUP				
Depreciation expense for the year	2,643	2,681	1,360	1,325
Renewals, Loan Funding	1,969	2,049	1,088	1,537
Difference (Depreciation – renewals, loans)	674	632	272	(212)
STORMWATER GROUP				
Depreciation expense for the year	740	560	287	297
Renewals, Loan Funding	725	541	418	260
Difference (Depreciation – renewals, loans)	15	19	(131)	37
RECREATION AND COMMUNITY GROUP				
Depreciation expense for the year	1,404	1,351	1,464	1,291
Renewals, Loan Funding	688	881	839	954
Difference (Depreciation – renewals, loans)	716	470	625	337
OVERHEADS				
Depreciation expense for the year	348	719	310	474
Renewals, Loan Funding	346	309	239	409
Difference (Depreciation – renewals, loans)	2	410	71	65
TOTALS				
Depreciation expense for the year	13,631	14,592	12,397	12,102
Renewals, Loan Funding	20,823	12,961	9,713	11,614
Difference (Depreciation – renewals, loans)	(7,192)	1,631	2,684	488

7. Trade and other payables

	2021 COUNCIL \$000	2020 COUNCIL \$000
Trade Creditors – Exchange	8,678	6,843
Revenue in Advance – Non Exchange	3,772	334
Other Accounts Payable and Accrued Expenses – Non Exchange	553	431
Total Trade Creditors and Other Accounts Payables	13,003	7,608
Other		
Current Public Debt	107	118
Employee benefit liabilities	386	330
Total Other Current Debt	493	448
Total Current Liabilities	13,496	8,056

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

	2021 COUNCIL \$000	2020 COUNCIL \$000
Loans as at 1 July	2,000	2,000
Net Accrued Interest Change	107	118
Fair Value Adjustments	0	0
Plus Loans raised during the year	0	18,000
Less Loans repaid during the year	–	–
Less Loans repayable within 12 months	(107)	(118)
Non-Current Public Debt	2,000	20,000

Interest rates payable are in the range 1.96% to 3.85% (2020: 1.96% to 3.85%). The weighted average interest rate payable is 2.28% (2020: 2.28%).

Public Debt is due for repayment in the following periods:

	2021 COUNCIL \$000	2020 COUNCIL \$000
Current	107	118
One to Two years	0	0
Two to Five years	14,000	14,000
More than Five years	6,000	6,000
Total	20,107	20,118

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

Internal Borrowings

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

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

	COUNCIL BALANCE 30 JUNE 2020 \$000	BORROWED \$000	INTEREST \$000	PRINCIPAL REPAID \$000	COUNCIL BALANCE 30 JUNE 2021 \$000
Cemeteries	37	0	1	18	19
Properties and Buildings	458	38	8	35	461
Parks and Reserves	1,351	0	24	94	1,257
Public Conveniences	152	0	3	13	139
Retirement Housing	0	0	0	0	0
Land Transport	0	0	0	0	0
Solid Waste	1,485	81	27	135	1,431
Stormwater	365	4	6	15	354
Theatres, Halls, and Museums	417	37	38	62	392
Wastewater	10,456	2,817	207	673	12,600
Water Supplies	6,779	1,378	127	418	7,739
Libraries	167	0	3	14	153
IT	47	0	0	19	28
Civil Defence	177	0	10	43	134
GIS Maps	71	0	3	17	54
District Plan	344	452	1	60	736
Total	22,306	4,807	458	1,616	25,497

9. Provision for Landfill Decommissioning and Aftercare Cost

	2021 COUNCIL \$000	2020 COUNCIL \$000
Opening Balance	3,934	3,489
Effect of Discounting	133	65
Additional Provisioning	(486)	380
Release of Provision		0
Closing balance	3,463	3,934

Central Hawke's Bay District Council gained resource and land use consents for the District Landfill in 1995 with the consent expiring in 2030. The Landfill opened for operation in July 1996. The current resource consent expires in 2030. Council has a responsibility for closure of the Landfill and ongoing maintenance and monitoring after the closure. To determine the financial provision that should be made for the post closure maintenance and monitoring requirements, the Discounted Cash Flow model is used. The model is used to calculate the present value of the cost of closure and capping of the landfill, and the aftercare costs for the 30 year consent period post closure. This is then capitalised as an asset which will be depreciated up until the point of closure. This depreciation expense should then be funded annually and a reserve put aside to cover these costs when they occur.

