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# TAIRAWHITI FIRST! 2016/17 ANNUAL REPORT 2016/17 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

### Tairāwhiti Piritahi

kia **mārama** kia **ngāwari** kia ū

# **OUR VALUES**

### **Together Tairāwhiti**

make it smart make it easy make it happen

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This Annual Report tells the story of our performance over the last financial year from 1 July 2016 to 30 June 2017. 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 Two 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. Recent changes to the Local Government Act mean that councils are no longer 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 Two 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:



# TO TATOU TAU OUR YEAR



#### Tairāwhiti tēnā koutou

#### Ngā mihi nui ki a koutou katoa.

We present to you the highlights of our Annual Report for the 2016/17 financial year.

This has been a year of transition and consolidation. In October a new Council was elected and in March a new Chief Executive appointed.

The surplus that Council projected in 2016/17 was not achieved and instead a deficit will be recorded. Maintenance of roads and delays in major projects contributed significantly to this deficit. We acknowledge the significant work that needs to happen to minimise the financial impacts over the next year. We will be working hard to resolve this.

Over the last year however, we've seen some important community projects progressed. The Managed Aquifer Recharge Trial in the Makauri Aquifer started over the winter. Expansion of the HB Williams Memorial Library is underway and we are working with the community on the restoration of Titirangi.

We're also very proud that not only our projects, but the many tasks involved in looking after our region are being delivered in partnership with our community.

Notably, Tairāwhiti's Civil Defence Emergency Management Community Link Groups were presented the Gold Ministerial Award, setting the example for working as a community to look after each other. Council and Te Runanganui o Ngati Porou were also one of three finalists in the 2016 Deloitte IPANZ Public Sector Excellence Awards for the Joint Management Agreement. The agreement ensures decision-making for resources in the Waiapu Catchment is shared with iwi, and is a testament to the great work that is happening here in our district.

Caring for our environment has been a high priority. A number of catchment projects in the Waipaoa have been successfully initiated, and we're happy to report the Inanga spawning habitat and Rere Water Quality projects are amongst the best nationally.

We are making good progress with improving and maintaining a good level of service with our playgrounds, gardens, public spaces and sportsgrounds. We celebrated national awards for the Oneroa cycle and walkway and since then we have extended this to link with the Alfred Cox walkway.

With a new Council and a new Chief Executive we are committed to achieving outcomes that support a thriving and healthy Tairāwhiti. We understand the major challenges we have ahead, but together we are determined to "make it happen". We invite you to read more about the accomplishments of 2016/17 here in the Annual Report.

#### Mayor Meng Foon and Chief Executive Nedine Thatcher Swann



**Our Major Projects** 



# The wetland trial results have led to further investigation on options for wastewater treatment

The trial of a wetland system used to assess further treatment and disposal options for wastewater coming out of the treatment plant, was completed in September last year. Results from the trial revealed environmental constraints and cost-benefit considerations and more work was needed to refine the options available while keeping in mind affordability for the community.

An options review group was set up with key stakeholders and technical experts. The group considered 17 possible options, and recommended one option to the Wastewater Management Committee (WMC). This preferred option included the use of a wetland and more conventional treatment mechanisms, with the aim of reducing, and if possible, stopping the disposal of household wastewater out into the bay. The WMC approved this preferred option, and added two more wetland options for consultation. In August 2017 Council approved the three WMC options plus two additional staff options, to be taken into the 2018-2028 pre-consultation LTP phase. From these five options, a preferred option, or options, will be taken forward into the formal LTP consultation phase in 2018.



#### Plans to create a thriving Tairawhiti Navigations area for the community and visitors are picking up speed

Council engaged with our community and key stakeholders across the Navigations project areas. This has led to the inner harbour concept plans being approved in December and resource consent granted. The consent covers construction works in the road reserve and car park areas, and will allow for improved parking, seating, native planting and redevelopment of a walkway promenade with pedestrian crossings.

Eastland Community Trust has granted \$3.4m towards new plans for a heritage trail that involves themed installations along several connecting walkways, an iconic footbridge spanning the Turanganui River to the slipway – all featuring or inspired by place based story-telling. High level concept designs were developed and approved for engagement with the community for the Turanganui Bridge and Slipway project, providing a sense of the architectural potential of this new infrastructure.

All will be enhanced by the historical interpretations and story-telling concepts that were approved in April. Interpretation design experts Locales Ltd, in partnership with local iwi, have designed plans for 3D installations and interactive multi-media experiences that will bring key sites and landmarks to life with the stories of Turanga tangata whenua. Construction is due to start later in the year.



# Our community were encouraged to become guardians of the maunga

Restoration work on Titirangi (Kaiti Hill) has been one of our most successful and talked about programmes of the last year. The drafting of the co-management agreement with Ngati Oneone and the adoption of the Reserve Management Plan were significant milestones. Council and Ngati Oneone also worked together with the Department of Conservation, the YMCA and Enviroschools to run a series of planting and education days. Over 800 students were treated to a tour of the history, geology, flora and fauna found in the reserve before digging into replanting more than 1700 natives on the portside of the hill. Community members have been involved in open days and the ongoing conservation experience programme on the second Wednesday of each month. Enhancements to walking tracks has continued with the development of the Bowl track. This new track runs from the Cook Plaza to a set of stairs that connects to a new 260 metre limestone trail, before winding up and connecting to the historic barracks site just below the summit. Removal of more weeds, exotic trees and more planting has continued to keep us busy over the entire reserve.



#### We're halfway there in expanding the library to allow for more user-friendly space, services and activities for the thousands of library users each year

The 948 square metre Library extension was made possible by generous contributions from the Williams Family, Eastland Community Trust, Eastern and Central Community Trust, bequests from Stanley Green, Hannah Dunlop, Jessie Iris Jeffrey, and contributions from Council. We're also thankful for the generous \$349k grant that was recently received from New Zealand Community Trust that will be used for the development of the children and youth zone of the new library (funds not yet received and therefore not reflected in the 2016/17 financial year). Tendered construction costs were higher than anticipated, and an updated budget of \$6.88m was approved at the December 2016 Council meeting. Watts and Hughes Ltd were appointed as the lead construction contractor.

The old library closed on 17 February 2017 but users didn't have to worry about the loss of library services. More than 100,000 books, along with library staff, temporarily relocated to 53 Awapuni Road in early March.

Buses were also rerouted to improve access to the temporary site. Construction work was started with a sod-turning event on 27 March 2017 and it's expected the library will open its doors again in early 2018, from the awesome new front entrance on Bright Street.



# A number of cycle projects got good traction during 2016/17

Oneroa cycle and walkway received recognition as the winner of Keep New Zealand Beautiful's Kiwi Choice Award and the NZRA Outstanding Project Merit Award. The beachfront cycleway was expanded along Beacon Street, complete with safe road crossings linking it to the Alfred Cox walkway. The opening event launched the 'Be Aware and Share' campaign, designed to promote shared path etiquette for users.

We are focused on creating a network of safe walking and cycling routes to school. This includes two new projects: Urban Cycleway Project (Wainui to CBD) and a cycle and walkway along the Taruheru River. This will give us a 'spine' for the eventual network of walking and cycling facilities that runs through the middle of the city. Procurement of land underway for linking the Wainui cycleway through Kaiti to the city and a feasibility study was completed and presented to Council in April, for inclusion in consultation for the 2018 Long Term Plan. We've also continued our support for initiatives that provide access to basic skills, like 'Bikes in Schools', which has rolled out tracks and cycling infrastructure to seven schools so far. Design of the Junior Cycle Track was completed at the end of June 2017, meaning the project is on track for construction to start in the coming summer.



Start of the MAR trial a big milestone

The green light to go ahead with the start of the Managed Aquifer Recharge Trial in the Makauri Aquifer

was given after extensive investigation and public consultation on using water from the Waipaoa River. Consents were granted following a hearing held in October 2016 with the condition of greater involvement of the community and iwi stakeholders in the monitoring of the trial.

Before construction, the bore site at Kaiaponi farms was blessed with the local community and kaumatua. Drilling of the 70m deep injection bore was completed at the end of April. Initial testing of the bores looked good, so in June the Minister for the Environment, Hon Nathan Guy, turned on the tap, marking the start of the trial over the winter period.

Water quality and transmissivity (the rate at which the groundwater flows through the aquifer) will be monitored closely in nearby bores.

The project has been jointly funded by the Ministry for Primary Industries Irrigation Acceleration Fund (\$250,000), the Eastland Community Trust (\$200,000) and Council (\$230,000). More recently an additional \$113,000 has been received from the Ministry for Primary Industries.



#### Pool redevelopment opportunities have been explored

Our Olympic Pool Complex hosted nearly 90,000 visitors during the peak summer season between October to March. We also hosted popular events such as Swim the Distance and Whanau Fun – Swim, Bike, Run that were well attended by the community.

In a survey completed with pool users throughout the year 73% of customers were satisfied with the Olympic Pool. Minor work on the facilities included installing new shade for the diving pool. Staff continued to maintain a positive result for health and safety and operational standards.

A comprehensive business case was completed in April to help identify facility and recreational experiences that might be considered in the redevelopment. A redevelopment concept design will be presented to Council for approval in December 2017. Community consultation on the concept designs and costings will occur in early 2018.



### Getting focused on reducing overflows into our rivers and onto private property

When water isn't draining right, it's not healthy for families, homes, our rivers and beaches. Through a greater education campaign and targeted inspections, we're aiming to improve the co-operation of residents to reduce stormwater ponding on their private property that leads to wastewater overflows.

The DrainWise campaign was launched at the A&P Show last October. With the new brand, the DrainWise team have been focused on building awareness and familiarity with the issues poor drainage causes. Staff are engaging with people face to face, doing targeted presentations with contractors and at local trade events and community events such as Ka Pai Kaiti and E Tu Elgin.

Backing up this mahi, we've completed 800 comprehensive property inspections in the Kaiti area to identify issues and work with property owners. At the same time we are doing simple sealing of gully traps wherever possible at no cost to the property owner.

We've been encouraging residents to tell us about their wastewater and stormwater issues to build our knowledge of the problem. People are also signed up to our mailing list to be kept informed about the project.

Council are continuing to repair and replace our part of the infrastructure network, with wastewater pipe renewals completed this year in Childers Road, Aberdeen Road and Crawford Road.

Implementation options to reduce the discharges will be consulted on during the 2018-2028 Long Term Plan, early in 2018.



#### The groundwork was laid in preparation of strengthening the Waipaoa River stopbanks

Steady progress is being made to purchase the strips of land beside the stopbanks. The project team got underway by engaging landowners along the river to initiate the process of land acquisition and access for the earthworks. Three out of 17 strips have already been purchased this past year with the aim to secure the rest in the next two years. While public feedback overall has been supportive of the proposed stopbank improvement work, there have been some concerns from adjacent property owners regarding the proposed cycle trail and around potential privacy and security impacts.

The resource consent was lodged on 29 June 2017 for the entire project works, even though construction is planned to be in stages. Allowance for cycle trails to be installed on top of the stopbanks were added to the resource consent as a possible future development.

Resource consent has also been gained to undertake rock protection work along the stopbank near the Waipaoa river mouth where river erosion is threatening the toe of the stopbank.



PLAN FOR STRONGER THEATRE

#### Investigations for earthquake strengthening and improvements of the Lawson Field Theatre

The Lawson Field Theatre closed its doors in October 2016 due to its earthquake prone status. Planning and investigations revealed that the \$1.1m budgeted was not enough to cover the costs of the project and an additional \$2m needed to be raised. We've already been successful in receiving a \$350k grant from the Lotteries Commission Community Facilities Fund. A further \$417k capital grant was secured from the Regional Culture and Heritage Fund for pressing earthquake strengthening works. (Both grants were received after 30 June 2017 and therefore not recognised in the financials of this Annual Report).

Architects 44 was selected in early 2017 to develop the preliminary designs of the much-needed renovations and earthquake strengthening of the theatre, which was completed in July.

#### **Our District Highlights**

#### **CARING FOR OUR ENVIRONMENT**

#### The plan for freshwater

Significant progress was made towards completing the final stage of the Gisborne Regional Freshwater Management Plan. The Plan became operational in October 2015. Following a formal submission period a series of hearings were held between August and December. Council accepted the recommendations of the Hearings Panel which are set out in five decision reports along with a version of the Proposed Plan showing changes resulting from the decisions, including maps. Following closure of the appeal period, Council staff are now working to resolve the nine appeals lodged.



#### Improving water quality at Rere

Rere farmers have been working together for nearly two years with Council, Ministry for the Environment and NZ Beef and Lamb to improve water quality at the Rere Rockslide and Falls. All farmers in the upper catchment completed a Farm Environment Plan that will help to mitigate E.coli and contaminants entering waterways. Several farms have successfully received grants to assist with fencing, indigenous planting and riparian streamside enhancement. The Ministry for the Environment also contributed funding to a social study in the early part of 2017 that identified the key drivers for the community. The study will inform how we roll out environment plan changes and enhancements in other catchments. A further major funding boost of \$847k was awarded by the Government's Freshwater Improvement Fund, which will enable Council to expand to improve 30km of the Wharekopae River catchment area (This grant was received after 30 June 2017 and therefore not recognised in the financials of this Annual Report).

#### Water studies in the city

The long-term project to improve water quality in the Taruheru River was launched and the gathering of water quality data started in November 2016. Weekly water quality monitoring has begun in order to gather important information such as identifying trends in water quality and identifying hot spots of contamination. Phase two

of the project will launch once the data has been collated. Research undertaken in the Awapuni Moana has found it to be high in organic carbon, nitrogen and phosphorus concentrations. A collaborative instream health monitoring programme will also get underway.

#### Increasing inanga numbers

Council was recognised as a finalist in the annual New Zealand Environmental Green Ribbon Awards for the outstanding contribution to protecting and managing white bait in the Te Arai River. Funding from the Ministry for the Environment enabled a research project for increasing inanga numbers. Thirteen saltwater wedge sites were mapped in the lower Waipaoa and Te Arai catchments. Five of these sites were confirmed inanga spawning sites. The 1.2km long Te Arai spawning site was used as a pilot for inanga spawning habitat restoration with artificial habitat trialled, willow clearance and native planting completed. A school resource was written and five schools are using the resources to restore and monitor their local spawning sites. Community and local iwi Rongowhakaata were closely involved in the project with identifying spawning sites, habitat restoration and monitoring spawning success.

#### **Restoring Waiapu catchment**

Restoring the Waiapu River catchment is a collaborative programme to treat erosion and deliver benefits to the community and landowners, in collaboration with the Ministry for Primary Industries and Te Runanganui o Ngāti Porou. 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**

#### **Education on dogs**

Animal Control Officers made presentations to several primary schools, health nurses, meter readers and at the A&P show as part of an increased effort to provide a better educational service to the community. Kids learn tips and tricks on dog safety and what it means to be a responsible dog owner. More dogs classified as menacing have been registered and are compliant with restrictions. Online initiatives to increase the number of impounded dogs being claimed or rehomed through Council's social media has been successful this past year. Improvements to our website enable people to see photos of dogs at the pound, which is updated on a daily basis.

#### Implementing food change

During the first year of transitioning to the new Food Act and fee structure, registrations for 151 businesses were successfully completed with 100% of the businesses specified transitioning on time. Council provided guidance and support to businesses to transition into the new regime. We have completed more than 90 verifications for Food Act compliance. Internal reporting processes have also been improved. Year two of the transition period will end June 2018. We are confident that we will meet the target, with 26% of existing businesses already switched over.



#### Roads, bridges and streets

Rural bridges throughout the region are being strengthened and repaired as part of Council's annual maintenance programme. Also included in the maintainance programme are seal upgrades and strengthening and widening our roading network. Work was completed on Kainanga Hill where signage and culverts were replaced, drainage improved, regrading the road alignment and increasing the road width. Guardrails were also installed at Lottin Point Road, Waikura Road, Karakatuwhero Road, Anaura Road and Tauwhareparae Road. Electrinet completed most of the LED and pole upgrades between Customhouse, Derby and Grey streets. The Spaniards Bridge High Productivity Motor Vehicle strengthening work was also successfully completed.

#### IMPROVING OUR COMMUNITY FACILITIES

#### **Museum restorations**

Council received a generous grant of \$165k from the Lotteries Commission to help fund the restoration of the 143-year old Wyllie Cottage, which was a joint project between Council and Tairāwhiti Museum. The community was invited to the opening of the newly restored Wyllie cottage on 23 February. The contractor and subcontractors were all local and have worked tirelessly and conscientiously to achieve accurate historic details and source traditional materials. Eastland Community Trust funded new installations inside the cottage. These reveal its long interesting history of occupation and restoration.

#### Public conveniences

Council secured \$256k in funding from central government for new toilets at four sites around East Cape. The facilities will be built at Hicks Bay Wharf, Waipiro Bay, East Cape Lighthouse and Anaura Bay. Through the Annual Plan, we asked the community to consider options for the historically significant Peel Street toilets. Feedback showed the community preferred to see the toilet block refurbished. Council agreed to spend \$400k in the next year. Planning has already begun with architects working on the internal fit-out.

#### Strategy for facilities

The right community facilities in the right places at a price we can all afford is important for a liveable region. Significant progress was made towards the completion of the Community Facilities Strategy that will guide the management and investment in facilities over the next 30 years. Council undertook engagement with user and stakeholder groups, and online surveys with the wider community to help identify what's important for public toilets, parks and open spaces, cemeteries, street trees and art in public places as well as sports and community centres, pools, theatres and libraries. We have developed draft management plans that will be consulted on to inform the 2018-2028 Long Term Plan.



#### Township upgrades

Over the last 18 months Council staff have met with the Tokomaru Bay community and they told us what we need to do to improve and beautify their community spaces. Once plans for upgrades were agreed and designs drawn up, consents and archaeological authority were needed to proceed with earthworks. The upgrade got underway in July 2017 and involved creating a whanau space with new play equipment, as well as improvements to the Skate Park, basketball court and installation of steps, tables and free electric BBQs, construction of safer road crossings, footpath, kerb and landscaping at the cenotaph. The upgrades were fully installed during August.

Community meetings were also held to begin planning township upgrades for the Manutuke and Muriwai communities. The next steps for both communities will be to prioritise the ideas they have discussed so far.



#### Playground bar raised

Maintenance of 44 playgrounds and 101 garden areas, covering 8,400 square meters and 6,583 metres of paths and tracks, makes up a big portion of Council's work each year. Following a safety audit in July 2016, repairs and upgrades were undertaken to make safer playgrounds at the Adventure Playground, Midway Beach, Heath Johnston Park and Mangapapa, where new play modules, equipment and soft-fall were installed. New swings were also added to Atkinson Street Reserve Park and a plan was secured to build a new playground at Tikitiki Park later in 2017.



#### Mahi mo te Tairāwhiti contract

An intensive process was completed to review and employ new maintenance service contractors to look after our sports grounds and reserves, litter bins, public toilets, cleaning, vegetation and building maintenance. One of New Zealand's largest parks, grounds and facility management organisations, Recreation Services Ltd, was awarded the five-year main contract. Five local contractors were awarded contracts for community townships covering roles such as litter control, transfer stations, graffiti control, landscaping, mowing, and weed control and increased scope to monitor camping areas.

#### WORKING WITH OUR COMMUNITY

#### Joint Management Agreement with Ngati Porou

Council staff met with the Chief Executive and Trustees of TRONPnui in May 2017, where discussions focused on iwi involvement in the review of the Tairāwhiti Unitary Plan, development of the Waiapu Catchment Plan and implementation of the JMA overall. To assist facilitating shared decision-making powers over land and resource consents in the Waiapu Catchment, Council provided TRONPnui with information that will help them better contribute to the upcoming plan review work programme and are progressing secondment opportunities to help ease capacity issues.

#### Local Leadership Body (LLB)

A forum of Councillors and representatives of Turanga iwi is being set up as a result of the Treaty of Waitangi Settlement legislation. The LLB will enable Council and iwi to work together on significant issues and provide integrated, sustainable management of natural and physical resources within traditional rohe (areas) it oversees. The working party to set up the LLB Committee began working in May 2017 to establish members and terms of reference. A symposium was also held in September in preparation for the establishment of the LLB in October.

#### **Co-management for Titirangi**

Council approved a co-management agreement with Ngati Oneone that formalises the relationship with Council and their guardianship and collaboration in the future management of Titirangi Reserve. Following progress made on the restoration and maintenance projects, and development of the management plan undertaken over 2016/17, Ngati Oneone and Council are in discussion about how Council can assist and provide ongoing advice on cemetery maintenance and land management including encouraging birdlife and biodiversity.

#### Amalgamating services

After a thorough facilitation process with Activate Tairāwhiti and Tourism Eastland over the past two years, Council agreed to move to a single contract with Activate Tairāwhiti to deliver both the economic and business development functions, and tourism management and regional marketing. The outcome is a positive step to enable greater regional unity through speaking with one voice, reduction of duplication and maximising the funding available for promoting our region.

#### Merged plans

The merger of Council's existing multiple resource management plans into the new Tāirawhiti Resource Management Plan has been completed over the year. The Plan includes the seven resource management plans for the Gisborne region, including the regional policy statement, regional coastal plan, regional plan and district plan. The aim of the first stage was to bring the plans together in a cohesive singular document in a format that was logical and easier to read. Plan changes to remove silly rules and duplicated content were proposed alongside several other minor plan changes to improve the plan for users. The next step is to move into the review of the rules within each section of the plan.

#### Growing regional economy

In collaboration with Activate Tairāwhiti, Kimihia he Oranga, and leaders in local business and industry, He Huarahi Hei Whai Oranga was developed - the region's first joined up economic development plan representing priorities over the next five years. The Plan was launched on 28 February 2017 and will receive support through the government's Regional Growth Programme. The Regional Economic Development Steering Group (REDs) met with Minister for Primary Industries, Civil Defence and associate Minister for Economic Development, Hon Nathan Guy. The Minister was encouraged to see how the actions are progressing and would like to see more reporting of successes to the wider community and well as to central government.

short of the 95% target. A 95% satisfaction rate may be unrealistic for this measure and we aim to review this measure as part of the

preparation of the Long Term Plan 2018-2028.

#### **Our Performance**

#### How did Council do this year?

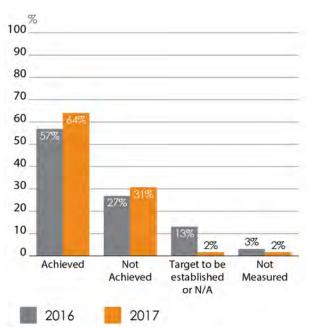
Council uses a number of methods to measure and monitor the quality and effectiveness of the services we provide. These help us to ensure we are delivering what we said we would and that we improve performance where it's required. Each activity has performance measures with targets that they aim to achieve. These measures and targets were reviewed and updated as part of the 2015-2025 LTP.

