



ISSN 1171-4573 (Print)
ISSN 2624-1498 (Online)

TAIRĀWHITI **FIRST!**

2017/18 ANNUAL REPORT
2017/18 TE RIPOATA A TAU

OUR VISION

Tairāwhiti

Tairāwhiti Tāngata

Tairāwhiti Taonga

Tairāwhiti Wawata

Tairāwhiti First

First to see the light

First choice for people and lifestyle

First choice for enterprise and innovation

First place for the environment, culture and heritage

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This Annual Report tells the story of our performance over the last financial year from 1 July 2017 to 30 June 2018. It's an important way of informing our communities about how we spent their rates. It also highlights the areas we performed well in, the areas we need to improve and provides context for where we need to head in the future. The report is divided into the following sections:

- **Our year** (Mayor and Chief Executive's district highlights) - this includes our district highlights, a financial overview and the audit opinion.
- **Our district, our direction** - this section highlights the unique nature of Gisborne district and tells you about Council's strategic direction.
- **Our activities** - this section highlights each of Council's activities, their performance and how much we spent on the activities.
- **Our finances** - this section provides you with all the financial statements and accompanying notes that provide more detail.

Understanding planning and reporting cycles

The following is an overview of our planning and reporting framework and how it all fits together with the Annual Report.

Long Term Plan

The Long Term Plan - (LTP) is a strategic planning document. It is Gisborne District Council's commitment to you and your community. It tells you what activities and projects the Council is planning over the period of the plan, how much they will cost and how we are going to pay for them. Government requires all councils to come up with a LTP and review it every three years to make sure we are accountable. This Annual Report covers Year Three of the 2015-2025 Long Term Plan: Tairāwhiti First!

Annual Plan

Each year Council is required to have an Annual Plan which sets out the budget for the year. This is based on what is committed to in the LTP but also highlights any projected change or variance from the LTP.

The first year of a LTP does not require a separate Annual Plan but the second and third years must have an Annual Plan. Council is not required to formally consult on the Annual Plan, unless a material or significant change to the LTP is proposed.

Annual Report

Every year we are required to produce an Annual Report which reports against our Annual and Long Term Plans (in this case Year Three of the 2015-2025 Long Term Plan). It is the key accountability document for our communities and it explains how we spent your rates and the value that you received in return.

The reporting cycle is illustrated below:



A photograph of a modern building with a large, overhanging roof clad in light-colored wood. The building's facade is composed of large glass panels framed in dark metal. A traditional Māori waka (canoe) with red, white, and black patterns is mounted horizontally on the exterior wall. The foreground shows a dark mulch area and a concrete path. A green banner with white and grey text is overlaid at the bottom.

TŌ TĀTOU TAU OUR YEAR



Tairāwhiti tēnā koutou

Ngā mihi nui ki a koutou katoa, nga tangata o Te Tairāwhiti.

We are proud to present to you our Annual Report for the 2017/18 financial year.

We firstly wish to acknowledge the work that was put in to bring our budget back on track. We faced significant increased costs as we continued to repair damaged roads caused by the two cyclones and the two recent storms in June. However, we received increased government subsidies to go towards those costs, which enabled us to keep debt levels low and finish the year financially strong.

The Government funding recently announced will allow us to carry on with the recovery work and undertake initiatives that will be transformative for the region. This major investment is a result of collaboration with our staff and community and is an achievement we can all be proud of.

We're so pleased to be back together in Awarua, our new Fitzherbert Street administration building. The building owners, Gisborne Holdings Limited, completed the construction in February and staff were welcomed and settled in by the end of March. Awarua gives us so much

pride and enables our people to work closely together in a safe, functional environment that reflects our culture and our objective of Tairāwhiti Pirihati - working together to make our people proud.

Increasing community participation in building a thriving Tairāwhiti has been a key focus. The completion of our 2018-2028 Long Term Plan in June was a huge accomplishment towards planning for our future with our communities. Starting off in September, we asked our communities - What's the Future Tairāwhiti? The successful campaign saw staff and councillors have seven-times more face-to-face conversations with people in every corner of our region than ever before.

This success carried through to the formal consultation where everyone who gave feedback helped us decide the future and the big decisions we needed to make for our roads, wastewater, pool, cycleways and how to reduce sewage overflows in homes and rivers.

We have engaged more people in what we do at Council with a regular eNewsletter - He Panui and by live-streaming all council meetings on our website. We've held important conversations around community facilities and the name of our bay, and so many members in our community - from farmers to school children, iwi and community groups - have been involved in the success of environmental programmes. Restoration planting and weed control on Titirangi and work to improve the health

Mayor and Chief Executive's Foreword

of precious waterways like the Wharekopae River are just two examples our community can be really proud of.

Completing the expansion of the HB Williams Memorial Library was another major milestone. After a year of construction the building includes earthquake strengthening, new meeting rooms, an outdoor area and an entrance that embraces our dual identity. It was opened in April this year with a dawn blessing. The recharge trial in the Makauri aquifer was also completed over winter and successfully provided us with the data that was needed to endorse stage two. This work is important to the sustainability of our water resources and future economic success of industry on the Poverty Bay Flats.

With the many achievements over the year we also know we need to improve in some areas such as addressing the state of our rural roads. We underspent on some projects to improve wastewater and stormwater infrastructure which will now be delivered in the first year of our new LTP.

While there have been many challenges faced and triumphs to be proud of, it's the Queen's Birthday storms that hit our Uawa and Waipaoa communities that have shown how truly resilient, resourceful and connected people in our communities are. These storms have affected the lives of many people. We are absolutely committed to working with people to restore our environment, public infrastructure and economic stability for these communities. We will ensure standards and mechanisms are in place in future to minimise the impact of these types of events and the risk to people and their livelihoods.

We invite you to read more in our Annual Report as we reflect on the past year. As Mayor and Chief Executive we wish to acknowledge councillors and staff for a job well done, and we look forward to making progress together and making our people proud in the year to come.

Ehara taku toa i te toa takitahi, engari he toa takitini.

My strength is not that of a single warrior but that of many.

A stylized signature in dark blue ink, consisting of several sharp, upward-pointing strokes followed by a series of loops and a final downward stroke.

**Mayor
Meng Foon**

A stylized signature in blue ink, featuring a large, sweeping loop followed by a series of smaller loops and a long, horizontal tail stroke.

**Chief Executive
Nedine Thatcher Swann**



HB Williams Memorial Library

The HB Williams Memorial Library expansion was successfully completed. Of the total \$6.8m budget, Council's contribution was \$1.75m. In March 2017, library staff and over 100,000 books were relocated to a temporary location in Awapuni Road for construction to earthquake strengthen and expand the existing building to begin.

In April 2018 the upgraded library was completed with a new entrance in Bright Street. The new user-friendly building includes multi-purpose zones, study rooms, computer learning spaces, a research centre, improved disabled access, space for teenagers, public toilets and an outdoor reading courtyard.

The project wouldn't have been possible without the generous contributions from the JN Williams Family Trust, Eastland Community Trust, Eastern and Central Community Trust, NZ Community Trust, bequests from Stanley Green, Hannah Dunlop, Jessie Iris Jeffrey's and Council's contribution.



Walking and Cycling

Wainui Cycle and Walkway Stage 2

Over the year we continued work to build our network of safe cycle and walkways as part of the Urban Cycleways Programme. 'Stage 2' of the Wainui cycle and walkway will extend the existing off-road path along

the western side of Wainui Road 1.6km, running from Sponge Bay towards the city centre, past Kaiti School and across to Craig Road.

The project is being delivered jointly by the NZ Transport Agency and Council through Tairāwhiti Roads, and is fully funded by the National Land Transport Fund.

The path crosses land owned by the Matuaokore Ahu Whenua Trust. A sod turning and blessing ceremony was held with the Trust prior to works beginning. Ritchie Civil Ltd began construction in April 2018. The expected completion date is November 2018.

Rutene Road Cycleway

Design for a proposed two-way on-road cycleway along Rutene Road was developed. A programme of community engagement for this project is being planned for 2018 to seek feedback from the community on the proposal. The construction of the cycleway would include plans for building a separated path on the William Pettie Bridge to connect Ormond and Rutene Road.

Gladstone Road Bridge widening

The project to widen the historic Gladstone Bridge is also part of the Urban Cycleways Programme. The widening will allow walkers and cyclists to safely enter the city with a new shared walking and cycling path on the downstream side. A sod turning ceremony was held on 29 June to bless the works. Works to relocate utilities has also been completed and construction is already underway. The expected delivery date is January 2019.

Taruhuru Cycle and Walkway

In 2017 we investigated the feasibility of the Taruhuru River Cycle and Walkway, an off-road shared path that will run along the river from the CBD to Campion College. We consulted on a couple of options as part of our 2018 – 2028 Long Term Plan. Most submitters supported Council's preferred option to complete the cycleway in 2021-2024 for a cost of \$9.2m. We would need to secure 100% of the funding from external sources to get it done or revisit funding options in 2021 and push out the timeframe for completing the project.

Wainui Lions Junior Learn to Ride Cycle Park

The 216m track was constructed at Adventure Playground in October 2017 after funds were raised by the Wainui Lions, including a \$100k contribution from Council. The park provides a fun and safe off-road environment where kids up to 12 can learn to negotiate real-life road situations. The park was officially opened to the public on 22 December 2017.

Our Major Projects



Lawson Field Theatre

The Lawson Field Theatre was closed in October 2016 after seismic investigations showed it was earthquake-prone. As well as strengthening work, the project will include significant renovations. The exterior auditorium wall and the entire roof will be replaced. The back stage area, toilets, Rose Room and foyer will be updated and infrastructure services such as lighting and rigging will be replaced.

Council gave the green light to proceed with the \$3.6m upgrade in May 2018 and construction began in July 2018. Council is contributing \$1.1m to the build and successfully secured funding from the Regional Culture and Heritage Fund (\$417k), the Lotteries Commission Community Facilities Fund (\$350k) and the New Zealand Community Trust (\$400k). The War Memorial Theatre Trust gained a further \$1m grant from the Eastland Community Trust and continues to fundraise for the project which is expected to be complete by August 2019.



Olympic Pool Upgrade

We undertook a business case in 2017 which identified the level of investment needed to make the facility fit for our community's future needs.

We worked with users to develop concept designs, and surveyed the community in November 2017 to identify a preferred design. During consultation on Council's 2018 – 2028 Long Term Plan there was a considerable amount

of support for upgrading the pools in stages to keep it affordable. Phase one which includes a fully enclosed indoor 50m pool, a learn-to swim pool and spa zone, a new administration centre and changing rooms is planned be completed between 2018 – 2021 for an estimated cost of \$21.6m. Phase two, to upgrade the outdoor pools would be done from 2025 – 2026 for estimated cost of \$6.9m

Council has budgeted \$5.7m towards the project and is seeking grant funding to complete both phases. The redevelopment will provide the facilities needed to maximise the use of the pool all year round, grow visitor numbers and provide for a range of activities from competition, health, fitness and recreation.

Tairāwhiti Navigations

The programme of projects delivered by Council, tangata whenua and partner organisations will weave together significant sites through storytelling and design to showcase our region's unique culture and heritage of first arrivals and great navigators. The programme now includes five council-delivered projects; the Inner Harbour Upgrade, Titirangi Restoration, Historic Interpretations, Puhī Kai Iti and Cook Landing site redevelopment and the Titirangi Summit redevelopment. The Tairāwhiti Navigations Governance Group met in December 2017 and decided due to funding and timing constraints that the Turanganui Bridge and Slipway project should remain as a concept only at this stage. We've been keeping our community up to date with programme through engagement at last year's A&P Show, newsletters to 4000 households as well as regular eNewsletters.



Inner Harbour upgrade

In partnership with Eastland Port we're redeveloping the Inner Harbour to transform the area into a vibrant hub, on par with other prime waterfront locations around the country.

Phase one of the project got underway in February 2018, which included the redevelopment of Crawford Road and The Works and Soho car parks. Work is due to be completed by the end of September 2018.

Phase two will get underway in January 2019. Consultation with stakeholders in mid 2018 resulted in changes to plans to allow for car parking, but will still provide a design that creates a safe, well-lit promenade and strong pedestrian connections. These include a staircase connection to Rakaiatane Road, a road upgrade for The Esplanade, a landscaped pedestrian promenade, waterfront redevelopment and a pedestrian connection to the Gladstone Road Bridge.

The upgrades will also provide context for iwi to tell their stories, with cultural design elements woven throughout, including tukutuku patterning and paving, representing coastal headlands and settlement. Matariki lighting will be installed around the waterfront and a new waharoa (gateway) is planned for the voyaging waka and cruise ship passenger arrivals.

The overall cost of the project is \$9.02m with Council contributing \$3.7m. The Eastland Community Trust agreed to re-allocate budget from the Turanganui Bridge project to the Inner Harbour. Regional Economic Development Minister, Shane Jones also announced \$2.3m in funding from the Provincial Growth Fund and a contribution of \$1.35m was awarded through the Tourism Infrastructure fund (MBiE). Eastland Port has also contributed \$107k to date and has committed to another \$1.2m.

- **Historical Interpretations**

The Historic Interpretations project, led by tangata whenua and Council, will produce a heritage interpretation experience named 'Tupapa – Our stand. Our story'.

Tupapa describes the place where the iwi of Turanganui-a-Kiwa connect through shared ancestry and history. We've worked with Te Aitanga a Mahaki, Ngati Oneone, Rongowhakaata and Ngai Tamanuhiri since September 2016 to develop an experience that tells the stories passed down about the first people to navigate and settle in this region. Working with Locales Ltd in 2017 we designed a bilingual, multi-media trail that combines digital media on a website and app, with ten trail markers and view shafts to weave together significant sites from Waikanae to the Inner harbour, Cook Landing Site and Titirangi.

The \$2.25m project gained full funding from the Eastland Community Trust. Resource consent was lodged in July 2018, with installation and landscaping to be completed in October 2018. An opening event is planned for later in the year, and a campaign will be launched to promote Tupapa to our community, national and international visitors.

- **Titirangi Restoration**

In partnership with Ngati Oneone, we're working together with the support of community groups to restore our sacred maunga (mountain). The project is supported by \$1.3m Council funding, with an additional \$512k of funding received through the Tourism Infrastructure Fund

(MBiE) and \$25k from the Department of Conservation (DOC).

To date we've completed native planting on 20 hectares of the 75-hectare site, including planting and historic education with community groups and schools through the 'Titirangi Guardian' programme. Over the past year, 900 native plants were planted by students from six local schools. Cost estimates to revegetate the remaining areas and maintain them over the next three years is \$3.8m. Funding and options on how to pay for this work are currently being explored.

Large areas were cleared of mothplant and honeysuckle, in partnership with the DOC as part of their 'War on Weeds' campaign. A new plant pest control programme, Whaia Titirangi, is about to be launched that will assist us in managing weeds in the reserve. The programme is the first of its kind working in collaboration with Ngati Oneone that will enhance our kaitiakitanga.

Upgrade work to improve the network of tracks also continued over the summer 2017/18. The second phase of the Bowl track will get underway in October 2018. Design has been completed and resource consent was lodged in July for the Home Guard track, an historic track providing a connection from the bottom of the maunga to the summit on the Kaiti side. Working closely with Eastland Port and Ngati Oneone we've also been developing the new Kaiti Beach track which will run along the bottom of Titirangi to Kaiti Beach.

- **Puhi Kai Ihi and Cook Landing Site**

Ngati Oneone, in partnership with the Department of Conservation and Council are redeveloping the Cook Landing Site. The redevelopment will connect the site to Titirangi with a pedestrian bridge and develop the commemoration site of Te Maro – a significant Ngati Oneone tipuna. In September 2017 Council endorsed undertaking the project as part of the Tairāwhiti Navigations programme.

Concept design plans have been produced in consultation with stakeholders. The design aims to provide a visitor experience at the site of 1000 years of our navigational history through installation of taonga, improved heritage interpretation and storytelling elements, connections, landscaping and amenities. The project includes upgrades to the landing site, as well as acknowledging the location of the Whare Wananga, Puhi Kai Ihi and the landing site of the navigator, Maia's waka.

The total cost of the project is \$5.6m, with funding in part provided by DOC. In June 2018, grant funding was awarded by the Lottery Significant Project fund for construction of the '1000 year walkway' and commemoration area on Titirangi to acknowledge Te Maro. Provincial Growth Fund have approved a further \$1.63m for the upgrade of the national historic reserve.

Our Major Projects

• Titirangi Observatory and summit

The James Cook Observatory on top of Titirangi remains closed due to earthquake risk. Community engagement undertaken through the Annual Plan 2017/18 determined the community supported retaining the facility on the summit.

We allocated \$90k to develop a business case to determine feasibility and viable options to determine the project scope, timing and budget required. Geotechnical investigations carried out in May found that earthworks are required to correct instability issues around the existing building.

Our preferred option is to develop a new aspirational facility that will provide a destination for observation, education, tourism and tell the history of the maunga and its place in Tairāwhiti's cultural, spiritual and historical context. We applied to the Provincial Growth Fund and were awarded \$6.1m in September 2018 to continue through to the detailed design phase. We plan to retain the gun emplacement due to its historical value, and will develop the final design for a multi-purpose building in partnership with iwi and after further engagement with the community.

decided on in the future. Additional hydraulic modelling was carried out to support the consent process, however the results of the updated model found that more height and width needed to be added to the original design. The hearing scheduled for December 2017 was adjourned to allow new plans to be completed and is now expected to take place in spring 2018. The change in design has impacted on the total project cost with total project funding now estimated to be \$30-35m. Given that the resource consent approval has been delayed construction work for stage one of the stopbank improvements will start in summer 2018/19.



Waipaoa Flood Protection Scheme

The Waipaoa River Flood Control Scheme includes 64km of stopbank running the length of the Waipaoa River between Te Karaka and the river mouth. The upgrade involves widening and raising the existing stopbanks by up to a metre to improve resilience against a 1 in 100-year flood event, allowing for climate change effects out to the year 2090.

We engaged with stakeholders and purchased land from 13 owners totalling \$1.6m. We need to acquire land from another three properties to enable the widening and expect these purchases to be complete by December 2018.

Resource consent was lodged in June 2017. The application includes provision for a cycle trail along the stop banks, which will enable it to go ahead if it's

Wastewater Management

Our wastewater treatment plant constructed in 2010 was the first step in improving the quality of water that is pumped through the outfall pipe into the bay. A condition of our resource consent for the outfall requires us to implement further treatment, investigate options for alternative use and disposal, and make every effort to meet cultural objectives to remove household wastewater from the bay. As a minimum, we're required to put in additional treatment infrastructure to improve the water quality further. This includes making the water clearer and disinfecting it with UV light.

In August 2017 Council approved five potential wastewater treatment and disposal options, that allowed for a range of outcomes from very good water quality to extremely high water quality. We ran a survey in November 2017 to ask our community what you thought and to help us identify a preferred option. We then consulted through our 2018-2028 Long Term Plan in March and April on the option to construct clarification, solid removal, UV disinfection and a wetland, in phases to keep it affordable.

The majority of submitters (54%) supported implementing clarification, solids removal and UV disinfection between 2020 and 2023, for a cost of \$24.4m. This would bring the treatment of our wastewater up to par with most wastewater disposal systems in the country. Then constructing a wetland in a second phase once a feasible, sustainable and affordable use for the treated wastewater was found. Council adopted this plan in July to and allocated budget to continue investigating alternate uses for the wastewater.



DrainWise

Inadequate drainage on residential properties is the main source of water getting into the wastewater network during heavy rain – causing overflows on properties, roads and leading to emergency releases into our city's waterways. Our DrainWise team have undertaken 1300 property inspections over the last year, including smoke testing and CCTV inspections of pipes. We also water tested gully traps on 1,021 properties, inspecting a total of 2,400 individual gully traps. The team carried out seal repairs on around 600 gully traps and worked with homeowners to get bigger drainage issues fixed.

We continued with our programme of stormwater renewals and upgrades to our public network of pipes, including important work in Crawford Road and the Inner Harbour. We undertook a programme of high pressure jetting to keep our wastewater network working as it should. Modelling of the stormwater and wastewater networks was also completed to prioritise the programme of work for the next financial year.

In our Long Term Plan we consulted on how we should approach the issue over the next 10 years. Submitters supported our preferred solution that will focus on replacing 54km of old wastewater pipes in the public network over the next 30 years, and invest \$6m towards improving drainage on private properties that are the worst contributors to the problem. The solution means we'll still continue inspections and rely on a majority of homeowners to fix drainage on their properties. We'll continue to investigate alternative funding options to help with costs for private property owners.



Managed Aquifer Recharge (MAR)

Stage one of the MAR trial in the Makauri Aquifer was undertaken over winter in 2017. An injection bore was constructed and 75,000 cubic metres of water from the Waipaoa River was injected into the aquifer. We measured the effects on the transfer of water and water quality in surrounding monitoring bores. The data was presented in December 2017 and proved the feasibility of using this method to recharge the water levels in the aquifer. The total cost to complete stage one were \$675k. Grants of \$584k were received from Eastland Community Trust and Ministry for Primary Industries, with Council contributing the remaining amount.

A further trial (stage two) is being planned for 2019 and 2020, to provide the information needed to develop a full recharge scheme and ensure appropriate environmental safeguards are in place. Resource consent for injecting up to 360,000 cubic metres of water/per year was lodged in March 2018 with the outcome expected later in the year. A second consent was granted for constructing two more monitoring bores in preparation for the trial. These were constructed in June. Council secured \$542k from the Provincial Growth Fund (PGF) and committed \$160k in the 2018-2028 Long Term Plan. We've applied to ECT for the remaining \$488k needed to undertake the trial.

CARING FOR OUR ENVIRONMENT

Gisborne Regional Freshwater Plan

The Hearings Panel for the Gisborne Regional Freshwater Plan provided its decision to Council in early August 2017. Council accepted the recommendations of the Hearings Panel and publicly notified the changes to the plan on 19 August 2017. A total of 17 parties have appealed. This included nine appellants and a further eight stakeholders who have become parties to the proceedings under section 274 of the Resource Management Act. We've made good progress during mediation with submitters in May 2018 and agreement was reached on a number of appeals. Mediation continued in September 2018, working towards a finalised plan.



Rere Water Enhancement Project

Work is well underway with the community in the wider catchment to develop Farm Environment Plans and undertake actions to improve water quality. Funding from the Freshwater Improvement Fund has enabled the project to expand to cover the entire length of the Wharekopae River over a five-year period. The \$847k grant will provide for a community co-ordinator, development of a community nursery, further monitoring activities and will also provide a 50% subsidy for farmers undertaking actions to improve water quality.

Taruheru River Restoration Project

The Taruheru River and its tributaries cover a range of land uses including forestry, pastoral farming, horticulture, reserves and urban areas. Our monitoring has shown that water quality is very poor in stretches of the river on the Poverty Bay Flats and in the Gisborne urban area. This is effecting the ecological values of the river, along with its use for safe recreation as a popular swimming and boating area.

We've been monitoring and collecting data to find out what factors were contributing to pollution. Staff undertook surveying and monitored several sites along the length of the river and its tributaries for 12 months. Monitoring has revealed many sources throughout the catchment are contributing to the problem. A workshop introducing Farm Management Plans, and discussing the

water quality issues in the catchment has been held with growers, and the first cropping farm plans are now being developed. The aim is that all properties with vegetable or arable cropping will have farm plans in place by the compliance deadline of May 2021.

Wainui Beach Erosion Management

Resource consents were lodged in July 2017 for four activities along Wainui beach; sand push-ups, replacement of the rock and a rail wall between the southern groyne and Tuahine Crescent and a retrospective consent for emergency works on the beach reserve at the end of Wairere Road. 41 Submissions were received. We withdrew the application for sand push-ups due to the unknown effect it may have on the beach environment and surf break. Following hearings, the application to replace the rock wall was declined. This is because 'hard' engineering is discouraged and is inconsistent with the natural character provisions of the New Zealand Coastal Policy Statement, unless it protects infrastructure of regional importance. Retrospective consent for the gabion basket structure was granted for the next five years, but the rocks above these are legally required to be removed as they are also not effective as an erosion protection structure and inconsistent with the NZCPS and Wainui Beach Erosion Management Strategy. Staff met with the community in July 2018 to discuss their concerns following the decision of the hearings. Work to remove the rocks and replant the dune with native plantings got underway in August 2018. We will be looking to remove hard engineering solutions from the WBEMS and preparing the community for managed retreat.

Restoring Waiapu catchment

Restoring the Waiapu River catchment is a collaborative programme, with the Ministry for Primary Industries and Te Runanganui o Ngāti Porou, to treat erosion and deliver benefits to the community and landowners. We've been working on proposals for the new community project component of the East Coast Forestry Project funding. These proposals are able to include other forms of erosion management, including riparian planting. Proposals being submitted by Council include the Waiapu River erosion project, a nursery located at Ruatoria, a Te Arai River riparian management project, and a Waimata River riparian management and erosion project.

KEEPING YOU SAFE AND CONNECTED



Civil Defence Emergency Management

The Civil Defence Emergency Management (CDEM) team monitored 16 weather warnings and a Tsunami warning in the past year. The team were called into action to respond to the two significant weather events in June 2018, which resulted in flooding at Tolaga Bay, Whangara, and areas to the west of Gisborne. CDEM community link teams looked after the welfare of communities in response to, and recovery from the events. Council have begun collaboration with the community in Uawa on the recovery plan.

The CDEM Facebook page has continued to keep people informed on weather events/warnings, earthquakes information and tsunami warnings with over 7,630 followers. We've continued education in the community with newspaper features, presentations, a display at the A and P Show, and training and exercises with our key partners and community link.

During the year our team reviewed the Marine Oil Spill (MOS) Tier 2 Contingency Plan, Group Welfare Plan and made changes to the Group Plan in regard to Strategic Recovery. We hosted the Minister of Civil Defence Emergency Management, Honourable Kris Faafoi in May and members of CDEM have been recognised with Ministry awards for service.

Street lighting

In 2015 Council began a programme to replace our Council managed street lights (approximately 3,230). We replaced 323 sodium street lights with LED to achieve better quality light, improved night-time visibility, cheaper energy and reduced maintenance costs. Installations were also completed for streetlights requested in Endcliffe Road and a full upgrade in Ruatoria to increase security in the township. Solar LED lights were installed in remote locations in Lavenham Road and Sponge Bay carpark in January with good results.

A trial for improving night time lighting under the veranda in Gladstone Road between Lowe to Peel Streets was deemed successful. Adding a new dedicated luminaire to the existing streetlight column has provided improved

lighting for evening pedestrians and visibility for the Camera Trust Security cameras.

A further 402 lights will be replaced in the upcoming year in the outer CBD and Ormond Road areas. The cost of replacements for the upcoming year is \$396k which is 68% subsidised by Transport Agency funding.



Parking

Council adopted a new Parking Policy for the city centre in August 2018 – having refined the draft to reflect community feedback received during consultation late last year. Of the fifteen formal submissions and 100 comments on Facebook we received, the main theme was strong preference for the ability to use bank cards to pay for parking.

While some of the policy actions can be started this year, many improvements will rely on the installation of new metering technology. Currently, the budget for parking meter renewals is scheduled for 2026 and 2027 in the 2018-2028 LTP. Council agreed in March that the budget and timeframe for rolling out new parking meters will be reviewed as part of the 2021-2031 Long Term Plan. Council also allocated \$10-\$11k per year - for years one to seven in the 2018-2028 LTP to replace the Pay and Display meters with individual free-standing meters until a comprehensive system can be installed.

Parking Wardens and City Watch staff have also been equipped to wear personal security cameras to assist with enforcement and safety.



Our District Highlights

Animal Control

Our Animal Control team responded to 3,782 issues with dogs around our district over the year. 10,804 dogs were registered by 31 July 2017 and the team undertook a promotion to increase new registrations of menacing dogs. With government funding we offered owners who were registering dogs classified as menacing for the first time, a special \$1 registration fee and free de-sexing. The campaign resulted in 33 new dogs registered and 52 dogs spayed. We worked alongside a local organisation to re-home 190 impounded dogs. Enforcement and community education is key to the success of our animal control activity. We visited 12 schools to teach children how to be safe around dogs and what makes a responsible dog owner.

IMPROVING OUR COMMUNITY FACILITIES

Community Facilities Strategy

We completed a Community Facilities Strategy outlining how Council and other agencies will invest in a network of community facilities over the next 20 years. This strategy includes plans for gardens, street trees, cemeteries, parks and sports grounds, art in public places, the theatres, library, museum and pools.

The draft document went out for public consultation in September 2017. From that feedback, we prepared a framework for decision making about what facilities are needed and the overall vision for facilities across the region.

The vision signals a shift in how Tairāwhiti provides community facilities, with a focus on getting the best value for money. This means better quality facilities to meet multiple community needs, without high operating costs. It directs smart decisions about where facilities are built and working with others, such as schools in providing these facilities. We'll work with Sport Gisborne Tairāwhiti and others to establish a 'Relationships and Partnerships' position to guide clubs and codes with leading the development of the priority facilities.

The Strategy was adopted in January 2018 and Council funding to support the implementation of it was agreed through the LTP. A budget of \$30k is available to produce feasibility studies and business cases for community facilities that will be matched by Sport NZ.

Township upgrades

The community worked closely with Council to plan upgrades in Tokomaru Bay. The work, completed over July – November 2017 included a fenced beachside playground, a sheltered BBQ area, BBQs, park furniture and rubbish bins. New footpaths, road kerb and channels, and entrances to town were also constructed.

Planning for Manutuke and Muriwai communities has also progressed in the last year, with a view of implementing upgrades in the 2018/19 financial year. Manutuke has endorsed concept designs, while the

Muriwai community is working with Council to define the priority projects.

Township plans have become Council's core community-led development tool, considering the full social, economic, environmental, and cultural well-being weaving across all aspects of Council.

To reflect this, during the planning process for the 2018-2028 LTP, Council's roll out of upgrades has changed. A more resilient township planning framework has been introduced, with a revised funding format and a new two-year cycle for the delivery of each upgrade round. This means that the planning for a township upgrade will take place in the first year, with implementation and works taking place in the second year.



Barkers Hill shared pathway installation

The installation of a shared pathway on Barkers Hill is complete, resulting in much safer access for pedestrians. Fulton Hogan started work in November 2017 and throughout the project completed the footpath, retaining walls, pram and vehicle crossings, new LED streetlights, stormwater drainage improvements, new kerb and channels and a new road surface. The pathway is regularly used by the community.



Waikanae to Waipaoa Study

The Waikanae to Waipaoa Land Use Study aims to provide advice to Council on the optimal uses of the public parts of this coastal area for future planning.

Council owns and manages land and public facilities in these areas and recognises the value of enhancing the area as a destination, as a natural environment and its cultural significance for local iwi. The study began in 2016 to gather detailed information about the values of this coastal area to identify appropriate activities and provide a framework to help make choices about future use and investment. We undertook a series of engagement events to gather ideas and feedback from users. We're now seeking further engagement with mana whenua to ensure that iwi cultural values are fully considered. Having a good understanding of the area will be vital for making good choices about its future that are consistent with its natural, cultural and amenity values. The study is due to be completed in 2019.

WORKING WITH OUR COMMUNITY

WTF Tairāwhiti – Long Term Plan 2018 – 2028

Our 'What's The Future Tairāwhiti?' campaign was aimed at engaging people of all walks of life from around our region in developing and deciding on our 2018 – 2028 Long Term Plan. Early engagement got underway 1 September – 20 October 2017. Instead of just holding community meetings, we went out to community events that were already happening with a branded kombi. We developed a bilingual, purpose-built website that was easy for people to submit their ideas and interact with others. We engaged nearly 2,800 people, increasing our face to face engagement by 700% compared with 2014, and identified the big issues we needed to decide on. We continued the campaign during the formal consultation on options for our big decisions on Wastewater Treatment, DrainWise, Road maintenance, Olympic Pools and the Taruheru Cycleway. We held 22 community meetings, received 347 submissions and 77 people presented at hearings. For the key issues, submitters strongly supported Council's preferred options. Other topics and issues raised by submissions included concern with rates affordability, provision for the Community Facilities Strategy, biodiversity enhancements, the Tokomaru Bay wharf and road layout in Ruth Street and Gwyneth Place. Our future plan was adopted in June 2018 and we let our community know the key decisions. Our campaign and consultation document won top honours at the IPANZ public sector excellence awards, a finalist in the Local Government New Zealand excellence awards and winner of the SOLGM Consultation Document competition out of 54 councils.



Partnerships with Māori

Council has progressed a series of existing agreements, with a view of achieving sustainable outcomes for Tairāwhiti in partnership with Māori.

- **Local Leadership Body**

A symposium on co-governance was co-hosted in September 2017 as part of a process to establish a Local Leadership Body (LLB) between Council, Rongowhakaata, Ngai Tamanuhiri and Te Aitanga a Mahaki. The LLB is defined in the Ngai Tamanuhiri Claims Settlement Act 2012. It will ensure a mana approach between Council and Turanga iwi for the management of natural resources within the LLB area, and issues that are important to Turanga as a whole. The LLB will be made up of equal Council and iwi representatives – two each from Ngai Tamanuhiri, Rongowhakaata and Te Aitanga a Mahaki, along with the mayor and five councillors. We'll continue to work with iwi to progress its implementation.

- **Joint Management Agreement**

In anticipation of the Waiapu Catchment Plan planning process, engagement between Council and Te Runanganui o Ngati Porou (TRoNPhui) has been initiated to consider our requirements under the Joint Management Agreement (JMA). Initial consideration of the Waiapu Catchment Plan was a key catalyst for the JMA, so its completion will be a key measure of the JMA's successful implementation.

- **Co-Management with Ngati Oneone**

We also continued to work in partnership with Ngati Oneone on the management of Titirangi Reserve. This included developing and implementing projects for restoration of native plants, weed control and upgrading tracks, development of the summit, along with the upgrade to Puhi Kai Iti /Cook Landing site. We've also worked together to facilitate the implementation of the Tamarau Wetland at Heath Johnston Park which began construction in May 2018, and applying for funding to carry out an ecological study to scope restoration work for Tuamotu Island.

Our District Highlights



Easter Trading

A new Easter Sunday Shop Trading Policy came into effect in March 2018, following a period of public consultation. The policy gives retailers within our district the choice to trade on Easter Sunday.

The policy provides a clear, user friendly system. It highlights that this is a choice for both employees and employers, whose rights are protected through legislation.

Dual name

Council agreed to research, consult and apply to the NZ Geographic Board (NZGB) that Poverty Bay be changed to a dual name of Turanganui a Kiwa/Poverty Bay. During consultation with the community over 1,800 submissions were received and Council resolved to support an application. We applied to the NZGB in March 2018. The NZGB consulted publicly on the proposed dual name for three months from May - August. They received more than 600 submissions and made the decision to accept the proposal. A final decision will be made by the Minister for Land Information before 2019.



Regional growth

In January 2018 the Government officially launched the Tuawhenua Provincial Growth Fund (PGF) as a way to enhance economic development opportunities, create sustainable jobs, contribute to community well-being, and lift the productivity potential of regions. We responded quickly, working with representatives from iwi, health and the commercial sector to present a regional















Vision to 2022 to the Prime Minister and Ministers of the Crown. Our shared vision expressed priorities for a thriving economy, strong, resilient and healthy region and connected and sustainable communities. This aligned well with the government's promise of targeted regional development.

In September 2018 the Prime Minister announced Government's plan to invest significantly in our region. Approximately \$153 m was granted from the PGF, on top of another \$175m approved for the roading network, through the National Land Transport Fund. While the majority of the PGF funding is also for roading, other projects included are the Titirangi - Puhi Kai Iti (Cook's Landing Site) connection and restoration, Gisborne Airport terminal redevelopment, NZ Macadamia Industry Development Project and the Tairāwhiti Rail Feasibility Study.

We also progressed a number of actions described in the 2017 Tairāwhiti Economic Action Plan (TEAP) that include the Managed Aquifer Recharge Trial, Tairāwhiti Navigations and co-governance arrangements with iwi.

How did Council do this year?

Council uses a number of methods to measure and monitor the quality and effectiveness of the services we provide. These help us to ensure we are delivering what we said we would and that we improve performance where it's required. Each activity has performance measures with targets that they aim to achieve. As we are reporting on the 2017/18 financial year, these measures and targets are from the 2015-2025 LTP.

	Performance highlights		Areas for improvement
	Parks and Community Property - The percentage of residents satisfied with Council parks, reserves and open spaces has increased to 86% from 80% last year. Adjusting operational model to deliver better outcomes more efficiently had a positive outcome achieving our targets.		Public toilets - Percentage of residents satisfied with public conveniences increased from 32% to 38%. Although we did not meet target (50%), Council is expecting the new maintenance contract and construction of more toilets at coastal locations will improve the performance results.
	Environmental Services - 76% of monitored Freshwater sites show water quality is being maintained or is showing a trend of improvement for E.coli. We did not meet our target of 78%, but showed a big improvement, up from 69% last year. Water quality results for macroinvertebrate testing and groundwater wells improved from last year too, with more sites being maintained or improving.		Total waste from illegal dumping increased by 9 tonnes to 37 tonnes. The number of requests for service regarding illegal dumping has increased 4 years in a row, increasing by 33% to 522 this year. We adopted a new Waste Management and Minimisation Plan this year and have increased resources in this area to focus on turning around this trend
	Cultural facilities - Residents are very satisfied with our cultural facilities. The highest satisfaction results were for the Tairāwhiti Museum (96%), the War Memorial Theatre (95%) and the library (88%).		Environmental Services - We prepared 4 Farm Environment Plans this year, but did not meet our target of 20. Prioritisation of statutory requirements reduced staff's ability to prepare the targeted number of plans.
	War Memorial Theatre - booking days increased to 147 from 141 last year. Audiences are growing as more locals are enjoying a range of events, which in turn, is increasing the confidence of promoters to consider Gisborne as a tour destination.		Decision-making - 46% of residents were satisfied with the way Council involves public in the decisions it makes. Although we significantly increased the number of people we engaged with to develop the Long Term Plan (early engagement was up 700% compared to the last LTP), we can do better.
	Water Supply - The total number of complaints received reduced by 22% from last year. We have been working closely with contractors to ensure timely responses to problems, reducing the overall number of complaints.		Value for money - Resident satisfaction with value for money has decreased to 43% this year, from 49%. Over the past three years we kept rates rises at 2% or less. This combined with maintenance of roads and delays in major projects meant we ended up with a deficit last year. We have worked hard as a team to get Council back on track this year.
	Road Safety - The number of fatalities decreased from 5 last year to 1 this year. Improvements to road safety and educational awareness have been a focus. Footpaths - 99% of footpaths are within the condition service standards set out in the Pathways Asset Management Plan, meeting target (60%). Road maintenance - The average quality of ride on a sealed road has improved. 92% of sealed roads have a NAASRA count of below 150 or better, up from 84% (target 80%). Transport Services - Bus passenger services is up from last year by 9.6%.		Roading service requests - Our response to service requests relating to roads and footpaths in target timeframes decreased. Additional staff have been engaged to improve the monitoring and management of responding to service requests. Road Maintenance - Only 2% of the sealed local road network was resurfaced this year, target (5%). Increased budgets for maintenance in the 2018 - 2028 LTP and funding from central government will contribute to improved performance.
	Governance support - 100% of advice to Council met good practice standards when independently assessed (target 80%).		Customer Service - More customers were satisfied with the helpfulness of staff this year (80% up from 75%), although we still did not meet our target of 90%.

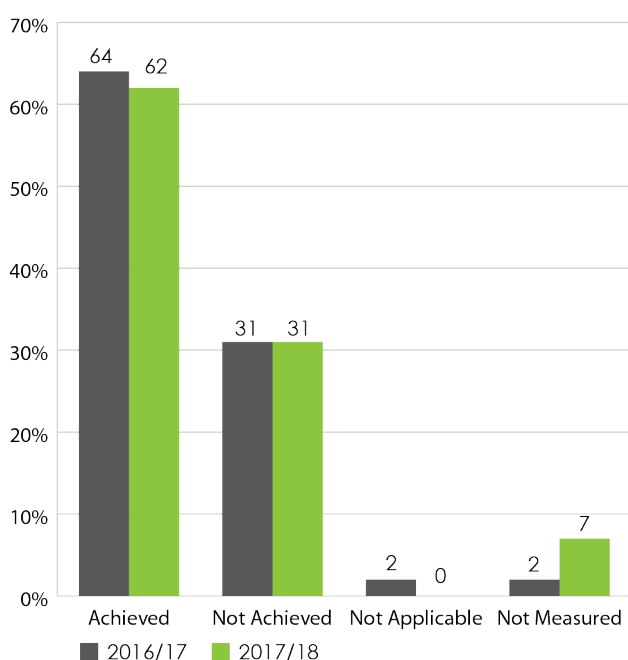
Our Performance

Achieving our Performance Targets

The graph below shows how well Council met the performance targets we set for ourselves for 2017/18. Compared to the previous year (2016/17), the percentage of performance targets achieved decreased from 64% to 62%. The performance measures which were Not measured (7%) were reviewed as part of the 2018-2028 LTP process.

Details of all the performance measures and targets are included in the section 'Our Activities'.

Achieving our Performance Targets



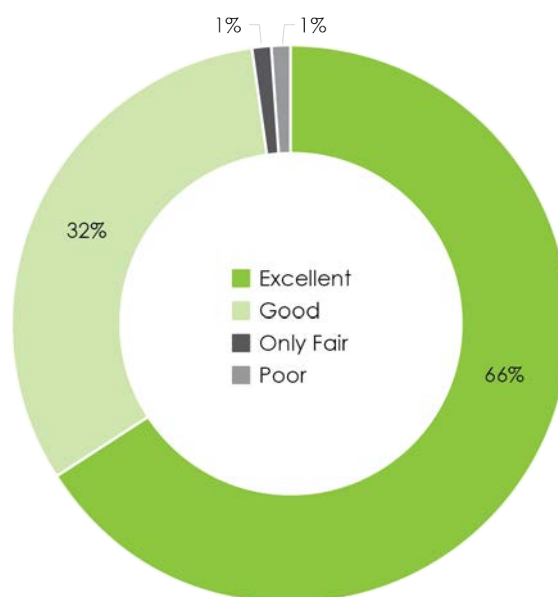
Note: figures have been rounded and may not add up to 100%

Request for Service: Customer Satisfaction

Council has a Request for Service (RfS) system to manage and track all requests that members of the public make for various Council services. We also survey at least 5% of all individuals who make an RfS to determine whether they felt our response to their request was 'poor', 'only fair', 'good' or 'excellent'.

The graph below shows that overall our customers were satisfied with the service provided through the RfS process with 98% rating the quality of service received as either 'good' or 'excellent'.

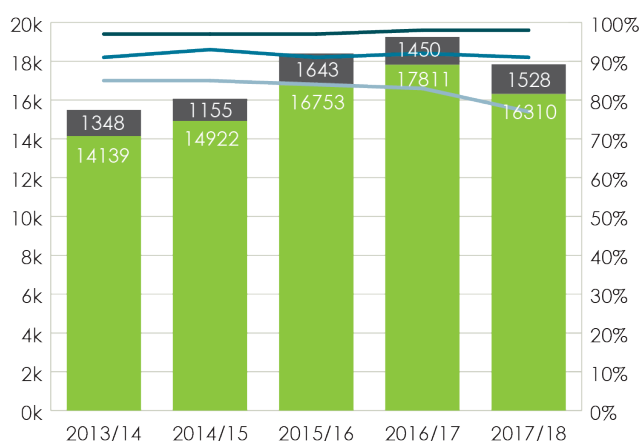
Request for Service Customer Satisfaction



Requests for Service: Completed within timeframes

We completed a total of 17,838 requests this year, down from 19,261 last year. Of these, 91% were completed within target timeframes.

Request for Services completed within timeframes



Resident Satisfaction Survey

Ensuring you are satisfied with the services and facilities we provide is a priority for Council. We undertake independent resident satisfaction surveys every year to find out how well the community thinks we are doing.