- Estimated Time of closure = 31 May 2030
- Estimated Remaining Capacity in undeveloped cells = 1,082,000 m³ Airspace Volume
- Average Air space consumed per year in the last 2.5 years = 15,000 m³ Airspace Volume
- Length of post-closure monitoring period = 30 years
- Total expected cash outflow – undiscounted = \$5.6m
- Discount rate=1.10%

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 2021 and 2020.

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(a) Council Special & Other Funds

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

	COUNCIL BALANCE 1 JULY 2020 \$000	COUNCIL TRANSFERS FROM RATEPAYERS EQUITY \$000	COUNCIL TRANSFERS TO RATEPAYER EQUITY \$000	COUNCIL BALANCE 30 JUNE 2021 \$000
RESERVES HELD FOR EMERGENCY PURPOSES				
Mayors Relief Fund	7	2	(3)	6
Adverse Events Reserve Fund	153	907	0	1,060
Catastrophic Events Reserve Fund	2,906	86	(500)	2,492
Total	3,066	995	(503)	3,558
	\$000	\$000	\$000	\$000
RESERVES FOR FUTURE ASSET PURCHASES				
Capital Projects Fund	(158)	0	216	58
Ruahine Ward Disbursement Fund	673	10	(68)	615
Ruataniwha Ward Disbursement Fund	38	0	(20)	18
Aramoana Ward Disbursement Fund	229	3	(43)	189
Esplanade Reserve Fund	350	5	(130)	225
Rural Fire Reserve	100	1	(40)	61
Stormwater Renewal Reserve	221	4	(221)	4
Water Rates Smoothing Reserve	275	9	(9)	275
Wastewater Upgrade Reserve	853	24	(200)	677
EQC Pourerere	4	0	0	4
Bridge Replacement Funding	103	58	0	161
CHB District Retirement Housing Reserve	140	2	(24)	118
Vehicle Depreciation Reserve	460	57	0	517
LT Vehicle Depreciation Reserve	113	20	0	133
Total	3,401	193	(539)	3,055
	\$000	\$000	\$000	\$000
RESERVES HELD FOR FUTURE OPERATIONAL COSTS				
Elections & By-elections Reserve Fund	43	4	(5)	42
Ruahine Ward Hall Maintenance Reserve	43	1	0	44
Library Fund	149	2	0	151
Road Legalisation Funding	22	1	0	23
Landfill Aftercare Depreciation Reserve	206	57	0	263
District Landfill Levy Reserve	45	0	(45)	0
Recreation and Community Facilities Reserve	0	20	0	20
Total	508	85	(50)	543
Total Special Funds	6,975	1,273	(1,092)	7,156

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

	COUNCIL BALANCE 1 JULY 2020 \$000	COUNCIL TRANSFERS FROM RATEPAYERS EQUITY \$000	COUNCIL TRANSFERS TO RATEPAYER EQUITY \$000	COUNCIL BALANCE 30 JUNE 2021 \$000
Te Aute Drain Channel Clearing Reserve	50	1	(14)	37
	\$000	\$000	\$000	\$000
Total Special & Other Funds	7,025	1,274	(1,106)	7,193

(b) Trust Funds

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

	COUNCIL BALANCE 1 JULY 2020 \$000	COUNCIL TRANSFERS FROM RATEPAYERS EQUITY \$000	COUNCIL TRANSFERS TO RATEPAYER EQUITY \$000	COUNCIL BALANCE 30 JUNE 2021 \$000
Waipawa Building Society Scholarship Trust	111	(1)	3	113
Eric Tate Scholarship Trust	71	(2)	2	71
Creative NZ Grants unspent	0	0	0	0
Total	182	(3)	5	184