	Performance highlights	Areas for improvement
•	<b>Governance</b> – Residents are reasonably satisfied with 60% rating Council's performance as 'good' or better. This represents an increase of 7% compared to last year; reflecting higher performance scores in the areas of the Mayor and Councillors (62%), the Council's overall reputation (59%), and value for money (49%).	Value for money – There has been a 9% increase to 49% in the percentage of residents satisfied with how Council spends its rates on services and facilities, however the percentage satisfied continues to fall short of the 60% target. With the development of the 2015-2025 Long Term Plan, Council committed to no more than 2% increases for the first three years, and focused on delivering its plans within agreed financial limits. Council will be
•	Three waters – 100% of our drinking water met NZ standards. Residents' overall satisfaction with our water supply system rated among the highest of all performance measures at	consulting with the community on expectations around how rates are spent when setting the 2018 Revenue and Financing Policy.
	87%, easily reaching our target of 70%. The satisfaction with wastewater systems increased marginally from 64% to 65% against a 50% target, while the satisfaction with the stormwater systems increased from 57% to 63%, reaching target. We are continuing to repair and replace wastewater pipes to effectively reduce wastewater from being discharged into our rivers and onto people's properties.	Road maintenance – The condition of our roads has not been helped by the wet winters and increased forestry activity. Although overall performance in relation to roading is considered acceptable (59%), some aspects have been identified for attention; namely cycle safety (35%) and the condition of rural roads (36%). We will continue to invest in road upgrades. The development of a safe walking and cycle network and ongoing educational programmes aim to create awareness among the graving transformed to a safe and public transport upper the development of a safe walking and cycle network and ongoing educational programmes aim to create awareness among the graving transformed to a safe and public transport upper the development of a safe walking and public transport upper the safe and public transport upper the safe and public transport upper the development of a safe and public transport upper the safe and the safe and public transport upper the safe and the safe and public transport upper the safe and the s
•	Public and cultural facilities – Public facilities are rated highly at 75%. Services and public facilities that received the highest satisfaction results were the War Memorial Theatre and the museum (both 94%), and the library (92%). More library users registered for online services while the library is undergoing an expansion. The War Memorial Theatre was booked for 141 days this past year, significantly above our target of 78 days and also exceeded its revenue return on operational costs (61% against a target of between 20%-30%).	<ul> <li>growing number of walkers, cyclists and public transport users.</li> <li>Community facilities – We are determined to further increase satisfaction in our region's community facility and amenity space. The percentage of residents satisfied with the quality of our 130 parks and reserves, including sports grounds, have remained the same at 80% and 75% respectively. We are confident that the introduction of the new Mahi mō Te Tairāwhiti five-year maintenance contract, and the contract to five local contractors that will look after our community townships, will move us closer</li> </ul>
•	<b>Environmental Services –</b> Caring for our environment has been a high priority and great strides have been made. The Managed Aquifer Recharge trial is well underway and progressing well towards the trial end in September. Council considered the decisions for the Gisborne Regional Freshwater Plan in August. We also assisted farmers in preparing 46 Farm Environment Plans, exceeding our target of 20 plans.	<ul> <li>to meeting target. Residents are the least satisfied with public conveniences (33% against a target of 50%).</li> <li>Regulatory services – Residents are mostly satisfied (63%) with the standard of regulatory services, which has improved 7% since last year. However, a quarter of residents express dissatisfaction with the issuing of resource consents, and this area warrants investigation to determine whether or not there are underlying</li> </ul>
•	Solid Waste Management – 77% of residents are satisfied with waste management. We also continued to manage and minimise our waste effectively with 84% residents satisfied with Council's recycling services, against a target of 80%. 91% are also satisfied with the kerbside rubbish bag and recycling collections, meeting our 82% target. The total kilogram of solid waste to landfill per resident during 2016/17 declined and stands at 298kg, against 314kg the previous year.	<ul> <li>Olympic pool – The number of pool admissions per annum continue to decline. This popular facility was built over 40 years ago and we acknowledge that it is in need of a make-over. Survey results show, however, that 73% of residents remain satisfied with the pool. A business case was successfully completed for the redevelopment of the pool, which will be consulted on in the 2018-2028 LTP consultation process.</li> </ul>
•	Sharing of information – Respondents were asked how satisfied they were with the content of information on our website, updates via social media and publications. All three measures increased from the previous year with 72% satisfied with the website, 71% satisfied with updates via social media, and 58% satisfied with our newsletters, brochures and consultation documents.	Community engagement – The increased number of collaborative projects with Māori entities is evidence of our commitment to together achieve better outcomes. However, the percentage of stakeholders satisfied with community engagement on strategy and plan development slipped from 83% to 69%. Despite Council starting to entrench better engagement processes, we still fall shot of the 95% target 4.95% satisfaction rate may be urrealistic.

#### Achieving our Performance Targets

The graph below shows how well Council met the performance targets we set for ourselves for 2016/17. Compared to the previous year (2015/16), the percentage of performance targets achieved increased from 57% to 64%. In 2015/16 there were 13% of new measures requiring targets, this has now decreased to 2%. The performance measures which are either 'target to be established' or N/A and Not measured (4% in total) will be 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 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'.

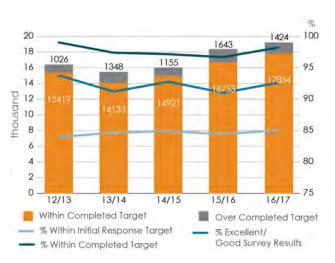
The graph below shows that overall our customers were satisfied with the service provided through the RfS process with 98% rating the quality of service received as either 'good' or 'excellent'.

#### **Request for Service Customer Satisfaction**



# Requests for Service: Completed within timeframes

We also completed a total of 19,258 requests this year, up from 18,396 last year. Of these, 93% 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.

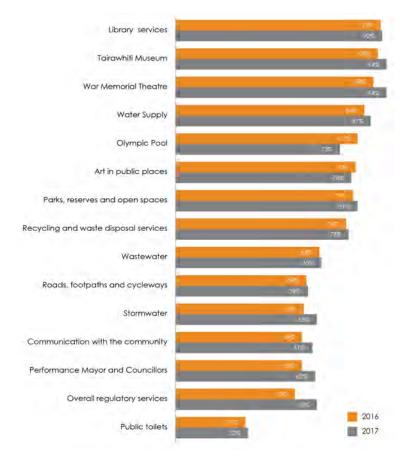
The 2016/17 Resident Satisfaction Survey was a 30-minute phone survey of 408 residents across the region. Interviewing was conducted in quarterly cycles with a total of 100 interviews targeted within each quarter. All interviews were conducted between 17 August 2016 and 23 June 2017.

Respondents were 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.

We changed the survey in 2016 to give us a wider review of residents' perceptions of Council including reputation

and value for money. The structure was also designed to help identify opportunities for improvement and how these should be prioritised. A consequence of the new survey is that results may not be directly comparable with previous years. The table below is the overall satisfaction survey results for 2016 and 2017.

This year's survey delivered a more favourable report from residents. Our cultural public facilities are rated highly, particularly the museum, theatre and library. Residents continued to be satisfied with the district's parks, reserves and open spaces as well as our waste management. The satisfaction with our three waters increased with the overall satisfaction with water supply the most favourable. Although performance in relation to roading was considered as acceptable, cycle safety and the condition of rural roads have been identified for attention. The dissatisfaction with our public conveniences continue to be low. Details of all the performance measures and targets are included in the section 'Our Activities'.



#### **Resident Satisfaction Survey**



This section provides an overview of the Council's financial results for the 2016/17 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 has relatively low debt at \$38m (\$4m less than budget). The debt has increased since 2015/16. Forecast debt levels are expected to increase over the next 2-3 years as Council completes a number of major projects. The Council's capital expenditure for the year was \$23m; this is \$10.6m less than the budget of \$33.6m due to the timing of major projects progressing.

#### Financial performance overview

Council's operating result was a deficit of \$5.1m when compared to the Annual Plan forecast surplus of \$4.3m. This is an unfavourable variance of \$9.5m.

	Budget 2016/17 \$000s	Actual 2016/17 \$000s	Variance Favourable/ (Adverse) \$000s
Revenue from Rates	55,921	55,966	45
Revenue from Grants and Subsidies	21,670	20,092	(1,578)
Revenue from Operating Activities	12,829	11,455	(1,374)
Other Gains/(Losses)	12	1,041	1,029
Total Operating Income	90,432	88,554	(1,878)
Employee Benefit Expenses	18,068	19,051	(983)
Depreciation and Amortisation	20,524	20,121	403
Operating Activities	45,525	55,305	(9,780)
Finance Costs	1,999	1,811	188
Total Operating Expenditure	86,116	96,288	(10,172)
Net surplus/(deficit) before taxation	4,316	(7,734)	(12,050)
Subvention Income	0	2,548	2,548
Income Tax Expense (Benefit)	0	0	0
Net Surplus/(Deficit) after Tax	4,316	(5,186)	(9,502)
Gains/(Losses) on Property Revaluation	378	13,716	13,338
Total Comprehensive Revenue and Expenses	4,694	8,530	3,836

The contributing factor was an increase in Roading related expenditure being \$6.3m above Annual Plan along with additional provisions for various matters including landfill aftercare and other provisions of \$3.7m.

Other grants and subsidies income was below Annual Plan by \$1.6m as a result of timing of receiving and spending grant funds being later than forecast. This correlates to the timing of projects progressing, including the HB Williams Memorial Library and Navigations project.

Council's overall comprehensive income was \$8.5m for the year ending 30 June 2017. This was a favorable variance of \$3.8m when comparing the Annual Plan forecast income of \$4.7m.

The contributing factor to the overall surplus was the inclusion of property revaluation gains being above Annual Plan by \$13.3m. Gain in changes in fair value of forestry assets were above Annual Plan by \$1.1m, and NZ Transport Agency Roading subsidies were above Annual Plan by \$1.5m.

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

# Significant changes in revenue/expenditure compared to the 2016/17 Annual Plan

	\$000s
Higher than annual plan property valuations	13,338
Subvention / Dividend Income from GHL	1,095
Increase in other gains	1,029
Revenue from operating activities	79
Income from rates	45
Lower than budgeted depreciation and amortisation	403
Finance costs	188
Total Positive Variances	16,177

Less

Higher than annual plan operating expenditure and<br/>employee expenses(10,763)Lower revenue from grants and subsidies(1,578)Total Negative Variances(12,341)

Total Factors contribution to the underlying variance 3,836

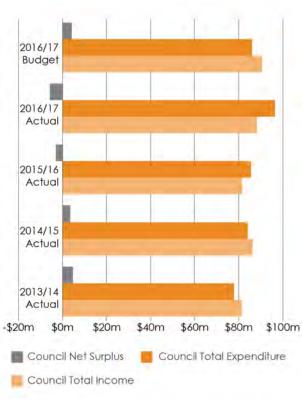
Council sets its operating income at a level to meet each year's operating expenditure. In some cases this may not be practical or prudent due to the long term nature of the activity (i.e. wastewater, forestry and soil conservation nurseries) or the capital project funding being received as grants/subsidies.

Council's budget and actual net surplus for 2014 - 2017 is shown below. In most years Council will achieve a small

surplus, usually the result of income received for capital projects.

The total income for 2016/17 has increased by \$6.9m from the 2015/16 year.

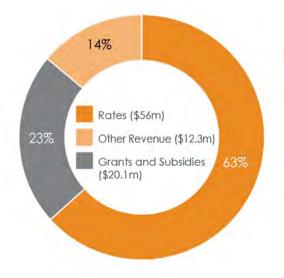
Total Net Surplus 2014-2017



#### Council income

In 2016/17 the Council received income of \$88m compared to a budget of \$90m.

#### Council 2016/17 Income \$88m



Council mainly collects income through rates, this is 63% 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 during the year has transferred various assets to Gisborne Holdings Ltd.

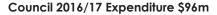
It is expected that Gisborne Holdings Ltd will increase income generated from these assets in the long term to benefit Council, the community and rate payers.

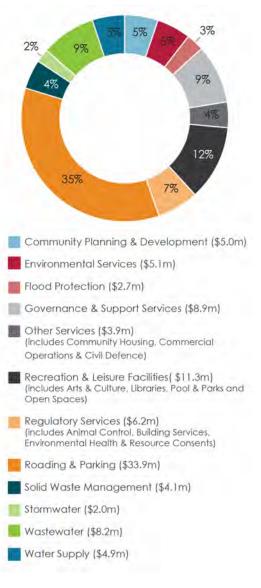
#### **Council expenditure**

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 56% of total operating expenditure of the Council. The total cost of these services was \$53m.



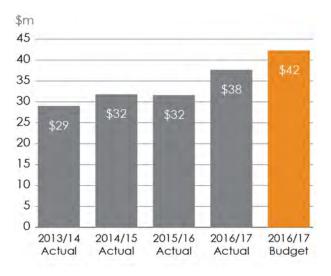


The Council has over \$2.0b invested in assets. These are mainly used to provide essential services to our communities – roads, water, stormwater, wastewater, flood protection, parks, open spaces and community facilities. Council must ensure these assets are maintained and replaced if necessary so that the services they provide can continue now and into the future. The maintenance and depreciation on Council's assets are costly. In 2016/17 depreciation and amortisation charges totalled \$20.1m; this is 21% of our total costs. Repairs and maintenance costs were \$11.3m; this is 12% of our total costs.

#### **Council debt**

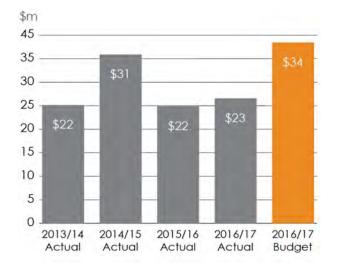
Council has debt of \$38m; this is \$4m less than the LTP budget of \$42m. Forecast debt levels are expected to increase over the next few years as Council completes a number of major projects.

#### **Council Debt**



#### Council capital expenditure

During the year significant work was completed on Titirangi weed and tree removal and replanting of 80,000 trees. ECT funding was regained for Tairāwhiti Navigations and planning for that project including the Inner Harbour progressed, the HB Williams Memorial Library extension, the Waipaoa Flood Control improvements, and the Wetlands pilot all progressed. The major capital projects planned for the next two years include the completion of the HB Williams Memorial Library extension, beginning construction on the Waipaoa Flood Control improvements, construction on the Tairāwhiti Navigations and Inner Harbour project and planning and potentially construction on the new cycle and walkways.



Council Capital Projects 2013-2017

# Council's five year financial performance summary

	2013	2014	2015	2016	2017
Public Debt (\$000)	25,016	29,032	31,830	31,615	37,679
Net Surplus/(Deficit)	4,648	4,620	3,463	(2,911)	(5,186)
Total Comprehensive Revenue and Expenses	21,716	54,166	12,917	10,938	8,530
Net debt as a % of equity <10%	1.34%	1.51%	1.65%	1.63%	1.93%
Net interest as a % of income <10%	2.24%	2.46%	1.98%	2.21%	1.98%
Total debt per capita <\$1700	\$563	\$665	\$729	\$724	\$863
Working Capital (excluding current portion of public debt)	(5,230)	(262)	(5,070)	(9,188)	(13,223)



Chartered Accountants

#### INDEPENDENT AUDITOR'S REPORT TO THE READERS OF GISBORNE DISTRICT COUNCIL'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

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 26 October 2017. This is the date on which we give our report.

#### Opinion on the audited information

In our opinion:

- the financial statements on pages 78 to 123:
  - present fairly, in all material respects:
    - the District Council's and Group's financial position as at 30 June 2017;
    - 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 and have been prepared in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on page 128, 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 33 to 74:
  - presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2017, 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

**Audit report** 

- the statement about capital expenditure for each group of activities on pages 33 to 74, 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 128 to 138, 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 Local Government Act 2002 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 124 to 127, 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 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 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 long term plan or annual plans.

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 19, 24 to 29 and 140 to 143, 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.

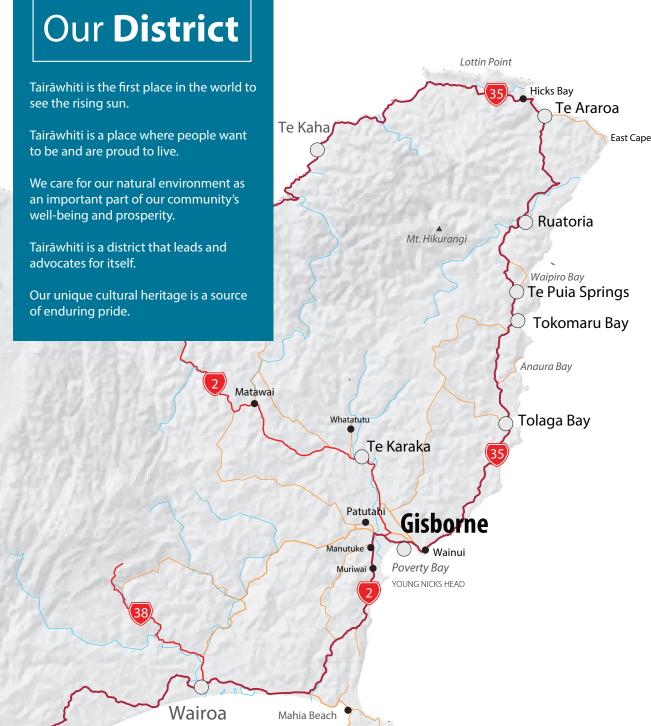
#### Independence

We are independent of the District Council and groups 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 provision of other assurance services we have no relationship with, or interests in, the District Council or its subsidiaries and controlled entities.

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

# TO TATOU ROHE ME TE ANGA WHAKAMUA OUR DISTRICT OUR DISTRICT



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

Our people make Tairāwhiti the place it is. We are diverse and we come from all walks of life. As the site of the first meeting between Māori and European, our district is rich in history. Almost 50 percent of our population is Māori. This is more than three times the national proportion. We value our communities, our social networks and our natural environment. We have the ability and creativity to succeed locally and on the global stage.

#### Tairāwhiti Tangata (Our People)

#### Population

Gisborne's greatest asset is its people. We are a cohesive, connected, culturally rich and creative community. We have access to and celebrate those things that foster our well-being including quality arts, recreational, cultural and educational opportunities; strong health; infrastructure and good jobs.

The population of the Gisborne District has fluctuated between 46,000 in 1986, 44,000 in 1991, 46,000 from 1996-2006 and 43,653 (2013 Census). The Gisborne District population forecast for 2017 is 47,734, and is forecast to grow to 52,063 by 2043, an increase of 9.07% (forecast developed by .id, a specialist demographics company).

In 2013, the dominant age structure for persons in Gisborne District was ages 5 to 9, which accounted for 8.4% of the total persons. The largest increase in persons between 2013 and 2023 is forecast to be in ages 70 to 74, which is expected to increase by 682 and account for 4.7% of the total persons. The largest 5 year age group in 2023 is expected to be 10 to 14 years, with a total of 3,931 persons.

In 2013, the dominant household type in Gisborne District was Couple families with dependents, which accounted for 27.1% of all households. The largest increase between 2013 and 2023 is forecast to be in Couples without dependents, which will increase by 644 households and account for 27.3% of all households.

Of the residential population, 21,096 (48.3%) were male compared to 48.7% nationally, and 22,560 (51.7%) were female, compared to 51.3% nationally. The city had a median age of 37.0 years, 1.0 years below the national median age of 38.0 years. People aged 65 and over made up 14.0% of the population, compared to 14.3% nationally, and people under 15 years made up 24.6%, compared to 20.4% nationally. People aged between 15 and 24 made up approximately 12.7% of the city's residential population.

# Tairāwhiti Taonga (Our environment, culture and economy)

#### **Our Environment**

Gisborne is blessed with many natural assets, which are key to our community's prosperity and well-being. We are responsible for managing and monitoring the state of the local environment for the enjoyment of future generations. Our rich coastline, fertile soils, warm climate and abundant freshwater are key to our community's well-being and prosperity.

We have 130 parks and reserves in our district, with the majority in Gisborne city. We have 44 playgrounds, 101 garden areas covering 8,400 square metres and 6,583 metres of paths and tracks. The parks and open spaces network includes public parks and reserves, sports

grounds, cycle and walkways, coastal foreshore and beaches and our Olympic pool facility.

#### **Our Culture**

Our arts, heritage, language achievements and celebrations are locally, nationally and internationally renowned. True Māori hospitality, also known as manaakitanga, extends across our region. The East Cape is a stronghold of Māori tradition and offers a unique opportunity to experience the culture of Tangata Whenua, the 'people of the land'.

The HB Williams Memorial Library is one of the most-used Council facilities, with up to 5,000 visitors a week. Residents can look forward to a modern, expanded library with multi-purpose zones, study areas, youth spaces, a research centre and more in the new year.

The district's cultural facilities are undergoing an improvement transformation including the central library and a theatre that is hosting a record number of events. The recent historical restoration of Wyllie Cottage, located at Tairāwhiti Museum and Art Gallery, has greatly enhanced the telling of our stories.

The diversity of our region is reflected in the number of citizenship ceremonies held on behalf of the Department of Internal Affairs. Gisborne welcomed 85 new citizens to our district, representing 27 different nationalities.

#### **Our Economy**

Regional growth statistics from Statistics New Zealand show Gisborne continues to grow, but at a lower rate than the national average. Gisborne's GDP increased by 2.6 percent last year with increases in the fishing, forestry, and mining industries offset by a fall in agriculture.

Our region has been developing the infrastructure to match the growth. Gisborne Airport is one of only two airports in the world which has a railway line crossing the tarmac, recording 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.

# Tairāwhiti Wawata (Our aspirations realised)

Council sees Gisborne as a district where we achieve our aspirations, not only locally, but nationally and globally. We are a district that leads and advocates for itself. Council wants to ensure that all citizens are actively involved in community life and engages the community it its decision making to achieve our aspirations.

We want effective, open and responsive governance. We operate efficiently and provide exceptional service. We are innovative thinkers and are considered leaders in local government.

We aspire to great things for our district and its people.

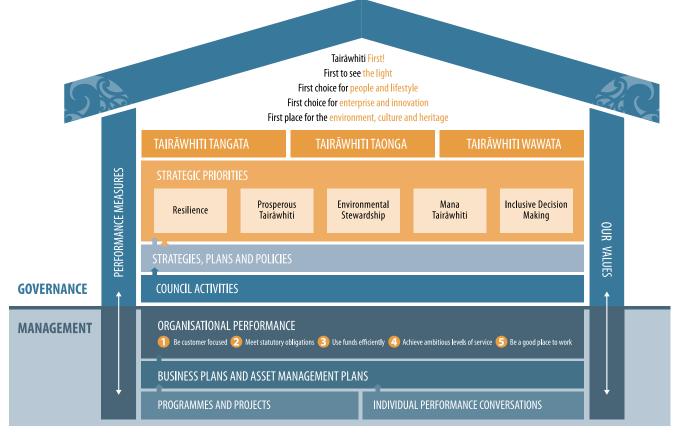
# Our Strategic **Direction**



#### 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.



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.

	Tairāwhiti	Piritahi	Together	Tairāwhiti
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kia <b>mārama</b>	make it <b>Smart</b>
kia <b>ngāwari</b>	make it <b>Easy</b>
kia <b>ū</b>	make it <b>Happen</b>

Our values guide how we will work together to achieve our vision.

#### **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

Our strategy sets out the overall approach for how we're going to fund the activities and services Council provides. The overarching aim of our Financial Strategy is to be financially sustainable.

#### **Financial Strategy 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 has met its Financial Strategy by keeping rates increases at 2% overall for the first three years. This is taking into account the average rates increase for the first two years. Total rates which includes water by meter rates is 63%.

#### 2. Minimise debt levels

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

#### How are we doing?

Council external debt is below \$38m. External debt will be kept in the low to medium band of \$18m to \$55m as set out in the LTP. 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 Irading 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.

### 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 could be so we can continue to provide these at appropriate levels. We are also working on using smart technology and open data to improve processes and outcomes for our customers.

#### 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.

# NGATUNAH TOMUA OUR ACTIVITIES

THE WAR

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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 2016/17, how well we performed against our targets and what it cost.

Sections are structured as follows:

#### Why we do it

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

#### What we do

Provides a brief description of what the activity involves.

#### Contribution to community outcomes

The community outcomes the activity contributes to are listed. See Page 28 for a full list of our community outcomes.

#### What we did

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 2016/17 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 2015/16 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

Our commercial operations are made up of a number of 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 in Council Controlled Trading Organisations. Its largest is Gisborne Holdings Limited (GHL). Phased transfers of our commercial assets to GHL are underway as part of a strategy to maximise their commercial opportunities.

#### Why we do it

The primary focus of commercial operations is to operate profitably and provide a non-rates income stream to Council. These operations contribute to a prosperous Tairāwhiti as income generated from these assets is an

#### Levels of Service and Performance Measures

important income stream for Council which is used to reduce the level of rates. Council also provides quality and affordable housing for those aged 55 years and over who have difficulty in providing it for themselves with rent not to exceed 90% of the market rate.

This activity contributes to the following Council Outcomes

- Tairāwhiti Tangata
- Tairāwhiti Wawata

#### What we did 2016/17

- The provision of accommodation for Council employees and Council services.
- Project management for the relocation and rebuild of Council buildings.
- Operation of Waikanae Holiday Park.
- Operation of Gisborne Vehicle Testing Station.

Level of Service	Performance measure	Result 2015/16	Target 2016/17	Result 2016/17
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%	2% - 3%	2.8% Achieved
	Maintain an annual net return of 4% - 6% net including capital growth across the total commercial operations base.	13.3%	4% - 6%	15.9% Achieved
Suitable and affordable housing is provided to enable independent living for people aged 55 years and over who have difficulty providing it for	Percentage of customer satisfaction with standard of accommodation and services as found in our annual inspection survey.	98%	95%	99.4% Achieved
themselves.	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?