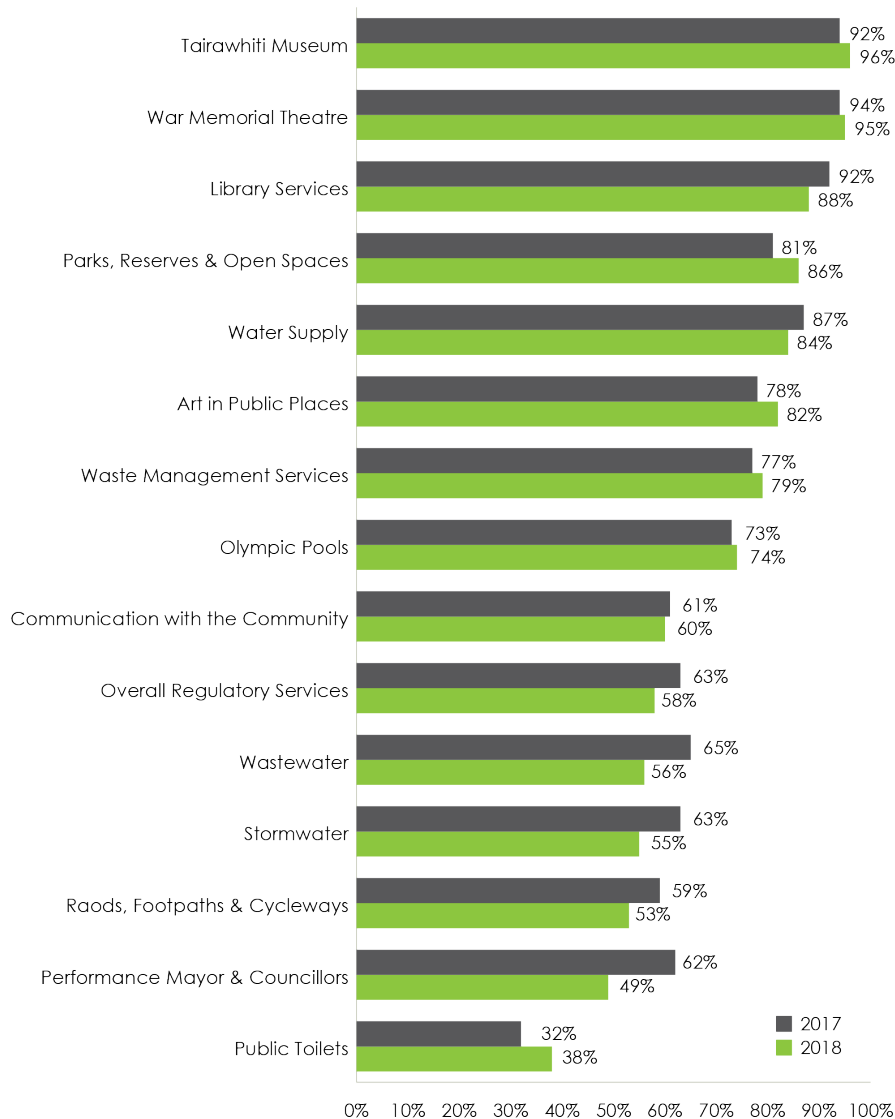
The Resident Satisfaction Survey is a 20-minute phone survey of residents across the region. Interviewing is conducted in quarterly cycles with around 100 interviews targeted within each quarter (for a total of 408 surveys for the year).

Respondents are asked to rate their satisfaction with Council's activities, facilities and performance. The survey

is designed to be fully representative of the district's wards as well as gender, age and ethnicity of its citizens.

The results for 2017/18 show that performance across all Council's core activities remains similar to 2016/17. Residents continue to be most satisfied with Council's parks, reserves and open spaces, public facilities and core infrastructure. Our cultural public facilities are rated highly, particularly the museum, theatre and library. Although performance in relation to roading was considered as acceptable, cycle safety and the condition of rural roads have been identified for attention. The satisfaction with our public conveniences continues to be low, although it has improved from last year. Details of all the performance measures and targets are included in the section 'Our Activities'.

Resident Satisfaction Survey



Finances at a glance

This section provides an overview of the Council's financial results for the 2017/18 year. For further detailed information on the Council and the Group's financial results, refer to the full financial statements in the "Our Finances" section.

Details of Council's Statement of Involvement in Council Controlled Organisations (CCOs) and other companies is included in the 'Our Finances' section.

The Council reports comply with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with Tier 1 PBE Standards and other applicable Financial Reporting Standards, as appropriate for public benefit entities. These requirements prescribe the way we recognise and disclose all financial transactions in our financial accounts.

Financial Position overview

Council holds long-term assets of \$2.09 billion, including operational and infrastructure assets. When investing in infrastructure, we borrow funds so repayments can be spread across the generations that benefit from these assets.

At the end of this financial year our financial position remains healthy and our debt levels continues to be very conservative.

At year end our total debt was \$43.9 million, which is \$5.1 million below the Annual Plan forecast.

Financial performance

Council has performed well financially over the past year. We recorded a \$5.1m net surplus after taxation. While expenditure was more than Annual Plan, so too was operational income which meant that we were able finish the year financially strong.

Total expenditure was \$3.5m more than what was in the Annual Plan. This was due to significant repairs to damaged roads caused by two cyclones and the June 2018 storm events. Income received from New Zealand Transport Agency contributed to most of the costs of repair and was \$3.1m more than what was within the Annual Plan.

While we did plan for a higher net surplus after tax of \$9m, our Annual Plan included more capital revenue to coincide with major capital projects such as the Olympic Pool, walkway and Lawson Fields theatre. These projects have now been re-phased to occur in the LTP 2018-2028, along with the expected grant capital revenue.

There were other variances from Annual Plan both favourable and unfavourable during the year. More detailed analysis of all Councils activities are included in the "Our Activities" section of this report.

	Budget 2017/18 \$000s	Actual 2017/18 \$000s	Variance Favourable/ (Adverse) \$000s
Revenue from Rates	57,038	57,681	643
Grants and Subsidies - Operational	9,227	12,353	3,126
Grants, Donations, Subsidies and Contributions - Capital	17,954	12,193	(5,761)
Revenue from Operating Activities	11,140	10,099	(1,041)
Other Gains/(Losses)	12	1,319	1,307
Total Operating Income	95,371	93,646	(1,725)
Employee Benefit Expenses	17,687	19,061	(1,374)
Depreciation and Amortisation	21,098	20,945	153
Operating Activities	45,353	47,827	(2,474)
Finance Costs	2,199	1,982	217
Total Operating Expenditure	86,337	89,815	(3,478)
Net surplus/(deficit) before taxation	9,034	3,831	(5,203)
Subvention Income	0	1,300	1,300
Income Tax Expense (Benefit)	0	0	0
Net Surplus/(Deficit) after Tax	9,034	5,131	(3,902)
Gains/(Losses) on Property Revaluation	392	73,160	72,768
Total Comprehensive Revenue and Expenses	9,425	78,291	68,865

Significant changes in revenue/expenditure compared to the 2017/18 Annual Plan Budget

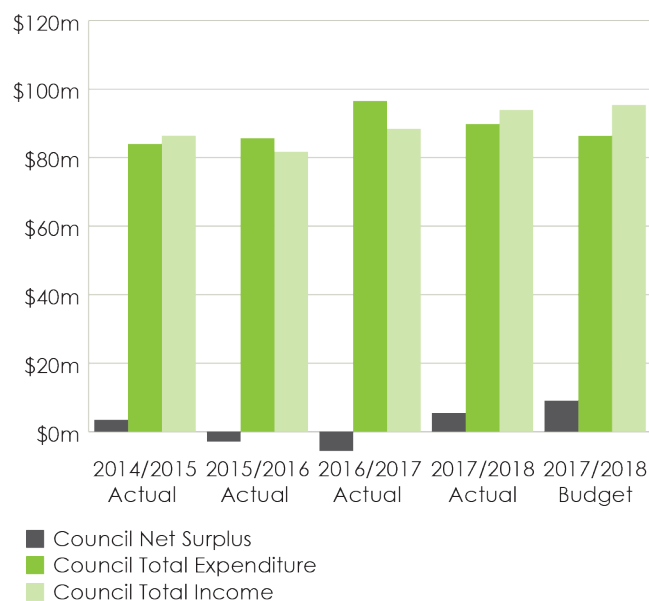
	\$000s
Higher than annual plan infrastructure assets valuations	72,768
Subvention / Dividend Income from GHL	1,300
Increase in other gains	1,307
Income from rates	643
Lower than budgeted depreciation and amortisation	153
Finance costs	217
Total Positive Variances	76,388
Less	
Higher than annual plan operating expenditure and employee expenses	(3,848)
Revenue from operating activities	(1,041)
Lower revenue from grants and subsidies	3,126
Total Negative Variances	(1,763)
Total Factors contribution to the underlying variance	74,625

Council sets its operating income at a level to meet each year's operating expenditure. In some cases this may not be practical or prudent due to the long term nature of the activity (i.e. wastewater, forestry and soil conservation nurseries) or the capital project funding being received as grants/subsidies.

Council's budget and actual net surplus for 2015 - 2018 is shown below.

The total income for 2017/18 has increased by \$5.4m from the 2016/17 year.

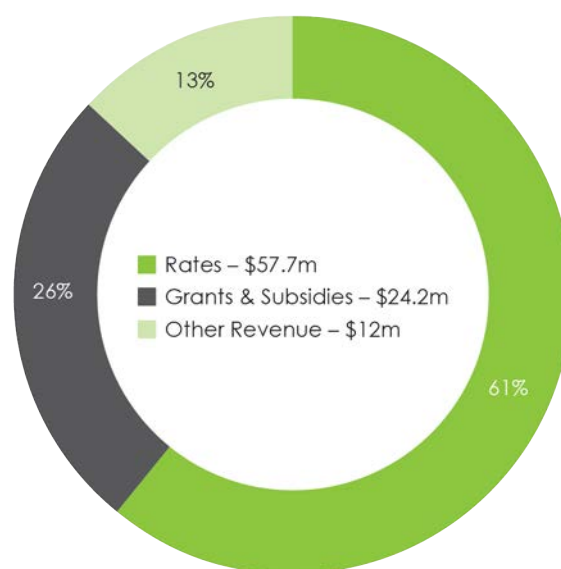
Total Net Surplus 2015-2018



Council income

In 2017/18 the Council received income of \$94m compared to a budget of \$95m.

Council 2017/18 Income \$94m



Council mainly collects income through rates, this is 61% of operating revenue. There have been no major changes to Council's sources of income recently, therefore the graph above is representative of the Council's funding source over a range of years. Council's financial strategy has a key direction to increase other income (not from rates). In pursuing this key direction Council has reviewed the ownership structures of Council's investments and commercial operations and is looking at various options to achieve the above.

Council expenditure

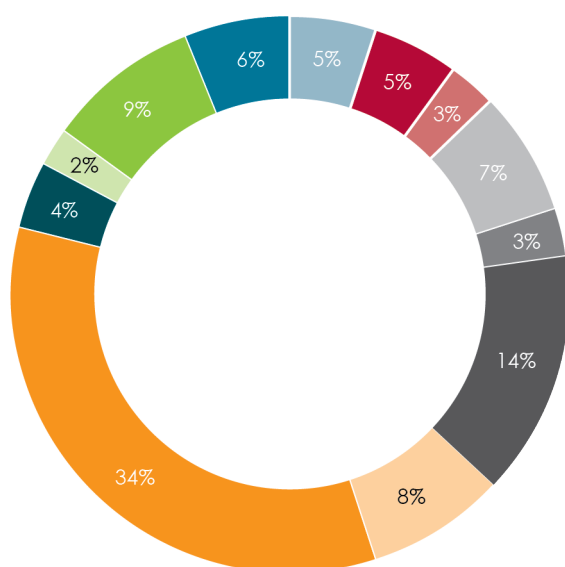
Council expenditure includes the day-to-day costs necessary to run the organisation. Costs are incurred to maintain, manage, develop and provide diverse services and facilities to the district.

The cost of Council doing its day to day business is driven by a number of factors including: inflation, debt levels, salary and wages inflation, amount of assets we own (and therefore have to maintain) and whether the Council increases or decreases the amount of services provided to the community.

As shown by the pie graph below, the roading, wastewater, stormwater, solid waste and water supply made up 55% of total operating expenditure of the Council. The total cost of these services was \$50m.

The Council has over \$2b invested in assets. These are mainly used to provide essential services to our communities – roads, water, stormwater, wastewater, flood protection, parks, open spaces and community facilities. Council must ensure these assets are maintained and replaced if necessary so that the services they provide can continue now and into the future. The maintenance and depreciation on Council's assets are costly. In 2017/18 depreciation and amortisation charges totalled \$20.9m; this is 23% of our total costs. Repairs and maintenance costs were \$9m; this is 10% of our total costs.

Council 2017/18 Expenditure \$90m

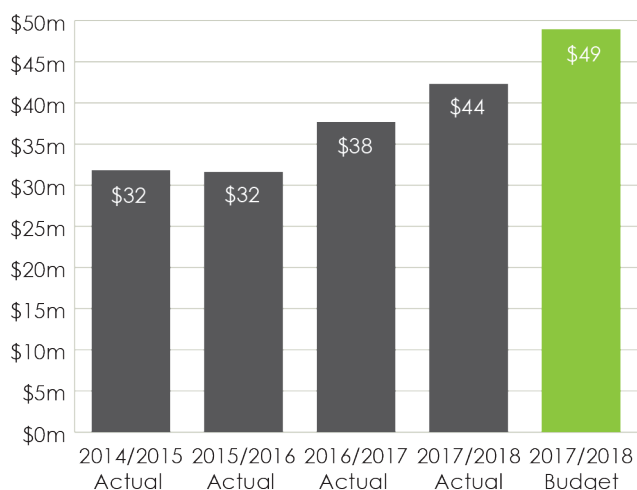


- Planning & Development – \$4.6m
- Environmental Services – \$4.9m
- Flood Protection – \$2.6m
- Governance & Support Services – \$5.9m
- Other Services – \$2.6m
(includes Community Housing, Commercial Operations & Civil Defence)
- Recreational & Leisure Facilities – \$12.6m
(includes Art & Culture, Libraries, Pool & Parks & Open Spaces)
- Regulatory Services – \$6.8m
(includes Animal Control, Building Services, Environmental Health & Resource Consents)
- Roding & Parking – \$30.8m
- Solid Waste Management – \$3.9m
- Stormwater – \$2.1m
- Wastewater – \$7.9m
- Water Supply – \$5m

Council debt

Council has debt of \$44m; this is \$5m less than the Annual Plan budget of \$49m. Forecast debt levels are expected to increase over the next few years as Council completes a number of major projects.

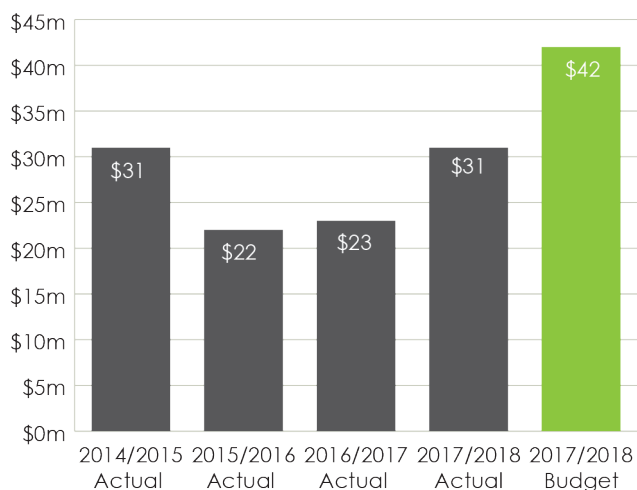
Council Debt



Council capital expenditure

During the year significant work was completed on Titirangi, including the removal and replanting of trees. The HB Williams Memorial Library extension project also was completed during the year. Funding was secured from Eastland Community Trust for the Tairāwhiti Navigations and Inner Harbour project. Progress has been made with the Inner Harbour planning, the Waipaoa Flood Control improvements, and the Wetlands pilot. The major capital projects planned for the next two years include the completion of the Olympic pool, commencing construction on the Waipaoa Flood Control improvements, construction on the Tairāwhiti Navigations and Inner Harbour project and the planning and potential construction on the new cycle and walkways.

Council Capital Projects 2015-2018



Council's five year financial performance summary

	2014	2015	2016	2017	2018
Public Debt (\$000)	29,032	31,830	31,615	37,679	43,880
Net Surplus/(Deficit)	4,620	3,463	(2,911)	(5,186)	5,131
Total Comprehensive Revenue and Expenses	54,166	12,917	10,938	8,530	78,291
Net debt as a % of equity <10%	1.51%	1.65%	1.63%	1.93%	2.16%
Net interest as a % of income <10%	2.46%	1.98%	2.21%	1.98%	2.09%
Total debt per capita <\$1700	\$665	\$729	\$724	\$863	\$1,005
Working Capital (excluding current portion of public debt)	(262)	(5,070)	(9,188)	(13,223)	(13,241)



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

The Auditor-General is the auditor of Gisborne District Council (the District Council) and its subsidiaries and controlled entities (the Group). 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 25 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 90 to 135:
 - present fairly, in all material respects:
 - the District Council's and Group's financial position as at 30 June 2018;
 - the results of the operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on page 139, 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 "Our Activities") on pages 36 to 86:
 - presents fairly, in all material respects, the 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 36 to 86, 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 139 to 149, 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 136 to 138, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council and Group'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 and the Group 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.

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 and Group'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 "Our 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 and Group'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 and the Group 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 obtain sufficient appropriate audit evidence regarding the entities or business activities within the Group to express an opinion on the consolidated audited information.

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 35, 87 to 89 and 150 to 154, 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 and Group 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 financial statement audit, our report on the disclosure requirements, audit of the 2018-28 long term plan, audit of the register and Trustee reporting, we have no relationship with or interests in the District Council.



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

TŌ TĀTOU ROHE ME TE
ANGA WHAKAMUA

OUR DISTRICT
OUR DIRECTION

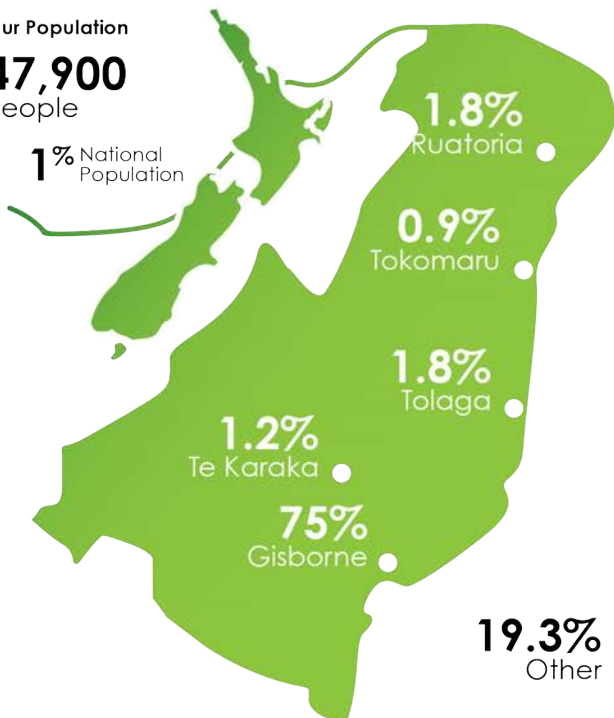


Tairāwhiti at a glance

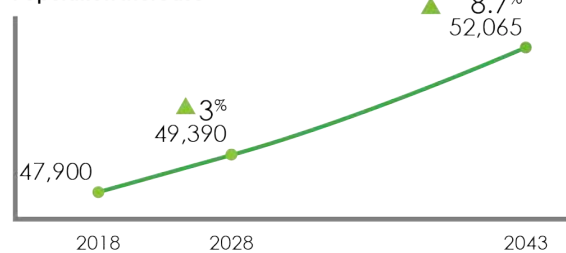
Our Population

47,900
People

1% National Population



Population increase



Our Ethnicities

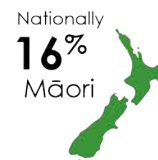
60.8% European

48.9% Māori

3.8% Pacific

2.4% Asian

1.9% Other



(Some people may identify as more than one ethnicity)

Weekly Household income



than National Median

- Hawkes Bay and Gisborne \$1,400
- Nationally \$1,578

Conversation in Te Reo Māori



4x National Percentage

Visitors to our Facilities
2016/17 vs 2017/18



▲ 12% Tairāwhiti Museum



▲ 8% Olympic Pools



▼ 32% HB Williams Library



▲ 19% HB Williams Library Online



▼ 4% War Memorial Theatre

156,146

Passenger Movements



178 x ships

Took away

3m tonnes of cargo

190m max length



We are a region of firsts locally, nationally and globally.

The Gisborne District (which is also a region) covers a land area of 8,265 square kilometres located in the north-eastern corner of the North Island. This is approximately 5% of New Zealand's total land area.

The estimated population of the district is 47,900 ⁽¹⁾, which equates to 1% of New Zealand's total population. Gisborne has the lowest ratio of population to land area of all North Island regions. Three quarters of the population lives in Gisborne City, which had an estimated population of 36,100 in 2016.

Other settlements are small, with the largest population being in Tolaga Bay (840), followed by Ruatoria (840), Te Karaka (550) and Tokomaru Bay (410) ⁽²⁾.

Gisborne has the highest proportion of Māori of all regions, with 49% identifying as Māori in the 2013 census; compared to 16% nationally. Around 6,240 Gisborne district residents reported being able to hold a conversation in te reo Māori (almost 16% of the district's population – four times the national percentage).

From the southern boundary of the district, the iwi of Te Tairāwhiti are Ngāi Tāmanuhiri, Rongowhakaata, Te Aitanga-ā-Māhaki, and Ngāti Porou. Ngāti Porou has the highest number of iwi affiliation among Gisborne Māori, with just over 12,000 people in the district identifying with that iwi.

Pacific people make up 4% of the local population, with 2% identified as Asian in the 2013 Census.

It is also important to note that the region has a high population of those aged under 15 years (24.6%) when compared to all of New Zealand (20.4%). Gisborne has the second highest total fertility rate in New Zealand (2.4 births per woman) ⁽³⁾.

The district scores highly on the social deprivation index. Income levels are below national medians, with a median household weekly income of \$1,400 in 2017 for both Hawkes Bay and Gisborne combined, compared to \$1,578 nationally ⁽⁴⁾. This highlights rates affordability as a particular concern and focus for Council.

The district's population is forecast to grow by almost 1,500 persons (3%); from 47,900 in 2018 to 49,390 in 2028. By 2043 the forecasted population is 52,065; a growth of 4,170 persons (8.7%) over 25 years.

The way we interact with each other and the world is shaped by our bi-cultural heritage, landscape, location and way of life. We are committed to preserving and growing the unique attributes of the people of Tairāwhiti.

Our arts, heritage, language achievements and celebrations are locally, nationally and internationally

renowned. The city's facilities include a library, theatre and museum.

Our region has been developing its infrastructure over the years to match the growth. Gisborne Airport recorded 156,146 passenger movements mainly between Gisborne, Auckland and Wellington. The airport is owned by Council and operated by the Eastland Group by lease agreement.

Port Gisborne can handle vessels of up to 190m in length and a draught of up to 10.5m. The export wharf has a modern fleet of cargo-handling equipment, a bulk handling installation and cold storage facilities.

For manufacturing and food processing, we provide an efficient, reliable supply of quality water. Gisborne is well served with a high-capacity network of electric power lines and sub-stations covering the entire region.

Virtually the whole of the urban area, including the industrial estate, is reticulated with natural gas. Real estate prices present good opportunities. Commercial and industrial space is available at extremely moderate rates compared with those in other areas. We have a very capable local building industry.

Agriculture has been the most important industry in the Gisborne District since earliest settlement. However, agriculture has diversified over the years and now forestry, viticulture, horticulture and industries such as food processing are becoming increasingly important.

Gisborne-based enterprises have shown innovation and excellence in a variety of areas including cheese, beer, wine, cider, meat, popcorn, truffles, hosiery, surfboard production, cashmere fibre production, honey, organic farming and oil extraction for perfume and health products from the native Manuka tree.

1 Statistics New Zealand Subnational Population Estimates for Regional Authorities, as at 30 June 2016
 2 Statistics New Zealand Subnational Population Estimates for Area Units, at 30 June 2016
 3 Calculated using live births over a three-year period centred on the 2013 census year
 4 Statistics New Zealand, Household income by region, household type and source of household income

Our Strategic Direction

Strategic framework

Council's strategic framework features the components that inspires and directs our work and how we do things. Council is also focused on strong management and excellent organisational performance to deliver its strategic priorities and community outcomes. This is included in the framework highlighting its importance to our success.

Vision

In 2014 Council refreshed its vision and values to better reflect what we value and aspire to achieve. Our vision and values reflect a fresh approach to the way we work.

Tairāwhiti First!

First to see the light

First choice for people and lifestyle

First choice for enterprise and innovation

First place for the environment, culture and heritage

Tairāwhiti is a region of firsts. We are the first city in the world to see the rising sun, the first landing place of early navigators from Kiwa to Cook.

Our vision is for Tairāwhiti to be a place where people want to be and are proud to live. A place that is home to productive and innovative businesses. A place where we care for our environment as an integral part of our lifestyle. A place rich in history, that celebrates and keeps alive its culture and traditions.

Community Outcomes

Our three *Community Outcomes* reflect our vision. They also keep us focused on what is important.

• Tairāwhiti Tangata (our people)

Gisborne's greatest asset is its people. We are a cohesive, connected, culturally rich and creative community.

• Tairāwhiti Taonga (our environment, culture and economy)

Our rich coastline, fertile soils, warm climate and abundant freshwater are key to our community's well-being and prosperity. We celebrate our dual heritage and collaborate for a healthy future.

• Tairāwhiti Wawata (our aspirations realised)

Gisborne is a district where we achieve our aspirations. We are a district that leads and advocates for itself. Citizens are actively involved in community life and Council engages the community in its decision making.

Strategic Priorities

Council has developed strategic priorities aligned to our vision and community outcomes. These sharpen our focus to where we can be most effective.

1. **Resilience** – the ability to prepare for and bounce back from adversity
2. **Prosperous Tairāwhiti** – fostering economic growth and community well-being
3. **Environmental Stewardship** – caring for our natural resources
4. **Mana Tairāwhiti** – enhancing and enjoying our unique region
5. **Inclusive decision-making** – involve and engage people in decision-making processes

Financial Strategy

The 2017/18 financial year was guided by the Financial Strategy set out as year 3 in the 2015-2025 Long Term Plan. The over-arching aim of the Financial Strategy was to be financially sustainable. To Council this meant that we fund our activities in ways that the community can afford now and in the future.

Over the past three years we kept rate rises at 2% or less. This meant that for some projects we used reserves (savings) instead of rating or borrowing to pay for them. It is no longer sustainable to continuing to use reserves to pay for the critical infrastructure improvements required.

This year we reviewed the Financial Strategy as part of the 2018-2028 Long Term Plan. The overarching aim of the new Financial Strategy is to meet our critical infrastructure needs in a way that is affordable for our community.

Here we are reporting on our Financial Strategy for 2017/18 through the six key directions:

1. Minimise and smooth rates increases

Total rates increases will be no more than 2% overall for the first three years of the LTP and no higher than 3% until 2025. Rates will make up less than 70% of Council's total income.

How are we doing?

Council met its Financial Strategy by keeping rates increases at 2% overall for the first three years. Rates excluding water metered rates, make up 58% of total income.

2. Minimise debt levels

External debt will be kept below \$55m and total debt including internal loans will be kept below \$80m.

How are we doing?

Council external debt is below \$44m and total debt is below \$80m. Council has operated within its fiscal envelope.

3. Have an emphasis on "user pays and beneficiaries"

We will maintain our philosophy of targeting those that benefit from or exacerbate activities. But we will also consider increasing the use of district-wide funding to spread the cost of infrastructure for small communities.

How we are doing?

Council reviews its fees and charges every year. Every 2-3 years we also review our rating policies. These are the Revenue and Financing Policy and the various remissions policies.

4. Increase other income (not from rates)

Such as government and grant funding, applying for subsidies and increasing earnings and dividends from our commercial investments.

How are we doing?

We have set ambitious targets for our commercial operations to increase non rate-payer revenue. Council maintains a number of investments in Council Controlled Trading Organisations. Its largest is Gisborne Holdings Limited (GHL). Phased transfers of our commercial assets to GHL has taken place as part of a strategy to maximise their commercial opportunities. Council owns 100% of GHL and any profits are returned to Council by way of dividends and subvention payments. Council total funding from other than rates sources was 42%; improved over last year's performance (2016/17 40%).

5. Maintain (and in some instances decrease) existing services, activities and infrastructure

We're working smarter with your money. We'll deliver the essential services and activities to standards that meet your needs and we're investing in technology to work more efficiently.

How are we doing?

Our 30 year infrastructure strategy outlines what the demand on our roads, pipes and services are likely be so we can continue to provide these at appropriate levels. This includes the potential impact from climate change and projected growth. We are also working on using smart technology and open data to improve processes and outcomes for our customers.

Our Financial Strategy

6. Assist in improving the district's ability to pay

Economic agencies will be supported to assist in growing the district's economy. Key stakeholders and others will be helped to improve the productivity of Māori land. Infrastructure to support and attract businesses into our district will be provided.

How we are doing?

Co-funded with Eastland Community Trust, we established a regional economic development agency - Activate Tairāwhiti. We've collaborated with Activate to develop He Huarahi hei Whai Oranga, the Tairāwhiti Economic Action Plan. Activate is working with business, iwi and government agencies to drive several initiatives in an effort to get our economy booming. Activate Tairāwhiti has been closely involved in a number of key projects to implement the Economic Action Plan:

- establishing a joint venture with Wood Engineering Technology Ltd (WET) at the former Prime sawmill that will turn lower-grade logs into high-value structural lumber and could create 120 direct jobs over the long term
- initiating a programme to drive the growth of tourism opportunities in Tairāwhiti
- establishing the Tairāwhiti Business Hub at The Works building to act as a one-stop-shop for business support services. The Hub offers hot desking, state of the art digital connectivity, meeting rooms and other facilities for start-up and out of town businesses needing a base
- creation of a regional strategy to provide young people with a "pipeline" into employment.



NGĀ TŪMAHI TOMUA
OUR ACTIVITIES

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How to read this section

This section describes Council's activities. Each activity summary includes a description of the activity and why we do it (including a link to relevant community outcomes), what Council did during 2017/18, how well we performed against our targets and what it cost.

Sections are structured as follows:

What we do

Provides a brief description of what the activity involves.

Why we do it

Provides a brief description of why Council undertakes this activity including the benefits to the community.

Contribution to community outcomes

The community outcomes the activity contributes to are listed. See Page 30 for a full list of our community outcomes.

What we have been doing 2017/18

Provides a list of the highlight actions carried out by the activity for the year.

Levels of Service and Performance Measures

We set out the levels of service we aim to reach, the performance measure targets for the 2017/18 year as well as our actual results for the year. The levels of service, performance measures and targets were outlined in the 2015-2025 Long Term Plan. The previous results are taken from the 2016/17 Annual Report.

What was different to Levels of Service and Performance Measures?

Provides explanations for where we have not met our performance targets or if there were significant changes to the results from the previous year.

What it cost

We present the net cost to the ratepayer for the services provided by each activity and compare the cost to what Council had budgeted for the activity in the Long Term Plan.

Capital expenditure is funded from a variety of sources. The Operating Revenue and Operating Expenses only include external revenue and expense. Any internal recoveries or charges are excluded.

Capital Rates: These are rates specifically collected for a capital project e.g. wastewater treatment plant.

Capital Grants and Subsidies: These are grants and subsidies received for specific capital works.

Other Capital Revenue: This includes income from assets vested in Council or other capital contributions.

Reserves: These are transfers from Council's Reserve Accounts. This is usually the Depreciation Reserve Account.

Internal Loans: New capital works are loan funded internally by the Treasury.

What was different from the budget

Gives the reason for any changes to the cost of the activity compared to the budget.

Please note for ease of reporting, this document contains the same activity groupings and levels of service as those used in the 2015-2025 Long Term Plan.

Commercial Operations

What we do

Council's commercial operations are made up of a number of commercial and semi-commercial investments. Some are run on a commercial basis for the benefit of Council operations, while others are run to supplement Council's rates income. Council also maintains a number of investments including its Council Controlled Trading Organisations. Its largest investment is Gisborne Holdings Ltd (GHL), and its wholly owned subsidiary Tauwhareparae Farms Ltd.

Phased transfers of our commercial assets to GHL have been undertaken as part of a strategy to maximise their commercial opportunities. Assets transferred to date have included:

- municipal Buildings
- Gisborne Vehicle Testing Station
- Waikanae Beach Top 10 Holiday Park
- Miscellaneous Commercial Property – including dog pound, Banks Street properties.

Why we do it

The primary focus of commercial operations, before the transfer of commercial assets to GHL, was to operate profitably and provide a non-rates income stream to Council.

Since the transfer, the vehicle achieving this same goal is from our investment in GHL. GHL dividends are an important income stream used to reduce the level of rates and allow investment in infrastructure.

Levels of Service and Performance Measures

Level of Service	Performance measure	Result 2016/17	Target 2017/18	Result 2017/18 ¹
Operate commercial operations profitably and increase their returns to Council.	Improve the investment return level in order to grow the return from 2% of Council revenue to 10% by 2025.	2.8% Achieved	2% - 3%	2.2% Achieved
	Maintain an annual net return of 4% - 6% net including capital growth across the total commercial operations base.	15.9% Achieved	4% - 6%	20% Achieved
Suitable and affordable housing is provided to enable independent living for people aged 55 years and over who have difficulty providing it for themselves.	Percentage of customer satisfaction with standard of accommodation and services as found in our annual inspection survey.	99.4% Achieved	95%	97.5% Achieved
	Rent as a percentage of market rate (lower quartile) not to exceed 90%.	Achieved	Achieve	Achieved

What was different to Levels of Service and Performance Measures?

Performance targets have been met.

Council's investment strategy with GHL, as the main investment vehicle, has both shareholder focused goals aimed at increasing the return from commercial operations assets, increasing the income stream to Council over the life of the Long Term Plan and increasing the economic value to the community.

Council's other semi-commercial assets are not primarily focused on profit.

Council provides quality and affordable housing for those aged 55-years and over who have difficulty in providing it for themselves, with rent not exceeding 90% of the market rate. The focus for the Council airport asset is to aid economic value for our area and maintain a strategic asset. Forestry assets are primarily for the protection of water supply and erosion-prone land.

This activity contributes to the following Council Outcomes

- Tairāwhiti Tangata
- Tairāwhiti Wawata

What we have been doing 2017/18

We maintained commercial assets including forestry, community housing and commercial property – mostly via management arrangement with GHL.

A new Heads of Agreement was entered into with Gisborne Airport Limited (GAL) for the future lease, management and operation of the Gisborne Airport. This coincides with GAL plan for a major redevelopment of the Gisborne airport terminal.

What it cost

	2017/18 Actual	2017/18 AP Budget	2017/18 Variance	2016/17 Actual
Operating Expenditure (\$000)				
Revenue from Non-Exchange Transactions	0	0	0	0
Revenue from Exchange Transactions	2,929	1,137	1,792	2,479
Expenses	1,566	1,410	156	1,722
Net Cost of Service	(1,363)	273	(1,636)	(757)
Capital Expenditure				
Capital Projects	415	242	173	271
Funded By:				
Other Capital Revenue	0	0	0	0
Depreciation or Other Reserves (Renewals)	236	242	(6)	271
Internal Loans	179	0	179	0
	0	0	0	0

What was different from the budget

1. Operating Revenue is \$1,792k over budget. This is due to an increase in the fair value of the Forestry tree crop.
2. Operating expenses are \$156k over budget. This is due to a combination of higher professional fees for the review of the airport lease and higher costs due to health and safety management plans for properties.
3. Capital expenses were \$173k over budget. This is due to Awarua leasehold improvements.

Animal Control

What we do

The Animal and Stock Control section is responsible for effective dog and stock control in the Gisborne district.

Why we do it

This service promotes education with dog owners, maintains compliance with central government legislation regarding the control of dogs, and investigates and enforces non-compliance of the Act and dog attacks on both animals and people.

This activity contributes to the following Community Outcome

- Tairāwhiti Tangata

What we have been doing 2017/18

- Increasing animal control patrols in targeted areas with zero tolerance for aggressive dogs.
- Focusing on proactive and consistent enforcement with infringements issued to all dog owners who failed to register their dogs. Infringements are also issued for other moderate offending.
- Reviewing and updating our standard operating procedures as well as Health & Safety procedures for Animal Control.
- Issued new equipment to officers - body-worn cameras, stab vests, bite sticks and dog sprays.
- Increasing menacing and dangerous dog classification compliance.
- Continued to develop our education programme with more visits to schools and other organisations.
- Reviewing the Stock Control Bylaw.

Levels of Service and Performance Measures

Level of Service	Performance measure	Result 2016/17	Target 2017/18	Result 2017/18
We provide a service that controls dogs and stock to minimise risk to the public.	Percentage of residents satisfied with Council's efforts in controlling dogs and stock as found in the Resident Satisfaction Survey.	57% Achieved	50%	57% Achieved
	The percentage of routine requests for dog or stock control issues responded to within 48 hours.	94% Not Achieved	95%	88% Not achieved (1)
	The percentage of urgent requests involving threats to public safety from dogs or stock with Council response initiated within 30 minutes.	83% Not Achieved	95%	88% Not achieved (1)

What was different to Levels of Service and Performance Measures?

- We acknowledge we have not met our targets. A review of this measure has identified weaknesses within the process of recording and reporting. We are working to strengthen these areas to provide and improved service delivery in the future.

What it cost

	2017/18 Actual	2017/18 AP Budget	2017/18 Variance	2016/17 Actual
Operating Expenditure (\$000)				
Revenue from Non-Exchange Transactions	215	50	165	99
Revenue from Exchange Transactions	731	712	19	737
Expenses	722	725	(3)	665
Net Cost of Service	(224)	(38)	(187)	(171)
Dog Control - This activity was funded 20% from rates and 80% from fees and charges. Stock Control - Funded 50% from rates and 50% from fees and charges.				
Capital Expenditure				
Capital Projects	33	0	33	0
Funded By:				
Internal Loans	33	0	33	0
	0	0	0	0

What was different from the budget

1. Non-Exchange revenue was \$165k favourably over budget. This is mostly due to additional revenue from NZTA for stock control.
2. Fencing was installed around the Dog pound to improve security.

Building Services

What we do

Council's building related activities are governed by the Building Act 2004 and the Local Government Official Information and Meetings Act.

Our work in this area provides:

- building consents, code compliance certificates (CCCs) and land information memoranda (LIMs)
- accurate and timely information on building consent processes
- monitors compliance of building warrants of fitness for commercial buildings
- responses to service requests relating to stormwater
- assessments and follow-ups for the strengthening of earthquake prone buildings
- swimming pool inspections to ensure pools are safely fenced.

Why we do it

Our building services work is about ensuring buildings are safe for people to live and work in, and that people wanting to build or buy a property have access to the information they need.

This activity contributes to the following Community Outcome

- Tairāwhiti Tangata

What we have been doing 2017/18

- Developing a digital consent processing system to improve efficiency and consent processing times, reduce paper handling and enable parallel processing of building consents. This is the first step towards a full digital acceptance, processing, issuing, and inspection process.
- Commenced the next step towards full online acceptance of building consent applications. Implementation expected to commence late 2018 and be fully effective before the end of the 2018/19 financial year.
- Revising Council's Earthquake Prone Building Policy in response to legislative changes. This necessitated a complete review of the existing earthquake prone building register against the three new categories stipulated by MBIE. Thirty one buildings that were on the Council register have been identified as not earthquake prone under the new legislation.
- Setting up a swimming pool fencing safety monitoring system in response to legislative changes.
- Continuing to provide input into the natural hazard redefinition project, with the emphasis this year on coastal inundation (wave run-up) and coastal erosion as well as liquefaction zones and their impact on building foundation requirements.
- Working with the stormwater team to limit the incidence of gully overtopping in storms. This is part of the wastewater reduction programme to limit the number of sewage overflows
- Refining our public information brochures.
- Continuing to work towards our internal performance target of 75% of all building consents issued within 10 working days - half the statutory time-frame.

Levels of Service and Performance Measures

Level of Service	Performance measure	Result 2016/17	Target 2017/18	Result 2017/18
We promote the safety of people living and working in buildings through processing and monitoring building consent applications.	Percentage of building consents processed within twenty working days.	99% Achieved	98%	99% Achieved
	Percentage of fast track building consents processed within five working days.	100% Achieved	100%	100% Achieved
	Percentage of Land Information Memorandums (LIM) processed within ten working days.	100% Achieved	100%	99% Not achieved (1)

What was different to Levels of Service and Performance Measures?

- 1 Difficulty in obtaining files back from the scanning bureau in Auckland has led to a delay in obtaining the essential information for a LIM. Three out of 201 LIMs went over time.

What it cost

	2017/18 Actual	2017/18 AP Budget	2017/18 Variance	2016/17 Actual
Operating Expenditure (\$000)				
Revenue from Non-Exchange Transactions	0	0	0	0
Revenue from Exchange Transactions	925	930	(5)	907
Expenses	1,050	1,095	(44)	1,008
Net Cost of Service	125	165	(39)	101

This activity was funded 20% from rates and 80% from fees and charges

What was different from the budget

1. Operating revenue was within budget.
2. Operating Expenses was \$44k under budget. An increase in consultancy fees was offset by lower than planned employee costs.

Environmental Health

What we do

The environmental health activity consists of healthy living, environmental protection and Harbourmaster sub-activities.

We provide a diverse range of services that are underpinned by our role in helping to keep our community and environment healthy and safe. These range from education, administration, enforcement and monitoring of:

- food outlets, liquor, premises, and disease control
- living conditions such as drinking water supplies, insanitary housing and on-site wastewater systems
- environmental protection, including air quality and noise control
- waste management and hazardous substances
- local bylaws such as navigation regulations, and control of the use of public places.

Secretariat for the District Licensing Committee for alcohol licensing are also part of the services that we provide, along with the Harbourmaster function under the Maritime Transport Act.

Why we do it

All the sub-activities under environmental health contribute to a healthy and safe Tairāwhiti, where people live and do business while contributing to quality of life for current and future residents and visitors to our district.

This activity contributes to the following Community Outcomes

- Tairāwhiti Tangata
- Tairāwhiti Taonga

What we have been doing 2017/18

- Provided registration and verification services and guidance to food sector businesses to implement the new Food Act 2014. All the business that needed to transition in the year to the new regime have done so.
- Gained interim agency recognition to provide verification services of the Food Act 2014. Gained MPI approval for Food Safety Officers for enforcement of this law.
- Completed development, adopted and implemented a Local Alcohol Policy for Tairāwhiti and continued to work with Police, Health, Fire Service and ACC to tackle the effects of alcohol

abuse in the community through licencing, liaison and education.

- Processed and considered applications for alcohol-related licensing under the Supply of Alcohol Act 2012.
- Registered and monitored compliance of food businesses, camping grounds, hairdressers, alcohol-licensed premises and other registered premises.
- Licensed and monitored mobile traders under Mobile Shops and Other Traders Bylaw 2014.
- Increased the use of social media to raise awareness and inform the public and iwi when wastewater discharges have occurred during high rainfall.
- Responded to 41 pollution incident call-outs.
- Responded to 143 illegal dumping complaints.
- Managed noise complaints and the infringement process.
- Signed a Memorandum of Understanding with Eastland Port for the implementation of the Gisborne Port and Harbour Safety Management System.
- Initiated collaborative working arrangements with event organising agencies before and after larger festivals and events, with the aim of working together to ensure festivals are successful and compliant.
- Implemented an air quality project to measure PM2.5 and NOX at a range of sites in Gisborne City.
- Reviewed the process for monitoring air discharge consents.
- Reviewed and updated Council's HAIL database and included this as a layer on Council's internal GIS maps.

Levels of Service and Performance Measures

Level of Service	Performance measure	Result 2016/17	Target 2017/18	Result 2017/18
We regulate commercial operations and respond to environmental health issues in the interest of protecting public and environmental health.	Our response to exceedances of National Water Quality Guidelines for safe contact recreation bathing standards at monitored recreational bathing sites, meets the guidelines.	Achieved	Achieve	Achieved
	Percentage of applications for liquor licences and food certificates processed within target timeframes.	100% Achieved	95%	99% Achieved
	Percentage of noise complaints assessed within half an hour of receiving a complaint.	85% Not Achieved	95%	89% Not achieved (1)
	Percentage of registered and licensed premises that undergo an environmental health compliance inspection annually.	100% Achieved	100%	98% Not achieved (2)
	Percentage of reported pollution incidents with Council response initiated within 30 minutes.	94% Not achieved	100%	98% Not achieved (3)

What was different to Levels of Service and Performance Measures?

1. An increased level of assessment (site/personal risk) for Health & Safety at Work requirements has been required for the contracted noise control service. This has had a flow on effect for the timeliness of response.
2. The Food Act 2014 no longer requires annual inspections. Compliance scheduling is instead based on risk. All our compliance inspections met the requirements of the Act.
3. We acknowledge we did not meet our target of 100%. Of the 35 emergency spills last year, there was one after-hours pollution incident where we did not meet our response target timeframes due to contractor-staff communications.

What it cost

	2017/18 Actual	2017/18 AP Budget	2017/18 Variance	2016/17 Actual
Operating Expenditure (\$000)				
Revenue from Non-Exchange Transactions	0	0	0	0
Revenue from Exchange Transactions	346	238	109	306
Expenses	1,323	1,279	44	1,279
Net Cost of Service	976	1,041	(64)	973

This activity was mainly funded from fees and charges where recoverable

What was different from the budget

1. Operating revenue is \$109k above budget. This is due to an increase in food and liquor licensing fees and court infringement fees.
2. Operating expenses is \$44k above budget. Although employee costs increased due to the Harbour Master costs coming in-house, this was partially offset by a reduction in other operating costs.

Environmental and Regulatory Services

Environmental Services

What we do

We carry out regulatory, non-regulatory and science-based services that relate to our regional council function. The science activity consists of four sub-activities: biosecurity, environmental monitoring, land and soil, and water and coastal.

We provide information, assist, regulate, monitor and report on animal and plant pest management, and sustainable land and water resource management. Some direct control of animal pests is carried out.

The science activity supports economic and environmental prosperity, by:

- preserving soil quality and productive capacity
- preserving natural environments, biodiversity and ecosystem function
- protecting freshwater and marine environment values.

Why we do it

To manage the use, development and protection of our natural and physical resources, now and into the future. This activity enables Council to give effect to Statutory Plans and responsibilities under the Biosecurity Act 1993, Resource Management Act 1991 (RMA) and Soil Conservation and Rivers Control Act 1941.