(c) Asset Revaluation Reserve

	WATER, WASTEWATER, STORM WATER, SOLID WASTE \$000	ROADING \$000	TOTAL \$000
INFRASTRUCTURE			
Opening Balance	75,877	490,997	566,874
Revaluation	0	4,983	4,983
Revaluation Reserve Change	0	0	0
Transfer from/(to) Ratepayers Equity	0	0	0
Closing Balance	75,877	495,980	571,857
	LAND \$000	BUILDINGS \$000	TOTAL \$000
OTHER PROPERTY PLANT AND EQUIPMENT			
Opening Balance	11,768	12,162	23,930
Current Year Revaluation	0	0	0
Current Year Impairment	0	0	0
Disposal of Asset (Write Back)	(204)	0	(204)
Closing Balance	11,564	12,162	23,726
TOTAL REVALUATION RESERVE			COUNCIL \$000
Opening Balance			590,804
Revaluations			4,983
Impairment			0
Disposal of Asset (Write Back)			(204)
Closing Balance			595,583

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 (2020: nil).

12. Statement of Commitments

	2021 COUNCIL \$000	2020 COUNCIL \$000
Payments of Commitments		
Landfill Lease	127	119
Takapau Transfer Station Lease	2	2
Works Depot Lease	40	40
Pop up Library/AA Centre Lease	5	5
Carbon Credits Forward Contract Settlements	–	239
Total	174	405
Non-Cancellable Commitments		
Less than 1 year	174	405
1 – 2 years	174	166
3 – 5 years	522	497
Over 5 years	2,738	2,698

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

13. Employee Staffing Levels and Remuneration

The Chief Executive of Council appointed under Section 42 of the Local government Act 2002, receives a salary of \$238,000 (2020: \$238,000).

The Chief Executive has full access to use of a Council vehicle, the cost of the deemed private benefit is deducted from the Chief Executive's salary.

ANNUAL REMUNERATION BANDS	2021	2020
\$59,999 and under	47	37
\$60,000-\$79,999	12	6
\$80,000-\$99,999	11	12
\$100,000-\$250,000	8	13
Total Employees	78	68

	2021 COUNCIL	2020 COUNCIL
SALARIES AND OTHER SHORT TERM EMPLOYMENT BENEFITS PAID	\$000	\$000
CE and Key Management	958	881
Mayor and Councillors	363	357

	2021		2020	
NUMBER OF EMPLOYEES AS AT 30 JUNE	FTE	HEAD COUNT	FTE	HEAD COUNT
Number of full time Key Management Personnel	6	6	5	5
Number of full time employees	58	58	43	43
Number of part time employees	8	14	13	20
Total Employees	72	78	61	68

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

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

- Increase in Resource Management and Building Consent resources to manage the increased growth in the district funded from Fees and Charges.
- The 8 addition FTE's that either are fully or part funded through government agencies, grants or subsidies.

14. Severance Payments to Staff

There was a \$30,000 severance payment made during the year that was outside of contractual for staff. (2020: \$38,683).

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15. Councillors Fees

	2021	2020
Mayor		
A Walker	104,163	102,509
Councillors		
Kelly Annand (Deputy Mayor, Strategy and Wellbeing Chair, Urban Lead Councillor)	53,613	45,417
Ian Sharp (2019 Deputy Mayor)	0	11,874
Brent Muggeridge (Finance and Infrastructure Committee Chair, Risk and Assurance Member)	40,563	34,821
Tim Aitken (Rural Lead Councillor, Risk and Assurance Member)	33,500	32,636
Tim Chote	0	25,345
Gerard Minehan (Risk and Assurance Member)	30,525	28,519
Jerry Greer (Risk and Assurance Member)	30,525	21,097
Kathryn Taylor	26,510	18,576
Exham Wichman	26,510	18,576
Pip Burne	17,978	0
Shelley Burne-Field	0	7,422
David Tennent	0	9,873
Total	363,886	356,665