<sup>1.</sup> Performance levels have been met.

#### What it cost

	2016/17 Actual	2016/17 AP	2016/17 Variance	2015/16 Actual
Operating Expenditure (\$000)				
Revenue from Non-Exchange Transactions	0	0	0	0
Revenue from Exchange Transactions	2,479	3,345	(866)	4,039
Expenses	1,722	3,164	(1,442)	5,178
Net Cost of Service	(757)	(180)	(576)	1,139
Capital Expenditure				
Capital Projects	271	438	(168)	730
Funded By:				
Other Capital Revenue	0	0	0	0

Depreciation or Other Reserves (Renewals)	271	433	(162)	610
Internal Loans	0	6	(6)	120
	0	0	0	(0)

#### What was different from the budget

- 1. Operating revenue was \$866k under budget. This is mainly due to the vehicle testing station and holiday park being no longer owned by GDC.
- Operating expenses were \$1,442k under budget. This is mainly attributable to not having the repairs & maintenance expense of the Vehicle testing station and Holiday park.
- 3. Capital expenses were \$168k under budget. This is due to the transfer of the Vehicle testing station and Wakianae Beach Holiday Park to GHL.

#### **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

We provide this service to minimise the danger, distress and nuisance caused by stray dogs, and to ensure the control of stock on the roads of the Gisborne district in the interests of public safety.

# This activity contributes to the following Community Outcome

Tairāwhiti Tangata

#### What we did 2016/17

- Increased Animal Control patrols in targeted areas with zero tolerance to aggressive dogs.
- Focused on proactive and consistent enforcement with infringements issued to all dog owners who failed to register their dogs. Infringements also issued for other moderate offending.
- Reviewed and updated our standard operating procedures and Health & Safety for Animal Control.
- New equipment issued to Officers they now wear body-worn cameras and stab vests, and have bite sticks and dog sprays.
- Increased Menacing and Dangerous dog classification compliance.
- Continued developing our education programme with more visits to schools and other external organisations.
- Progressed review of the Stock Control Bylaw.
- Increased stock control monitoring.

#### Levels of Service and Performance Measures

Level of Service	Performance measure	Result 2015/16	Target 2016/17	Result 2016/17
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.	54%	50%	57% Achieved
	The percentage of routine requests for dog or stock control issues responded to within 48 hours.	98%	95%	94% Not achieved '
	The percentage of urgent requests involving threats to public safety from dogs or stock with Council response initiated within 30 minutes.	83%	95%	83% Not achieved <sup>2</sup>

#### What was different to Levels of Service and Performance Measures?

- <sup>1.</sup> The Animal Control team has experienced resourcing challenges with an entirely new team and all staff are still learning in their new roles. The target of 95% within a 30-minute response time was difficult to achieve with only four officers for the city. The reporting system was also overhauled last year to ensure correct statistics were being recorded. This has highlighted the challenge of successfully achieving 95% response rates with few staff. This has made attending to incidents within 30 minutes challenging.
- <sup>2</sup> The same reason as above can be cited (new staff, new reporting system).

#### What it cost

2016/17 Actual	2016/17 AP	2016/17 Vaiiance	2015/16 Actual
99	50	49	71
737	750	(13)	908
665	715	(50)	779
(171)	(84)	(87)	(200)
	Actual 99 737 665	Actual         AP           99         50           737         750           665         715	Actual         AP         Vaime           99         50         49           737         750         (13)           665         715         (50)

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.

#### What was different from the budget

- 1. Non-exchange revenue was \$49K over budget. This is due to additional revenue from NZTA for stock control.
- 2. Operating Revenue was \$13k under budget. This is primarily due to how we accrue infringement revenue.
- 3. Operating Expenses was \$50k lower than budget. This is mainly due to bad debts related to infringement revenue.

# **Building Services**

#### What we do

- The Building Services activity is governed by the Building Act 2004 and the Local Government Official Information & Meeting Act and provides the following services:
  - issues building consents, code compliance certificates (CCCs) and land information memoranda (LIMs);
  - provides the public with accurate and up to date information on building consent processes;
  - monitors compliance of building warrants of fitness for commercial buildings;
  - responds to service requests relating to stormwater and other building related non-compliance issues; and
  - assesses and follows-up on strengthening of earthquake prone buildings.

#### Why we do it

To promote the safety of people living and working in buildings and provide information on request to

#### Levels of Service and Performance Measures

applicants who either intend to build on or purchase a property.

# This activity contributes to the following Community Outcome

• Tairāwhiti Tangata

### What we did 2016/17

- All building consents are now electronically processed. The next step is to provide an online capacity for consents to be lodged. The tracking of consents will provide greater security of documentation.
- Provided technical input to the Natural Hazards Redefinition project and DrainWise project.
- Worked with Ministry of Business, Innovation & Employment in the development of the regulations that are part of the legislation changes for earthquake-prone buildings. These changes will take effect in April 2017.
- Continued to strive to meet our internal performance target of 75% of all building consents issued within 10 working days, which is half the statutory time frame. Just failed to meet this target with 74% issued in 10 days and 54% issued in 5 working days.

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Result 2016/17	кер
0.077	X

Level of Service	Performance measure	Result 2015/16	Target 2016/17	Result 2016/17
We promote the safety of people living and working in buildings through processing and monitoring building	Percentage of building consents processed within twenty working days.	98%	98%	99% Achieved
consent applications.	Percentage of fast track building consents processed within five working days.	100%	100%	100% Achieved
	Percentage of Land Information Memorandums (LIM) processed within ten working days.	100%	100%	100% Achieved

#### What was different to Levels of Service and Performance Measures?

All performance measures have been met successfully.

#### What it cost

	2016/17 Actual	2016/17 AP	2016/17 Va <b>i</b> ance	2015/16 Actual
Operating Expenditure (\$000)				
Revenue from Non-Exchange Transactions	0	0	0	0
Revenue from Exchange Transactions	907	907	0	923
Expenses	1,008	1,143	(135)	954
Net Cost of Service	101	236	(135)	31

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

- 1. Operating revenue within budget.
- 2. Operating expenses were \$135k under budget. This is mainly due to no spending on special projects and Weathertight homes assistance, and a reduction in bad debts.

# **Environmental Health**

#### What we do

The Environmental Health activity includes a range of services around education, administration, enforcement and monitoring of:

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

The activity performs a number of functions including alcohol licensing, public and environmental health and bylaws and public safety.

#### Why we do it

To ensure that Gisborne remains a healthy and safe place to live, work and play and to enhance the quality of life for all current and future residents and visitors to the Gisborne district.

# This activity contributes to the following Community Outcomes

- Tairāwhiti Tangata
- Tairāwhiti Taonga

### What we did 2016/17

- Approval of Local Alcohol Policy, used for licensing and aimed at reducing alcohol-related harm.
- Implemented the Food Act 2014 with 100% of businesses in the first year transition phase registered.
- Completed the review of the Liquor Control Bylaw to incorporate changes requested by the Police for the R&V Festival alcohol ban areas.
- Continued to work collaboratively with Police, Public Health, Fire Service and ACC to tackle the effects of alcohol abuse on the community through licencing, liaison and education.
- Developed strategies with the Hauora Tairāwhiti for environmental health responses to emergency events and contamination outbreaks.
- Continued to implement processes to advise recreational users, iwi and other water users when wastewater discharges have occurred.
- Initiated collaborative working arrangements with event organising agencies, prior to and after the larger festivals and events in our district. The aim is to work together to ensure the festivals are successful and compliant.
- Completed the Background Noise Survey for the central Gisborne area to determine whether there are issues that need to be addressed.
- Assisted with the compilation of a contaminated sites database to facilitate the National Environmental Standards for Contaminated Sites.
- Completed the review of the Harbour Master's function and the Harbour Safety Management Code.

Level of Service	Performance measure	Result 2015/16	Target 2016/17	Result 2016/17
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. <sup>1</sup>	Achieved	Achieve	Achieved <sup>2</sup>
	Percentage of applications for liquor licences and food certificates processed within target timeframes.	100%	95%	100% Achieved
	Percentage of noise complaints assessed within half an hour of receiving a complaint.	90%	95%	85% Not achieved <sup>3</sup>
	Percentage of registered and licensed premises that undergo an environmental health compliance inspection annually.	100%	100%	100% Achieved
	Percentage of reported pollution incidents with Council response initiated within 30 minutes.	100%	100%	94% Not achieved⁴

# Levels of Service and Performance Measures

### What was different to Levels of Service and Performance Measures?

<sup>1.</sup> This measure was changed in the 2016/17 Annual Plan. The measure was "Exceedances of National Water Quality Guidelines for safe contact recreation bathing standards at monitored recreational bathing sites." This was changed to be specific to Environmental Health. There is a water quality measure already covered in Environmental Services activity.

- <sup>2</sup> Monitoring of recreational bathing beaches resulted in no exceedances of the standards for safe swimming.
- <sup>a.</sup> The introduction of a new after-hours noise contractor will provide improved response times from July 2017 onwards.
- <sup>4</sup> The method of recording has been amended to ensure the measure is correctly capturing actual attendance. Work is also underway to ensure that emailed pollution notifications are promptly directed to the correct responder.

	2016/17 Actual	2016/17 AP	2016/17 Vaiiance	2015/16 Actual
Operating Expenditure (\$000)				
Revenue from Non-Exchange Transactions	0	0	0	0
Revenue from Exchange Transactions	306	312	(6)	327
Expenses	1,279	1,285	(6)	1,237
Net Cost of Service	973	973	(0)	910

This activity was mainly funded from fees and charges where recoverable

- 1. Operating revenue is \$6k under budget. This is mainly due to a reduction in Resource consents.
- 2. Operating expenses were \$6k under budget. Although employee costs increased due to the Harbour Master costs coming in-house, this was balanced out by the underspending in special projects, a reduction in bad debts and operating costs.

## **Environmental Services**

#### What we do

The Environmental Services activity carries out the regulatory, non-regulatory and science based provisions for the management of the Gisborne district's natural and physical resources. In particular we exercise our functions as a regional council. The activity includes the following teams: Biosecurity, Environmental Data Management, Soil Conservation and Water Conservation.

Environmental Services provides information, assists, regulates, monitors and reports on animal and plant pest management, and sustainable land and water resource management. Some direct control of animal pests is carried out. The 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.

### Why we do it

To manage the use, development and protection of our natural and physical resources, now and into the future.

# This activity contributes to the following Community Outcomes

- Tairāwhiti Tangata
- Tairāwhiti Taonga

#### What we did 2016/17

- Council's Land and Soils Resources staff members have been involved in grant applications to the erosion control funding programme. Applications were for in excess of 500 ha for managed reversion in the 2016 funding round with a similar area applied for in 2017.
- Involved on 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 is due for gazettal in August 2017.
- Completed fish passage enhancement on structures owned by the Council on the Te Arai River.
- Implemented the Proposed Gisborne Regional Freshwater Plan. Forty six landowners cooperated by completing farm Environment Plans where as growers completed Irrigation Management Plans. 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 mediterranean Fanworm that was found in the water of Eastland Port. Numbers are reducing and eradication is close to being achieved.
- Upgraded equipment at river and weather sites to improve the prediction of rainfall events and the resultant flooding. A new river flood level warning system has been developed and has now been launched on the GDC website.
- Upgraded rural fire weather station sites across the region to better represent our fire risk.
- Continued with LAWA upgrades, particularly recent deployment of the 'Can I Swim Here' module showing Gisborne sampling data.

## Levels of Service and Performance Measures

Level of Service	Performance measure	Result 2015/16	Target 2016/17	Result 2016/17
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). <sup>1</sup>	100%	100%	100% Achieved
	Number of Protection Management Areas subject to specific animal and pest control operations per year.	35	15²	17 Achieved
	Percentage of eradication animal pests found established in the district for the first time visited and all animals controlled.	100%	100%	100% Achieved
	Percentage of known significant eradication plant pest (as defined in the Pest Management Plan) sites visited and all plants controlled.	95%	100%	86% Not achieved <sup>3</sup>
	Percentage of national plant pest accord pests found established in the district for the first time visited and all plants controlled.	100%	100%	100% Achieved
We manage land resources to conserve natural values, prevent or mitigate adverse effects and sustain	Number of farm properties where a Farm Environment Plan has been prepared per year.	11	20	46 Achieved
productive capability.	Total Overlay 3A severely erodible land covered by a draft or final Overlay 3A work plan or an Overlay 3A resource consent. <sup>4</sup>	43,467 ha	42,500 ha⁵	43,567 ha Achieved
	Percentage of total Overlay 3A severely erodible land treated.	82%	84%	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 <sup>7</sup>	Coastal: 86% Freshwater: 78%	Coastal: 86% Freshwater: 78%	Coastal 93% Achieved Freshwater 69% Not achieved <sup>8</sup>
	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%	51%	51% 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. <sup>9</sup>	Nitrate: 71% Salinity: 66% E.coli: 100%	Nitrate: 71% Salinity: 66% E.coli: 100%	Nitrate: 78% Achieved Salinity: 92% Achieved E.coli: 81% Not achieved <sup>10</sup>
	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%	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%	50% by end of Year 3	0% <sup>11</sup> Not achieved

#### What was different to Levels of Service and Performance Measures?

- <sup>1</sup> 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.
  - 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.
  - The exceedingly wet autumn and winter has meant that staff have been unable to get to all sites for inspection. Those sites will be inspected in the 2017/18 financial year, weather permitting.
  - 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 Tairawhiti 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).
  - Targets were amended in the 2016/17 Annual Plan to reflect the change to the performance measure.
  - This target was amended in the 2016/17 Annual Plan. This is a new measure and the targets were set too low.
  - 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.
  - Site specific investigations into the factors causing water quality decline in some locations will be undertaken to identify what is leading to the trend. At this stage it is unknown whether they are environmental factors or due to specific land use activities.
  - <sup>2</sup> 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.
  - <sup>10.</sup> These are environmental performance measures. The trend of increasing E-coli levels in some shallow bores is concerning and staff are investigating the cause of this trend.
  - <sup>11.</sup> There are 31 water takes from the Makauri Aquifer. All of these have an irrigation management plan. None of the plans currently meet the requirements of the Freshwater Plan their consents expire in 2018 when this will be part of a consent renewal condition. Currently 25% would meet 80% of the requirements, 39% meet 70% of the requirements, 23% meet 60% of the requirements, 3% meet 50% of the requirements and 10% meet less than 50% of the requirements.

#### What it cost

	2016/17 Actual	2016/17 AP	2016/17 Vaiiance	2015/16 Actual
Operating Expenditure (\$000)				
Revenue from Non-Exchange Transactions	355	428	(74)	144
Revenue from Exchange Transactions	496	329	167	382
Expenses	4,601	4,574	26	3,667
Net Cost of Service	3,750	3,817	(67)	3,141

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	160	84	76	101
Funded By:				
Depreciation or Other Reserves (Renewals)	121	84	37	101
Other Capital Revenue	39	0	39	0
	0	0	0	0

- 1. Non-exchange revenue was \$74k under budget. This was attributable to a reduction of government grants.
- Operating revenue as \$167k above budget. This is mainly due to land use consents, forestry sales and subsidy from National rural fire authority.
- 3. Operating expenses were \$26k over budget. This was mainly due to end of year stock adjustment on Dynex poles and additional contractor expenses.
- Capital projects were \$76k over budget. This was mainly due to project 420000 purchase of Telemetry equipment.

# **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

Control of parking spaces within Gisborne city, particularly in the CBD, is maintained to ensure the turnover of vehicles for retailers, businesses and public. Application and compliance with traffic law is to ensure that vehicles are safe and well managed for community wellbeing.

## This activity contributes to the following Community Outcome

Tairāwhiti Tangata

#### What we did 2016/17

- 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 2015/16	Target 2016/17	Result 2016/17
We provide and maintain accessible parking services.	The percentage of on street Council car parks that are available within the CBD between 8 $am - 5 pm$	43%	10%	40% Achieved <sup>1</sup>

#### What was different to Levels of Service and Performance Measures?

Last Vehicle Count Survey conducted 5-9 December 2016. Average over the week of 60% occupancy rate. 40% of parks available.

#### What it cost

	2016/17 Actual	2016/17 AP	2016/17 Vaiiance	2015/16 Actual
Operating Expenditure (\$000)				
Revenue from Non-Exchange Transactions	1,077	737	340	803
Revenue from Exchange Transactions	691	624	66	679
Expenses	1,141	531	610	666
Net Cost of Service	(627)	(831)	204	(816)

This activity was funded 100% from fees and charges

- 1. Non-exchange operating revenue was \$340k over budget. This is mainly due to additional funds from court enforced fees and infringement fees.
- 2. Operating Revenue was \$66k over budget. This is due to more Parking meter fees being collected.
- 3. Operating Expenses were \$610k over budget. This was mainly due to Central Government share of specific infringement fees.

# **Resource Consents**

#### What we do

This activity provides information to applicants on resource consent requirements and processes resource consents in accordance with the Resource Management Act 1991 (RMA) and the District Plan.

This activity also monitors the implementation of resource consent conditions. This requires coordinating technical staff and scheduling site visits to check that activities are undertaken in accordance with consent conditions. Compliance with conditions should achieve anticipated environmental results. Equally, Plan rules are enforced to prevent inappropriate development that may adversely affect the environment.

#### Why we do it

To protect and enhance the quality of the district's natural and physical environment now and into the future.

# This activity contributes to the following Community Outcomes

- Tairāwhiti Tangata
- Tairāwhiti Taonga

#### What we did 2016/17

- Undertook an independent audit of Council's consent decisions. The audit assessed over 40 consent decisions against best practice principles defined by Quality Planning. This will be an annual activity to ensure consistent delivery and framework for all consent decisions is being applied.
- Adopted electronic processing of all resource consents. Next step is to provide an online capacity for consents to be lodged and the tracking of consents, allowing greater information for applicants and security of documentation. This is part of Consents Transformation Stage 1 project delivery for 2017/2018.
- Continued to deliver a high level of compliance with the statutory timeframes for the processing of resource consents.

Level of Service	Performance measure	Result 2015/16	Target 2016/17	Result 2016/17
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%	100%	100% Achieved
	Percentage of district consents due for monitoring where the monitoring has been completed.	100%	60% - 70% <sup>1</sup>	90% Achieved
	Percentage of consents that meet good practice standards as set out in Quality Planning when audited.	Not measured <sup>2</sup>	84%	95% Achieved
	Percentage of Resource Consents applications processed within statutory timeframes.	94%	96% <sup>3</sup>	91% Not achieved <sup>4</sup>
	Percentage of resource consents with full compliance or minor non-compliance at first monitoring inspection.	35%	10 - 30%	95% Achieved⁵

#### Levels of Service and Performance Measures

#### What was different to Levels of Service and Performance Measures

- <sup>1.</sup> Measure was amended in the 2016/17 Annual Plan with target during years 1-3 = 60-70%.
- <sup>2</sup> Baseline data has been developed as Quality Planning good practice standards have now been defined.
- <sup>3</sup> Long Term Plan 2015-2025: Year 1 = 95%, Year 2 = 96%, Year 3 = 97%, Year 4 10 = 98%.
- <sup>4.</sup> The Resource Consents team has experienced significant transition and impact to consent processes with the move to digital processing, which is only part-way implemented. This is further impacted as teams are operating with high volumes of consents and where staff numbers are low. A business case is being prepared to request additional resourcing of staff to process applications within statutory timeframes.
- <sup>5.</sup> This is a new measure that will be reviewed during the 2018-2028 LTP process to have a realistic target.

	2016/17 Actual	2016/17 AP	2016/17 Vaiiance	2015/16 Actual
Operating Expenditure (\$000)				
Revenue from Non-Exchange Transactions	0	0	0	0
Revenue from Exchange Transactions	347	197	150	299
Expenses	1,343	1,147	196	1,227
Net Cost of Service	996	950	46	929

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

- 1. Operating Revenue was \$150k over budget. This is mainly attributable to land resource consents, resource consents and subdivision fees.
- 2. Operating Expenses were \$196k over budget. This is mainly due to an increase in professional services, consultancy fees and commissioner hearings.

# **Emergency Management (CDEM)**

#### What we do

In accordance with the Civil Defence Emergency Management (CDEM) Act 2002, Council is accountable for CDEM arrangements within the Gisborne district. The Emergency Management Activity also includes the Rural Fires and Marine Oil Spill functions.

#### Why we do it

- Civil Defence Emergency Management Council undertakes the CDEM activity to ensure it is meeting the requirements of the CDEM Act 2002. This activity increases community awareness, understanding, preparedness and participation in CDEM, reduces the risks from hazards to the district and enhances the district's capability to manage and recover from emergencies.
- **Rural Fires** To safeguard life, property and the environment by the prevention, detention, control, restriction, suppression and extinction of fire in forest and rural areas within the Gisborne District Council Rural Fire Authority boundaries.
- Marine Oil Spill To protect our marine environment from marine oil spills.

# This activity contributes to the following Community Outcomes

- Tairāwhiti Tangata
- Tairāwhiti Taonga

#### What we did 2016/17

- The Community Groups were awarded the ministerial award for outstanding contribution to CDEM in NZ. This award recognised the communities and acknowledged them for their readiness and actions in response.
- Rural Fire managed a number of vegetation fires over summer.
- Took part in the nationwide exercise organised by the Ministry of Civil Defence and Emergency Management, Exercise Tangaroa – which was spread over 3 days each, two weeks apart.
- Responded to various events including the Te Araroa earthquake in September and Kaikoura earthquake in November, as well as various rain events.
- Sent a staff member to work in the Kaikoura EOC during the response in November/December.
- Updated The Tsunami and Adverse Plan. Held two marine oil spill exercises – the exercise at Tolaga Bay Wharf was the first time the team had moved out of the Gisborne area.
- Gisborne members of the National Response Team attended an exercise at Marsden Point and Taranaki.
- Worked with the Fire and Emergency NZ Transition Team for a seamless amalgamation of the Rural Fire and the NZ Fire Service.
- Increased number of followers on Facebook as of June 2017 we had 5,895 followers with one of our posts during a rain event in June reaching 50,241 people.
- Presented medals and certificates to the Volunteer Rural Fire Force, recognising their involvement.
- Received 39 requests for Rural Fire services over the year - 90% were completed within target and eight were surveyed with all eight receiving a good or excellent status.

Levels of Service an	d Performance Measures
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Level of Service	Performance measure	Result 2015/16	Target 2016/17	Result 2016/17
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%	80%'	78% Not achieved²
	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.	96%	80%	95% Achieved
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.	95%	94%	100% Achieved
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

- <sup>1.</sup> The target in the 2015-2025 Long Term Plan was set at 80% but will however be reviewed as part of the 2018-2028 process. Also refer to #2 below.
- <sup>2</sup> The Capability Assessment Report from the Ministry of CDEM, undertaken in October 2014, gave the Gisborne Group Score 78% this assessment is only done every five years.
  - Only three out of sixteen CDEM groups achieved above the 80% score.
  - Ministry CDEM found that the local CDEM target was high with the Director's target set at 76% for the next five years.
  - An action plan looking at areas of improvement has been drawn up.

#### What it cost

	2016/17 Actual	2016/17 AP	2016/17 Vaiiance	2015/16 Actual
Operating Expenditure (\$000)				
Revenue from Non-Exchange Transactions	0	0	0	0
Revenue from Exchange Transactions	690	94	596	87
Expenses	1,549	927	622	846
Net Cost of Service	859	833	26	759
This activity was funded 91% from ro	ates and S	9% from fe	ees and c	charges
Capital Expenditure				
Capital Projects	5	0	5	0
Funded By:				
Depreciation or Other Reserves (Renewals)	5	0	5	0
	0	0	0	0

- 1. Operating Revenue is \$596k over budget. This is mainly due to plant hire on fires need to be put out.
- 2. Operating Expenses were \$622k over budget. This is mainly due to costs from the Whakarau Road Fire in February.
- 3. Capital expenditure was \$5k over budget due to no budget for Rural Fires Hose Packs.