This activity contributes to the following Community Outcomes

- Tairāwhiti Tangata
- Tairāwhiti Taonga

What we have been doing 2017/18

- Undertook Freshwater Plan catchment projects to improve water quality, native fish passage and riparian planting in places like Te Arai, Rere and Waikanae Stream.
- Assisted property owners with Farm Plans to address soil erosion and continued work with Waiapu Kōkā Hūhū.
- Adopted a new Regional Pest Management Plan.
- Undertook pest monitoring and developed a pest management plan for the Waingake Bush restoration programme.
- Completed the stage 1 trial for managed recharge in the Makauri aquifer.
- Applied for resource consent for the stage 2 managed aquifer recharge trial.

- Undertook water quality investigations in the Taruheru River and Awapuni Moana.
- Commenced an investigation into water quality in the Wainui groundwater aquifer.
- Developed more efficient water quality and quantity data and data storage.
- Continued making data available online at Land Air Water Aotearoa (LAWA) with recreational bathing data now being available.
- Council's Land and Soil Resources staff members have been involved in grant applications to the erosion control funding programme. A record 81 applications covering over 5000 hectares were made, with over half of that for managed reversion. Involved in the national working party for the National Environmental Standard (NES) for Plantation Forestry. Forestry has been established on steep land areas and eroding land where careful management of harvesting, earthworks and replanting are essential. The NES came into effect on 1 May 2018.
- Implemented the Proposed Gisborne Regional Freshwater Plan. As water permits for the taking of water were renewed, irrigators surrendered large amounts of previously allocated water.
- Completed a comprehensive pest management programme near the border with Hawkes Bay. Three sites have had very good results reducing possum numbers below a 10% bite sample when outcomes have been monitored.
- Monitored and removed Mediterranean Fanworm that was found in the water of Eastland Port.

Levels of Service and Performance Measures

Level of Service	Performance measure	Result 2016/17	Target 2017/18	Result 2017/18
We manage animal and plant pests for human health and to reduce impacts on indigenous fauna and flora and primary production.	The possum control targets in the Regional Pest Management Plan are achieved (residual trap catch of 10% or less in the Hawkes Bay buffer zone and 15% or less for the rest of the district).(1)	Achieved	Achieve	Achieved
	Number of Protection Management Areas subject to specific animal and pest control operations per year.	17 Achieved	18(2)	19 Achieved
	Percentage of eradication animal pests found established in the district for the first time visited and all animals controlled.	100% Achieved	100%	100% Achieved
	Percentage of known significant eradication plant pest (as defined in the Pest Management Plan) sites visited and all plants controlled.	86% Not achieved	100%	92% Not achieved (3)
	Percentage of national plant pest accord pests found established in the district for the first time visited and all plants controlled.	100% Achieved	100%	100% Achieved
We manage land resources to conserve natural values, prevent or mitigate adverse effects and sustain productive capability.	Number of farm properties where a Farm Environment Plan has been prepared per year.	46 Achieved	20	4 Not achieved (4)
	Total Overlay 3A severely erodible land covered by a draft or final Overlay 3A work plan or an Overlay 3A resource consent.(5)	43,567 ha Achieved	44,500 ha(6)	43,567 ha Not achieved
	Percentage of total Overlay 3A severely erodible land treated.	87%	86%(7)	87% Achieved
We manage natural water resources, river and lake beds and coastal areas to conserve natural values and sustain consumptive usage.	Percentage of monitored sites where water quality is being maintained or is showing a trend of improvement for: - Coastal Enterococci - Freshwater E.coli (8)	Coastal: 93% Achieved Freshwater: 69% Not achieved	Coastal: 86% Freshwater: 78%	Coastal 87% Achieved Freshwater 76% Not achieved (9)
	Percentage of monitored freshwater sites where the Macroinvertebrate Community Index (MCI) monitoring result indicates good water quality or where the sites are showing a trend of improvement.	51% Achieved	51%	55% Achieved
	Percentage of monitored groundwater wells in shallow unconfined aquifers where water quality is being maintained or showing a trend of improvement for: - nitrate levels - salinity - E. coli. (10)	Nitrate: 78% Achieved Salinity: 92% Achieved E.coli: 81% Not achieved	Nitrate: 71% Salinity: 66% E.coli: 100%	Nitrate: 86% Achieved Salinity: 95% Achieved E.coli: 100% Achieved
	Percentage of resource consents where there is non-compliance with consent conditions and within twenty working days Council has either: - recorded the consent holder has rectified the non-compliance; or - enforcement action has been taken.	100% Achieved	100%	100% Achieved
	Proportion of consents for water takes from the Makauri Aquifer being managed for efficient water use as outlined in the Freshwater Plan for the Gisborne Region.	0% Not achieved	50% by end of Year 3	0% Not achieved (11)

What was different to Levels of Service and Performance Measures?

1. This measure has been updated in the 2016/17 Annual Plan. It was "All 3 random sample lines in the Hawkes Bay buffer zone assessed post possum poisoning, trapping or night shooting achieves 5% residual trap, catch or less." The Regional Pest Management Plan is being updated and we will no longer measure possum control in this way. The result against the old Performance Measure in the LTP is 60% - not achieved. We had set an unrealistic target which is insufficiently funded to be able to be met.
2. The target set in the LTP was 5, but was changed to Year 1: 12, Year 2: 15 and Year 3:18 (Annual Plan 2016/17). This was a new measure and the target was set too low.
3. Wet weather has meant staff were unable to get to all programmed sites for inspection. Those sites will be inspected in the 2018/19 financial year, weather permitting.
4. Prioritisation of statutory requirements reduced staff's ability to prepare the targeted number of Farm Environmental Plans.
5. This measure was updated in the 2016/17 Annual Plan. The original measure was "Total untreated Overlay 3A severely erodible land covered by a draft or final Overlay 3A work plan or an Overlay 3A resource consent." We cannot measure the untreated O3A land, but can measure the total O3A land. *(Council has identified in the Tairāwhiti Plan areas of severely eroding land where effective tree cover is required to prevent soil erosion. This land is known as Overlay 3A. Landowners with this land are required to establish effective tree cover by 2020. As part of this process an Overlay 3A/Sustainable Hill Country worksplan is usually developed and lodged with the Council. This identifies what type of work will be undertaken to provide the effective tree cover. Options include pole planting of poplars and willows, plantation forest establishment, Manuka plantation establishment or native bush reversion).*
6. Targets were amended in the 2016/17 Annual Plan to reflect the change to the performance measure.
7. This target was amended in the 2016/17 Annual Plan. This is a new measure and the targets were set too low.
8. This measure was updated in the 2016/17 Annual plan. The measure was "Percentage of monitored coastal and freshwater sites below action guidelines for Enterococci of 280 MPN/100mL". Enterococci is only relevant for coastal sites and trend data is more meaningful for water quality.
9. Whilst not statistically significant, this is an improvement on Year 2 results. Council continues to maintain a trend of improvement.
10. This measure was updated in the 2016/17 Annual Plan. The measure was "Percentage of monitored groundwater wells in shallow unconfined aquifers where water quality is being maintained or showing a trend of improvement for nitrate levels, salinity and E. coli." The measure needed to be split out to report results.
11. Although we did not achieve this target in 2017/18, a lot of work was done in this area. We have been working with water take holders to renew resource consents, including an assessment of efficient water use. We are on track to meet our target for 2018/19 with 24 of the 32 takes from the Makauri Aquifer re-issued with resource consents in August 2018.

What it cost

	2017/18 Actual	2017/18 AP Budget	2017/18 Variance	2016/17 Actual
Operating Expenditure (\$000)				
Revenue from Non-Exchange Transactions	339	58	281	355
Revenue from Exchange Transactions	411	380	31	496
Expenses	4,417	4,448	(31)	4,601
Net Cost of Service	3,667	4,011	(344)	3,750
This activity was funded 99% from rates and 1% from fees and charges Soil Conservation - This activity is funded 100% fees and charges for reserves and 85% fees and charges for nursery				
Capital Expenditure				
Capital Projects	90	89	1	160
Funded By:				

Depreciation or Other Reserves (Renewals)	88	89	(1)	121
Other Capital Revenue	0	0	0	39
Internal Loans	2	0	2	
	0	0	0	0

What was different from the budget

1. Non-Exchange revenue is \$281k over budget. This is mainly due to receiving grants from the Ministry for Primary industries for the Makauri Aquifer project.
2. Operating revenue is \$31k over budget. This is mainly due to land use consents.
3. Operating expenses is \$31k under budget. This is mainly due to less spends in Telemetry systems, and operational hydrology.
4. Capital projects were within budget.

Parking Services

What we do

The Parking activity:

- provides a network of parking spaces throughout the district in response to need and demand;
- operates the City Watch programme;
- administers and provides enforcement of Council's Traffic and Parking bylaws on land owned by Council including the roading network;
- provides enforcement of the stationary vehicle offences under the Land Transport Act (LTA) 1998; and
- manages abandoned vehicles throughout the district under both the LTA 1998 and Local Government Act (LGA) 1974.

Why we do it

This service promotes traffic safety, helps traffic to flow for businesses and retailers, and holds a presence in the Central Business District by assisting Police and retailers.

This activity contributes to the following Community Outcome

- Tairāwhiti Tangata

What we have been doing 2017/18

- Progressed development of a Parking Policy, including public engagement.
- Reviewed potential metering technology.
- Reviewed Health and Safety for parking activities.
- Issued new equipment to officers and new electronic infringement devices, as well as body worn cameras.

Levels of Service and Performance Measures

Level of Service	Performance measure	Result 2016/17	Target 2017/18	Result 2017/18
We provide and maintain accessible parking services.	The percentage of on street Council car parks that are available within the CBD between 8 am – 5 pm	40%	10%	56% Achieved

What was different to Levels of Service and Performance Measures

Performance measure targets were achieved

What it cost

	2017/18 Actual	2017/18 AP Budget	2017/18 Variance	2016/17 Actual
Operating Expenditure (\$000)				
Revenue from Non-Exchange Transactions	908	756	152	1,077
Revenue from Exchange Transactions	687	641	47	691
Expenses	163	612	(449)	1,141
Net Cost of Service	(1,432)	(785)	(647)	(627)
This activity was funded 100% from fees and charges				
Capital Expenditure				
Capital Projects	18	0	18	0
Funded By:				
Internal Loans	18	0	18	0
	0	0	0	0

What was different from the budget

1. Non-Exchange revenue was \$152k over budget. This is mainly due to additional funds from court enforced fees and infringement fees.
2. Operating Revenue was \$47k over budget. This is due to more parking meter funds being collected.
3. Operating Expenses was \$449k under budget. This was the result of a change to Council's liability for the 2017 central government share (50%) of specific infringement fees. Without this credit adjustment from 2016/17, overall operating expenses are \$15k favourably under budget.
4. Capital projects were \$18k and was for replacement of handheld devices.

Resource Consents

What we do

Council provides regulatory rigor and undertakes legislative duties under the Building Act 2004, Local Government Official Information and Meetings Act 1987 and the Resource Management Act (RMA) 1991. Duties under the RMA include land use, subdivision, air discharge and wastewater to land discharge resource consents and other national planning instruments such as any relevant National Planning Standards (NPS) and National Environmental Standards (NES).

Why we do it

We do this activity to:

- manage the district's natural and physical environment now and into the future as detailed in the Tairāwhiti Resource Management Plan and the Freshwater Management Plan
- provide business and regulatory certainty and value to holders of resource consents for economic development and community wellbeing
- ensure a fair process for decision-making on the use of the district's natural and physical resources
- ensure Council's regulatory responsibilities are met for the environment and community
- support Gisborne's development and economic growth through resource use and development
- protect our district's heritage

- support the connection of iwi to their values and relationships with their sites of significance and taonga
- allow participants in resource consent processes to have their views heard and considered.

This activity contributes to the following Community Outcomes

- Tairāwhiti Tangata
- Tairāwhiti Taonga
- Tairāwhiti Wawata

What we have been doing 2017/18

- Engaged a Development Engineer to add to technical rigor and efficient processing of resource consents.
- Taken a lead role in processing bundled consents and the processing responsibility for air discharge and wastewater discharges to land consents.
- Audited the quality of our consent decisions.
- Applied Section 88 Engagement and Communication protocol with applicants.
- Promoted pre-application meetings for complex consents.

Levels of Service and Performance Measures

Level of Service	Performance measure	Result 2016/17	Target 2017/18	Result 2017/18
We promote the sustainable management of natural and physical resources through processing and monitoring resource consent applications.	Percentage of confirmed non-compliance with Plan rules rectified or subject to enforcement action within three months.	100% Achieved	100%	100% Achieved
	Percentage of district consents due for monitoring where the monitoring has been completed.	90% Achieved	60% - 70%(1)	85% Achieved
	Percentage of consents that meet good practice standards as set out in Quality Planning when audited.	75% Not achieved	84%	86% Achieved
	Percentage of Resource Consents applications processed within statutory timeframes.	91% Not achieved	97%	88% Not achieved (2)
	Percentage of resource consents with full compliance or minor non-compliance at first monitoring inspection.	95% Achieved	10 - 30%	93% Achieved

What was different to Levels of Service and Performance Measures

1. Measure was amended in the 2016/17 Annual Plan with target during years 1-3 = 60-70%.
2. Percentage of consents processed within statutory timeframes dropped to 88%. This is reflective of a year of a need to be responsive to change through amendments to the Resource Legislation Amendment Act 2017 and a year of diminished technical expertise capacity to provide necessary input to consent processing. This was especially relevant in the technical areas of contaminated land, geotechnical, and land and soil expertise. Sound technical expertise is a critical factor in the delivery of robust consent decision for the applicant and wider community. Where input was not received within agreed timeframes it has resulted on statutory timeframe pressure and ultimately not meeting the LTP target.

What it cost

	2017/18 Actual	2017/18 AP Budget	2017/18 Variance	2016/17 Actual
Operating Expenditure (\$000)				
Revenue from Non-Exchange Transactions	0	0	0	0
Revenue from Exchange Transactions	399	202	197	347
Expenses	1,550	1,123	427	1,343
Net Cost of Service	1,151	921	230	996

This activity was funded 50-75% from rates and 25-50% from fees and charges

What was different from the budget

1. Operating Revenue is \$197k favourably over budget. This is mainly due to land use consents and hearing recoveries.
2. Operating Expenses is \$427k unfavourably over budget. This is mainly due to an increase in consultancy fees (which are recoverable from on-charging), legal expenses, and investigation costs from the Queen's birthday weather event.

Emergency Management (CDEM)

What we do

Council's Civil Defence Emergency Management (CDEM) team is responsible for civil defence and marine oil spills in our district. This activity increases community awareness, understanding, preparedness and participation, reduces the risks from all natural and man-made hazards in our region and makes us more able to manage and recover from emergencies.

The CDEM team manages civil defence through the 4 Rs: reduction, readiness, response and recovery. We are also responsible for protecting our district's marine environment - particularly sensitive cultural and environmental sites - from marine oil spills.

Why we do it

Civil Defence: Council undertakes the CDEM activity to ensure it is meeting the requirements of the Civil Defence Emergency Management Act 2002 and the Maritime Transportation Act 1994.

Marine Oil Spills: The Tairāwhiti Civil Defence Emergency Management Group Plan 2016-2021 and the Gisborne District Council Marine Oil Spill Contingency Plan (Tier 2 Plan) guide this activity.

This activity contributes to the following Community Outcomes

- Tairāwhiti Tangata
- Tairāwhiti Taonga

What we have been doing 2017/18

- Visit by the Minister of Civil Defence, Honourable Kris Faafoi to meet CDEM staff as well as representatives of our community link teams and discuss the Technical Advisory Group Review of Civil Defence with key staff, emergency services and iwi.
- The Ministerial Silver Significant Contribution to Civil Defence Emergency Management (CDEM) in New Zealand was awarded to John Clarke.

- Long Service Awards to CDEM were awarded to Paul Solitt from Waiapu (40 years), John Clarke, Ian Hunter (Gisborne), Hal Hovell (Te Araroa) and James (Pop) Milner Uawa (20 years).
- Responded to various events including the Ex Cyclone Gitta, Fehi and Hola (around the time of the 30th anniversary of Cyclone Bola) and the two flooding events in June (Monday of Queens Birthday weekend and a week later on 11th and 12th June) as well as monitored numerous weather events.
- Reviewed the Group Welfare Plan and the Tier 2 Marine Oil Spill Contingency Plan as well as made minor changes to the Group Plan (include the objectives of Strategic Recovery that will be out for consultation and included in the review of the Group Recovery Plan).
- Trialled the setup of the Council Chambers, Committee Room and Training Room for a small/medium and large ECC.
- Promoted 'Get Ready Week' which coincided with the Gisborne A&P Show.
- Received funding from the Ministry of Civil Defence Emergency Management (MCDEM) Resilience Fund to review the Tsunami Inundation Maps.
- Increased Facebook followers.
- Lifted the profile of CDEM by having a presence at community meetings, the handout in the Gisborne Herald and continued posts on Facebook.
- Held one marine oil spill exercise at the Marina and the second was cancelled due to the flooding events in June.
- Staff responded to the grounding and successful refloating of the Jay Patricia in April. Fortunately no oil was spilt in a very culturally and environmentally sensitive area.
- Staff were involved with the MNZ National Exercise-Exercise Paihiere in April

Levels of Service and Performance Measures

Level of Service	Performance measure	Result 2016/17	Target 2017/18	Result 2017/18
We help to build a more resilient district where communities understand and manage their hazards and risks.	Overall score from the Ministry of CDEM assessment of the CDEM Group's capability (five yearly assessment).	78% Not achieved	80%	78% Not achieved (1)
	Percentage of residents able to manage for 2-3 days without access to normal day to day services (i.e. having 2-3 days of emergency food, water and supplies) in the event of a natural disaster as found in the Resident Satisfaction Survey.	95% Achieved	80%	99% Achieved

Level of Service	Performance measure	Result 2016/17	Target 2017/18	Result 2017/18
We protect life and property from rural fires with trained personnel within the Gisborne District Council rural fire authority area.	Percentage of customers who rate Requests for Service responses as excellent/good.	100% Achieved	94%	Not measured (2)
We protect the environment from pollutants spilled in marine accidents.	The Marine Oil Spill Plan is current and staff lists are updated annually.	Achieved	Achieve	Achieved

What was different to Levels of Service and Performance Measures

1. The assessment is only done every 5 years, with the next one due 2019. The Ministry of CDEM assessment of the CDEM Group's capability (five yearly assessment) result at 78% exceeded the Ministry Civil Defence Emergency Management target for the Tairāwhiti CDEM Group of 76%.
2. The Rural Fires activity is no longer a function of Council, it is managed by the NZ Fire Service.

What it cost

	2017/18 Actual	2017/18 AP Budget	2017/18 Variance	2016/17 Actual
Operating Expenditure (\$000)				
Revenue from Non-Exchange Transactions	0	0	0	0
Revenue from Exchange Transactions	331	66	264	690
Expenses	646	447	198	1,549
Net Cost of Service	315	381	(66)	859
This activity was funded 91% from rates and 9% from fees and charges				
Capital Expenditure				
Capital Projects	0	236	(236)	5
Funded By:				
Depreciation or Other Reserves (Renewals)	0	236	(236)	5
	0	0	0	0

What was different from the budget

1. Operating Revenue was \$264k favourably over budget. This is mainly due to recoverable fees to extinguish fires in Whakarau Road, income from the Ministry of Civil Defence & Emergency Management (MCDM) for our review of Tsunami inundation zone and from the marine pollution response service (FENZ).
2. Operating Expenses was \$198k over budget. This is mainly due to Hazard research which is on-charged back to MCDM and building rent which we on-charge back to FENZ.
3. The capital project to radio receivers on Arowhana was undertaken in the last financial year by Information Services.

Governance

What we do

Governance

The Governance activity exists to provide for:

- democratic local decision making
- advocacy at a national level on policy, issues affecting our local community, wider participation and representation
- support membership of Local Government NZ and participation in its sector groups
- protection of Council assets including those invested in Council Controlled Organisations
- supporting the relationship with Eastland Community Trust and meeting Council's obligations under the Trust Deed
- meeting Council's obligations to be a good employer.

Democracy Support

The democracy and support services activity supports the elected members in their roles and ensures the purposes of the Local Government Act 2002 are met and principles in the Act are applied. As a council we are required to ensure that:

- the role of democratic governance and expected conduct of elected members is clear and understood
- governance arrangements are effective, open and transparent
- responsibility for decision-making for regulatory and non-regulatory matters is kept separate
- we are good employers
- the relationship between elected members and management is effective
- we provide a fair and active triennial election process for Gisborne District Council and Hawera Tairāwhiti that is compliant with the Local Electoral Act
- we comply with the Local Electoral Act - which also controls Representation Reviews
- resources are provided to the Office of the Mayor including administrative support, expert advice and the delivery of civic functions/events
- obligations of the Mayor and Councillors under the Local Government Act are met

- elected members' remuneration, allowances and expenditure processes are in line with Remuneration Authority determinations
- Local Government Official Information and Meetings Act requirements and processes to service Council and its committees are complied with
- official information requests are responded to within legislative timeframes and conform to best practice and legislative requirements
- executive support is provided to directors and specialist administration, including hosting and cleaning services for staff.

Why we do it

Governance

- To provide for community representation in an open, democratically accountable way.
- To enable decision-making and action and to promote community wellbeing.
- To provide for the stewardship of Council's assets and to implement the laws that enable physical and natural resources to be allocated.

Democracy Support

- To provide for the stewardship of Council's assets and to implement the laws that enable physical and natural resources to be allocated.
- To support staff in their work.

This activity contributes to the following Community Outcomes

- Tairāwhiti Wawata

What we have been doing 2017/18

- Conducting Citizenship Ceremonies.
- Hosting Commemorative Civic Service on ANZAC Day.
- Council worked with Turanga iwi to establish a Local Leadership Body (LLB). A successful workshop was held in September 2017 and standing orders were drafted for the further development of the LLB.
- Continued to grow relationships with strategic partners.
- Moved into the new safe Awarua building, representing the bi cultural nature of our county and setting the scene for the Te Hā 1769 Sesquicentennial commemorations in 2019.

- Council met all legislative requirements under the Local Government Official Information and Meetings Act 1987.
- Completed Official Information Act requests and the one complaint to the Ombudsman was not upheld.
- Commenced the 6 yearly Representation Review in January 2018 with preliminary consultation. The Initial Proposal was adopted in March 2018, subsequent consultation resulted in a hearing which changed the Initial Proposal. The Final Proposal was adopted in May 2018 and following the receipt of 31 appeals and objections the Local Government Commission will make the final determination later in 2018.
- Supported Council and its staff with hosting and cleaning services.
- Provided specialist and executive administration support for the Mayor, Directors and report writers.

Levels of Service and Performance Measures

Level of Service	Performance measure	Result 2016/17	Target 2017/18	Result 2017/18
We provide for the representation of the community in open, democratically accountable decision making.	Agendas for meetings (other than extraordinary meetings) of council and its committees are publicly available (either via the internet or in Council service centres or at Council libraries), as measured by Committee Secretary's checklist.	Achieved	All agendas are publicly available two clear working days before each meeting	100% Achieved
	Percentage of residents satisfied with how rates are spent on services and facilities provided by the Council as found in the Resident Satisfaction Survey.	48% Not Achieved	65%	39% Not Achieved (1)
	Percentage of residents satisfied with the way Council involves the public in the decisions it makes as found in the Resident Satisfaction Survey.	45% Not Achieved	60%	46% Not achieved (2)
	Percentage of residents who rate the performance of the Mayor and Councillors as good as found in the Resident Satisfaction Survey.	62% Achieved	60%	49% Not Achieved (3)
	The requirements of the Local Government Act 2002, Local Government Official Information and Meetings Act 1987, Standing Orders and other appropriate legislation are met, as measured by complaints upheld by the Ombudsman.	No complaints upheld by the Ombudsman	No complaints upheld by the Ombudsman	No complaints upheld by the Ombudsman Achieved

What was different to Levels of Service and Performance Measures?

1. Comments from the survey show that residents would like Council to focus on key infrastructure spending. There was also the perception that the new Council building and Council staffing levels contributed to the deficit recorded in 2016/17. The 2015-2025 Long Term Plan committed to no more than a 2% p.a. increase in rates for the first three years. This meant that for some projects we used reserves (savings) instead of rating or borrowing to pay for them. This strategy was not sustainable. In 2016/17 Council recorded a deficit instead of the surplus projected. Maintenance of roads and delays in major projects contributed significantly to this deficit.

For the 2018-2028 Long Term Plan we revised our Financial Strategy to ensure we are continuing to rate fairly but have enough money to pay for required improvements on our critical infrastructure. The visibility of decision making is an important focus for Council. We will continue to focus on increasing clear communication with our community and to build on initiatives such as livestreaming of Council decision making, more communications and transparency on projects, project progress and changes to timelines and budgets (through our eNewsletter) and more "out and about" engagement are focuses for our future.

2. We acknowledge that we have not achieved our targets for how we involve the community in our decision making processes. Engaging the community has been a priority area for the Customer Engagement Manager as evidenced through the increased engagement on the Long Term Plan. The Customer Engagement Manager is focusing on making this engagement sustainable over the long term. A Customer and Communications Strategy was developed and steps to implement the initiatives are being planned. Note: the same measure also appears under the 'Strategic Planning and Engagement' activity.
3. There may be a perception in the community around the transparency of decision making within Council which may have impacted on the Resident Satisfaction Survey results. Increased communication about the decisions made by Council

Governance and Support Services

through releasing our own regular eNewsletter, with accurate, timely information and with editorials written by Councillors is part of a strategy for connecting the wider community with Council news and Councillors. This also forms part of a wider three year targeted engagement plan currently under development.

What it cost

	2017/18 Actual	2017/18 AP Budget	2017/18 Variance	2016/17 Actual
Operating Expenditure (\$000)				
Revenue from Non-Exchange Transactions	0	1	(1)	52
Revenue from Exchange Transactions	18	13	5	9
Expenses	1,047	1,247	(200)	1,304
Net Cost of Service	1,029	1,232	(203)	1,242

This activity was funded 100% from rates

What was different from the budget

1. Operating expenses were \$200k under budget due to an underspend in grants and donations.

Support Services

What we do

The following internal support services are provided to ensure the smooth running of Council activities:

- People and capability
- Legal services
- Information services
- Health and safety
- Finance
- Democracy and support services
- Customer services

Why we do it

People and capability

Our People and Capability team provides support, advice and solutions to the Central Organising Roopu (COR), managers and staff on all people-related matters to promote best practice. Activities include human resource advice and support, employment law compliance, performance management, learning and development, recruitment and induction, payroll and organisational development and change management.

Legal services

The Legal Services team provides clear, accurate and timely legal advice and support to elected members, COR and staff to manage Council's legal risk and ensure a high standard of statutory compliance.

Information services

The team in Information Services provides IT services, ongoing support, advice and business solutions that support Council's objectives to work smarter, better and simpler. Services include IT support, information management, land information services and business solution services.

Health and safety

This activity provides a safe working environment for our staff and members of the public, while undertaking Council duties or while working on, or visiting, Council facilities and worksites. Activities include critical risk management, establishing a health and safety culture, ensuring compliance under health and safety legislation and the management of contractors.

Finance

Finance services is required and mandated by statute including the Local Government Act 2002 or Local Government Act (Rating) Act 2002.

The finance activity consists of three sub-activities - financial services, risk and assurance and business intelligence. The Finance Services team supports Council in the effective and efficient running of the organisation by providing monthly reporting analytics, while maintaining routine tracking, financial and treasury management processes, and continuously looking at how we can make business improvements from a financial perspective.

The Business Intelligence team enables the analysis of Council's data, through the use of the latest technologies in data warehousing (data driven integration, analysis and modelling) to assist decision-makers in making informed business decisions in a timely manner.

The Risk and Assurance team also contributes to better decision making by giving assurance to management and the Finance & Audit Committee that effective risk management practices and strategies are applied at all levels across Council.

Democracy and Support services

These provide secretarial support services to Council, Council committees, Council teams and managers including managing building facilities, meeting rooms and Council Chambers.

Customer services

Provide walk-in face to face based customer services at Council's main office and Te Puia Springs Service Centre. Along with call centre services we manage all "first point" contact through core contact channels (phone, email and letter).

This activity contributes to the following Community Outcomes

- Tairāwhiti Wawata
- Tairāwhiti Tangata

What we have been doing 2017/18

- Most aspects of support services are internally focused with emphasis on enhancing operational efficiencies and providing legal, employment, safety, technological and financial-related advice on a range of matters across Council.
- Digitally transformed key services and systems, resulting in fundamental changes to how we operate and how services are delivered, both internally and externally, for example providing mobility solutions when our staff are working in the field.
- Strong emphasis and focus on key risks, ensuring effective controls implemented and regular reviews. Supported with further development of the Vault H&S database system with additional 'real time' reporting available at all levels.

Governance and Support Services

- WEPR (Worker engagement, participation and representation) is key to developing a positive health & safety culture that supports H&S and wellbeing across GDC. Health and Safety Representatives are developing good understanding and disseminating information more effectively. Recruitment of Health and Safety advisor will allow more time to support teams out in the field.
- Following Worksafe's decision to take no further actions in relation to the May 2017 tragic fatality involving GDC contractor Waste Management, recommendations arising have been reviewed with ongoing Contractor Management included in key organisational risks.
- Developed an integrated financial scenario modelling solution, providing efficient balanced

budget modelling, with project and rate impact analysis capability.

Customer Services

- Collected data to show where our resources are used and identify areas where technology can help us to improve customer interactions.
- Improved our processes to help resolve customer issues at first contact.
- Changed our team processes to encourage better customer responsiveness.
- Blended the work areas of the Call Centre and Counter work teams to increase knowledge sharing and help smooth workloads across functions.

Levels of Service and Performance Measures

Level of Service	Performance measure	Result 2016/17	Target 2017/18	Result 2017/18
We support the organisation to deliver Council services and to provide good quality information to the public.	Percentage of customers satisfied with the helpfulness of staff as found in the Resident Satisfaction Survey. (1)	75% Not achieved	90%	80% Not achieved (2)
	Percentage of residents who are satisfied with Council customer service at first point of contact: - In person - Email - Online (including social media) - Phone	73% Not achieved 52% Not achieved 100% Achieved 75% Not achieved	 90% 80% 80% 80%	80% Not achieved (3) 43% Not achieved (4) 100% Achieved (5) 75% Not achieved (6)

What was different to Levels of Service and Performance Measures?

1. The wording of this measure was changed in the 2016/17 Annual Plan to make it consistent with our Resident Satisfaction Survey.
2. We acknowledge that this measure has not been met however, a steady improvement of 5% has been made this year. A programme of initiatives are in development or are being developed which when realised will help to achieve our 90% target results.
3. Council endeavours to resolve customers' over-the-counter queries as effective and efficiently as possible. Staffing levels during peak periods have been addressed and improvements of 7% have been made since last year's results. Online services expected to be introduced in late 2018 are expected to increase customer satisfaction.
4. This is a survey sample size of 17 people of the 20,000 emails dealt with annually.
5. Note the sample size for this measure is very low (n=8)
6. Refer to note # 3 above.

What it cost

	2017/18 Actual	2017/18 AP Budget	2017/18 Variance	2016/17 Actual
Operating Expenditure (\$000)				
Revenue from Non-Exchange Transactions	908	894	15	1,917
Revenue from Exchange Transactions	399	2,406	(2,008)	599
Expenses	15,805	14,348	1,458	17,688
Net Cost of Service	14,498	11,047	3,451	15,172
Capital Expenditure				
Capital Projects	1,686	2,137	(451)	2,064
Funded By:				
Grants and Subsidies	0	0	0	3
Other Capital Revenue	198	699	(501)	232
Depreciation or Other Reserves (Renewals)	413	253	160	446
Internal Loans	962	1,185	(223)	1,371
Asset Sales	113	0	113	12
	(0)	0	(0)	(0)

What was different from the budget

1. The majority of the unfavourable revenue being under budget, is due to classification of how distributions are received from Gisborne Holdings Limited (GHL). The LTP 2015-2025 included a planned dividend payment from GHL. Subsequent to the LTP, GHL now predominantly distribute by way of a subvention payment. This payment is categorised differently due to its nature and occurs in a below the 'Net cost of service line'.
2. Operating Expenses was \$1,458k above budget. A reduction in financial costs and other operating costs was offset by an increase in employee costs, professional services, legal expenses.
3. Capital Expenses were \$451k under budget. This is mainly due to an underspend due to lower completing than expected software renewals and upgrades.

Flood Control

What we do

Council manages:

- the Waipaoa and Te Karaka Flood Control Schemes, including 68 km of stopbanks
- 277 km of land drains that support agricultural activity
- 303 km of rivers and streams, including bank protection and channel clearance
- around \$0.8m of coastal assets in the Wainui Beach Coastal Scheme.

Our work in this area also involves rivers asset management, flood control schemes, river control, land drainage schemes, Wainui Beach foredune protection and river channel maintenance. The total network replacement value is around \$65m.

Rivers asset management

We are responsible for monitoring changes to the coast and river/stream channels that could affect our community for specified rivers. We also advise stakeholders on preventative maintenance for rivers and streams, on issues such as flood control, coastal and land erosion protection, land drainage and foredune protection. River monitoring also provides timely flood warnings to the community for specified rivers.

Flood Control Schemes

To protect land, buildings and infrastructure from flooding, we administer and maintain two flood control schemes, one river improvement scheme, and one river erosion protection scheme within the District:

- Waipaoa Flood Control Scheme
- Te Karaka Flood Control Scheme
- Turanganui-Taruhuru Rivers Scheme
- Waiapu Erosion Protection Scheme.

Together these schemes include 47km of river channel, 68km of stopbanks, and 740 hectares of floodway land.

Land drainage schemes

Council constructs, administers and maintains a 277km network of open drains across private farmland to provide land drainage for subsurface drainage of the Poverty Bay flats in specific areas (generally land drainage schemes). We also respond to landowner requests via legislation as required.

Coastal property protection scheme

We maintain the existing foredune protection infrastructure in a defined area along Wainui Beach, in alignment with the Wainui Beach Erosion Management Strategy (adopted in 2014).

River channel maintenance

Council provides essential river channel maintenance and infrastructure works for 303km of rivers and streams to protect land, properties and roads from erosion. We also respond to landowner requests via legislation as required.

Why we do it

To provide and manage the protection of people and their properties, including land, from flooding, river erosion, and coastal erosion in identified areas.

To maintain the land drainage, rivers and streams and coastal protection assets to their design standard utilising the most cost effective, long-term asset management options.

This activity contributes to the following Community Outcomes

- Tairāwhiti Taonga
- Tairāwhiti Tangata

What we have been doing 2017/18

- Planned, prepared and lodged resource consent application, stakeholder engagement and Stage 1 and 2 detail design for the upgrade of the Waipaoa Flood Control Scheme (WFCS) to a 1:100 year event accounting for climate change out to 2090.
- Replaced failing timber revetments on the Taruhuru River near the Peel Street Bridge and Turanganui River retaining wall between the Railway Bridge and Watties Wharf/Reads Wharf. Completed investigations to "dredge" the Taruhuru River channel to increase capacity and improve river drainage. Completed investigations into effects of a weir on the Taruhuru River.
- Replaced four Armco culverts under the Te Karaka stopbank that were at risk of failing.
- Implemented recommendations from the Wainui Beach Erosion Management Strategy. Repaired and upgraded the Hamanatua Stream river training groyne opposite Wainui Beach Surf Club, to stop the river eroding the adjacent beach dune. Prepared three resource consents for lodging in early July 2017 covering sand push-ups, rock sea wall replacement and emergency works on Wainui Beach.

- Condition assessments of four drainage pump stations and a report detailing renewal priorities.
- Reviewed and updated the Flood Warning Manual and associated processes.
- Provided flood advice and information to Civil Defence day and night through our flood warning service, checking culverts and flood gates and clearing debris and damage.
- Improved health and safety processes. Staff passed the Construct Safe course, a new requirement for working in the road corridor.
- Implemented a mobile solutions project to give field staff access to asset management systems using Kern tablets. The tablets have continued to improve workflow efficiency.
- Maintained land drainage capacity (drain widening/ deepening) for the numerous drains in the district to contain a one in five-year flood.

Levels of Service and Performance Measures

Level of Service	Performance measure	Result 2016/17	Target 2017/18	Result 2017/18
We monitor drainage of rivers and streams to minimise flood risk and coastal erosion to ensure communities are safe and prepared.	System adequacy and maintenance - The major flood protection and control works are maintained, repaired and renewed to the key standard defined in Council's Flood Control activity management plan. The standard is that 25% of flood control stopbank length is inspected annually and maintained to a 1 in 100-year protection standard. <i>Mandatory Measure</i>	Achieved	25% of asset inspected Achieve	6.8% Not achieved (1)

What was different to Levels of Service and Performance Measures?

1. Inspections were carried out at a later stage during FY17/18. This was due, in part, to the transitioning and testing of our inspection programme into our Asset Management System (IPS). Next year's inspections will be programmed earlier, to occur at the end of financial year 18/19 (April-June 2019).

What it cost

	2017/18 Actual	2017/18 AP Budget	2017/18 Variance	2016/17 Actual
Operating Expenditure (\$000)				
Revenue from Non-Exchange Transactions	0	0	0	0
Revenue from Exchange Transactions	222	184	38	210
Expenses	1,613	1,848	(235)	1,748
Net Cost of Service	1,391	1,665	(274)	1,537

This activity was funded 100% from rates but Rivers Asset Management was funded 99% rates and 1% from fees and charges.

Capital Expenditure

Capital Projects	2,275	1,669	606	941
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Funded By:

Other Capital Revenue	10	10	0	25
Depreciation or Other Reserves (Renewals)	737	829	(93)	529
Internal Loans	1,527	829	698	388
	(0)	0	(0)	0

What was different from the budget

- Operating revenue was \$38k favourably over budget due to river licences.
- Operating Expenses were \$235k under budget. Although there was an increase in depreciation, there was a reduction in all aspects of operational expenditure including special projects.
- Capital Expenses were \$606k over budget. This was due to funds being brought forward to enable the land purchasing requirements for the Waipaoa Flood Control Project.

Land Transport (Tairāwhiti Roads)

What we do

Council's Land Transport Business Unit, Tairāwhiti Roads, manages the land transport activity. This includes all operational elements of road maintenance and renewals, capital projects, and walkways and cycleways. We also manage Gisborne City's two commuter and nine school bus services as well as our road safety education initiatives.

Our region has an extensive land transport network including 1,903km of road, with 238km in the urban area and 1,665km of rural roads. The land transport activity is Council's single largest investment activity, providing critical infrastructure to support community connections and economic growth.

Key activities include:

- road asset maintenance and renewals
- road safety engineering and education
- traffic management
- road asset design and construction
- providing public transport
- providing walkways and cycle ways
- providing parking.

The New Zealand Transport Agency (NZTA) is responsible for the State Highway network. Within our rohe (region) that includes State Highway 35 (SH35) through Gisborne City and to the north and State Highway 2 (SH2) both south to Napier and west to the Bay of Plenty and the rest of New Zealand. Council is responsible for the local road network, including the extensive rural road network and the urban road network. Tairāwhiti Roads is a collaborative venture between Council and the Transport Agency to manage our region's road network.

As a regional authority, we have a responsibility for regional land transport planning. This is carried out by Strategic planning with Tairāwhiti Roads.

Why we do it

Land transport infrastructure is a key enabler of community connectivity and economic activity for our region. Agriculture, forestry and horticulture are major industries in Gisborne, and tourism is growing with great potential.

Significant growth in forest harvest is producing economic benefits and placing pressure on the region's land transport network. Linkages to both domestic and international markets are crucial for the region's economy and employment.

The Land Transport Management Act 2003 requires Council to have a Regional Land Transport Plan and a Regional Public Transport Plan. These plans are reviewed every three years.

This activity contributes to the following Community Outcomes

- Tairāwhiti Tangata

What we have been doing 2017/18

- Enabled the departure of Services South East from the Northern roading area to be managed by Downers using a fixed budget contract.
- Completed an asset management plan that supported enhanced funding to the New Zealand Transport Agency.
- Completed rural township upgrades for Tokomaru Bay and speed humps for Muriwai.
- Completed LED street lighting upgrade for Ruatorea, Makaraka and Gladstone Road.
- Completed a wide range of minor safety improvements including guardrail installations on Tiniroto, Whatatutu, Anaura, Lottin Point and Tauwhareparae roads.
- Started the first stage of the Urban Cycleway Programme from Wainui to Gisborne and completed planning and design of the second stage through Kaiti to the Turanganui River bridge.
- Completed a range of slip repair and resilience improvements on rural roads including Anaura Bay, East Cape, Arakihi and Tauwhareparae roads.
- Constructed new slow vehicle passing bays on SH2 Kopua Hill in the Whareratas with SH35 Panikau Hill due for completion in 2019.
- Managed the June Rainfall event that caused significant damage on the roading network, at its peak 600km of road was closed. The repair bill is estimated to be over \$25M, the recovery process will take at least 3 years to complete the work.
- Commenced construction of SH2 Motu Bridge with completion expected in 2018.
- Undertook targeted road safety education programmes including driver training and mentoring and school road safety.
- Continued to support the Gizzy Bus, nine school buses and the free Kaiti School bus trial to help schools address truancy rates.
- Supported the Bikes in Schools programme.
- Reviewed the Regional Land Transport Plan and worked closely with the Transport Agency to make

the case for increased Government support to address the region's land transport challenges.

- Assessed footpaths for possible defects, with 800 identified. The highest identified hazard risks have

been addressed. Work is continuing on the ranked list and addressing new defects as they are identified.

Levels of Service and Performance Measures

Level of Service	Performance measure	Result 2016/17	Target 2017/18	Result 2017/18
We ensure the roading network is designed and managed for safe use with low crash and injury rates.	Annual number of pedestrian and cyclist injury accidents.	17 Not achieved	Decrease	23 Not achieved (1)
	Percentage of residents who feel that riding a bicycle is unsafe as found in Resident Satisfaction Survey.	35% Not achieved	Maintain or decrease from previous year	33% Achieved
	Road Safety - The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number. <i>Mandatory Measure</i>	5 fatalities Not achieved 18 serious injuries Not achieved	Decrease	1 fatality Achieved 18 serious (2) injuries Not achieved
We operate and maintain a reliable roading network that is up to date, in good condition and fit for purpose.	Percentage of residents satisfied with the condition of Council roads (excluding state highways) as found in Resident Satisfaction Survey: - Urban roads - Rural roads	Urban 48% Not achieved Rural 36% Not achieved	Urban 60% Rural 50%	Urban 43% (3) Not achieved Rural 29% (4) Not achieved
	Percentage of residents satisfied with the condition of footpaths as found in Resident Satisfaction Survey. ⁷	53% Achieved	50%	54% Achieved
	Response to service requests - The percentage of customer service requests relating to roads and footpaths to which Council responds within the time frame specified in the Long Term Plan. <i>Mandatory Measure</i>	78% Not achieved	80%	68% (5) Not achieved
	Road condition - The average quality of ride on a sealed local road network, measured by smooth travel exposure. <i>Mandatory Measure</i>	84% Achieved	80% of sealed road networks to have NAASRA count of below 150 or better	92% Achieved
	Road maintenance - The percentage of the sealed local road network that is resurfaced. <i>Mandatory Measure</i>	11% Achieved	5%	2% (6) Not achieved
	Footpaths - The percentage of footpaths that fall within the service standard for the condition of footpaths that is set out in the Pathways Asset Management Plan. <i>Mandatory Measure</i>	Not measured	60%	99% Achieved
We provide and maintain affordable and accessible transportation services that balance the needs of all users.	Percentage of residents using the walking and cycling network as found in the Resident Satisfaction Survey.	66% Not achieved	68%	68% Achieved
	Percentage of customers who rate the passenger transport system as excellent/good. ⁽⁷⁾	94% Achieved	80%	94% Achieved
	The number of bus passengers per annum.	142,373 Achieved	140,000	156,038 Achieved

What was different to Levels of Service and Performance Measures?

- Improvements to road safety is continuing and road safety educational awareness programmes are of an ongoing nature. This includes, but is not limited to installation of guardrails, advance warning devices, signage and road pavement resurfacing. Most of the safety improvement work 2017/18 was deferred to 2018/19 due to funding shortfalls.

2. While the number of fatalities have decreased, serious injuries have not changed from previous years. Accidents are largely due to driver behaviour. Tairāwhiti Roads Road is continuing to address this in their safety educational awareness programmes.
3. A huge proportion of maintenance and renewal work had to be deferred to 2018/19 due to funding shortfalls in the 2017/18 which impacted on the condition of roads.
4. Refer to note #3 above.
5. Tairāwhiti Roads is still working towards a more accurate better way of reporting on this measure. There is currently a mis-alignment of the response times for Request for Service stipulated in the current maintenance contract with the timeframes specified in Council's long term plan. The response times specified in the contract vary by type of requests which does not meet Council's 2 days timeframe for all requests. This mis-alignment has skewed the results for this measure.
6. This decrease is due to the deferral of renewal work to 2018/19 due to funding shortfalls in 2017/18.
7. Obtained from Passenger Transport Customer Satisfaction Survey, April 2017. This survey is undertaken every three years as required by NZ Transport Agency. The next survey is due in 2020.

