



**CENTRAL
HAWKE'S BAY**
DISTRICT COUNCIL



Annual Report 2018-19

Together we Thrive! E ora ngātahi ana!



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

Together we thrive!

Our Strategic Direction for Central Hawke's Bay

What we know - Our DNA -



WORKING TOGETHER

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



CUSTOMER EXCELLENCE

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



THINKING SMARTER

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

What we stand for - Our Values -



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

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

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

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



Why we do what we do - Our Purpose -

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



The outcomes we want to achieve - Our Objectives -



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

How we'll reach our outcomes - Our Focus -



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

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Introduction and Overview



Kia ora from the Mayor and Chief Executive

Nau mai

It gives us great pleasure to present to you the Annual Report for 2018/2019.

The Annual Report is an opportunity to reflect on the past financial year and report on the progress Council has made towards achieving the plans that were agreed with the community in the 2018-28 Long Term Plan. The 2018/19 financial year is Year One of the Long Term Plan.

Project Thrive, our strategic framework for transformation and governance, continues to deliver significant transformation for our district. Our journey to excellence was first recognised in the 2018 Local Government Excellence Awards for Best Practice in Governance, Leadership and Strategy, when we were nominated as finalists for our work on Project Thrive. We were also awarded a BB rating by the CouncilMARK™ local government excellence programme in 2018. This external and independent assessment of our progress to date and our priorities for the future, gives us assurance and our community confidence that we are on the right path.

Securing external funding streams to support growth in our district has been a key focus over the last year, and this year our efforts paid well! In June we celebrated a successful application and grant of \$35.5 million from Central Government's Provincial Growth Fund (PGF). Our funding allocation will see the district benefit from a \$20 million transport package alongside \$14.7 million investment in water security initiatives. It also granted \$250k for the development of our first economic development action plan, and \$100k for a partnership project between local iwi and Council to bring the stories of local pa sites back to life. These grants will be received in future years.

Another huge milestone this year was the review of our draft District Plan. Our District Plan is the 'rule book' that

directs how we will use, develop and subdivide our land over the next 10 years. In June and July we asked residents for their views on the draft Plan and received approximately 100 submissions. Informal hearings will take place later this year and the plan is on track to be delivered in 2020.

Planning and developing durable infrastructure to future proof our district and support growth has been another huge focus for us over the last year. We've made some significant progress on our #bigwaterstory, with many projects kicking off in early 2019 including work to build the Otane Alternate Water Supply and upgrades to Water Treatment Plants in Takapau and Porangahau.

Another win for our community was celebrating the opening of the Waipawa and Districts pool in March. Stage Two of this redevelopment is planned for the coming year and we look forward to seeing plans unfold in this space.

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

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

Together we will thrive!

E ora ngatahi ana!



Alex Walker

Alex Walker
Mayor of Central Hawke's Bay



Monique Davidson

Monique Davidson
Chief Executive Officer



Central Hawke's Bay District Council

Key Initiatives and Projects

Measuring our performance is an important part of ensuring that our delivery of services is being managed effectively and that the community's needs are being met or enhanced. A number of significant projects or initiatives were undertaken during this financial year.

Waipukurau, Waipawa and Otane Wastewater Treatment Plants

The Waipukurau and Waipawa Wastewater Treatment Plants were upgraded in 2013 and 2014 to meet new resource consent requirements. Despite supplementary investment, the plants continued to breach consent requirements. In March 2017, Council was prosecuted for breaching E.Coli limits at Waipawa which resulted in a court enforced review of the treatment plant.

At the same time, we received significant complaints regarding odour at the Waipukurau Treatment Plant and continued Ammonia exceedances. As a result an independent review was commissioned for both plants with the resulting report released publicly in November 2017.

The Council commissioned a community reference group and specialist advisers to finalise a robust and sustainable option for these two plants going forward. Seven community reference group meetings, and one Taiwhenua meeting were held over 2018/19 to refine and develop a package of solutions going forward.

In June 2019 the Council endorsed a report outlining a package of solutions, which were put forward in a response to Environment Court Orders for the Waipawa Wastewater Treatment Plant.

The report outlined the process CHBDC followed to develop the proposed solutions including community reference group engagement to develop solution options; significant scientific and engineering research; funding and affordability assessments; interim improvements; and consultation with key stakeholders.

Long term, the community vision for this project is to treat effluent in a sustainable way that creates a resource, protects the environment, and continues to do so for generations to come. The report

recommends a staged approach to delivering this long term solution which will go back out for community consultation as the design, investigation and funding options progress.

The report has been lodged with the environment court, and in the interim, Council focusses on undertaking improvements at the two plants to ensure steps to improve compliance are undertaken whilst the larger project progresses.

The Otane system was added into the wider review in late 2018, and is currently under investigation to understand the feasibility of piping to Waipawa versus upgrading in Otane.

Over the next financial year 2019/20 the Council will continue to progress the investigation and design of the proposed staged upgrades to these networks, whilst developing and progressing funding sources to ensure the upgrades remain as affordable as possible to the community.

Formal consultation is likely to take place in 2020 as the project options are refined and designed to a point where consultation is required for additional funding and before the project can progress to the next steps.

Provincial Growth Fund

In June 2019 the Government announced a funding allocation of \$35.5 million from the Provincial Growth Fund for infrastructure and economic development projects across the district.

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

The PGF investment funding will go accelerate a number of local initiatives including:

- \$20.1 million to upgrade essential economic transport routes leading to State Highway 2 and the Port of Napier.

- \$14.7 million to Hawke's Bay Regional Council for the Tukituki water security project.
- \$350,000 for a feasibility study in CHB to understand additional upgrades and investment requirements to meet High Productivity Motor Vehicle standards on CHB roads.
- \$250,000 for CHBDC to complete an economic development opportunities assessment for the district.
- \$104,764 for Nga Ara Tipuna, a joint project between Te Taiwhenua o Tamatea and the Council that will bring historic pā sites back to life. The project will use installations, signage and digital storytelling to engage locals and visitors, inspiring them to see this landscape in a fresh light.

The Council had been working with the Provincial Development Unit and regional partners over the last year to meet its criteria and expectations for these projects.

The District Plan Review

The District Plan is an important document that provides for change, development and use of the environment in our district, while protecting and safeguarding it for future generations. Our District Plan is the 'rule book' that directs how we will use, develop and subdivide our land over the next 10 years. Required by law, it describes policies, rules and standards to ensure we balance economic and residential growth with protecting Central Hawke's Bay's natural environment for future generations.

It had been some time since the last review of the District Plan so the Council decided a full review would ensure that a revised District Plan is fit for purpose and includes best practice.

Elected members were committed to engaging the community in the development of the draft District Plan before the formal and legal phases of the review begin in 2020. Several public meetings and Hui were held across the district in June and July 2019 to meet with community members and discuss the draft Plan.

Approximately 100 submissions were received on the draft District Plan which commented on a wide range of resource management issues in the document. In November / December 2019 Council will hold informal hearings to provide an opportunity for anyone who made a submission on the draft District Plan to present their submission to an informal hearings panel. Deliberations on all submissions received on the draft District Plan will take place in early 2020. Any necessary amendments will be made to the draft document before it is notified as a Proposed Plan later in 2020.

The review of the District Plan is on track for delivery of a Proposed Plan in 2020. The District Plan review has cost \$467K to date and the extent to which future funding outside that detailed in the Long Term Plan will depend on the requirements following the formal notification of the plan.



#the BIG Water Story

In August 2018 the Council launched its capital programme of works under the umbrella of the #thebigwaterstory.

Since then, our attention and focus has shifted from discussion and consultation to planning and delivery. In late 2018 officers procured, planned and designed numerous projects for the first delivery year of #thebigwaterstory.

In early 2019 the first of our #thebigwaterstory projects kicked off with the renewal of nearly a kilometre of water main in Mackie Street and McLean Terrace, Waipukurau. This was followed by the start of other projects including the water treatment plant upgrades in Takapau and Porangahau. By the end of June 2019, eight physical projects outlined in #thebigwaterstory were underway - many expected to be completed by the end of 2019.

The focus for 2019/20 is on the completion and continued delivery of the following key projects: the Otane Alternate Water Supply; Waipukurau stormwater improvements; Waipukurau water SH2 borefield upgrade; Waipukurau firefighting network improvements; Waipukurau stormwater upgrades; and Waipawa sewer main renewal.

Longer term the Waipukurau second supply and CHB Wastewater Project will continue to develop and progress as we invest in key projects that ensure smart growth, sustainability and provide for generational longer term durable infrastructure for the district.

This programme delivers to ensure that the drinking water, wastewater and stormwater infrastructure is fit for purpose and able to meet the current and future generational needs of the community.



Waipawa and District Centennial Memorial Baths

In late 2017, significant age related defects were identified when old paint work was removed for repainting. Due to the poor condition of the Waipawa and District Centennial Memorial Pool, was closed for the 2017/2018 summer period. Following a strong response from the Central Hawke's Bay community in early 2018, a two stage project was considered as part of the 2018 – 2028 Long Term Plan.

Council approved funding of \$650,000 for Stage One totalling \$1.2 million, underwriting the completion of the installation of a new 25 metre pool and play pool with accessible ramps and new filtration and treatment. In March 2019, Mayor Alex Walker and Bruce Stephenson, Chair of the Pool Project Reference Group officially opened the Waipawa and Districts pool, along with local iwi and over 200 members of the community.

The community funds of \$550,000 to be raised for Stage One by the Community Project Reference Group at the end of the financial year was just shy of this target, but achieved the total in August 2019.

Planning is now underway for Stage Two of the project by the Community Project Reference Group, with consultation with the community on a master plan planned over the summer period.



Council's Strategic Direction

Developing a clear strategic direction for Central Hawke's Bay District Council was a key priority for the new Council. A community-based project to build a long-term view for the district, named "Project Thrive", was undertaken.

Over 250 people attended the 13 community meetings, and we received more than 3500 pieces of feedback from the meetings and online. Our community responses have created a number of initiatives which were considered as part of the Long Term Plan development and also informed the review of the District Plan.

As the development of the Long Term Plan 2018-28 progressed, Council also developed the high level Strategic Plan for the Council including a new Vision and Mission. The outcome of this development has been encapsulated in our Strategic Direction on a page and this can be seen on page 2.

This Strategic Direction helps us stay focused on the wants and needs of the community when we are considering new opportunities or initiatives. It ensures we are keeping the outcomes of Project Thrive right at the centre of everything we do at the Council.

There are a number of the strategies Council identified for development as an outcome of Project Thrive.

External Funding

Accessing external funding to assist with the affordability of capital projects that are included within the Long Term Plan, is a high priority for the Council. Both the Mayor and Chief Executive continue to have conversations with a number of agencies and possible funding partners including Central Government.

Accessing funding from Provincial Growth Fund was a major success for the Council in June 2019. The Council was successful in its funding application for \$35.5 million to support infrastructure and economic development projects across the district.

The development of an External Funding Strategic Framework during the year aims to ensure Council is financially sustainable while at the same time ensuring affordable rates. Work will continue on the implementation of the framework in the coming years.

Community Wellbeing Strategy

Council adopted the Community Wellbeing Strategy in December 2017 and has developed four action plans as part of the delivery of the strategy. The implementation of the action plans form part of the measures for the levels of service for the Economic and Social Development Activity.

Over the next three years, Council will continue to review the Strategic Framework and will be coming to the community for input.

Environmental Strategy

In 2018/19, the Council consulted with the community on the development of its Environmental Strategy. The strategy sets a clear path and targets for the way it will deliver its services. It also identifies further initiatives that may form part of the Council's services in the future.

The strategy has four priority areas: Managing our impact on waterways, increasing recycling and reducing waste to landfill, conserving water and managing climate change.

Economic Development Action Plan

In 2018/19 the Council started developing an Economic Development Plan following \$250K funding from the Provincial Growth Fund.

The Plan identifies 52 targeted actions across seven key focus areas including Water; Transportation; District growth and development; Land use diversification; Business development and attraction; Tourism and; Skills.

Partnerships are recognised as being vitally important for delivering on this Action Plan, as most of the actions will be delivered in partnership with the community, iwi, hapū and marae, local businesses and organisations, Central Government and other councils.

Otane Land Development

CHBDC was proud to collaborate with developers to install a water and wastewater pipeline to serve a new 26 lot development within Otane. The wastewater component involved installation of a new wastewater pump station to pump the load received from the new subdivision to the Otane wastewater pond. Approximately 360 meters of wastewater pipeline was installed along with laterals, manholes and valves.

The water supply component of the project saw the installation of water pipeline, hydrants, valves and laterals to serve the development and support the growth in Otane. Approximately 600 meters of water main was installed along with six valves, two fire hydrants, and 25 new laterals.

The subdivision is now well setup to receive further development as the lots sell and homes are built. The other benefits of this project included allowance for future development on the eastern end of Knorp Street, along with a link into the Otane Alternate Water Supply project, where an additional 180 meters of water main was installed between Dee Street and Higginson Street along White Road. An offtake was left on the corner of Knorp Street and White Road for the Otane Alternate Water Supply pipeline to hook into when it arrives in December 2019.



Storm Damage from Weather Events

Several weather events in June, September and December 2019 severely affected Central Hawke's Bay. These weather bombs brought major road issues with floods, slips, dropouts and fallen trees throughout the entire network. The clean-up was vast.

The Council was lucky enough to be able to call upon various contractors within the area to provide assistance on the permanent roading repairs. Downers, who are the maintenance Contractor for Central Hawke's Bay District Council, dealt with all of the emergency response issues along with many permanent repairs.

The repair costs for these three storm events over the network was approximately \$5.96 million with \$373k funded from the Adverse Events Fund.



Porritt Place Water Renewal

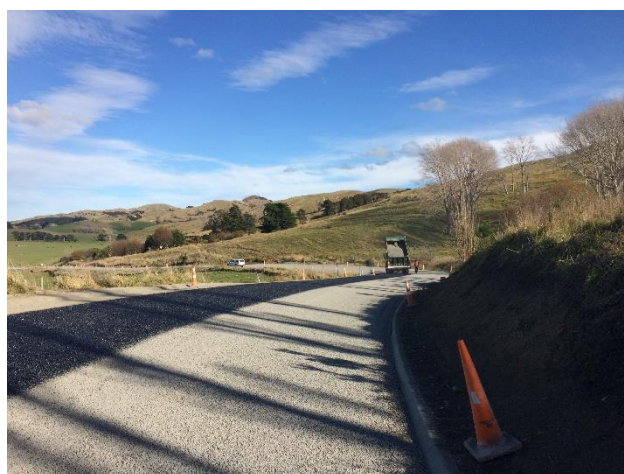
This project was conceived in 2017 through our asset management planning, and ongoing renewal programme, to replace and upgrade approximately 170 metres of aging watermain. The project was completed late January 2019 by Higgins on time and budget and resulted in improved performance in the network and elimination of leaks.



Wimbledon Road Upgrade

Upgrades to 780 metres of Wimbledon Road was rehabilitated in 2018/19 as part of our pavement renewal programme. The contract was won by Higgins and completed in May 2019.

The work also included 285m of new kerb and channel among other drainage improvements.



Financial Performance

This section of the report provides an overview of our financial performance for the year ended 30 June 2019. This overview provides an explanation to our financial statements and notes on pages 80 to 120.

Overall Results

For the financial year Council had a surplus of \$1,429k compared to a budget surplus of \$144k. Overall income was above budget by \$5.5m with total operating expenditure over budget by \$4m. The table and explanations below illustrate this.

Financial Overview

	2018 COUNCIL ACTUAL \$'000	2019 COUNCIL BUDGET \$'000	2019 COUNCIL ACTUAL \$'000
Total Revenue	31,555	30,225	35,754
Operating expenditure	19,674	17,789	22,184
Finance Cost	195	264	173
Other (Gains) and Losses			
Net Surplus/(Deficit) excluding non cash movements	11,686	12,172	13,397
Non Cash Movements			
Depreciation	11,876	12,028	11,946
Other Gains and (Losses)	53	0	22
Net Surplus/(Deficit)	(243)	144	1,429

Explanations

- Subsidies received from NZTA were higher by \$3.9m primarily to cover expenditure for the two flooding events during the 2018/19 year
- Income from Fees and Charges were above budget by \$471k due to increased income from Solid Waste Charges with refuse from out of the district and from Wastewater for trade waste.
- Other Revenue for the year was \$480k higher from Wastewater and donations for the Waipawa and Districts Centennial Memorial Pool upgrade.
- Operating expenditure is above budget due to the following:
 - Higher Personnel Costs of \$373K
 - Land Transport cost for maintenance were higher by \$712k which is offset by a reduction in renewals approved by NZTA
 - Land Transport cost for maintenance were higher by \$1.329m due to the flooding events mainly offset by subsidy from NZTA
 - Economic Development cost for projects were higher by \$301k which is primarily offset from funding from Provincial Growth Fund
 - Solid Waste costs were higher by \$394K including the increase prices for Carbon Credits for extra waste not anticipated
 - Water Supply Costs were higher than budget by \$405K due to increased compliance costs and other remedial work required in the network. This was offset by extra Water Meter Rates of \$42K and savings for loan repayments. The net deficit of \$267K has been loan funded.

Statement of Māori Contribution to Decision-Making

Māori Contribution

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

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

Te Taiwhenua o Tamatea have appointed their Chair, Professor Roger Maaka as their representative at every scheduled ordinary, special, and extraordinary meeting of full Council. This representative does not vote.

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

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

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

Māori Wards

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

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

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

Statement of Compliance and Responsibility

Compliance

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

Responsibility

1. The Central Hawke's Bay District Council and its management accept responsibility for the preparation of the annual Financial Statements and non-financial performance information and the judgements used in them.
2. The Central Hawke's Bay District Council and its management accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting and non-financial performance information.
3. In the opinion of the Central Hawke's Bay District Council and its management the Annual Financial Statements and the results of its operations and the service performance achievements for the year ended 30 June 2019 fairly reflect the financial position of Central Hawke's Bay District Council.