## Governance

### What we do

The Governance activity exists to provide for:

### **Representation and Democracy**

- Meet the obligations of the Mayor and Councillors under the Local Government Act.
- Provide a fair and active triennial election process which is compliant with the Local Electoral Act.
- Manage elected members' remuneration, allowances and expenditure processes in line with Remuneration Authority determinations.
- Comply with the Local Electoral Act which also controls Representation Reviews.
- Comply with the Local Government Official Information and Meetings Act requirements and processes to service Council and its committees.
- Respond to Official Information requests within legislative time frames.
- Support membership of Local Government NZ and participation in its sector groups.
- Advocate at a national level on policy, wider participation and representation.

### **Civic Duties**

Resource the Office of the Mayor, including the delivery of civic functions/events such as naval visits, Anzac Day commemorations, Citizenship Ceremonies, Sister City events, scholarships, awards, grants and VIP presentations.

#### Stewardship

- Protect Council assets, including those invested in Council Controlled Organisations.
- Support the relationship with Eastland Community Trust and meet Council's obligations under the Trust Deed.
- Meet Council's obligations to be a good employer.

The Governance activity supports the elected members in these roles and ensures that the purposes of the Local Government Act 2002 are met and the principles in that Act are applied.

## Why we do it

To provide for the representation of the community in an open, democratically accountable manner, to enable decision making and action and to promote its wellbeing.

To provide for the stewardship of the assets of the corporation and to implement the laws that enable physical and natural resources to be allocated.

# This activity contributes to the following Community Outcomes

• Tairāwhiti Wawata

### What we did 2016/17

- The 2016 local government triennial elections occurred on Saturday 8 October 2016. The elections for Gisborne District Council and Tairāwhiti District Health Board (Hauora Tairāwhiti) were conducted satisfactorily and on time and met all legislative and practical requirements.
- Elections undertaken for Gisborne District Council: Mayor (elected at large); and 13 Councillors (elected from 5 wards). A total of 32 nominations were received for the 14 Council vacancies, this was equivalent to 2013. Of the 31,497 electors on the Final Electoral Roll, 15,291 electors returned their voting document. This represents a 48.55% return and compares to a very similar return of 48.3% at the 2013 election and the 2016 nationwide average turnout of 42%. For the Tawhiti-Uawa and Waipaoa Wards the candidates were elected unopposed.
- Conducted 4 citizenship ceremonies on behalf of the Department of Internal Affairs, resulting in 85 residents inducted as New Zealand citizens.
- Nine people received Civic Awards in a ceremony held on 8 December 2016.
- The Mayor hosted the Royal New Zealand Navy's 75th year celebrations in August 2016.
- Held in conjunction with the Returned Services' Association (RSA) a Commemorative Civic Service on ANZAC Day.

#### Levels of Service and Performance Measures

Level of Service	Performance measure	Result 2015/16	Target 2016/17	Result 2016/17
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	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.	43%	65%	48% Not achieved <sup>1</sup>
	Percentage of residents satisfied with the way Council involves the public in the decisions it makes as found in the Resident Satisfaction Survey.	42%	60%	45% Not achieved <sup>2</sup>
	Percentage of residents who rate the performance of the Mayor and Councillors as good as found in the Resident Satisfaction Survey.	56%	60%	62% Achieved
	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?

- <sup>1.</sup> The Long Term Plan 2015-2025 committed to no more than a 2% p.a. increase for the first three years and focused on delivering its plans within agreed financial limits. While there has been an increase in the percentage of residents satisfied with how Council spends its rates on services and facilities, that percentage continues to be below target. Council will be consulting with the community on expectations around how rates are spent when setting the 2018 Revenue and Financing Policy.
- <sup>2</sup> We acknowledge that we have not achieved our targets for how we involve the community in our decision making processes. The newly-appointed Customer Engagement Manager is playing a significant role in engaging the community and continuously provide strategic leadership for Council's customer insights and engagement programme, which will be put to the test over the next year. A Customer and Communications Strategy was also developed. This measure has been moved from the 'Planning and Performance' activity to the 'Customer Engagement' activity for future reporting. Note: the same measure also appears under the 'Strategic Planning and Engagement' activity.

#### What it cost

	2016/17 Actual	2016/17 AP	2016/17 Vaiiance	2015/16 Actual
Operating Expenditure (\$000)				
Revenue from Non-Exchange Transactions	52	1	52	0
Revenue from Exchange Transactions	9	13	(3)	12
Expenses	1,304	1,340	(37)	975
Net Cost of Service	1,242	1,327	(85)	963

This activity was funded 100% from rates

- 1. Non-exchange revenue was \$52k over budget. This was attributable to TDHB's share of election costs.
- 2. Operating Revenue is \$3k under budget. This is due to less recoveries from hearings.
- 3. Operating Expenses is \$37k under budget. Although there was an increase in Council member & mayoral remuneration there was a reduction in grants & donations, bad debts, & legal expenses.

# **Support Services**

#### What we do

The following services are provided to support the Council in the effective and efficient running of the organisation:

- Finance and treasury operations
- Democracy and support services
- Information services
- Plant and vehicles
- Legal services
- Human resources
- Customer services

#### Why we do it

#### **Finance and Treasury Operations**

These services are provided as all large organisations require a framework by which they can set their plans and budgets for future years.

#### **Democracy and Support Services**

These provide specialist administration services to Council, enabling effective and transparent governance.

#### **Information Services**

Information Services enable "smarter, better and simpler" business processes and technology in order to empower Council to deliver a high performance culture and superior customer service.

#### **Plant and Vehicles**

This section provides fleet management (maintenance, sustainability and replacement of the car pool, specialist vehicles and other plant). The services are centralised for efficiency.

#### **Legal Services**

This service provides legal advice and support across Council to ensure Council has a high standard of statutory compliance; there is appropriate legal support for regulatory services and enforcement; the Councillors and staff have sound legal advice on governance matters; and general business legal matters are dealt with in a manner appropriate to their legal risk.

#### **Human Resources**

Human Resources provides support to the Chief Executive and managers on employment relations matters to promote best practice.

#### **Customer Services**

We are the advocates for the customer. We provide the link between the customer and the many departments of Council, providing clear information and services. We support Council in the effective and efficient running of the organisation.

#### This activity contributes to the following Community Outcomes

# • Tairāwhiti Wawata

## What we did 2016/17

#### Finance

- Continued to focus on partnering with the various Council activities.
- Improved our reporting information to Council and Committees.
- Progressed transfer of commercial assets to GHL to increase financial performance and returns to Council.
- Provided Electronic Purchase Order refreshment training as part of an accounts payable improvement initiative.

#### **Customer Services**

- Seconded staff to assist other teams with customer engagement and improving processes for the benefit of our customers.
- Continued development of 'Dogs Online' by introducing a new Dog Registration payment method which is much more user-friendly and easier to use.
- Improved our processes to assist customer contact resolution at first point of contact.
- Increased engagement with our senior citizens.
- Changed team processes to encourage better customer responsiveness.
- Blended the work areas of the Call Centre and Counter work teams to increase knowledge sharing and assist in smoother workloads across functions.
- Involved in creating the Requests for Services from our customers.
- Council rated in the top 10 councils for customer experience after a mystery shopper survey with a score of 93.3% and placed second equal out of 78 councils surveyed. This was announced at the ALGIM Customer Services Symposium in September 2016.

#### **Information Services**

- Digitised the internal processes of Consents to allow customer online consent lodgements.
- Transported over 3 million property records to an off-site supplier for digitisation over the next two years.
- Deployed a new Geographical Information Services (GIS) app, "ArcCollector", which enables our field workers to capture GIS data in the field instead of on paper maps, only to be re-drawn later in the office.
- Delivered a new app in Customer Services to allow Council staff to capture customer interactions across all mediums to allow for a better understanding of the most used services and also how our customers want to interact with us.

- Moved our infrastructure backup site to a Cloud location, enabling quicker recovery times to get our systems back up and running in the event of a disaster.
- Provided Customer Services with a new knowledge management system, with enhanced searchability and editing features.
- Provided Consents Services with a solution to capture monitoring data digitally when out in the field.
- Technology set-up at three new sites: the animal pound, Gisborne Botanical Gardens and at the temporary library location.

#### **Governance and Support Services**

• Council met all legislative requirements under the Local Government Official Information and Meetings Act 1987. We received 110 requests for information under this Act, with 93% completed within 20 working days target.

Levels of Service and Performance Measures

#### Human Resources

- Provided expertise and advice to the Chief Executive (CE) and Managers to ensure all employee-related legislative obligations have been met.
- Supported the CE on the restructuring proposal, Tairāwhiti Piritahi, to improve customer engagement and service delivery.
- Implemented an Organisational Induction Programme for new staff members to ensure staff understand Council operations and are familiar with the Kaupapa at GDC.
- Implemented new software to improve our recruitment and onboarding experience for candidates and staff.
- Refreshed our approach to Health & Safety (H&S) to enhance our H&S culture through staff involvement and positive engagement.
- A focused approach to managing our health and safety risks through development of knowledge and leadership.
- Implementation of a new centralised H&S software package (vault) to support our H&S framework.

Level of Service	Performance measure	Result 2015/16	Target 2016/17	Result 2016/17
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. <sup>1</sup>	85%	90%	75% Not achieved <sup>2</sup>
	Percentage of residents who are satisfied with Council customer service at first point of contact: - In person - Email - Online (including social media) - Phone	85% 54% 69% 75%	90% 80% 80% 80%	73% Not achieved <sup>3</sup> 52% Not achieved <sup>4</sup> 100% Achieved 75% Not achieved <sup>5</sup>

# What was different to Levels of Service and Performance Measures?

- <sup>1.</sup> The wording of this measure was changed in the 2016/17 Annual Plan to make it consistent with our Resident Satisfaction Survey.
- <sup>2</sup> We acknowledge that this measure has not been met, however, the Council's leadership team has embarked on a renewed drive to create a high performance culture. The emphasis is on enhancing and emphasising service delivery, which will lead to positive customer experiences. We've also adopted a flatter organisational structure that will result in less bottlenecks.
- <sup>3.</sup> Council endeavours to resolve customers' over-the-counter queries as effective and efficient as possible. Staffing levels during peak periods are being addressed to ensure adequate resourcing. Various factors contributed to targets not being met. We contributed resourcing to other parts of Council to assist where needed and also took on additional work to gain a better understanding of what our customers want from Council. We have also changed the way we operate to utilise resourcing more effectively. Valuable information was collated and we will be working closely with the Communications Team to increase the use of our online services, which will reduce over-the-counter pressure and increase customer satisfaction by taking customers out of the queues.

<sup>4.</sup> Refer to note # 3 above.

<sup>5.</sup> Refer to note # 3 above.

	2016/17 Actual	2016/17 AP	2016/17 Vaiiance	2015/16 Actual
Operating Expenditure (\$000)				
Revenue from Non-Exchange Transactions	1,917	871	1,046	1,021
Revenue from Exchange Transactions	599	2,019	(1,420)	584
Expenses	17,688	13,362	4,326	15,656
Net Cost of Service	15,172	10,472	4,700	14,050
Capital Expenditure				
Capital Projects	2,064	2,494	(430)	1,884
Funded By:				
Grants and Subsidies	3	0	3	68
Other Capital Revenue	232	699	(467)	227
Depreciation or Other Reserves (Renewals)	446	(12)	458	81
Internal Loans	1,371	1,807	(436)	1,496
Asset Sales	12	0	12	12
	(0)	0	(0)	(0)

- 1. Non-exchange revenue was \$1,046k above budget. This is due to an increase in retrieving penalties, and an increase in interest rate swap fair value.
- 2. Operating revenue was \$1,420k below budget. This is mainly due to not receiving any dividends or GHL return on investment.
- 3. Operating Expenses were \$4,326k over budget. Although there was a reduction in financing costs, there was an increase in professional services, staff appointments and more than usual rate penalties written off, waived and remitted.
- 4. Capital Expenses were \$430k under budget. This was mainly due to an underspend in project CIA \$260k, Information services contestable capex \$154k, and HR information system \$103k.

# **Flood Control**

### What we do

The Flood Control group includes the following activities:

- Rivers Asset Management
- Flood Control Schemes
- Land Drainage Schemes
- Wainui Beach Foredune Protection
- River Channel Maintenance

#### 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 did 2016/17

- Replaced four Armco culverts going under the Te Karaka stopbank as they were at risk of failing.
- Repaired and upgraded the Hamanatua Stream river training groynes, opposite the Wainui Surf Club Beach, 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.

## Levels of Service and Performance Measures

- Started working on the reformatting and updating of the Asset Management Plans.
- Condition assessment of the four drainage pumps stations was undertaken and a report detailing renewal priorities finalised.
- Started a review of the Flood Warning Manual and associated processes.
- Dealt with 107 Requests for Services, with 81% completed within target and a 96% satisfaction rating.
- Dealt with three cyclones this past year, involving checking culverts and flood gates prior to and after the event and the clearing of debris/damage afterwards.
- The flood warning roster team were active on many occasions during the year, including the three cyclones, providing advice and information to Civil Defence through the day and night.
- The Land, Rivers & Coastal Manager processed and provided advice on many LIMS, PIMS and consent applications, as well as supporting many other sections across Council.
- Additional funding was approved and the contract awarded to replace the failing Turanganui River retaining wall between the Railway Bridge and Watties Wharf/Reads Wharf. Construction is planned to start early in the 2017/18 financial year.
- Achievement of operational activities within the budget, including management of approximately 303km of waterways, 277km of land drains and 75km of stopbanks.
- Reviewed, monitored and continually improved Health & Safety so staff make it home safe. Staff passed the Construct Safe course, a new requirement for working in the road corridor. InReach personal locator beacons were also issued.
- Kern Mobile units/IPS8 have continued to improve its efficiency of work flow. Fault issues/asset inspection reports loaded into the device has improved and continue to improve with regular updates to IPS8.

Level of Service	Performance measure	Result 2015/16	Target 2016/17	Result 2016/17
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.	Achieved	Achieve Mandatory Measure	Achieved

#### What was different to Levels of Service and Performance Measures?

Performance measures have been met.

	2016/17 Actual	2016/17 AP	2016/17 Vaiiance	2015/16 Actual
Operating Expenditure (\$000)				
Revenue from Non-Exchange Transactions	0	0	0	0
Revenue from Exchange Transactions	210	179	31	206
Expenses	1,748	1,936	(188)	1,572
Net Cost of Service	1,537	1,757	(220)	1,365

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	941	1,038	(96)	316
Funded By:				
Other Capital Revenue	25	0	25	10
Depreciation or Other Reserves (Renewals)	529	260	268	156
Internal Loans	388	777	(390)	150
	0	0	0	0

- 1. Operating revenue was \$31k over budget. This is mainly attributable to an increase in river leases.
- 2. Operating Expenses were \$188k under budget. Although there was an increase in employee costs, there was a reduction in professional services, and an underspend in special projects.
- 3. Capital Expenses were \$96k under budget. Although there was no spend in Taruheru River channel improvements - \$192k, and an under spend in Pump station Renewals - \$148k. There was an overspend in Te Karaka Flood control scheme Armco renewals - \$199k and Waipaoa River flood control scheme - \$164K.

# Land Transport (Tairāwhiti Roads)

### What we do

Council's Land Transport Business Unit is responsible for managing the region's Land Transport network. This includes all elements of transportation planning, road maintenance and operation, parking provision and walking and cycling provision. In addition, because we are a unitary authority, activities such as regional land transport planning including passenger transport, mobility assistance for the disabled and road safety coordination are undertaken.

#### Why we do it

An effective transportation network is a key element in the efficient functioning of Gisborne district and its economy.

# This activity contributes to the following Community Outcomes

Tairāwhiti Tangata

## What we did 2016/17

- Completed safety improvements to Awapuni School's Anzac Street entrance to allow for safer school zones.
- Completed road improvements at various locations: East Cape Road, Anaura Bay Road (Stage 2) rock revetment, Waiamatatini Road at Kainanga Hill, widening of Mata Road.
- Completed repairs to various roads damaged by flooding such as East Cape Road rock revetment and Mass Block Wall, and Tauwhareparae Road reinstatement.
- Completed installation of guardrails along Tiniroto, Whatatutu, Lottin Point, Waikura, Karakatuwhero, Anaura and Tauwhareparae Roads.
- Completed installation of 363 Light Emitting Diodes (LED) streetlights in the Gisborne CBD area.
- Completed High Productivity Motor Vehicle (HPMV) strengthening and repairs to five rural bridges -Spaniards Bridge (Wharekopae Road), Haigs Access Bridge (Haig Road) and the Wigan (Tauwhareparae Road), Oweka (Waikura Road) and Wharekopae Bridge (Falkner Road).
- Completed extension of Stafford Street footpath and installation of guardrails.
- Completed various footpath repair and replacement works in the CBD/Western and Northern road networks. Footpath repair and replacement works to continue in 2017/18.
- Completed repair work on the Arakihi Road landslide and slip.
- Completed Oneroa cycle and walkway extension (Beacon Street project).
- Commenced design and investigation work on Crown-funded projects to be delivered as part of the Integrated Transport Priority Plan - replacement of Horoera Bailey Bridge leading to the historic East Cape Lighthouse, rest area facilities along State

Highway 35, Motu/Rere cycle link between SH2 Rere Falls Heartland Ride and the Motu Great Ride. The bridge replacement work will be completed by the end of 2017.

- Gazetted and formally adopted speed limit changes at Taruheru Cemetery area.
- Completed State Highway route safety and security improvements – Puketiti widening to provide passing opportunities, no-passing line improvements and new guardrails at various locations.
- Commenced work on the upgrade of Tokomaru Bay township.
- Completed artwork in bus shelters in Wainui Road, Kaiti Mall, Owen Road, outside PaknSave, Elgin shops and Huxley Road which mirrors our region's rich culture. Commenced design work for the London Street bus shelter.
- National advertising campaigns from November 2016 – January 2017 focused on speed, alcohol and fatigue. In February and March the focus shifted to drugs, young drivers, fatigue and distractions.

#### Levels of Service and Performance Measures

Level of Service	Performance measure	Result 2015/16	Target 2016/17	Result 2016/17
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.	16	Decrease	17 Not achieved <sup>1</sup>
with low clush and hijory rates.	Percentage of residents who feel that riding a bicycle is unsafe as found in Resident Satisfaction Survey.	25%	≤33%	35% Not achieved²
	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.	0 fatalities 16 serious injuries	Decrease Mandatory Measure	5 fatalities Not achieved <sup>3</sup> 17 serious injuries Not achieved <sup>4</sup>
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 <sup>5</sup>	50% 34%	60% 50%	48% Not achieved 36% Not achieved <sup>6</sup>
	Percentage of residents satisfied with the condition of footpaths as found in Resident Satisfaction Survey. <sup>7</sup>	55%	50%	53% 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.	81%	80% Mandatory Measure	78% Not achieved <sup>®</sup>
	Road condition - The average quality of ride on a sealed local road network, measured by smooth travel exposure.	89%	80% of sealed road networks to have NAASRA count of below 150 Mandatory Measure	84% Achieved
	Road maintenance - The percentage of the sealed local road network that is resurfaced.	4%	5% Mandatory Measure	11% 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. <sup>9</sup>	Not measured	60% Mandatory Measure	Not measured <sup>10</sup>
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. <sup>11</sup>	67%	68%	66% Not achieved <sup>12</sup>
	Percentage of customers who rate the passenger transport system as excellent/good.	83%	80%	94% Achieved <sup>13</sup>
	The number of bus passengers per annum.	144,690	140,000	142,373 Achieved

#### What was different to Levels of Service and Performance Measures?

- <sup>1.</sup> 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.
- <sup>2</sup> Upgrades to cycleways are ongoing with a 10% increase in satisfaction over last year. Council will over the next three years, together with Tairāwhiti Roads and the NZ Transport Agency, further develop a dedicated walking and cycling network in Gisborne that provides safe connections between schools, recreation areas, the CBD and residential areas. The Urban Cycleways Fund will help accelerate the completion of the Wainui-CBD route, including improved cycle facilities on both the state highway and the local roads. A number of educational programmes are running to complement these upgrades: the Bikes in Schools programme, Bike Library, Be Seen at Night visibility initiative, and the National Cycle Skills Programme aimed at changing the behaviours of both adults and children.
- <sup>3</sup> Fatalities and serious injuries sadly increased during 2016/17 period. Improvements to road safety is continuing and road safety educational awareness programmes are ongoing.

- <sup>4.</sup> Refer to note #3 above.
- <sup>5.</sup> The wording of this measure was changed slightly in the 2016/17 Annual Plan to satisfaction with "the condition" of Council roads. This is to make the measure more specific, in line with our revised Resident Satisfaction Survey.
- <sup>6</sup> Increased forestry and heavy vehicle activity is having a major impact on our urban as well as rural roads. A more robust programme of works is being planned to address these issues. Increase in damage to urban and rural (mostly unsealed) roads can also be attributed to storm events that have affected the condition of our roads.
- 7. The wording of this measure was changed slightly in the 2016/17 Annual Plan to satisfaction with "the condition" of footpaths. This is to make the measure more specific, in line with our revised Resident Satisfaction Survey.
- <sup>8.</sup> Tairāwhiti Roads is currently improving the monitoring and management of responding to service requests. Additional staff have been engaged to improve the monitoring and management of responding to service requests. This will ensure that any necessary works are directed to the appropriate contractors and are adequately monitored and reported on.
- <sup>8</sup> This measure has been updated so that it specifies the condition standards set in the Pathways Asset Management Plan.
- <sup>10</sup> Data not yet available. Pathways Asset Management Plan (PAMP) is in progress and will be ready in the 2017/18 financial year. This will be used to inform the measure in the coming years.
- <sup>11.</sup> This measure was changed in the 2016/17 Annual Plan. It was "number of users of walking and cycling network". This was changed due to the impracticality of the measurement.
- <sup>12</sup> Refer to note #2 above.
- <sup>13</sup> Obtained from Passenger Transport Customer Satisfaction Survey, April 2017.

	2016/17 Actual	2016/17 AP	2016/17 Vaiiance	2015/16 Actual
Operating Expenditure (\$000)				
Revenue from Non-Exchange Transactions	10,469	8,828	1,641	7,538
Revenue from Exchange Transactions	53	18	36	26
Expenses	30,609	24,290	6,319	22,995
Net Cost of Service	20,087	15,445	4,642	15,431
This activity was funded 48% from and 45% from grants and subsidies	rates, 7%	from fee	es and ch	narges
Capital Expenditure				
Capital Projects	11,659	12,067	(408)	10,703

Funded By:				
Grants and Subsidies	6,932	7,240	(307)	6,344
Depreciation or Other Reserves (Renewals)	4,063	3,819	243	3,908
Internal Loans	665	1,008	(343)	451
	0	0	0	(0)

Non-Subsidised Local Roads funded from 100% rates, Subsidised Local Roads is funded from 42% rates and 58% from subsidies, Passenger Transport is funded from 50% rates and 50% from subsidies and Flood Damage and Emergency Reinstatement is funded from 25% rates and 75% from grants.

- 1. Non-exchange revenue was \$1,641k over budget. This is due to additional subsidy from NZTA from emergency work.
- 2. Operating revenue was \$36k over budget. This is attributable to Turanga Health's contribution for the community driver mentor programme.
- Operating expenses were \$6,319k over budget. This is due to overspend in maintenance and operation of local roads, including increase in traffic service maintenance, network and asset management, and environmental maintenance as part of the NOC (network outcome contracts).
- 4. Capital expenses were \$408k under budget. This was mainly due to an under spend on drainage renewals and the walking and cycling project.

# Solid Waste Management

#### What we do

The key activities undertaken as part of Solid Waste Management are:

- 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

The provision of solid waste activities is a requirement for every district or city within New Zealand under the provisions of the Local Government Activity and Public Health Act 1956. Council has a duty to ensure that this activity is managed effectively and efficiently. The Waste Minimisation Act 2008 requires all local authorities to adopt a Waste Management and Minimisation Plan (WMMP).