What it cost

	2017/18 Actual	2017/18 AP Budget	2017/18 Variance	2016/17 Actual
Operating Expenditure (\$000)				
Revenue from Non-Exchange Transactions	11,584	8,993	2,590	10,469
Revenue from Exchange Transactions	69	18	51	53
Expenses	28,604	24,646	3,958	30,609
Net Cost of Service	16,951	15,635	1,316	20,087
Capital Expenditure				
Capital Projects	11,662	15,012	(3,350)	11,659
Funded By:				
Grants and Subsidies	7,453	9,266	(1,813)	6,932
Depreciation or Other Reserves (Renewals)	3,175	3,413	(238)	4,063
Internal Loans	1,035	2,334	(1,299)	665
	0	0	0	0

Non-Subsidised Local Roads funded from 100% rates, Subsidised Local Roads is funded from 37% rates and 63% from subsidies, Passenger Transport is funded from 37% rates and 63% from subsidies and Flood Damage and Emergency Reinstatement is funded from 17% rates and 83% from grants.

What was different from the budget

1. Non-exchange revenue was \$2,591k favourably over budget. This is due to additional subsidy from NZTA for emergency work.
2. Operating expenses were \$3,958k unfavourably over budget. This was mostly due to additional emergency works that occurred throughout the year. There were a number of events, but included Debbie and Cook cyclones and Queens Birthday June 2018 flooding event.
3. Capital expenses were \$3,350k under budget. This was mainly due to two projects: Tauwhareparae Link Road and Walking and cycling projects. Both projects have been re-phased within the LTP 2018-2028.

Solid Waste Management

What we do

Council ensures sustainable management of our district's waste by minimising waste generation and maximising opportunities to use waste as a resource. Key activities include:

- rural and urban kerbside collection
- rural transfer operations
- waste minimisation and education
- recycling initiatives
- cleaning public places
- landfill operations and aftercare

Why we do it

Council is legally obliged to manage our district's waste under the Local Government Activity and Public Health Act 1956. The Waste Minimisation Act 2008 also requires all local authorities to adopt a Waste Management and Minimisation Plan (WMMP). We have a duty to ensure that this activity is managed effectively and efficiently.

This activity contributes to the following Community Outcomes

- Tairāwhiti Tangata
- Tairāwhiti Taonga

What we have been doing 2017/18

- Invested in drainage and leachate control systems and continued to review future options for the Waiapu Landfill.

- Managing the community caretaker solid waste contracts that include public toilet cleaning and maintenance and summer camping, including permits, compliance, waste disposal and septage dump stations.
- Waste management and minimisation contract for kerbside collections and illegal dumping.
- Reviewed the current Aftercare Management Plan for the Paokahu Landfill.
- Engaged Tonkin & Taylor to provide an assessment of Paokahu Landfill management options. The information has been used to further progress discussions with the Paokahu Trust around the aftercare plan and potential options to deal with identified improvements.
- Relocated and enhanced the Rethink Centre.
- Investigated new waste diversion and disposal options through contractors such as waste oil and scrap metal.
- Replaced Council's litter bins within our parks and CBD, replaced wastewater pumps at Council managed landfill sites along with fencing and safety rail installations at our rural transfer stations.
- Adopting the WMMP 2018-2022, which included:
 - second-hand Sunday
 - plas-back bale wrap recovery
 - composting workshops
 - hosting an event management workshop
 - launching plastic free initiatives
 - supporting contestable waste fund initiatives, including Pare Kore Marae-based recycling.

Levels of Service and Performance Measures

Level of Service	Performance measure	Result 2016/17	Target 2017/18	Result 2017/18
We provide a litter collection service including a network of litter bins, and enforcement of illegal dumping.	Total waste received as illegal dumping.	28 tonnes Achieved	Decreasing	37 tonnes Not achieved (1)
We provide community recycling facilities and regular kerbside collections to encourage recycling and waste reduction.	Reduction in waste to landfill. Total kg of solid waste to landfill per head of population.	298kg Achieved	≤292kg	315kg Not achieved (2)
	Resident satisfaction with Council's recycling services as found in the Resident Satisfaction Survey. ¹	84% Achieved	83%	85% Achieved
	Resident satisfaction with kerbside rubbish bag and recycling collections as found in the Resident Satisfaction Survey. ²	91% Achieved	83%	85% Achieved

What was different to Levels of Service and Performance Measures?

1. This measure was not achieved. Illegal dumping tonnages and Request for service reporting has increased over the last year. Reporting or evidence that leads to prosecution is very low.
2. This measure was not achieved. This result has shown there is an increase in waste over the years since 2012 across New Zealand. One factor will be consumption of consumers.

What it cost

	2017/18 Actual	2017/18 AP Budget	2017/18 Variance	2016/17 Actual
Operating Expenditure (\$000)				
Revenue from Non-Exchange Transactions	0	0	0	0
Revenue from Exchange Transactions	193	165	27	208
Expenses	3,844	3,898	(53)	4,094
Net Cost of Service	3,652	3,732	(81)	3,886

Cleaning of defined public places and Domestic solid waste collections are funded 100% from rates. Operation of rural transfer station is funded from 78% rates and 22% from fees and charges. Operation of Waiapu Landfill is funded from 60% rates and 40% fees and charges. Solid waste legacy debt and after-care provisions are funded from 100% rates.

Capital Expenditure

Capital Projects	85	118	(33)	41
Funded By:				
Other Capital Revenue	0	0	0	0
Depreciation or Other Reserves (Renewals)	85	118	(33)	41
Internal Loans	0	0	0	0
	0	0	0	0

What was different from the budget

1. Operating Revenue was \$27k favourably over budget due to an increase in refuse sticker sales.
2. Operating expenses were \$53k favourably under budget due to less than planned finance costs.
3. Capital Expenses were \$33k under budget. This was mainly due to an under spend on Transfer Stations \$19k, and Paokahu Closed Landfill \$13k.

Urban Stormwater Services

What we do

Stormwater is rain that runs off hard surfaces such as roofs, paved streets, driveways and roads. Council owns and operates the public stormwater systems for Gisborne City including Makaraka and Wainui/Okitu, and urban areas in 12 rural communities from Hicks Bay to Matawai.

Stormwater systems carry away surface water overflow from heavy rains, protecting properties from flooding and protecting the environment and public health by reducing pollutants discharged into natural waterways. Our stormwater system is made up of:

- The primary stormwater system comprising piped reticulation, open drains, swale drains, sumps and channels.
- The secondary stormwater system, which activates during significant heavy rain when the primary network is at full capacity. This includes stormwater flow-paths through reserves, private properties and along road corridors.
- A range of measures that reduce the level of pollutants discharged into natural waterways, includes swale drains, green infrastructure, sumps with sediment traps, gross pollutant traps, and education.

The stormwater network includes 162km of stormwater pipes, most of which are reinforced concrete, around 32km of channels and swales, and assets across the city and townships. The network was built 30-60 years ago and based on the estimated remaining life of the pipes being 100 years, 86% of pipes are in good condition or better.

Why we do it

To protect people, dwellings, private property and public areas from flooding by providing infrastructure to allow

for the collection and disposal of stormwater, in a way that protects the environment and public health.

This activity contributes to the following Community Outcomes

- Tairāwhiti Tangata
- Tairāwhiti Taonga

What we have been doing 2017/18

- Continued the renewal and upgrade of stormwater infrastructure within the city and rural townships.
- The upgrade of Lloyd George Road (Wainui) stormwater improvements was largely completed by 30 June 2018.
- Continue to work with residents to identify and exclude unwanted stormwater from residential and commercial property entering the wastewater system.
- The upgrade of Douglas Street (Wainui) is to be retendered in the 2018/19 financial year due to significantly higher tender price compared with Engineers estimate
- Renewed stormwater pipes in Rutene Rd on the landward side, which also aligns with the future cycleway.
- Created a computer model to understand the stormwater network capacity, secondary flow paths and ponding issues within the Whataupoko catchment. This will inform future capital work and assist with the DrainWise programme to reduce on property flooding and wastewater discharges to our streams and rivers.

Levels of Service and Performance Measures

Level of Service	Performance measure	Result 2016/17	Target 2017/18	Result 2017/18
We provide high quality infrastructure and ensure a healthy community through the removal of stormwater and contaminants to protect dwellings, the environment and people.	Customer Satisfaction - The number of complaints received about the performance of the stormwater system, expressed per 1000 properties connected to the stormwater system. <i>Mandatory Measure</i>	8.43 Achieved	<15	8.43 Achieved
	Discharge Compliance - Compliance with Council's resource consents for discharge from its storm water system, measured by the number of: a) abatement notices b) infringement notices c) enforcement orders, and d) convictions, received by Council in relation to those resource consents. <i>Mandatory Measure</i>	0 Achieved	The Draft Freshwater Plan for the Gisborne Region is likely to include a requirement that a resource consent be applied for by 2025	0 Achieved

Level of Service	Performance measure	Result 2016/17	Target 2017/18	Result 2017/18
	Percentage of residents satisfied with the district's urban storm water services as found in the Resident Satisfaction Survey.	63% Achieved	50%	55% Achieved
	Response Times - The median response time to attend a flooding event, measured from the time that Council receives notification to the time that service personnel reach the site. <i>Mandatory Measure</i>	11 minutes NA	30 minutes (1)	0 minutes (2) Achieved
	System and Adequacy a) The number of flooding events that occur in the district. (A flooding event means an overflow of stormwater from a stormwater system that enters a habitable floor) b) For each flooding event, the number of habitable floors affected. (Expressed per 1000 properties connected to the stormwater system) <i>Mandatory Measure</i>	a) 0 Achieved b) 0 Achieved	a) ≤2 b) <0.2	a) 0 Achieved b) 0 Achieved

What was different to Levels of Service and Performance Measures?

- Measure targets responses to emergency flooding associated with a house or business. There is a 30 minute response time requirement for emergency stormwater flooding of houses or commercial property. There is a 60 minute response requirement for all other emergency stormwater requests for service.
- As there were no flooding events related to a house or business during 2017/18, the response time could not be measured. Therefore this measure has been achieved by default.

What it cost

	2017/18 Actual	2017/18 AP Budget	2017/18 Variance	2016/17 Actual
Operating Expenditure (\$000)				
Revenue from Non-Exchange Transactions	0	0	0	0
Revenue from Exchange Transactions	2	0	2	(26)
Expenses	2,045	2,837	(792)	1,966
Net Cost of Service	2,042	2,837	(794)	1,992

This activity was funded 100% from rates

Capital Expenditure

Capital Projects	524	1,654	(1,130)	559
Funded By:				
Other Capital Revenue	0	0	0	42
Depreciation or Other Reserves (Renewals)	419	563	(143)	204
Internal Loans	105	1,091	(987)	313
	0	0	0	0

What was different from the budget

- Operating expenses were \$792k under budget. This is mainly due to a \$117k reduction in employee costs, \$131k reduction on interest on loans, \$276k under spend of operating costs, \$150k under spend on repairs and maintenance.
- Capital Expenses were \$1,130k under spent. This was mainly due to a timing issue, for Douglas Street Stormwater improvements. This project has now been transferred into Year 1 of LTP 2018-2028.

Wastewater

What we do

Gisborne City, including the western industrial area, and Te Karaka are reticulated by Council-owned and administered wastewater systems. We also own and administer the four septage disposal sites at Te Araroa, Tikitiki, Ruatoria (Waiapu) and Te Puia Springs.

The remaining communities in our district are served by non-Council administered private septic tank systems. The wastewater activity does not include the administration and monitoring of the on-site wastewater systems.

The largest portion of the Gisborne Cities wastewater, which includes residential, commercial, and some industrial users is treated at Councils wastewater treatment plant, which is then discharged to its marine outfall. Six (6) industries are served by a separate industrial wastewater network that bypass Councils treatment process as they are required to treat their wastewater on their site.

Council regulates Industrial/trade waste discharges to the Gisborne city wastewater systems by means of a Trade Waste Bylaw and monitoring.

Why we do it

- To protect public health by providing Gisborne City and Te Karaka with a reliable and efficient wastewater system.
- To collect, treat and discharge wastewater in a way that minimises adverse effects on the environment and is compliant with resource consents.
- Water utilities are a core function of Council and an essential lifeline service. Preparing for natural disasters is integral to what we do, and we collaborate with other utility providers to identify interdependencies to build greater resilience.

This activity contributes to the following Community Outcomes

- Tairāwhiti Taonga
- Tairāwhiti Tangata

What we have been doing 2017/18

- The DrainWise Plan has been produced to provide guidance on how we propose to reduce overflows on private property and into waterways to one event every two years.
- Comprehensive DrainWise inspections of private property throughout the Kaiti area are ongoing, a dedicated team is also actively repairing gully traps to prevent the ingress of stormwater into the wastewater system.
- The annual renewals work was completed for sewer mains in Crawford Road, Esplanade (Gravity) design and let contracts for replacement of Portside rising main and Hirini sewer main. The septage disposal site in Te Araroa was upgraded to meet resource consent requirements
- A new standby generator was purchased as backup in a power outage for our major pump stations, which brings wastewater our stock to 4.
- Council has completed its consultation for our future wastewater upgrade options and is now in the process of preparing a resource consent application to be submitted by 31 December 2018 to implement the adopted wastewater treatment upgrade Option 3 was adopted and includes phasing
- Trade waste compliance has improved with major industries implementing waste plans that outline how they will comply and manage risks.

Levels of Service and Performance Measures

Level of Service	Performance measure	Result 2016/17	Target 2017/18	Result 2017/18
We provide a well managed wastewater reticulation and treatment system which protects public health and the physical environment.	Council will have adequate information by December 2016 to make decisions on any future wastewater treatment options.	Not achieved	Achieve	Achieved (1)
	Customer Satisfaction - The total number of complaints received about any of the following: a) wastewater odour b) wastewater system faults c) wastewater system blockages d) Council's response to issues with its wastewater system, expressed per 1000 connections to the wastewater system. <i>Mandatory Measure</i>	10 Achieved	≤15	8 Achieved
	Discharge Compliance - Compliance with Council's resource consents for discharge from its wastewater system, measured by the number of: a) abatement notices b) infringement notices c) enforcement orders, and d) convictions, received by Council in relation to those resource consents. <i>Mandatory Measure</i>	0 Achieved	0	0 Achieved
	Fault Response Times - Where Council attends to wastewater overflows resulting from a blockage or other fault in the wastewater system, the following median response times measured: a) attendance time: from the time that Council receives notification to the time that service personnel reach the site, and b) resolution time: from the time that Council receives notification to the time that service personnel confirm resolution of the blockage or other fault. <i>Mandatory Measure</i>	a) 0.08hr Achieved b) 3.43hr Achieved	a) ≤1hr b) ≤24hr	a) 0.33hr Achieved b) 2.78hr Achieved
	Percentage of residents satisfied with the Gisborne district's wastewater system as found in Resident Satisfaction Survey.	65% Achieved	≥50%	56% Achieved
	System and Adequacy - The number of dry weather wastewater overflows from the wastewater system, expressed per 1000 connections to the wastewater system. <i>Mandatory Measure</i>	0.61 Achieved	≤1	0.54 Achieved
	The annual number of events where wastewater is discharged from Council's reticulation into rivers or streams (less than a 1 in 10 year event).	4 Achieved	≤4	3 (2) Achieved

What was different to Levels of Service and Performance Measures

- Council was able to make a decision in December 2016 regarding the technical feasibility of wetland options, and could have made a decision on future wastewater treatment options. However, Council saw value in a further options refinement phase to seek a more cost-effective outcome for ratepayers, and to integrate the decision-making into the 2018-2028 LTP process.
- Discharges were made on 3/09/2017, 4/06/2018 and 11/06/2018.

What it cost

	2017/18 Actual	2017/18 AP Budget	2017/18 Variance	2016/17 Actual
Operating Expenditure (\$000)				
Revenue from Non-Exchange Transactions	0	0	0	0
Revenue from Exchange Transactions	324	339	(15)	347
Expenses	6,606	6,859	(253)	7,000
Net Cost of Service	6,282	6,519	(238)	6,653
This activity was funded 98% from rates and 2% from fees and charges				
Capital Expenditure				
Capital Projects	1,136	4,199	(3,063)	1,884
Funded By:				
Other Capital Revenue	0	0	0	37
Depreciation or Other Reserves (Renewals)	0	2,290	(2,290)	339
Internal Loans	1,136	1,909	(773)	1,508
	0	0	0	(0)

What was different from the budget

1. Operating Expenses were \$253k under budget, mostly due to lower than planned interest costs and depreciation costs.
2. Capital Expenses were \$3,063k under spent. This is due to underspend in the pipeline renewals, pipeline upgrades, Mangapapa upgrades and pump station renewals. These projects were identified within the LTP 2018-2028 as needing to be carried forward to be completed in Year 1.

Water Supply

What we do

Council provides treated drinking water to Gisborne City and the communities of Te Karaka, Whatatutu, Makaraka and Manutuke. We provide compliant water from four treatment plants at Waingake, Waipaoa, Te Karaka and Whatatutu to the water reticulation network, which includes reservoirs, pump stations and the connections from the street mains to all serviced property boundaries.

All other areas use non-reticulated, private supply systems sourced from roof catchments, ground water bores/springs or surface water and are not Council administered or owned.

We aim to effectively provide a quality, efficient and environmentally acceptable water supply system in a controlled and regulated manner.

Our public water supply provides:

- potable water for domestic, commercial and industrial purposes
- water for fire protection for Gisborne City
- water to public service providers and community facilities such as schools, hospitals, sporting facilities and grounds etc.

Safe drinking water has a significant health benefit to the community in both quality and quantity and the community agrees this is a significant activity for Council. To ensure the quality of our water, we treat water to New Zealand Drinking Water Standards and consistently meet this standard for Gisborne City.

We aim to deliver consistent flow and pressure. We also ensure there is enough water stored for our city's emergency fire-fighting services and emergency management in the event of natural or system emergencies.

Why we do it

Council is required to provide a continuous, sustainable, safe drinking water and provide water for fire-fighting purposes to the Gisborne City supply area and a supplementary water supply to their rainwater tanks for the townships of Te Karaka and Whatatutu.

A safe public water supply also contributes to community health by eliminating the need for people to provide their own water system, which could have much higher health risks.

This activity contributes to the following Community Outcomes

- Tairāwhiti Tangata
- Tairāwhiti Taonga

What we have been doing 2017/18

- Water main renewals: water mains were replaced in Mangapapa Rd, Oswald St from Massey Rd to Mangapapa Rd, and Buchan Street.
- Water Safety Plan updates: The Gisborne City Water Safety Plan (WSP) was updated in August 2017. The purpose of the WSP is to ensure the safety of drinking water through the use of a comprehensive risk assessment and risk management approach that encompasses all steps in water supply from catchment to consumer. This was a timely exercise following the findings of the independent inquiry into water supply in Havelock North. The Gisborne City WSP was approved by the Ministry of Health appointed Drinking Water Assessor in September 2017.
- Waingake raw water pipeline refurbishment: The refurbishment of the raw water pipeline between the Te Arai water intake and the Waingake Water Treatment plant is progressing well. Work includes above ground repairs and repainting the water pipeline and support structures. This project is a three-year programme that began in early 2017 and is 30% complete.

Levels of Service and Performance Measures

Level of Service	Performance measure	Result 2016/17	Target 2017/18	Result 2017/18
We provide water supply infrastructure that meets the needs of our community now and into the future by delivering safe, clean water in a sustainable manner.	The percentage of residents satisfied with the water supply system as found in the Resident Satisfaction Survey.	87% Achieved	70%	84% Achieved
	Customer Satisfaction - The total number of complaints received about any of the following: a) drinking water clarity b) drinking water taste c) drinking water odour d) drinking water pressure or flow e) continuity of supply, and f) the Council's response to any of these issues expressed per 1000 connections to the local authority's networked reticulation system. <i>Mandatory Measure</i>	4.10 Achieved	≤50	3.03 Achieved
	Demand Management - The average consumption of drinking water per day per resident within the district. <i>Mandatory Measure</i>	228 litres Achieved	≤308 litres	248 litres Achieved
	Fault Response Times - Where Council attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured: a) attendance for urgent call-outs: from the time that Council receives notification to the time that service personnel reach the site, and b) resolution of urgent call-outs: from the time that Council receives notification to the time that service personnel confirm resolution of the fault or interruption. c) attendance for non-urgent call-outs: from the time that Council receives notification to the time that service personnel reach the site, and d) resolution of non-urgent call-outs: from the time that Council receives notification to the time that service personnel confirm resolution of the fault or interruption. <i>Mandatory Measure</i>	a) 0.13 hrs b) 2.46 hrs c) 0.15 hrs d) 1.79 days Achieved	<u>Urgent:</u> a) 2 Hours b) 8 Hours <u>Routine:</u> c) 8 hours d) 2 days	a) 0.14 hrs b) 1.15 hrs c) 0.20 hrs d) 1.05 days Achieved
	Maintenance of the reticulation network - The percentage of real water loss from Council's networked reticulation system.	14.5% Achieved	≤15% of Total Consumption measured every 5 years <i>Mandatory Measure</i>	14.5% Achieved
	Safety of Drinking Water - The extent to which the drinking water supply complies with: a) part 4 of the drinking-water standards (bacteria compliance criteria), and b) part 5 of the drinking-water standards (protozoal compliance criteria).	Gisborne City a. 100% b. 100% Achieved Te Karaka a. 100% b. 100% Achieved Whatatutu a. 100% b. 0% Achieved	Gisborne City a.100% b. 100% Te Karaka a.100% b. 100% Whatatutu a.100% b. 0%	Gisborne City a. 100% Achieved b. 99.7% Not achieved (1) Te Karaka a. 100% b. 100% Achieved Whatatutu a. 100% b. 0 % (2) Achieved

What was different to Levels of Service and Performance Measures?

1. Council was non-compliant for protozoa compliance in the Gisborne City for 1 event, Council registered a high turbidity flow to Gisborne city. Water to Gisborne was stopped and water was scoured to waste. A number of houses close to the Waingake Water Treatment plant may have got some non-compliant water as they were within the scour zone. As they are all on rainwater and Council supply only augments their supply the risk is considered extremely low.

2. Since Whatatutu Water Treatment Plant was brought online in December 2016, it was found that it did not meet protozoa compliance. The only reason why protozoa compliance was not achieved was there was not enough data collected from the plant to prove protozoa compliance. Therefore Council decided to withdraw Whatatutu for protozoa compliance thus making it non-compliant. Whatatutu however did meet bacteriological compliance as well as meeting all the duties of the Health Act 1956.

What it cost

	2017/18 Actual	2017/18 AP Budget	2017/18 Variance	2016/17 Actual
Operating Expenditure (\$000)				
Revenue from Non-Exchange Transactions	4	0	4	5
Revenue from Exchange Transactions	3,125	2,723	401	2,591
Expenses	4,787	5,269	(482)	5,007
Net Cost of Service	1,658	2,545	(887)	2,411

This activity was funded 53% from rates and 47% from fees and charges

Capital Expenditure

Capital Projects	1,066	1,134	(68)	1,468
Funded By:				
Grants and Subsidies	0	0	0	437
Depreciation or Other Reserves (Renewals)	961	984	(23)	986
Internal Loans	105	150	(45)	46
	0	0	0	0

What was different from the budget

1. Operating Revenue was \$401k above budget. This was mainly due to an increase on water by meter revenue.
2. Operating Expenses was \$482k below budget. This was mainly due to lower operational costs for water treatment costs - both chemical usage and electricity costs.
3. Capital Expenses was \$68k under budget. This was mainly due to the underspend on Waingake Trunk Main Air Valve Renewals.

Aquatic and Recreation Facility (Olympic Pool)

What we do

The Olympic Pool is an important recreational and sporting facility with 132,231 visitors this past year. It provides a wide range of activities and programmes and is available for groups such as schools, sporting clubs and community organisations. The pool includes a health and therapy facility.

Why we do it

The facility is a place where families and community come together to play, socialise and have fun. Encouraging people of all ages to engage in recreational activities, helping them live more active and healthy lives.

This activity contributes to the following Community Outcome

- Tairāwhiti Tangata

What we have been doing 2017/18

- Maintained operational standards and achieved POOLSAFE accreditation at the Olympic Pool complex.
- Completed a comprehensive Olympic Pools Redevelopment Business Case.
- Organised and hosted a number of successful promotions and events, including Swim the Distance, Whanau Fun – Swim, Bike, Run and annual Come Have a Look promotions.
- Hosted nearly 90,000 visitors during the peak summer seasons.
- Initiated an independent workplace health and safety audit, resulting in improvement actions and positive results overall.
- Completed a number of maintenance repairs including repainting and resealing the 33m outdoor pool and hydroslide.
- Installed additional shade structures.
- Completed a successful consultation process regarding redevelopment options for the pool.

Levels of Service and Performance Measures

Level of Service	Performance measure	Result 2016/17	Target 2017/18	Result 2017/18
We provide a range of sustainable, quality aquatic and recreational opportunities for Gisborne district residents and visitors.	Council aquatic facilities are safe and operate in accordance with nationally accepted guidelines.	Achieved	Achieve	Achieved
	Number of pool admissions per annum.	122,195 Not achieved	140,000	132,231 Not achieved (1)
	Percentage of external revenue from users versus expenditure.	34% Not achieved	40%	29% Not achieved (2)
	Percentage of residents satisfied with the Olympic Pool as found in the Resident Satisfaction Survey.	73% Achieved	50%	74% Achieved
Aquatic and Recreation Facility; Provide quality, safe and sustainable aquatic and recreational opportunities	Percentage of users who are satisfied with the pool service.	85% Not achieved	90%	Not Measured (3)

What was different to Levels of Service and Performance Measures

- We have seen an increase in admissions from 2016/17, contributing to this result was the newly refurbished Hydro slide. However, the result was short of our target of 140,000. This is reflective of the condition of the assets within the complex. The 2018-2028 LTP has made provision for major changes to these assets and we anticipate improved admissions when this project is complete.
- As per footnote 1, this result is a direct result of the admission numbers during the year and expenditure on assets.
- The customer survey was not conducted in 2017/18 as planned, due to a shortage in resources. This will be addressed in the coming year and it is expected that the data will be available.

Planning and Development Services

What it cost

	2017/18 Actual	2017/18 AP Budget	2017/18 Variance	2016/17 Actual
Operating Expenditure (\$000)				
Revenue from Non-Exchange Transactions	1	0	1	0
Revenue from Exchange Transactions	492	543	(51)	431
Expenses	1,675	1,755	80	1,312
Net Cost of Service	1,182	1,212	130	881
This activity was funded 66% from rates and 33% from fees and charges				
Capital Expenditure				
Capital Projects	60	4,006	(3,947)	6
Funded By:				
Grants and Subsidies	0	4,000	(4,000)	0
Depreciation or Other Reserves (Renewals)	41	0	41	0
Internal Loans	19	6	12	6
	0	0	0	0

What was different from the budget

1. Operating revenue was slightly under budget by \$51k. However, overall revenue was more than last year, mostly due to increased revenue from the water slide.
2. Operating expense was favourably under budget due mostly to heating and power costs being lower than planned. However, operating costs are more than last year, mostly around higher repairs and maintenance.
3. The Long Term Plan 2015-2025 included redevelopment of the Olympic Pool. However, after reviewed plans and consultation the project has now been incorporated to start Year 1 of the new Long Term Plan 2018-2028 (LTP 2018-2028).
4. The redevelopment of the Olympic Pool was assumed to have been 100% grant funding, and is now expected to occur with the new phasing of the LTP 2018-2028

Arts and Culture

What we do

Access to arts and culture make a significant contribution to the social and economic life of our community.

Theatres

Council provides facilities, services and performing arts partnerships for the enjoyment of locals and visitors, as well as building pride in our people's talents and exposing audiences to a broad range of performing and craft arts that reflects the diverse cultures of our district's people.

Museum and public art

Council provides facilities, services and public art projects to create a sense of pride and local distinctiveness, and to reflect cultural diversity in our district. We own and maintain the Museum buildings but contract services to the Tairāwhiti Museum Trust.

Tairāwhiti Navigations

Tairāwhiti Navigations is a programme of five projects delivered together to ensure the full benefits - economic, tourism, place-making and community well-being - are realised through well connected and integrated design, landscaping and stories.

The programme includes the following projects: Historical Interpretations, Inner Harbour redevelopment, Cook Landing Site and Titirangi Summit (concept), Titirangi Restoration (delivery). Each project involves a range of stakeholders to deliver the work, ensuring a sense of community ownership once completed.

The project area encompasses Titirangi maunga, Gisborne's inner harbour area and Turanganui riverside walkway to Oneroa. All projects will be completed by May 2019. The key features will include place-based storytelling as told by local iwi through a series of interpretation media.

Site upgrades, landscaping, new light infrastructure and amenities will enhance sites of significance as well as local business, recreation and hospitality hubs.

Why we do it

Theatres

To provide facilities, expertise and services that enable the public to experience and participate in performing and visual arts, corporate and community events. To provide a space for local, national and international events to enable our citizens to participate in a global arts environment.

Museum and public art

To provide facilities, services and art in public places that enable the public to experience and participate in the visual arts, and to house and support a regional museum

to provide a safe repository for the district's taonga (treasures).

Tairāwhiti Navigations

The Navigations projects will showcase our area to locals and visitors alike. There is potential for this activity to develop local and regional enterprise and foster ongoing working partnerships between Council and the community.

This programme aims to deliver a range of benefits that will add value to our community, economy and lifestyle from tourism, economic and environmental initiatives – along with an enhanced sense of place, pride and amenity.

This activity contributes to the following Community Outcomes

- Tairāwhiti Tangata
- Tairāwhiti Taonga
- Tairāwhiti Wawata

What we have been doing 2017/18

Theatres

- Put in place a Volunteer Ushers programme, which allows members of the community to get involved in the Theatre.
- Ran a summer holiday programme called Story In Theatre at the War Memorial Theatre for young people, which was well attended and well received.
- The implementation of our audience development strategies saw an increase in theatre attendance by local people to a range of events and shows.
- We undertook a review of the fire protection system at War Memorial Theatre.
- Earthquake strengthening and building upgrade commenced at Lawson Field Theatre. The theatre will be re-opened in September 2018.

Museum and public art

- Tairāwhiti Museum completed the natural history collections cataloguing and rehousing project: 2,250 items
- Exhibition highlights for the year include Kete Puāwai: Basket of Evolution, a partnership with Te Wānanga o Aotearoa and was a finalist in the Museums Aotearoa national exhibition awards.
- The touring exhibition Da Vinci Machines and Robotics was very popular with local visitors and school groups.

Planning and Development Services

- Much-loved 'Wal and Dog' statue was relocated from a temporary location to its 'forever home' at the upgraded HB Williams Memorial Library building in Bright Street. Mrs Pam Ball and son Gareth officially cut the ribbon in April.
- Continued work on the cultural monuments of Hawaiki Turanga, Ruapani and Fire and Emergency's historic fire bell belfry.

Tairāwhiti Navigations

- In partnership with four iwi (Ngai Tamanuhiri, Te Aitanga a Mahaki, Ngati Oneone and Rongowhakaata) the Tairāwhiti Navigations historical interpretations strategy has been implemented to support the capturing of significant stories to be told through the Tupapa trail (including a website, mobile app, brochure, ten trail markers and two view shafts), and completed designs and filming for multi media outputs.
- Council in partnership with Eastland Port, and with support from Ngati Oneone have completed designs for the inner harbour redevelopment and received resource consent for phase one. Construction of phase one inner harbour redevelopment got underway in January 2018.

- Council with support from the community planted a further 10,000 native plants on Titirangi to restore significant areas and improve landscape values with support from school children and the Department of Conservation and Enviroschools through the Titirangi Guardian Programme. Upgrades to tracks was also completed to enhance the track network on Titirangi
- A business case was also completed for the Titirangi summit as well as possible concept options.
- Concept designs were completed for the design team to the Cook Landing Site redevelopment project as a partnership project between Department of Conservation, Ngati Oneone and Council.
- Received external funding from Eastland Community Trust, Ministry of Business, Innovation and Employment, Department of Conservation, Eastland Port and Lotteries Significant Projects Fund to support the delivery of the programme.

Levels of Service and Performance Measures

Level of Service	Performance measure	Result 2016/17	Target 2017/18	Result 2017/18
We provide adequate facilities and contracted management of the distinctive museum collection and displays.	Number of visitors per annum to Tairāwhiti Museum.	41,639 Achieved	40,000	46,473 Achieved
	Percentage of residents satisfied with Tairāwhiti Museum as found in the Resident Satisfaction Survey.	94% Achieved	70%	96% Achieved
We provide facilities and services that help create a strong sense of community mana, pride and identity, reflecting the heritage and culture of the region.	Number of booking days per annum: Lawson Field Theatre.	N/A (Closed)	Refurbishment and earthquake proofing	N/A (Closed) (1)
	Number of booking days per annum: War Memorial Theatre.	141	79	147 Achieved
	Percentage of residents satisfied with the Lawson Field Theatre as found in the Resident Satisfaction Survey.	N/A (Closed)	Refurbishment and earthquake proofing	N/A (Closed) (1)
	Percentage of residents satisfied with the War Memorial Theatre as found in the Resident Satisfaction Survey.	94%	65%	95% Achieved
	Theatres - percentage of revenue return on operational cost.	61%	20%-30%	92% Achieved
	Percentage of residents satisfied with the quality of art in public places and the way it is maintained as found in the Resident Satisfaction Survey.	78% Not achieved	80%	82% Achieved

What was different to Levels of Service and Performance Measures?

- 1, Lawson Field Theatre closed 16th October 2016 for earthquake strengthening, deferred maintenance and technical and alignment with current health and safety regulations. No target was set to align with closure of building, therefore not applicable.

What it cost

	2017/18 Actual	2017/18 AP Budget	2017/18 Variance	2016/17 Actual
Operating Expenditure (\$000)				
Revenue from Non-Exchange Transactions	144	0	144	0
Revenue from Exchange Transactions	221	123	98	185
Expenses	1,713	1,799	86	1,691
Net Cost of Service	1,348	1,676	(156)	1,506
This activity was funded 97% from rates and 3% from fees and charges				
Capital Expenditure				
Capital Projects	3,934	5,407	(1,472)	1,049
Funded By:				
Grants and Subsidies	2,630	2,825	(194)	613
Other Capital Revenue			0	
Depreciation or Other Reserves (Renewals)	(594)	1,551	(2,145)	363
Internal Loans	1,897	1,031	867	74
	0	0	0	0

What was different from the budget

1. Revenue from Non-Exchange transactions relates to grant received for the Navigations project.
2. Operating revenue was \$98k over budget. This was mainly due to increased Theatre commission and bar sales due to additional productions taking place after the War Memorial Theatre refurbishment.
3. Operating expenditure was \$86k under budget. This is mainly due to depreciation and finance costs being lower than expected.
4. Capital projects were \$1,472k under budget. This is mostly due to the timing of the Lawson Fields Theatre. This project has now been re-phased within LTP 2018-2028, with completion around September 2019.

Planning and Development Services

HB Williams Memorial Library

What we do

Libraries provide a wide range of services and resources for the community. Council operates the HB Williams Memorial Library, serving Gisborne's urban and rural communities and visitors.

The library provides access to space and resources including professional staff, a relevant collection of materials including local histories, free internet, a digital e-library, and specialised programmes to inspire learning and civic participation.

Why we do it

To contribute to our community's lifelong learning, literacy and education, as well as meeting intellectual, recreational, economic and cultural needs. This is a time of transformational shift where library services will focus on digital services, people and spaces and preserving local history for all.

This activity contributes to the following Community Outcomes

- Tairāwhiti Tangata
- Tairāwhiti Wawata
- Tairāwhiti Taonga

What we have been doing 2017/18

- Moved entire library - contents and staff - into upgraded and expanded library building at Bright St. It was opened by Philippa Eivers (grand daughter of HB Williams) and His Worship the Mayor, Meng Foon on 16 April 2018.
- Continued to provide free computing and internet access via the Aotearoa People's Network Kaharoa (Council's free internet service in partnership with central government). Over 12,000 sessions were logged with an additional 27,000 free Wi-Fi sessions, peaking at over 250 individual users on one day during February 2017.
- Two exhibitions were curated, one to highlight the history of HB Williams Memorial Library post-modernist building and the other celebrating Murray Ball and the 'Wal and Dog' statue.
- Council delivered programmes to support literacy and e-literacy development. These were supported by two large interactive 'touch tables' provided by New Zealand Community Trust. New initiatives are in the early pilot phase, for example and Anime Club and Scrabble meetups.

Levels of Service and Performance Measures

Level of Service	Performance measure	Result 2016/17	Target 2017/18	Result 2017/18
We provide a range of accessible, quality library services tailored to meet the needs of Gisborne district residents.	Number of visitors to HB Williams Memorial Library per annum (on site and on-line).	Onsite: 166,739 Not achieved Online: 21,508 Achieved	Onsite: 230,000 Online: 18,880	Onsite: 113,884 Not achieved (1) Online: 17,354 Not achieved (1)
	Percentage of households that have used the HB Williams Memorial Library in the last 12 months as found in the Resident Satisfaction Survey.	50% Not achieved	66%	43% Not achieved (1)
	Percentage of residents satisfied with Gisborne district's library services as found in the Resident Satisfaction Survey.	92% Achieved	75%	88% Achieved

What was different to Levels of Service and Performance Measures?

1. Visitor numbers decreased, due to the temporary relocation of the library to a 'destination' site and a reduction in services. The library was closed for two weeks in April whilst moving back to the Bright Street building.

What it cost

	2017/18 Actual	2017/18 AP Budget	2017/18 Variance	2016/17 Actual
Operating Expenditure (\$000)				
Revenue from Non-Exchange Transactions	0	0	0	0
Revenue from Exchange Transactions	46	140	(94)	72
Expenses	1,509	1,594	(85)	1,341
Net Cost of Service	1,463	1,454	10	1,269
This activity was funded 90% from rates, 10% from fees and charges				
Capital Expenditure				
Capital Projects	5,321	3,899	1,422	1,609
Funded By:				
Grants, Subsidies and Other	1,358	1,159	199	704
Depreciation or Other Reserves (Renewals)	2,675	2,111	564	516
Internal Loans	1,288	630	659	389
	0	0	0	(0)

What was different from the budget

1. Operating Revenue was \$94k unfavourably under budget. This is due to the disposal of the bike shed (recognised as a loss on disposal) and a reduction of book rent income.
2. Operating Expenses were \$85k under budget. Relocation costs from the temporary accommodation which occurred over the library rebuild was offset from lower employee costs and lower than planned depreciation costs.
3. Capital Expenses was \$1.4m over budget. This is mostly due to slippage in the timeframe of the delivery of the Library Building expansion major project. Originally in the LTP 2015-2025 Year 2 it was expected to have more of the construction costs incurred. As such payments to construction contractors moved into Year 3.

Parks and Community Property

What we do

The recreation and amenity activity includes parks and gardens, urban and rural cemeteries, public toilet facilities and community property.

Open spaces, parks and gardens

Council manages and maintains a wide variety of parks, reserves, sports grounds, walkways, coastal foreshore areas, and other open spaces throughout the district, including over 100 amenity gardens. About two thirds of the parks and community property assets are located within urban Gisborne, with the balance spread throughout the district, roughly in proportion to population distribution.

Cemeteries

Council maintains 11 cemeteries across the district, and is responsible for all burials and regulations within these cemeteries. Council also manages the public record of burials.

Community property

Council manages all lease and licence agreements on parks, open spaces and sports grounds, and provides facility management for community buildings (including public toilets) and monuments.

Why we do it

Open spaces, parks and gardens

Council maintains areas that allow cultural, leisure and recreational activity and opportunities while ensuring landscape amenity values and ecological protection. Our parks and gardens create a sense of place and are an expression of our district's identity.

Cemeteries

Our cemeteries provide a final resting place for members of our community. We maintain cemeteries out of respect to people who are buried and remembered there, and provide accurate records so families can easily find and pay respects to their loved ones.

Community property

Council maintains a community property network that ensures all leases and licences meet the requirements under relevant legislation, and that community buildings and associated services are provided to meet community expectations.

This activity contributes to the following Community Outcomes

- Tairāwhiti Tangata

- Tairāwhiti Taonga
- Tairāwhiti Wawata

What we have been doing 2017/18

Open spaces, parks and gardens

- Adjusted our operational model to deliver better outcomes more efficiently, by insourcing the delivery of our amenity gardens and establishing new maintenance contracts with community caretakers and a new major maintenance contractor.
- Implemented sports ground improvements, which included improved lighting at various grounds, new irrigation at Childers Road Reserve, upgrading turf at Uawa Domain, and a new softball diamond at Waikirikiri Reserve.
- Renewed and/or improved playgrounds at London Street Reserve, the Adventure Playground, Heath Johnston Park, the Botanical Gardens, Te Karaka, Tikitiki and Tokomaru Bay.
- Implemented summer annual and winter annual garden bed programmes across the city.
- Removed many hazardous trees within our street tree and reserve tree networks, some as a result of significant damage received during Cyclone Cook in 2016.
- Enhanced several nature reserves through the restoration and replanting of native trees/plants in reserves such as Titirangi Reserve, Makorori Headland and Wainui Reserve.
- Constructed new cycle and walkways at Alfred Cox Park, Waikanae Beach and from Kaiti to Wainui.
- The Gisborne District Council in collaboration with the Wainui Lions completed the Wainui Lions Learn to Ride Track in December 2017. The track is designed to teach young children the road rules in a safe environment. The project cost \$700k and was completed by Siteworx Civil.

Community property

- Focused on improving the cleanliness and management of public toilets across the district, and installed/renewed facilities at Peel Street, Anaura Bay, Hicks Bay, Waipiro Bay, Waihou (Loisels) Bay and Kaiaua.
- Completed asset inventory collection and uploaded to Council's asset management system IPS8.

Cemeteries

- Performed nearly 400 interments within our cemeteries.
- Implemented an in-depth and comprehensive project to digitise and significantly improve the reliability and accuracy of our cemetery records and improve operating processes.

Levels of Service and Performance Measures

Level of Service	Performance measure	Result 2016/17	Target 2017/18	Result 2017/18
We provide a parks and open spaces network that protects landscape amenity values and biodiversity while promoting leisure and recreational opportunities that meet the needs of the district.	Percentage of residents that have visited a Council park or reserve in the last 12 months as found in the Resident Satisfaction Survey.	76% Not achieved	77%	76% Not achieved
	Percentage of playgrounds that meet relevant New Zealand safety standards.	83% Not achieved	100%	84% Not achieved (1)
	Percentage of residents satisfied with the quality of our parks as found in the Resident Satisfaction Survey.	80% Not achieved	86%	88% Achieved
	Percentage of stakeholders satisfied with the quality of care of Council managed heritage, cultural and archaeological sites	Not measured	Year 1: Establish baseline and targets	Not Measured (2)
	Percentage of the beach restoration maintenance standards achieved based on project-by-project requirements.	Not measured	Year 1: Establish baseline and targets	Not Measured (3)
	Percentage of users satisfied with the quality of sports surfaces and facilities when using parks.	75% Not achieved	80%	84% Achieved
	Percentage of users satisfied with the maintenance of parks.	Not measured	90%	Not Measured (4)
We provide safe, fit for purpose and appropriately located public conveniences that meet the needs of the district.	Percentage of residents satisfied with public conveniences as found in the Resident Satisfaction Survey.	32% Not achieved	50%	38% Not achieved (5)

What was different to Levels of Service and Performance Measures?

- Overall, the condition was consistent with 2017. The improvement items that we have carried out over the last 12 months have definitely impacted our compliance but there is still old equipment in the network that needs to be retired when budget allows. We hope to address this in our next lot of renewals.
- Council does not have these sites mapped and would require further work in order to start measuring. This measure was reviewed as part of the 2018-2028 LTP process and was considered not relevant to the Parks and Community Property activity.
- This has not been measured in the last three years. Beach restoration standards vary for the different types of projects undertaken. This measure was reviewed as part of the 2018-2028 LTP process and we will use other methods to monitor beach restoration project outcomes going forward.
- Parks user surveys have not been conducted for the past three years. We reviewed this measure as part of the 2018-2028 LTP process and will use other methods such as the Resident Satisfaction Survey to measure user satisfaction going forward.
- Vandalism continues to be a big factor in the dissatisfaction of our public conveniences. We have encouraged our community to use our Request for Service facility when they find toilets in disarray. It is also expected that the new Mahi mō Te Tairāwhiti maintenance contract will make a difference in residents' satisfaction. We are also finalising details around the construction of more public toilets at coastal locations.

Planning and Development Services

What it cost

	2017/18 Actual	2017/18 AP Budget	2017/18 Variance	2016/17 Actual
Operating Expenditure (\$000)				
Revenue from Non-Exchange Transactions	5	0	5	34
Revenue from Exchange Transactions	401	377	24	346
Expenses	5,830	5,434	395	5,244
Net Cost of Service	5,424	5,058	425	4,865
Conveniences is funded from 99% rates and 1% fees and charges and Parks and Reserves is funded from 100% rates.				
Capital Expenditure				
Capital Projects	2,003	2,225	(221)	1,531
Funded By:				
Grants and Subsidies	754	705	49	90
Other Capital Revenue	32	0	32	3
Depreciation or Other Reserves (Renewals)	295	264	32	258
Internal Loans	922	1,256	(334)	1,179
	0	0	0	0

What was different from the budget

1. Operating revenue was \$24k over budget. This was mainly due to increased grants received for capital projects.
2. Operating expenses were \$395k over budget. This was mainly due to increased operating costs for public conveniences.
3. Capital expenses were \$221k under budget. Costs incurred on the following projects had no Annual Plan budgets: East Coast Toilet Project \$295k, Titirangi Summit Development \$83k, Ballance Street Village Revitalisation \$61k. This was offset by reduced costs on the Junior Cycle Park, Alfred Cox Park Revegetation project delivered under budget and there were a number of projects where work was not able to be completed by year end.