Alex Walker
Mayor



Monique Davidson
Chief Executive

Audit Report



Building a better
working world

INDEPENDENT AUDITOR'S REPORT TO THE READERS OF CENTRAL HAWKE'S BAY DISTRICT COUNCIL'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

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

We are also required to report on:

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

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

We completed our work on 18 October 2018. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 72 to 75 and pages 77 to 102:
 - present fairly, in all material respects:
 - the District Council's financial position as at 30 June 2018;
 - the results of its operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards Reduced Disclosure Regime;
- the funding impact statement on page 76, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Annual Plan;
- the statement of service provision referred to as "Activities" on pages 19 to 64:
 - presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2018, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
 - complies with generally accepted accounting practice in New Zealand; and-
 - the statement about capital expenditure for each group of activities on pages 19 to 64, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's Annual Plan; and
- the funding impact statement for each group of activities on pages 19 to 64, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Annual Plan.

Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 66 to 71, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council's audited information and, where applicable, the District Council's long-term plan and annual plans.

Basis for our opinion on the audited information

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

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

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

Responsibilities of the Council for the audited information

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

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

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

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

Responsibilities of the auditor for the audited information

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

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

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council's Annual Plan or Long Term Plan.

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

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

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the statement of service provision referred to as "Activities" as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant

doubt on the District Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the District Council to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.

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

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 1 to 14, 18, 65 and 103 to 107, but does not include the audited information and the disclosure requirements.

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

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

Independence

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

Other than the audit our report on the disclosure requirements and the audit of the 2018-28 long term plan, we have no relationship with or interests in the District Council.



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

Council Services



Groups of Activities

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

Community Leadership Group



Leadership, Governance and Consultation



Economic and Social Development

Planning and Regulatory Group



District Planning



Building Control



Animal Control



Land Use and Subdivision Consents



Public Health



Compliance and Monitoring

Land Transport Group



Land Transport

Solid Waste Group



Solid Waste

Wastewater (Sewerage) Group



Wastewater (Sewerage)

Water Supplies Group



Water Supplies

Stormwater Group



Stormwater

Recreation and Community Facilities Group



Parks, Reserves and Swimming Pools



Retirement Housing



Theatre, Halls and Museums



Property and Buildings



Public Toilets



Libraries



Cemeteries

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 2018/19?	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, 55% of people considered Council has responded well or very well to community needs and issues. (New target this year)
	100% of formal consultation which follows legislative and policy requirements.	Target Achieved All consultation processes conducted this year followed legislative and policy requirements. (New target this year)
	Every time consultation occurs more than 4 engagement methods are used.	Target Achieved Consultations have included the following channels: <ul style="list-style-type: none"> • Council website • Public meetings • Facebook • Keeping It Central/CHB Mail We continue to explore new opportunities to maximise ways to consult and engage with our community. (New target this year)
	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. (New target this year)
	70% of people who consider that Council has communicated well on Council business.	Target Not Achieved During the Independent Survey in June 56% of people considered Council communicates well about Council business. This is up from 47% in 2018. Council is developing a Communications Strategy to ensure the community stays informed of key information. (New target this year)

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2018/19?	ACHIEVED LEVEL OF SERVICE
	Council meets formally with Taiwhenua o Tamatea at least 4 times a year.	Target Achieved Council is working with Taiwhenua o Tamatea on a range of matters which include social housing, District Plan, Nga Ara Tipuna and the wastewater project. (New target this year)
	100% of documents audited receive an unmodified audit opinion.	Target Achieved The Annual Report for 2017/18 was completed during the year and received an unmodified audit opinion. The 2018/19 audit results are yet to be issued. (New target this year)



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.

This is supported by a local Community Wellbeing Strategy and Youth, Positive Ageing, Safer CHB and Disability Action Plans, which were adopted by Council at the beginning of 2018.

Over the next 12 months, Council will be working to implement this action plan to support the transformation of Central Hawke's Bay.

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

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.

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.

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 2018/19?	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	Target Achieved Council has been an active participant in Matariki. Staff have attended regular Think Hawke's Bay Economic Development Meetings and Regional Provincial Growth Fund meetings. Council now has a regular (weekly) presence at the Business Hub in Ahuriri to increase Central Hawke's Bay visibility. (New target this year)
	Council develops and implements a Community Wellbeing and Economic Development Strategy.	Target Achieved The Community Reference Group meetings of the Community Wellbeing strategy have been held at quarterly intervals throughout the year. The PGF funded Economic Development Strategy is underway and is on track for Council adoption on 20 August. (New target this year)
	40% of the Youth Action Plan that is implemented and achieved.	Target Not Achieved 20% implemented and achieved year to date. While we have undertaken many positive actions, they are not co-ordinated in such a way we can accurately measure the progress. We have developed a method to more accurately measure progress that will be available in the new year. (New target this year)
	40% of the Safer CHB Action Plan that is implemented and achieved.	Target Not Achieved 25% implemented and achieved year to date. While we have undertaken many positive actions, they are not co-ordinated in such a way we can accurately measure the progress. We have developed a method to more accurately measure progress that will be available in the new year. (New target this year)

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2018/19?	ACHIEVED LEVEL OF SERVICE
	40% of the Older Persons Action Plan that is implemented and achieved.	Target Not Achieved 25% implemented and achieved year to date. While we have undertaken many positive actions, they are not co-ordinated in such a way we can accurately measure the progress. We have developed a method to more accurately measure progress that will be available in the new year. (New target this year)
	40% of the Disability Action Plan that is implemented and achieved	Target Not Achieved 25% implemented and achieved year to date. While we have undertaken many positive actions, they are not co-ordinated in such a way we can accurately measure the progress. We have developed a method to more accurately measure progress that will be available in the new year. (New target this year)
	The annual visitor spend increases by \$1m annually.	Target Achieved MBIE's Monthly regional tourism estimates (MRTes) show that in the 12 months to May 2019, Central Hawke's Bay saw \$36.2m of estimated visitor spend, up \$1.8m or 5.1% from the 12 months prior. Whilst the rate of growth has slowed from previous reporting periods for context, the growth rate is slowing everywhere i.e. all of Hawke's Bay during that period was 2.9%, and CHB's growth rate was the highest of the four Hawke's Bay TAs. (New target this year)
	1000 participants in events financially supported by Council.	Target Achieved 3180 participants in 10 events year to date, including the Housing Drop in held in Waipukurau on 11th April and the Waipawa & Districts Memorial Pool Polar Plunge on Sunday 30th June. (New target this year)

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2018/19?	ACHIEVED LEVEL OF SERVICE
	Support the creation of 50 new jobs within the District	<p>Target Not Achieved</p> <p>Council has supported 2 net new jobs within the District year to date.</p> <p>With the support of MSD funding, Council itself has created two new roles supporting in our library services.</p> <p>In 2018/19 officers developed the Economic Development Framework that will deliver the activities to support the creation of new jobs. This has now been adopted by Council. (New target this year)</p>
	70% of the community satisfied with the Economic and Social Development activity of Council.	<p>Target Achieved</p> <p>During the Independent Survey in June, 88% of the community were satisfied with the Council's economic and community development activities. (New target this year)</p>

Funding Impact Statement for the year ending 30 June 2019 for Community Leadership Group

	2018 LONG TERM PLAN \$000	2019 LONG TERM PLAN \$000	2019 ACTUAL \$000
Sources of operating funding			
General rates, uniform annual general charges and rates penalties	781	1,157	1,156
Targeted rates	27	0	0
Subsidies and grants for operating purposes	25	46	288
Fees, charges	0	0	0
Interest and dividends from investments	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding	833	1,203	1,444
Applications of operating funding			
Payments to staff and suppliers	578	938	1,185
Finance costs	0	0	0
Internal charges and overheads applied	255	281	315
Other operating funding applications	0	0	
Total applications of operating funding	833	1,219	1,500
Surplus (deficit) of operating funding	0	(15)	(56)
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding	0	0	0
Applications of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	0	0	0
Increase (decrease) in reserves	0	(15)	(56)
Increase (decrease) of investments	0	0	0
Total application of capital funding	0	(15)	(56)
Surplus (deficit) of capital funding	0	15	56
Funding balance	0	0	0

Income is over budget by \$242K based on the funding from Provincial Growth Fund for Economic Development projects which is reflected in expenditure being over budget by \$247K.

Planning and Regulatory Group



District Planning

What does this activity involve?

Council is required to provide a comprehensive District Plan that meets the needs of the community. The activity's goal is to implement the Resource Management Act 1991. Councils current District Plan is nearly 20 years old and is required to be legally reviewed as a minimum, every ten years.

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 in 2020 following the consideration of submissions received during consultation.

Why are we involved?

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

Community Outcomes that this activity contributes to



What we delivered

LEVEL OF SERVICE TO BE DELIVERS	HOW WILL WE MEASURE OUR SUCCESS IN 2018/19?	ACHIEVED LEVEL OF SERVICE
The District Plan is kept up to date and relevant to the needs of our community – helping us to maintain a well-designed and sustainable district	Review of the District Plan is completed and notified within timeframes	Target Achieved The draft District Plan was adopted by Council in a public excluded meeting on April 10 2019 and released for public submission on 20 May. The period for submissions closed on 15 July 2019. (2018: On Track)



Land Use and Subdivision Consents

What does this activity involve?

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

Council processes resource consent applications and monitors conditions of consent.

Why are we involved?

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

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

Community Outcomes that this activity contributes to



**PROUD
DISTRICT**
HE ROHE POHO KERERŪ



**SMART
GROWTH**
HE TIPU ATAMAI



**PROSPEROUS
DISTRICT**
HE ROHE TŌNUI



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

What we delivered

LEVEL OF SERVICE TO BE DELIVERS	HOW WILL WE MEASURE OUR SUCCESS IN 2018/19?	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 146 resource consents were processed in the year with 87 (60%) processed within the 20-day statutory limit in the reporting period. Resource shortages and dramatic increases in consent volumes lead to the exceedance of time limits in many cases. Most cases where limits were exceeded were only by a number of days. Increased resource in the team and streamlining of some processes are aimed to reduce the number of consents exceeding 20 days in 2019/20. (2018: 69%)
	90% of customers satisfied with the land use and subdivision consent services provided	Target Achieved During the Independent Survey in June, 91% of customers were satisfied with the land use and subdivision consent services provided. (New target this year)



Building Control

What does this activity involve?

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

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

While the activity goals are to ensure that the Building Act is applied with minimal compliance costs and that nuisance or objectionable effects on human health and safety are minimised, changes to the Act have required Council to follow an accreditation process. Over time, the level of performance of a Building 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 2018/19?	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 365 Building Consents were Processed in the year with 362 (99%) 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 coming through the door. New resource in the team has meant that for most of the year the 100% target was met and Council are no longer needing to send consents to external processing companies for support. (New target this year)
	The maintenance of building consent authority accreditation status will be achieved	Target Achieved IANZ Accreditation was achieved in November 2018 for 2 years. The IANZ assessors completed their independent and comprehensive audit and remarked

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2018/19?	ACHIEVED LEVEL OF SERVICE
	90% of customers satisfied with the building consent services provided	<p>on Councils continued progress and exemplary performance in most areas. (New target this year)</p> <p>Target Not Achieved</p> <p>During the independent Annual Resident's Survey in June, 77% of customers were satisfied with the building consent services provided. This is an increase from 71% in the previous reported period and 41% measured in an earlier period. The Building Consents team have focussed on process improvement and effective relationships and communication with industry partners. These will continue to be a focus in 2019/20 to further improve these scores. (New target this year)</p>

Public Health

What does this activity involve?

The Public Health Activity covers the following services –

- Environmental Health – this administers the requirements of statutes and health regulations that cover subjects such as 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 2018/19?	ACHIEVED LEVEL OF SERVICE
The public health process is compliant, efficient and user friendly	100% of food and other premises that are due for inspection in that financial year	<p>Target Not Achieved</p> <p>83 out of the 92 food and other premises that were due to be inspected have been inspected year to date.</p> <p>5 campgrounds were not completed during this timeframe. 1 closed completely and 2 were closed until summer. All campgrounds will be inspected in the summer to ensure we achieve our target going forward.</p> <p>4 food premises were not completed in this timeframe.</p> <p>(2018: 94% of environmental health and 60% of liquor inspections)</p> <p>To ensure that we complete all inspections on time, we have created an efficient tracking system.</p>
	100% of premises that do not meet minimum standards, will have a corrective plan put in place to help them within 10 working days	<p>Target Achieved</p> <p>There were no corrective plans required to be established this year. (New target this year)</p>
	100% of Complaints received are responded to within 3 working days.	<p>Target Achieved</p> <p>23 complaints received during the year. 100% of complaints responded to within 3 working days' year to date. (New target this year)</p>
	95% of customers satisfied with the public health services delivered	<p>Target Not Achieved</p> <p>During the independent Annual Resident's Survey in June, 91% of customers were satisfied with the public health services delivered. This is a considerable improvement compared with 66% from the 2017/18 year. We are continuing to focus on delivering services that add value to the community in the public health space. (New target this year)</p>



Animal Control

What does this activity involve?

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

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

Why are we involved?

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

This activity ensures that:

- Dog owners are held responsible for their pets and do not cause a nuisance to people and property.
- 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 2018/19?	ACHIEVED LEVEL OF SERVICE
Excellent customer service is provided to our customers and the animal control activity minimises nuisance and makes our community a safer place to live	95% of known dogs registered	Target Achieved 97.7% of known dogs were registered in the 2018-19 year. 5211 dogs have been registered out of a total of 5330. (2018: 99.25%)
	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 67 requests for service were received. Of those, 48 were stock complaints and 19 were attacks. (New target this year)
	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. (2018: 100%)
	90% of users satisfied with the Animal Control service provided	Target Not Achieved During the independent Annual Residents Survey in June, 85% of users were satisfied with the Animal Control service provided. This is an increase of 6% from last year's result of 79%. We are continuing to work on being proactive in the community to raise the profile of our Animal Services team. (New target this year)



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 2018/19?	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 100% of owners, or their agents, were advised that their BWOFF had lapsed within one month of expiry year to date. (New target this year)
	100% of PIMs, LIMs, and CCCs issued within the statutory timeframe	Target Not Achieved 1 PIMS, 101 LIMS and 242 CCCs were issued this year. 99.56% of PIMS, LIMS and CCCs issued within the statutory timeframe year to date. One CCC was issued over time as it was an old building consent and the applicant had been delayed in applying. (New target this year)

Respond to 100% of complaints about non-compliance with bylaws within 3 days	<p>Target Not Achieved</p> <p>170 complaints received year to date. 86% of complaints responded to within 3 working days year to date. A number of the non-compliance issues have been complex in nature. A process has been put in place to ensure that going forward there is a focus on ensuring that all requests are responded to within 3 days. (New target this year)</p>
100% of resource consents monitored within two years of being issued	<p>Target Achieved</p> <p>100% resource consents are being monitored within two years of being issued. 1 resource consent is required to be actively monitored. (New target this year)</p>
90% of users satisfied with the Compliance and Monitoring service provided	<p>Target Achieved</p> <p>During the independent Annual Residents Survey in June, 91% of users were satisfied with the Compliance and Monitoring service provided. (New target this year)</p>

Funding Impact Statement for the year ending 30 June 2019 for Planning and Regulatory Group

	2018 LONG TERM PLAN \$000	2019 LONG TERM PLAN \$000	2019 ACTUAL \$000
Sources of operating funding			
General rates, uniform annual general charges and rates penalties	1,061	721	721
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees, charges	715	1,043	1,065
Interest and dividends from investments	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	10	21	13
Total operating funding	1,786	1,785	1,798
Applications of operating funding			
Payments to staff and suppliers	1,393	1,298	1,731
Finance costs	0	2	0
Internal charges and overheads applied	383	481	539
Other operating funding applications	0	0	0
Total applications of operating funding	1,776	1,781	2,271
Surplus (deficit) of operating funding	10	4	(472)
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	78	97
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding	0	78	97
Applications of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	10	82	0
Increase (decrease) in reserves	0	0	(375)
Increase (decrease) of investments	0	0	0
Total application of capital funding	10	82	(375)
Surplus (deficit) of capital funding	(10)	(4)	472
Funding balance	0	0	0

Fees & Charges were above budget with an increase in resource consents income. The increase in expenditure is primarily from the District Plan Review of \$415K which was covered by carry forwards from previous year of \$339K, savings in other activities within Planning and Regulatory of \$61k and an increase in the budgeted loan of \$15k.

Land Transport Group



Land Transport

What does this activity involve?

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

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

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

Why are we involved?