# This activity contributes to the following Community Outcomes

- Tairāwhiti Tangata
- Tairāwhiti Taonga

### Levels of Service and Performance Measures

### What we did 2016/17

- Reviewed the current Aftercare Management Plan for the Paokahu Landfill.
- Engaged Tonkin & Taylor to work through all information to provide an assessment of landfill management options. This will also include a new aftercare plan and potential options to deal with identified improvements.
- Implemented the Waste Management and Minimisation Programme 2012-2028 with about 40 school groups visiting the new Rethink Centre to date.
- Continued monitoring the Waste Management and Minimisation contract for kerbside collections and illegal dumping.
- Investigated new waste diversion and disposal options.
- Completed the replacements of Council's litter bins and waste water pumps along with various fencing and safety rail installations.
- Worked through various initiatives from the Waste Management and Minimisation Programme: plas-back bale wrap recovery, held 11 composting workshops, hosted an event management workshop, launched plastic free initiatives, initiated contestable waste fund initiatives as well as Pare Kore Marae-based recycling.

Level of Service	Performance measure	Result 2015/16	Target 2016/17	Result 2016/17
We provide a litter collection service including a network of litter bins, and enforcement of illegal dumping.	Total waste received as illegal dumping.	36 tonnes	Decreasing	27.58 tonnes Achieved
We provide community recycling facilities and regular kerbside collections to encourage recycling	Reduction in waste to landfill. Total kg of solid waste to landfill per head of population.	314kg	≤306kg	298kg Achieved
and waste reduction.	Resident satisfaction with Council's recycling services as found in the Resident Satisfaction Survey. <sup>1</sup>	83%	80%	84% Achieved
	Resident satisfaction with kerbside rubbish bag and recycling collections as found in the Resident Satisfaction Survey. <sup>2</sup>	88%	82%	91% Achieved

#### What was different to Levels of Service and Performance Measures?

- <sup>L</sup> The wording of this measure was changed in the 2016/17 Annual Plan to better identify the services in line with our revised Resident Satisfaction Survey.
- <sup>2.</sup> Refer to note #1 above.

	2016/17 Actual	2016/17 AP	2016/17 Vaiiance	2015/16 Actual
Operating Expenditure (\$000)				
Revenue from Non-Exchange Transactions	0	0	0	0
Revenue from Exchange Transactions	208	165	43	182
Expenses	4,094	3,831	263	4,155
Net Cost of Service	3.886	3.666	220	3,973

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	41	72	(31)	42
Funded By:				
Other Capital Revenue	0	0	0	0
Depreciation or Other Reserves (Renewals)	41	72	(31)	42
Internal Loans	0	0	0	0
	0	0	0	0

- 1. Operating Revenue was \$43k over budget. This is mainly due to an increase in refuse sticker sales and waste levy income.
- 2. Operating Expenses were \$196k over budget. This was mainly due to an increase in employee expenses, cleaning public areas and provision movement for the Waiapu Landfill aftercare.
- Capital Expenses were \$31k under budget. This was mainly due to an under spend on Transfer Stations - \$31k.

# **Urban Stormwater Services**

#### What we do

Stormwater is the runoff of water from urban surfaces such as roofs, driveways, sections and roads when it rains. Council owns and operates the public stormwater systems for Gisborne city including Makaraka and Wainui/Okitu, and township areas in the rural communities.

#### Why we do it

To protect people, dwellings, private property and public areas from flooding by removing stormwater. To discharge stormwater and collect contaminants in a manner that protects the environment and public health (excluding all land drainage beyond the city and township boundaries and river protection work).

# This activity contributes to the following Community Outcomes

- Tairāwhiti Tangata
- Tairāwhiti Taonga

#### What we did 2016/17

- Realigned and installed new pipes in Parau Street and connections into Crawford Road to improve stormwater issues in the area, and to increase the capacity of the stormwater pipes.
- Completed stormwater upgrades in Steele Road and Foster Street to allow further connections from private properties (where they were affected with stormwater ponding issues and where gully traps were at risk of being flooded).
- Renewed stormwater pipes in Bowling Green Road in Ruatoria and Peneha Street in Whatatutu.
- Completed investigations and designs for stormwater improvements for Douglas Street and Lloyd George Road at Wainui.

Level of Service	Performance measure	Result 2015/16	Target 2016/17	Result 2016/17
We provide high quality infrastructure and ensure a healthy community through the removal of stormwater and contaminants to protect dwellings, the environment and paper	Customer Satisfaction - The number of complaints received about the performance of the stormwater system, expressed per 1000 properties connected to the stormwater system.	6.8	<15 Mandatory Measure	8.43 Achieved
people.	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.	0	The Draft Freshwater Plan for the Gisborne Region is likely to include a requirement that a resource consent be applied for by 2025 Mandatory Measure	0 Achieved
	Percentage of residents satisfied with the district's urban storm water services as found in the Resident Satisfaction Survey.	57%	50%	63% 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.	N/A	30 minutes <sup>1</sup> Mandatory Measure	11 minutes N/A <sup>2</sup>
	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)	a) 0 b) 0	a) ≤2 b) <0.2 Mandatory Measure	a) 0 Achieved b) 0 Achieved

# Levels of Service and Performance Measures

#### 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 storm water flooding of houses or commercial property. There is a 1-hr response requirement for all other emergency storm water RfS's.

<sup>2</sup> As there were no flooding events related to a house or business during 2016/17, the response time could not be measured, therefore this measure has actually been achieved by default.

#### What it cost

Internal Loans

	2016/17 Actual	2016/17 AP	2016/17 Vaiiance	2015/16 Actual
Operating Expenditure (\$000)				
Revenue from Non-Exchange Transactions	0	0	0	0
Revenue from Exchange Transactions	(26)	0	(26)	0
Expenses	1,966	2,799	(833)	2,112
Net Cost of Service	1,992	2,799	(807)	2,112
This activity was funded 100% from	n rates			
Capital Expenditure				
Capital Projects	559	1,506	(947)	583
Funded By:				
Other Capital Revenue	42	0	42	0
Depreciation or Other Reserves (Renewals)	204	562	(359)	514

313

0

943

0

(630)

0

69

0

- 1. Operating revenue was down \$26k due to storm disposals ex IPS.
- Operating expenses were \$833k under budget. This is mainly due to a \$102k reduction in salaries, \$140k not spent on special projects, and a decrease in R&M spends.
- 3. Capital Expenses were \$947k under spent. This was mainly due to an underspend on Douglas Street Stormwater improvements \$996k, which will be spent in the next financial year.

# Wastewater

### What we do

The operation and maintenance of wastewater networks, including treatment and disposal, for Gisborne city (including the western industrial area) and Te Karaka. The operation and maintenance of septage disposal sites at Te Araroa, Tikitiki, Ruatoria (Waiapu) and Te Puia.

## Why we do it

The Wastewater activity protects public health by providing Gisborne city and Te Karaka with a reliable and efficient wastewater system. This activity conveys, treats and discharges wastewater in a manner that minimises adverse effects on the environment.

# This activity contributes to the following Community Outcomes

Tairāwhiti Taonga

## What we did 2016/17

Replaced old sewer pipelines in parts of Crawford Road and Aberdeen Road. The pipeline in the lower part of Crawford Road in the inner harbour was replaced by pipe bursting, which resulted in the job being completed far more quickly than anticipated. This minimised disruption to surrounding businesses.

## Levels of Service and Performance Measures

- Construction of storage tanks at Steele Road pump station. The additional storage will provide increased time to respond to faults in dry weather and will be a mitigating measure to relieve the pump station in heavy rain events. This will provide increased protection to the catchment and Wainui Stream (receiving environment).
- Installed telemetry at the wastewater pump stations at Te Karaka. This will ensure improved alarming, performance monitoring and control at the stations, which in turn improve environmental protection and knowledge about the Te Karaka system.
- Significant updating of the wastewater model for use in the DrainWise campaign and running the model to provide input into the strategy and case study areas. The model was also used to ascertain where upgrades are needed in the wastewater network in conjunction with DrainWise.
- The wastewater treatment plant was fully compliant with its resource consents.
- The level of trade waste compliance by major industries improved significantly on previous seasons. This can be attributed to a shift in focus by Council staff from policing compliance to proactively requesting industries to prove compliance, combined with issuing short term trade waste consents, if compliance cannot be proved. There has also been a greater commitment by industry to comply.

Level of Service	Performance measure	Result 2015/16	Target 2016/17	Result 2016/17
We provide a well managed wastewater reticulation and treatment system which protects public health	Council will have adequate information by December 2016 to make decisions on any future wastewater treatment options.	N/A <sup>1</sup>	Achieve	Not achieved <sup>2</sup>
and the physical environment.	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	11 Achieved	≤15 Mandatory Measure	10 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.	0 Achieved	0 Mandatory Measure	0 Achieved

Level of Service	Performance measure	Result 2015/16	Target 2016/17	Result 2016/17
	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.	a) 0.15hr b) 4.6hr	a) ≤1hr b) ≤24hr³ Mandatory Measure	a) 0.08hr Achieved b) 3.43hr Achieved
	Percentage of residents satisfied with the Gisborne district's wastewater system as found in Resident Satisfaction Survey.	64%	≥50%	65% Achieved
	System and Adequacy - The number of dry weather wastewater overflows from the wastewater system, expressed per 1000 connections to the wastewater system.	0.88	≤1 Mandatory Measure	0.61 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).	1	≤4	4 Achieved

#### What was different to Levels of Service and Performance Measures

- <sup>1.</sup> The timeline for this measure is December 2016, so it was not relevant for 2015/16.
- <sup>2</sup> 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 LTP process. The target date for this performance measure should be amended to July 2018, in line with the completion of the LTP consultation process.
- <sup>a.</sup> These targets were changed in the 2016/17 Annual Plan as they were listed incorrectly in the Long Term Plan.

#### What it cost

	2016/17 Actual	2016/17 AP	2016/17 Vaiiance	2015/16 Actual
Operating Expenditure (\$000)				
Revenue from Non-Exchange Transactions	0	0	0	0
Revenue from Exchange Transactions	347	331	16	370
Expenses	7,000	6,154	846	5,801
Net Cost of Service	6,653	5,824	830	5,431
This activity was funded 98% from rates and 2% from fees and charges				
Capital Expenditure				
Capital Projects	1,884	3,221	(1,337)	2,724
Funded By:				
Other Capital Revenue	37	0	37	0
Depreciation or Other Reserves (Renewals)	339	1,857	(1 <i>,</i> 518)	1,548
Internal Loans	1,508	1,364	145	1,175

(0)

0

(0)

0

- 1. Operating Revenue was \$16k over budget. This was due to an increase in trade waste charges.
- 2. Operating Expenses were \$846k over budget. This is mainly due to an increase in salaries, overspend in special projects, Repairs and Maintenance and to expense identified operational costs that had previously been added to the capital projects \$584k.
- 3. Capital Expenses were \$1,337k under spent. This is attributable to underspend in the Pipeline renewals \$1,703k.

# Water Supply

### What we do

The Council operates and maintains the Gisborne water supply from its source supply being the Mangapoike Dams, Te Arai Bush Intake and the Waipaoa River, via water treatment infrastructure at Waingake and Waipaoa to the water reticulation network, including reservoirs, pump stations and the connections from the street mains to all serviced property boundaries. At commercial metered connections Council owns the water meter and backflow preventer and charges for water used.

## Why we do it

To provide a continuous, sustainable, safe water supply and provide assured availability of water for fire-fighting purposes to the Gisborne City supply area and the townships of Te Karaka and Whatatutu.

# This activity contributes to the following Community Outcomes

- Tairāwhiti Tangata
- Tairāwhiti Taonga

## Levels of Service and Performance Measures

#### What we did 2016/17

- Te Arai Te Uru awa was selected as the Land, Air, Water Aotearoa (LAWA) 'River of the Month' for July 2017.
- Completed the installation of the fish passage structure at Waingake on the Te Arai River.
- The newly-constructed Whatatutu water treatment plant commenced operation in December 2016, giving residents access to high standard drinking water.
- Water quality to Gisborne city complied with the NZ drinking water standards.
- Welcomed Tuaraki Road residents in Manutuke to the Gisborne water supply.
- Drought conditions prevailed early summer and the community can take a pat on the back for adhering to the water restrictions which avoided the need for more drastic restrictions.
- The Water Demand Management Plan for the Te Arai River Take was submitted to Council's Water and Coastal Resources Team in June 2017.
- Work is progressing well on the review of the Gisborne City Water Safety Plan due to be completed by August 2017.

Level of Service	Performance measure	Result 2015/16	Target 2016/17	Result 2016/17
We provide water supply infrastructure that meets the needs of our community now and into the future by delivering safe, clean water in a	The percentage of residents satisfied with the water supply system as found in the Resident Satisfaction Survey.	84%	70%	87% Achieved
sustainable manner.	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.	4.51	≤50 Mandatory Measure	4.10 Achieved
	Demand Management - The average consumption of drinking water per day per resident within the district.	254 litres	≤308 litres Mandatory Measure	228 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 Service personnel confirm resolution of the fault or interruption. c) attendance for non-urgent call-outs: from 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 reach the site, and d) resolution of non-urgent call-outs: from the time that Service personnel confirm resolution of the fault or interruption.	a) 0.1 hrs b) 1.86 hrs c) 0.26 hrs d) 1.16 days	Urgent: a) 2 Hours b) 8 Hours c) 8 hours d) 2 days Mandatory Measure	a) 0.13 hrs b) 2.46 hrs c) 0.15 hrs d) 1.79 days Achieved

Level of Service	Performance measure	Result 2015/16	Target 2016/17	Result 2016/17
	Maintenance of the reticulation network - The percentage of real water loss from Council's networked reticulation system.	14.5%	≤15% of Total Consumption measured every 5 years Mandatory Measure	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% Te Karaka a.100% b.100% Whatatutu a.100% b.0%	Gisborne City a.100% b.100% Te Karaka a.100% b.100% Whatatutu a.100% b.0%	Gisborne City <sup>1</sup> a. 100% b. 100% Achieved <b>Te Karaka</b> a. 100% b. 100% Achieved <b>Whatatutu</b> a. 100% b. 0 % <sup>2</sup> Achieved

#### What was different to Levels of Service and Performance Measures?

- <sup>1.</sup> These results are based off of interim results from the Ministry of Health (MoH). The final report from MoH was not received in time to include results in this Annual Report.
- <sup>2</sup> 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

	2016/17 Actual	2016/17 AP	2016/17 Va <b>i</b> ance	2015/16 Actual
Operating Expenditure (\$000)				
Revenue from Non-Exchange Transactions	5	0	5	5
Revenue from Exchange Transactions	2,591	2,654	(63)	2,466
Expenses	5,007	4,949	58	4,703
Net Cost of Service	2,411	2,294	117	2,232
This activity was funded 53% from charges	rates and	d 47% fro	m fees a	nd
Capital Expenditure				
Capital Projects	1,468	1,321	147	533
Funded By:				

#### Grants and Subsidies 437 0 437 0 (287) Depreciation or Other Reserves 1,272 297 986 (Renewals) Internal Loans 46 49 (3) 236

0

0

0

0

- 1. Non-exchange Revenue was \$5k above budget. This was due to an increase in rate penalties.
- 2. Operating Revenue was \$63k below budget. This was mainly due to a loss on sale of assets and decrease in water connection fees.
- 3. Operating Expenses was \$58k above budget. This was mainly due to a overspend in special projects \$115k when there was no budget allocated and operating costs.

# Aquatic and Recreation Facility (Olympic Pool)

### What we do

The Olympic Pool is an important recreational and sporting facility with approximately 122,000 visits a 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

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

# This activity contributes to the following Community Outcome

Tairāwhiti Tangata

### What we did 2016/17

Completed comprehensive Olympic Pools Redevelopment Business Case, and received

#### Levels of Service and Performance Measures

approval from Council to continue with concept development.

- Organised and hosted a number of successful promotions and events, including Swim the Distance, Whanau Fun – Swim, Bike, Run and the annual Come Have a Look promotion from February to May.
- Hosted nearly 90,000 visitors during the peak summer season between October to March 2017.
- Conducted an internal survey with pool users, in which 99% of the people surveyed said they had a good time at the pool on the day of their visit.
- Focused strongly on the health and safety of staff and customers by implementing various risk control measures and successfully responding to, and managing, approximately 50 incidents within the complex.
- Initiated an independent Workplace Health and Safety audit, and received a very positive overall result.
- Ensured operational standards and national compliance continue to be met.
- Completed a number of maintenance repairs within the complex, as part of an ongoing prioritised maintenance work plan.
- Installed an additional shade structure at the diving pool.

Level of Service	Performance measure	Result 2015/16	Target 2016/17	Result 2016/17
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.	127,219	140,000	122,195 Not achieved <sup>1</sup>
	Percentage of external revenue from users versus expenditure.	31%	40%	34 % Not achieved <sup>2</sup>
	Percentage of residents satisfied with the Olympic Pool as found in the Resident Satisfaction Survey.	81%	50%	73% Achieved
Aquatic and Recreation Facility: Provide quality, safe and sustainable aquatic and recreational opportunities	Percentage of users who are satisfied with the pool service.	91%	90%	85% Not achieved <sup>3</sup>

#### What was different to Levels of Service and Performance Measures

- <sup>1.</sup> The number of pool admissions per annum continue to decline 5,000 admissions below the previous year and below the previous five-year average. We have a growing list of major maintenance issues including refurbishing the hydro-slide, resurfacing/re-tiling numerous pools and refreshing the 50m pool roof. A major leak was also found in the 33-metre outdoor pool in April/May. A business case was approved and Council is continuing with concept development for the redevelopment of the pool, which will be consulted upon in the 2018 LTP consultation process.
- <sup>2.</sup> Refer to note #1 above.
- <sup>3.</sup> Refer to note #1 above.

	2016/17 Actual	2016/17 AP	2016/17 Va <b>i</b> ance	2015/16 Actual
Operating Expenditure (\$000)				
Revenue from Non-Exchange Transactions	0	0	0	0
Revenue from Exchange Transactions	431	526	(95)	452
Expenses	1,312	1,702	(389)	1,513
Net Cost of Service	881	1,175	(294)	1,060

This activity was funded 66% from rates and 33% from fees and charges.

#### **Capital Expenditure**

Capital Projects	6	0	6	44
Funded By:				
Depreciation or Other Reserves (Renewals)	0	0	0	44
Internal Loans	6	0	6	0
	0	0	0	0

- 1. Operating revenue was \$95k under budget. This was mainly due to a reduction in admission sales.
- 2. Operating expense was \$389 over budget. This was mainly due to additional professional services, fuel & gas and maintenance.
- Capital expenditure was higher than budget by \$6k. This is because there was spend on a shade structure for the dive pool where there was no budget.

# Arts and Culture

#### What we do

This activity involves providing facilities, services and projects for the enjoyment of locals and visitors to create a sense of pride and place, and to reflect the diverse cultures of the district's people. Arts and cultural institutions, and access to the arts and culture generally, make a significant contribution to the social and economic development of an area. Arts and culture play an important role in enhancing a sense of identity and local distinctiveness.

## Why we do it

To provide facilities, services and art in public places that enable the public to experience and participate in the performing and visual arts, and to house and support a regional museum to provide a safe repository for the district's taonga (treasures).

# This activity contributes to the following Community Outcomes

- Tairāwhiti Tangata
- Tairāwhiti Taonga

## What we did 2016/17

#### Art in Public Places

- Much-loved Wal and Dog statue, installed at Marina Park for the public to enjoy before it is relocated to its permanent home in front of the library, made a brief sojourn to be in attendance at their creator, Murray Ball's funeral.
- Five Chorus boxes were transformed into works of art. Each one was designed by a local artist, telling a unique story of our town.
- Work progressed on Graeme Mudge's 'Town Crier' Mural, construction of Hawaiiki Turanga and historic fire bell belfry.

#### Theatres

- Developed a partnership with Tourmakers, an arm of the Performing Arts Network of New Zealand (PANNZ). This new agency enables large scale productions to tour outside the main centres. These would otherwise would not be able to tour due to financial restraints. Our first partnered production was 'The White Guitar'.
- Hosted Musical Theatre Gisborne to present "Hairspray" in July. It exemplified everything the Theatre redevelopment was all about with full technical support and a stellar local cast. The crew outdid themselves in a 5-show season, which was a massive success with over 2,200 tickets sold and packed houses every night.
- Increased number of productions and more user bookings are supported by an audience development programme which has resulted in greater community awareness of events hosted by the theatre and more people attending events.
- Closure of Lawson Field Theatre during October 2016 for earthquake repairs and to undertake deferred maintenance.

## Museum

- The major iwi exhibition, Ko Rongowhakaata, told the stories of Rongowhakaata through historic taonga and contemporary arts. This exhibition was also the winner of the New Zealand Museum's national award for the best taonga Maori exhibition of 2017.
- Recovery: Women Who Served Overseas in World War One, exhibition and publication was a major project focusing on new research into the war stories of Tairāwhiti Women, and was delivered in collaboration with Eastern Institute of Technology.
- Wyllie Cottage was reopened on 23 February 2017 after a year-long heritage restoration and refurbishment - a project delivered jointly by the Tairāwhiti Museum and Council.

Level of Service	Performance measure	Result 2015/16	Target 2016/17	Result 2016/17
We provide adequate facilities and contracted management of the distinctive museum collection and displays.	Number of visitors per annum to Tairāwhiti Museum.	42,980	40,000	41,639 Achieved
	Percentage of residents satisfied with Tairāwhiti Museum as found in the Resident Satisfaction Survey.	90%	70%	94% 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.	192	Refurbishment and earthquake proofing	Closed <sup>1</sup> N/A
	Number of booking days per annum: War Memorial Theatre.	92	78	141 Achieved
	Percentage of residents satisfied with the Lawson Field Theatre as found in the Resident Satisfaction Survey.	89%	Refurbishment and earthquake proofing	Closed <sup>2</sup> N/A

#### Levels of Service and Performance Measures

Level of Service	Performance measure	Result 2015/16	Target 2016/17	Result 2016/17
	Percentage of residents satisfied with the War Memorial Theatre as found in the Resident Satisfaction Survey.	88%	65%	94% Achieved
	Percentage of revenue return on operational cost.	33%	20%-30%	61% 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.	80%	80%	78% Not achieved <sup>3</sup>

#### What was different to Levels of Service and Performance Measures?

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.
 Refer to note #1 above.

Improved communications over the last quarter of the reporting year increased awareness of art in public spaces, but leaving a shortfall of 2% to reach target. It is expected that awareness will continue to improve with current projects like digitisation of the Town Crier mural by Graeme Mudge and progress made with Ruapani and Hawaikii Turanga works.

#### What it cost

	2016/17 Actual	2016/17 AP	2016/17 Vaiiance	2015/16 Actual
Operating Expenditure (\$000)				
Revenue from Non-Exchange Transactions	0	0	0	0
Revenue from Exchange Transactions	185	120	65	143
Expenses	1,691	1,695	(4)	1,460
Net Cost of Service	1,506	1,575	(69)	1,317

	0	0	0	(0)		
Internal Loans	74	1,031	(957)	(134)		
Depreciation or Other Reserves (Renewals)	363	271	91	266		
Other Capital Revenue	0	0	0	16		
Grants and Subsidies	613	2,593	(1,980)	471		
Funded By:						
Capital Projects	1,049	3,895	(2,846)	618		
Capital Expenditure						
This activity was funded 97% from rates and 3% from fees and charges						

- 1. Operating revenue was \$65k over budget. This is due to increased sales due to additional productions taking place after the theatre refurbishment.
- 2. Operating expenses were \$4k under budget.
- 3. Capital projects were \$2,846k under budget. This is mainly due to the timing of projects progressing, including Lawson field theatre reconstruction and Tairawhiti Navigations.

# **HB Williams Memorial Library**

### What we do

Council 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 by providing space and resources including professional staff, books, databases, free internet, e-services, magazines, talking books, music and art works.

#### Why we do it

Council aims to contribute to our community's life-long learning, literacy and digital literacy development and education, as well as its intellectual, recreational, economic and cultural needs through the provision of library activities and services.

# This activity contributes to the following Community Outcomes

- Tairāwhiti Tangata
- Tairāwhiti Wawata

#### Levels of Service and Performance Measures

#### What we did 2016/17

- Moved the entire library and all the staff to a temporary location at 53 Awapuni Road for the duration of the Library Expansion project. The dis-used grocery warehouse has been transformed into a fully operating public library. A grand reopening at the Bright Street site is planned for April 2018.
- Customers continued to use Aotearoa People's Network Kaharoa - Council's free internet service in partnership with central government - over 12,000 times with an additional 27,000 free Wi-Fi sessions, peaking at over 250 individual users on one day during February 2017.
- Following a pilot project, all local information files have been digitised and are available to read and download from the library catalogue at www.gpl.govt.nz.
- Continued to add more material to the e-library for use by researchers, students and lifelong learners.