16. Financial Instruments

Financial Instrument Categories

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

	2021 COUNCIL \$000	2020 COUNCIL \$000
Financial Assets		
Fair Value through surplus/(deficit)		
Local Authority Stock, Bonds, Term Deposits	–	–
Unlisted Shares	46	46
Loans and Receivables		
Amortised Costs		
Cash and Cash Deposits	2,622	2,527
Debtors and Other Receivables	4,462	5,104
Local Authority Stock, Bonds, Term Deposits	14,311	12,394
Financial Liabilities		
Financial Liabilities at amortised cost		
Public Debt	20,107	2,026
Creditors and other payables	13,389	9,240

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

Financial Instruments risks

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

Market Risk

Price Risk

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

Currency risk

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

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowings and investments issued at fixed rates of interest expose the Council to fair value interest rate risk. Councils Liability Management Policy is to maintain between 50% 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 all on a fixed rate basis (i.e. fixed rate borrowing through the LGFA, fixed rate bonds and bank term deposits), the impact of changing interest rates is zero, as a change in market interest rates will not change interest cash flow amounts.

Credit Risk

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

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

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

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

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Maximum Exposure to credit risk

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

	2021 COUNCIL \$000	2020 COUNCIL \$000
Cash at bank and term deposit	15,635	13,628
Receivables	4,187	5,104
Community and related party loans	0	0
Bonds	978	973
LGFA Borrower Notes	320	320
Derivative financial instrument assets	0	0
Financial guarantees	0	0
Total	21,120	20,025

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.

	2021 COUNCIL \$000	2020 COUNCIL \$000
Counterparties with Credit Ratings		
Cash at bank and term deposits AA-	15,635	13,268
Bonds AA-	978	973
LGFA Borrower Notes AA+	320	320

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

Liquidity Risk**Management of Liquidity Risk**

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

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

The Council has a maximum amount that can be drawn down against its overdraft facility of \$1.5m (2020 \$1.5m). There are no restrictions on the use of this facility.

Contractual maturity analysis of financial liabilities, excluding derivatives

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

	2021	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		13,003	13,003	13,003			
Secured loans		20,107	21,997	456	456	14,929	6,157
Total		33,110	35,000	13,459	456	14,929	6,157
	2020	CARRYING AMOUNT \$000	CONTRACTUAL CASH FLOWS \$000	LESS THAN 1 YEAR \$000	1-2 YEARS \$000	2-5 YEARS \$000	MORE THAN 5 YEARS \$000
Payables		7,608	7,608	7,608			
Secured loans		20,118	22,453	456	456	15,226	6,315
Total		27,726	30,061	8,064	456	15,226	6,315

Contractual maturity analysis of financial assets

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

	2021	CARRYING AMOUNT \$000	CONTRACTUAL CASH FLOWS \$000	LESS THAN 1 YEAR \$000	1-2 YEARS \$000	2-5 YEARS \$000	MORE THAN 5 YEARS \$000
Cash and cash equivalents		2,622	2,622	2,622			
Receivables		4,187	4,187	4,187			
Term deposits		13,013	13,049	13,049			0
Listed bonds		978	1,061	0	0	1,061	0
LGFA Borrower Notes		320	353	0	0	241	112
Total		21,120	21,272	19,858	0	1,302	112

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

17. Contingencies

Liabilities

There are no known contingent liabilities against Council.

18. Events Subsequent to Balance Date

In the ordinary course of business Council can be subject to subsequent events that may have a material effect on the Council. Council do not consider that any subsequent events have arisen. (2020: No events).

Supplementary Information

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

Rating Base Information

For all rating units in the district

	2021	2020
Number of rating units	8,102	7,950
Capital Value	5,882,058,105	5,663,804,205
Land Value	3,661,053,300	3,642,224,600

Insurance Information

		TOTAL VALUE COVERED \$000	MAXIMUM AMOUNT AVAILABLE \$000	
Year ending June 2021				
Insurance Contracts	• Buildings, Plant & Equipment	80,721	80,503	
	• Infrastructure	300,000	30,000	Loss Limit
Financial Risk Sharing		0	0	0
Self-Insured		0	0	0
Year ending June 2020				
Insurance Contracts	• Buildings, Plant & Equipment	80,503	80,503	
	• Infrastructure	300,000	30,000	Loss Limit
Financial Risk Sharing		0	0	0
Self-Insured		0	0	0

	TOTAL REPLACEMENT COSTS (TRC)
Water	81,094,288
Wastewater	88,053,936
Stormwater	38,229,121
Roading	895,931,499
Totals	1,103,308,844

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
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RUATANIWHA WARD

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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



Acknowledgements

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

Summer Reading and Nga Ara Tipuna



Eastern & Central have again generously supported the E.C. READ'N summer reading programmes in our libraries and those throughout the region as well as have generously supported the redevelopment of Nga Ara Tipuna.