Community Outcomes that this activity contributes to



MAJOR CONTRACTS COMPLETED DURING THE YEAR 2018/19	TOTAL
Emergency Re-instatement	\$5,963,240
Pourerere Road Retaining Walls	\$401,902
Wimbledon Road AWPT	\$496,293
Re-seal Programme	\$1,441,990

Key achievements during the year

- a) Procurement of the Professional Services Contract and award to Stantec
- b) Development and adoption of the Dust Suppression Policy
- c) Development and adoption of the Footpath Policy
- d) The build of new footpaths in Otane and Waipawa
- e) An announcement of \$20.1M PGF funding to upgrade Porangahau and Wimbledon Roads
- f) Completion of major network repairs following two significant weather events late in 2018

What we delivered

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2018/19?	ACHIEVED LEVEL OF SERVICE
The provisions of a safe and secure local roading network that meets the needs of our community	Reduce fatalities and serious injury crashes on the local road network to 0	Target Not Achieved 1 fatalities and 4 serious injury crashes were recorded within the reporting period. In reviewing the crash reports road factors (excluding weather) were not the main contributing factor in the crashes. (2018: reducing trend)
	85-90% quality of ride on a sealed local road network, measured by smooth travel exposure	Target Achieved 95.9% of average quality of ride on a sealed local road network, measured by smooth travel exposure. (New target this year)
	At least 20% of the footpaths in excellent condition and no more than 10% of the footpaths in poor condition measured annually	Target Achieved Of Councils total 69.8 kilometres of footpaths, 75% were assessed as excellent and 6% assessed as poor. (2018: 74.7% and 6.4% respectively)
	6-8% of the sealed local road network that is resurfaced	Target Achieved 52 km of resealing was completed in the year. This equates to 6% of the sealed road network. (2018: 7.9%)
	100% of customer service requests relating to road and footpaths to which the territorial authority responds within 3 working days	Target Not Achieved 87.5% of customer service requests relating to road and footpaths were responded to within the targeted 3 days. Changes to the RFS system and the response processes will ensure that the team have every chance of meeting the target in 2019/20. (New target this year)
	90% of users satisfied with the roading service provided	Target Not Achieved During the independent Annual Residents Survey in June, 78% of residents indicated they were satisfied with the roading service provided. Through the procurement of new contracts, the upgrade of AMPs and a focus on communication

and engagement, it is anticipated that this score will improve in 2019/20. (New target this year)

Funding Impact Statement for the year ending 30 June 2019 for Land Transport Group

	2018 LONG TERM PLAN \$000	2019 LONG TERM PLAN \$000	2019 ACTUAL \$000
Sources of operating funding			
General rates, uniform annual general charges and rates penalties	6,250	6,426	6,431
Targeted rates	59	0	0
Subsidies and grants for operating purposes	1,969	2,483	4,110
Fees, charges	14	18	36
Interest and dividends from investments	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	142	159	174
Total operating funding	8,434	9,086	10,751
Applications of operating funding			
Payments to staff and suppliers	3,735	4,488	6,468
Finance costs	5	0	0
Internal charges and overheads applied	985	1,163	1,508
Other operating funding applications	0	0	0
Total applications of operating funding	4,725	5,651	7,976
Surplus (deficit) of operating funding	3,709	3,435	2,775
Sources of capital funding			
Subsidies and grants for capital expenditure	4,501	4,387	6,701
Development and financial contributions	0	3	3
Increase (decrease) in debt	(54)	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding	4,447	4,390	6,704
Applications of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	299	300	224
- to replace existing assets	7,657	7,509	10,020
Increase (decrease) in reserves	200	16	(765)
Increase (decrease) of investments	0	0	0
Total application of capital funding	8,156	7,825	9,479
Surplus (deficit) of capital funding	(3,709)	(3,435)	(2,775)
Funding balance	0	0	0

Income from Subsidies and Grants increased primarily due to the NZTA subsidy paid for the flooding events during the year.

Operating expenditure is above budget due to costs for maintenance being higher by \$712k which is offset by a reduction in renewals approved by NZTA. Costs for maintenance were higher by \$1.329m due to the flooding events mainly offset by subsidy from NZTA.

Solid Waste Group



Solid Waste

What does this activity involve?

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

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

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 2018/19?	ACHIEVED LEVEL OF SERVICE
Council supports and provides incentives for waste reduction, reuse and recycling in line with its Waste Management & Minimisation Plan	1500 tonnes of recyclables through the centre each year	Target Achieved 1662.71 tonnes of recyclables through the centres year to date. (New target this year)
	2,250m3 of greenwaste composted each year	Target Achieved 2585.50 m3 of green waste composted year to date. (New target this year)
	75% of schools participating in waste minimisation programmes	Target Achieved 94.4% of schools participating in waste minimisation programmes. (New target this year)
	Hold 4 waste minimisation promotional events in the District	Target Achieved 4 waste minimisation events were held during the year. (New target this year)
	90% of users satisfied with the solid waste service provided	Target Not Achieved During the independent Annual Residents Survey in June, 81% of users were satisfied with the solid waste service provided. The WMMP exercise and Environmental Strategy have raised an awareness for improved communication and engagement and it is believed that a focus in this area will improve this score in 2019/20. (New target this year)

Funding Impact Statement for the year ending 30 June 2019 for Solid Waste Group

	2018 LONG TERM PLAN \$000	2019 LONG TERM PLAN \$000	2019 ACTUAL \$000
Sources of operating funding			
General rates, uniform annual general charges and rates penalties	1,331	1,163	1,193
Targeted rates	237	231	232
Subsidies and grants for operating purposes	43	52	53
Fees, charges	944	1,107	1,379
Interest and dividends from investments	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding	2,555	2,553	2,857
Applications of operating funding			
Payments to staff and suppliers	1,904	1,861	2,255
Finance costs	134	94	89
Internal charges and overheads applied	293	340	444
Other operating funding applications	0	0	0
Total applications of operating funding	2,331	2,295	2,789
Surplus (deficit) of operating funding	224	258	69
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	(84)	78	(103)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding	(84)	78	(103)
Applications of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	89	277	156
Increase (decrease) in reserves	51	59	-191
Increase (decrease) of investments	0	0	0
Total application of capital funding	140	336	(35)
Surplus (deficit) of capital funding	(224)	(258)	(69)
Funding balance	0	0	0

The income from fees and charges was higher than budgeted from waste from outside the district by \$102K and in district by \$80K. Income for Carbon Credits was also over budget by \$90K. Operational Expenditure was over budget by \$394K including Carbon Credit expenses of \$213K due increases in carbon credit costs

for the extra waste not anticipated. This was funded from additional income held from previous years of \$144K.

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, Waipukurau, Takapau, Porangahau, Te Paerahi and Kairakau. Non potable water is also supplied to the Pourerere Camping Ground and toilet block.

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

Significant advancements are being made across all supplies through improved processes and risk management practices guided by regulation as set out under the Water Safety Plan framework. Council continues to face heavy compliance requirements and is working actively with the regulator (DHB) to improve compliance and reporting in all aspects. Physical works have been completed at Councils larger supply treatment plants with Porangahau and Takapau scheduled for upgrades in 2019. The focus for Council through 2019/20 remains on process and documentation improvement.

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 2018/19?	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)	<p>Target Not Achieved</p> <p>For clarify 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>100% (2018: 100%)</td></tr><tr><td>Waipawa</td><td>100% (2018: 100%)</td></tr><tr><td>Waipukurau</td><td>100% (2018: 100%)</td></tr><tr><td>Takapau</td><td>100% (2018: 100%)</td></tr><tr><td>Kairakau</td><td>100% (2018: 100%)</td></tr><tr><td>Porangahau</td><td>100% (2018: 100%)</td></tr></table> <p>Treatment</p> <table><tr><td>Otane</td><td>0% (2018: 0%)</td></tr><tr><td>Waipawa</td><td>0% (2018: 0%)</td></tr><tr><td>Waipukurau</td><td>0% (2018: 0%)</td></tr><tr><td>Takapau</td><td>100% (2018: 100%)</td></tr><tr><td>Kairakau</td><td>0% (2018: 0%)</td></tr><tr><td>Porangahau</td><td>100% (2018: 0%)</td></tr></table> <p>Treatment in Takapau and Porangahau complied due to the secure bore status. In all other supplies there was an issue identified with data capture interval (5 minutes rather than the required 1 minute) This has now been rectified.</p>	Otane	100% (2018: 100%)	Waipawa	100% (2018: 100%)	Waipukurau	100% (2018: 100%)	Takapau	100% (2018: 100%)	Kairakau	100% (2018: 100%)	Porangahau	100% (2018: 100%)	Otane	0% (2018: 0%)	Waipawa	0% (2018: 0%)	Waipukurau	0% (2018: 0%)	Takapau	100% (2018: 100%)	Kairakau	0% (2018: 0%)	Porangahau	100% (2018: 0%)
	Otane	100% (2018: 100%)																								
	Waipawa	100% (2018: 100%)																								
Waipukurau	100% (2018: 100%)																									
Takapau	100% (2018: 100%)																									
Kairakau	100% (2018: 100%)																									
Porangahau	100% (2018: 100%)																									
Otane	0% (2018: 0%)																									
Waipawa	0% (2018: 0%)																									
Waipukurau	0% (2018: 0%)																									
Takapau	100% (2018: 100%)																									
Kairakau	0% (2018: 0%)																									
Porangahau	100% (2018: 0%)																									
	100% of all potable supplies comply with Part 5 of the drinking water standards (protozoal compliance criteria)	<p>Target Not Achieved</p> <p>Otane – Not compliant Waipawa – Not compliant Waipukurau– Not compliant Takapau – Not compliant Kairakau – Not compliant Porangahau – Not compliant</p> <p>Target On Track for 2020</p> <p>Achieving protozoal compliance is on track for 2020 with the installation of new treatment and monitoring equipment. Through 2018/19 the primary challenges with meeting the drinking water standards was issues with online monitoring equipment. These issues have been resolved. (2018: all networks not compliant)</p>																								
	30% of real water loss from the local authority’s networked reticulation system	<p>Target Not Achieved</p> <p>Sufficient information has not been available to accurately measure real water loss in the period. New equipment is being installed including in-line flow meters that will allow an accurate estimation of water losses for future reporting. (New target this year)</p>																								

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2018/19?	ACHIEVED LEVEL OF SERVICE
	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 31 minutes (2018: 15 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 hours 52 minutes (2018: 3 hours 53 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 4 hours and 43 minutes (2018: 5 hours 20 mins)
	Resolution of non-urgent call outs: 72 hours from the time that the Local Authority receives notification to the time the service personnel confirm resolution of the fault or interruption	Target Achieved The median resolution time for year to date is 25 hours 23.5 minutes (2018: 21 hours 39 mins)
	≤ 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 14 complaints per 1,000 connected customers were received in the period. A total of 58 complaints were received against a total of 4,073 connections. The complaints primarily related to water taste and colour and are from known problem areas that are being addressed through significant capital investment in treatment and reticulation infrastructure. This work is currently physically in progress with two major treatment plant upgrades underway. It is anticipated that this work, plus improvements in contractor response time, will greatly reduce the number of complaints in the next year. (2018: 0)
	≤1.80m3 average consumption of drinking water per day per water connection	Target Achieved 1.56 m ³ average consumption of drinking water per day per connection year to date (2018: 1.68m ³)

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2018/19?	ACHIEVED LEVEL OF SERVICE
	90% of users satisfied with the water supply service provided	<p>Target Not Achieved</p> <p>During the independent Annual Residents Survey in June, 82% of users were satisfied with the water supply service provided. The score is similar and within the margin of error of last years score (81%). Responsiveness to leaks and communication with residents during repairs are targeted areas for improvement in 2019/20 to improve this score. (New target this year)</p>

Funding Impact Statement for the year ending 30 June 2019 for Water Supplies Group

	2018 LONG TERM PLAN \$000	2019 LONG TERM PLAN \$000	2019 ACTUAL \$000
Sources of operating funding			
General rates, uniform annual general charges and rates penalties	0	0	0
Targeted rates	2,725	2,804	2,846
Subsidies and grants for operating purposes	0	0	0
Fees, charges	0	0	6
Interest and dividends from investments	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding	2,725	2,804	2,853
Applications of operating funding			
Payments to staff and suppliers	1,141	1,195	1,601
Finance costs	194	199	96
Internal charges and overheads recovered	596	508	569
Other operating funding applications	0	0	0
Total applications of operating funding	1,931	1,902	2,267
Surplus (deficit) of operating funding	794	902	586
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	25	5	177
Increase (decrease) in debt	(253)	3,836	537
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding	(228)	3,841	714
Applications of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	591	4,593	1558
Increase (decrease) in reserves	(25)	150	(258)
Increase (decrease) of investments	0	0	0
Total application of capital funding	566	4,743	1,300
Surplus (deficit) of capital funding	(794)	(902)	(586)
Funding balance	0	0	0

Payment to Staff and Suppliers was above budget by \$406K 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 \$103K due to the reduction on loans drawn this year and increased revenue from Water Meter Rates of \$42K. The \$266K shortfall was loan funded over the next 10 years.

The following details the \$3.035m underspend of capital compared to budget and the funding of the expenditure:

PROJECT	YEAR	LONG TERM PLAN BUDGET \$'000	TOTAL \$'000	CURRENT YEAR RENEWAL \$'000	CURRENT YEAR LOAN \$'000	LOAN APPROVED DURING YEAR \$'000	CARRY FORWARDS \$'000	LOANS CARRIED FORWARD \$'000	DEV CONT \$'000	STATUS	COMPLETION DATE
Otane Alternate Supply	2019	1,023	142		117				25	Build	Jun-20
Otane Land Development Upgrade	2018		84						84	Complete	
Takapau Treatment Improvements	2019	767	186		184				2	Build	Oct-19
Porangahau Treatment Upgrades	2017		180				180			Build	Oct-19
Waipukurau Second Supply	2018	2,046	118		92				26	Design	Jun-21
Waipukurau Fire Fighting Improvements & Shortfalls in Reticulation Year 1-3	2019	307	52	52						Build	Jun-21
Waipukurau UV Treatment Upgrades	2016		59	55						4	Complete
Waipukurau Porritt Place Upgrade	2017		64	7			57			Complete	
Waipukurau SH2 Pump Station Upgrade	2017		148				148			Design	Dec-19
Waipukurau Peel Street Main Replacement	2018		7	4			3			Complete	
Waipukurau Main Upgrade to Mackie, McLean, McCarthy and Mt View St	2019		354	241			113			Build	Aug-19
Other Minor Projects	2019	449	164	142			22				
Total		4,592	1,558	501	393	0	523	0	140		
Budget			4,592	603	3,990						
Difference			(3,035)	(102)	(3,596)	0	523	0	140		

The unspent renewal funding of \$102K less funding used for Firefighting Modelling of \$23K will be carried forward to next year for completion of current projects. Unspent renewals from prior years of \$259K will also be carried forward to total \$338K.

The following loans have been carried forward for completion of the projects in 2019/20

ACTIVITY	AMOUNT	COMMENT
Otane Alternative Water Supply	821,941	\$563,400 was included in Annual Plan 2019/20 and \$258,451 will be added to 2019/20 to complete the project
Takapau Water Treatment Upgrade	495,891	To complete project
Waipukurau Shortfalls and Firefighting	153,450	To complete project
Waipukurau Second Supply	1,953,919	\$1,534,500 was moved to 2020/21 during the Annual Plan process and \$419,419 will be added to 2019/20 to complete the project
State Highway 2 Pump Station Upgrade	324,750	To complete project

Wastewater (Sewerage) Group



Wastewater (Sewerage)

What does this activity involve?

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

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

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

A Comprehensive Asset Management Plan has been compiled to include all wastewater systems.

Council continues to face significant challenges to improve its two largest (Waipawa and Waipukurau) wastewater treatment plants. Council took these challenges head on in 2017/18 with the formalisation of a project to review and upgrade the plants. Acknowledging what will be a length consultation, design and build process, Council spent time in 2018/19 engaging with the community, with wastewater experts and with the regulator to determine a long term solution for the plants that meets community, consent and affordability outcomes. A package of solutions has been developed as preferable and will be formally consulted on with the community before construction of new or upgraded plants commences.

Why are we involved?

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

Community Outcomes that this activity contributes to



What we delivered

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2018/19?	ACHIEVED LEVEL OF SERVICE
The sewerage system is convenient, safe and reliable	≤10 of dry weather sewerage overflows (per 1000 connections to the total sewerage system)	Target Achieved 0.58 dry weather sewerage overflows (per 1000 connections to the total sewerage system) year to date. (2018:3.17) There are currently 3463 sewerage connections to the total sewerage systems.
	≤30 of total sewerage overflows (per 1000 connections to the total sewerage system)	Target Achieved 1.16 sewerage overflows (per 1000 connections to the total sewerage system) year to date. (2018: 4.33) There are currently 3463 sewerage connections to the total sewerage systems.
	Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the	Target Achieved All requirements listed below were achieved within the reporting period for Councils wastewater systems.
	number of:	0 abatement notices (2018:0)
	0 abatement notices	0 infringement orders (2018:0)
	0 infringement orders	0 enforcement orders (2018:0)
	0 enforcement orders and	0 convictions, received by the territorial authority (2018:0)
	0 convictions, received by the territorial authority	
	≤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 22 minutes (2018: 55 mins)
	≤ 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 1 hour 54 minutes (2018: 2 hours 16 mins)

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2018/19?	ACHIEVED LEVEL OF SERVICE
	<p>≤ 10 number of complaints received per annum per 1000 sewerage connections about any of the following:</p> <p>Sewage odour, Sewerage system faults, Sewerage system blockages or Council's response to issues with its sewerage systems.</p>	<p>Target Achieved</p> <p>0 complaints received per 1000 sewerage connections year to date.</p> <p>There are currently 3463 sewerage connections to the total sewerage systems. (2018: 80.56 complaints per 1000 sewage connections)</p>
	<p>90% of users satisfied with the wastewater service provided</p>	<p>Target Achieved</p> <p>During the independent Annual Residents Survey in June, 93% of those surveyed were satisfied with the wastewater service provided. (New target this year)</p>

Funding Impact Statement for the year ending 30 June 2019 for Wastewater (Sewerage) Group

	2018 LONG TERM PLAN \$000	2019 LONG TERM PLAN \$000	2019 ACTUAL \$000
Sources of operating funding			
General rates, uniform annual general charges and rates penalties	0	0	0
Targeted rates	2,979	3,101	3,100
Subsidies and grants for operating purposes	0	0	0
Fees, charges	157	235	417
Interest and dividends from investments	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	200
Total operating funding	3,136	3,336	3,718
Applications of operating funding			
Payments to staff and suppliers	1,060	1,309	1,496
Finance costs	616	552	531
Internal charges and overheads recovered	494	508	569
Other operating funding applications	0	0	0
Total applications of operating funding	2,170	2,369	2,596
Surplus (deficit) of operating funding	966	967	1,121
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	76	10	177
Increase (decrease) in debt	423	661	(377)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding	499	671	(199)
Applications of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	736	0	0
- to replace existing assets	653	1,607	507
Increase (decrease) in reserves	76	31	415
Increase (decrease) of investments	0	0	0
Total application of capital funding	1,465	1,638	922
Surplus (deficit) of capital funding	(966)	(967)	(1,121)
Funding balance	0	0	0

Payment to Staff and Suppliers was above budget by \$187K and included expenditure required for investigation into Waipawa and Waipukurau Wastewater Treatment options. This was offset increased Trade Waste Charge income of \$183K.