Strategic Planning and Engagement

What we do

The Strategic Planning and Engagement activity is focused on the development of strategies, policies and plans to give effect to Council's Community Outcomes. We do this because legislation like the Local Government Act 2002 (LGA), the Resource Management Act 1991 (RMA) and the Reserves Management Act 1977 tell us that we must. Community participation in Council decision making is a key part of developing and implementing our policy and plans.

Why we do it

Council undertakes these activities to:

- support community economic, social and cultural well-being;
- manage the use, development and protection of our natural and physical resources, now and into the future; and
- provide strategic leadership for Council's customer insights and engagement programme.

This activity contributes to the following Community Outcomes

- Tairāwhiti Tangata
- Tairāwhiti Taonga
- Tairāwhiti Wawata

What we have been doing 2017/18

Strategic Planning

- Council approved decisions on its Freshwater Plan on 17 August 2017. Eight parties appealed the Council decisions to the Environment Court. Council and the other parties have gone through one round of mediation to try and resolve the issues raised in appeals. About 50% of matters have now been resolved. Further mediation is scheduled for later in 2018.
- Started the preparation of the Waiapu Catchment Plan as part of the next phase of developing a freshwater plan for the region. The Catchment Plan is being prepared under a Joint Management Agreement with Te Runanganui o Ngati Porou (on behalf of nga hapu o te Waiapu). This involves co-writing the Plan and shared decision-making on the Plan content. Early discussions have been around securing resources to complete the project. The work will continue over the rest of 2018 and 2019.

- Council approved the bulk of the Community Facilities Strategy in January 2018. The Strategy guides the region in the management of, and investment in, facilities over the next 30 years. Draft plans for five facility types (aquatic facilities, arts facilities, parks and open spaces, play spaces and sports facilities) are complete. In the 2018-28 Long Term Plan funding has been earmarked to support implementation of the Strategy and the remaining three plans (for art in public places, cemeteries and public conveniences) are due for completion in 2018.
- Completed changes to the Tairāwhiti Resource Management Plan (Council's main plan under the Resource Management Act) to remove "silly rules" and make minor changes for efficiency.
- Developed the Uawa Recovery Plan to respond to the emergency situation caused by the June flooding and to identify medium and long-term options for minimising impacts of future events. The Plan will aid in securing government support for the recovery efforts.
- Completed the new Council Infrastructure Strategy to ensure that the future investment of Council funds is carried out in a way which meets the future needs and changes of our community.
- Completed the new Council Financial Strategy to ensure that how Council funds its activities is financially sustainable, legally compliant and affordable for our community.
- Reviewed how services are delivered for centre city promotion as required under the Local Government Act. The review was focused on what is the most effective and efficient way to deliver this activity. Council continues to work with relevant agencies to ensure that this rates funding is used to maximum effect.
- Submitted two applications to the Provincial Growth Fund aimed at securing central government investment in local development. The first application was for a significant parcel of funding for improvements in the regional road network. The second application was for the implementation of key tourism activities in Gisborne city including Tairāwhiti Navigations Project.
- Completed township upgrades to implement the Tokomaru Bay township plan.
- Worked together with the Manutuke and Muriwai communities to confirm the priorities in their township plan ready for implementation in 2018/19.
- Secured over \$7.5m in external grant funding to support major projects of community importance.

- Completed the first phase of an application to the New Zealand Geographic Board requesting a change of name for Poverty Bay.
- Reviewed the Council's Parking Policy to improve the way we manage parking in line with best practice.
- Completed the new Regional Land Transport Plan to guide investment in our road network over the next three years.
- Completed the new Regional Public Transport Plan to guide investment in our public transport system over the next three years.
- Prepared a new Waste Minimisation and Management Plan to look at how Council and others can work together to improve how we manage the region's waste streams.

Planning and Performance

- Completed Council's 2018-2028 Long Term Plan, a legislative requirement every three years. The plan was adopted in June 2018 and sets out Council's activities and projects, how much they will cost and how we are going to pay for them.
- Received and summarised submissions as part of the formal consultation process for the Long Term Plan.
- Completed the 2016/17 Annual Report, looking back on how we spent rates and the value received in return.
- Continued to improve Council's customer focus with the deployment of new Request for Service (RFS) dashboards to efficiently manage requests for services.
- Continued to develop integrated performance reporting to improve the effectiveness and consistency of reporting across the organisation and for Council.

Communications

- Provided tools and initiatives to enhance internal communications and processes.
- Continued to progress consistent communications, planning and storytelling across Council.
- Engaged with our community about the things that are important to them.
- Developed the 'What's the Future' campaign for early engagement for the Long Term Plan, which reached far more people than community meetings have in the past.
- Implemented Council's e-newsletter with approximately three thousand subscribers.

Customer Engagement

- We re-organised the roles and responsibilities within Customer Service. This has resulted in a substantial reduction in queues during peak time for processing of rates and dogs with reduced staffing levels.
- We developed a "one stop shop" for the coordination of Gisborne events. Overall evaluation feedback has been positive. Further work being undertaken to develop and provide an online system and clear policies and procedures.
- The Te Puia office refurbishment has commenced and the building is expected to open this financial year.
- We continued development of moving customers to payments on line for rates
- Significant progress has been made on call recording for customer services
- A Maori coordinator role has been established to support engagement across Council

Levels of Service and Performance Measures

Level of Service	Performance measure	Result 2016/17	Target 2017/18	Result 2017/18
We develop and facilitate the implementation of non-statutory community, environmental and urban design plans that ensure the needs and aspirations of our communities are recognised.	Percentage of stakeholders who are at least satisfied with community engagement on strategy and plan development as measured through feedback forms.	69% Not achieved	95%	Not measured (1)
We prepare statutory plans and policies to protect and enhance the quality of the Gisborne district's natural and physical environment, now and into the future.	Percentage of residents satisfied with Council's management of the natural and built environment as found in the Resident Satisfaction Survey.	Natural 60% Built 64% Not achieved	75% 75%	Natural: 58% (2) Built: 65% (3) Not achieved

We support and encourage effective Māori participation in Council processes.	Iwi entities' satisfaction with involvement in development of Council strategies, policies and plans.	67% Not achieved	90%	Not measured (4)
	Number of collaborative projects undertaken with Māori entities.	5 Achieved	4	4 Achieved (5)
We support communities to participate in decision making processes.	Percentage of residents satisfied with the way Council involves the public in the decisions it makes as found in the Resident Satisfaction Survey.	45% Not achieved	60%	46% Not achieved (6)
	Stakeholder surveys show that interventions have improved targeted community-understanding of Council decision making processes.	85% Achieved	80%	Not measured (1)
We support Council to achieve the region's direction by developing Council's strategic plans and policies, and monitoring their implementation and intended outcomes.	Percentage of advice to Council that meets good practice standards when independently assessed.	100% Achieved	80%	100% Achieved (7)
We support the organisation to provide good quality information to the public.	Percentage of residents, as found in the Resident Satisfaction Survey, satisfied with Council's provision of information to the public including: - content on the Council website - Council updates/notices via social media (Facebook and/or Twitter) - Council newsletters, brochures and consultation documents.	Website: 72% Achieved Social media: 71% Achieved Publications: 58% Achieved	Website: 70% Social media: 70% Publications: 50%	Website: 73% Achieved Social media: 67% Not achieved Publications: 60% Achieved

What was different to Levels of Service and Performance Measures?

- Stakeholder surveys / feedback forms have been ineffective at gathering any information from stakeholders about satisfaction with Strategic Planning performance on community engagement. This performance measure has been revised (how the information is collected) for the 2018-2028 Long Term Plan to ensure practical measure is available.
- Result supports signals from the community through the Long Term Plan consultation that they want to see Council more actively engaged in environmental protection. The rating is significantly below the 75% target and trending down. Council has a number of projects proposed for funding in the Long Term Plan that will contribute to improving management of the natural environment:
 - review of aspects of the Tairāwhiti Plan
 - completion of further catchment plans to better manage freshwater quality
 - implementation of drainwise project to improve urban water quality
 - extension of the wastewater treatment plant to meet environmental and cultural outcomes
- There are a number of Council projects planned that may see this improve further including review of parts of the Tairāwhiti Plan and development of major projects such as:
 - Wainui and Taruheru walk and cycleways
 - the Tairāwhiti Navigations, Titirangi and Inner Harbour project
 - the Olympic Pool redevelopment.
- Stakeholder surveys / feedback forms have been ineffective at gathering any information from iwi stakeholders about satisfaction with Strategic Planning performance on community engagement. This performance measure has been revised (how the information is collected) for the 2018-28 Long Term Plan to ensure practical and meaningful measure is available.
- Joint Management Agreement with Te Runanganui o Ngāti Porou; progressing establishment of Local Leadership Body for Turanga iwi, co-management agreement with Ngāti Oneone for Titirangi restoration, engagement with mana whenua on Waikanae to Waipaoa land use.
- We acknowledge that we have not achieved our targets for how we involve the community in our decision making processes. Engaging the community has been a priority area for the Customer Engagement Manager as evidenced through the increased engagement on the Long Term Plan. The Customer Engagement Manager is focusing on making this engagement

Planning and Development Services

sustainable over the long term. A Customer and Communications Strategy was developed and steps to implement the initiatives are being planned. Note: the same measure also appears under the 'Governance' activity.

7. The assessment report from NZIER was received in December 2017, so results are for the 2016/17 year. All Council papers assessed were 6/10 or above. The overall mean score was 7.1, which is above average (6.96) and close to the highest score (7.19) when compared to other the Councils assessed.

What it cost

	2017/18 Actual	2017/18 AP Budget	2017/18 Variance	2016/17 Actual
Operating Expenditure (\$000)				
Revenue from Non-Exchange Transactions	86	125	(39)	110
Revenue from Exchange Transactions	14	28	(13)	69
Expenses	3,303	3,665	(362)	3,976
Net Cost of Service	3,203	3,512	(415)	3,798

Strategic Planning and Engagement, Maori - This activity is funded 100% from rates.

Strategic Planning and Engagement, Private Plan Changes - This activity is funded 100% from fees and charges.

Economic Development and Tourism, City Centre Management and Promotion and Business Area Patrols - These activities are funded from 100% rates

What was different from the budget

1. Non-Exchange revenue is \$39k under budget due to external funding being lower than planned.
2. Operating Expenses is \$362k under budget. This is mainly due to no longer having a principal advisor in environmental planning & development, and underspending in strategies and plans.

TE TOHATOHA PŪTEA OUR FINANCES



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Statement of Compliance and Responsibility

Compliance

The Council and Management of the Gisborne District Council confirm that all the statutory requirements in relation to the Annual Report, as outlined in Schedule 10 of the Local Government Act 2002, have been complied with.

Responsibility

The Council and Management accept responsibility for the preparation of the annual financial statements and the judgements used in them. They also accept responsibility for establishing and maintaining a system of internal control designed to provide a reasonable assurance as to the integrity and reliability of the financial reporting.

In the opinion of Council and Management, the annual financial statements for the year ended 30 June 2018 fairly reflect the financial position, results of operations and service performance achievements of the Gisborne District Council.



Meng Foon
Mayor



Nedine Thatcher Swann
Chief Executive



Pauline Foreman
Chief Financial Officer

Statement of Comprehensive Revenue and Expenses for the year ended 30 June 2018

Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s		Note	Council 2017/18 AP \$000s	Council 2017/18 Actual \$000s	Group 2017/18 Actual \$000s
REVENUE FROM NON-EXCHANGE TRANSACTIONS						
11,099	11,189	Grants and Subsidies - Operational	4	9,227	12,353	12,451
8,993	8,993	Grants, Donations, Subsidies and Contributions - Capital	4	17,954	12,193	12,193
3,018	3,018	Other Non Exchange Revenue	5	1,650	1,841	1,841
15,963	15,856	General Rates And Uniform Annual General Charge	3	17,644	17,760	17,569
37,421	37,421	Targeted Rates (other than a targeted rate for water supply)	3	36,748	36,911	36,911
REVENUE FROM EXCHANGE TRANSACTIONS						
281	281	Development and Financial Contributions	5	699	230	230
8,088	21,114	Other Revenue	5 & 7	6,945	7,999	21,243
2,582	2,582	Targeted Water Rates	3	2,646	3,010	3,010
6	6	Dividends	5	1,833	6	6
62	62	Interest Received	5	14	24	24
1,041	3,217	Other Gains/(Losses)	6	12	1,319	4,669
88,554	103,739	Total Revenue		95,371	93,646	110,148
EXPENSES						
19,051	21,678	Employee Benefit Expenses	8	17,687	19,061	22,189
55,305	59,869	Expenditure on Operating Activities	10	45,353	47,827	53,416
20,121	21,186	Depreciation and Amortisation	9	21,098	20,945	22,217
1,811	1,846	Financing Costs	11	2,199	1,982	2,220
96,288	104,579	Total Expenses		86,337	89,815	100,042
(7,734)	(840)	Net Surplus/(Deficit) before Taxation and subvention income		9,034	3,831	10,105
2,548	0	Subvention Payment from GHL		0	1,300	0
0	1,447	Income Tax Expense	12	0	0	1,467
(5,186)	(2,287)	Net Surplus/(Deficit) after Taxation		9,034	5,131	8,638
Other Comprehensive Income						
13,716	19,969	Gains/(Losses) on Property Revaluation		392	73,160	73,160
0	(20)	Deferred Tax on Building Revaluations	12	0	0	0
13,716	19,949	Total Other Comprehensive Income		392	73,160	73,160
8,530	17,662	TOTAL COMPREHENSIVE REVENUE AND EXPENSES		9,426	78,291	81,798

The accompanying notes form an integral part of these financial statements. Please note there are small rounding differences due to the numbers being rounded to the nearest thousand dollar.

Statement Concerning Balanced Budget for the year ended 30 June 2018

Council 2016/17 Actual \$000s		Council 2017/18 AP \$000s	Council 2017/18 Actual \$000s
88,554	Operating Income	95,371	93,645
(96,288)	Operating Expenditure	(86,337)	(89,815)
2,548	Subvention Payment	0	1,300
0	Income Tax Expense/(Benefit)	0	0
(5,186)	Net Operating Surplus/(Deficit) After Taxation	9,034	5,130
	Less		
543	Capital Rates Income	579	579
8,993	Capital Grants and Subsidies	17,954	12,193
384	Other Capital Grants, Donations and Contributions	699	232
151	Operations funded by Reserve funds	584	(4,425)
	Plus		
7,628	Depreciation not Funded	7,865	7,443
7,629	(Decrease)/increase in Council deficit	2,917	(3,994)
0	Balanced Budget - Operating income agrees to operating expenditure	0	0

The accompanying notes form an integral part of these financial statements.

Explanation of Council's Balanced Budget Requirement

Council is required under the provisions of the LGA 2002 (s.101) to manage its revenues, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of its community. The LGA 2002 (s.100) requires that local authorities "balance the books". This means Council must ensure that each year's projected operating revenues are set at a level sufficient to meet that year's projected operating expenses (break even). This is to ensure that there is access to enough funding to enable the services to continue to be provided long term. There are activities where this approach may not be practical or prudent due to the activity's long term nature or where the activity is partially funded by surpluses built up over time. Operations funded by reserve funds this year includes recognition of 2016/17 roading deficit, being transferred to an internal loan. There is a corresponding recognition under "decrease in council deficit".

Our Finances

Statement of Financial Position as at 30 June 2018

Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s		Note	Council 2017/18 AP \$000s	Council 2017/18 Actual \$000s	Group 2017/18 Actual \$000s
CURRENT ASSETS						
176	297	Cash and Cash Equivalents	14	282	582	1,020
4,386	4,386	Non Exchange and Other Receivables	15	5,392	6,532	6,532
8,068	6,249	Exchange Trade and Other Receivables	15	5,834	8,358	7,724
62	214	Inventories	16	123	78	246
0	0	Investments	17	61	0	0
50	50	Non-current Assets Held for Sale	19	0	50	50
12,742	11,196	Total Current Assets		11,693	15,600	15,572
CURRENT LIABILITIES						
504	504	Deposits Held	20	377	431	431
17,752	19,435	Trade and Other Payables	21	17,424	19,880	21,511
2,040	2,332	Employee Benefit Liabilities	22	2,005	1,975	2,062
12,679	13,907	Borrowings	23	14,615	11,780	22,069
5,619	5,619	Provision for Other Liabilities	24	2,603	5,853	5,853
716	716	Derivative Financial Instruments	18 & 30A	699	702	703
0	742	Taxation	12	0	0	1,453
39,310	43,255	Total Current Liabilities		37,725	40,621	54,082
(26,568)	(32,059)	Net Working Capital		(26,032)	(25,021)	(38,510)
NON-CURRENT ASSETS						
1,963,560	2,028,612	Property Plant and Equipment	25	1,970,363	2,046,165	2,119,962
3,904	4,601	Intangible Assets	26	3,636	3,423	4,079
4,348	30,084	Biological Assets	27	3,277	5,988	35,238
32,732	1,097	Investments	17	42,416	32,893	1,295
2,004,544	2,064,394	Total Non-Current Assets		2,019,693	2,088,469	2,160,573

Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s		Note	Council 2017/18 AP \$000s	Council 2017/18 Actual \$000s	Group 2017/18 Actual \$000s
NON-CURRENT LIABILITIES						
25,000	25,000	Borrowings	23	34,330	32,100	32,100
227	225	Employee Benefit Liabilities	22	325	170	170
2,339	2,339	Provision for Other Liabilities	24	1,695	2,380	2,380
0	5,097	Deferred Tax Liability	12	0	0	5,844
1,793	1,793	Derivative Financial Instruments	18 & 30A	2,723	1,890	1,890
29,359	34,454	Total Non-Current Liabilities		39,074	36,540	42,384
1,948,617	1,997,881	Net Funds Employed		1,954,588	2,026,908	2,079,679
EQUITY						
401,336	405,313	Accumulated Surplus	28	423,506	405,831	413,315
37,572	37,572	Special Funds	28	31,052	38,483	38,483
1,509,709	1,554,996	Revaluation Reserves	28	1,500,030	1,582,594	1,627,881
1,948,617	1,997,881	Total Equity		1,954,588	2,026,908	2,079,679

The accompanying notes form an integral part of these financial statements.

Authorised for and on behalf of Gisborne District Council on 25 October 2018.



Meng Foon
Mayor



Nedine Thatcher Swann
Chief Executive

Statement of Changes in Equity for the year ended 30 June 2018

Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s		Note	Council 2017/18 AP \$000s	Council 2017/18 Actual \$000s	Group 2017/18 Actual \$000s
EQUITY OPENING BALANCES						
403,836	404,914	Accumulated Funds and Retained Earnings		410,870	401,336	405,313
36,989	36,989	Special Funds and Reserves		34,655	37,572	37,572
1,499,262	1,538,316	Revaluation Reserves		1,499,638	1,509,709	1,554,996
1,940,087	1,980,219	Total Equity Opening Balance		1,945,162	1,948,617	1,997,881
CHANGES IN EQUITY						
Accumulated Surplus (Retained Earnings)						
(583)	(583)	Transfer (to)/from Special Funds and Reserves		3,603	(911)	(911)
8,530	17,662	Total Comprehensive Income		9,425	78,291	81,798
Special Funds and Reserves						
583	583	Transfer (to)/from Retained Earnings		(3,603)	911	911
8,530	17,662	Total Changes in Equity		9,425	78,291	81,798
EQUITY CLOSING BALANCES						
401,336	405,313	Accumulated Funds and Retained Earnings	28	423,506	405,831	413,315
37,572	37,572	Special Funds and Reserves	28	31,052	38,483	38,483
1,509,709	1,554,996	Revaluation Reserves	28	1,500,030	1,582,594	1,627,881
1,948,617	1,997,881	Total Equity Closing Balance		1,954,588	2,026,908	2,079,679
Attributable to:						
1,948,617	1,997,881	Gisborne District Council		1,954,587	2,026,908	2,079,679

The accompanying notes form an integral part of these financial statements.

Statement of Cash Flow for the year ended 30 June 2018

Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s		Note	Council 2017/18 AP \$000s	Council 2017/18 Actual \$000s	Group 2017/18 Actual \$000s
Cash Flow from Operating Activities						
52,201	52,095	Receipts from Rates		52,936	53,900	53,709
13,574	23,918	Receipts from Activities		11,840	12,845	26,388
20,721	20,811	Receipts from Government Grants and Subsidies		27,181	21,348	21,348
62	62	Interest received		14	26	26
6	6	Dividends received		1,833	5	5
1,021	0	Subvention payment received		0	2,548	0
(69,371)	(75,553)	Payments to Suppliers and Employees		(60,209)	(63,266)	(72,437)
(978)	(978)	Grants paid		(1,124)	(975)	(975)
558	542	Net GST paid		0	(464)	(395)
(1,783)	(1,819)	Interest paid		(2,238)	(2,181)	(2,419)
16,011	19,084	Net Cash Flows Operating Activities	29	30,233	23,786	25,250
14	162	Sale of Property Plant and Equipment		12	383	438
1,333	1,333	Sale of Investments		0	0	0
0	1,750	Sale of Carbon Credits		0	0	0
(22,244)	(27,627)	Purchase of Property Plant and Equipment		(42,026)	(29,001)	(39,087)
(1,126)	(1,126)	Purchase of Intangible Assets		0	(803)	(803)
(158)	(158)	Purchase of Investments		0	(160)	(160)
0	(4)	Purchase of Carbon Credits		0	0	(18)
0	(55)	Forestry expenditure		0	0	(159)
(22,181)	(25,725)	Net Cash from Investing Activities		(42,014)	(29,581)	(39,789)
Cash Flow from Financing Activities						
6,064	6,635	Increase/(Decrease) in Borrowings		11,781	6,201	15,262
6,064	6,635	Net Cash Flow from Financing Activities		11,781	6,201	15,262
(106)	(6)	Net Increase/(decrease) in Cash		0	406	723
282	303	Cash at beginning of the year		282	176	297
176	297	Cash and Cash Equivalents at Year End		282	582	1,020

The accompanying notes form an integral part of these financial statements.

Statement of Involvement in CCOs and Other Companies

The Council has control of the following entities:

The Gisborne Disaster Relief Trust

The Trust has been established to provide a vehicle for the collection and distribution of funds in support of local disaster relief efforts. Council passed a resolution to exempt the Trust from Statement of Intent (SOI) reporting requirements under the Local Government Act 2002.

Gisborne Holdings Ltd

This Council Controlled Trading Organisation (CCTO) comprises Gisborne Holdings Ltd and its subsidiaries: Tauwhareparae Farms Ltd.

The income from the above enterprise for the financial interest, finance or financial assistance of the Council is as follows:

	Dividends 2017 \$000s	Dividends 2018 \$000s	Subvention 2017 \$000s	Subvention 2018 \$000s
Gisborne Holdings Ltd	0	0	2,548	1,300

Total Cost

The provision of financial assistance by the Gisborne District Council to this organisation and the related companies Tauwhareparae Farms Ltd is by way of share capital. Council holds a \$14m internal loan to finance its investment in GHL. Council incurred a \$648k (2017 \$719k) interest cost on this loan balance.

Performance Targets

The Council's objective in establishing Gisborne Holdings Ltd and its subsidiaries was to provide a commercial vehicle for operating its commercial activities. Council has an obligation under the LGA to undertake regular performance monitoring of its CCTOs. The purpose of that monitoring is to ensure they are making the expected contribution to Council objectives, meeting performance targets in their SOI and Council's overall aims and outcomes. CCTO financial statements and performance targets and other measures are audited annually by an independent auditor.

Achievements

After making a tax deductible subvention payment of \$1.3m to the Council, Gisborne Holdings Ltd reported a net profit after tax of \$8.1m for the year. Net assets increased \$11.9m from \$82.0m to \$93.9m.

Notes to the Financial Statements

Note 1: Statement of Accounting Policies

Reporting Entity

Gisborne District Council ("Council") is a Unitary Authority governed by the Local Government Act 2002.

The Gisborne District Council Group (the "Group") consists of Gisborne District Council and its subsidiaries, Gisborne Holdings Ltd (100% owned), Tauwhareparae Farms Ltd (100% owned). All Council subsidiaries are incorporated in New Zealand.

The primary objective of Council is to provide goods or services for the community or social benefit rather than making a financial return. Accordingly, the Council and Group are public benefit entities for the purpose of financial reporting.

The financial statements of the Council and Group comply with Public Benefit Entity (PBE) standards.

The financial statements have been prepared in accordance with Tier 1 PBE standards.

The financial statements of the Group are for the year ended 30 June 2018. The financial statements were authorised for issue by Council on 25 October 2018.

Basis of Preparation

The Council and Group financial statements have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with Tier 1 PBE Standards as appropriate for public benefit entities.

The financial statements have been prepared on a historical cost basis, modified by the revaluation of certain fixed assets, forestry assets, livestock assets and certain financial instruments to reflect fair value. The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency of Council is New Zealand dollars.

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

Specific Accounting Policies

The following specific Accounting Policies which materially affect the measurement of financial performance and the financial position have been applied.

Basis of Consolidation

Council consolidates as subsidiaries in the group financial statements all entities where Council has the capacity to control their financing and operating policies so as to

obtain benefits from the activities of the entity. This power exists where Council controls the majority voting power on the governing body or where such policies have been irreversibly predetermined by Council or where the determination of such policies is unable to materially impact the level of potential ownership benefits that arise from the activities of the subsidiary.

Council measures the cost of a business combination as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, in exchange for control of the subsidiary plus any costs directly attributable to the business combination.

Any excess of the cost of the business combination over Council's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill. If Council's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of the business combination, the difference will be recognised immediately in the Statement of Comprehensive Income.

Subsidiaries are consolidated by adding together corresponding assets, liabilities, revenues and expenses on a line-by-line basis. All significant inter-company/Council transactions are eliminated on consolidation. Council's investment in its subsidiaries is carried at cost in Council's own "parent entity" financial statements.

The group has an interest in a jointly controlled operation. A jointly controlled operation involves use of assets and other resources of the venturers rather than establishment of a separate entity. The group recognises its interest in the jointly controlled operation by recognising its interest in the assets and the liabilities of the joint venture. The Group also recognises the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the jointly controlled operation.

Revenue Recognition

Revenue is measured at the fair value of consideration received. Revenue is comprised of:

Non Exchange transactions - rates, government grants, vested assets, rental revenue - subsidised, fees and charges - subsidised.

Exchange transactions - rental revenue - full cost recovery, fees and charges - full cost recovery, and development and financial contributions.

Non exchange revenue in general includes revenue from activities that are partially funded by general rates, as set out in the Council's Long Term Plan 2015-2025 Revenue and Financing Policy.

The following specific recognition criteria must be met before revenue is recognised:

General and Targeted Rates

General and targeted rates are set annually and invoiced within the year. The group recognizes revenue

from rates when the council has struck the rates and provided the rates assessment. Rates revenue is measured at the amount assessed, which is the fair value of the cash received or receivable.

Government Grants and Subsidies

Government Grants are initially recognised as income at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

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

Other Revenue

Revenue from the rendering of services is recognised, based on the actual service provided on an accrual basis.

Sales of goods are recognised when a product is sold to the customer. Sales are usually in cash or by electronic payment. The recorded revenue is the gross amount of the sale, excluding GST.

Interest income is recognised using the effective interest method.

Dividends are recognised when the right to receive payment has been established.

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.

Donations, gifts and bequests are recognised at the fair value of consideration received upon receipt.

Borrowing Costs

Borrowing costs (except borrowing costs incurred as a result of capital work) are recognised as an expense in the period in which they are incurred.

When the construction of assets are loan funded, all borrowing costs incurred as a result of the capital work are capitalised as part of the total cost of the asset up until the point where the asset enters service.

Grant Expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria. They 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 Council's decision.

Income Tax

Income tax expense in relation to the surplus or deficit for the period comprises current tax and deferred tax except where it relates to an item recognized in Other Comprehensive Income.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates that have been enacted or substantially enacted by balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where Council can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantially enacted by balance date.

Current tax and deferred tax is charged or credited to surplus/deficit except when it relates to items charged or credited directly to other comprehensive income, in which case the tax is dealt with in other comprehensive income.

Leases

Finance Leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, the Group recognises finance leases as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The amount recognised as an asset is depreciated over its useful life.

Operating Leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Trade and Other Receivables

Trade and other receivables are recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for uncollectible amounts.

A provision for impairment of receivables (doubtful debts) is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method. Non-current receivables are recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar asset.

Inventories

Inventories are recognised at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories is based on the first-in first-out (FIFO) principle and includes expenditure in acquiring the inventories and bringing them to their existing location and condition.

Financial Assets

The Group classifies its financial assets in the following two categories:

- Available-for-sale financial assets; and
- Loans and receivables.

The classification depends on the purpose for which the assets are held. Management determines the classification of its investments at initial recognition and re-evaluates the designation at every reporting date.

Financial assets and liabilities are initially measured at fair value plus transaction costs unless they are carried at fair

value through surplus/deficit in which case the transaction costs are recognised in surplus/deficit.

Purchases and sales of investments are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

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 is the current bid price.

The fair value of financial instruments not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date.

Quoted market prices is used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows are used to determine fair value for the remaining financial instruments.

Derecognition of Financial Assets

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

The Group presently has the following categories of financial assets:

a. Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Council's general and community loans are designated as loans and receivables. They are recognised initially at fair value, and subsequently carried at amortised cost less impairment losses.

Loans to community organisations made by Council at nil, or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar asset/investment. They are subsequently measured at amortised cost using the effective interest method. The difference between the face value and present value of the expected future cash flows of the loan is recognised in surplus/deficit as a grant. Loans to other parties at market rates are measured at amortised cost using the effective interest method. Non-current loans are discounted at the current market rate of return for a similar asset.

b. Available-for-Sale Financial Assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

The Group's investments in equity securities are classified as available for sale and are stated at fair value. Gains and losses are recognised in other comprehensive

income except for impairment losses, which are recognised in surplus/deficit.

In the event of impairment any cumulative losses previously recognised in other comprehensive income will be removed and recognised in surplus/deficit even though the asset has not been derecognised.

Impairment of Financial Assets

At each balance date the Group 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/deficit.

Accounting for Derivative Financial Instruments

The Group uses interest rate swaps to manage its cash flow and interest rate risk. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each balance date.

The Group does not satisfy all the conditions for hedge accounting and therefore all gains or losses in fair value of instruments used to manage cashflow and interest rate risk are recognised through surplus/deficit.

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. 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 assets held for sale are recognised in surplus/deficit.

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. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Property, Plant and Equipment

Property, Plant and Equipment consists of:

Operational Assets

These include land, buildings, improvements, library books, wharves, floating plant, plant, equipment, and motor vehicles.

Infrastructural Assets

Infrastructural assets are the fixed utility systems owned by Council and comprise the sewer, water, stormwater, roading, flood control, and the waste disposal infrastructures. Each asset type includes all items that are required for the network to function, for example sewer reticulation piping and sewer pump stations.

Biological Assets

Livestock

Livestock is valued at fair value less point of sale costs. Changes in the value of existing productive livestock and the numbers and/or composition of the livestock are treated as revenue items.

Forestry Assets

Forestry Assets consist of the Group's forestry holdings. Forestry assets are valued on the basis of fair value less estimated point of sale costs. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate. Forestry Assets are revalued annually. Valuation movements pass through surplus/deficit. The costs to maintain the forestry assets are included in surplus/deficit.

Council has transferred forestry rights in respect of a total of 1,608 hectares of land to Juken New Zealand Limited. The transfer relates to one harvest cycle. Under the agreement Council has contributed the land and is entitled to 16.47% of stumpage. All costs of development are borne by Juken New Zealand Limited. The value of the land (excluding the trees) and Council's right to a share of the stumpage is reflected in the Statement of Financial Position.

Intangible Assets

Intangible assets predominately comprise computer software and carbon credits.

Software Acquisition and Development

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software are recognised as an expense when incurred. Costs that are directly associated with the development of software for internal use or with the acquisition of software licences by the Group, are recognised as an intangible asset.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the Statement of Comprehensive Income.

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

- Computer software 6 years

Emissions Trading Scheme

The Group's forestry holdings incorporates forestry assets held by the Council and its subsidiary Tauwhareparae Farms Ltd.

Tauwhareparae Farms Ltd (TFL), a subsidiary of Gisborne Holdings Limited (GHL) has voluntarily entered the New Zealand Emissions Trading Scheme (ETS) in respect of 1,224.2 hectares of forest land located in the Tauwhareparae area. This entitles TFL to receive emission units (units) for carbon stored in the specified area from a 1 January 2008 baseline.

Units received are recognised at cost on the date they are received and subsequently measured at cost subject to impairment. While there are no specific conditions attached to units received, should carbon stored in the specified area fall below the amount compensated for, a portion of units received must be returned. Units received are recorded on the Statement of Financial Position as an intangible asset until it is clear that they will not be required to meet future emissions obligations. The value of units is then recognised in surplus/deficit. Where there is an obligation to return units this liability is recognised on the Statement of Financial Position, measured with reference to the carrying value of units on hand.

Where there are insufficient units on hand to meet the emissions obligation, this is measured by reference to the current market value for units held.

Future cash flows associated with units receivable/payable are taken into consideration in determining the valuation of the specified area.

Council's forestry holdings separate from the subsidiaries holdings, consist of approximately 97 hectares of small woodlots and 1124 hectares held by the Pamoia Forest Joint Venture. These forestry blocks were registered with ETS in November 2011. This entitles the Council to receive emission units (units) for carbon stored in the specified area from a 1 January 2008 baseline.

At balance date, Council capitalized 186,082 units at Nil cost.

Property, Plant and Equipment Valuation

The Group has elected to revalue property, plant and equipment on an asset class basis. The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset through other comprehensive income. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in surplus/deficit.

Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in surplus/deficit will be recognised first in surplus/deficit up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset through other comprehensive income.

Additions

Additions between valuations are recorded at cost, except for vested assets. Certain infrastructural assets and land have been vested in Council as part of the subdivision consent process. Vested assets are recognised as revenue when control over the asset is obtained. Vested assets are valued at fair value when received.

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 surplus/deficit. 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 the initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Group and the cost of the item can be reliably measured.

Operational Assets Valuations

All Operational Assets are carried at cost less accumulated depreciation and impairment losses except for:

Operational Land

Operational land is valued at fair value and is not depreciated.

Operational Buildings

Operational buildings are revalued to optimised depreciated replacement cost and depreciated between valuations. These assets are independently revalued every 3 years, or more frequently when there are indicators that the values may have changed substantially from carrying value.

Library Books - General Collections

All new and replacement books are recorded at cost in the year they are purchased and subsequently depreciated based on useful lives. Donated books are capitalized at fair value and subsequently depreciated based on useful life. Lost, sold and otherwise unsalvageable books are recognised in disposals. At year-end, stock on hand and remaining useful lives are determined by the Head Librarian using data maintained in the Liberty Library Management system.

Library Books – Permanent Collection

The permanent collection is carried at deemed cost.

Infrastructure Assets Valuations

Infrastructural Assets

Infrastructural Assets are initially recorded at depreciated replacement cost. Infrastructure assets other than roading are independently valued every 3 years at depreciated replacement costs, and between independent valuations are valued internally at depreciated replacement costs.

Roading Assets

Roading assets are independently revalued annually.

Airport Assets

Airport assets include land, buildings, runway aprons, roading and below ground infrastructure. Airport assets are independently valued every 3 years or more frequently when there are indicators that the fair values may have changed substantially from carrying value.

Assets Under Construction

Assets under construction are valued at cost.

Depreciation

Depreciation is provided on a straight-line basis on all fixed assets other than land and land under roads. The depreciation rates used will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Infrastructural Assets

Roads

*Pavement Surface (seal)	1 – 20 years
*Pavement Surface (unsealed) - Wearing Course	5 years
*Pavement Layers (basecourse)	75 – 100 years
*Formation	(not depreciated)
*Culverts	25 – 50 years
*Footpaths	20 – 75 years
*Surface Water Channels	50 years
*Signs	12 years
*Street Lights	15 – 25 years
*Bridges	25 – 80 years
*Retaining Structures	80 years
*Traffic Signals	15 years
*Parking Meters	25 years
*Railings	10 - 15 years
*Safety Projects	10 – 13 years

Water Reticulation

*Pipes	30 – 165 years
*Valves, Hydrants	25 years
*Pump Stations	15 – 100 years
*Dams	400 years
*Structures	16 – 200 years

Sewerage Reticulation

*Pipes	60 – 100 years
*Pump Station	15 – 100 years

*Manholes	100 years
*Treatment Plant	15 – 50 years
*Laterals	100 years
Stormwater Systems	
*Pipes	62 – 100 years
*In-drain structures	25 – 100 years
Flood Control Systems	25 – 100 years
Solid Waste	4 – 25 years
Operational Assets	
Land	(not depreciated)
Buildings/Land Improvements	3 – 100 years
Plant/Machinery/Motor Vehicles	2 – 20 years
Office Equipment/Furniture	3 – 50 years
Other Equipment	5 – 25 years
Library Books	1 – 50 years
Wharves	50 years
Floating Plant	25 years
Leased Assets	3 – 8 years

Capital work in progress is not depreciated. The total cost of a project is transferred to freehold buildings, plant and equipment or infrastructural assets on its completion and then depreciated.

Impairment of Non-Financial Assets

Assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

If the recoverable amount of a non-financial asset is less than its carrying amount, the item is written down to its recoverable amount. The write down of an item recorded at cost is recognised as an expense in surplus/deficit. When a revalued item is written down to recoverable amount, the write down is recognised as a downward revaluation to the extent of the corresponding revaluation reserve through other comprehensive income, and any balance recognised in surplus/deficit.

The carrying amount of a non-financial asset that has previously been written down to a recoverable amount is increased to its current recoverable amount if there has been a change in the estimates used to determine the amount of the write down.

The increased carrying amount of the item will not exceed the carrying amount that would have been determined if the write down to recoverable amount had not occurred.

Trade and Other Payables

Trade and other payables are non-interest bearing and are normally settled on 30 day terms. Therefore, the carrying value of trade and other payables used in the Statement of Financial Position approximates their fair value.

Financial Liabilities : Borrowings

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Employee Entitlements

The provision for annual leave employee entitlement and other employee benefits expected to be settled within 12 months of balance date has been calculated on an actual entitlement basis at current rates of pay while the other provisions have been calculated on future rates of pay, discounted using an appropriate discount rate.

Provision for accumulated sick leave is made only to the extent that it is expected to be used in future periods. The expected usage is assessed using historical average rates of use.

Long Service Leave and Retirement Leave

For retiring leave and long service leave not expected to be taken within 12 months of balance date, the liability is equal to the present value of the estimated future cash outflows, as a result of employee services provided at balance date.

Provisions

Provisions are recognised for future expenditure of uncertain amount or timing when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reasonable estimate can be made of the amount of the obligation.

If the time value of money is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement.

Public Equity

This represents the ratepayers' net ownership of Council. It is made up of the following components:

- Accumulated Funds and Retained Earnings
- Special Funds and Reserves
- Asset Revaluation Reserves

Accumulated Funds

Comprise accumulated surpluses over the years.

Special Funds and Reserves

Reserves are a component of public equity and represent a particular use to which parts of equity have been assigned. Reserves may be legally restricted or created by Council.

Special funds are recorded at cost plus accumulated interest. These funds are restricted in nature and can only be used for the special purpose for which they were set up.

Also included are reserves restricted by Council decision. These funds are subject to specific conditions accepted as binding by Council which may not be revised by Council without reference to a third party or the courts.

Asset Revaluation Reserve

Comprise accumulated revaluations increments or decrements.

Detail on the movement of reserves held by Council can be found in Note 28A.

Statement of Cash Flows

Operating activities include all transactions and other events that are not investing or financing activities. Cash flows from operating activities are presented using the direct method.

The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

Investing activities are those activities relating to the acquisition, holding and disposal of fixed assets and investments. Investments can include securities not falling within the definition of cash.

Financing activities are those activities which result in changes in the size and composition of the capital structure of the Group. This includes both equity and debt not falling within the definition of cash.

Cash and Cash Equivalents is considered to be cash on hand and current accounts in banks, net of bank overdrafts.

Critical Accounting Estimates and Assumptions

In preparing these financial statements the Group 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 of 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.

Landfill Post Closure Costs

Paokahu

As former operator of the Paokahu landfill site, Council has an obligation to ensure the ongoing maintenance and monitoring services at this landfill site after closure.

A landfill aftercare provision has been recognised as a liability in the Statement of Financial Position. Provision is made for the present value of post closure costs expected to be incurred in restoring the area to its former status. The calculated cost is based on estimates of future site maintenance, supervision and monitoring costs. The estimated length of time needed for post closure care for the Paokahu site is 35 years, from 31 December 2002.

The calculations assume no change in the legislative requirements or technological changes for closure and post closure treatment. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the cash flows associated to the aftercare.

Waiapu

As operator of the Waiapu landfill site, Council has an obligation to ensure the ongoing maintenance and monitoring services at this landfill site after closure.

A landfill aftercare provision has been recognised as a liability in the Statement of Financial Position. Provision is made for the present value of post closure costs expected to be incurred in restoring the area to its former status. The calculated cost is based on estimates of future site maintenance, supervision and monitoring costs. The estimated length of time needed for post closure care for the Waiapu site is 30 years, from 30 June 2025.

Infrastructural Assets

There are a number of assumptions and estimates used when performing the depreciated replacement cost valuations in respect of infrastructural assets. These include:

- The physical deterioration and condition of asset, for example, 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.
- 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 Income. To minimise this risk, Council's infrastructural assets' 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 Council's asset management planning activities, which provides Council with further assurance over its useful life estimates.

Experienced independent valuers perform Council's infrastructural asset revaluations.

GST

The financial statements have been prepared exclusive of GST with the exception of receivables and payables, which are stated with GST included.

Budget Figures

The budget figures are those approved by Council and published in the Annual Plan. They have been prepared using the same accounting policies as are employed in preparing these financial statements.

Cost Allocation

Expenditure has been reported by the nature of the expense.

Capital Management

Council's capital is its equity (or ratepayers' funds) which comprise accumulated funds and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the Act) requires Council to manage its revenues, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long-term assets that will benefit

ratepayers in future generations. Additionally, Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure that ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires Council to make adequate and effective provision in its Long Term Plan (LTP) and in its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. The Act sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's LTP.

Standards issued and not yet effective, and not early adopted

Financial instruments

In January 2017, the XRB issued PBE IFRS 9 Financial Instruments. PBE IFRS 9 replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IFRS 9 is effective for annual periods beginning on or after 1 January 2021, with early application permitted. The main changes under PBE IFRS 9 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 and group has not yet assessed the effects of the new standard.

Note 2: Summary Cost of Services by Activity for the year ended 30 June 2018

Council 2016/17 Actual \$000s	Council 2017/2018 AP \$000s	Council 2017/2018 Actual \$000s
Revenue From Exchange Transactions		
737 Animal Control	712	731
185 Arts & Culture	123	221
907 Building Services	930	925
690 Emergency Management (CDEM)	66	331
2,479 Commercial Operations	1,137	2,929
306 Environmental Health	320	417
496 Environmental Services	379	411
210 Flood Protection	184	222
9 Governance	13	18
72 Libraries	140	46
691 Parking	641	687
346 Parks & Open Spaces	377	401
69 Planning & Development	28	14
431 Pools	543	492
347 Resource Consents	202	399
53 Roading	18	69
208 Solid Waste	166	193
(26) Stormwater	0	2
599 Support Services	2,406	399
347 Wastewater	339	324
2,591 Water Supply	2,723	3,125
11,747 Total Revenue From Exchange Transactions	11,448	12,356
Revenue From Non-Exchange Transactions		
99 Animal Control	50	215
0 Arts & Culture	0	144
0 Building Services	0	0
0 Emergency Management (CDEM)	0	0
0 Commercial Operations	0	0
0 Environmental Health	0	0
355 Environmental Services	58	339
0 Flood Protection	0	0
52 Governance	1	0
0 Libraries	0	0
1,077 Parking	756	908
34 Parks & Open Spaces	0	5
110 Planning & Development	125	86
0 Pools	0	1
0 Resource Consents	0	0
10,469 Roading	8,993	11,584
0 Solid Waste	0	0
0 Stormwater	0	0
1,917 Support Services	894	908
0 Wastewater	0	0
5 Water Supply	0	4
14,118 Total Revenue From Non-Exchange Transactions	10,877	14,194
Expenses		
1,096 Animal Control	1,123	1,120
1,831 Arts & Culture	1,993	1,894
1,578 Building Services	1,719	1,675
1,785 Emergency Management (CDEM)	581	779
2,094 Commercial Operations	1,652	1,816
1,827 Environmental Health	1,927	2,017
5,103 Environmental Services	4,995	4,892
2,670 Flood Protection	2,843	2,621
2,486 Governance	2,527	2,328
1,786 Libraries	2,087	2,009
1,593 Parking	1,006	557
6,337 Parks & Open Spaces	6,524	6,924
5,020 Planning & Development	4,982	4,620
1,364 Pools	1,877	1,799
1,723 Resource Consents	1,530	1,957
32,303 Roading	26,323	30,243
4,146 Solid Waste	3,991	3,890
2,031 Stormwater	2,934	2,129
6,383 Support Services	2,064	3,581
8,250 Wastewater	8,112	7,931
4,881 Water Supply	5,549	5,033
96,288 Total Expenses	86,337	89,815
70,424 Net Cost of service	64,012	63,266

Each significant activity is stated gross of internal costs and revenues, and excludes general and targeted rates attributable to that activity.