Level of Service	Performance measure	Result 2015/16	Target 2016/17	Result 2016/17
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: 213,487 Online: 18,880	Onsite: 230,000 Online: 18,880	Onsite: 166,739 Not achieved <sup>1</sup> Online: 21,508 Achieved
	Percentage of households that have used the HB Williams Memorial Library in the last 12 months as found in the Resident Satisfaction Survey.	56%	66%	50% Not achieved²
	Percentage of residents satisfied with Gisborne district's library services as found in the Resident Satisfaction Survey.	91%	70%	92% Achieved

#### What was different to Levels of Service and Performance Measures?

Visitor numbers have decreased by half, due to the temporary relocation of the library at a 'destination' site during which time services were suspended for two weeks. Despite extensive publicity and signage outlining the move, anecdotal commentary from retailers near the Bright Street site indicate that some visitors to the central business district remain unaware of the temporary location of the library. An increased number of library users have also become online members.

<sup>2</sup> The same reason as above. A drop in household visits was an expected outcome.

Depreciation or Other Reserves

(Renewals) Internal Loans

	2016/17 Actual	2016/17 AP	2016/17 Vaiiance	2015/16 Actual
Operating Expenditure (\$000)				
Revenue from Non-Exchange Transactions	0	0	0	0
Revenue from Exchange Transactions	72	137	(64)	115
Expenses	1,341	1,594	(253)	1,361
Net Cost of Service	1,269	1,458	(189)	1,246
This activity was funded 90% from	rates, 10	% from fe	es and c	charges
Capital Expenditure				
Capital Projects	1,609	5,240	(3,631)	668
Funded By:				
Grants and Subsidies	704	2,400	(1,696)	430

516

389

(0)

1,469

1,371

0

(952)

(983)

(0)

(15)

253

0

- 1. Operating Revenue was \$64k under budget. This is due to an asset disposal of obsolete stock and a reduction of book fines and misc. income.
- 2. Operating Expenses was \$253k under budget. This was mainly due to a reduction in depreciation and employee expenses.
- 3. Capital Expenses was \$3,631k under budget. This was due to the timing of the Library building expansion being behind the expected timing used in the annual plan.

# Parks and Community Property

#### What we do

The Parks and Community Property activity includes the following:

- Parks and Open Spaces;
- Cemeteries;
- Public Conveniences; and
- Community Property.

### Why we do it

Council maintains a Parks and Community Property network that provides our district with areas that allow cultural, leisure and recreational activity and opportunities while ensuring landscape amenity values and ecological protection of these areas is achieved.

# This activity contributes to the following Community Outcomes

- Tairāwhiti Tangata
- Tairāwhiti Taonga

## What we did 2016/17

Completed the implementation of organisational changes within the Community and Recreation

### Levels of Service and Performance Measures

Section, which included the in-sourcing and establishment of an internal Horticulture & Amenity (gardens) team.

- Implemented a Summer Hosting Plan to improve overall coordination of work and activities required during the peak summer season (including summer and freedom camping).
- Completed Summer Annual and Winter Annual garden bed programmes across the city, and initiated remedial projects for the Oneroa Walkway Gardens and Rose Garden.
- Prioritised and addressed many hazardous street trees across the city and some townships.
- Managed and coordinated several large events which impacted our services, including widespread power outages during December 2016 and Cyclone Cook damage to trees during April/May 2017.
- Completed a major contract procurement process to assign new five-year maintenance contracts to Community Caretakers, who will continue to deliver Parks and Open Spaces activities and maintenance within district townships.
- Removed a large block of gum and Tasmanian blackwood from Makorori Headland as part of a wider revegetation project.

Level of Service	Performance measure	Result 2015/16	Target 2016/17	Result 2016/17
We provide a parks and open spaces network that protects landscape amenity values and biodiversity while promoting leisure and recreational	Percentage of residents that have visited a Council park or reserve in the last 12 months as found in the Resident Satisfaction Survey. <sup>1</sup>	77%	77%	76% Not achieved²
opportunities that meet the needs of the district.	Percentage of playgrounds that meet relevant New Zealand safety standards.	75%	100%	83% Not achieved <sup>3</sup>
	Percentage of residents satisfied with the quality of our parks as found in the Resident Satisfaction Survey. <sup>4</sup>	80%	86%	80% Not achieved⁵
	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 <sup>6</sup>
	Percentage of the beach restoration maintenance standards achieved based on project-by-project requirements.	Not measured	Year 1: Establish baseline and targets	Not measured <sup>7</sup>
	Percentage of users satisfied with the quality of sports surfaces and facilities when using parks.	75%	80%	75% Not achieved <sup>®</sup>
	Percentage of users satisfied with the maintenance of parks.	81%	81%	0% Not achieved'
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.	31%	50%	32% Not achieved <sup>10</sup>

#### What was different to Levels of Service and Performance Measures?

- <sup>1.</sup> This measure was changed in the 2016/17 Annual Plan. The measure was "number of visitors to parks". This change was made for practicality of measurement we will use the Resident Satisfaction Survey. Year 1 (77%) was used to establish baseline and targets.
- <sup>2</sup> Council acknowledges the slight decrease in the number of visitors and believe that the number of users will gradually increase again with the introduction of the new Mahi mõ Te Tairāwhiti maintenance contract. This new contract will provide all maintenance services for recreation and community amenities in Gisborne, and surrounding areas such as Rere Reserve, and will also provide other specialist services to sports grounds across the district.
- <sup>3</sup> The results show a gradual improvement (2015: 57%; 2016: 75%; 2017: 83%) and is believed to continue on this upward trend with all completed and planned upgrades to playgrounds.
- <sup>4</sup> The wording of the measure was changed in the 2016/17 Annual Plan to be more specific in line with our revised Resident Satisfaction Survey.
- <sup>5.</sup> Council acknowledges that we did not meet this target. This measure will however be reviewed as part of the LTP 2018-2028 process. Refer to note #2.
- <sup>6</sup> This measure is not considered relevant as Council doesn't have these sites mapped and would require further work in order to start measuring. This measure will be reviewed as part of the LTP 2018-2028 consultation process.
- <sup>7.</sup> This measure will be reviewed as part of the LTP 2018-2028 consultation process.
- <sup>8</sup> The same reason as cited for note 2 above. The new contractor also specialises in sports turf management.
- <sup>9</sup> The Resident Satisfaction Survey was used to report this result the previous year as a user survey was not completed. We planned to contract students to do surveys during the summer of 2016 to find out how satisfied they are with the quality of our parks and how we can improve. This has not happened due to resourcing constraints and we are currently investigating the different survey options available to measure satisfaction among users. This measure will be reviewed as part of the LTP 2018-2028 consultation process.
- <sup>10</sup> 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.

#### What it cost

	2016/17 Actual	2016/17 AP	2016/17 Vaiiance	2015/16 Actual
Operating Expenditure (\$000)				
Revenue from Non-Exchange Transactions	34	0	34	5
Revenue from Exchange Transactions	346	367	(22)	180
Expenses	5,244	5,136	108	5,459
Net Cost of Service	4,865	4,769	96	5,274

Conveniences is funded from 99% rates and 1% fees and charges and Parks and Reserves is funded from 100% rates.

#### **Capital Expenditure**

Capital Projects	1,531	2,255	(723)	2,886
Funded By:				
Grants and Subsidies	90	0	90	67
Other Capital Revenue	3	0	3	11
Depreciation or Other Reserves (Renewals)	258	359	(101)	1,302
Internal Loans	1,179	1,896	(716)	1,505
	0	0	0	(0)

#### What was different from the budget

- 1. Non-exchange revenue is \$34k over budget. This is mainly due to receiving grants in advance.
- 2. Operating revenue was \$22k under budget. This is mainly due to a reduction in rents on reserve land.
- 3. Operating Expenses were \$108k over budget. This was mainly due to an increase in litter bin contract collection costs and operating costs.
- 4. Capital Expenses were \$723k under budget. This was mainly due to no spend on Parks Museum & art gallery renewals \$276k, Signage \$69k, and under spend on projects for sports grounds irrigation, drainage, lighting, surfacing \$403k.

# **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 did 2016/17

#### **Strategic Planning**

- The Freshwater Plan was publicly notified in October 2015 and hearings were held between August and December 2016. The hearings panel provided its decision to Council staff in early August 2017. Council considered the decisions version of the plan at its Council meeting on 17 August 2017.
- Made significant progress towards the completion of the Community Facilities Strategy. We used surveys to engage with the stakeholder community groups and the wider community to guide us in the management of, and investment towards, facilities over the next 30 years. Draft plans for nine facility types are near completion.
- Began the development of the Local Leadership Board with Council and Turanga iwi to fulfil Treaty settlement requirements with Rongowhakaata, Te Aitanga-a-Mahaki and Ngai Tamanuhiri.
- Talks were held to discuss the implementation of the Joint Management Agreement with Te Runanganui o Ngati Porou, as well as the development of the Unitary Plan.
- Completed the development of the Tairāwhiti Plan, merging existing multiple resource management plans into one document to provide a clear and easy to use document for the community.

- Initiated the development of the Gisborne District 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.
- Amalgamation of Activate Tāirawhiti into the Eastland Community Trust. Worked with various agencies in Gisborne to identify efficiencies and merge services provided by the various economic development agencies (Activate Tairāwhiti, Heart of Gisborne and Tourism Eastland).
- Supported the Ministry of Business, Innovation and Employment with the Regional Growth Programme by writing the Tairāwhiti Economic Action Plan to identify priority opportunities to leverage regional potential, reduce unemployment and attract visitors and investment to the region.
- Completed the review of the Titirangi Reserve Management Plan and co-management arrangements with Ngati Oneone and the community, bringing this plan up to date.
- Completed township upgrades consisting of streetscaping, footpath and signage improvements at Te Karaka, and landscaping fencing, minor road improvements along Te Whiwhi Road, Whatatutu.
- Worked together with the Tokomaru Bay community to plan their township upgrade and new car parking at the Hatea-A-Rangi Domain, with works to commence over 2017/18.
- Began engagement with the Manutuke and Muriwai Communities to identify township upgrade preferences.
- Continued to administer the \$226k grants for the Creative Communities Scheme, Rural Travel Fund, Waste Minimisation Fund and Community Development funds.

#### Planning and Performance

- Commenced the review of Council's 10-year Long Term Plan, a legislative requirement every three years. Once adopted in June 2018, the Long Term Plan 2018/2028 will set out Council's activities and projects, how much they will cost and how we are going to pay for them.
- Received and summarised submissions and prepared the 2017/18 Annual Plan, which sets out the budget for the next year.
- Completed the 2015/16 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.
- Carried out a Service Delivery Review in accordance with the \$17A of the Local Government Act to ensure the service delivery of our activities are cost effective.

#### Communications

- Increased our social media reach with 10,125 Facebook followers and 530 Twitter followers.
- Commenced a review of Council's signage requirements.
- Provided communication support to Council's major projects.
- Created 23 publications to provide information to our customers.
- Prepared and released 165 media releases about important Council happenings.

#### **Customer Engagement**

- Enhanced the ability to pay dog registrations online, resulting in increased online dog registrations.
- Introduced counter surveys to understand why our customers come in to Council and how they experience our customer service.
- Developed a new Customer and Communications Strategy.
- Completed a review of Event Management in Council with many recommendations to improve the customer's experience.
- Commenced pre-planning on LTP early engagement with our customers.
  - Re-established the Gisborne Youth Council.
- Redefined the role of the Te Puia Area Officer with a greater Customer Engagement focus.

Level of Service	Performance measure	Result 2015/16	Target 2016/17	Result 2016/17
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.	83%	95%	69% Not achieved <sup>1</sup>
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 63% Built 64%	75% 75%	Natural: 60% Built: 64% Not achieved <sup>2</sup>
We support and encourage effective Māori participation in Council processes.	Iwi entities' satisfaction with involvement in development of Council strategies, polices and plans.	67%	90%	67 % Not achieved <sup>3</sup>
	Number of collaborative projects undertaken with Māori entities.	4	4	5 Achieved⁴
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.	42%	60%	45% Not achieved⁵
	Stakeholder surveys show that interventions have improved targeted community- understanding of Council decision making processes.	71%	80%	85% Achieved
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.	80%	80%	100% Achieved
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 <sup>6</sup> - Council updates/notices via social media (Facebook and/or Twitter) - Council newsletters, brochures and consultation documents.	Website: 64% Social media: 62% Publications: 51%	Website: 70% Social media: 70% Publications: 50%	Website: 72% Achieved Social media: 71% Achieved Publications: 58% Achieved

# Levels of Service and Performance Measures

#### What was different to Levels of Service and Performance Measures?

- <sup>1.</sup> There was a 38% response rate (sent to 52 stakeholders). Results dropped significantly and continue to fall short of the 95% target. Despite Council starting to entrench better engagement processes, we still fall short of the 95% target. A 95% satisfaction rate may however be unrealistic for this measure and we aim to review this measure as part of the preparation of the Long Term Plan 2018-2028.
- Respondents to the Resident Satisfaction Survey have identified a similar level of satisfaction with how Council manages the natural and built environment when compared with the previous year. It is unclear why this performance target was not achieved. This measure will be reviewed as part of the preparation of the Long Term Plan 2018-2028.
- Council is aware that this is an area of improvement. There was a 27% response rate (survey sent to 22 stakeholders). Our work programmes over the next 12 months continue to reflect the need to invest more resources into this area. We are developing a Māori Responsiveness Strategy to improve engagement, we will continue to resource new relationship agreements with iwi and Māori entities and we will ensure our staff have the capability to engage effectively with Māori.
- Five collaborative projects were undertaken with Māori: a Joint Management Agreement with Te Runanganui o Ngati Porou; the Titirangi Reserve Management Plan included participation of Ngati Oneone; the Local Leadership Body with Rongowhakaata, Te Aitanga-a-Mahaki and Ngai Tamanuhiri; the Waikanae to Waipaoa land-use study as part of the Co-Management Plan of the Kopututea Trustees and Council; and the Draft Freshwater Plan.
- We acknowledge that we have not achieved our targets for how we involve the community in our decision making processes. The newly-appointed Customer Engagement Manager is playing a significant role in engaging the community and continuously provide strategic leadership for Council's customer insights and engagement programme, which will be put to the test over the next year. A Customer and Communications Strategy was also developed. This measure has been moved from the 'Planning and Performance' activity to the 'Customer Engagement' activity for future reporting. Note: the same measure also appears under the 'Governance' activity.
- This measure was amended in the 2016/17 Annual Plan. The measure originally included "content and opportunities to pay for services on the Council website". The "opportunities to pay" was removed as this was leading and made the measure double barrelled and therefore difficult to measure.

#### What it cost

	2016/17 Actual	2016/17 AP	2016/17 Vaiiance	2015/16 Actual
Operating Expenditure (\$000)				
Revenue from Non-Exchange Transactions	110	131	(22)	144
Revenue from Exchange Transactions	69	27	42	17
Expenses	3,976	3,837	139	3,310
Net Cost of Service	3,798	3,678	119	3,150

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 \$22k below budget. This is due to no revenue from government grants.
- 2. Operating revenue is \$42k above budget. This is attributable to secondment of GDC staff to the Ministry of Maori Development.
- 3. Operating Expenses is \$139k over budget. This is due to utilising external consultants.

# OR 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 2017 fairly reflect the financial position, results of operations and service performance achievements of the Gisborne District Council.

Meng Foon **Mayor** 

Pauline Foreman Acting Chief Financial Officer

Nedine Thatcher Swann Chief Executive

# Statement of Comprehensive Income for the year ended 30 June 2017

Council 2015/16 Actual \$000s	Group 2015/16 Actual \$000s		Note	Council 2016/17 AP \$000s	Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s
		REVENUE FROM NON-EXCHANGE TRANSACTIONS				
7,881	7,971	Grants and Subsidies - Operational	4	9,438	11,099	11,189
7,380	7,380	Grants, Donations, Subsidies and Contributions - Capital	4	12,232	8,993	8,993
1,850	1,850	Other Non Exchange Revenue	5	1,608	3,018	3,018
16,748	16,634	General Rates And Uniform Annual General Charge	3	16,485	15,963	15,856
35,077	35,077	Targeted Rates (other than a targeted rate for water supply)	3	36,857	37,421	37,421
		REVENUE FROM EXCHANGE TRANSACTIONS				0
227	227	Development and Financial Contributions	5	699	281	281
9,770	15,176	Other Revenue	5&7	9,049	8,088	21,114
2,371	2,371	Targeted Water Rates	3	2,579	2,582	2,582
6	6	Dividends	5	1,459	6	6
66	69	Interest Received	5	14	62	62
318	6,213	Other Gains/(Losses) - Profit on Sale of Assets	6	12	1,041	3,217
81,694	92,974	Total Revenue		90,432	88,554	103,739
		EXPENSES				
19,157	20,353	Employee Benefit Expenses	8	18,068	19,051	21,678
43,689	45,599	Expenditure on Operating Activities	10	45,525	55,305	59,869
20,049	20,481	Depreciation and Amortisation	9	20,524	20,121	21,186
2,731	2,765	Financing Costs	11	1,999	1,811	1,846
85,626	89,198	Total Expenses		86,116	96,288	104,579
(3,932)	3,776	Net Surplus/(Deficit) before Taxation		4,316	(7,734)	(840)
1,021	0	Subvention Payment from GHL		0	2,548	0
0	1,792	Income Tax Expense	12	0	0	1,447
(2,911)	1,984	Net Surplus/(Deficit) after Taxation		4,316	(5,186)	(2,287)
		Other Comprehensive Income				
				070		10.070
13,849	18,999	Gains/(Losses) on Property Revaluation		378	13,716	19,969
13,849 0	18,999 (9)	Gains/(Losses) on Property Revaluation Deferred Tax on Building Revaluations	12	378 0	13,716 0	(20)
			12			

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 2017

Council 2015/16 Actual \$000s		Council 2016/17 AP \$000s	Council 2016/17 Actual \$000s
81,694	Operating Income	90,433	88,554
(85,626)	Operating Expenditure	(86,115)	(96,288)
1,021	Subvention Payment	0	2,548
0	Income Tax Expense/(Benefit)	0	0
(2,911)	Net Operating Surplus/(Deficit) After Taxation	4,318	(5,186)
	Less		
510	Capital Rates Income	543	543
7,380	Capital Grants and Subsidies	12,232	8,993
361	Other Capital Grants, Donations and Contributions	699	384
176	Operations funded by Reserve funds	101	151
	Plus		
7,265	Depreciation not Funded	7,536	7,628
4,074	(Decrease)/increase in Council deficit	1,722	7,629
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.

# Statement of Financial Position as at 30 June 2017

Council 2015/16 Actual \$000s	Group 2015/16 Actual \$000s		Note	Council 2016/17 AP \$000s	Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s
		CURRENT ASSETS				
282	303	Cash and Cash Equivalents	14	293	176	297
5,265	5,265	Non Exchange and Other Receivables	15	4,299	4,386	4,386
5,717	4,942	Exchange Trade and Other Receivables	15	5,785	8,068	6,249
123	251	Inventories	16	105	62	214
1,333	1,333	Investments	17	8	0	0
8,529	50	Non-current Assets Held for Sale	19	50	50	50
21,250	12,146	Total Current Assets	-	10,540	12,742	11,196
		CURRENT LIABILITIES				
377	377	Deposits Held	20	463	504	504
17,030	18,312	Trade and Other Payables	21	14,235	17,752	19,435
1,897	2,054	Employee Benefit Liabilities	22	1,928	2,040	2,332
14,615	15,272	Borrowings	23	14,830	12,679	13,907
2,604	2,604	Provision for Other Liabilities	24	78	5,619	5,619
699	699	Derivative Financial Instruments	18 & 30A	535	716	716
0	0	Taxation		0	0	742
37,223	39,318	Total Current Liabilities	-	32,069	39,310	43,255
(15,973)	(27,172)	- Net Working Capital	-	(21,529)	(26,568)	(32,059)
		NON-CURRENT ASSETS	-			
1,946,218	2,001,535	Property Plant and Equipment	25	1,956,172	1,963,560	2,028,612
3,638	4,334	Intangible Assets	26	2,080	3,904	4,601
3,276	26,678	Biological Assets	27	2,368	4,348	30,084
24,675	907	Investments	17	29,891	32,732	1,097
1,977,807	2,033,453	- Total Non-Current Assets	-	1,990,510	2,004,544	2,064,394

Council 2015/16 Actual \$000s	Group 2015/16 Actual \$000s		Note	Council 2016/17 AP \$000s	Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s
		NON-CURRENT LIABILITIES				
17,000	17,000	Borrowings	23	27,283	25,000	25,000
325	325	Employee Benefit Liabilities	22	303	227	227
1,699	1,699	Provision for Other Liabilities	24	1,475	2,339	2,339
0	4,315	Deferred Tax Liability	12	0	0	5,097
2,723	2,723	Derivative Financial Instruments	18 & 30A	2,031	1,793	1,793
21,746	26,061	Total Non-Current Liabilities	-	31,092	29,359	34,456
1,940,087	1,980,219	Net Funds Employed	-	1,937,890	1,948,617	1,997,879
		EQUITY	-			
403,836	404,914	Accumulated Surplus	28	414,920	401,336	405,313
36,989	36,989	Special Funds	28	33,611	37,572	37,572
1,499,262	1,538,316	Revaluation Reserves	28	1,489,364	1,509,709	1,554,996
1,940,087	1,980,219	- Total Equity	-	1,937,894	1,948,617	1,997,881

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

Authorised for and on behalf of Gisborne District Council on 26 October 2017.

Meng Foon **Mayor** 

Nedine Thatcher Swann Chief Executive

# Statement of Changes in Equity for the year ended 30 June 2017

Council 2015/16 Actual \$000s	Group 2015/16 Actual \$000s		Note	Council 2016/17 AP \$000s	Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s
		EQUITY OPENING BALANCES				
404,031	400,214	Accumulated Funds and Retained Earnings		407,934	403,836	404,914
36,519	36,519	Special Funds and Reserves		36,280	36,989	36,989
1,488,599	1,522,512	Revaluation Reserves		1,488,987	1,499,262	1,538,316
1,929,149	1,959,245	Total Equity Opening Balance		1,933,201	1,940,087	1,980,219
		CHANGES IN EQUITY				
		Accumulated Surplus (Retained Earnings)				
(470)	(470)	Transfer (to)/from Special Funds and Reserves		2,669	(583)	(583
10,938	20,974	Total Comprehensive Income		4,694	8,530	17,662
		Special Funds and Reserves				
470	470	Transfer (to)/from Retained Earnings		(2,669)	583	583
10,938	20,974	Total Changes in Equity		4,694	8,530	17,662
		EQUITY CLOSING BALANCES				
403,836	404,914	Accumulated Funds and Retained Earnings	28	414,919	401,336	405,313
36,989	36,989	Special Funds and Reserves	28	33,611	37,572	37,572
1,499,262	1,538,316	Revaluation Reserves	28	1,489,365	1,509,709	1,554,996
1,940,087	1,980,219	Total Equity Closing Balance		1,937,895	1,948,617	1,997,881
		Attributable to:				
1,940,087	1,980,219	Gisborne District Council		1,937,895	1,948,617	1,997,881

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

# Statement of Cash Flow for the year ended 30 June 2017

Council 2015/16 Actual \$000s	Group 2015/16 Actual \$000s		Note	Council 2016/17 AP \$000s	Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s
		Cash Flow from Operating Activities				
51,081	50,967	Receipts from Rates		51,920	52,201	52,095
14,277	20,089	Receipts from Activities		13,882	13,574	23,918
14,306	14,396	Receipts from Government Grants and Subsidies		21,670	20,721	20,811
66	69	Interest received		14	62	62
6	6	Dividends received		1,459	6	6
1,000	0	Subvention payment received		0	1,021	0
(56,107)	(58,783)	Payments to Suppliers and Employees		(60,003)	(69,371)	(75,553)
(847)	(847)	Grants paid		(906)	(978)	(978)
(118)	(239)	Net GST paid		0	558	542
(1,848)	(1,877)	Interest paid		(2,030)	(1,783)	(1,819)
21,816	23,781	Net Cash Flows Operating Activities	29	26,006	16,011	19,084
0	28	Sale of Property Plant and Equipment		12	14	162
1,279	1,279	Sale of Investments		0	1,333	1,333
0	0	Sale of Carbon Credits		0	0	1,750
(21,251)	(23,569)	Purchase of Property Plant and Equipment		(33,378)	(22,244)	(27,627)
(308)	(307)	Purchase of Intangible Assets		0	(1,126)	(1,126)
(1,332)	(1,332)	Purchase of Investments		0	(158)	(158)
0	(2)	Purchase of Carbon Credits		0	0	(4)
0	(43)	Forestry expenditure		0	0	(55)
(21,612)	(23,946)	Net Cash from Investing Activities		(33,366)	(22,181)	(25,725)
		Cash Flow from Financing Activities				
(215)	(187)	Increase/(Decrease)in Borrowings		7,384	6,064	6,635
(215)	(187)	Net Cash Flow from Financing Activities		7,384	6,064	6,635
(11)	(352)	Net Increase/(decrease) in Cash		24	(106)	(6)
293	655	Cash at beginning of the year		269	282	303
282	303	Cash and Cash Equivalents at Year End		293	176	297

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 and Tauwhareparae Forests Ltd.