The following details the \$1.1m underspend of capital compared to budget and the funding of the expenditure:

PROJECT	YEAR	LONG TERM PLAN BUDGET \$'000	TOTAL \$'000	CURRENT YEAR RENEWAL \$'000	CURRENT YEAR LOAN \$'000	LOAN APPROVED DURING YEAR \$'000	CARRY FORWARDS \$'000	LOANS CARRIED FORWARD \$'000	DEV CONT \$'000	STATUS	COMPLETION DATE
Otane Treatment Upgrade	2019	512	91	66			26			Investigation	
Otane Resource Consent Extension	2019		10		10					Complete	
Otane WWTP I&I Study	2019		24		24					Build	
Otane Land Development	2018		148	77						71 Complete	
Takapau Treatment Upgrade	2019	307	0							Delayed	Jun-21
Takapau Resource Consent	2018		10					10		Part 1 Complete	Jun-21
Waipukurau Main Trunk Renewal	2019	512	118	105					13	Build	Jun-20
Other Minor Projects	2019	277	105	99			6				
Total		1,607	507	347	34	0	32	10	84		
Budget			1,607	533	1,074						
Difference			(1,100)	(186)	(1,040)	0	32	10	84		

The unspent renewal funding of \$186K less funding used for minor operational maintenance of \$15K will be carried forward to next year for completion of current projects. Unspent renewals from prior years of \$182K will also be carried forward to total \$354K.

The following loans have been carried forward for completion of the projects in 2019/20

ACTIVITY	AMOUNT	COMMENT
Takapau Resource Consent	70,524	\$50,000 was included in Annual Plan 2019/20 and \$20,524 will be added to 2019/20 to complete the project
Takapau Treatment Upgrade	306,900	\$306,900 was included in Annual Plan 2019/20
Waipawa Main Trunk Renewal	301,984	To complete project

Otane Treatment Plant Upgrade	1,022,490	\$1,022,490 was included in Annual Plan 2019/20
Otane Resource Consent Extension	30,252	To complete project
Otane WWTP I&I Study	55,688	To complete project

Storm Water Group



Stormwater

What does this activity involve?

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

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

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

Why are we involved?

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

Community Outcomes that this activity contributes to



What we delivered

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2018/19?	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 1000 properties connected to the territorial authority's stormwater system.)	Target Achieved 0 habitable floors affected in flooding events year to date (per 1000 properties connected) (2018: 0) There are currently 2979 storm water connections to the networked reticulation system.

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2018/19?	ACHIEVED LEVEL OF SERVICE
	<p>Compliance with the territorial authority's resource consents for discharge from its stormwater system measured by the number of:</p> <p>abatement notices 0 infringement orders 0 enforcement orders 0; and successful prosecutions, received by the territorial authority in relation to those resource consents 0</p>	<p>Target Achieved</p> <p>All requirements listed below were achieved within the reporting period for Councils stormwater systems.</p> <p>abatement notices: 0 infringement orders: 0 enforcement orders: 0 successful prosecutions, received by the territorial authority in relation to those resource consents: 0 (New target this year)</p>
	<p>≤2hr median response time to attend a flooding event, measured from the time that the territorial authority receives notification to the time that service personnel reach the site.</p>	<p>Target Achieved</p> <p>The median response time year to date is 20 minutes (2018: 107 mins)</p>
	<p>≤ 5 complaints received about the performance of the stormwater system (expressed per 1000 properties connected to the stormwater system)</p>	<p>Target Achieved</p> <p>0 complaints received per 1000 stormwater connections year to date. (2018: 0) There are currently 2979 storm water connections to the networked reticulation system.</p>
	<p>90% of users satisfied with the stormwater service provided</p>	<p>Target Not Achieved</p> <p>During the independent Annual Residents Survey in June, 85% of users were satisfied with the stormwater service provided. The score is a decrease but within the margin of error of last years score (87%). As Council progress with initiatives as part of compliance to our new Stormwater Resource Consent, there will be opportunities to engage with the community and key Stormwater stakeholders. It is intended that this will improve this score in 2019/20. (New target this year)</p>

Funding Impact Statement for the year ending 30 June 2019 for Storm Water Group

	2018 LONG TERM PLAN \$000	2019 LONG TERM PLAN \$000	2019 ACTUAL \$000
Sources of operating funding			
General rates, uniform annual general charges and rates penalties	0	0	0
Targeted rates	494	752	754
Subsidies and grants for operating purposes	0	0	0
Fees, charges	0	0	0
Interest and dividends from investments	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	16
Total operating funding	494	752	771
Applications of operating funding			
Payments to staff and suppliers	157	335	235
Finance costs	12	41	5
Internal charges and overheads recovered	105	165	185
Other operating funding applications	0	0	0
Total applications of operating funding	274	541	425
Surplus (deficit) of operating funding	220	211	346
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	6	0	1
Increase (decrease) in debt	(9)	450	97
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding	(3)	450	99
Applications of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	211	676	236
Increase (decrease) in reserves	6	(15)	209
Increase (decrease) of investments	0	0	0
Total application of capital funding	217	661	444
Surplus (deficit) of capital funding	(220)	(211)	(346)
Funding balance	0	0	0

Operational expenditure was lower than budget due to AMP work being delayed of \$71K and other savings across the activity of \$48K totalling \$119K. The operational surplus has been carried forward to 2019/20 for AMP Work and Stormwater Resource Consent action plan.

The following details the \$440k underspend of capital compared to budget and the funding of the expenditure:

PROJECT	YEAR	LONG TERM PLAN BUDGET \$'000	TOTAL \$'000	CURRENT YEAR RENEWAL \$'000	CURRENT YEAR LOAN \$'000	LOAN APPROVED DURING YEAR \$'000	CARRY FORWARDS \$'000	RESERVES \$'000	DEV CONT \$'000	STATUS	COMPLETION DATE
Waipukurau CBD improvements	2019	614	0								
Waipukurau Francis St Helicoil Upgrade	2019		91				70	22			
Waipukurau Savage Carpenter Churchill St Improvements	2019		30		30						
Waipukurau Service Land Overflow	2018		48		46				1		
Waipukurau Woburn/Wilder Improvements	2019		29		29						
Waipukurau Jellicoe to Travistock Helicoil Reline	2018		5				5				
Other Minor Projects	2019	62	32	31			1				
Total		676	236	31	106	0	76	22	1		
Budget			676	215	460						
Difference			(440)	(184)	(355)	0	76	22	1		

The unspent renewal funding of \$184K will be carried forward to next year for completion of current projects. Unspent renewals from prior years of \$208K will also be carried forward to total \$392K.

The following loans have been carried forward for completion of the projects in 2019/20

ACTIVITY	AMOUNT	COMMENT
Waipukurau Savage Carpenter Churchill Improvements	248,439	To complete project
Waipukurau Service Land Overflow	85,364	To complete project
Waipukurau Woburn/Wilder Improvements	20,857	To complete project

Recreation and Community Facilities Group



Parks, Reserves and Swimming Pools

What does this activity involve?

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

We do it by:

- Maintaining 48 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
- Supporting the Central Hawke's Bay Community Trust, which owns and operates the A W Parsons Heated pool in Waipukurau
- 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:

- **Sport Hawke's Bay** – for promotion of sport and leisure
- **Forest Gate Domain Committee** – to mow the Domain
- **Takapau Recreation Ground Committee** – operational grant
- **Lindsay Bush Reserve** – maintained by Forest and Bird.

Why are we involved?

The provision of Recreation and Community Facilities is attractive to both current residents and potential residents considering relocation to the Central Hawke's Bay District. Visually appealing public spaces add to the character of the District and are a source of civic pride and attraction to visitors.

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

Community Outcomes that this activity contributes to



What we delivered

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2018/19?	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 Achieved 100% of monthly safety checks on playground equipment were carried out during the year. (New target this year)
	65% of people have used or visited a park or reserve in the last 12 months	Target Achieved During the independent Annual Residents Survey in June, 81% said they used/visited parks & reserves in the last twelve months. (New target this year)
	90% of people that are satisfied with the park or reserve used or visited in the last 12 months	Target Achieved During the independent Annual Residents Survey in June, 94% of residents (who use this service) were satisfied with the parks & reserves visited in the last twelve months. (New target this year)
Access to good quality swimming pool facilities for fun, recreation and exercise	75,000 of A W Parsons pool users	Target Achieved 75,493 swimmers used the complex. This does not include spectators or other visitors to the complex. (New target this year)
	3,000 of Waipawa pool users	Target Not Achieved A total of 2881 pool users for the 2018/19 year was recorded. (New target this year) Following the upgrade to the pool complex during 2018/19, the pool was opened in March 2019, at the end of the summer season.
	Both pools to achieve compliance with the lifeguard pool safety standard requirements	Target Not Achieved Waipawa Pool complied with pool safety standards. (New target this year) 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 Not Achieved During the independent Annual Residents Survey in June, 90% of users were satisfied with the swimming pools, being specifically the Waipawa Pool, which is a major increase from the 2018 score of 79%. (New target this year)



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 for freedom camping.

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 Post Officer Corner Railway Esplanade Russell Park Russell Park Sports Field Waipawa Cemetery 	<ul style="list-style-type: none"> Aramoana Beach & Blackhead Beach Kairakau Beach Camp Ground Kairakau Beach Northern Pourerere Beach Pourerere portaloos (Christmas holidays only) Te Paerahi changing shed Te Paerahi freedom camping area White Domain – Porangahau

Why are we involved?

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

Community Outcomes that this activity contributes to



What we delivered

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2018/19?	ACHIEVED LEVEL OF SERVICE
Facilities are clean, safe, in good working order and meet the needs of our community & visitors	90% of the public satisfied with the cleanliness and provision of public toilets	<p>Target Not Achieved</p> <p>During the independent Annual Residents Survey in June, 87% were satisfied in comparison with 91% in the 2018/19.</p> <p>Council is implementing a continuous improvement program including items such as upgrading lighting in the Bogle Brothers Esplanade toilets. (New target this year)</p>



Retirement Housing

What does this activity involve?

Retirement housing is provided for people aged 60 and over.

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

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

Why are we involved?

The activity is provided to fulfil a need for safe and affordable housing for Central Hawke's Bay residents aged 60 and over.

Community Outcomes that this activity contributes to



What we delivered

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2018/19?	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. (2018: 100%)
	80% of Tenants' overall satisfaction with Council's Retirement Housing service	Target Achieved A tenant's survey was distributed in April. 100% of returned surveys (54%) indicated that residents were either 'satisfied' or 'very satisfied'. (New target this year)



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 also in a Council owned building in Waipukurau.

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 collections, children and youth sections, magazines, large print, talking books
- DVDs and interloans
- free broadband internet access/wifi through Aotearoa Peoples Network Kaharoa and access to eBooks through the consortium NZLibs
- Programmes including school holiday and technology programmes
- Experiences including author readings, social interaction and exposure to new or emerging trends and technology.

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

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

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

Why are we involved?

Libraries provide equitable opportunity and access to all in the community, providing access to content, experiences and places where the Community can meet, read and study.

Libraries play an important role in supporting literacy in the widest sense, 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 2018/19?	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>During the independent Annual Residents Survey in June, 59% of those surveyed had used the service. This does not provide for any users under the age of 15 as they were specifically excluded from the sample. (New target this year)</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> <p>Physical visits – 114,878</p> <p>Online visits – 4,189</p>	<p>Target Achieved</p> <p>A total of 146,474 physical visits were recorded for the year. (New target this year)</p> <p>The physical visit data is incorrect for the fourth quarter as no visits were recorded for June from one door at Waipawa Library as the door counter had been turned off.</p> <p>A total of 9094 online visits were recorded for the year. (New target this year)</p> <p>The online visit data was not able to be extracted for the first quarter due to a system error, reducing the online visits year to date.</p>
	90% of library users satisfied with the service provided	<p>Target Achieved</p> <p>During the independent Annual Residents Survey in June, 96% of those surveyed were satisfied with the service provided. (New target this year)</p>



Theatres, Halls and Museums

What does this activity involve?

Council owns 12 buildings that are used to provide meeting places for the community. These are:

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

In addition three halls not owned or leased by Council are supported financially by Council: Omakere (owned by Waipu Board of Diocesan Trust), Sherwood (owned by the Ashley Clinton – Makaretu Hall Society), and Flemington (owned by the Flemington Community Trust).

- **Museums:** CHB Settlers Museum (managed by a committee) and Ongaonga Museum (where a grant is provided).

Why are we involved?

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

Community Outcomes that this activity contributes to



What we delivered

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2018/19?	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	Target Achieved 100% of community halls with a current BWOF (2018: 100%)
	5,000 users of the Memorial Hall	Target Not Achieved 209 bookings of the Memorial Hall for the year. Officers are working with the current volunteer administrator to express booking numbers in attendance. (New target this year)
	16,500 users of the Civic Theatre	Target Achieved 17,573 users of the Civic Theatre for the year. (New target this year)

180 bookings of the CHB
Municipal Theatre

Target Not Achieved

Due to the data being unable to be supplied, achievement of the measure cannot be made. (New target this year)

85% of hirers that are satisfied
with the Memorial Hall

Target Not Achieved

Due to the data being unable to be supplied, achievement of the measure cannot be made. (New target this year)

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. (New target this year)

85% of hirers that are satisfied
with the CHB Municipal Theatre

Target Not Achieved

Due to the data being unable to be supplied, achievement of the measure cannot be made. (New target this year)



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.

All Council owned cemeteries are managed by Council staff and maintenance is contracted out.

Why are we involved?

The Burial and Cremations Act 1964 requires local authorities to ensure sufficient cemeteries are provided within the District.

- To provide local burial spaces.
- To provide places for remembrance and an important historical record for future generations.

Community Outcomes that this activity contributes to



What we delivered

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2018/19?	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 2077 plots are available for burial or cremation in the district. (New target this year)
	90% of the community satisfied with cemetery facilities	Target Achieved During the independent Annual Residents Survey in June, 96% of the community were satisfied with cemetery facilities. This is down from 98% achieved in the 2017/18 year. (New target this year)
	100% burial records available to be viewed on the internet	Target Achieved 100% burial records available to be viewed on the internet. (2018: 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?

Community Outcomes that this activity contributes to



What we delivered

LEVEL OF SERVICE TO BE DELIVERED	HOW WILL WE MEASURE OUR SUCCESS IN 2018/19?	ACHIEVED LEVEL OF SERVICE
Ensure safe buildings for public use	Achieve monthly Building Warrant of Fitness (BWOFF) checks	Target Achieved 100 % of monthly BWOFF carried out this year All required BWOFF checks have been completed. (2018: 100%)

Funding Impact Statement for the year ending 30 June 2019 for Recreation and Community Facilities Group

	2018 LONG TERM PLAN \$000	2019 LONG TERM PLAN \$000	2019 ACTUAL \$000
Sources of operating funding			
General rates, uniform annual general charges and rates penalties	2,958	3,359	3,358
Targeted rates	0	0	0
Subsidies and grants for operating purposes	16	16	14
Fees, charges	449	542	513
Interest and dividends from investments	0	131	0
Local authorities fuel tax, fines, infringement fees and other receipts	5	0	352
Total operating funding	3,428	4,048	4,237
Applications of operating funding			
Payments to staff and suppliers	2,058	2,253	2,354
Finance costs	183	173	147
Internal charges and overheads recovered	460	771	864
Other operating funding applications	0	0	0
Total applications of operating funding	2,701	3,197	3,365
Surplus (deficit) of operating funding	727	851	872
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	4	4	5
Increase (decrease) in debt	111	740	741
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding	115	744	746
Applications of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	225	960	1,022
- to replace existing assets	589	769	677
Increase (decrease) in reserves	28	(134)	(81)
Increase (decrease) of investments	0	0	0
Total application of capital funding	842	1,595	1,618
Surplus (deficit) of capital funding	(727)	(851)	(872)
Funding balance	0	0	0

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

Parks, Reserves and Swimming Pools

Operational expenditure was overbudget by \$86K and was offset by savings in other activities in the group.

Renewals for Parks, Reserves and Swimming Pools of \$37K has been carried for future years along with \$20K for Te Reo Signage.

Retirement Housing

Retirement housing is a self-funding activity and operational surplus or deficits are funded from reserves. Fees and charges were lower than budgeted.

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

Theatres, halls and museums

Minor renewals have been complete across the activity with the remaining renewal funding being carried forward for future year's projects.

Property and Buildings

The upgrade of the Council Chambers began in June 2018 and were completed this year.

There is a group carry forward of \$236k for renewals. This is for the completion of various projects across the group and for future projects.

Financial Information



Annual Report Disclosure Statement for the year ended 30 June 2019

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.