Note 3: Rates Revenue

Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s		Council 2017/18 AP \$000s	Council 2017/18 Actual \$000s	Group 2017/18 Actual \$000s
55,966	55,859	Gross Rates Revenue	57,038	57,681	57,490
Gross Rates Revenue Consists of:					
3,070	2,963	General Rates	4,599	4,623	4,432
12,893	12,893	Uniform Annual General Charge	13,045	13,137	13,137
37,421	37,421	Targeted Rates	36,748	36,911	36,911
2,582	2,582	Metered Water Rates	2,646	3,010	3,010
55,966	55,859	Gross Rates Revenue	57,038	57,681	57,490
489	489	Less Remissions¹	841	483	483
55,477	55,370	Net Rates Revenue	56,196	57,198	57,007

¹ Council grants rates remissions to certain ratepayers. Council has a number of rates remission policies which include: Remission of Rates for Permanent Crops, Whenua Rahui and Community, Sporting and Other Organisations.

Rating Base Information as at 30 June 2017

2017/18	Rating Units	Total Capital Value	Total Land Value
Rateable Units	23,476	8913,606,900	4,383,035,000
Non Rateable Units	1,259	508,879,000	142,627,500

Note 4: Revenue from Grants and Subsidies

Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s		Council 2017/18 AP \$000s	Council 2017/18 Actual \$000s	Group 2017/18 Actual \$000s
Revenue from Grants and Subsidies					
209	299	Central Government Grants	64	351	449
17,599	17,599	NZ Transport Agency Roading Subsidies	18,309	18,883	18,883
2,284	2,284	Other Grants and Subsidies	8,808	5,312	5,312
20,092	20,182	Total Revenue from Grants and Subsidies	27,181	24,546	24,644

Revenue from grants and subsidies (and hence operating income) for Council includes \$11,859,376 (2017: \$8,992,921) relating to grants for capital work.

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Expenditure relating to these projects will be recognised (primarily as depreciation) over the life of the assets. Included in these capital grants was \$7,118,841 (2017: \$7,050,355) received from the NZ Transport Agency for roading related work, \$1.1m from Eastland Community Trust & \$150k from Ministry of Business Innovation & employment for the Navigations Project, \$350k and \$400k from New Zealand Community Trust respectively for the Library rebuild and Lawson Field Theatre projects, another \$350k from NZ Lottery Board for Lawson Field Theatre project and \$192k from Department of Conservation for the Cook Landing Site Project.

Some of the grants received but not fully spent during the period have therefore been recognised only to the extent conditions have been fulfilled. For example \$533k grant received for Lawson Field Theatre project have not been recognized during the period as grant income. This is recognized as a liability until the conditions attached are fulfilled.

There are no other contingencies attached to grants received. Cash flows from grants and subsidies (and hence operating cash inflows) for Council with respect to these capital grants see the associated cash outflows recognised as investing activities.

Tauwhareparae Farms Limited (TFL) received \$98k (2017: \$90k) from the Ministry for Primary Industries which subsidised the cost of forestry establishment, silviculture and thinning. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

Note 5: Revenue from Operating Activities

Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s		Council 2017/18 AP \$000s	Council 2017/18 Actual \$000s	Group 2017/18 Actual \$000s
Revenue from Operating Activities					
7	7	Reserve Contributions	0	0	0
232	232	Development Contributions	699	198	198
42	42	Capital Contributions	0	32	32
1,009	1,009	Rates Penalties	894	999	999
8,748	21,774	Activity Revenue	7,331	8,569	21,813
62	62	Interest	14	24	24
6	6	Dividends	1,833	6	6
333	333	Petroleum Tax	370	358	358
913	913	Gains on Derivatives (Interest Rate Swaps)	0	(86)	(86)
11,352	24,378	Total Revenue from Operating Activities	11,141	10,100	23,344

Note 6: Revenue from Other Gains

Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s		Council 2017/18 AP \$000s	Council 2017/18 Actual \$000s	Group 2017/18 Actual \$000s
Revenue from Other Gains (Losses)					
1,072	911	Gain/(Loss) on Changes in Fair Value of Forestry Assets	0	1,639	4,539
0	2,436	Gain/(Loss) on Changes in Fair Value of Livestock	0	0	454
(45)	(144)	Gain/(Loss) on Disposal of Property, Plant and Equipment	12	(319)	(323)
14	14	Gain/(Loss) on Changes in Fair Value of Non-Current Receivables/Investment	0	(1)	(1)
1,041	3,217	Total Revenue from Other Gains (Losses)	12	1,319	4,669

Note 7: Vested Assets

Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s		Council 2017/18 AP \$000s	Council 2017/18 Actual \$000s	Group 2017/18 Actual \$000s
Revenue from Operating Activities					
41	41	Stormwater Systems	0	0	0
25	25	Water Systems	0	0	0
37	37	Wastewater Systems	0	0	0
0	0	Reserves	0	0	0
0	0	Roading Network	0	0	0
103	103	Total Assets Vested	0	0	0

The major source of vested assets is subdivisions where the developer vests the roading, sewage, water supply and storm water systems in Council.

Note 8: Employee Benefit Expense

Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s		Council 2017/18 AP \$000s	Council 2017/18 Actual \$000s	Group 2017/18 Actual \$000s
Employee Benefit Expense					
20,081	22,693	Salary and Wages	19,321	20,663	23,759
558	622	Defined Contribution Plans Expense	496	573	648
45	173	Increase / (Decrease) in Leave Liabilities	0	(113)	(156)
(1,633)	(1,810)	Less Recharged to Other Expense Categories**	(2,130)	(2,062)	(2,062)
19,051	21,678	Total Employee Benefit Expense	17,687	19,061	22,189

****Note:** Wages and salaries can be recharged to other expense categories for example capitalised project costs, repairs, cleaning etc

Note 9: Depreciation and Amortisation Expense

Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s		Council 2017/18 AP \$000s	Council 2017/18 Actual \$000s	Group 2017/18 Actual \$000s
Depreciation and Amortisation Expense					
181	181	Aquatic and Recreation Facility (Olympic Pool)	208	176	176
476	476	Arts and Culture	527	469	469
2	2	Building Services	2	0	0
39	39	Civil Defence, Emergency Management	45	35	35
1	1	Community Planning and Development	1	0	0
55	55	Environmental Services	44	69	69
726	1,791	Commercial Operations	810	617	1,888
0	0	Environmental Health	6	0	0
0	0	Environmental Policy & Planning	0	0	0
122	122	Flood Control	137	127	127
2	2	Governance	2	2	2
10,964	10,964	Land Transport	11,399	11,353	11,353
81	81	Libraries	316	233	233
624	624	Reserves and Open Spaces	615	665	665
316	316	Solid Waste Management	289	358	358
870	870	Storm water	919	897	897
1,400	1,400	Support Services	1,163	1,587	1,587
2,029	2,029	Wastewater	2,287	2,131	2,131
2,233	2,233	Water Supply	2,327	2,226	2,226
20,121	21,186	Total Depreciation and Amortisation Expense	21,098	20,945	22,217
19,263	20,328	Total Depreciation per Note 25	21,098	19,920	21,193
858	858	Total Amortisation as per Note 26	0	1,025	1,025
20,121	21,186		21,098	20,945	22,218

Our Finances

Note 10: Expenditure on Operating Activities

Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s		Council 2017/18 AP \$000s	Council 2017/18 Actual \$000s	Group 2017/18 Actual \$000s
		Operating Expenditure			
2,055	2,461	Administration Expenses	1,239	1,989	2,296
174	224	Audit Fees Financial Reporting (incl. Trustee reporting)	205	178	231
0	0	Audit Fees Long Term Plan	0	100	100
2	2	Audit of Registry	0	2	2
1,988	2,344	Consultants and Professional Services	1,244	2,443	2,612
648	848	Elected Members and Director's Fees	687	661	661
274	292	Indirect Employment Costs	122	121	143
1,014	1,016	Grants and Donations	1,124	1,067	1,069
606	728	Insurance Costs	733	697	819
1,695	775	Rental and Operating Leases	1,909	1,653	255
11,285	11,763	Repairs and Maintenance	9,654	9,042	9,953
1,262	1,262	Bad Debts Written Off-Rates	589	962	962
4	4	Bad Debts Written Off-Other	765	173	173
36	36	Change to Impairment of Receivables	102	0	0
157	157	IRD Compliance Costs	174	144	144
2,336	2,336	Litter bins and City Cleaning	2,535	2,327	2,346
5,506	5,506	Emergency Works	2,011	5,614	5,614
26,263	30,115	Other Operating Expenditure ¹	22,262	20,655	26,037
55,305	59,869	Total Operating Expenditure	45,353	47,827	53,416

¹ Other operating expenses include such items as: electricity, operational contracts, internal interest, software licensing, general operating costs, network and asset management, and provision movement.

Note 11: Finance Costs

Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s		Council 2017/18 AP \$000s	Council 2017/18 Actual \$000s	Group 2017/18 Actual \$000s
		Finance Costs			
540	540	Interest on Debentures and Interest Rate Swaps	1,020	850	850
1,213	1,236	Interest on Bank Borrowings and Commercial Paper	1,079	1,074	1,312
58	70	Line Fee	100	58	58
0	0	Losses on Derivatives (Interest Rate Swaps)	0	0	0
1,811	1,846	Total Finance Costs	2,199	1,982	2,220

Note 12: Income Tax

Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s		Council 2017/18 AP \$000s	Council 2017/18 Actual \$000s	Group 2017/18 Actual \$000s
(7,734)	(840)	Surplus Before Tax	9,034	3,831	10,105
2,548	0	Subvention Payment	0	1,300	0
(1,452)	(235)	Tax @ 28%	2,530	1,437	2,829
		Plus/(Less) Tax Effect of:			
1,452	1,682	Net Non Taxable and Non Deductible Items	(2,530)	(1,437)	(1,362)
0	0	Imputation credits Utilised	0	0	0
0	0	Deferred Tax Adjustment	0	0	0
0	1,447	Tax Expense	0	0	1,467

Deferred Tax Asset/(Liability) - Group

	Property, Plant and Equipment	Biological Assets	Employee Entitlements and Other	Tax Loss Recognised	NZ Emission Units	Total
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Balance as at 1 July 2016	(916)	(3,971)	25	743	(195)	(4,315)
Charged to surplus or deficit	115	(362)	30	(545)	0	(762)
Charged to Equity	(20)	0	0	0	0	(20)
Balance as at 30 June 2017	(821)	(4,333)	55	198	(195)	(5,097)
Charged to surplus or deficit	149	(732)	(13)	(172)	20	(748)
Charged to Equity	0		0	0	0	0
Balance as at 30 June 2018	(672)	(5,065)	42	26	(175)	(5,844)

Deferred tax has been calculated at 28%. Council (the Parent) has recognised a deferred tax asset of \$26k (2017: \$198k) in relation to unused tax losses of \$96k (2017: \$707k). Generally local authorities are exempt from income tax, except for income derived from any Council Controlled Organisation or port activity as per section CW32 Income Tax Act 2007.

Note 13: Reconciliation of Funding Impact Statement with Statement of Comprehensive Revenue and Expenses

RECONCILIATION OF REVENUE	AP 2016/17 \$000s	Actual 2016/17 \$000s	AP 2017/18 \$000s	Actual 2017/18 \$000s
Sources of operating funding				
Total operating funding (A) as per Funding Impact Statement	77,490	79,222	76,718	81,539
Add Sources of capital funding				
Subsidies and grants for capital expenditure	12,232	8,993	17,954	12,194
Development and financial contributions	699	384	699	231
Profit / (Loss) on Sale of Assets	12	(45)	0	(319)
	90,433	88,554	95,371	93,645
As per Statement of Comprehensive Income - Total Operating Income	90,433	88,554	95,371	93,646
RECONCILIATION OF EXPENDITURE				
Applications of operating funding				
Total applications of operating funding (B) as per Funding Impact Statement	65,593	76,168	65,239	68,870
Add depreciation and amortisation expense	20,522	20,120	21,098	20,945
	86,115	96,288	86,337	89,815
As per Statement of Comprehensive Income - Total Operating Expenditure	86,115	96,288	86,337	89,815
RECONCILIATION OF TOTAL COMPREHENSIVE INCOME				
Surplus/(deficit) of operating funding (A-B)	11,897	3,055	11,479	12,669
Add subvention payment	0	2,548	0	1,300
Add Subsidies and grants for capital expenditure	12,232	8,993	17,954	12,194
Add Development and financial contributions	699	384	699	231
Add Profit / (Loss) on Sale of Assets	12	(45)	12	(319)
Less Depreciation and amortisation expense	(20,522)	(20,120)	(21,098)	(20,945)
Add Gains/(Loss) on Property Revaluation	377	13,716	392	73,160
	4,694	8,530	9,425	78,290
as per Statement of Comprehensive Income - Total Comprehensive Income	4,694	8,530	9,425	78,291

Note 14: Cash and Cash Equivalents

Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s		Council 2017/18 AP \$000s	Council 2017/18 Actual \$000s	Group 2017/18 Actual \$000s
Cash and Cash Equivalents					
176	297	Cash at the Bank and in Hand	282	582	1,020
176	297	Total Cash and Cash Equivalents	282	582	1,020

The carrying value of short-term deposits with original maturity dates of three months or less approximate their fair value.

Note 15: Trade and Other Receivables

Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s		Council 2017/18 AP \$000s	Council 2017/18 Actual \$000s	Group 2017/18 Actual \$000s
8,698	8,698	Rates Receivable	8,795	8,111	8,111
1,089	1,089	Roading Subsidy Due	1,718	3,952	3,952
66	66	Community Loans	86	49	49
7,622	5,872	Other Receivables	5,913	7,901	7,254
380	313	Prepayments	272	408	421
17,855	16,038		16,785	20,421	19,787
(5,401)	(5,401)	Provision for Impairment of Receivables	(5,562)	(5,531)	(5,531)
12,454	10,637	Total Trade and Other Receivables	11,222	14,890	14,256
Trade and Other Receivables Classified as:					
12,454	10,637	Current Receivables	11,222	14,890	14,256
0	0	Non-Current Receivables	0	0	0
12,454	10,637		11,222	14,890	14,256

Fair Value

The carrying value of trade and other receivables (excluding community loans) approximates their fair value.

Impairment

Council does not provide for any impairment on general title land rates receivable as it has various powers under the Local Government (Rating Act 2002) to recover outstanding debts.

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

Because of the powers available under the Local Government (Rating Act 2002), such action is rarely necessary.

As at 30 June 2018 and 2017, all overdue receivables had been assessed for impairment and appropriate provisions applied where necessary. Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

The impairment provisions have been calculated based on expected losses for Council's pool of debtors. Expected losses have been determined based on an analysis of Council's losses in previous periods, and review

of specific debtors. Movements in the provision for impairment of receivables are as follows:

Note 15A: Impairment

Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s		Council 2017/18 Actual \$000s	Group 2017/18 Actual \$000s
5,366	5,366	Beginning Balance	5,401	5,401
35	35	Charge for Year	130	130
5,401	5,401	Ending Balance	5,531	5,531

The status of Receivables as at 30 June 2018 and 2017 are detailed below:

Note 15B: Receivables

COUNCIL 2017			COUNCIL 2018		
Gross \$000s	Impaired \$000s	Net \$000s	Gross \$000s	Impaired \$000s	Net \$000s

Sundry Invoice Receivables

1,334	0	1,334	Current	673	0	673
42	0	42	Past Due 1 month	59	0	59
20	0	20	Past Due 2 months	14	0	14
368	92	276	Past Due 3 months	801	0	801
1,764	92	1,672		1,547	0	1,547

GROUP 2017			GROUP 2018		
Gross \$000s	Impaired \$000s	Net \$000s	Gross \$000s	Impaired \$000s	Net \$000s

Sundry Invoice Receivables

2,048	0	2,048	Current	1,254	0	1,254
121	0	121	Past Due 1 month	125	0	125
20	0	20	Past Due 2 months	15	0	15
369	92	277	Past Due 3 months	805	0	805
2,558	92	2,466		2,200	0	2,200

Note 15C: Rates Receivable

Council 2017			Council 2018		
No. Of Properties	Outstanding \$000s		No. Of Properties	Outstanding \$000s	
General Land Rates					
1,719	1,892	Current <12 months	984	1,528	
209	540	Past Due 1 to 2 Years	124	442	
80	276	Past Due 2 to 3 years	51	244	
121	311	Past Due >3 years	107	367	
2,129	3,019	Total Outstanding	1,266	2,580	
Māori Land Rates					
289	1,291	Current <12 months	175	1,299	
65	1,002	Past Due 1 to 2 Years	78	1,109	
43	951	Past Due 2 to 3 Years	57	896	
491	2,014	Past Due >3 Years	472	2,228	
888	5,258	Total Outstanding	782	5,531	
Metered Water Supply					
585	412	Current	590	425	
2	1	Past Due 1 month	0	0	
4	4	Past Due 2 months	8	2	
14	4	Past Due 3 months	5	1	
605	421	Total Outstanding	603	428	

Note 16: Inventories

Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s		Council 2017/18 AP \$000s	Council 2017/18 Actual \$000s	Group 2017/18 Actual \$000s
Inventories					
3	3	Te Puia/Bushmere Road	3	2	2
13	13	Olympic Pool	22	14	14
28	28	Drainage	41	26	26
18	18	Soil Conservation	57	36	36
0	16	Waikanae Holiday Park	0	0	26
0	6	Gisborne Vehicle Testing	0	0	10
0	130	Farming	0	0	132
62	214	Total Inventories	123	78	246

No inventories have been pledged as security for liabilities.

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Note 17: Investments

Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s		Council 2017/18 AP \$000s	Council 2017/18 Actual \$000s	Group 2017/18 Actual \$000s
0	0	Term Deposits < 12 Months	61	0	0
Ordinary Shares					
32,038	0	Gisborne Holdings Ltd	41,894	32,038	0
153	153	Local Government Insurance Corporation Ltd	139	152	152
9	9	BOPLASS Ltd	9	9	9
0	401	Available for sale financial assets held by Tauwhareparae Farms Limited	0	0	438
100	100	LGFA Shares	100	100	100
432	432	LGFA Notes	272	594	594
0	2	Top 10 Shares	2	0	2
32,732	1,097	Total Investments	42,477	32,893	1,295
Investments Classified as:					
0	0	Current Investments	61	0	0
32,732	1,097	Non-Current Investments	42,416	32,893	1,295
32,732	1,097		42,477	32,893	1,295

Gisborne Holdings Limited

This investment is carried at cost.

Local Government Insurance Corporation Limited trading as Civic Assurance

The carrying amount of this investment is recorded at fair value. Movements in fair value are recognised in other comprehensive income.

All the other investments are classified as available for sale.

Note 18: Derivatives

The Group has interest rate swap contracts with a fair value liability of \$2,593,908 (2017: \$2,509,595). Council's interest rate swaps have a fair value liability of \$2,592,908 (2017: \$2,509,595). These swaps are exposed to fair value movements as interest rates change.

The weighted average effective interest rate of the interest rate swaps was 4.74% (2017: 5.78%). Fair value of the Group's interest rate swaps is determined by bank valuations as at balance date.

The interest rate swaps are measured at fair value. As the Group does not apply hedge accounting, movements in fair value are taken directly to the other comprehensive income.

For further information on the interest rate swaps please refer to Note 30: Financial Instruments (Page 127).

Note 19: Assets Held for Sale

Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s		Council 2017/18 AP \$000s	Council 2017/18 Actual \$000s	Group 2017/18 Actual \$000s
50	50	Land	50	50	50
50	50	Total Non Current Assets Held for Sale	50	50	50

On 30 June 2016 Council made a decision to transfer its commercial operations to Gisborne Holdings Ltd, the transfer date was set as 1 July 2016. The value of the commercial operations relating to Gisborne Vehicle Testing Station and Waikanae Top 10 Holiday Park at 30 June 2016 were \$8.5m. The \$50k balance relates to rural property purchased for future industrial development.

Note 20: Deposits Held

Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s		Council 2017/18 AP \$000s	Council 2017/18 Actual \$000s	Group 2017/18 Actual \$000s
135	135	General and Other Deposits	11	43	43
70	70	Resource Consent Bonds	70	70	70
286	286	Footpath Deposits	283	305	305
13	13	Gisborne Rural Volunteer Fire	13	13	13
504	504	Total Deposits Held	378	431	431

Note 21: Trade and Other Payables

Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s		Council 2017/18 AP \$000s	Council 2017/18 Actual \$000s	Group 2017/18 Actual \$000s
Accounts Payable					
471	604	Income in Advance	508	1,318	1,318
1,612	1,612	Rates in Advance	1,809	1,650	1,650
69	69	Gisborne District Council Disaster Relief Fund	69	71	71
364	364	Contract Retentions	620	491	491
201	201	Accruals - Loan Interest	173	0	0
121	121	Accruals - Audit Fees	131	138	138
4,031	4,031	Accruals - Other	179	737	737
10,883	12,433	Trade and other Payables	13,932	15,475	17,106
17,752	19,435	Total Trade and Other Payables	17,420	19,880	21,511

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

Note 22: Employee Benefit Liabilities

COUNCIL	Accrued Wages & Salaries \$000s	Annual Leave \$000s	Long Service Leave \$000s	Retirement Leave \$000s	Sick Leave \$000s	Total \$000s
2017						
Balance at 1 July 2016	294	1,443	54	377	54	2,222
Additional leave accrued	396	1,623	1	12	1	2,033
Amounts Paid	(294)	(1,688)	(6)	0	0	(1,988)
Balance at 30 June 2017	396	1,378	49	389	55	2,267
2018						
Balance at 1 July 2017	396	1,378	49	389	55	2,267
Additional leave accrued	372	1,649	8	38	13	2,080
Amounts Paid	(396)	(1,654)	(17)	(135)	0	(2,202)
Balance at 30 June 2018	372	1,373	40	292	68	2,145
Current Portion	372	1,373	36	126	68	1,975
Non Current Portion	0	0	4	166	0	170
Total Provisions	372	1,373	40	292	68	2,145

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GROUP	Accrued Wages & Salaries \$000s	Annual Leave \$000s	Long Service Leave \$000s	Retirement Leave \$000s	Sick Leave \$000s	Total \$000s
2017						
Balance at 1 July 2016	338	1,553	54	377	57	2,379
Additional leave accrued	471	1,704	1	12	39	2,227
Amounts Paid	(338)	(1,700)	(6)	0	(3)	(2,047)
Balance at 30 June 2017	471	1,557	49	389	93	2,559
2018						
Balance at 1 July 2017	471	1,557	49	389	93	2,559
Additional leave accrued	372	1,736	8	38	13	2,167
Amounts Paid	(471)	(1,833)	(17)	(135)	(38)	(2,494)
Balance at 30 June 2018	372	1,460	40	292	68	2,232
Current Portion	372	1,460	36	126	68	2,062
Non Current Portion	0	0	4	166	0	170
Total Provisions	372	1,460	40	292	68	2,232

Sick Leave

Provision for sick leave is made only to the extent that is expected to be used in future periods and assessed using a three yearly rolling average on actual hours taken in excess of entitlement.

Long Service Leave and Retirement Leave

Council has calculated retirement and long service leave using an estimated probability calculation. As an employee grows older and nears retirement age the probability of eligibility to their full entitlement increases.

Retirement leave calculations have been calculated at future rates of pay and been discounted to present value using a discount rate of 2.17% (2017: 2.66%) and assumed salary inflation of 1.7% (2017: 2.0%). (Treasury discount rates: 1 year 1.78%, 2 years 1.84%, 5 years 2.23%).

Note 23: Borrowings

Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s		Council 2017/18 AP \$000s	Council 2017/18 Actual \$000s	Group 2017/18 Actual \$000s
2,679	3,907	Bank Loans	4,615	780	11,069
8,000	8,000	Commercial Paper	10,000	6,000	6,000
2,000	2,000	Debenture	0	5,000	5,000
12,679	13,907	Total Current	14,615	11,780	22,069
0	0	Bank Loans	17,330	0	0
25,000	25,000	Debenture and FRN Debt Securities	17,000	32,100	32,100
25,000	25,000	Total Non Current	34,330	32,100	32,100
37,679	38,907	Total Borrowings	48,945	43,880	54,169

Note 23A: Fair Value

The carrying amounts of borrowings approximate their fair value as the Council and the Group's secured loans and debentures are on floating interest rates.

Debenture and Floating Rate Note (FRN) Debt Securities

Council has issued \$37.1m (2017: \$27m) of debentures and floating rate notes with maturities from March 2019 to April 2025. Interest is paid quarterly in arrears. The interest rate range as at 30 June 2018 varies from 2.63% to 2.94% (2017: 2.47% to 2.90%) and are subject to quarterly reset dates.

Bank Facilities

Council has \$25m (2017: \$25m) worth of committed funding facilities available. Interest is payable at wholesale market rates. The interest rate as at 30 June 2018 was 2.7% (2017: 3.75%). There is \$780k drawn down under these facilities (2017: \$2.7m).

GHL has a working capital facility with a limit of \$3.5m together with a \$12.5m short term advance facility in place with ANZ Bank New Zealand Limited. The facilities are secured by way of a general security agreement. The balance at 30 June 2018 was \$10.3m (2017: \$1.2m).

Commercial Paper

The Council had \$6m of commercial papers on issue at 30 June 2018 (2017: \$8m) with an interest rate of 2.26% (2017: 2.29%).

Security

Council borrowings are secured by way of a Debenture Trust Deed over Council rates revenue. GHL loans are secured by way of general security agreement.

Note 24: Provision for Other Liabilities

COUNCIL and GROUP	Paokahu Landfill Aftercare \$000s	Waipahu Landfill Aftercare \$000s	Other Provisions \$000s	Total \$000s
2017				
Balance at 1 July 2016	1,364	278	2,660	4,302
Additional Provisions Made/(Reversed)	136	575	3,028	3,739
Amounts Used	(84)	0	0	(84)
Balance at 30 June 2017	1,416	853	5,688	7,957
2018				
Balance at 1 July 2017	1,416	853	5,688	7,957
Additional Provisions Made/(Reversed)	109	59	235	403
Amounts Used	(127)	0	0	(127)
Balance at 30 June 2018	1,398	912	5,923	8,233
Current Portion	90	0	5,763	5,853
Non Current Portion	1,308	912	160	2,380
Total Provisions	1,398	912	5,923	8,233

Landfill closure and aftercare liability

The long-term nature of these liabilities means that there are inherent uncertainties in estimating costs to be incurred. To provide for the estimated costs a charge is made each year against each landfill.

Council has a legal obligation under its resource consent to provide ongoing maintenance and monitoring services at the Paokahu and Waipahu landfills after closure. A provision for post-closure costs is recognised as a liability when the obligation for post-closure arises.

The provision is measured based on the present value of future cash flows expected to be incurred, taking into account future events including new legal requirements and known improvements in technology. Each separate landfill provision includes all costs associated with landfill post-closure.

The discount rate used is a rate that reflects current market assessments of the time value of money and the risks specific to the cash flows associated to the aftercare.

Paokahu Landfill

The landfill closed on 31 December 2002 and aftercare costs started six months after the closure of the site. It is expected that future costs will be incurred until 2037.

The following major assumptions have been made in calculating the 2018 provision:

- Future cash flows were indexed 1.7% each year before a discount rate of 3.05% was applied.

In 2017, a discount rate of 3.42% was applied, with future costs indexed each year at 1.67%.

Waipahu Landfill

The current landfill cells are expected to close on 30 June 2025 with aftercare costs expected to occur six months after. The future costs have been estimated to be incurred for 30 years, until 2055.

The following major assumptions have been made in calculating the 2018 provision:

- Future cash flows were indexed 1.78% each year before a discount rate of 3.05% was applied.

In 2017, a discount rate of 3.41% was applied, with future costs indexed each year at 1.79%.

Other Provisions

Other provisions is to capture matters including the RiskPool liability, crown liability, various legal liabilities, and future expenditure of uncertain amount or timing where the Group has a present obligation and a reasonable estimate can be made of the amount of the obligation.

Council is one of various defendants in an ongoing legal claim. The trial is currently set down for November 2018.

RiskPool Liability: Please refer to Note 33: Contingent Liabilities (Note 33).

Note 25: Property Plant and Equipment

COUNCIL 2018	Cost/Revaluation 1 July 2017 \$000s	Accumulated Depreciation and Impairment 1 July 2017 \$000s	Carrying Amount 1 July 2017 \$000s	Current Year Transfers \$000s	Current Year Additions \$000s	Current Year Disposals & other movements \$000s	Revaluation Current Year \$000s	Current Year Depreciation and Impairment \$000s	Current Year Depreciation Adjustments \$000s	Cost/Revaluation 30 June 2018 \$000s	Accumulated Depreciation and Impairment 30 June 2018 \$000s	Carrying Amount 30 June 2018 \$000s
Operational Assets												
Land - Major	111,967	0	111,967	(320)	0	(6)	0	0	0	111,641	0	111,641
Land - Minor	26,903	0	26,903	320	1,270	0	0	0	0	28,493	0	28,493
Buildings/Land Improvements	49,838	5,512	44,326	0	7,746	(10)	0	1,417	0	57,574	6,928	50,646
Buildings Not Revalued	10,400	1,728	8,671	0	1,425	0	0	409	0	11,824	2,137	9,687
Plant /Motor Vehicles	6,075	3,363	2,711	0	366	(20)	0	290	0	6,420	3,653	2,767
Office Equipment	6,708	4,386	2,322	0	236	(28)	0	277	0	6,916	4,663	2,252
Other Equipment	3,014	1,709	1,305	0	537	0	0	367	0	3,551	2,077	1,475
CBD	3,621	756	2,866	0	0	4	0	37	0	3,625	793	2,832
Wharves	3,424	530	2,895	0	0	0	0	68	0	3,424	598	2,826
Library Books - General	3,841	3,447	394	0	163	(2,242)	0	147	(2,212)	1,762	1,383	379
Library Books - Permanent	336	6	330	0	0	0	0	0	0	336	6	330
Assets Under Construction	8,472	0	8,472	0	3,980	(268)	0	0	0	12,184	0	12,184
Total Operational Assets	234,599	21,436	213,162	0	15,722	(2,570)	0	3,014	(2,212)	247,750	22,238	225,511
Infrastructural Assets												
Sewer and Wastewater Reticulation Systems	57,364	1,220	56,144	0	391	(65)	1,699	1,264	0	59,390	2,484	56,906
Sewer and Wastewater Treatment Plant & Facilities	34,300	808	33,492	0	375	0	101	865	0	34,777	1,673	33,104
Stormwater	51,179	870	50,309	0	0	0	1,641	897	0	52,820	1,767	51,053
Water Supply Reticulation Systems	40,833	1,053	39,780	0	220	(13)	1,207	1,078	0	42,248	2,131	40,117
Water Supply Treatment Plant & Facilities	58,703	1,145	57,558	0	764	0	737	1,114	0	60,204	2,259	57,945
Solid Waste	3,694	893	2,801	0	113	(18)	164	312	0	3,953	1,205	2,748
Flood Control	59,275	327	58,948	0	510	0	1,356	120	0	61,141	447	60,694
Waiapu Aftercare Provision Deferred Expense Asset	515	156	359	0	60	0	0	46	0	575	202	373
Roading	1,451,007	0	1,451,007	0	11,664	0	66,254	11,211	0	1,528,926	11,211	1,517,715
Total Infrastructural Assets	1,756,870	6,472	1,750,398	0	14,097	(95)	73,160	16,906	0	1,844,033	23,379	1,820,654
Total Property Plant and Equipment	1,991,469	27,908	1,963,560	0	29,819	(2,665)	73,160	19,920	(2,212)	209,783	45,617	204,165

COUNCIL 2017	Cost/Valuation 1 July 2016 \$000s	Accumulated Depreciation and Impairment 1 July 2016 \$000s	Carrying Amount 1 July 2016 \$000s	Current Year Transfers \$000s	Current Year Additions \$000s	Current Year Disposals & other movements \$000s	Revaluation Current Year \$000s	Current Year Depreciation and Impairment \$000s	Current Year Depreciation Adjustments \$000s	Cost/Revaluation 30 June 2017 \$000s	Accumulated Depreciation and Impairment 30 June 2017 \$000s	Carrying Amount 30 June 2017 \$000s
Operational Assets												
Land - Major	135,294	0	135,294	300	486	0	(241)3	0	0	111,967	0	111,967
Land - Minor	21,242	0	21,242	(82)	0	0	5,743	0	0	26,903	0	26,903
Buildings/Land Improvements	46,934	3,976	42,958	(862)	281	0	3,485	1,535	0	49,838	5,512	44,326
Buildings Not Revalued	9,144	1,345	7,799	439	817	0	0	383	0	10,400	1,728	8,671
Plant /Motor Vehicles	5,163	3,147	2,016	606	365	(60)	0	216	0	6,075	3,363	2,711
Office Equipment	6,392	4,116	2,276	0	361	(46)	0	269	0	6,708	4,386	2,322
Other Equipment	2,405	1,351	1,054	0	615	(5)	0	358	0	3,014	1,709	1,305
CBD	3,607	700	2,907	0	14	0	0	55	0	3,621	756	2,866
Wharves	3,424	461	2,963	0	0	0	0	68	0	3,424	530	2,895
Library Books - General	3,674	3,447	227	0	167	0	0	0	0	3,841	3,447	394
Library Books - Permanent	336	6	330	0	0	0	0	0	0	336	6	330
Assets Under Construction	4,176	0	4,176	(2510)	6,805	0	0	0	0	8,472	0	8,472
Total Operational Assets	241,791	18,549	223,242	(2,109)	9,911	(111)	(14885)	2,884	0	234,599	21,436	213,162
Infrastructural Assets												
Sewer and Wastewater Reticulation Systems	57,126	0	57,126	246	15	(7)	(16)	1,220	0	57,364	1,220	56,144
Sewer and Wastewater Treatment Plant & Facilities	33,186	0	33,186	1,077	37	0	0	808	0	34,300	808	33,492
Stormwater	50,837	0	50,837	0	375	(26)	(7)	870	0	51,179	870	50,309
Water Supply Reticulation Systems	40,726	0	40,726	0	156	(32)	(17)	1,053	0	40,833	1,053	39,780
Water Supply Treatment Plant & Facilities	58,064	0	58,064	0	639	0	0	1,145	0	58,703	1,145	57,558
Solid Waste	2,737	577	2,160	0	11	563	383	316	0	3,694	893	2,801
Flood Control	63,449	210	63,239	0	287	(74)	(4,387)	117	0	59,275	327	58,948
Waiapu Aftercare Provision Deferred Expense Asset	255	156	99	28	232	0	0	0	0	515	156	359
Roading	1,417,540	0	1,417,540	0	11,617	0	32,651	10,800	0	1,461,007	0	1,461,007
Total Infrastructural Assets	1,723,920	943	1,722,977	1,351	13,369	424	28,607	16,329	0	1,756,870	6,472	1,750,398
Total Property Plant and Equipment	1,965,711	19,492	1,946,219	(758)	23,280	313	13,722	19,213	0	1,991,469	27,908	1,963,560

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GROUP 2018	Cost/Valuation 1 July 2017 \$000s	Accumulated Depreciation and Impairment 1 July 2017 \$000s	Carrying Amount 1 July 2017 \$000s	Current Year Transfers \$000s	Current Year Additions \$000s	Current Year Disposals & other movements \$000s	Revaluation Current Year \$000s	Current Year Depreciation and Impairment \$000s	Current Year Depreciation Adjustments \$000s	Cost/Revaluation 30 June 2018 \$000s	Accumulated Depreciation and Impairment 30 June 2018 \$000s	Carrying Amount 30 June 2018 \$000s
Operational Assets												
Land - Major	157,024	172	156,852	(320)	496	(6)	0	181	0	157,194	353	156,841
Land - Minor	27,083	0	27,083	320	1,270	0	0	0	0	28,673	0	28,673
Buildings/Land Improvements	65,190	6,742	58,448	0	20,684	(10)	0	2,292	0	85,864	9,034	76,830
Buildings Not Revalued	10,525	1,728	8,797	0	1,425	0	0	409	0	11,950	2,137	9,813
Plant /Motor Vehicles	7,627	3,973	3,654	0	714	(85)	0	413	0	8,256	4,386	3,870
Office Equipment	6,821	4,443	2,378	0	444	(32)	0	370	0	7,233	4,813	2,420
Other Equipment	3,015	1,709	1,306	0	537	0	0	367	0	3,552	2,076	1,476
CBD	3,621	756	2,865	0	0	4	0	37	0	3,625	793	2,832
Wharves	3,424	528	2,896	0	0	0	0	68	0	3,424	596	2,828
Library Books - General	3,841	3,447	394	0	163	(2,242)	0	147	(2,212)	1,762	1,382	380
Library Books - Permanent	336	6	330	0	0	0	0	0	0	336	6	330
Assets Under Construction	13,210	0	13,210	(4,740)	4,812	(268)	0	0	0	13,014	0	13,014
Total operational assets	301,717	23,504	278,213	(4,740)	30,545	(2,639)	0	4,284	(2,212)	324,883	25,576	299,308
Infrastructure Assets												
Sewer and Wastewater Reticulation Systems	57,364	1,220	56,144	0	391	(65)	1,699	1,264	0	59,390	2,484	56,906
Sewer and Wastewater Treatment Plant & Facilities	34,300	808	33,492	0	375	0	101	865	0	34,777	1,673	33,104
Stormwater	51,179	869	50,309	0	0	0	1,641	897	0	52,820	1,767	51,053
Water Supply Reticulation Systems	40,833	1,053	39,780	0	220	(12)	1,207	1,078	0	42,248	2,131	40,117
Water Supply Treatment Plant & Facilities	58,703	1,145	57,558	0	764	0	737	1,114	0	60,204	2,259	57,945
Solid Waste	3,694	893	2,801	0	113	(18)	165	313	0	3,954	1,206	2,748
Waiapu Aftercare Provision Deferred expense Asset	515	156	359	0	60	0	0	47	0	575	203	372
Roading	1,461,808	10,800	1,451,007	0	11,664	0	66,254	11,211	0	1,528,926	11,211	1,517,715
Flood Control	59,275	327	58,948	0	510	0	1,356	120	0	61,141	447	60,694
Total infrastructural assets	1,767,671	17,271	1,750,398	0	14,097	(95)	73,160	16,909	0	1,844,035	23,381	1,820,654
Total Property Plant and Equipment	2,069,388	40,775	2,028,611	(4,740)	44,642	(2,734)	73,160	21,193	(2,212)	2,168,918	48,957	2,119,962

GROUP 2017	Cost/Valuation 1 July 2016 \$000s	Accumulated Depreciation and Impairment 1 July 2016 \$000s	Carrying Amount 1 July 2016 \$000s	Current Year Transfers \$000s	Current Year Additions \$000s	Current Year Disposals & other movements \$000s	Revaluation Current Year \$000s	Current Year Depreciation and Impairment \$000s	Current Year Depreciation Adjustments \$000s	Cost/Revaluation 30 June 2017 \$000s	Accumulated Depreciation and Impairment 30 June 2017 \$000s	Carrying Amount 30 June 2017 \$000s
Operational Assets												
Land - Major	173,994	0	173,994	300	2,755	0	(2,025)	172	0	157,024	172	156,852
Land - Minor	21,422	0	21,422	(82)	0	0	5,743	0	0	27,083	0	27,083
Buildings/Land Improvements	62,258	4,495	57,763	(1,270)	(1,448)	0	5,650	2,247	0	65,190	6,742	58,448
Buildings Not Revalued	9,269	1,345	7,924	439	817	0	0	383	0	10,525	1,728	8,797
Plant /Motor Vehicles	6,086	3,561	2,525	606	1,059	(124)	0	412	0	7,627	3,973	3,654
Office Equipment	6,716	4,127	2,589	0	105	0	0	316	0	6,821	4,443	2,378
Other Equipment	2,412	1,351	1,061	0	608	(5)	0	358	0	3,015	1,709	1,306
CBD	3,608	700	2,908	0	13	0	0	55	0	3,621	756	2,865
Wharves	3,424	460	2,964	0	0	0	0	68	0	3,424	528	2,896
Library Books - General	3,674	3,447	227	0	167	0	0	0	0	3,841	3,447	394
Library Books - Permanent	336	6	330	0	0	0	0	0	0	336	6	330
Assets Under Construction	4,850	0	4,850	0	10,870	(2,510)	0	0	0	13,210	0	13,210
Total operational assets	298,049	19,492	278,557	(7)	14,946	(2,639)	(8,632)	4,011	0	301,717	23,504	278,213
Infrastructure Assets												
Sewer and Wastewater Reticulation Systems	57,126	0	57,126	246	15	(7)	(16)	1,220	0	57,364	1,220	56,144
Sewer and Wastewater Treatment Plant & Facilities	33,186	0	33,186	1,077	37	0	0	808	0	34,300	808	33,492
Stormwater	50,837	0	50,837	0	375	(27)	(8)	869	0	51,177	869	50,308
Water Supply Reticulation Systems	40,726	0	40,726	0	156	(32)	(17)	1,053	0	40,833	1,053	39,780
Water Supply Treatment Plant & Facilities	58,064	0	58,064	0	639	0	0	1,145	0	58,703	1,145	57,558
Solid Waste	2,737	577	2,160	0	11	563	383	316	0	3,694	893	2,801
Waiapu Aftercare Provision Deferred expense Asset	255	156	99	28	232	0	0	0	0	515	156	359
Roading	1,417,540	0	1,417,540	0	11,617	0	32,651	10,800	0	1,461,808	10,800	1,451,007
Flood Control	63,449	210	63,239	0	287	(74)	(4,387)	117	0	59,275	327	58,949
Total infrastructural assets	1,723,920	943	1,722,978	1,352	13,370	424	28,607	16,329	0	1,767,670	17,271	1,750,399
Total Property Plant and Equipment	2,021,969	20,435	2,001,535	1,345	28,316	(2,215)	19,975	20,340	0	2,069,387	40,775	2,028,612

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Properties held for resale are recorded at cost as at 30 June 2018. Refer to Note 19: Non Current Assets Held for Sale (Page 112).

Roading Assets

The roading asset valuation was undertaken at 30 June 2018 by Pauline True, Lachlan Crawford, and Brian Smith independent valuers of Stantec Limited. The fair value of roading assets as at 30 June 2018 is \$1,517,695k (2017: \$1,450,908k).

Insurance Disclosure

Property, Plant and Equipment

The total value of assets covered by insurance contracts for these assets is \$203,156,990. The following summarises our different insurance contracts for these assets:

1. Material Damage and combined Business Interruption Excluding Fire. This covers all risk including earthquake but excluding fire. Council's limit of liability is \$203,156,990.
2. Material Damage including Fire caused by natural disaster. This covers for fire caused by natural disaster. Council's limit of liability is \$30,000,000.
3. Machinery Breakdown Coverage. This covers breakdown of insured plant and machinery. Council's limit of liability is \$4,014,926.

Forestry

The total value of assets covered by insurance contracts for forestry is \$962,000. Our insurance cover for this covers loss or damage to trees principally by fire and reinstatement costs. Council's limit of liability is \$700,958.

Motor Vehicles

The total value of our fleet is \$1,362,621. Our insurance cover for our vehicles covers accidental damage to Council vehicles and third party liability. All vehicles are insured for market or replacement value. Third party liability is limited to \$20,000,000.

Water, Wastewater, Stormwater, Rivers and Land Drainage

The declared value for infrastructure assets is \$462,660,273. Insurance covers physical loss caused by a natural catastrophe event. Council has a limit of liability of \$200,000,000.

Note 25A: Assets Under Construction

	Council		Group	
	2017 \$000s	2018 \$000s	2017 \$000s	2018 \$000s
Building/Land Improvements	3,718	0	8,487	832
Information Management	1	2	1	2
Sewer and Wastewater	1,601	1,871	1,601	1,871
Water Supply	781	863	781	863
Solid Waste	28	0	28	0
Stormwater	222	744	222	744
Roading	262	150	262	150
Rivers and Flood Control	511	994	511	994
Theatres	104	391	104	391
Parks and Open Spaces	1,243	7,169	1,243	7,169
Conveniences	0	0	0	0
Library	0	0	0	0
Total Assets Under Construction	8,471	12,184	13,240	13,016

Note 26: Intangible Assets

Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s		Council 2017/18 AP \$000s	Council 2017/18 Actual \$000s	Group 2017/18 Actual \$000s
6,524	7,018	Balance at 1 July - Cost	6,523	7,649	8,144
(2,886)	(2,684)	Less Accumulated Amortisation and Impairment	(2,887)	(3,745)	(3,542)
3,637	4,334	Opening Carrying Amount	3,636	3,904	4,601
1,126	1,126	Additions	0	804	763
0	0	Disposals	0	(260)	(260)
0	0	Change in Fair Value	0	0	0
(858)	(858)	Less Amortisation Charge	0	(1,025)	(1,025)
3,904	4,601	Closing Carrying Amount	3,636	3,423	4,079
		Balance at 30 June			
7,649	8,144	Cost	6,523	8,193	8,646
(3,745)	(3,542)	Less Accumulated Amortisation and Impairment/Change in Fair Value	(2,887)	(4,770)	(4,567)
3,904	4,601	Closing Carrying Amount	3,636	3,423	4,079

Note 27: Biological Assets – Livestock

Biological Assets

Council biological assets consist of forest only (\$5,988k). Group biological assets consist of sheep and cattle (livestock - \$12,639k) and forestry (\$22,599k). The Group farms livestock for the sale of sheep, lambs, cattle and calves. As at 30 June 2018 the Group had 30,814 sheep, 5,467 cattle (2017: 31,921 sheep, 4,992 cattle). During the year the Group sold 30,032 sheep, 1,894 cattle (2017: 27,460 sheep, 2,161 cattle).