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

	Dividends	Dividends	Subvention	Subvention
	2016	2017	2016	2017
	\$000s	\$000s	\$000s	\$000s
Gisborne Holdings Ltd	0	0	1,021	2,548

## **Total Cost**

The provision of financial assistance by the Gisborne District Council to this organisation and the related companies Tauwhareparae Farms Ltd and Tauwhareparae Forests Ltd is by way of share capital. Council holds a \$14m internal loan to finance its investment in GHL. Council incurred a \$719k (2016 \$790k) 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 \$2.5m to the Council, Gisborne Holdings Ltd reported a net profit after tax of \$6.3m for the year. Net assets increased \$17.6m from \$64.4m to \$82.0m.

# 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) and Tauwhareparae Forests 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 2017. The financial statements were authorised for issue by Council on 26 October 2017.

#### **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, and other applicable Financial Reporting 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**

#### **Subsidiaries**

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 accounted for using the purchase method which involves 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 recourses 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:

#### **Rates Revenue**

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

#### **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.

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 the Statement of Comprehensive Income except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

#### 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 the Statement of Comprehensive Income in which case the transaction costs are recognised in the Statement of Comprehensive Income.

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 or dealer quotes for similar instruments are 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 the Statement of Comprehensive Income 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 directly in equity except for impairment losses, which are recognised in the Statement of Comprehensive Income.

In the event of impairment any cumulative losses previously recognised in equity will be removed and recognised in the Statement of Comprehensive Income 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 the Statement of Comprehensive Income.

#### 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 the Statement of Comprehensive Income.

## 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 the Statement of Comprehensive Income.

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 the Statement of Comprehensive Income. The costs to maintain the forestry assets are included in the Statement of Comprehensive Income.

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 1,181.6 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 fair value 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 the Statement of Comprehensive Income. 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 Pamoa 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, no units had been issued to the Council and no units have been recognised in the Statement of Financial Position.

#### 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. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the Statement of Comprehensive Income.

Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the Statement

of Comprehensive Income will be recognised first in the Statement of Comprehensive Income up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

#### 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 Statement of Comprehensive Income. 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 capitalised in the year they are purchased and subsequently depreciated based on useful lives. The valuations are performed by the Head Librarian and are not subject to independent review because there are readily available market prices to determine fair value.

#### 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) -	5 years
Wearing Course	,
*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 *In-drain structures Flood Control Systems Solid Waste	62 – 100 years 25 – 100 years 25 – 100 years 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 the Statement of Comprehensive Income. 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, and any balance recognised in the Statement of Comprehensive Income.

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 2017

Council 2015/16 Actual	Council 2016/17 AP	Council 2016/17 Actual
\$000s	\$000s	\$000s
Revenue From Exchange Transactions		
908 Animal Control	750	737
159 Arts & Culture 923 Building Services	120 907	185 907
87 Emergency Management (CDEM)	94	690
4,039 Commercial Operations	3,345	2,479
327 Environmental Health	312	306
382 Environmental Services 206 Flood Protection	329 179	496
12 Governance	179	210 9
115 Libraries	137	72
679 Parking	624	691
191 Parks & Open Spaces	367	346
17 Planning & Development	27	69
452 Pools 336 Resource Consents	526 197	431 347
95 Roading	18	53
182 Solid Waste	165	208
0 Stormwater	0	(26)
585 Support Services	2,019	599
370 Wastewater 2,466 Water Supply	331 2,654	347 2,591
12,531 Total Revenue From Exchange		11,747
Transactions	,	
Revenue From Non-Exchange		
<b>Transactions</b> 71 Animal Control	50	99
0 Arts & Culture	0	77 0
0 Building Services	0	0
0 Emergency Management (CDEM)	0	0
0 Commercial Operations	0	0
0 Environmental Health	0	0
144 Environmental Services 0 Flood Protection	428 0	355 0
0 Governance	1	52
0 Libraries	0	0
803 Parking	737	1,077
5 Parks & Open Spaces	0 131	34 110
144 Planning & Development 0 Pools	0	0
0 Resource Consents	0	0
7,538 Roading	8,828	10,469
0 Solid Waste	0	0
0 Stormwater 1,021 Support Services	0 871	0 1.917
0 Wastewater	0/1	0
5 Water Supply	0	5
9,731 Total Revenue From Non-Exchange	11,047	14,118
Transactions		
Expenses	1,156	1 094
1,187 Animal Control 1,566 Arts & Culture	1,136	1,096 1,831
1,498 Building Services	1,735	1,578
1,094 Emergency Management (CDEM)	1,176	1,785
5,365 Commercial Operations	3,834	2,094
1,802 Environmental Health 4,247 Environmental Services	1,823 5,068	1,827 5,103
2,493 Flood Protection	2,872	2,670
2,129 Governance	2,343	2,486
1,807 Libraries	2,078	1,786
1,044 Parking	987	1,593
6,445 Parks & Open Spaces 4,316 Planning & Development	6,161 4,856	6,337 5,020
1,674 Pools	1,842	1,364
1,609 Resource Consents	1,524	1,723
24,743 Roading	25,893	32,303
4,190 Solid Waste	3,923	4,146
2,168 Stormwater 4,409 Support Services	2,886 1,515	2,031 6,383
7,021 Wastewater	7,370	8,250
4,817 Water Supply	5,208	4,881
85,626 Total Expenses	86,115	96,288
63,364 Net Cost of service	61,956	70,424

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 2015/16 Actual \$000s	Group 2015/16 Actual \$000s		Council 2016/17 AP \$000s	Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s
54,196	54,082	Gross Rates Revenue	53,343	55,966	55,859
		Gross Rates Reven	ue Consist	s of :	
3,584	3,470	General Rates	3,613	3,070	2,963
13,164	13,164	Uniform Annual General Charge	12,873	12,893	12,893
35,077	35,077	Targeted Rates	36,857	37,421	37,421
2,371	2,371	Metered Water Rates	0	2,582	2,582
54,196	54,082	Gross Rates Revenue	53,343	55,966	55,859
539	539	Less Remissions <sup>1</sup>	820	489	489
53,657	53,543	Net Rates Revenue	52,523	55,477	55,370

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 2016

2016/17	Rating Units	Total Capital Value	Total Land Value
Rateable Units	22,269	8,346,305,100	4,693,558,300
Non Rateable Units	1,264	515,255,500	142,567,300

# Note 4 : Revenue from Grants and Subsidies

Council 2015/16 Actual \$000s	Group 2015/16 Actual \$000s		Council 2016/17 AP \$000s	Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s
		Revenue from Grants	and Sub	sidies	
91	181	Central Government Grants	437	209	299
13,932	13,932	NZ Transport Agency Roading Subsidies	16,116	17,599	17,599
1,238	1,238	Other Grants and Subsidies	5,117	2,284	2,284
15,261	15,351	Total Revenue from Grants and Subsidies	21,670	20,092	20,182

Revenue from grants and subsidies (and hence operating income) for Council includes \$8,992,921 (2016: \$7,380,027) relating to grants for capital work.

Expenditure relating to these projects will be recognised (primarily as depreciation) over the life of the assets. Included in these capital grants was \$7,050,355 (2016: \$6,343,967) received from the NZ Transport Agency for roading related work, \$180k from Eastern & Central Community Trust for the Library rebuild, and \$250k from Eastland Community Trust for the Navigations Project.

Further amounts were received but not fully spent during the period, and have therefore been recognised only to the extent conditions have been fulfilled, \$430k from Eastland Community Trust for the Library rebuild, \$1,000k from JN Williams Memorial Trust for the Library rebuild, and a further \$1,100k from Eastland Community Trust for the Navigations Project.

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 \$90k (2016: \$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 2015/16 Actual \$000s	Group 2015/16 Actual \$000s		Council 2016/17 AP \$000s	Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s
		Revenue from Oper	ating Activ	vities	
38	38	Reserve Contributions	0	7	7
227	227	Development Contributions	699	232	232
96	96	Capital Contributions	0	42	42
1,026	1,026	Rates Penalties	871	1,009	1,009
10,157	15,563	Activity Revenue	12,005	8,748	21,774
66	69	Interest	14	62	62
6	6	Dividends	1,459	6	6
303	303	Petroleum Tax	361	333	333
0	0	Gains on Derivatives (Interest Rate Swaps)	0	913	913
11,919	17,328	Total Revenue from Operating Activities	15,409	11,352	24,378

# Note 6 : Revenue from Other Gains

Council 2015/16 Actual \$000s	Group 2015/16 Actual \$000s		Council 2016/17 AP \$000s	Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s
		Revenue from Other Gains (Losses)			
909	5,938	Gain/(Loss) on Changes in Fair Value of Forestry Assets	0	1,072	911
0	878	Gain/(Loss) on Changes in Fair Value of Livestock	0	0	2,436
(611)	(623)	Gain/(Loss) on Disposal of Property, Plant and Equipment	12	(45)	(144)
20	20	Gain/(Loss) on Changes in Fair Value of Non-Current Receivables/Investment	0	14	14
318	6,213	Total Revenue from Other Gains (Losses)	12	1,041	3,217

# Note 7 : Vested Assets

Council 2015/16 Actual \$000s	Group 2015/16 Actual \$000s		Council 2016/17 AP \$000s	Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s	
		Revenue from Operating Activities				
0	0	Stormwater Systems	0	41	41	
0	0	Water Systems	0	25	25	
0	0	Wastewater Systems	0	37	37	
0	0	Reserves	0	0	0	
0	0	Roading Network	0	0	0	
0	0	Total Assets Vested	0	103	103	
		•				

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 2015/16 Actual \$000s	Group 2015/16 Actual \$000s		Council 2016/17 AP \$000s	Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s
		Employee Benefit Exp	ense		
19,704	20,847	Salary and Wages	19,635	20,081	22,693
505	534	Defined Contribution Plans Expense	525	558	622
80	104	Increase/(Decrease) in Leave Liabilities	0	45	173
(1,132)	(1,132)	Less Recharged to Other Expense Categories**	(2,092)	(1,633)	(1,810)
19,157	20,353	Total Employee Benefit Expense	18,068	19,051	21,678

\*\*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 2015/16 Actual \$000s	Group 2015/16 Actual \$000s		Council 2016/17 AP \$000s	Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s
		Depreciation and Amortisation Expense			
190	190	Aquatic and Recreation Facility (Olympic Pool)	187	181	181
415	415	Arts and Culture	496	476	476
2	2	Building Services	2	2	2
49	49	Civil Defence, Emergency Management	46	39	39
1	1	Community Planning and Development	1	1	1
43	43	Environmental Services	44	55	55
1,361	1,793	Commercial Operations	865	726	1,791
1	1	Environmental Health	6	0	0
0	0	Environmental Policy & Planning	0	0	0
110	110	Flood Control	136	122	122
2	2	Governance	2	2	2
10,531	10,531	Land Transport	11,041	10,964	10,964
302	302	Libraries	313	81	81
581	581	Reserves and Open Spaces	604	624	624
316	316	Solid Waste Management	281	316	316
870	870	Storm water	892	870	870
1,109	1,109	Support Services	1,101	1,400	1,400
2,035	2,035	Wastewater	2,238	2,029	2,029
2,131	2,131	Water Supply	2,269	2,233	2,233
20,049	20,481	Total Depreciation and Amortisation Expense	20,524	20,121	21,186
19,360	19,792	Total Depreciation as per Note 25	20,524	19,263	20,328
689	689	Total Amortisation as per Note 26	0	858	858
20,049	20,481		20,524	20,121	21,186

# Note 10 : Expenditure on Operating Activities

Council 2015/16 Actual \$000s	Group 2015/16 Actual \$000s		Council 2016/17 AP \$000s	Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s
		Operating Expenditure			
1,836	1,869	Administration Expenses	2,249	2,055	2,461
171	210	Audit Fees Financial Reporting (incl. Trustee reporting)	200	174	224
9	9	Audit Fees Long Term Plan	0	0	0
2	2	Audit of Registry	2	2	2
1,664	1,967	Consultants and Professional Services	1,413	1,988	2,344
638	838	Elected Members and Director's Fees	559	648	848
182	182	Indirect Employment Costs	119	274	292
885	887	Grants and Donations	1,106	1,014	1,016
592	672	Insurance Costs	779	606	728
1,156	1,350	Rental and Operating Leases	1,866	1,695	775
9,721	10,117	Repairs and Maintenance	3,723	11,285	11,763
669	669	Bad Debts Written Off-Rates	884	1,262	1,262
46	46	Bad Debts Written Off-Other	574	4	4
766	766	Change to Impairment of Receivables	95	36	36
134	134	IRD Compliance Costs	187	157	157
2,369	2,369	Litter bins and City Cleaning	2,471	2,336	2,336
1,511	1,511	Emergency Works	2,011	5,506	5,506
21,339	22,002	Other Operating Expenditure <sup>1</sup>	27,287	26,263	30,115
43,689	45,599	Total Operating Expenditure	45,525	55,305	59,869

<sup>1</sup> 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 2015/16 Actual \$000s	Group 2015/16 Actual \$000s		Council 2016/17 AP \$000s	Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s
		Finance Costs			
579	579	Interest on Debentures and Interest Rate Swaps	1,020	540	540
1,246	1,277	Interest on Bank Borrowings and Commercial Paper	879	1,213	1,236
50	53	Line Fee	100	58	70
856	856	Losses on Derivatives (Interest Rate Swaps)	0	0	0
2,731	2,765	Total Finance Costs	1,999	1,811	1,846

# Note 12 : Income Tax

Council 2015/16 Actual \$000s	Group 2015/16 Actual \$000s		Council 2016/17 AP \$000s	Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s
(3,932)	3,776	Surplus Before Tax	4,316	(7,734)	(840)
1,021	0	Subvention Payment	0	2,548	0
(815)	1,057	Tax @ 28%	1,208	(1,452)	(235)
		Plus/(Less) Tax Effect of:			
815	649	Net Non Taxable and Non Deductible Items	(1,208)	1,452	1,682
0	0	Imputation credits Utilised	0	0	0
0	86	Deferred Tax Adjustment	0	0	0
0	1,792	Tax Expense	0	0	1,447

# Deferred Tax Asset/(Liability) - Group

	Property, Plant and Equipment	Biological Assets		Omer Tax Loss Recognised	NZ Emission Units	Total
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Balance as at 1 July 2015	(906)	(2,549)	24	1,113	(195)	(2,514)
Charged to surplus or deficit	(1)	(1,422)	1	(370)	0	(1,792)
Charged to Equity	(9)	0	0	0	0	(9)
Balance as at 30 June 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)

Deferred tax has been calculated at 28%. Council (the Parent) has recognised a deferred tax asset of \$198k (2016: \$743k) in relation to unused tax losses of \$707k (2016: \$2,653k). 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	LTP 2015/16 \$000s	Actual 2015/16 \$000s	AP 2016/17 \$000s	Actual 2016/17 \$000s
Sources of operating funding				
Total operating funding (A) as per Funding Impact Statement	75,628	74,564	77,490	79 <u>,222</u>
Add Sources of capital funding				
Subsidies and grants for capital expenditure	11,113	7,380	12,232	8,993
Development and financial contributions	815	361	699	384
Profit / (Loss) on Sale of Assets	12	(611)	12	(45)
	87,568	81,694	90,433	88,554
As per Statement of Comprehensive Income - Total Operating Income	87,568	81,694	90,432	88,554

Applications of operating funding

Applications of operating folialing				
Total applications of operating funding (B) as per Funding Impact Statement	63,451	65,577	65,593	76,168
Add depreciation and amortisation expense	20,394	20,049	20,522	20,120
	83,845	85,626	86,115	96,288
As per Statement of Comprehensive Income - Total Operating Expenditure	83,845	85,626	86,116	96,288
RECONCILIATION OF TOTAL COMPREHENSIVE INCOME				
Surplus/(deficit) of operating funding (A-B)	12,177	8,987	11,897	3,055
Add subvention payment	0	1,021	0	2,548
Add Subsidies and grants for capital expenditure	11,113	7,380	12,232	8,993
Add Development and financial contributions	815	361	699	384
Add Profit / (Loss) on Sale of Assets	12	(611)	12	(45)
Less Depreciation and amortisation expense	(20,394)	(20,049)	(20,522)	(20,120)
Add Gains/(Loss) on Property Revaluation	388	13,849	377	13,716
	4,111	10,938	4,694	8,530
as per Statement of	4,111	10,938	4,694	8,530

Comprehensive Income - Total Comprehensive Income

# Note 14 : Cash and Cash Equivalents

Council 2015/16 Actual \$000s	Group 2015/16 Actual \$000s		Council 2016/17 AP \$000s	Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s
		Cash and Cash Equivalents			
282	303	Cash at the Bank and in Hand	293	176	297
282	303	Total Cash and Cash Equivalents	293	176	297

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

RECONCILIATION OF EXPENDITURE

Note 15 : Trade and Other Receivab	oles
------------------------------------	------

Council 2015/16 Actual \$000s	Group 2015/16 Actual \$000s		Council 2016/17 AP \$000s	Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s
8,913	8,913	Rates Receivable	8,626	8,698	8,698
1,718	1,718	Roading Subsidy Due	763	1,089	1,089
62	62	Community Loans	72	66	66
5,383	4,590	Other Receivables	5,277	7,622	5,872
272	290	Prepayments	41	380	313
16,348	15,573		14,779	17,855	16,038
(5,366)	(5,366)	Provision for Impairment of Receivables	(4,695)	(5,401)	(5,401)
10,982	10,207	Total Trade and Other Receivables	10,084	12,454	10,637
		Trade and Other Rece	ivables C	lassified o	as:
10,982	10,207	Current Receivables	10,084	12,454	10,637
0	0	Non-Current Receivables	0	0	0
10,982	10,207		10,084	12,454	10,637

#### **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 2017 and 2016, all overdue receivables had been assessed for impairment and appropriate provisions applied. 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 2015/16 Actual \$000s	Group 2015/16 Actual \$000s		Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s
4,600	4,600	Beginning Balance	5,366	5,366
766	766	Charge for Year	35	35
5,366	5,366	Ending Balance	5,401	5,401

The status of Receivables as at 30 June 2017 and 2016 are detailed below:

# Note 15B : Receivables

со	UNCIL 2	016		со	UNCIL 2	017
Gross	Impaired	Net		Gross	Impaired	Net
\$000s	\$000s	\$000s		\$000s	\$000s	\$000s
			Sundry Invoice Rece	ivables		
410	0	410	Current	1,334	0	1,334
35	0	35	Past Due 1 month	42	0	42
1	0	1	Past Due 2 months	20	0	20
247	143	104	Past Due 3 months	368	92	276
693	143	550		1,764	92	1,672
GI	ROUP 20	16		GI	ROUP 20	17
Gross	ROUP 20 Impaired	16 Net		Gross	NDP 20	N17
					ROUP 20 Imbaired S000s	
Gross	Impaired	Net	Sundry Invoice Rece	S000s	Impaired	Net
Gross	Impaired	Net	Sundry Invoice Rece	S000s	Impaired	Net
sooos	Impaired \$000\$	et Net \$000\$		Sooos Sooos ivables	Impaired \$000\$	et N \$000\$
\$000s 587	1 mpaired	<b>5</b> 87	Current	\$000s \$000s ivables 2,048	Impaired 0	taj \$000s 2,048
\$000s 587 35	<b>1000</b> 1000 1000 1000 1000 1000 1000 100	<b>ta</b> \$000s 587 35	Current Past Due 1 month	<b>\$000s</b> <b>\$000s</b> <b>\$2,048</b> 121	<b>s0000\$</b> 0	<b>te</b> <b>\$000s</b> 2,048 121

# Note 15C : Rates Receivable

Counci	il 2016		Counc	il 2017
No. Of Properties	Outstanding \$000s		No. Of Properties	Outstanding \$000s
		General Land Rates		
1,489	2,120	Current <12 months	1,719	1,892
216	585	Past Due 1 to 2 Years	209	540
86	265	Past Due 2 to 3 years	80	276
116	272	Past Due >3 years	121	311
1,907	3,242	Total Outstanding	2,129	3,019
		Māori Land Rates		
269	1,187	Current <12 months	289	1,291
65	1,039	Past Due 1 to 2 Years	65	1,002
80	877	Past Due 2 to 3 Years	43	951
450	2,147	Past Due >3 Years	491	2,014
864	5,250	Total Outstanding	888	5,258
		Metered Water Supply		
626	393	Current	585	412
21	7	Past Due 1 month	2	1
12	11	Past Due 2 months	4	4
26	10	Past Due 3 months	14	4
685	421	Total Outstanding	605	421

# Note 16 : Inventories

Council 2015/16 Actual \$000s	Group 2015/16 Actual \$000s		Council 2016/17 AP \$000s	Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s
		Inventories			
5	5	Te Puia/Bushmere Road	6	3	3
14	14	Olympic Pool	11	13	13
31	31	Drainage	53	28	28
65	65	Soil Conservation	35	18	18
8	8	Waikanae Holiday Park	0	0	16
0	0	Gisborne Vehicle Testing	0	0	6
0	128	Farming	0	0	130
123	251	Total Inventories	105	62	214

No inventories have been pledged as security for liabilities.

# Note 17 : Investments

Council 2015/16 Actual \$000s	Group 2015/16 Actual \$000s		Council 2016/17 AP \$000s	Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s
1,333	1,333	Term Deposits < 12 Months	8	0	0
		Ordinary Shares			
24,154	0	Gisborne Holdings Ltd	29,369	32,038	0
139	139	Local Government Insurance Corporation Ltd	139	153	153
9	9	BOPLASS Ltd	9	9	9
0	385	Available for sale financial assets held by Tauwhareparae Farms Limited	0	0	401
100	100	LGFA Shares	100	100	100
272	272	LGFA Notes	272	432	432
2	2	Top 10 Shares	2	0	2
26,008	2,240	Total Investments	29,899	32,732	1,097
		Investments Classified a	s:		
1,333	1,333	Current Investments	8	0	0
24,675	907	Non-Current Investments	29,891	32,732	1,097
26,008	2,240	-	29,899	32,732	1,097

#### **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 the Statement of Comprehensive Income.

# Note 18 : Derivatives

The Group has interest rate swap contracts with a fair value liability of \$2,509,595 (2016: \$3,422,362). Council's interest rate swaps have a fair value liability of \$2,509,595 (2016: \$3,422,362). These swaps are exposed to fair value movements as interest rates change.

The weighted average effective interest rate of the interest rate swaps was 5.78% (2016: 5.77%). 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 Statement of Comprehensive Income.

For further information on the interest rate swaps please refer to Note 30: Financial Instruments (Page 115).