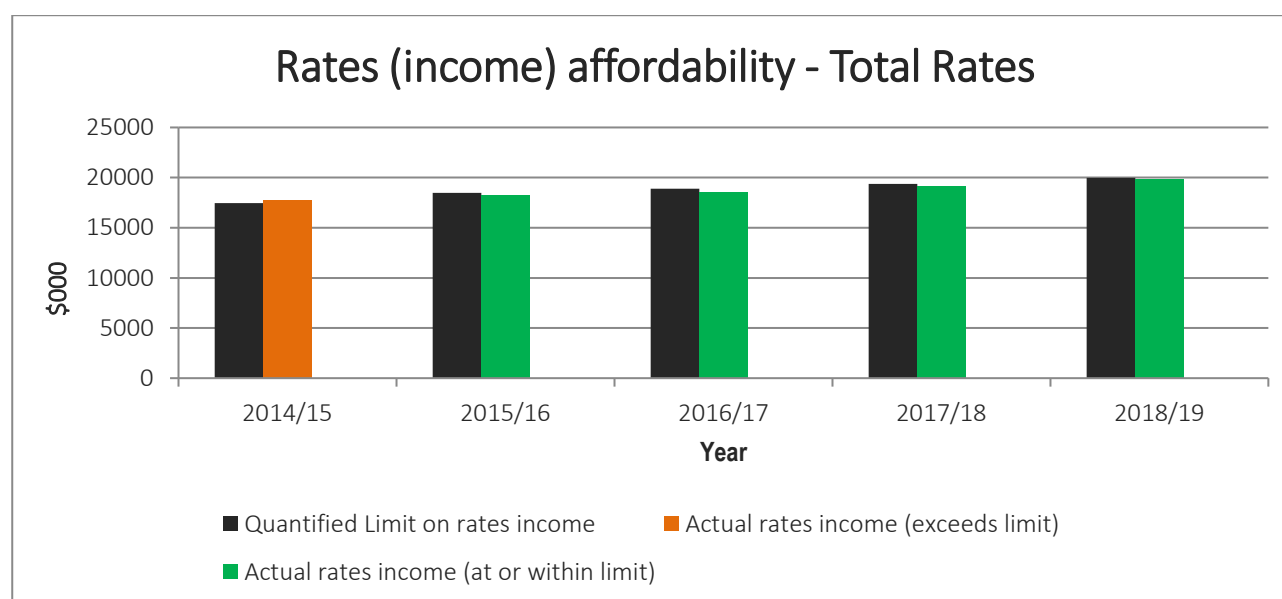
Council is required to include this statement in its Annual Report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014. Refer to the regulations for more information, including definitions of some of the terms used in this statement.

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 2018/19 is \$58K above budget and within the limit by \$139K. Total rates income for 2017/18 is \$140k above budget but within the limit by \$240K. Total rates income for 2016/17 is \$11k below budget and within the limit by \$382K. Total rates income for 2015/16 is \$80k above budget and within the limit by \$282K. Total rates income in 2014/15 is \$15,000 above budget.

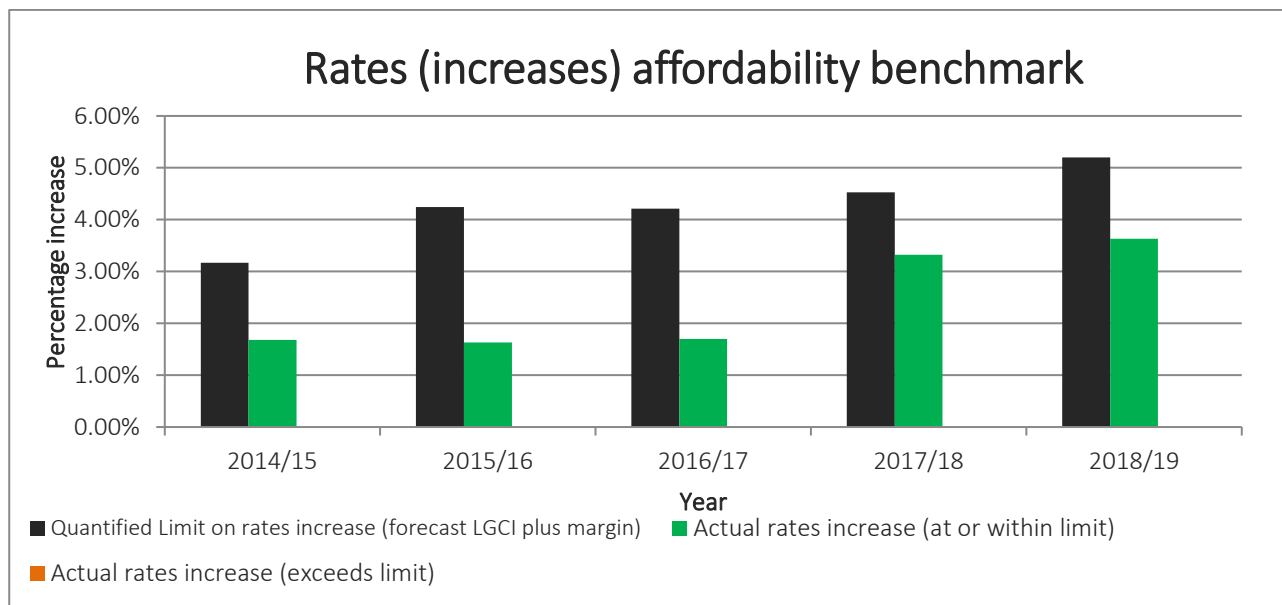
Rates (increases) affordability benchmark

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

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

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

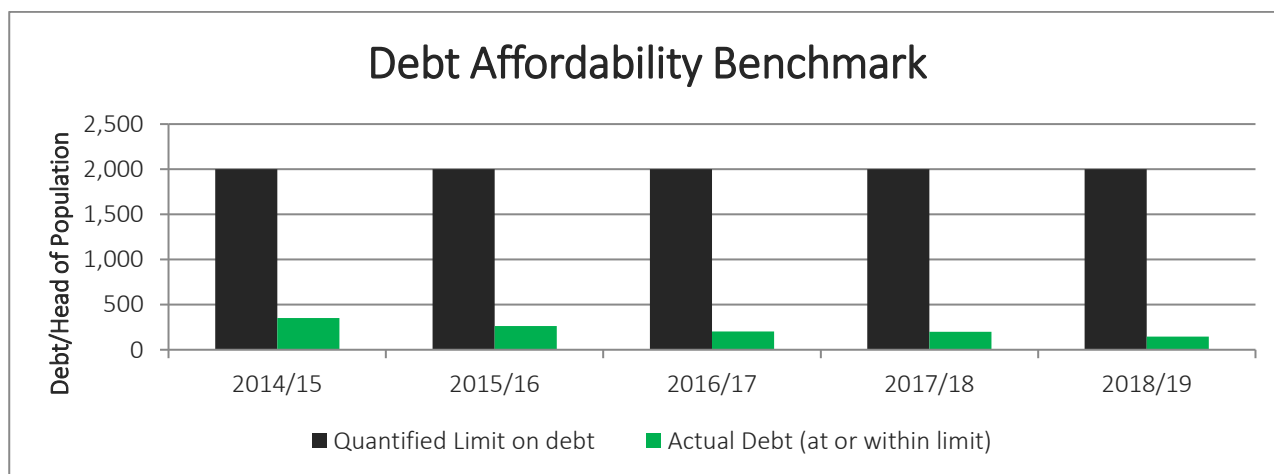
The quantified limit used for this benchmark is the LG CPI as forecast in the 2012-22 LTP for 2014/15, the 2015-25 LTP for 2015/16 to 2017/18 and the 2018-28 LTP for 2018/2019.



In 2018/19 rates increased by 3.63% which is within the 2018/19 benchmark of 5.20% (LGCI of 2.2% plus 3%). In 2017/18 rates increased by 3.32% which is within the 2017/18 benchmark of 4.53% (LGCI of 2.53% plus 2%). In 2016/17 rates increased by 1.70% well within the 2016/17 benchmark of 4.22% (LGCI of 2.22% plus 2%). In 2015/16 rates increased by 1.63% well within the 2015/16 benchmark of 4.24% (LGCI of 2.24% plus 2%). In 2014/15 rates increased by 1.68% well within the 2014/15 LGCI of 3.17%.

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.

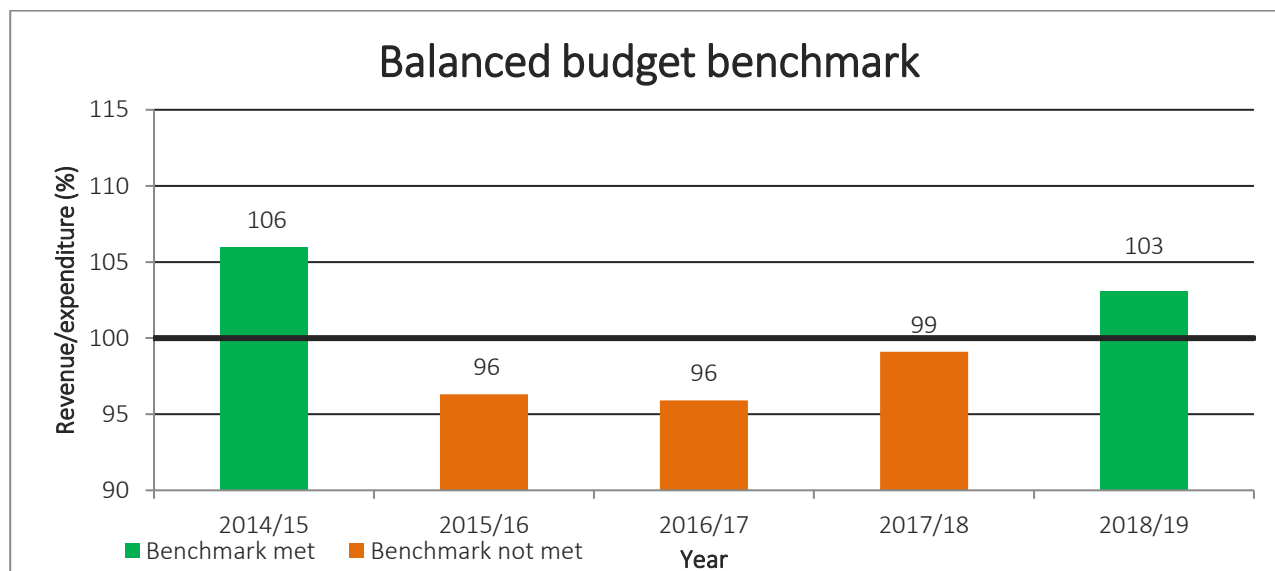


In 2018/19 actual debt was \$146 per person.

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).

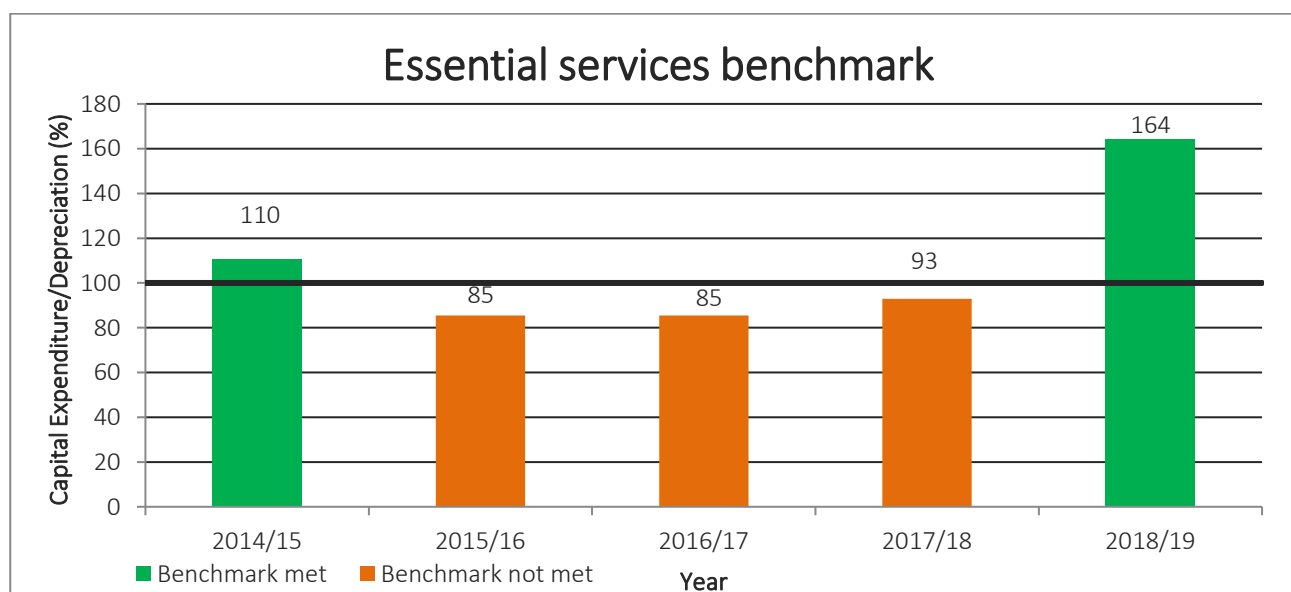
Council meets this benchmark if its revenue equals or is greater than its operating expenses.



In 2017/18 Operating Expenditure was higher by \$287k due to the different between funding for capital renewals and non cash depreciation. Depreciation is \$719k higher than funding for renewals and loan payments. In both 2016/17 and 2015/16 Operating expenditure was higher due to the reallocation of Land Transport renewal expenditure approved by NZTA as the previous Roding Maintenance Contractor fell behind in maintenance work.

Essential Services benchmark

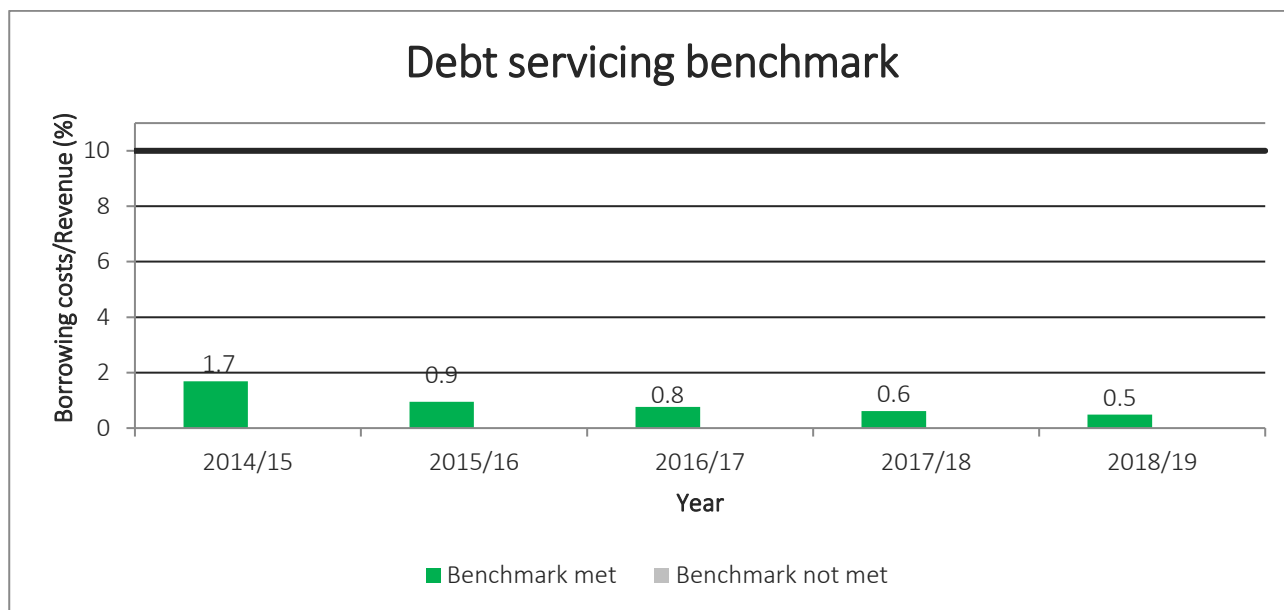
The following graph displays the council's capital expenditure on network services as a proportion of depreciation on network services. The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



In 2018/19 Roothing renewals were higher than depreciation due to the expenditure on the flooding events and many of the #bigwaterstory projects beginning the construction phase. In 2017/18, renewals on the 3 waters was less than depreciation. This is primarily due to the #bigwaterstory focus and the planning required to ensure the renewals form part of the full asset renewal plan. In 2016/17 and 2015/16 Renewal expenditure was reallocated to Operational due to the previous Roothing Maintenance Contractor falling behind in maintenance work and was approved by NZTA.

Debt servicing benchmark

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

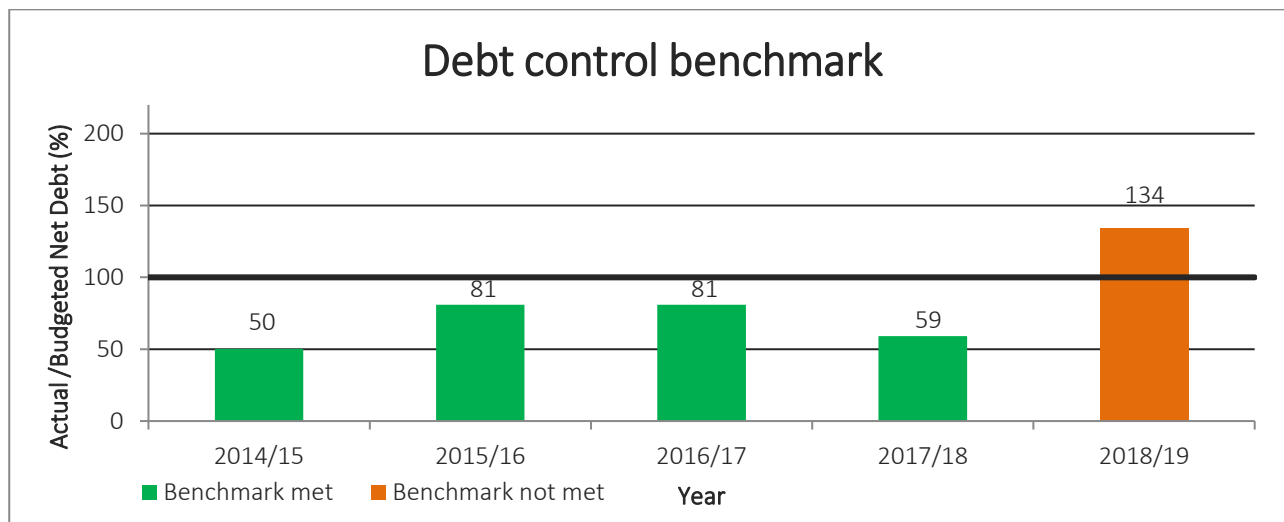


Council's borrowing costs are well below the prescribed benchmark of being equal or less than 10% of revenue. This highlights Council's prudent financial management of its debt.