Reconciliation of Opening Balance to Closing Balance – 2017

GROUP	SHEEP		CATTLE		Total
	Quantity	\$000s	Quantity	\$000s	\$000s
Opening Balance as at 1 July 2017	31,921	5,203	4,992	6,982	12,185
Natural Increase	32,434	4,281	2,411	1,991	6,272
Purchases	47	50	60	448	498
Changes in Fair Value		551		(59)	492
Sales	(30,032)	(3,819)	(1,894)	(2,194)	(6,013)
Death and Killed	(3,556)	(641)	(102)	(154)	(795)
Closing Balance as at 30 June 2018	30,814	5,625	5,467	7,014	12,639

Reconciliation of Opening Balance to Closing Balance – 2016

GROUP	SHEEP		CATTLE		Total
	Quantity	\$000s	Quantity	\$000s	\$000s
Opening Balance as at 1 July 2016	32,869	3,901	5,173	5,848	9,749
Natural Increase	30,254	3,180	2,095	1,905	5,085
Purchases	89	94	43	282	376
Changes in Fair Value	0	1,215	0	1,668	2,883
Sales	(27,460)	(2,605)	(2,161)	(2,512)	(5,117)
Death and Killed	(3,831)	(582)	(158)	(209)	(791)
Closing Balance as at 30 June 2017	31,921	5,203	4,992	6,982	12,185

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Note 27A: Biological Assets – Livestock

The fair value of livestock as at end of year was:

2017			2018		
Quantity	\$000s		Quantity	\$000s	
SHEEP					
17,385	2,956	Mixed Aged Ewes	16,479	3,049	
6,190	1,119	Two Tooth Ewes	6,772	1,382	
353	87	Breeding Rams	269	67	
IMMATURE SHEEP					
7,133	953	Ewe Hoggets	7,156	1,114	
860	88	Ram and Wether Hoggets	138	13	
31,921	5,203	Total Sheep	30,814	5,625	
MATURE CATTLE					
1,632	2,674	Mixed Aged Cows	1,697	2,454	
477	921	Rising three year Heifers	632	1,008	
677	977	Rising two year Heifers	779	949	
		Rising three year and Older Steers			
3	3	Rising two year Steers and Bulls	11	10	
120	512	Breeding Bulls	156	785	
IMMATURE CATTLE					
1,087	937	R1 Heifers	1,100	852	
996	958	R1 Steers and Bulls	1,092	956	
4,992	6,982	Total Cattle	5,467	7,014	

Note 27B: Biological Assets – Livestock

GROUP				2017/18		
Quantity	Average Price \$	2017 \$000s		Quantity	Average Price \$	2018 \$000s
SHEEP						
27,460	95	2,605	Sales	30,032	127	3,819
Less Cost of Sales						
32,869	119	3,901	Opening Stock	31,921	163	5,203
89	1,056	94	Add Purchases	47	1,064	50
31,921	163	5,203	Less Closing Stock	30,814	183	5,625
		(1,208)	Total Cost of Sales			(372)
		<u>3,813</u>	Gross Profit from Sheep			<u>4,191</u>
CATTLE						
2,161	1,162	2,512	Sales	1,894	1,158	2,194
Less Cost of Sales						
5,173	1,130	5,848	Opening Stock	4,992	1,399	6,982
43	6,558	282	Add Purchases	60	7,467	448
4,992	1,399	6,982	Less Closing Stock	5,467	1,283	7,014
		(852)	Total Cost of Sales			416
		<u>3,364</u>	Gross Profit from Cattle			<u>1,778</u>

The fair value of livestock is determined by independent valuation as at 30 June 2018. The independent livestock valuation was performed by Gisborne East Coast Farmers Ltd, independent livestock agents, in accordance with the Group's accounting policy detailed in Note 1: Statement of Accounting Policies (Page 96).

The independent valuation used the quoted price in an active market, less costs to sell, as the appropriate basis for determining fair value. Where there is more than one active market that the Council and Group have access to, the most relevant market has been used. The gain on initial recognition of livestock sold is recognised in the Statement of Comprehensive Income in the year of harvest. At time of harvest, wool is recorded as inventory.

No livestock or other inventories have been pledged as security for liabilities, nor are any inventories subject to retention of title clauses.

Note 27C: Forestry

Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s		Council 2017/18 AP \$000s	Council 2017/18 Actual \$000s	Group 2017/18 Actual \$000s
3,276	16,929	Balance at 1 July	3,276	4,348	17,898
0	59	Increases due to Purchases	0	0	161
1,072	911	Gains/(Losses) arising from changes in fair value less estimated point of sale costs attributable to price changes	0	1,639	4,539
4,348	17,899	Balance at 30 June	3,276	5,988	22,599

No forests were harvested during the 2018 period.

Council's forestry holdings have been valued by Andrew Clarke, Consulting Manager and David Crawley, NZ Institute of Forestry Registered Forestry Consultant of PF Olsen and Company Limited. A post-tax discount rate of 6.50% has been used in discounting the present value of expected cash flows (2017: 6.50%).

The valuation of the Pamoia forestry assets as at 30 June 2018 is \$5,217,000. (2017: \$3,669,000).

The valuation of the Council's forestry assets as at 30 June 2018 is \$903,000. (2017: \$680,000).

Tauwhareparae Forests

The fair value of the forest tree crop is determined by independent valuation. Independent forestry valuation as at 30 June 2018 was performed by PF Olsen and Company Limited, independent providers of professional forestry services. The fair value is assessed as follows:

- The maturity value of the existing tree crop and the future costs of realising that revenue are determined.
- Future costs and revenue are discounted from the year in which they occur to the date of the valuation by applying an appropriate discount rate.

The appropriate discount rate is determined by considering the recent sales of forests and the relative sensitivity of the value of the forest to future log prices.

Significant assumptions applied in this determination of fair value are:

Appropriate Discount Rate (post-tax) - 6% (2017: 6.5%)

Rate of Inflation - 2.0% (2017: 2.0%)

Rate of Tax - 28% (2017: 28.0%)

During the year \$160,787 (2017: \$58,898) of forestry development expenditure was capitalised to the forest asset.

Financial Risk Management Strategies

The Group is exposed to financial risks arising from changes in timber prices. The Group is a long-term forestry investor and does not expect timber prices to decline significantly in the foreseeable future, therefore has not taken any measures to manage the risks of a decline in timber prices.

Note 28: Equity

Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s		Council 2017/18 AP \$000s	Council 2017/18 Actual \$000s	Group 2017/18 Actual \$000s
		Accumulated Surplus (Retained Earnings)			
403,836	404,914	Balance at 1 July	410,477	401,336	405,313
(583)	(583)	Transfers (to)/from Special Funds	3,603	(911)	(911)
3,269	3,269	Transfers from Asset Revaluation Reserve on Disposal of Property, Plant and Equipment	0	275	275
(5,186)	(2,287)	Surplus/(Deficit) for the year	9,426	5,131	8,638
401,336	405,313	Balance at 30 June	423,506	405,831	413,315
		Special Funds and Reserves			
36,989	36,989	Balance at 1 July	34,655	37,572	37,572
583	583	Transfer (to)/from Retained Earnings	(3,603)	911	911
37,572	37,572	Balance at 30 June	31,052	38,483	38,483
		Asset Revaluation Reserves			
1,499,262	1,538,316	Balance at 1 July	1,499,638	1,509,709	1,554,996
13,716	19,969	Revaluations	392	73,160	73,160
(3,269)	(3,269)	Transfers to Retained Earnings on Disposal of Property, Plant and Equipment	0	(275)	(275)
0	(20)	Deferred Tax on building revaluations	0	0	0
1,509,709	1,554,996	Balance at 30 June	1,500,030	1,582,594	1,627,881

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Note 28A: Asset Revaluation Reserve

Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s		Council 2017/18 Actual \$000s	Group 2017/18 Actual \$000s
90	90	Investments	90	90
Operational Assets				
99,672	142,713	Land - Major	99,672	142,713
18,795	18,795	Land - Minor	18,795	18,795
23,632	26,315	Buildings/Land Improvements	23,456	26,139
102	102	CBD	102	102
471	471	Office Equipment	470	470
499	499	Other Equipment	499	499
0	0	Other Operational Asset	1,106	2,221
0	0	Infrastructural Assets		
27,405	27,405	Sewer and Wastewater	29,148	29,148
21,587	21,587	Stormwater	23,227	23,227
50,564	50,564	Water Supply	52,468	52,468
2,057	2,057	Solid Waste	1,115	0
1,218,233	1,218,233	Roading	1,284,488	1,284,488
46,728	46,728	Flood Control	48,084	48,084
(126)	(563)	Deferred Tax Asset Revaluation	(126)	(563)
1,509,709	1,554,996		1,582,594	1,627,881

Note 28B: Internal Borrowings

	Opening Balance 1 July 2017 \$000s	New Borrowings \$000s	Interest \$000s	Repayments Principal \$000s	Closing Balance 30 June 2018 \$000s
Aquatic and Recreation Facility	1,055	52	10	25	1,081
Arts and Culture	1,393	1,897	35	64	3,226
Building Services	4	0	0	1	3
Civil Defence, Emergency Management and Rural Fires	9	2	0	3	8
Enterprise Operations	557	179	13	323	413
Flood Control	4,551	1,527	244	34	6,044
Governance	3	0	0	1	2
Roading	4,855	5,498	438	327	10,027
Libraries	762	1,288	7	15	2,036
Reserve and Open Spaces	6,999	940	456	570	7,369
Solid Waste Management	5,481	-	236	569	4,913
Stormwater	5,420	105	241	431	5,094
Support Services	18,227	962	820	1,498	17,691
Wastewater	20,158	1,730	909	1,388	20,500
Water Supply	1,356	105	61	102	1,359
70,830	14,287	3,469	5,351	79,766	

Note 28C: Special Funds and Other Reserves

	Opening Balance 1 July 2017 \$000s	Transfers to Reserves \$000s	Transfers from Reserves \$000s	Closing Balance 30 June 2018 \$000s	Description / Use
Municipal Theatre Project	28	1	0	28	Reserve held as a source of capital funding for the redevelopment of theatres
Library Building	1,719	15	1,734	(0)	Reserve is to hold donations and bequests given in relation to the HB Williams Memorial Library. These funds can only be utilised in accordance with the donation or bequest
Waipaoa River Flood Control Scheme	723	14	0	737	Reserve is a funding source for minor and major capital work in relation to the Waipaoa River Flood Control Scheme
Civil Defence Disaster Relief	523	10	0	533	Reserve is to provide for civil defence emergency costs not covered by government subsidies and for discretionary contributions to other district Civil Defence Disaster Relief activities
Capital Development Fund	2,437	48	287	2,198	Reserve is to hold proceeds of selected asset sales which are to be utilised for capital developments as determined by Council
Quarry Rehab	1,133	23	0	1,155	Reserve is to provide for the restoration and rehabilitation of the Patutahi Quarry
Olympic Pool Development	29	1	0	29	Reserve is to hold donations and bequests given in relation to the Olympic Pool. Funds will be utilised for the redevelopment of the Olympic Pool complex
Rates Postponement Fidelity	1	0	0	1	Reserve is to cover rates postponement fidelity issues. The retention of this reserve is a compliance issue
Reserves Contributions	113	2	0	116	Reserve holds reserve contributions received, these contributions have now been replaced by development contributions. Funding is utilised for capital expenditure on Parks and Open Spaces resulting from growth due to developments within the district
Land Transport - Urban Development Contributions	(244)	28	46	(262)	Reserve holds development contributions received in relation to Rooding. Funding is utilised for capital expenditure on Land Transport infrastructure resulting from growth due to developments within the district
Water Supply - Urban Development Contributions	(664)	37	72	(698)	Reserve holds development contributions received in relation to Water Supply. Funding is utilised for capital expenditure on Water Supply infrastructure resulting from growth due to developments within the district
Wastewater - Urban Development Contributions	238	73	16	294	Reserve holds development contributions received in relation to Wastewater. Funding is utilised for capital expenditure on Wastewater infrastructure resulting from growth due to developments within the district
Storm water - Urban Development Contributions	(755)	22	49	(782)	Reserve holds development contributions received in relation to Storm water. Funding is utilised for capital expenditure on Storm water infrastructure resulting from growth due to developments within the district
Reserves - District Development Contributions	206	15	0	221	Reserve holds development contributions received in relation to Parks and Open Spaces. Funding is utilised for capital expenditure on Parks and Open Spaces resulting from growth due to developments within the district
HMNZ Blackpool Scholarship Fund	6	0	0	6	Reserve holds funds that are distributed in accordance with the trust deed
GHL Forestry Reserve	(2,009)	(59)	159	(2,227)	Reserve holds as a source of capital funding for the development of major capital projects. The reserve is expected to increase revenue in later years as a result of forestry harvesting at Tauwhareparae Farms Ltd.
Land Subdivision	356	7	0	363	Reserve predates Gisborne District Council. Further investigation is required into what the funds were set aside for. It is likely to relate to Financial Contributions received as a result of subdivision
Rooding Flood Damage Reserve	0	0	0	0	Reserve holds funds for rooding flood damage.
Depreciation	33,733	21,553	18,517	36,770	Reserve holds funds utilised on projects that replace the districts assets
TOTAL RESERVES	37,572	21,790	20,880	38,483	

Note 29: Reconciliation of Net Surplus to Operating Cash Flows

Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s		Council 2017/18 Actual \$000s	Group 2017/18 Actual \$000s
(5,186)	(2,287)	Reported Net Surplus before tax	5,131	8,638
		Add/(Deduct) Non Cash Items		
20,121	21,186	Depreciation & Amortisation	20,945	22,217
(913)	(913)	Unrealised (Gain)/Loss on Derivative Financial Instruments	86	86
(14)	(14)	Other Fixed and Investment Asset Changes/(Credits)	(2)	(1)
0	(2,436)	Livestock Holding (Gain)/ Loss	0	(454)
45	144	(Profit)/ Loss on Disposal of Assets	320	320
(1,072)	(911)	Forestry Value (Gain) / Loss	(1,639)	(4,539)
0	0	Loss on timber stock	0	0
3,395	3,395	Other provisions and deferred expense asset	275	276
0	762	Increase in Deferred Taxation	0	755
0	0	Carbon Credit Allocation	0	41
1,266	1,266	Bad Debts Written Off	1,135	1,135
0	0	Dividend Receivable	0	0
17,642	20,192		26,251	28,474
		Add Items classified as Investing Activities		
154	154	Movement of Plant, Property and Equipment included in Trade Payables	(813)	(813)
0	(1,750)	Carbon credits sold	0	0
154	(1,596)		(813)	(813)
		Increase/(Decrease) in Working Capital		
(1,220)	(1,732)	Trade & Other Receivables	(4,817)	(4,960)
61	(91)	Inventories	(16)	(32)
128	128	Deposits Held	(73)	(73)
728	1,261	Trade & Other Payables	2,128	2,222
0	0	Provision for Other Liabilities	0	0
45	180	Employee Benefit Liabilities	(122)	(279)
(1,527)	0	Subvention Payment Due	1,248	0
0	742	Taxation Payable	0	711
(1,785)	488		(1,652)	(2,411)
16,011	19,084	Net Cash Inflow from Operating Activities	23,786	25,250

Note 30: Financial Instruments

Financial Risk Management Objectives and Policies

The Group's financial instruments include the following financial assets and liabilities:

Cash and cash equivalents, trade and other receivables, available-for-sale financial assets, and the following financial liabilities:

Accounts payable and borrowings from bank funding and secured debentures, and derivative financial instruments.

Note 30A: Financial Instruments

Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s		Council 2017/18 AP \$000s	Council 2017/18 Actual \$000s	Group 2017/18 Actual \$000s
FINANCIAL ASSETS					
Non Current Assets					
694	1,097	Investments - Non Current	522	855	1,295
694	1,097	Available for Sale Financial Assets	522	855	1,295
Current Assets					
0	0	Investments - Current	61	0	0
0	0	Available for Sale Financial Assets	61	0	0
176	297	Cash and Cash Equivalents	282	582	1,020
12,454	10,637	Trade and Other Receivables	11,222	14,890	14,256
12,630	10,934	Loans and Receivables at Amortised Cost	11,504	15,472	15,276
FINANCIAL LIABILITIES					
Non Current Liabilities					
0	0	Bank Loan	17,330	0	0
25,000	25,000	Secured Debentures	17,000	32,100	32,100
227	227	Trade Payables and Accruals	0	170	170
25,227	25,227	Financial Liabilities Measured at Amortised Cost	34,330	32,270	32,270
1,793	1,793	Derivative Financial Instruments	2,723	1,890	1,890
1,793	1,793	Fair Value Through Statement of Comprehensive Income - Held for Trading	2,723	1,890	1,890
Current Liabilities					
716	716	Derivative Financial Instruments	699	702	703
2,000	2,000	Secured Debentures	0	5,000	5,000
8,000	8,000	Commercial Paper	10,000	6,000	6,000
2,679	3,907	Bank Loan	4,615	780	11,069
19,792	21,767	Trade Payables and Accruals	19,430	21,855	23,573
33,187	36,390	Financial Liabilities at Amortised Cost	34,744	34,337	46,345

Our Finances

As part of its normal operations, the Group is exposed to credit risk, interest rate risk and liquidity risk. The Group's exposure to these risks and the action taken to minimise the impact of these risks is outlined below:

Fair Value

Fair value is the amount for which an item could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction. The fair values of all financial instruments equate to the carrying amount recognised in the Statement of Financial Position.

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

- Level 1 - The fair value is calculated using quoted prices in active markets.
- Level 2 - The fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3 - The fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below:

COUNCIL

Year Ended 30 June 2017 Valuation Technique				Year Ended 30 June 2018 Valuation Technique			
Quoted Market Price (Level 1) \$000s	Observable Inputs (Level 2) \$000s	Non Observable Inputs (Level 3) \$000s	Total \$000s	Quoted Market Price (Level 1) \$000s	Observable Inputs (Level 2) \$000s	Non Observable Inputs (Level 3) \$000s	Total \$000s
Financial Assets							
0	0	694	694	0	0	855	855
0	0	694	694	0	0	855	855
Financial Liabilities							
0	(2,509)	0	(2,509)	0	(2,592)	0	(2,592)
0	(2,509)	0	(2,509)	0	(2,592)	0	(2,592)

GROUP

Year Ended 30 June 2017 Valuation Technique				Year Ended 30 June 2018 Valuation Technique			
Quoted Market Price (Level 1) \$000s	Observable Inputs (Level 2) \$000s	Non Observable Inputs (Level 3) \$000s	Total \$000s	Quoted Market Price (Level 1) \$000s	Observable Inputs (Level 2) \$000s	Non Observable Inputs (Level 3) \$000s	Total \$000s
Financial Assets							
0	0	1,097	1,097	0	0	1,295	1,295
0	0	1,097	1,097	0	0	1,295	1,295
Financial Liabilities							
0	(2,509)	0	(2,509)	0	(2,593)	0	(2,593)
0	(2,509)	0	(2,509)	0	(2,593)	0	(2,593)

There were no transfers between the different levels of the fair value hierarchy.

Changing a valuation assumption to a reasonable possible alternative assumption would not significantly change fair value.

Credit Risk

Credit risk is the risk that a third party will default on its obligations to the Group, causing the Group to incur a loss. The Group has no significant concentrations of credit risk, as it has a large number of credit customers, mainly ratepayers, and Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

The Group invests funds only in deposits with registered banks and its investment policy limits the amount of credit exposure to any one institution or organisation. The Group only invests funds with those entities which have a Standard and Poor's credit rating of at least A2 - for short term and A - for long-term investments. Accordingly, the Group does not require any collateral or security to support these financial instruments.

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 counter party default rates.

Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s		Council 2017/18 Actual \$000s	Group 2017/18 Actual \$000s
COUNTER PARTIES WITH CREDIT RATINGS				
		Cash at Bank and Term Deposits		
176	297	AA-	582	1,020
176	297	Total cash at bank and term deposits	582	1,020
COUNTER PARTIES WITHOUT CREDIT RATINGS				
66	66	Existing counter party with no defaults in the past	49	49
66	66	Total Rates postponement and Community loans	49	49

Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s		Council 2017/18 Actual \$000s	Group 2017/18 Actual \$000s
Financial Assets				
176	297	Cash and Cash Equivalents	582	1,020
12,454	10,637	Trade and Other Receivables	14,890	14,256
0	0	Current Investments	0	0
12,630	10,934	Total Financial Assets	15,473	15,277

The ageing profile of trade and other receivables at the reporting date is as follows:

Council 2017			Council 2018		
Gross \$000s	Impaired \$000s		Gross \$000s	Impaired \$000s	
Trade and Other Receivables					
7,507	0	Current	9,336	0	
335	0	Past Due 0 - 3 Months	1,052	0	
136	0	Past Due 3 - 6 Months	309	0	
9,877	5,401	Past Due More Than 6 Months	9,724	5,531	
17,855	5,401	Total Trade and Other Receivables	20,421	5,531	

Group 2017			Group 2018		
Gross \$000s	Impaired \$000s		Gross \$000s	Impaired \$000s	
Trade and Other Receivables					
5,612	0	Current	8,702	0	
414	0	Past Due 0 - 3 Months	1,052	0	
137	0	Past Due 3 - 6 Months	309	0	
9,877	5,401	Past Due More Than 6 Months	9,724	5,531	
16,040	5,401	Total Trade and Other Receivables	19,787	5,531	

The concentration of receivables past due more than six months primarily relates to rates and fines receivable. Due to their nature, the collection pattern for rates and fines receivable is longer than that for trade.

Liquidity Risk

Liquidity risk is the risk arising from unmatched cash flows and maturities. To provide flexibility in the management of the Group's liquidity, the Group has committed bank advance facilities available (for details refer to Page 114: Borrowings).

On a cash flow basis, the Council maintains sufficient funds to cover all obligations as they fall due. Facilities

Our Finances

are maintained in accordance with the Council's Treasury Management Policy and Guidelines.

Contractual Maturity Analysis of Financial Assets

The table above analyses Council's financial assets into relevant maturity groupings based on the remaining period at the balance date to the contracted maturity date.

The Group's maximum exposure to credit risk at balance date is:

COUNCIL 2018	Statement of Financial Position \$000s	Total Contractual Cash Flows \$000s	0 - 12 Months \$000s	1 - 2 Years \$000s	2 - 5 Years \$000s	> 5 Years \$000s
Cash and Cash Equivalents	582	582	582	0	0	0
Trade and Other Receivables	20,421	20,421	20,372	0	0	49
Current Investments	0	0	0	0	0	0
Total Financial Assets	21,003	21,003	20,954	0	0	49

COUNCIL 2017	Statement of Financial Position \$000s	Total Contractual Cash Flows \$000s	0 - 12 Months \$000s	1 - 2 Years \$000s	2 - 5 Years \$000s	> 5 Years \$000s
Cash and Cash Equivalents	176	176	176	0	0	0
Trade and Other Receivables	17,855	17,855	17,789	0	0	66
Current Investments	0	0	0	0	0	0
Total Financial Assets	18,031	18,031	17,965	0	0	66

GROUP 2018	Statement of Financial Position \$000s	Total Contractual Cash Flows \$000s	0 - 12 Months \$000s	1 - 2 Years \$000s	2 - 5 Years \$000s	> 5 Years \$000s
Cash and Cash Equivalents	1,020	1,020	1,020	0	0	0
Trade and Other Receivables	19,787	19,787	19,738	0	0	49
Current Investments	0	0	0	0	0	0
Total Financial Assets	20,807	20,807	20,758	0	0	49

GROUP 2017	Statement of Financial Position \$000s	Total Contractual Cash Flows \$000s	0 - 12 Months \$000s	1 - 2 Years \$000s	2 - 5 Years \$000s	> 5 Years \$000s
Cash and Cash Equivalents	297	297	297	0	0	0
Trade and Other Receivables	16,038	16,038	15,972	0	0	66
Current Investments	0	0	0	0	0	0
Total Financial Assets	16,335	16,335	16,269	0	0	66

Contractual Maturity Analysis of Financial Liabilities

The table below summarises the maturity profile of Council's financial liabilities based on contractual payments.

COUNCIL 2018	Statement of Financial Position \$000s	Total Contractual Cash Flows \$000s	0 - 12 Months \$000s	1 - 2 Years \$000s	2 - 5 Years \$000s	> 5 Years \$000s
Trade and Other Payables	22,025	22,025	22,025	0	0	0
Derivative Financial Instruments	2,592	2,592	702	580	1,131	179
Bank Loans	780	780	780	0	0	0
Commercial Paper	6,000	6,022	6,022	0	0	0
Debentures	37,100	41,378	5,982	878	24,152	10,366
Total Financial Liabilities	68,497	72,797	35,511	1,458	25,283	10,545

COUNCIL 2017	Statement of Financial Position \$000s	Total Contractual Cash Flows \$000s	0 - 12 Months \$000s	1 - 2 Years \$000s	2 - 5 Years \$000s	> 5 Years \$000s
Trade and Other Payables	20,019	20,019	20,019	0	0	0
Derivative Financial Instruments	2,509	2,509	716	585	938	270
Bank Loans	2,679	2,679	2,679	0	0	0
Commercial Paper	8,000	8,042	8,042	0	0	0
Debentures	27,000	30,490	2,697	5,632	6,440	15,721
Total Financial Liabilities	60,207	63,739	34,153	6,217	7,378	15,991

GROUP 2018	Statement of Financial Position \$000s	Total Contractual Cash Flows \$000s	0 - 12 Months \$000s	1 - 2 Years \$000s	2 - 5 Years \$000s	> 5 Years \$000s
Trade and Other Payables	23,743	23,743	23,743	0	0	0
Derivative Financial Instruments	2,593	2,593	702	580	1,132	179
Bank Loans	11,069	11,069	11,069	0	0	0
Commercial Paper	6,000	6,022	6,022	0	0	0
Debentures	37,100	41,378	5,982	878	24,152	10,366
Total Financial Liabilities	80,505	84,805	47,518	1,458	25,284	10,545

GROUP 2017	Statement of Financial Position \$000s	Total Contractual Cash Flows \$000s	0 - 12 Months \$000s	1 - 2 Years \$000s	2 - 5 Years \$000s	> 5 Years \$000s
Trade and Other Payables	21,994	21,994	21,994	0	0	0
Derivative Financial Instruments	2,509	2,509	716	585	938	270
Bank Loans	3,907	3,907	3,907	0	0	0
Commercial Paper	8,000	8,042	8,042	0	0	0
Debentures	27,000	30,490	2,697	5,632	6,440	15,721
Total Financial Liabilities	63,410	66,942	37,356	6,217	7,378	15,991

Market Risk

The Group enters into derivative financial instruments to manage interest rate risk. A treasury committee, headed by senior management personnel, provides oversight for risk management and derivatives activities and ensures any activities comply with the Treasury Management Policy which is formally approved by Council as part of the Council's Long Term Plan (Ten Year Plan).

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate due to changes in market interest rates. The Group is exposed to interest rate risk from its interest-earning financial assets and interest-bearing liabilities. The Group is risk averse and seeks to minimise exposure from its treasury activities.

It does not undertake unnecessary investment or borrowing activity, nor is any speculation permitted in the activity it undertakes.

The Group manages its interest rate risk by maintaining the ratio of borrowing between fixed and floating interest rates and by maintaining portions of its borrowings in a range of maturity profiles.

The effective interest rates of financial instruments are as follows:

Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s		Council 2017/18 Actual \$000s	Group 2017/18 Actual \$000s
Weighted Effective Interest Rates				
3.95%	3.93%	Bank Loan	2.70%	3.24%
2.63%	2.63%	Debentures	2.76%	2.76%
5.78%	5.78%	Derivative Financial Instruments	4.74%	4.74%
2.29%	2.29%	Commercial Paper	2.26%	2.26%

Interest Rate Sensitivity

At balance date the Group had fixed interest rate liabilities in the form of interest rate swaps. If interest rates at that date had been 100 basis points higher/lower with all other variable held constant, net surplus for the year would have adjusted by the amounts in the table below:

Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s		Council 2017/18 Actual \$000s	Group 2017/18 Actual \$000s
Net Surplus Higher/(Lower)				
988	988	+ 100 Basis Points	1,420	1,420
(1,065)	(1,065)	- 100 Basis Points	(1,506)	(1,506)

Note 31: Commitments

COUNCIL 2018	Total \$000s	0 - 12 Months \$000s	1 - 5 Years \$000s
Capital Commitments - Approved and Contracted	40,067	18,943	21,124
Operational Contract Commitments - Approved and Contracted	33,091	12,251	20,840
Total Commitments	73,158	31,194	41,964

COUNCIL 2017	Total \$000s	0 - 12 Months \$000s	1 - 5 Years \$000s
Capital Commitments - Approved and Contracted	81,944	23,177	58,767
Operational Contract Commitments - Approved and Contracted	18,197	6,881	11,316
Total Commitments	100,141	30,058	70,083

GROUP 2018	Total \$000s	0 - 12 Months \$000s	1 - 5 Years \$000s
Capital Commitments - Approved and Contracted	41,567	20,443	21,124
Operational Contract Commitments - Approved and Contracted	33,330	12,318	21,012
Total Commitments	74,897	32,761	42,136

GROUP 2017	Total \$000s	0 - 12 Months \$000s	1 - 5 Years \$000s
Capital Commitments - Approved and Contracted	88,684	29,917	58,767
Operational Contract Commitments - Approved and Contracted	18,197	6,881	11,316
Total Commitments	106,881	36,798	70,083

Note 32A: Leases

	Total \$000s	0 - 12 Months \$000s	1 - 5 Years \$000s	5+ Years \$000s
GROUP 2018				
Operating Lease Payments	545	110	285	150
Total Non Cancellable Operating	545	110	285	150
GROUP 2017				
Operating Lease Payments	790	312	328	150
Total Non Cancellable Operating	790	312	328	150

Note 33: Contingent Liabilities

Paokahu Consent Bond

As a condition of the Paokahu landfill resource consent the Council entered into a bond with the Paokahu owners for the sum of \$100,000. This acts as security for the performance of any of the conditions of the resource consent, including any conditions relating to aftercare and post closure remediation.

RiskPool Liability

Gisborne District Council was a member of the NZ Mutual Liability Riskpool between 2003 and 2010. During this time there were unprecedented adverse liability findings against New Zealand local authorities, particularly as a result of the leaky building epidemic. As this exposure was unforeseen, the amount of contributions collected and reinsurance placed was insufficient to meet the claims turn out with the result being calls for additional funds on members. While the risk of further calls diminishes with each year as limitation periods expire, liability remains for the Council for those years where it was a Riskpool member. Should there be adverse claims developments, the Riskpool Board will advise affected members of the call and their share of the liability at the earliest possible time.

New Zealand Emissions Trading Scheme Obligations

The Group has a contingent liability in respect of both its pre-1990 and post-1989 forests which are part of the New Zealand Emissions Trading Scheme.

Should the Group deforest all of its pre-1990 forests, it would have a liability under the ETS to surrender New Zealand emissions units of approximately \$3.310m determined at 30 June 2018 (2017: \$2.703m).

Should the Group experience a decrease in total carbon stocks for all of its post-1989 forests, whether due to events such as harvest or forest fire, it would have a liability under the ETS to surrender New Zealand emissions units of approximately \$5.132m determined at 30 June 2018 (2017: \$3.631m). The amount and timing of any liability is uncertain and is dependent on the occurrence of the circumstances described above and the price of emissions units at the time of deforestation.

New Zealand Local Government Funding Agency Limited

Gisborne District Council is a guarantor of the New Zealand Local Government Funding Agency Limited (NZLGFA). The NZLGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a current credit rating from Standard and Poor's of AA+.

Gisborne District Council is one of 30 local authority shareholders and 8 local authority guarantors of the NZLGFA. In that regard it has uncalled capital of \$0.1m. When aggregated with the uncalled capital of other shareholders, \$25m is available in the event that an imminent default is identified. Also, together with the

	Total \$000s	0 - 12 Months \$000s	1 - 5 Years \$000s	5+ Years \$000s
COUNCIL 2018				
Operating Lease Payments	36,776	1,889	7,427	27,460
Total Non Cancellable Operating	36,776	1,889	7,427	27,460
COUNCIL 2017				
Operating Lease Payments	32,446	1,721	6,289	24,436
Total Non Cancellable Operating	32,446	1,721	6,289	24,436

Gisborne District Council leases buildings from Gisborne Holdings Ltd. This arrangement began 1 December 2015. In 2018 the annual lease amount was \$1.6m. Non cancellable lease terms range between 5 and 33 years from start date. The Council leases photocopiers for which there is no monthly lease obligation. The term of the lease is for five years from 1 January 2016. The Council incurs charges for the number of copies made each period. Included within the lease agreement is a termination clause which imposes a penalty for early termination of the lease agreement. The penalty is calculated based on the number of months outstanding in the agreement multiplied with a target number of copies. As at 30 June this penalty is calculated to be \$466,393 (2017: \$599,648).

Note 32B: Residential Lease

Council leases its residential property assets to tenants. The terms of each tenancy are governed by the Residential Tenancies Act 1986. Rent is charged at less than market value. The leases are cancellable by the tenants and this is provided by the Residential Tenancies Act. A minimum notice period of 21 days applies or, if cancelled by Council, 90 days notice is required.

The future aggregate minimum lease payments to be received under operating leases are as follows:

	Total \$000s	0 - 12 Months \$000s	1 - 2 Years \$000s	2 - 5 Years \$000s
COUNCIL 2018				
Operating Lease Commitments	59	59	0	0
Total Operating Lease Commitments	59	59	0	0
COUNCIL 2017				
Operating Lease Commitments	59	59	0	0
Total Operating Lease Commitments	59	59	0	0

Our Finances

other shareholders and guarantors, Gisborne District Council is a guarantor of all of NZLGFA's borrowings. At 30 June 2018, NZLGFA had borrowings totalling \$8,594m (2017: \$7,784m).

Financial reporting standards require Gisborne District Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Council considers the risk of NZLGFA defaulting on repayment of interest or capital to be very low on the basis that:

- We are not aware of any local authority debt default events in New Zealand; and
- local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

Earthquake Prone Buildings

Strengthening work commenced on Lawson Field Theatre in June 2018 and will be completed in 2019. Te Puia Service Centre is unused and activities moved to alternative premises. There are no other buildings that meet the criteria for earthquake prone buildings under the Building (Earthquake-prone Buildings) Amendment Act 2016.

Carter Holt Harvey

In April 2013, the Ministry of Education (MOE) initiated High Court proceedings against Carter Holt Harvey (CHH) and others alleging inherent defects in the cladding sheets and cladding systems manufactured and prepared by CHH. Subsequently, in December 2016, CHH commenced third party proceedings against 48 Councils, including Gisborne District Council alleging a breach of duty in the processing of building consents, undertaking building inspections and issuing Code Compliance Certificates. The Councils have applied for orders setting aside and striking out CHH's claims against them. The MOE's claim against CHH is for 833 school buildings, 19 of which are located within Gisborne. At present there is insufficient information to conclude on potential liability and claim quantum, if any.

Other Claims

Council is one of various defendants in an ongoing legal claim. The trial is currently set down for Nov 2018.

Note 34: Related Party Transactions

All the above services were provided on normal terms and conditions of trade. Figures for services provided are shown exclusive of GST. Balance sheet items are GST inclusive. All balances have been eliminated on consolidation.

Relationship with Gisborne Holdings Ltd

Gisborne Holdings Ltd (GHL) is 100% owned by Gisborne District Council (GDC). The GDC is, through GHL, a 100% shareholder in Tauwhareparae Farms Ltd.

The investment by GHL in subsidiaries comprises a 100% interest in Tauwhareparae Farms Ltd (TFL). TFL is a non-trading entity. TFL is involved in the ownership and operation of farming activities.

In 2016 GHL took over some commercial operations for Council.

All subsidiaries have a 30 June balance date.

Transactions with GHL	2017 \$000s	2018 \$000s
Services Provided to Council	440	444
Services Provided by Council	176	236
Lease Provided by GHL	1,608	1,602

The above table shows the transactions with GHL during the financial year. As GHL forms part of the Group, these transactions are eliminated upon consolidation.

All the above services were provided on normal terms and conditions of trade. Figures for services provided are shown exclusive of GST. Balance sheet items are GST inclusive. All balances have been eliminated on consolidation.

Note 35: Key Management Personnel Compensation

Key Management Personnel Compensation

	2017 \$000s	2018 \$000s
Salaries and Other Short Term Employees Benefit;		
Governance	691	696
Chief Executive and Senior Leadership Team	1,315	1,398

Key management personnel include the Mayor, Councillors, Chief Executive and a six person leadership team.

Note 36: Remuneration and Severance Payments

During the year to 30 June 2018 the total remuneration received by or payable to the Mayor, other Councillors and Chief Executive of the Council were as follows:

	2017	2018
M Foon, Mayor	\$138,780	\$136,982
R Stoltz, Deputy Mayor	\$54,364	\$48,548

M. Akuhata-Brown	\$36,494	\$36,816
JC Bauld	\$14,129	\$0
WS Burdett	\$53,385	\$61,230
J Wharehinga	\$36,257	\$37,777
A Cranston	\$43,468	\$44,544
A Davidson	\$14,207	\$0
A Dunn	\$37,178	\$36,996
L Foster	\$36,501	\$36,996
R Haisman	\$12,244	\$0
P Seymour	\$51,421	\$54,873
G Thomson	\$43,905	\$45,167
B Wilson	\$43,202	\$44,355
K Fenn	\$25,070	\$36,816
M MacLean	\$25,612	\$37,873
S Dowsing	\$25,070	\$36,816
JE Campbell, Chief Executive	\$312,753	\$0
N Thatcher-Swann, Chief Executive*	\$83,538	\$292,163

*2017 Remuneration while in Chief Executive role only commenced 13 March 2017.

Total remuneration includes for the Mayor and Chief Executive the value of non-financial benefits. Total remuneration for the Councillors includes normal meetings, hearings, District Licensing Committee, mileage and other travel reimbursements which can be significant for Councillors not residing in Gisborne.

Salary Bands	Number of Employees	
	2017	2018
\$140,000 - \$300,000*	8	11
\$120,000 - \$140,000	9	6
\$100,000 - \$120,000	16	16
\$ 80,000 - \$100,000	35	43
\$ 60,000 - \$ 80,000	87	85
Less than \$ 60,000	182	169
	337	330
	2017	2018
Full Time Employees**	288	258
Full Time Equivalent Employees***	16	18

*If the number of employees in any band is 5 or fewer, the number for that band must be combined with the next-highest band.

**Full time employees: the total number of people employed full time (30 hours or more per week) excluding casual staff as at 30 June 2018.

***Full time equivalents: the total number of contracted hours for all part time (less than 30 hours per week) staff and all casual staff, divided by the full time equivalent hours (40 hours).

Severance Payments

One severance payment of \$30,054 was made during the 2018 financial year. No severance payments were made in 2017 financial year.

Note 37: Events After Balance Date

There are no events subsequent to balance date that materially affect these financial statements.

Note 38: Disclosure Statement

Rates Affordability Benchmark

The Council meets the rates affordability benchmark if:

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

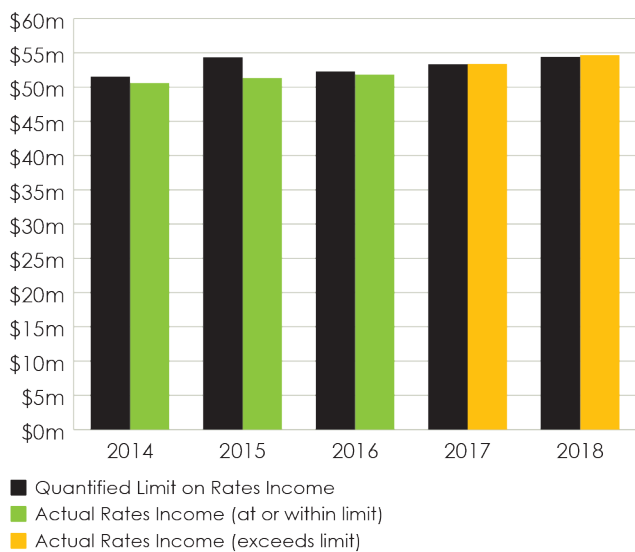
Rates Income Affordability

The following graphs compare the Council's actual rates income with quantified limits on rates contained in the financial strategy included in Council's Long Term Plan.

Quantified Limits on Rates

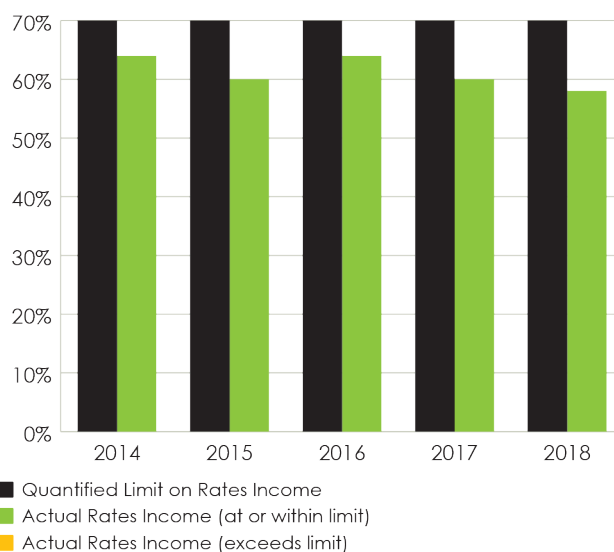
The quantified limit is for actual rates to be no more than that adopted in the Long Term Plan for that year.

Rates Affordability Benchmark



Total rates revenue for each year of the Long Term Plan period will be limited to 70% of operating revenue.

Rates Affordability Benchmark



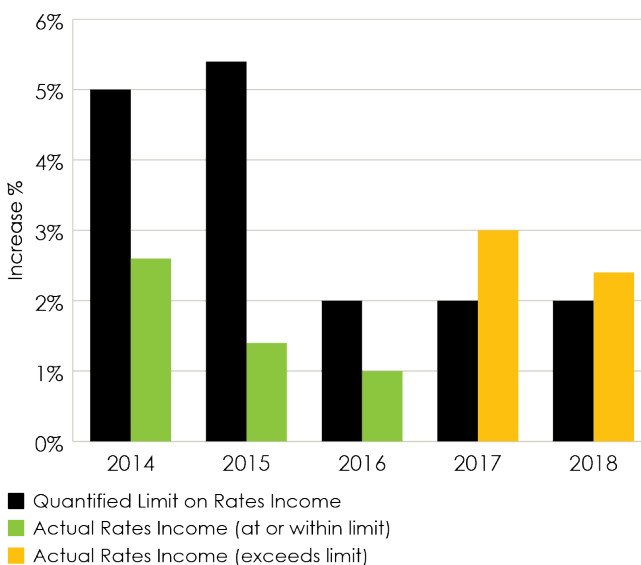
Rates Increases Affordability

The following graph compares the Council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the Council's Long Term Plan.

Quantified Limit on Rates Increases

This year Council's total increase in rates income was 2.4%. The 2015-2025 Long Term Plan estimate was 2%.

Rates Increases Benchmark



Debt Affordability Benchmark

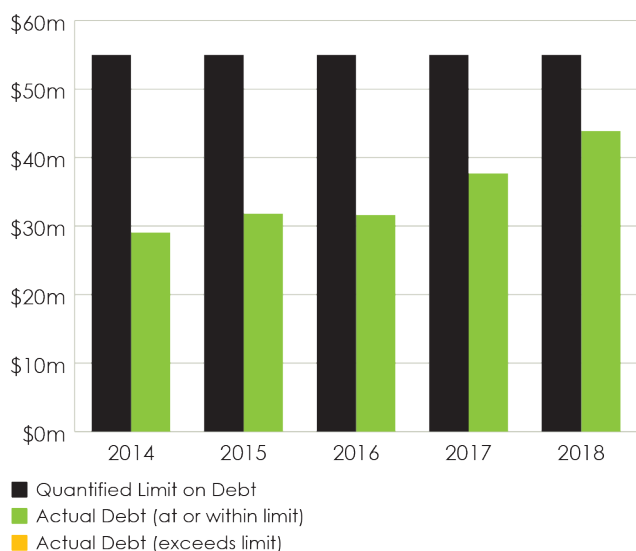
The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

Our Limits for Debt

The following graph compares the Council's actual total borrowing with the first quantified limit on borrowing stated in the financial strategy included in the Council's Long Term Plan.

The quantified limit is for total debt to be capped at \$55m.

Debt Affordability Benchmark

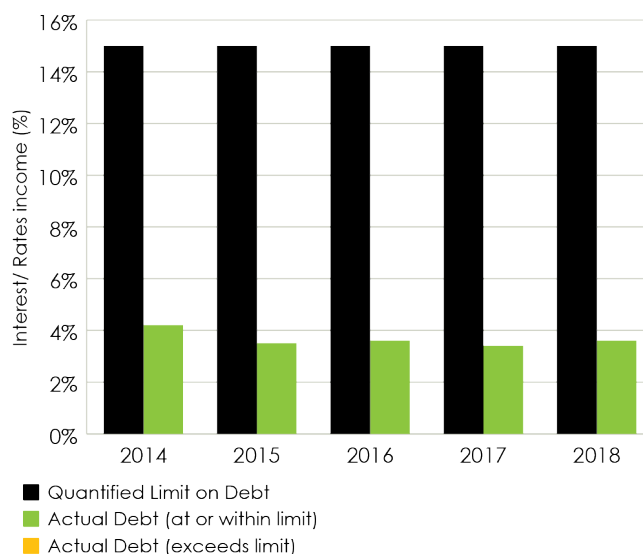


Our Limit on Interest as a Percentage of Total Rates Income

The following graph compares the Council's actual interest with the rates income.