Glossary

Activity	Services, projects or goods provided by, or on behalf of, Council (eg libraries). These activities are then combined into groups of activities.
Annual Plan	The Annual Plan is produced in the intervening years between Long Term Plans. It includes the work programme for the year and financial statements.
Annual Report	Reports on the performance of Council against the objectives, policies, activities, performance measures, indicative costs, and sources of funds outlined in the Annual Plan and the Long Term Plan.
Asset	Something of value that Council owns on behalf of the people of Central Hawke's Bay such as roads, drains, parks and buildings.
Asset Management Plan	A long term plan for managing an asset to ensure that its capacity to provide a service is kept up and costs over the life of the asset are kept to a minimum.
Borrowing	Refers to the raising of loans for capital items, such as the sewerage scheme.
Capital Expenditure	Expenditure that will increase the value of Council's assets.
Capital Value	Value of land including any improvements.
Community Boards	Local elected bodies set up under the Local Government Act. Community Boards are consulted by Council and can represent community concerns to Council. Central Hawke's Bay District has no community boards.
Community Outcomes	Goals that the community believe are important for its present and future economic, social, cultural and environmental well-being.
Council Controlled Organisations	Council controlled organisations are organisations in which one or more local authorities control 50% or more of the voting rights or appoint 50% or more of the directors.
Financial Year	Council's financial year runs from 1 July to 30 June of the following year.
General Rate	A rate levied across all properties for activities that benefit the whole District.
Group of Activities	Several activities combined together (eg cultural and community facilities).
Land Value	Value of land, excluding any improvements.
Local Government Act 2002	The key legislation that defines the powers and responsibilities of local authorities like Central Hawke's Bay District Council.
Long Term Plan (LTP)	A ten year plan that sets out Council's response to community outcomes and how Council will manage its finances and the community's resources. The requirement for the LTP was introduced by the Local Government Act 2002.
Operating Expenditure	Money Council spends on such items as salaries, materials, electricity and plant hire.
Operating Revenue	Money earned through the activities in return for a service provided, or by way of a grant or subsidy to ensure particular services or goods are provided. Examples include New Zealand Transport Agency subsidies, rental income, permits and fees.
Operating Surplus (Deficit)	The expressions 'operating surplus' and 'operating deficit' are accounting terms meaning the excess of income over expenditure and excess expenditure over income respectively. Income and expenditure in this context exclude 'capital' items such as the receipt or repayment of loans, the cost of capital works and transfers to and from Reserves. An operating surplus/deficit is inclusive of non-cash items such as income and expenditure owing but not paid (Debtors and Creditors) and depreciation.
Performance Measure	A measure that shows how well Council is doing in achieving the objectives it has set for itself.

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



7 PUBLIC EXCLUDED**RESOLUTION TO EXCLUDE THE PUBLIC****RECOMMENDATION**

That the public be excluded from the following parts of the proceedings of this meeting.

The general subject matter of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48 of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
7.1 - Ernst Young Management Report - Audit Findings	s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons s7(2)(f)(i) - free and frank expression of opinions by or between or to members or officers or employees of any local authority	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
7.2 - Central Hawkes Bay District Councils Investment Strategy	s7(2)(b)(ii) - the withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information s7(2)(f)(i) - free and frank expression of opinions by or between or to members or officers or employees of any local authority	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7

8 DATE OF NEXT MEETING**RECOMMENDATION**

THAT the next meeting of the Central Hawke's Bay District Council Risk and Assurance Committee be held on 11 November 2021.

9 TIME OF CLOSURE