Debt control benchmark

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

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

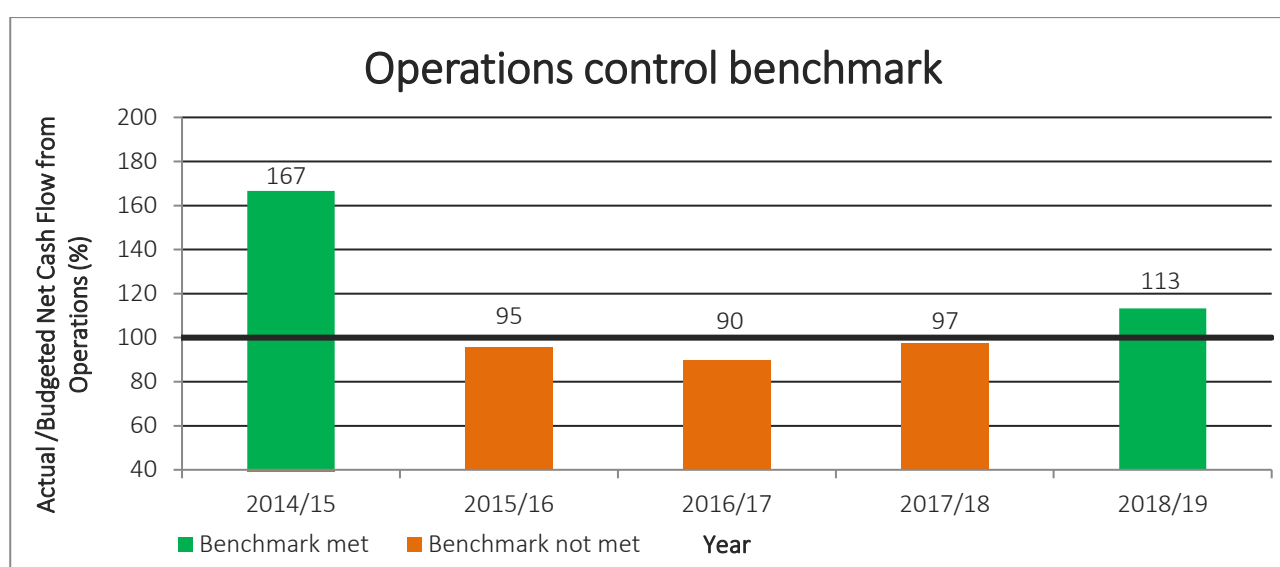


For 2018/19, Creditors were higher than budgeted at year end due to timing of the #bigwaterstory projects entering into the construction phase and the Roding flooding events expenditure being completed in June and paid for in July. For 2017/18, the budgets were based on the assumption that any surplus cashflow would be invested. However any surplus cashflow is used to reduce borrowing due to the higher interest rate charged vs receipted if invested. Therefore the level of debt at the end of the year was less than budgeted. For years 2016/17 and 2015/16 Council continued with the implementation of the Treasury Function review and utilised maturing investments to pay back debt.

Operations control benchmark

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

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



Council has historically performed consistently well above this benchmark and typically receives more revenue from non-rate sources than budgeted while keeping tight control over operating expenditure. In 2015/16, 2016/17 and 2017/18 Renewal expenditure was reallocated to operational. In 2015/16 and 2016/17 this was due to the previous Roding Maintenance Contractor falling behind in maintenance work and was approved by NZTA. In 2017/18 this was due to reallocation of expenditure by NZTA.

Statement of Comprehensive Revenue and Expense

	ACTUAL 2018 \$000	NOTE	BUDGET 2019 \$000	ACTUAL 2019 \$000
Revenue				
Rates revenue	19,135	2	19,772	19,830
Subsidies and grants	8,676	2	6,984	11,167
Interest and dividends	170		125	189
Fees and Charges	2,946	2	2,946	3,416
Development contributions	95		22	364
Other revenue	533	2	376	788
Total revenue	31,555		30,225	35,754
Expenditure				
Personnel costs	4,453		4,774	5,147
Depreciation and amortisation	11,876	2	12,028	11,946
Finance costs	195		264	173
Other operating expenses	15,221	2	13,015	17,037
Total operating expenditure	31,745		30,081	34,303
Net Operating Surplus/(Deficit)	(190)		144	1,451
Other (Gains)/Losses				
(Gains)/Losses on Public Debt	(26)		0	(17)
(Gains)/Losses on Investments	26		0	39
Impairment of Recreation and Community Asset	53		0	0
Total Other (Gains)/Losses	53		0	22
Operating surplus/(deficit) before tax	(243)		144	1,429
Income tax expense	0		0	0
Net surplus/(deficit) after tax	(243)		144	1,429
Other comprehensive income				
Gains/(losses) on the revaluation of property, plant and equipment	11,529	10	13,777	47,287
Total other comprehensive Income	11,529		13,777	47,287
Total comprehensive income for the year	11,286		13,921	48,716

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

Statement of Financial Position

	ACTUAL 2018 \$000	NOTE	BUDGET 2019 \$000	ACTUAL 2019 \$000
Assets				
Current assets				
Cash and cash equivalents	3,956	4	2,453	4,561
Trade and other receivables	2,904	3	2,512	4,548
Prepayments	239		229	238
Stock on Hand	26		23	22
Current Investments	1,268	5	496	1,053
Total current assets	8,393		5,713	10,422
Non-current assets				
Investments	1,139	5	2,684	1,034
Property, plant and equipment	793,422	6	813,801	845,156
Total non-current assets	794,561		816,485	846,190
Total assets	802,954		822,198	856,612
Liabilities				
Current liabilities				
Trade and other payables	5,073	7	4,627	9,240
Employee entitlements	236	7	253	238
Current Public Debt	710	7	727	26
Total current liabilities	6,019		5,607	9,504
Non-current liabilities				
Non-Current Public Debt	2,027	8	6,980	2,000
Provisions for Landfill Closure	2,005	9	2,117	3,489
Total non-current liabilities	4,032		9,097	5,489
Total liabilities	10,051		14,704	14,993
Equity				
Special & Other Funds	6,835	10	6,461	6,900
Trust Funds	186	10	154	182
Revaluation Reserve of Assets	542,188	10	556,189	589,475
Ratepayers' Equity	243,694		244,690	245,062
Total equity	792,903		807,494	841,619
Total Liabilities and Equity	802,954		822,198	856,612

Statement of Changes in Equity

	ACTUAL 2018 \$000	NOTE	BUDGET 2019 \$000	ACTUAL 2019 \$000
Opening Equity Balance	781,617		793,573	792,903
Total comprehensive income for the year	11,286		13,921	48,716
Closing Equity Balance	792,903		807,494	841,619
Components of Equity				
Ratepayers Equity at the beginning of the Year	244,612		244,573	243,694
Net Surplus/(Deficit) for the Year	(243)		144	1,429
Transfers to (from) other reserves	(675)		(27)	(61)
Ratepayers Equity at end of Year	243,694		244,690	245,062
Special & Other Funds at the beginning of the Year	6,162	10	6,404	6,835
Transfers to (from) Special Funds	673		57	65
Special & Other Funds at the end of the Year	6,835		6,461	6,900
Trust Funds at the beginning of the Year	184	10	184	186
Transfers to (from) Trust Funds	3		(30)	(4)
Trust Funds at the end of the Year	186		154	182
Revaluation Reserves at the beginning of the Year	530,659	10	542,412	542,188
Transfers to (from) Revaluation Reserves	11,529		13,777	47,287
Revaluation Reserves at the end of the Year	542,188		556,189	589,475
Total Equity at end of Year	792,903		807,494	841,619

Statement of Cash Flows

	ACTUAL 2018 \$000	NOTE	BUDGET 2019 \$000	ACTUAL 2019 \$000
Cash flows from operating activities				
Cash was provided from:				
Receipts from rates revenue	19,075		19,772	19,783
Subsidies and grants received	8,435		6,984	10,279
Fees and charges received	2,832		2,946	2,697
Interest received	152		125	213
Receipts from other revenue	533		376	762
Development Contributions	95		22	364
Cash was disbursed to:				
Payments to suppliers of Goods and Services	(14,767)		(13,015)	(15,021)
Payments to employees	(4,470)		(4,774)	(5,145)
Interest paid	(127)		(239)	(117)
Net cash from operating activities	11,758		12,197	13,815
Cash flows from investing activities				
Cash was provided from:				
Proceeds from sale of property, plant and equipment	103		67	0
Proceeds from investments	325		1,280	1,268
Cash was disbursed to:				
Purchase of investment	(542)		(1,231)	(957)
Purchase of intangible assets	0		0	(313)
Purchase of property, plant and equipment	(10,141)		(17,111)	(12,524)
Net cash from investing activities	(10,255)		(16,995)	(12,526)
Cash flows from financing activities				
Cash was provided from:				
Proceeds from borrowing	2,500	8	4,798	1,500
Cash was disbursed to:				
Repayment of borrowings	(2,500)	8	0	(2,184)
Net cash from financing activities	0		4,798	(684)
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	1,503		0	605
Cash, cash equivalents and bank overdrafts at the beginning of the year	2,453	4	2,453	3,956
Cash, cash equivalents and bank overdrafts at the end of the year	3,956	4	2,453	4,561

	ACTUAL 2018 \$000	NOTE	BUDGET 2019 \$000	ACTUAL 2019 \$000
Net Operating Surplus/(deficit) after tax	(243)		144	1,429
Add/(less) non-cash items				
Depreciation and amortisation expense	11,876		12,028	11,946
Property, plant, and equipment impairment	53		0	0
Vested Assets revenue				(26)
(Gains)/Losses in fair value of investment property	35		0	11
Total non-cash items	11,964		12,028	11,931
Add/(less) items classified as investing or financing activities				
(Gains)/losses on disposal of property, plant and equipment	(43)		0	0
(Gains)/losses on disposal of investments classified as fair value through other comprehensive revenue and expense	(9)		0	(2)
Total items classified as investing or financing activities	(52)		0	(2)
Add/(less) movements in working capital items				
(Increase)/decrease in receivables	(392)		0	(1,644)
(Increase)/decrease in prepayments	(10)		0	1
(Increase)/decrease in inventory	(3)		0	4
Increase/(decrease) in payables	511		25	2,094
Increase/(decrease) in employee entitlements	(17)		0	2
Net movement in working capital items	89		25	457
Net cash inflow from operating activities	11,758		12,197	13,815

Funding Impact Statement for the year ending 30 June 2019 (whole of council)

	ANNUAL PLAN	ANNUAL REPORT	LONG TERM PLAN	ACTUAL
	2018	2018	2019	2019
	\$000	\$000	\$000	\$000
Sources of operating funding				
General rates, uniform annual general charges and rates penalties	12,592	12,609	12,884	12,897
Targeted rates	6,404	6,526	6,888	6,933
Subsidies and grants for operating purposes	2,052	3,905	2,598	4,466
Fees, charges	2,254	2,946	2,945	3,416
Interest and dividends from investments	162	170	125	189
Local authorities fuel tax, fines, infringement fees and other receipts	158	430	311	762
Total operating funding	23,622	26,586	25,751	28,663
Applications of operating funding				
Payments to staff and suppliers	15,670	19,675	17,789	22,184
Finance costs	406	120	239	107
Other operating funding applications	0	(0)	0	0
Total applications of operating funding	16,076	19,795	18,028	22,291
Surplus (deficit) of operating funding	7,546	6,791	7,723	6,372
Sources of capital funding				
Subsidies and grants for capital expenditure	4,500	4,771	4,386	6,701
Development and financial contributions	22	95	22	364
Increase (decrease) in debt	66	0	4,798	(684)
Gross proceeds from sale of assets	48	103	67	0
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
Total sources of capital funding	4,636	4,969	9,273	6,381
Applications of capital funding				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	1,260	700	1,260	1,246
- to replace existing assets	9,989	9,387	15,851	13,732
Increase (decrease) in reserves	0	1,466	0	(1,949)
Increase (decrease) of investments	933	207	(115)	(276)
Total application of capital funding	12,182	11,760	16,996	12,753
Surplus (deficit) of capital funding	(7,546)	(6,791)	(7,723)	(6,372)
Funding balance	0	0	0	0

Notes to the Financial Statements

1. Statement of Accounting Policies

Reporting Entity

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

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

The financial statements of the Council are for the year ended 30 June 2019. The financial statements were authorised for issue by Council on 26 September 2019.

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, investment property, and 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

From the start of 2019, the Council changed its accounting policy for recognition of interest-bearing loans and borrowings from fair value through surplus/(deficit) to amortised costs using the EIR method. As the majority of loans and borrowings are with the Local Government Funding Agency and these loans are not traded, a fair market valuation is not available. There is no significant financial impact of the change in accounting policy.

Standards issued and not yet effective, and not early adopted

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

Financial instruments

In January 2017, the XRB issued PBE IFRS 41 Financial Instruments. PBE IFRS 41 replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IFRS 41 is effective for annual periods beginning on or after 1 January 2021, with early application permitted. The main changes under PBE IFRS 41 are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.
- A new impairment model for financial assets based on expected 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 2022 financial statements. The Council has not yet assessed the effects of the new standard

Significant Accounting policies

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

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

Good and Service Tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Budget figures

The budget figures are those approved by the Council in its 2018-28 Long Term 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. Where revenue is derived by acting as an agent for another party, the revenue that is recognised is the commission or fee on the transaction.

Revenue may be derived from either exchange or non-exchange transactions.

Exchange transactions

Exchange transactions are transactions where the Council receives assets (primarily cash) or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services, or use of assets) to another entity in exchange.

Non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange revenue transaction, the Council receives value from another entity without directly giving approximately equal value in exchange.

An inflow of resources from a non-exchange transaction recognised as an asset, is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow. A liability arises only when there is a condition attached to the revenue which requires the entity perform in a certain way, or return the asset.

As Council satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange revenue transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Non-exchange Revenue

Rates Revenue

Rates are set annually by a resolution from Council and relate to a financial year. All ratepayers are invoiced quarterly within the financial year to which the rates have been set. Rates revenue is recognised when payable.

Government subsidies

Council receives government grants from NZ Transport Agency, which subsidises part of Council's costs in providing the local roading infrastructure services. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

Vested Assets

Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as revenue. Assets vested in Council are recognised as revenue when control over the asset is obtained.

Fees and Charges

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

Exchange Revenue

Contribution Revenue

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

Rates Revenue from Water by Meter

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

Provision of services

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

Sale of Goods

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

Interest and Dividends

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

Borrowing Costs

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

Grant Expenditure

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

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

Operating Leases as Lessor

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

Cash and Cash Equivalents

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

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

Trade and Other Receivables

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

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

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

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

Inventories

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

Financial Assets

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

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

Council classifies its financial assets into the following categories: fair value through surplus or deficit, held-to-maturity investments, loans and receivables and fair value through equity. The classification depends on

the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Financial assets at fair value through surplus or deficit

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

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

Loans and Receivables

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

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

Fair value

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

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

Impairment of Financial Assets

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

Loans and Other Receivables

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

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

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

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

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

Non-Current Assets Held for Sale

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

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

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

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

Property Plant and Equipment and Intangibles

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

Operational Assets

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

Infrastructure Assets

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

Intangible Assets

These include Software and GIS District Imagery

Restricted Assets

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

Additions

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

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

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the Statement of Comprehensive Revenue. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

Subsequent Costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to Council and the cost of the item can be measured reliably.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

Land, land under roads, restricted assets, assets under construction, investment properties, and the museum assets are not depreciated.

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

ASSET CATEGORY	USEFUL LIFE	DEPRECIATION RATE
Operational & Restricted Assets		
Buildings	5-60	1.8%–20%
Monuments	40-60	1.5%–2.5%
Computer equipment	4	25%
Furniture and fittings	10	10%
Landfill post closure	35-57	1.75%–2.8%
Library books	1–10	10%–100%
Motor vehicles	4-20	5%–25%
Plant and equipment	4-10	10%–25%
Swimming pools	9–50	2%–11.6%
Intangible Assets		
Software	4 - 5	20% - 25%
GIS Imagery	4	25%
Infrastructural Assets		
Roading		
Base Course	50 - 75	1.3% - 2%
Bridge (Deck)	80 - 100	1% - 1.3%
Crossing	10 - 30	3.3% - 10%
Drainage	30 - 100	1% - 3.3%
Footpath	10 - 50	2% - 10%
Marking	2	50%
Minor Structure	100	1%
Railing	30	3.3%
Retaining Wall	25 - 40	2.5% - 4%
SW Channel	30 - 75	1.3% - 3.3%
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%

ASSET CATEGORY	USEFUL LIFE	DEPRECIATION RATE
Top Surface	12 - 14	7.1% - 8.3%
Sewerage Network		
Pipes and manholes	60-135	0.7%–1.7%
Manholes	100	1%
Treatment ponds and pumps	15-100	1%-3.8%
Flow monitoring equipment	10	10%
Stormwater		
Pipes	30-100	1%-3.5%
Manholes	100	1%
Water Network		
Monitoring equipment (hardware)	5-20	5%–20%
Monitoring equipment (software)	5-20	5%–20%
Pipes, hydrants, valves	25-50	2%–4%
Treatment plants and pumps	5-20	5%–20%
Items under construction	Non-depreciable	

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

Revaluations

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

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

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

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

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

Comprehensive Revenue up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

Infrastructural asset classes: roads

Roading assets are revalued at fair value determined on 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 2019. 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 and reviewed by an independent valuer. Revaluation is based on straight line depreciation following the NZ Infrastructure Asset Valuation and Depreciation Guidelines (NZIAVDG), using Council asset management programs. Rates are based on current commercial rates and reviewed by Opus International Ltd. The valuation was effective as at 30 June 2017.