The quantified limit is for interest to be equal to or less than 15% of total rates.

Debt Affordability Benchmark

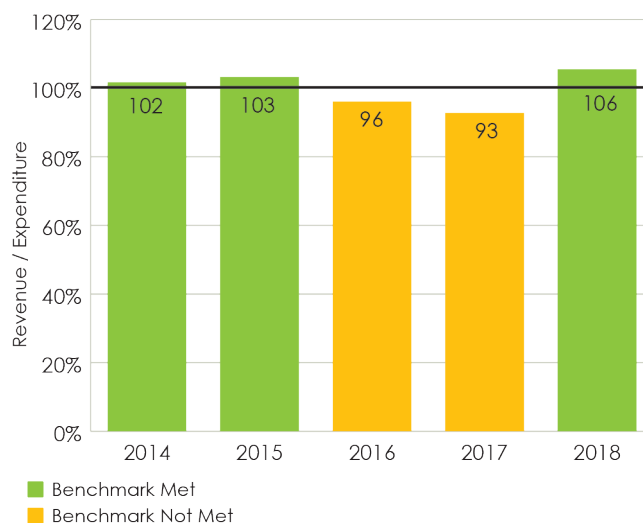


Balanced Budget Benchmark

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

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

Balanced Budget Benchmark



Essential Services Benchmark

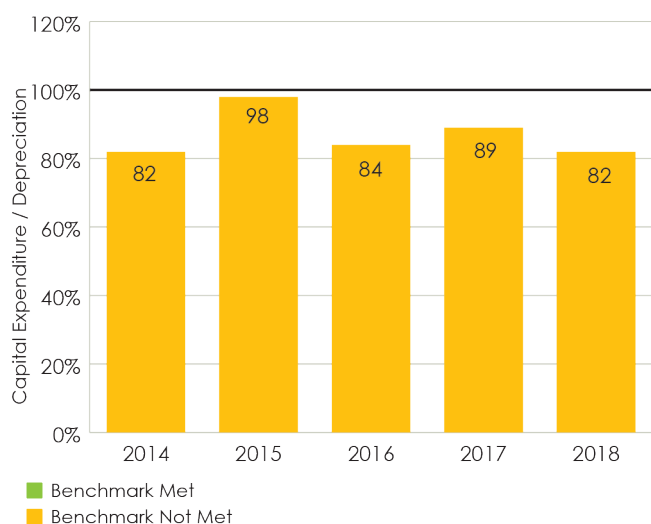
The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services.

Our Finances

The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.

Council did not meet this benchmark due to the timing of capital projects.

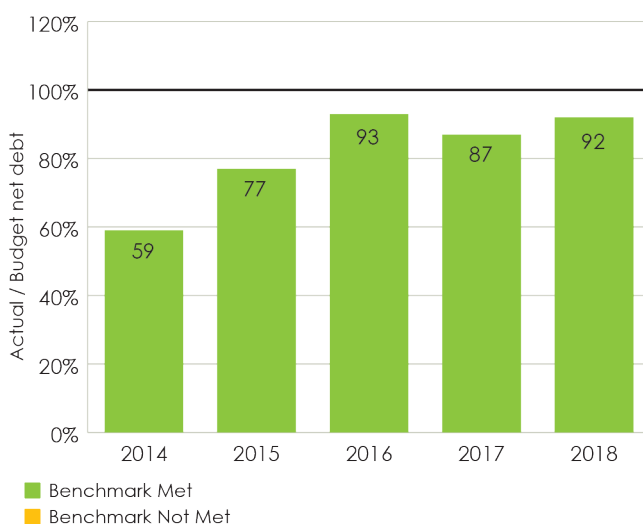
Essential Services Benchmark



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.

Debt Control Benchmark

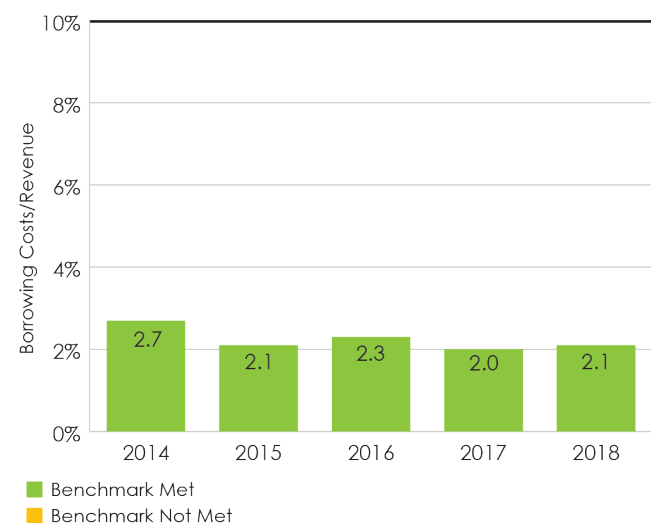


Debt Servicing Benchmark

The following graph displays the Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property plant and equipment).

It meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.

Debt Servicing Benchmark



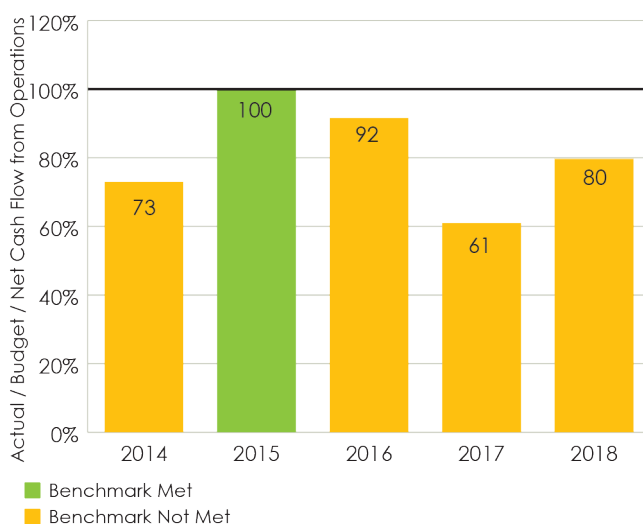
Operations Control Benchmark

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

The 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 did not meet this benchmark in 2018. The contributing factor was the delay in capital grants for major projects.

Operations Control Benchmark



Debt Control Benchmark

The following graph displays the Council's actual net debt as a proportion of planned net debt. In this statement,

Funding Impact Statement

Council

Funding Impact Statement for the Year ended 30 June (whole of Council)	AP 2016/17 \$000s	Actual 2016/17 \$000s	AP 2017/18 \$000s	Actual 2017/18 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	17,357	16,798	18,537	17,741
Targeted Rates	39,436	40,177	39,393	40,938
Subsidies and grants for operating purposes	9,438	11,099	9,227	12,352
Fees and Charges	8,317	6,847	6,221	6,793
Interest and dividends from investments	1,472	980	1,847	(57)
Local authorities fuel tax, Infringement Fees and other receipts	1,469	3,321	1,481	3,772
Total operating funding (A)	77,490	79,222	76,706	81,539
Applications of operating funding				
Payments to staff and suppliers	63,602	74,371	63,040	66,902
Finance costs	1,991	1,797	2,199	1,968
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	65,593	76,168	65,239	68,870
Surplus (deficit) of operating funding (A-B)	11,897	3,054	11,467	12,669
Sources of capital funding				
Subsidies and grants for capital expenditure	12,232	9,096	17,954	12,194
Development and financial contributions	699	281	699	231
Increase/(decrease) in debt	4,406	1,272	5,374	4,472
Gross proceeds from sale of assets	12	(199)	12	(205)
Lump sum contributions	0	0	0	0
Total sources capital funding (C)	17,349	10,450	24,039	16,692
Applications of capital funding				
Capital expenditure				
- to meet additional demand	702	614	1,722	284
- to improve the level of service	11,704	5,724	16,017	12,914
- to replace existing assets	21,231	17,166	24,682	17,357
Increase/ (decrease) in reserves	(4,390)	(10,001)	(6,915)	(1,194)
Increase/ (decrease) of investments	0	0	0	0
Total applications of capital funding (D)	29,246	13,503	35,506	29,361
Surplus (deficit) of capital funding	(11,897)	(3,054)	(11,467)	(12,669)
Funding balance ((A-B)+(C-D))	0	0	0	0

Commercial Operations

Funding Impact Statement for the Year ended 30 June	AP 2016/17 \$000s	Actual 2016/17 \$000s	AP 2017/18 \$000s	Actual 2017/18 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	20	20	16	16
Targeted Rates	0	0	0	0
Subsidies and grants for operating purposes	0	0	0	0
Fees and Charges	3,297	1,143	1,124	1,205
Internal charges and overheads recovered	304	162	96	87
Local authorities fuel tax, fines, infringement fees and other receipts	47	1,200	13	1,724
Total operating funding (A)	3,668	2,525	1,249	3,032
Applications of operating funding				
Payments to staff and suppliers	2,130	968	557	937
Finance costs	169	28	43	13
Internal charges and overheads applied	974	535	337	337
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	3,273	1,531	937	1,286
Surplus (deficit) of operating funding (A-B)	395	994	312	1,746
Sources of capital funding				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Increase/(decrease) in debt	(34)	(211)	(25)	(144)
Gross proceeds from sale of assets	0	(31)	0	0
Lump sum contributions	0	0	0	0
Total sources capital funding (C)	(34)	(241)	(25)	(144)
Applications of capital funding				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	6	0	0	179
- to replace existing assets	432	271	242	236
Increase/ (decrease) in reserves	(77)	483	45	1,187
Increase/ (decrease) of investments	0	0	0	0
Total applications of capital funding (D)	361	753	287	1,602
Surplus (deficit) of capital funding	(395)	(994)	(312)	(1,746)
Funding balance ((A-B)+(C-D))	0	0	0	0

Our Finances

Animal Control

Funding Impact Statement for the Year ended 30 June	AP 2016/17 \$000s	Actual 2016/17 \$000s	AP 2017/18 \$000s	Actual 2017/18 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	0	0	0	0
Targeted Rates	336	336	351	351
Subsidies and grants for operating purposes	50	80	50	194
Fees and Charges	665	601	626	611
Internal charges and overheads recovered	0	0	0	3
Local authorities fuel tax, fines, infringement fees and other receipts	84	155	86	142
Total operating funding (A)	1,136	1,172	1,113	1,301
Applications of operating funding				
Payments to staff and suppliers	715	665	721	722
Finance costs	0	0	0	1
Internal charges and overheads applied	440	431	402	402
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	1,156	1,096	1,123	1,124
Surplus (deficit) of operating funding (A-B)	(20)	76	(10)	177
Sources of capital funding				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Increase/(decrease) in debt	0	0	0	33
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources capital funding (C)	0	0	0	33
Applications of capital funding				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	0	0	0	0
- to replace existing assets	0	0	0	33
Increase/ (decrease) in reserves	(20)	76	(10)	177
Increase/ (decrease) of investments	0	0	0	0
Total applications of capital funding (D)	(20)	76	(10)	210
Surplus (deficit) of capital funding	20	(76)	10	(177)
Funding balance ((A-B)+(C-D))	0	0	0	0

Building Services

Funding Impact Statement for the Year ended 30 June	AP 2016/17 \$000s	Actual 2016/17 \$000s	AP 2017/18 \$000s	Actual 2017/18 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	880	880	840	840
Targeted Rates	0	0	0	0
Subsidies and grants for operating purposes	0	0	0	0
Fees and Charges	907	892	930	916
Internal charges and overheads recovered	79	79	81	81
Local authorities fuel tax, fines, infringement fees and other receipts	0	15	0	10
Total operating funding (A)	1,865	1,865	1,852	1,847
Applications of operating funding				
Payments to staff and suppliers	1,141	1,006	1,110	1,050
Finance costs	0	0	0	0
Internal charges and overheads applied	671	649	688	706
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	1,812	1,655	1,798	1,756
Surplus (deficit) of operating funding (A-B)	53	210	53	91
Sources of capital funding				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Increase/(decrease) in debt	(1)	(1)	(1)	(1)
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources capital funding (C)	(1)	(1)	(1)	(1)
Applications of capital funding				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	0	0	0	0
- to replace existing assets	0	0	0	0
Increase/ (decrease) in reserves	52	209	52	90
Increase/ (decrease) of investments	0	0	0	0
Total applications of capital funding (D)	52	209	52	90
Surplus (deficit) of capital funding	(53)	(210)	(53)	(91)
Funding balance ((A-B)+(C-D))	0	(0)	0	(0)

Environmental Health

Funding Impact Statement for the Year ended 30 June	AP 2016/17 \$000s	Actual 2016/17 \$000s	AP 2017/18 \$000s	Actual 2017/18 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	1,481	1,481	1,197	1,197
Targeted Rates	0	0	0	0
Subsidies and grants for operating purposes	0	0	0	0
Fees and Charges	303	293	311	328
Internal charges and overheads recovered	1,607	1,607	1,553	1,740
Local authorities fuel tax, fines, infringement fees and other receipts	9	13	9	90
Total operating funding (A)	3,400	3,394	3,070	3,354
Applications of operating funding				
Payments to staff and suppliers	1,279	1,279	1,319	1,323
Finance costs	0	0	0	0
Internal charges and overheads applied	2,145	2,155	2,155	2,434
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	3,424	3,434	3,474	3,757
Surplus (deficit) of operating funding (A-B)	(24)	(40)	(404)	(403)
Sources of capital funding				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Increase/(decrease) in debt	0	0	0	0
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources capital funding (C)	0	0	0	0
Applications of capital funding				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	0	0	0	0
- to replace existing assets	0	0	0	0
Increase/ (decrease) in reserves	(24)	(40)	(404)	(403)
Increase/ (decrease) of investments	0	0	0	0
Total applications of capital funding (D)	(24)	(40)	(404)	(403)
Surplus (deficit) of capital funding	24	40	404	403
Funding balance ((A-B)+(C-D))	0	0	0	0

Environmental Services

Funding Impact Statement for the Year ended 30 June	AP 2016/17 \$000s	Actual 2016/17 \$000s	AP 2017/18 \$000s	Actual 2017/18 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	0	0	0	0
Targeted Rates	3,916	3,916	4,336	4,336
Subsidies and grants for operating purposes	428	355	58	339
Fees and Charges	286	345	335	418
Internal charges and overheads recovered	4,809	4,809	5,297	5,463
Local authorities fuel tax, fines, infringement fees and other receipts	43	150	44	(7)
Total operating funding (A)	9,482	9,575	10,070	10,549
Applications of operating funding				
Payments to staff and suppliers	4,530	4,546	4,312	4,348
Finance costs	0	0	0	0
Internal charges and overheads applied	5,302	5,311	5,935	5,939
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	9,832	9,857	10,247	10,286
Surplus (deficit) of operating funding (A-B)	(351)	(282)	(178)	263
Sources of capital funding				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	39	0	0
Increase/(decrease) in debt	0	0	0	2
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources capital funding (C)	0	39	0	2
Applications of capital funding				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	0	0	0	0
- to replace existing assets	84	160	89	89
Increase/ (decrease) in reserves	(435)	(403)	(267)	176
Increase/ (decrease) of investments	0	0	0	0
Total applications of capital funding (D)	(351)	(243)	(178)	265
Surplus (deficit) of capital funding	351	282	178	(263)
Funding balance ((A-B)+(C-D))	0	(0)	0	0

Our Finances

Parking Services

Funding Impact Statement for the Year ended 30 June	AP 2016/17 \$000s	Actual 2016/17 \$000s	AP 2017/18 \$000s	Actual 2017/18 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	(374)	(374)	(391)	(391)
Targeted Rates	0	0	0	0
Subsidies and grants for operating purposes	0	0	0	0
Fees and Charges	624	691	641	687
Internal charges and overheads recovered	0	0	0	18
Local authorities fuel tax, fines, infringement fees and other receipts	737	1,077	756	908
Total operating funding (A)	987	1,394	1,006	1,222
Applications of operating funding				
Payments to staff and suppliers	531	1,141	594	163
Finance costs	0	0	0	1
Internal charges and overheads applied	457	452	412	412
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	987	1,593	1,006	575
Surplus (deficit) of operating funding (A-B)	0	(199)	0	647
Sources of capital funding				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Increase/(decrease) in debt	0	0	0	18
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources capital funding (C)	0	0	0	18
Applications of capital funding				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	0	0	0	0
- to replace existing assets	0	0	0	18
Increase/ (decrease) in reserves	0	(199)	0	647
Increase/ (decrease) of investments	0	0	0	0
Total applications of capital funding (D)	0	(199)	0	665
Surplus (deficit) of capital funding	0	199	0	(647)
Funding balance ((A-B)+(C-D))	0	0	0	0

Resource Consents

Funding Impact Statement for the Year ended 30 June	AP 2016/17 \$000s	Actual 2016/17 \$000s	AP 2017/18 \$000s	Actual 2017/18 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	1,244	1,244	1,328	1,328
Targeted Rates	0	0	0	0
Subsidies and grants for operating purposes	0	0	0	0
Fees and Charges	197	344	202	399
Internal charges and overheads recovered	366	311	374	391
Local authorities fuel tax, fines, infringement fees and other receipts	0	3	0	0
Total operating funding (A)	1,807	1,902	1,904	2,117
Applications of operating funding				
Payments to staff and suppliers	1,147	1,343	1,141	1,550
Finance costs	0	0	0	0
Internal charges and overheads applied	743	691	763	797
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	1,890	2,034	1,904	2,348
Surplus (deficit) of operating funding (A-B)	(83)	(132)	0	(230)
Sources of capital funding				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	7	0	0
Increase/(decrease) in debt	0	0	0	0
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources capital funding (C)	0	7	0	0
Applications of capital funding				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	0	0	0	0
- to replace existing assets	0	0	0	0
Increase/ (decrease) in reserves	(83)	(125)	0	(230)
Increase/ (decrease) of investments	0	0	0	0
Total applications of capital funding (D)	(83)	(125)	0	(230)
Surplus (deficit) of capital funding	83	132	0	230
Funding balance ((A-B)+(C-D))	0	(0)	0	0

Emergency Management (CDEM)

Funding Impact Statement for the Year ended 30 June	AP 2016/17 \$000s	Actual 2016/17 \$000s	AP 2017/18 \$000s	Actual 2017/18 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	469	469	515	515
Targeted Rates	613	613	0	0
Subsidies and grants for operating purposes	0	0	0	0
Fees and Charges	78	621	41	117
Internal charges and overheads recovered	10	10	10	10
Local authorities fuel tax, fines, infringement fees and other receipts	16	69	25	214
Total operating funding (A)	1,186	1,782	592	856
Applications of operating funding				
Payments to staff and suppliers	881	1,510	424	610
Finance costs	1	1	0	0
Internal charges and overheads applied	259	246	122	144
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	1,141	1,757	546	754
Surplus (deficit) of operating funding (A-B)	46	25	46	101
Sources of capital funding				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Increase/(decrease) in debt	(7)	(3)	0	(3)
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources capital funding (C)	(7)	(3)	0	(3)
Applications of capital funding				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	0	0	0	0
- to replace existing assets	5	0	236	0
Increase/ (decrease) in reserves	33	22	(190)	98
Increase/ (decrease) of investments	0	0	0	0
Total applications of capital funding (D)	39	22	46	98
Surplus (deficit) of capital funding	(46)	(25)	(46)	(101)
Funding balance ((A-B)+(C-D))	0	0	0	(0)

Governance

Funding Impact Statement for the Year ended 30 June	AP 2016/17 \$000s	Actual 2016/17 \$000s	AP 2017/18 \$000s	Actual 2017/18 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	2,329	2,329	2,313	2,313
Targeted Rates	0	0	0	0
Subsidies and grants for operating purposes	1	52	1	0
Fees and Charges	13	0	13	0
Internal charges and overheads recovered	0	0	0	54
Local authorities fuel tax, fines, infringement fees and other receipts	0	9	0	18
Total operating funding (A)	2,343	2,391	2,327	2,385
Applications of operating funding				
Payments to staff and suppliers	1,339	1,302	1,291	1,045
Finance costs	0	0	0	0
Internal charges and overheads applied	1,202	1,182	1,234	1,335
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	2,541	2,484	2,526	2,380
Surplus (deficit) of operating funding (A-B)	(198)	(94)	(198)	5
Sources of capital funding				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Increase/(decrease) in debt	0	(1)	0	(1)
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources capital funding (C)	0	(1)	0	(1)
Applications of capital funding				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	0	0	0	0
- to replace existing assets	0	0	0	0
Increase/ (decrease) in reserves	(198)	(94)	(198)	4
Increase/ (decrease) of investments	0	0	0	0
Total applications of capital funding (D)	(198)	(94)	(198)	4
Surplus (deficit) of capital funding	198	94	198	(5)
Funding balance ((A-B)+(C-D))	0	(0)	0	0

Support Services

Funding Impact Statement for the Year ended 30 June	AP 2016/17 \$000s	Actual 2016/17 \$000s	AP 2017/18 \$000s	Actual 2017/18 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	(596)	(421)	(156)	222
Targeted Rates	0	0	0	0
Subsidies and grants for operating purposes	0	0	0	0
Fees and Charges	128	95	132	109
Internal charges and overheads recovered	18,437	18,379	18,398	19,070
Interest and Dividends from Investments	1,472	980	1,847	(57)
Local authorities fuel tax, fines, infringement fees and other receipts	406	424	416	428
Total operating funding (A)	19,848	19,458	20,637	19,773
Applications of operating funding				
Payments to staff and suppliers	13,580	17,116	14,021	14,900
Finance costs	(1,319)	(829)	(1,146)	(682)
Internal charges and overheads applied	6,390	7,074	6,425	6,846
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	18,651	23,362	19,300	21,064
Surplus (deficit) of operating funding (A-B)	1,197	(3,904)	1,337	(1,291)
Sources of capital funding				
Subsidies and grants for capital expenditure	0	3	0	0
Development and financial contributions	699	232	699	198
Increase/(decrease) in debt	333	125	389	(536)
Gross proceeds from sale of assets	12	24	12	(55)
Lump sum contributions	0	0	0	0
Total sources capital funding (C)	1,043	383	1,100	(393)
Applications of capital funding				
Capital expenditure				
- to meet additional demand	0	(0)	0	0
- to improve the level of service	1,275	1,357	985	741
- to replace existing assets	1,219	707	1,152	946
Increase/ (decrease) in reserves	(253)	(5,585)	300	(3,369)
Increase/ (decrease) of investments	0	0	0	0
Total applications of capital funding (D)	2,241	(3,521)	2,437	(1,683)
Surplus (deficit) of capital funding	(1,197)	3,904	(1,337)	1,291
Funding balance ((A-B)+(C-D))	0	0	0	(0)

Flood Protection

Funding Impact Statement for the Year ended 30 June	AP 2016/17 \$000s	Actual 2016/17 \$000s	AP 2017/18 \$000s	Actual 2017/18 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	1,439	1,439	1,522	1,522
Targeted Rates	1,265	1,265	1,147	1,147
Subsidies and grants for operating purposes	0	0	0	0
Fees and Charges	168	209	172	222
Internal charges and overheads recovered	16	18	93	100
Local authorities fuel tax, fines, infringement fees and other receipts	11	1	11	0
Total operating funding (A)	2,898	2,931	2,946	2,991
Applications of operating funding				
Payments to staff and suppliers	1,566	1,409	1,475	1,242
Finance costs	235	217	275	244
Internal charges and overheads applied	952	938	1,048	1,108
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	2,752	2,564	2,798	2,594
Surplus (deficit) of operating funding (A-B)	146	367	148	397
Sources of capital funding				
Subsidies and grants for capital expenditure	0	25	0	0
Development and financial contributions	0	0	0	0
Increase/(decrease) in debt	565	370	582	1,493
Gross proceeds from sale of assets	0	(72)	0	0
Lump sum contributions	0	0	0	0
Total sources capital funding (C)	565	323	582	1,493
Applications of capital funding				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	0	0	0	0
- to replace existing assets	1,038	941	1,669	2,275
Increase/ (decrease) in reserves	(327)	(251)	(939)	(384)
Increase/ (decrease) of investments	0	0	0	0
Total applications of capital funding (D)	711	691	730	1,890
Surplus (deficit) of capital funding	(146)	(367)	(148)	(397)
Funding balance ((A-B)+(C-D))	(0)	0	0	(0)

Land Transport (Tairāwhiti Roads)

Funding Impact Statement for the Year ended 30 June	AP 2016/17 \$000s	Actual 2016/17 \$000s	AP 2017/18 \$000s	Actual 2017/18 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	0	0	0	0
Targeted Rates	10,621	10,621	10,609	10,609
Subsidies and grants for operating purposes	8,828	10,469	8,993	11,584
Fees and Charges	2	0	2	0
Internal charges and overheads recovered	1,155	1,203	1,160	1,155
Local authorities fuel tax, fines, infringement fees and other receipts	16	53	16	69
Total operating funding (A)	20,621	22,346	20,780	23,417
Applications of operating funding				
Payments to staff and suppliers	12,942	19,409	12,940	16,813
Finance costs	307	237	357	438
Internal charges and overheads applied	2,758	2,897	2,787	2,793
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	16,007	22,542	16,084	20,044
Surplus (deficit) of operating funding (A-B)	4,614	(196)	4,696	3,372
Sources of capital funding				
Subsidies and grants for capital expenditure	7,239	7,050	9,266	7,453
Development and financial contributions	0	0	0	0
Increase/(decrease) in debt	451	331	1,942	708
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources capital funding (C)	7,690	7,381	11,208	8,161
Applications of capital funding				
Capital expenditure				
- to meet additional demand	350	481	1,000	(0)
- to improve the level of service	2,115	1,208	4,280	2,078
- to replace existing assets	9,602	9,971	9,732	9,584
Increase/ (decrease) in reserves	237	(4,474)	892	(129)
Increase/ (decrease) of investments	0	0	0	0
Total applications of capital funding (D)	12,304	7,185	15,904	11,533
Surplus (deficit) of capital funding	(4,614)	196	(4,696)	(3,372)
Funding balance ((A-B)+(C-D))	0	(0)	0	0

Solid Waste Management

Funding Impact Statement for the Year ended 30 June	AP 2016/17 \$000s	Actual 2016/17 \$000s	AP 2017/18 \$000s	Actual 2017/18 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	2,267	2,267	2,319	2,319
Targeted Rates	1,983	1,983	2,035	2,035
Subsidies and grants for operating purposes	0	0	0	0
Fees and Charges	156	209	156	199
Internal charges and overheads recovered	43	216	44	207
Local authorities fuel tax, fines, infringement fees and other receipts	10	11	10	7
Total operating funding (A)	4,459	4,687	4,564	4,767
Applications of operating funding				
Payments to staff and suppliers	3,218	3,488	3,309	3,250
Finance costs	333	290	300	236
Internal charges and overheads applied	135	269	137	253
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	3,685	4,047	3,746	3,739
Surplus (deficit) of operating funding (A-B)	774	641	818	1,028
Sources of capital funding				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Increase/(decrease) in debt	(668)	(533)	(704)	(569)
Gross proceeds from sale of assets	0	(12)	0	(13)
Lump sum contributions	0	0	0	0
Total sources capital funding (C)	(668)	(545)	(704)	(582)
Applications of capital funding				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	0	0	10	0
- to replace existing assets	72	301	108	85
Increase/ (decrease) in reserves	34	(206)	(3)	361
Increase/ (decrease) of investments	0	0	0	0
Total applications of capital funding (D)	106	96	114	446
Surplus (deficit) of capital funding	(774)	(641)	(818)	(1,028)
Funding balance ((A-B)+(C-D))	0	0	0	0

Our Finances

Urban Stormwater Services

Funding Impact Statement for the Year ended 30 June	AP 2016/17 \$000s	Actual 2016/17 \$000s	AP 2017/18 \$000s	Actual 2017/18 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	0	0	0	0
Targeted Rates	2,886	2,886	2,934	2,934
Subsidies and grants for operating purposes	0	0	0	0
Fees and Charges	0	0	0	0
Internal charges and overheads recovered	409	419	420	434
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0
Total operating funding (A)	3,295	3,304	3,353	3,368
Applications of operating funding				
Payments to staff and suppliers	1,554	824	1,546	907
Finance costs	353	273	371	241
Internal charges and overheads applied	496	484	516	519
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	2,403	1,580	2,434	1,666
Surplus (deficit) of operating funding (A-B)	892	1,724	919	1,701
Sources of capital funding				
Subsidies and grants for capital expenditure	0	42	0	0
Development and financial contributions	0	0	0	0
Increase/(decrease) in debt	416	(73)	564	(326)
Gross proceeds from sale of assets	0	(26)	0	2
Lump sum contributions	0	0	0	0
Total sources capital funding (C)	416	(57)	564	(324)
Applications of capital funding				
Capital expenditure				
- to meet additional demand	204	67	143	202
- to improve the level of service	0	0	0	0
- to replace existing assets	1,302	492	1,511	321
Increase/ (decrease) in reserves	(198)	1,108	(171)	854
Increase/ (decrease) of investments	0	0	0	0
Total applications of capital funding (D)	1,308	1,667	1,483	1,377
Surplus (deficit) of capital funding	(892)	(1,724)	(919)	(1,701)
Funding balance ((A-B)+(C-D))	0	0	0	0

Wastewater

Funding Impact Statement for the Year ended 30 June	AP 2016/17 \$000s	Actual 2016/17 \$000s	AP 2017/18 \$000s	Actual 2017/18 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	0	0	0	0
Targeted Rates	6,589	6,589	6,828	6,828
Subsidies and grants for operating purposes	0	0	0	0
Fees and Charges	325	346	333	327
Internal charges and overheads recovered	1,015	991	1,041	991
Local authorities fuel tax, fines, infringement fees and other receipts	6	7	6	63
Total operating funding (A)	7,935	7,934	8,208	8,208
Applications of operating funding				
Payments to staff and suppliers	2,732	3,949	3,363	3,567
Finance costs	1,185	1,024	1,209	909
Internal charges and overheads applied	2,231	2,240	2,294	2,316
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	6,147	7,213	6,866	6,791
Surplus (deficit) of operating funding (A-B)	1,788	722	1,342	1,417
Sources of capital funding				
Subsidies and grants for capital expenditure	0	37	0	0
Development and financial contributions	0	0	0	0
Increase/(decrease) in debt	80	367	554	342
Gross proceeds from sale of assets	0	(6)	0	(65)
Lump sum contributions	0	0	0	0
Total sources capital funding (C)	80	397	554	277
Applications of capital funding				
Capital expenditure				
- to meet additional demand	108	83	122	11
- to improve the level of service	184	749	246	121
- to replace existing assets	2,929	1,053	3,831	1,251
Increase/ (decrease) in reserves	(1,353)	(766)	(2,302)	311
Increase/ (decrease) of investments	0	0	0	0
Total applications of capital funding (D)	1,868	1,119	1,896	1,694
Surplus (deficit) of capital funding	(1,788)	(722)	(1,342)	(1,417)
Funding balance ((A-B)+(C-D))	0	0	0	0

Water Supply

Funding Impact Statement for the Year ended 30 June	AP 2016/17 \$000s	Actual 2016/17 \$000s	AP 2017/18 \$000s	Actual 2017/18 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	0	5	0	4
Targeted Rates	4,887	4,891	4,946	5,311
Subsidies and grants for operating purposes	0	0	0	0
Fees and Charges	76	36	78	62
Internal charges and overheads recovered	1,359	1,738	1,395	1,427
Local authorities fuel tax, fines, infringement fees and other receipts	0	5	0	62
Total operating funding (A)	6,322	6,674	6,419	6,866
Applications of operating funding				
Payments to staff and suppliers	2,626	2,703	2,882	2,497
Finance costs	54	71	60	61
Internal charges and overheads applied	1,618	1,612	1,675	1,676
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	4,298	4,386	4,617	4,234
Surplus (deficit) of operating funding (A-B)	2,024	2,288	1,802	2,632
Sources of capital funding				
Subsidies and grants for capital expenditure	0	386	0	0
Development and financial contributions	0	0	0	0
Increase/(decrease) in debt	(377)	(52)	(58)	3
Gross proceeds from sale of assets	0	(32)	0	(10)
Lump sum contributions	0	0	0	0
Total sources capital funding (C)	(377)	303	(58)	(7)
Applications of capital funding				
Capital expenditure				
- to meet additional demand	30	(17)	32	47
- to improve the level of service	0	0	0	0
- to replace existing assets	1,291	1,485	1,102	1,019
Increase/ (decrease) in reserves	326	1,122	610	1,560
Increase/ (decrease) of investments	0	0	0	0
Total applications of capital funding (D)	1,647	2,590	1,744	2,625
Surplus (deficit) of capital funding	(2,024)	(2,288)	(1,802)	(2,632)
Funding balance ((A-B)+(C-D))	0	0	0	(0)

Aquatic and Recreational Facility

Funding Impact Statement for the Year ended 30 June	AP 2016/17 \$000s	Actual 2016/17 \$000s	AP 2017/18 \$000s	Actual 2017/18 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	1,003	1,003	1,060	1,060
Targeted Rates	0	0	0	0
Subsidies and grants for operating purposes	0	0	0	1
Fees and Charges	522	425	539	488
Internal charges and overheads recovered	465	538	482	481
Local authorities fuel tax, fines, infringement fees and other receipts	4	6	4	4
Total operating funding (A)	1,994	1,972	2,084	2,034
Applications of operating funding				
Payments to staff and suppliers	1,499	1,120	1,537	1,490
Finance costs	16	12	10	10
Internal charges and overheads applied	606	584	604	605
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	2,120	1,716	2,151	2,104
Surplus (deficit) of operating funding (A-B)	(126)	256	(66)	(71)
Sources of capital funding				
Subsidies and grants for capital expenditure	0	0	4,000	0
Development and financial contributions	0	0	0	0
Increase/(decrease) in debt	(28)	(15)	(21)	(11)
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources capital funding (C)	(28)	(15)	3,979	(11)
Applications of capital funding				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	0	6	3,606	50
- to replace existing assets	0	0	400	6
Increase/ (decrease) in reserves	(154)	234	(94)	(137)
Increase/ (decrease) of investments	0	0	0	0
Total applications of capital funding (D)	(154)	241	3,912	(81)
Surplus (deficit) of capital funding	126	(256)	66	70
Funding balance ((A-B)+(C-D))	(0)	0	0	(0)

Our Finances

Arts and Culture

Funding Impact Statement for the Year ended 30 June	AP 2016/17 \$000s	Actual 2016/17 \$000s	AP 2017/18 \$000s	Actual 2017/18 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	1,570	1,570	1,628	1,628
Targeted Rates	5	5	5	5
Subsidies and grants for operating purposes	0	0	0	144
Fees and Charges	120	185	123	220
Internal charges and overheads recovered	162	189	160	173
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	1
Total operating funding (A)	1,857	1,949	1,917	2,172
Applications of operating funding				
Payments to staff and suppliers	1,201	1,186	1,232	1,209
Finance costs	(2)	29	61	35
Internal charges and overheads applied	335	328	333	354
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	1,534	1,544	1,626	1,598
Surplus (deficit) of operating funding (A-B)	323	405	291	573
Sources of capital funding				
Subsidies and grants for capital expenditure	2,593	759	2,825	2,630
Development and financial contributions	0	0	0	0
Increase/(decrease) in debt	694	(138)	637	1,833
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources capital funding (C)	3,288	621	3,462	4,464
Applications of capital funding				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	2,849	1,010	2,675	3,609
- to replace existing assets	1,046	40	2,732	325
Increase/ (decrease) in reserves	(285)	(23)	(1,653)	1,103
Increase/ (decrease) of investments	0	0	0	0
Total applications of capital funding (D)	3,610	1,026	3,753	5,037
Surplus (deficit) of capital funding	(323)	(405)	(291)	(573)
Funding balance ((A-B)+(C-D))	(0)	0	0	0

HB Williams Memorial Library

Funding Impact Statement for the Year ended 30 June	AP 2016/17 \$000s	Actual 2016/17 \$000s	AP 2017/18 \$000s	Actual 2017/18 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	1,933	1,933	1,939	1,939
Targeted Rates	0	0	0	0
Subsidies and grants for operating purposes	0	0	0	0
Fees and Charges	120	100	123	96
Internal charges and overheads recovered	234	254	230	224
Local authorities fuel tax, fines, infringement fees and other receipts	16	17	17	15
Total operating funding (A)	2,304	2,304	2,309	2,273
Applications of operating funding				
Payments to staff and suppliers	1,273	1,247	1,268	1,269
Finance costs	8	6	9	7
Internal charges and overheads applied	718	707	723	723
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	1,999	1,959	2,001	2,000
Surplus (deficit) of operating funding (A-B)	305	345	308	273
Sources of capital funding				
Subsidies and grants for capital expenditure	2,400	704	1,159	1,357
Development and financial contributions	0	0	0	0
Increase/(decrease) in debt	1,277	382	527	1,274
Gross proceeds from sale of assets	0	(44)	0	(63)
Lump sum contributions	0	0	0	0
Total sources capital funding (C)	3,677	1,042	1,686	2,567
Applications of capital funding				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	5,056	1,377	3,704	5,158
- to replace existing assets	184	232	195	163
Increase/ (decrease) in reserves	(1,258)	(222)	(1,905)	(2,481)
Increase/ (decrease) of investments	0	0	0	0
Total applications of capital funding (D)	3,982	1,387	1,994	2,840
Surplus (deficit) of capital funding	(305)	(345)	(308)	(273)
Funding balance ((A-B)+(C-D))	0	0	0	0

Parks and Community Property

Funding Impact Statement for the Year ended 30 June	AP 2016/17 \$000s	Actual 2016/17 \$000s	AP 2017/18 \$000s	Actual 2017/18 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	1,271	1,271	1,296	1,296
Targeted Rates	4,508	4,508	4,512	4,512
Subsidies and grants for operating purposes	0	34	0	5
Fees and Charges	331	309	339	391
Internal charges and overheads recovered	991	990	926	922
Local authorities fuel tax, fines, infringement fees and other receipts	37	37	38	10
Total operating funding (A)	7,138	7,149	7,111	7,135
Applications of operating funding				
Payments to staff and suppliers	3,882	4,180	4,170	4,710
Finance costs	650	441	649	456
Internal charges and overheads applied	2,016	2,084	2,015	2,015
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	6,548	6,704	6,834	7,181
Surplus (deficit) of operating funding (A-B)	590	445	277	(46)
Sources of capital funding				
Subsidies and grants for capital expenditure	0	90	705	754
Development and financial contributions	0	3	0	32
Increase/(decrease) in debt	1,705	722	986	352
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources capital funding (C)	1,705	816	1,691	1,138
Applications of capital funding				
Capital expenditure				
- to meet additional demand	10	0	2	22
- to improve the level of service	219	17	851	971
- to replace existing assets	2,026	1,514	1,372	1,010
Increase/ (decrease) in reserves	40	(271)	(257)	(911)
Increase/ (decrease) of investments	0	0	0	0
Total applications of capital funding (D)	2,295	1,260	1,968	1,093
Surplus (deficit) of capital funding	(590)	(445)	(277)	46
Funding balance ((A-B)+(C-D))	0	0	0	0

Strategic Planning and Engagement

Funding Impact Statement for the Year ended 30 June	AP 2016/17 \$000s	Actual 2016/17 \$000s	AP 2017/18 \$000s	Actual 2017/18 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	1,684	1,684	7,856	1,934
Targeted Rates	2,564	2,564	7,388	2,871
Subsidies and grants for operating purposes	131	110	125	86
Fees and Charges	0	0	1,124	0
Internal charges and overheads recovered	99	99	1,899	211
Local authorities fuel tax, fines, infringement fees and other receipts	27	69	87	14
Total operating funding (A)	4,506	4,526	18,479	5,115
Applications of operating funding				
Payments to staff and suppliers	3,836	3,976	12,036	3,303
Finance costs	0	0	729	0
Internal charges and overheads applied	1,118	1,143	4,930	1,528
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	4,954	5,118	17,695	4,831
Surplus (deficit) of operating funding (A-B)	(448)	(592)	784	285
Sources of capital funding				
Subsidies and grants for capital expenditure	0	0	8,688	0
Development and financial contributions	0	0	0	0
Increase/(decrease) in debt	0	(0)	2,130	0
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources capital funding (C)	0	(0)	10,818	0
Applications of capital funding				
Capital expenditure				
- to meet additional demand	0	0	2	0
- to improve the level of service	0	0	10,836	0
- to replace existing assets	0	0	4,699	0
Increase/ (decrease) in reserves	(448)	(592)	(3,934)	285
Increase/ (decrease) of investments	0	0	0	0
Total applications of capital funding (D)	(448)	(592)	11,603	285
Surplus (deficit) of capital funding	448	592	(784)	(285)
Funding balance ((A-B)+(C-D))	0	0	0	0



HE KUPU ĀPITI OUR APPENDICES

Our Council - Governance and Structure



Our Role

As one of only six Unitary Authorities, the Gisborne District Council combines the functions, duties and powers of a territorial council with those of a regional council. In most other parts of the country, the functions of regional councils and territorial councils are split as follows:



Our Governance Structure

The elected Council consists of the Mayor and 13 councillors (including the Deputy Mayor). The councillors cover five areas of the district (referred to as wards). While the councillors have been elected from their respective wards, they have an obligation and a duty to represent the interests of the district as a whole.

The Council is elected every three years and is responsible for setting the overall direction of the district and budget.

What they do:

- set the budget and overall plan through Long Term Plans and Annual Plans
- adopt policies
- approve bylaws
- monitor Council's performance
- engage with their local communities
- advocate on behalf of others
- raise issues to be addressed.

Council Committees

Council currently has nine committees:

- Community Development and Services
- Environmental Planning and Regulations
- Finance & Audit
- Hearings
- Assets & Infrastructure
- Regional Transport
- Wastewater Management
- Future Tairāwhiti
- Civil Defence & Emergency Management.

These are reviewed after each election.















Organisational Structure

Council has one employee, the Chief Executive.

The Chief Executive is responsible for implementing Council's decisions. 281 full time staff work for the Chief Executive to carry out the operational functions in Council plans.

Schedule of Councillors, Senior Management Schedule of Agents

Schedule of Councillors

GISBORNE  Mayor Meng Foon P 06 867 1870 M 027 44 84 084 F 06 867 926	GISBORNE  Deputy Mayor Rehette Stoltz P 06 868 5382 M 021 279 7948	GISBORNE  Cr Larry Foster P 06 868 8927 M 027 450 881	TAWHITI - UAWA  Cr Patricia A Seymour (Pat) Seymour OBE P 06 862 2697 M 0274 725 997 F 06 862 2703
GISBORNE  Cr Amber Dunn P 06 867 3131 M 021 475 470	GISBORNE  Cr Andy W Cranston P 06 868 1160 M 027 27 33 192	GISBORNE  Cr Brian I Wilson M 027 237 8080	MATAKAOA - WAIAPU  Cr William S Burdett (Bill) P 06 864 8966 (H) P 06 864 8341 (W) F 06 864 8967
GISBORNE  Cr Meredith Akuhata-Brown P 06 867 7496 M 027 200 5605	GISBORNE  Cr Shannon Dowsing M 021 222 2571	TARUHERU - PATUTAHU  Cr Malcolm MacLean M 027 222 1468	WAIPAOA  Cr Graeme Thomson P 06 862 8737
GISBORNE  Cr Karen Fenn P 06 868 1442 M 027 378 1846	GISBORNE  Cr Josh Wharehinga M 027 512 5195		

Our leadership team - known as the Central Organising Roopu (COR)

Chief Executive  Nedine Thatcher Swann DDI (06) 869 2414 E Nedine.Thatcher-Swann@gdc.govt.nz	Director Community Lifelines  David Wilson DDI (06) 869 2356 E David.Wilson@gdc.govt.nz	Director Environmental Services & Protection  Nick Zaman DDI (06) 869 2862 E Nick.Zaman@gdc.govt.nz
Director Transformation & Relationships  Keita Kohere DDI (06) 869 2720 E Keita.Kohere@gdc.govt.nz	Director Liveable Communities  Andrew White DDI (06) 869 2721 E Andrew.White@gdc.govt.nz	Director Internal Partnerships  James Baty DDI 06 869 2881 E James.Baty@gdc.govt.nz
Chief Financial Officer - Finance & Affordability  Pauline Foreman DDI (06) 869 2899 E Pauline.Foreman@gdc.govt.nz		

Schedule of Agents

BANKERS	SOLICITORS	INSURANCE BROKERS	AUDITORS
Westpac Banking Corporation 101 Gladstone Road, Gisborne ANZ National Bank Ltd 36 Gladstone Road, Gisborne	Cooney Lees Morgan 247 Cameron Road, Tauranga Simpson Grierson 195 Lambton Quay, Wellington Buddle Findlay 1 Willis Street, Wellington	Aon New Zealand Aon House 85 Tristram Street Hamilton	Ernst & Young 21/100 Willis St Wellington (on behalf of the Auditor General)

NOTES:



GISBORNE
DISTRICT COUNCIL



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Gisborne 4010



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