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.

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 profit or loss 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 profit or loss.

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 government grants) and record the cash payments made for the supply of goods and services (including payments to other public benefit entities to finance their operations, but not loans). Agency transactions are not recognised as receipts and payments in the Statement of Cash Flows as they do not represent transactions that Council can control.

Investing activities are those activities relating to the acquisition and disposal of non-current assets, which are intended to generate future income and cash flows. Investing and financing activity transactions have had their respective sources and applications of cash netted off where roll over of financing has occurred and where there have been transfers between Council bank accounts.

Financing activities comprise activities that change the equity and debt capital structure of the Council.

Critical Accounting Estimates and Assumptions

In preparing these financial statements Council has made estimates and assumptions concerning the future.

These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Overdue Receivables Provision

The appropriate note discloses an analysis of the exposure of Council in relation to the estimates and uncertainties surrounding impairment provision for overdue receivables.

Landfill Aftercare Provision

The appropriate note discloses an analysis of the exposure of Council in relation to the estimates and uncertainties surrounding the landfill aftercare provision.

Infrastructural Assets

There are a number of assumptions and estimates used when performing Depreciated Replacement Cost valuations over infrastructural assets. These include:

- the physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets, which are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets;

- estimating any obsolescence or surplus capacity of an asset; and
- estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then Council could be over or under estimating the annual depreciation charge recognised as an expense in the Statement of Comprehensive Revenue.

To minimise this risk Council's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the Council's asset management planning activities, which gives Council further assurance over its useful life estimates.

Experienced independent valuers are used in performing or reviewing the Council's infrastructural asset revaluations.

Critical Judgements in Applying Council's Accounting Policies

Management has exercised the following critical judgements in applying the Council's accounting policies for the period ending 30 June 2019.

Classification of Property

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

Financial Information

Rounding

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

2. Operating Revenue and Expense

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

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

	2019 COUNCIL \$'000	2018 COUNCIL \$'000
Insurance premiums	273	250

b) Council incurred the following expenses.

	2019 COUNCIL \$'000	2018 COUNCIL \$'000
Depreciation and amortisation	11,946	11,876

c) Other Operating expense

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

	2019 COUNCIL \$'000	2018 COUNCIL \$'000
Repairs and maintenance	6,566	6,906
Contracts	3,620	2,926
Fees to Auditors	94	155
Other	6,757	5,234
Total	17,037	15,221

	2019 COUNCIL \$'000	2018 COUNCIL \$'000
Audit Fees are broken down as follows		
Fees to EY for audit of financial Statements	94	91
Fees to EY for audit of LTP		64
Fees to EY for trustee reporting assurance	2	2
Total	96	157

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 \$203,000 of Interest Revenue has been credited to Special Funds

following recognition in the Statement of Comprehensive Income, and \$364,000 from Development Contributions will be held to meet future capital upgrades.

f) Breakdown of rates and further information

	2019 COUNCIL \$'000	2018 COUNCIL \$'000
General Rates	12,933	12,643
Targeted rates attributable to activities		
Metered Water Revenue	436	490
Other Water Rates	2,410	2,276
Sewer	3,100	2,952
Storm Water	754	491
Refuse and Recycling	232	240
Economic Social Development	0	27
Rate discounts taken	(22)	(22)
Rate remissions	(13)	(12)
Total	19,830	19,135

g) Breakdown of subsidies and grants

	2019 COUNCIL \$'000	2018 COUNCIL \$'000
New Zealand Transport Agency roading subsidies	10,811	8,569
Ministry of Business Innovation and Employment (PGF)	263	0
Ministry for the Environment Landfill Subsidy	53	52
Other Grants and Subsidies	40	55
Total	11,167	8,676

h) Breakdown of fees & charges

	2019 COUNCIL \$'000	2018 COUNCIL \$'000
Building and resource consent charges	741	661
Landfill Charges	782	688
Transfer Stations Charges	314	270
District Trade Waste Sewerage	417	353
Retirement Housing and District Property Rents & Hires	346	318
Camp Ground Charges	79	77
Other fees & Charges	737	579
Total	3,416	2,946

i) Breakdown of other revenue

	2019 COUNCIL \$'000	2018 COUNCIL \$'000
Petrol Tax Income	146	143
Warranty Recoveries	200	200
Gain on Property Plant and Equipment Sales	0	43
Waipawa Pool Donations	333	
Road Legalisation Income		59
Others	109	88
Total	788	533

j) Summary revenue and expenditure for group of activities

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

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific significant activity.

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers, and floor area.

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

Revenue

	2019 COUNCIL \$'000	2018 COUNCIL \$'000
Community Leadership	288	41
Land Transport	11,024	8,891
Planning and Regulatory	1,077	960
Recreation and Community Facilities	884	487
Solid Waste	1,432	1,195
Water Supplies	184	52
Wastewater (Sewerage)	821	598
Stormwater	18	0
Total Activity Revenue	15,728	12,224
Less Internal Revenue	196	194
General Rates	19,830	19,135
Total Revenue	35,754	31,553

Expenditure

	2019 COUNCIL \$'000	2018 COUNCIL \$'000
Community Leadership	1,500	1,073
Land Transport	15,538	15,145
Planning and Regulatory	2,271	2,196
Recreation and Community Facilities	4,861	4,386
Solid Waste	3,063	2,580
Water Supplies	3,056	2,602
Wastewater (Sewerage)	3,958	3,856
Stormwater	712	643
Total Activity Expenditure	34,959	32,481
Less Internal Expenditure	(656)	(736)
Total expenditure	34,303	31,745

3. Trade and Other Receivables

	2019 COUNCIL \$'000	2018 COUNCIL \$'000
Rates Receivable - Non-exchange	745	700
Rates Receivable - Exchange (Water Meter)	188	186
NZ Transport Agency Subsidies - Non-exchange	2,333	1,311
General Debtors - Non-exchange	1,474	889
Total	4,740	3,086
Less Provision for Impairment of Receivables	192	182
Total	4,548	2,904

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.

No receivables (2018: nil) whose carrying amount would otherwise be past due or impaired, have terms which have been renegotiated:

	2019 COUNCIL \$'000	2018 COUNCIL \$'000
Individual impairment	192	182
Collective Impairment	-	-
Total provision for impairment	182	159

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:

	2019 COUNCIL \$'000	2018 COUNCIL \$'000
At 1 July	182	159
Additional provision made during the year	68	65
Provisions reversed during the year	(34)	(29)
Receivable written off during the period	(24)	(13)
At 30 June	192	182

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

4. Cash & cash equivalents

	2019 COUNCIL \$'000	2018 COUNCIL \$'000
Cash and cash equivalents		
Cash at bank and in hand	10	42
Short term deposits maturing 3 months or less from date of acquisition	4,551	3,914
Total Cash and Cash Equivalents	4,561	3,956

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

The total value of cash and cash equivalents that can only be used for a specified purpose as outlined in the relevant trust deeds is \$182,000 (2018 \$186,000).

5. Investments

	2019 COUNCIL \$'000	2018 COUNCIL \$'000
Term Deposit – Current	1,053	1,268
Bank Bonds – Non-current	987	1,094
Total Bonds	2,040	2,362

	2019 COUNCIL \$'000	2018 COUNCIL \$'000
NZ Local Government Insurance Corp. Limited	46	44
Total Shares	46	44
Total Term Investments	2,086	2,406
Investments in Associates (non-controlled)		
HB LASS	1	1
Total Investments	2,087	2,407

Amortised Costs

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

6. Property Plant and Equipment

2019

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

Additions* All assets are constructed by Council

2018

2018		2018												NET BOOK		
		OPENING COST 1 JULY 2017	ADDITIONS*	VESTED ASSETS	DISPOSALS	TRANSFERS	REVALUATION (IMPAIRMENT)	CLOSING COST 30 JUNE 2018	OPENING ACC DEPN 1 JULY 2017	DEPN	DISPOSALS	TRANSFERS	REVALUATION (IMPAIRMENT)	ACCM DEPN 30 JUNE 2019	NET BOOK VALUE 30 JUNE 2018	NET BOOK VALUE 30 JUNE 2017
DESCRIPTION																
Wastewater	Treatment	14,024	0	0	0	350	0	14,374	(1)	(647)	0	0	0	(648)	13,726	14,023
	Reticulation	30,018	351	0	0	48	0	30,417	0	(630)	0	0	0	(630)	29,787	30,018
Water	Treatment	4,043	35	0	0	469	0	4,547	0	(151)	0	0	0	(151)	4,396	4,043
	Reticulation	26,309	180	0	0	0	0	26,489	0	(586)	0	0	0	(586)	25,903	26,309
Stormwater		16,923	23	0	0	0	0	16,946	(1)	(284)	0	0	0	(285)	16,661	16,922
Roading		622,267	7,542	0	0	0	0	633,875	0	(7,463)	0	0	7,463	0	633,875	622,267
Land Under Roads		37,657	0	0	0	0	0	37,657	0	0	0	0	0	0	37,657	37,657
Solid Waste		312	34	0	0	0	0	346	(8)	(9)	0	0	0	(17)	329	304
Landfill		6,515	(128)	0	0	0	0	6,387	(1,439)	(201)	0	0	0	(1,640)	4,747	5,076
Total Infrastructure Assets		758,068	8,037	0	0	867	4,066	771,038	(1,449)	(9,971)	0	0	7,463	(3,957)	767,081	756,619
Land		10,216	0	0	0	0	0	10,216	0	0	0	0	0	0	10,216	10,216
Buildings		15,141	1,323	0	0	858	0	16,464	(1,300)	(1,373)	0	0	(53)	(2,726)	13,738	13,841
Motor Vehicles		587	118	0	(107)	0	0	598	(310)	(130)	107	0	0	(333)	265	277
Emergency Equipment		208	0	0	(39)	0	0	169	(189)	(7)	39	0	0	(157)	12	19
Misc Plant		1,886	58	0	(9)	4	0	1,939	(1,159)	(203)	9	(2)	0	(1,355)	584	727
Computer Equipment		278	36	0	0	1	0	315	(174)	(47)	0	(1)	0	(222)	93	104
Office Furniture & Equipment		625	26	0	(2)	(5)	0	644	(525)	(17)	2	3	0	(537)	107	100
Monuments		280	0	0	0	0	0	280	(4)	(4)	0	0	0	(8)	272	276
Library Books		1,532	77	0	(610)	0	0	999	(1,134)	(105)	610	0	0	(629)	370	398
Total Operating Assets		30,753	1,638	0	(767)	858	0	31,624	(4,795)	(1,886)	767	0	(53)	(5,967)	25,657	25,958
Software and Other Intangibles		125	99	0	(4)	0	0	220	(87)	(19)	3	0	0	(103)	117	38
Total		788,946	10,641	0	(771)	1725	4,066	802,882	(6,331)	(11,876)	770	0	7,410	(10,027)	792,855	782,615
Work In Progress		1,279	1,037	0	(24)	(1,725)	0	567	0	0	0	0	0	0	567	1,279
Total		790,225	11,678	0	(2,520)	0	4,066	803,449	(6,331)	(11,876)	770	0	7,410	(10,027)	793,422	783,894

Additions* All assets are constructed by Council.

Work in Progress

	2019 COUNCIL \$'000	2018 COUNCIL \$'000	STATUS	ESTIMATED COMPLETION DATE
Water Porangahau Treatment Plant Upgrade	186	5	Active	Oct-2019
Water Waipukurau Pump Station 2	182	34	Active	Feb-2020
Water Waipukurau Second Supply	123	6	Active	Dec-2023
Wastewater Otane Treatment Plant Upgrade	165	73	Active	Mar-2021
Wastewater Takapau Consent	35	25	Active	Oct-2021
Halls, Property and Buildings Projects	47	34	Active	Mar-2020
Other Parks and Reserve Projects	31	96	Active	Sep-2019
Solid Waste Landfill Cell Capping	18	0	Active	Feb-2020
Solid Waste Landfill Leachate Irrigation	83	0	Active	Feb-2020
Stormwater Waipukurau Carpenter Churchill Improvements	30	0	Active	Dec-2019
Stormwater Waipukurau Harris Street Drain	10	0	Active	Jun-2020
Stormwater Waipukurau Helicoil Projects	97	0	Active	Sep-2019
Stormwater Waipukurau Service Land Overflow	47	0	Active	Jun-2020
Stormwater Waipukurau Woburn/Wilder Improvements	29	0	Active	Dec-2019
Waipawa Pool Sewer Upgrade	105	0	Active	Jul-2019
Wastewater Otane Resource Consent Extension	10	0	Active	Jul-2019
Wastewater Otane WWTP I&I Study	24	0	Active	Dec-2019
Wastewater Waipawa Main Trunk Renewal	118	0	Active	Dec-2019
Water Otane Alternative Water Supply	142	0	Active	Dec-2019
Water Takapau Treatment Improvement	186	0	Active	Oct-2019
Water Waipukurau Main Upgrades	354	0	Active	Aug-2019
Water Waipukurau Water shortfalls/Firefighting Stage 1	52	0	Active	Dec-2019
Roading Projects	2,354	0	Active	May-2020
Don Allen Reserve Realignment	0	11	Complete	
Stormwater WPA and Waipuk Resource Consents	0	30	Complete	
Wastewater Otane Land Development	0	35	Complete	
Water Peel Street Upgrade	0	194	Complete	
Water Otane Land Development	0	24	Complete	
Total	4,428	567		

Depreciation by Activity

	2019 ACTUAL \$'000	2019 LONG TERM PLAN BUDGET \$'000	2018 ACTUAL \$'000	2018 ANNUAL PLAN BUDGET \$'000
COMMUNITY LEADERSHIP GROUP				
Depreciation expense for the year	0	0	0	0
Renewals, Loan Funding	0	5	0	0
Difference (Depreciation - renewals, loans)	0	(5)	0	0
REGULATORY GROUP				
Depreciation expense for the year	0	1	2	37
Renewals, Loan Funding	0	5	0	11
Difference (Depreciation - renewals, loans)	0	(4)	2	26
LAND TRANSPORT GROUP				
Depreciation expense for the year	7,562	7,622	7,502	7,943
Renewals, Loan Funding	9,926	6,809	7,819	7,706
Difference (Depreciation - renewals, loans)	(2,364)	813	(317)	237
SOLID WASTE GROUP				
Depreciation expense for the year	209	223	231	258
Renewals, Loan Funding	266	293	271	288
Difference (Depreciation - renewals, loans)	(57)	(70)	(40)	(30)
WATER GROUP				
Depreciation expense for the year	789	749	743	790
Renewals, Loan Funding	1,045	956	627	937
Difference (Depreciation - renewals, loans)	(256)	(207)	116	(147)
WASTEWATER GROUP				
Depreciation expense for the year	1,362	1,432	1,287	1,314
Renewals, Loan Funding	1,051	1,498	1,278	1,497
Difference (Depreciation - renewals, loans)	311	(66)	9	(183)
STORMWATER GROUP				
Depreciation expense for the year	287	286	284	261
Renewals, Loan Funding	142	267	75	221
Difference (Depreciation - renewals, loans)	145	19	209	40
RECREATION AND COMMUNITY GROUP				
Depreciation expense for the year	1,496	1,313	1,648	1,455
Renewals, Loan Funding	780	851	883	822
Difference (Depreciation - renewals, loans)	716	462	765	633
OVERHEADS				
Depreciation expense for the year	241	402	179	464
Renewals, Loan Funding	516	341	205	264
Difference (Depreciation - renewals, loans)	(275)	61	(26)	200
TOTALS				
Depreciation expense for the year	11,946	12,028	11,876	12,522
Renewals, Loan Funding	13,726	11,025	11,158	11,746
Difference (Depreciation - renewals, loans)	(1,780)	1,003	718	776

7. Trade and other payables

	2019 COUNCIL \$'000	2018 COUNCIL \$'000
Trade Creditors	8,466	4,606
Other Accounts Payable and Accrued Expenses	774	467
Total Trade Creditors and Other Accounts Payables	9,240	5,073
Other		
Current Public Debt	26	710
Employee benefit liabilities	238	236
Total Other Current Debt	264	946
Total Current Liabilities	9,504	6,019

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

	2019 COUNCIL \$'000	2018 COUNCIL \$'000
Loans as at 1 July	2,684	2,772
Net Accrued Interest Change	26	(9)
Fair Value Adjustments	0	(26)
Plus Loans raised during the year	1,500	2,500
Less Loans repaid during the year	(2,184)	(2,500)
Less Loans repayable within 12 months	(26)	(710)
Non-Current Public Debt	2,000	2,027

Interest rates payable are in the range 3.85% to 5.75% (2018: 3.85% to 4.62%). The weighted average interest rate payable is 4.33% (2018: 4.43%).

Public Debt is due for repayment in the following periods:

	2019 COUNCIL \$'000	2018 COUNCIL \$'000
Current	26	710
One to Two years	0	0
Two to Five years	0	0
More than Five years	2,000	2,027
Total	2,026	2,737

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.

	COUNCIL BALANCE 1 JULY 2018 \$'000	BORROWED \$'000	INTEREST \$'000	PRINCIPAL REPAID \$'000	COUNCIL BALANCE 30 JUNE 2019 \$'000
Cemeteries	74	0	5	19	55
Properties and Buildings	507	0	30	25	482
Parks and Reserves	872	827	73	49	1,650
Public Conveniences	174	0	10	10	164
Retirement Housing	0	0	0	0	0
Land Transport	0	0	0	0	0
Solid Waste	1,489	0	89	103	1,386
Stormwater	42	106	5	9	139
Theatres, Halls, and Museums	460	0	28	33	427
Wastewater	8,895	44	531	421	8,518
Water Supplies	1,438	661	96	124	1,975
Libraries	0	51	1	1	50
IT	0	71	2	6	65
District Plan	0	97	0	0	97
Total	13,951	1,857	870	800	15,008

9. Provision for Landfill Decommissioning and Aftercare Cost

	2019 COUNCIL \$'000	2018 COUNCIL \$'000
Opening Balance	2,005	2,067
Effect of Discounting	65	74
Additional Provisioning	1,419	(136)
Release of Provision		0
Closing balance	3,489	2,005

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 = 228000 m3 Airspace Volume

Length of post-closure monitoring period = 30 years

Total expected cash outflow – undiscounted = \$4.8M

Discount rate=1.93%

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 2019 and 2018.

(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 2018 \$'000	COUNCIL TRANSFERS FROM RATEPAYERS EQUITY \$'000	COUNCIL TRANSFERS TO RATEPAYER EQUITY \$'000	COUNCIL BALANCE 30 JUNE 2019 \$'000
Reserves held for Emergency Purposes				
Mayors Relief Fund	5	5	(5)	5
Adverse Events Reserve Fund	738	33	(373)	398
Catastrophic Events Reserve Fund	2,747	88		2,835
Total	3,490	126	(378)	3,238
	\$'000	\$'000	\$'000	\$'000
Reserves for Future Asset Purchases				
Capital Projects Fund	(94)		(10)	(104)
Ruahine Ward Disbursement Fund	654	22	(14)	662
Ruataniwha Ward Disbursement Fund	84	5	(52)	37
Aramoana Ward Disbursement Fund	237	8	(6)	239
Esplanade Reserve Fund	336	11		347
Rural Fire Reserve	105	2	(10)	97
Stormwater Renewal Reserve	368	12	(21)	359
Wastewater Upgrade Reserve	0	150		150
EQC Pourerere	200	206		406
Bridge Replacement Funding	4			4
CHB District Retirement Housing Reserve	0	51		51
Infrastructure Protection Reserve	216	7	(36)	187
Vehicle Depreciation Reserve	288	87		375
LT Vehicle Depreciation Reserve	64	27		91
Total	2,462	588	(149)	2,901
	\$'000	\$'000	\$'000	\$'000
Reserves held for Future Operational Costs				
Elections & By-elections Reserve Fund	41	1		42
Ruahine Ward Hall Maintenance Reserve	41	1		42
Landfill External Sales Reserve	144		(144)	0
Library Fund	51	2		53
Road Legalisation Funding	0	22		22
Landfill Aftercare Depreciation Reserve	437	51		488
District Landfill Levy Reserve	125	22	(74)	73
Total	839	99	(218)	720
	\$'000	\$'000	\$'000	\$'000
Total Special Funds	6,791	813	(745)	6,859

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

	COUNCIL BALANCE 1 JULY 2018 \$'000	COUNCIL TRANSFERS FROM RATEPAYERS EQUITY \$'000	COUNCIL TRANSFERS TO RATEPAYER EQUITY \$'000	COUNCIL BALANCE 30 JUNE 2019 \$'000
Te Aute Drain Channel Clearing Reserve	43	18	(20)	41
	\$'000	\$'000	\$'000	\$'000
Total Special & Other Funds	6,834	831	(765)	6,900

(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 2018 \$'000	COUNCIL TRANSFERS FROM RATEPAYERS EQUITY \$'000	COUNCIL TRANSFERS TO RATEPAYER EQUITY \$'000	COUNCIL BALANCE 30 JUNE 2019 \$'000
Waipawa Building Society Scholarship Trust	113	(4)	3	112
Eric Tate Scholarship Trust	73	(5)	2	70
Creative NZ Grants unspent	0	(15)	15	0
Total	186	(24)	20	182

(c) Asset Revaluation Reserve

	WATER, WASTEWATER, STORM WATER, SOLID WASTE \$'000	ROADING \$'000	TOTAL \$'000
INFRASTRUCTURE			
Opening Balance	62,792	462,846	525,638
Revaluation	64	38,755	38,819
Revaluation Reserve Change	0	0	0
Transfer from/(to) Ratepayers Equity	0	0	0
Closing Balance	62,856	501,601	564,457
	LAND \$'000	BUILDINGS \$'000	TOTAL \$'000
OTHER PROPERTY PLANT AND EQUIPMENT			
Opening Balance	7,863	8,687	16,550
Disposal of Asset (Write Back)	0	0	0
Current Year Revaluation	3,905	4,563	8,468
Current year Impairment	0	0	0
Closing Balance	11,768	13,250	25,018

COUNCIL

TOTAL REVALUATION RESERVE	\$'000
Opening Balance	542,188
Revaluations	47,287
Impairments	0
Closing Balance	589,475

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 (2018: nil).

12. Statement of Commitments

	2019 COUNCIL \$'000	2018 COUNCIL \$'000
Lease payments		
Landfill	119	106
Takapau Transfer Station	2	2
Carbon Credits	158	105
Total	279	213

	2019 COUNCIL \$'000	2018 COUNCIL \$'000
Non-Cancellable Lease Commitments		
Less than 1 year	279	213
1 – 2 years	360	265
3 – 5 years	362	561
Over 5 years	2,550	2,371

Landfill

- Landfill rental of \$75k per annum (inflation adjusted) plus a turnover rent of \$5/tonne (also inflation adjusted) for quantities of over 7,000 tonnes in any 12 month period.
- Further terms = 10 years
- Final expiry date = 28 November 2045

Takapau Transfer Station

- Rent reviews are carried out at 5 yearly intervals from 11 September 1995.

- Amounts are subject to these reviews.
- Further terms = 2 of 10 years
- Final expiry date = 11 September 2025
- Annual rental = \$1,820 plus GST

Carbon Credits

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

DATE	NUMBER OF UNITS	CONTRACTED PRICE
28-Feb-20	8,000	\$12.00 per Unit
13-Mar-20	3,000	\$20.65 per Unit
12-Mar-21	5,500	\$21.75 per Unit
12-Mar-21	5,500	\$21.65 per Unit

13. Employee Staffing Levels and Remuneration

The Chief Executive of Council appointed under Section 42 of the Local government Act 2002, receives a salary of \$225,000 (2018: \$192,000).

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	2019	2018
\$59,999 and under	33	36
\$60,000 - \$79,999	16	15
\$80,000 - \$99,999	12	9
\$100,000 - \$239,999	9	6
Total Employees	70	66

	2019 COUNCIL \$'000	2018 COUNCIL \$'000
SALARIES AND OTHER SHORT TERM EMPLOYMENT BENEFITS PAID		
CE and Key Management	784	904
Mayor and Councillors	322	285

	2019		2018	
NUMBER OF EMPLOYEES AS AT 30 JUNE	FTE	HEAD COUNT	FTE	HEAD COUNT
Number of full time Key Management Personnel	5	5	6	6
Number of full time employees	48	48	31	31
Number of part time employees	10	17	15	29
Total Employees	63	70	52	66

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

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

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

14. Severance Payments to Staff

There was one severance payment made during the year that was outside of contractual obligations totalling \$65,778 for other staff. (2018: \$51,351 1 Other).

15. Councillors Fees

	2019	2018
Mayor		
A Walker	89,376	84,168
Councillors		
Ian Sharp (Deputy Mayor)	39,099	35,595
Tim Aiken	31,768	23,674
Kelly Annand	31,768	23,674
Shelley Burne-Field	24,437	23,674
Tim Chote	24,437	23,674
Gerard Minehan	24,437	23,674
Brent Muggeridge	24,437	23,674
David Tennent	31,768	23,674
Total	321,527	285,481

16. Financial Instruments

Financial Instrument Categories

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

	2019 COUNCIL \$'000	2018 COUNCIL \$'000
Financial Assets		
Fair Value through surplus/(deficit)		
Local Authority Stock, Bonds, Term Deposits	-	2,362
Unlisted Shares	46	44
Loans and Receivables		
Amortised Costs		
Cash and Cash Deposits	4,561	3,956
Debtors and Other Receivables	4,548	2,904
Local Authority Stock, Bonds, Term Deposits	2,040	-

	2019 COUNCIL \$'000	2018 COUNCIL \$'000
Financial Liabilities		
Financial Liabilities at amortised cost		
Public Debt	2,026	2,737
Creditors and other payables	9,478	5,309

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

Reclassification of Local Authority Stock and Bonds

Local Authority Stock, Bonds and Term Deposits of \$2,040,000 have been reclassified from Fair Value through surplus/(deficit) to Loans and Receivables.

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. Equity securities price risk arises on listed share investments, which are classified as financial assets held at fair value through other comprehensive revenue and expense. This price arises due to market movements in listed shares. Equity securities price risk is not managed as the Council does not invest in listed share investment.

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 95% of its borrowings in fixed rate instruments. As at 30 June 2019, Council's debt position was below the Interest rate risk control limit of \$10 million and therefore the policy does not apply.

Cash flow interest rate risk

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

Credit Risk

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

The Council's investment policy limits the amount of credit exposure to any organisation based on the following limits. The Local Government Funding Agency is limited to \$10m. Any NZ Registered bank is limited to \$8m with the exception of

Council's transactional bank which may exceed this for up to 5 working days. There is no limit for investment in the NZ Government.

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

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

Maximum Exposure to credit risk

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

	2019 COUNCIL \$'000	2018 COUNCIL \$'000
Cash at bank and term deposit	5,093	4,468
Receivables	4,548	2,904
Community and related party loans	-	-
Bonds	1,476	1,817
LGFA Borrower Notes	32	33
Derivative financial instrument assets	-	-
Financial guarantees	-	-
Total	11,149	9,222

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.

	2019 COUNCIL \$'000	2018 COUNCIL \$'000
Counterparties with Credit Ratings		
Cash at bank and term deposits AA-	5,093	4,468
Bonds AA-	1,476	1,817
LGFA Borrower Notes AA+	32	33
Counterparties without Credit Ratings		
Community and related party loans		
Existing counterparty with no defaults in the past	0	0
Existing counterparty with defaults in the past	0	0
Total	11,149	9,222

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.

Liquidity Risk

Management of Liquidity Risk

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

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

The Council has a maximum amount that can be drawn down against its overdraft facility of \$1.5 million (2018 \$1.5 million). There are no restrictions on the use of this facility.

Contractual maturity analysis of financial liabilities, excluding derivatives

The table below analyses the Council's financial 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.

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

2018	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	5,073	5,073	5,073			
Bank overdraft	0	0				
Secured loans	2,737	3,318	779	77	231	2,231
Finance leases	0	0				
Total	7,810	8,391	5,852	77	231	2,231

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.

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

2018	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	3,956	3,956	3,956			
Receivables	2,904	2,904	2,904			
Other financial assets						
term deposits	512	541	20	521		-
community and related party loans	0	0				
listed bonds	1,817	1,808	1,311	497		-
LGFA Borrower Notes	33	41				41
Total	9,222	9,250	8,191	1,018	-	41

17. Contingencies

Liabilities

In 2013, the Ministry of Education (MOE) initiated High Court proceedings against Carter Holt Harvey (CHH) and others alleging inherent defects in the shadow clad cladding sheets manufactured and distributed by CHH. The MOE's claim against CHH is for 833 school buildings, 36 of which are located within the Auckland

region. In 2016, CHH commenced proceedings against 48 councils, including Central Hawke's Bay District Council, alleging a breach of duty in the processing of building consents, undertaking building inspections and issuing Code Compliance Certificates.

In January 2018, the High Court struck out 28 time barred school buildings (none in Central Hawke's Bay) because they had been built outside the 10 year long stop contained within the Building Act 2004. Further school buildings have been struck out of the claim since this date, and the councils are working together have all other time barred school buildings struck out of the claim.

The court has directed that the trial be staged. The first stage will be a 6 month hearing commencing in April 2020, to determine whether shadow clad is inherently defective.

At present there is insufficient information to conclude on potential liability and claim quantum if any.
(2018: Nil)

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. (2018: 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

	2019	2018
Number of rating units	7,812	7,761
Capital Value	5,604,290,205	4,134,919,100
Land Value	3,624,285,600	2,677,383,850

Insurance Information

	TOTAL VALUE COVERED \$'000	MAXIMUM AMOUNT AVAILABLE \$'000	
Year ending June 2019			
Insurance Contracts - Buildings, Plant & Equipment	76,072	76,072	
- Infrastructure	300,000	30,000	Loss Limit
Financial Risk Sharing	0	0	0
Self Insured	0	0	0
Year ending June 2018			
Insurance Contracts - Buildings, Plant & Equipment	72,239	72,239	
- Infrastructure	300,000	30,000	Loss Limit
Financial Risk Sharing	0	0	0
Self Insured	0	0	0

	TOTAL REPLACEMENT COSTS (TRC)
Water	59,321,248
Wastewater	80,993,038
Stormwater	27,449,454
Roading	902,336,656
Totals	1,070,100,396

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

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



Acknowledgements

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

Summer Reading



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

Waipawa and District Centennial Memorial Baths



NZCT have generously supported the redevelopment of Waipawa and District Centennial Memorial Baths with funding of \$120,000

Glossary

Activity	Services, projects or goods provided by, or on behalf of, Council (eg libraries). These activities are then combined into groups of activities.
Annual Plan	The Annual Plan is produced in the intervening years between Long Term Plans. It includes the work programme for the year and financial statements.
Annual Report	Reports on the performance of Council against the objectives, policies, activities, performance measures, indicative costs, and sources of funds outlined in the Annual Plan and the Long Term Plan.
Asset	Something of value that Council owns on behalf of the people of Central Hawke's Bay such as roads, drains, parks and buildings.
Asset Management Plan	A long term plan for managing an asset to ensure that its capacity to provide a service is kept up and costs over the life of the asset are kept to a minimum.
Borrowing	Refers to the raising of loans for capital items, such as the sewerage scheme.
Capital Expenditure	Expenditure that will increase the value of Council's assets.
Capital Value	Value of land including any improvements.
Community Boards	Local elected bodies set up under the Local Government Act. Community Boards are consulted by Council and can represent community concerns to Council. Central Hawke's Bay District has no community boards.
Community Outcomes	Goals that the community believe are important for its present and future economic, social, cultural and environmental well-being.
Council Controlled Organisations	Council controlled organisations are organisations in which one or more local authorities control 50% or more of the voting rights or appoint 50% or more of the directors.
Financial Year	Council's financial year runs from 1 July to 30 June of the following year.
General Rate	A rate levied across all properties for activities that benefit the whole District.
Group of Activities	Several activities combined together (eg cultural and community facilities).
Land Value	Value of land, excluding any improvements.
Local Government Act 2002	The key legislation that defines the powers and responsibilities of local authorities like Central Hawke's Bay District Council.
Long Term Plan (LTP)	A ten year plan that sets out Council's response to community outcomes and how Council will manage its finances and the community's resources. The requirement for the LTP was introduced by the Local Government Act 2002.
Operating Expenditure	Money Council spends on such items as salaries, materials, electricity and plant hire.
Operating Revenue	Money earned through the activities in return for a service provided, or by way of a grant or subsidy to ensure particular services or goods are provided. Examples include New Zealand Transport Agency subsidies, rental income, permits and fees.

Operating Surplus (Deficit)	The expressions 'operating surplus' and 'operating deficit' are accounting terms meaning the excess of income over expenditure and excess expenditure over income respectively. Income and expenditure in this context exclude 'capital' items such as the receipt or repayment of loans, the cost of capital works and transfers to and from Reserves. An operating surplus/deficit is inclusive of non-cash items such as income and expenditure owing but not paid (Debtors and Creditors) and depreciation.
Performance Measure	A measure that shows how well Council is doing in achieving the objectives it has set for itself.
Rates	Funds collected by Council from levies on property. These are based on the Capital and Land value of the property but the term is often used to include Uniform Annual General Charges and Targeted Rates.
Revenue and Financing Policy	This describes how the Council's work will be paid for and the mechanisms for gathering the funds (such as general rate, targeted rates, user charges, grants).
Significance	Degree of importance of the issue, proposal, decision or matter as assessed by the local authority in terms of its likely consequences for the current and future social, economic, environmental, or cultural wellbeing of the community.
Subsidies	Amounts received from other agencies for the provision of services (eg NZ Transport Agency roading subsidies).
Targeted Rates	Any rate levied other than the general rate, which is targeted at users of a service such as water supply, wastewater and solid waste.
Transfer to/from Reserves	Transfer of funds to reserves are generally surpluses on operations. Transfers from reserves assist to fund capital expenditure.
User Charges	The charges levied for use of Central Hawke's Bay District Council services (eg building consent fees, health inspections).
Working Capital	These are Council's net current assets that are held in cash or can be readily converted to cash, less liabilities due for payment within a year. This is indicative of Council's ability to meet its obligations as they become due.