## Note 19 : Non Current Assets Held for Sale

Council 2015/16 Actual \$000s	Group 2015/16 Actual \$000s		Council 2016/17 AP \$000s	Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s
8,529	50	Land	50	50	50
8,529	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 2015/16 Actual \$000s	Group 2015/16 Actual \$000s		Council 2016/17 AP \$000s	Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s
11	11	General and Other Deposits	40	135	135
70	70	Resource Consent Bonds	130	70	70
283	283	Footpath Deposits	280	286	286
13	13	Gisborne Rural Volunteer Fire	13	13	13
377	377	Total Deposits Held	463	504	504

# Note 21 : Trade and Other Payables

Council 2015/16 Actual \$000s	Group 2015/16 Actual \$000s		Council 2016/17 AP \$000s	Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s
		Accounts Payable			
508	508	Income in Advance	216	471	604
1,754	1,754	Rates in Advance	1,439	1,612	1,612
69	69	Gisborne District Council Disaster Relief Fund	67	69	69
580	580	Contract Retentions	952	364	364
173	174	Accruals - Loan Interest	0	201	201
131	161	Accruals - Audit Fees	0	121	121
139	158	Accruals - Other	761	4,031	4,031
13,676	14,908	Trade and other Payables	10,800	10,883	12,433
17,030	18,312	Total Trade and Other Payables	14,235	17,752	19,435

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

	Accrued Wages &	augues Annual Leave	Long Service Leave	Retirement Leave	Sick Leave	Total
COUNCIL	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
2016						
Balance at 1 July 2015	134	1,544	64	348	52	2,142
Additional Provisions Made	294	1,459	(2)	29	2	1,782
Amounts Used	(134)	(1,560)	(8)	0	0	(1,702)
Balance at 30 June 2016	294	1,443	54	377	54	2,222
2017						
Balance at 1 July 2016	294	1,443	54	377	54	2,222
Additional Provisions Made	396	1,623	1	12	1	2,033
Amounts Used	(294)	(1,688)	(6)	0	0	(1,988)
Balance at 30 June 2017	396	1,378	49	389	55	2,267
Current Portion	396	1,378	49	162	55	2,040
Non Current Portion	0	0	0	227	0	227
Total Provisions	396	1,378	49	389	55	2,267

	Accrued Wages & Salaries Annual Leave Long Service Leave		Long Service Leave	Retirement Leave	Sick Leave	Total
GROUP	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
2016						
Balance at 1 July 2015	160	1,637	64	348	52	2,261
Additional Provisions Made	312	1,476	(2)	29	5	1,820
Amounts Used	(134)	(1,560)	(8)	0	0	(1,702)
Balance at 30 June 2016	338	1,553	54	377	57	2,379
2017						
Balance at 1 July 2016	338	1,553	54	377	57	2,379
Additional Provisions Made	471	1,704	1	12	39	2,227
Amounts Used	(338)	(1,700)	(6)	0	(3)	(2,047)
Balance at 30 June 2017	471	1,557	49	389	93	2,559
Current Portion	471	1,557	49	162	93	2,332
Non Current Portion	0	0	0	227	0	227
Total Provisions	471	1,557	49	389	93	2,559

#### 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 2.66% (2016: 2.02%) and assumed salary inflation of 2.0% (2016: 2.0%). (Treasury discount rates: 1 year 1.81%, 2 years 2.07%, 5 years 2.66%).

# Note 23 : Borrowings

Council 2015/16 Actual \$000s	Group 2015/16 Actual \$000s		Council 2016/17 AP \$000s	Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s
4,615	5,272	Bank Loans	6,830	2,679	3,907
10,000	10,000	Commercial Paper	3,000	8,000	8,000
0	0	Debenture	5,000	2,000	2,000
14,615	15,272	Total Current	14,830	12,679	13,907
0	0	Bank Loans	10,283	0	0
17,000	17,000	Debenture and FRN Debt Securities	17,000	25,000	25,000
17,000	17,000	Total Non Current	27,283	25,000	25,000
31,615	32,272	Total Borrowings	42,113	37,679	38,907

# 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 \$27m (2016: \$17m) of debentures and floating rate notes with maturities from December 2017 to April 2025. Interest is paid quarterly in arrears. The interest rate range as at 30 June 2017 varies from 2.47% to 2.90% (2016: 2.85% to 3.28%) and are subject to quarterly reset dates.

#### **Bank Facilities**

Council has \$25m (2016: \$25m) worth of committed funding facilities available. Interest is payable at wholesale market rates. The interest rate as at 30 June 2017 was 3.75% (2016: 4.0%). There is \$2.7m drawn down under these facilities (2016: \$4.6m).

GHL has a short term advance facility with a limit of \$3.5m in place with ANZ Bank New Zealand Limited. The facility is secured by way of a general security agreement. The balance at 30 June 2017 was \$1,228k (2016: \$657k).

#### **Commercial Paper**

The Council had \$8m of commercial papers on issue at 30 June 2017 (2016: \$10m) with an interest rate of 2.29% (2016: 2.51% and 2.69%).

#### 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	& Waiapu Landfill Aftercare	sooos Other Provisions	Tota 10ta \$000s
2016				
Balance at 1 July 2015	1,158	236	160	1,554
Additional Provisions Made/(Reversed)	296	42	2,500	2,838
Amounts Used	(90)	0	0	(90)
Balance at 30 June 2016	1,364	278	2,660	4,302
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
Current Portion	90	0	5,528	5,619
Non Current Portion	1,326	853	160	2,339
Total Provisions	1,416	853	5,688	7,958

#### 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 Waipu 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 2017 provision:

• Future cash flows were indexed 1.67% each year before a discount rate of 3.42% was applied.

In 2016, a discount rate of 4.75% was applied, with future costs indexed each year at 2%.

#### Waiapu 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 2017 provision:

• Future cash flows were indexed 1.79% each year before a discount rate of 3.41% was applied.

In 2016, a discount rate of 4.75% was applied, with future costs indexed each year at 2%.

#### **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 May 2018.

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

# Note 25 : Property Plant and Equipment

COUNCIL 2017	% 00 Cost/Revaulation 1 July 2016	Accumulated Depreciation and "Impairment 1 July 2016	control of the contro	sooos Current Year Transfers	co Current Year Additions	Current Year Disposals & other movements	sooos Revaluation Current Year	Current Year Depreciation and <sup>6</sup> Imnoirment	contrological control	Accumulated Depreciation and "Imposiment 30 Line 2017	contrying Amount 30 June 2017
Operational Assets											
Land - Major	135,294	0	135,294	300	486	0	(24,113)	0	111,967	0	111,967
Land - Minor	21,242	0	21,242	(82)	0	0	5,743	0	26,903	0	26,903
Buildings/Land Improvements	46,934	3,976	42,958	(862)	281	0	3,485	1,535	49,838	5,501	44,326
Buildings Not Revalued	9,144	1,345	7,798	439	817	0	0	383	10,400	1,728	8,672
Plant /Motor Vehicles	5,163	3,147	2,016	606	365	(60)	0	216	6,091	3,363	2,712
Office Equipment	6,392	4,116	2,276	0	361	(46)	0	269	6,753	4,431	2,322
Other Equipment	2,405	1,351	1,053	0	615	(5)	0	358	3,014	1,709	1,305
CBD	3,607	700	2,907	0	14	0	0	55	3,621	756	2,865
Wharves	3,424	461	2,963	0	0	0	0	68	3,424	530	2,894
Library Books - General	3,674	3,447	227	0	167	0	0	0	3,829	3,447	394
Library Books - Permanent	336	6	330	0	0	0	0	0	336	6	330
Assets Under Construction	4,176	0	4,176	(2,510)	6,805	0	0	0	8,471	0	8,471
Total operational assets	241,790	18,549	223,240	<b>(2</b> ,109)	9,911	(49)	(14,885)	2,946	234,646	21,487	213,161
Infrastructure Assets											
Sewer and Wastewater Reticulation Systems	57,126	0	57,126	246	15	(7)	(16)	1,220	57,364	1,220	56,144
Sewer and Wastewater Treatment Plant & Facitlities	33,186	0	33,186	1,077	37	0	0	808	34,300	808	33,492
Stormwater	50,837	0	50,837	0	375	(26)	(7)	870	51,179	870	50,309
Water Supply Reticulation Systems	40,726	0	40,726	0	156	(32)	(17)	1,053	40,833	1,053	39,780
Water Supply Treatment Plant & Facilities	58,064	0	58,064	0	639	0	0	1,145	58,703	1,146	57,557
Solid Waste	2,737	577	2,160	0	11	563	383	316	2,801	0	2,801
Waiapu Aftercare Provision Deferred expense Asset	255	156	99	28	232	0	0	0	515	156	359
Roading	1,417,540	0	1,417,540	0	11,617	0	32,651	10,800	1,451,007	0	1,451,007
Flood Control	63,449	210	63,239	0	287	(74)	(4,387)	117	58,949	0	58,949
Total infrastructual assets	1,723,920	943	1,722,977	2,102	12,618	424	28,607	16,329	1,755,651	5,252	1,750,398
Total Property Plant and Equipment	1,965,710	19,492	1,946,218	(7)	22,529	375	13,722	19,275	1,990,297	26,739	1,963,560

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	Cost/Valuation 1 July 2015	Accumulated Depreciation	Carrying Amount 1 July 2015	Current Year Transfers	Current Year Additions	Current Year Disposals & other movements	Revaluation Current Year	Current Year Depreciation and Immritment	Cost/Revaulation 30 June 2016	Accumulated Depreciation	Carrying Amount 30 June 2016
COUNCIL 2016	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Operational Assets											
Land - Major	139,588	0	139,588	(1,473)	915	(3,736)	0	0	135,294	0	135,294
Land - Minor	22,291	0	22,291	(1,049)	0	0	0	0	21,242	0	21,242
Buildings/Land Improvements	52,894	1,887	51,006	(4,968)	596	(1,587)	0	2,089	46,934	3,976	42,957
Buildings Not Revalued	6,865	1,089	5,776	1,265	1,014	0	0	256	9,144	1,345	7,798
Plant /Motor Vehicles	4,802	2,889	1,913	71	292	(3)	0	259	5,162	3,148	2,015
Office Equipment	6,652	3,746	2,906	(277)	182	(165)	0	370	6,392	4,116	2,276
Other Equipment	2,037	1,061	976	(8)	375	0	0	290	2,405	1,351	1,054
CBD	3,608	646	2,962	0	0	0	0	54	3,608	700	2,907
Wharves	3,424	392	3,031	0	0	0	0	68	3,424	460	2,964
Library Books - General	3,511	3,268	243	0	163	0	0	179	3,674	3,447	227
Library Books - Permanent	336	6	330	0	0	0	0	0	336	6	330
Assets Under Construction	3,675	0	3,675	0	4,467	(3,966)	0	0	4,176	0	4,176
Total operational assets	249,683	14,984	234,697	(6,439)	8,004	(9,457)	0	3,565	241,790	18,549	223,240
Infrastructure Assets											
Sewer and Wastewater Reticulation Systems	58,503	1,197	57,306	0	1,018	23	0	1,221	57,126	0	57,126
Sewer and Wastewater Treatment Plant & Facitlities	39,698	815	38,882	0	607	(5,489)	0	815	33,186	0	33,186
Stormwater	51,698	822	50,876	0	544	287	0	870	50,837	0	50,837
Water Supply Reticulation Systems	42,567	1,028	41,539	0	187	53	0	1,053	40,726	0	40,726
Water Supply Treatment Plant & Facilities	58,319	1,063	57,256	0	238	1,648	0	1,078	58,064	0	58,064
Solid Waste	2,695	261	2,434	0	42	0	0	316	2,737	577	2,160
Waiapu Aftercare Provision Deferred expense Asset	255	156	99	0	0	0	0	0	255	156	99
Roading	1,399,276	0	1,399,276	0	10,377	4,370	13,849	10,332	1,417,540	0	1,417,540
Flood Control	62,951	100	62,851	476	22	0	0	110	63,449	210	63,239
Total infrastructual assets	1,715,962	5,442	1,710,519	476	13,035	892	13,849	15,795	1, <b>723,92</b> 0	943	1,722,977
Total Property Plant and Equipment	1,965,645	20,426	1,945,216	(5,963)	21,039	(8,565)	13,849	19,360	1,965,710	19,492	1,946,218

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	Cost/Valuation 1 July 2016	Accumulated Depreciation and Impairment 1 July 2016	Carrying Amount 1 July 2016	Current Year Transfers	Current Year Additions	Current Year Disposals & other movements	Revaluation Current Year	Current Year Depreciation and Importment	Cost/Revaulation 30 June 2017	Accumulated Depreciation and Impairment 30 June 2017	Carrying Amount 30 June 2017
GROUP 2017	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Operational Assets											
Land - Major	173,994	0	173,994	300	2,755	0	(20,025)	172	157,024	172	156,852
Land - Minor	21,422	0	21,422	(82)	0	0	5,743	0	27,083	0	27,083
Buildings/Land Improvements	62,258	4,495	57,763	(1,270)	(1,448)	0	5,650	2,247	65,190	6,742	58,448
Buildings Not Revalued	9,269	1,345	7,924	439	817	0	0	383	10,525	1,728	8,797
Plant /Motor Vehicles	6,086	3,561	2,525	606	1,059	(124)	0	412	7,627	3,973	3,654
Office Equipment	6,716	4,127	2,589	0	105	0	0	316	6,821	4,443	2,378
Other Equipment	2,412	1,351	1,061	0	608	(5)	0	358	3,015	1,709	1,306
CBD	3,608	700	2,907	0	14	0	0	55	3,621	756	2,865
Wharves	3,424	460	2,964	0	0	0	0	68	3,424	530	2,894
Library Books - General	3,674	3,447	227	0	155	0	0	(12)	3,829	3,447	394
Library Books - Permanent	336	6	330	0	0	0	0	0	336	6	330
Assets Under Construction	4,850	0	4,851	0	10,871	(2,510)	0	0	13,211	0	13,212
Total operational assets	298,049	19,492	278,557	(7)	14,936	(2,639)	(8,632)	3,999	301,706	23,506	278,213
Infrastructure Assets											
Sewer and Wastewater Reticulation Systems	57,126	0	57,126	246	15	(7)	(16)	1,220	57,364	1,220	56,144
Sewer and Wastewater Treatment Plant & Facitlities	33,186	0	33,186	1,077	37	0	0	808	34,300	808	33,492
Stormwater	50,837	0	50,837	0	375	(26)	(7)	870	51,179	870	50,309
Water Supply Reticulation Systems	40,726	0	40,726	0	156	(32)	(17)	1,053	40,833	1,053	39,780
Water Supply Treatment Plant & Facilities	58,064	0	58,064	0	639	0	0	1,145	58,703	1,146	57,557
Solid Waste	2,737	577	2,160	0	11	563	383	316	2,801	0	2,801
Waiapu Aftercare Provision Deferred expense Asset	255	156	99	28	232	0	0	0	515	156	359
Roading	1,417,540	0	1,417,540	0	11,617	0	32,651	10,800	1,451,007	0	1,451,007
Flood Control	63,449	210	63,239	0	287	(74)	(4,387)	117	58,949	0	58,949
Total infrastructual assets	1,723,920	943	1,722,978	2,102	12,618	424	28,607	16,329	1,755,651	5,252	1,750,398
Total Property Plant and Equipment	2,021,969	20,435	2,001,535	2,095	27,554	(2,215)	19,975	20,328	2,057,357	28,758	2,028,612

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	Cost/Valuation 1 July 2015	Accumulated Depreciation and Importment 1 July 2015	Carrying Amount 1 July 2015	Current Year Transfers	Current Year Additions	Current Year Disposals & other movements	Revaluation Current Year	Current Year Depreciation and Importment	Cost/Revaulation 30 June 2016	Accumulated Depreciation and Importment 30 lune 2016	Carrying Amount 30 June 2016
GROUP 2016	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Operational Assets											
Land - Major	169,525	0	169,525	2,480	915	(3,736)	4,810	0	173,994	0	173,994
Land - Minor	22,291	0	22,291	(869)	0	0	0	0	21,422	0	21,422
Buildings/Land Improvements	58,577	2,129	56,448	2,891	2,037	(1,587)	340	2,366	62,258	4,495	57,763
Buildings Not Revalued	6,865	1,089	5,776	1,390	1,014	0	0	256	9,269	1,345	7,924
Plant /Motor Vehicles	5,545	3,154	2,391	124	459	(42)	0	407	6,086	3,561	2,525
Office Equipment	6,662	3,750	2,912	0	219	(165)	0	377	6,716	4,127	2,589
Other Equipment	2,037	1,061	976	0	375	0	0	290	2,412	1,351	1,061
CBD	3,608	646	2,963	0	0	0	0	54	3,608	700	2,907
Wharves	3,424	392	3,032	0	0	0	0	68	3,424	460	2,964
Library Books - General	3,511	3,268	243	0	163	0	0	179	3,674	3,447	227
Library Books - Permanent	336	6	330	0	0	0	0	0	336	6	330
Assets Under Construction	3,675	0	3,675	0	5,141	(3,966)	0	0	4,850	0	4,851
Total operational assets	286,055	15,495	270,559	6,016	10,323	(9,496)	5,150	3,997	298,049	19,492	278,557
Infrastructure Assets											
Sewer and Wastewater Reticulation Systems	58,503	1,197	57,306	0	1,018	23	0	1,221	57,126	0	57,126
Sewer and Wastewater Treatment Plant & Facitlities	39,698	815	38,882	0	607	(5,489)	0	815	33,186	0	33,186
Stormwater	51,698	822	50,876	0	544	287	0	870	50,837	0	50,837
Water Supply Reticulation Systems	42,567	1,028	41,539	0	187	53	0	1,053	40,726	0	40,726
Water Supply Treatment Plant & Facilities	58,319	1,063	57,256	0	238	1,648	0	1,078	58,064	0	58,064
Solid Waste	2,695	261	2,434	0	42	0	0	316	2,737	577	2,160
Waiapu Aftercare Provision Deferred expense Asset	255	156	99	0	0	0	0	0	255	156	99
Roading	1,399,276	0	1,399,276	0	10,377	4,370	13,849	10,332	1,417,540	0	1,417,540
Flood Control	62,951	100	62,851	476	22	0	0	110	63,449	210	63,239
Total infrastructual assets	1,715,962	5,442	1,710,519	476	13,035	892	13,849	15,797	1,723,920	943	1,722,978
Total Property Plant and Equipment	2,002,017	20,937	1,981,078	6,492	23,358	(8,604)	18,999	19,794	2,021,969	20,435	2,001,535

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Properties held for resale are recorded at cost as at 30 June 2017. Refer to Note 19: Non Current Assets Held for Sale (Page 100).

Freehold land (including forestry land) and improvements (including buildings) for Tauwhareparae Farms Limited were valued as at 30 June 2017 by Bruce Cowper, an independent valuer of Lewis Wright Valuation & Consultancy Ltd. The fair value of land and improvements was \$48,965,500 (2016: \$40,600,000).

#### **Roading Assets**

The roading asset valuation was undertaken at 30 June 2017 by Pauline True, Lachlan Crawford, and Brian Smith independent valuers of MWH Limited, Hastings. The fair value of roading assets as at 30 June 2017 is \$1,450,908k (2016: \$1,417,226k).

#### **Insurance Disclosure**

#### Property, Plant and Equipment

The total value of assets covered by insurance contracts for these assets is \$183,965,224. 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 \$183,965,224.
- 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 \$3,823,739.

#### Forestry

The total value of assets covered by insurance contracts for forestry is \$849,480. Our insurance cover for this covers loss or damage to trees principally by fire and reinstatement costs. Council's limit of liability is \$618,000.

#### **Motor Vehicles**

The total value of our fleet is \$1,609,669. 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 although unless declared, the limit per vehicle is \$150,000. Third party liability is limited to \$10,000,000.

#### Water, Wastewater, Stormwater, Rivers and Land Drainage

The declared value for infrastructure assets is \$489,805,479. Insurance covers physical loss caused by a natural catastrophe event. Council has a limit of liability of \$180,000,000.

## Note 25A : Assets Under Construction

	Cou	ncil	Gro	oup	
	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	
Building/Land Improvements	1,394	3,718	2,069	8,487	
Information Management	0	1	0	1	
Sewer and Wastewater	1,098	1,601	1,098	1,601	
Water Supply	108	781	108	781	
Solid Waste	0	28	0		
Stormwater	39	222	39	222	
Roading	247	262	247	262	
Rivers and Flood Control	177	511	177	511	
Theatres	60	104	60	104	
Parks and Open Spaces	1,053	1,243	1,053	1,243	
Conveniences	0	0	0	0	
Library	0	0	0	0	
Total Assets Under Construction	4,176	8,471	4,851	13,212	

## Note 26 : Intangible Assets

Council 2015/16 Actual \$000s	Group 2015/16 Actual \$000s		Council 2016/17 AP \$000s	Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s
4,277	4,771	Balance at 1 July - Cost	4,370	6,524	7,018
(2,197)	(1,995)	Less Accumulated Amortisation and Impairment	(2,290)	(2,886)	(2,684)
2,080	2,776	Opening Carrying Amount	2,080	3,637	4,334
2,247	2,247	Additions/(Disposals)	0	1,126	1,126
0	0	Change in Fair Value	0	0	0
(689)	(689)	Less Amortisation Charge	0	(858)	(858)
3,638	4,334	Closing Carrying Amount	2,080	3,904	4,601
		Balance at 30 June			
6,524	7,018	Cost	4,370	7,649	8,144
(2,886)	(2,684)	Less Accumulated Amortisation and Impairment/Change in Fair Value	(2,290)	(3,745)	(3,542)
3,638	4,334	Closing Carrying Amount	2,080	3,904	4,601

## Note 27 : Biological Assets – Livestock

## **Biological Assets**

Biological assets consist of sheep and cattle (livestock) and forestry. The Group farms livestock for the sale of sheep, lambs, cattle and calves. As at 30 June 2017 the Group had 31,921 sheep, 4,992 cattle (2016: 32,869 sheep, 5,173 cattle). During the year the Group sold 27,460 sheep, 2,161 cattle (2016: 30,052 sheep, 1,998 cattle).

#### Reconciliation of Opening Balance to Closing Balance – 2017

	SHEEP		CATTLE		Total
GROUP	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

# Reconciliation of Opening Balance to Closing Balance – 2016

	SHEEP		CAT	TLE	Total
GROUP	Quantity	\$000s	Quantity	\$000s	\$000s
Opening Balance as at 1 July 2015	32,081	3,716	5,091	5,155	8,871
Natural Increase	33,869	3,161	2,235	1,888	5,049
Purchases	101	106	44	207	313
Changes in Fair Value	0	(8)	0	897	889
Sales	(30,052)	(2,703)	(1,998)	(2,076)	(4,779)
Death and Killed	(3,130)	(371)	(199)	(223)	(594)
Closing Balance as at 30 June 2016	32,869	3,901	5,173	5,848	9,749

## Note 27A : Biological Assets – Livestock

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

2016			20	17
Quantity	\$000s		Quantity	\$000s
		SHEEP		
17,717	2,166	Mixed Aged Ewes	17,385	2,956
5,993	820	Two Tooth Ewes	6,190	1,119
		IMMATURE SHEEP	353	87
257	64	Breeding Rams		
6,677	655	Ewe Hoggets	7,133	953
2,225	196	Ram and Wether Hoggets	860	88
32,869	3,901	Total Sheep	31,921	5,203
		MATURE CATTLE		
1,642	2,217	Mixed Aged Cows	1,632	2,674
528	759	Rising three year Heifers	477	921
595	685	Rising two year Heifers	677	977
0	0	Rising three year and Older Steers		
87	87	Rising two year Steers and Bulls	3	3
113	374	Breeding Bulls	120	512
		IMMATURE CATTLE		
1,099	778	R1 Heifers	1,087	937
1,109	948	R1 Steers and Bulls	996	958
5,173	5,848	Total Cattle	4,992	6,982

	GROL	JP		2	2016/13	7
Quantity	Average	Price \$ 2016 \$000s		Quantity	Average	Price \$ 2017 \$000s
			SHEEP			
30,052	90	2,703	Sales	27,460	95	2,605
			Less Cost of Sales			
32,081	116	3,716	Opening Stock	32,869	119	3,901
101	1,052	106	Add Purchases	89	1,056	94
32,869	119	3,901	Less Closing Stock	31,921	163	5,203
		(79)	Total Cost of Sales			(1,208)
		2,782	Gross Profit from Shee	р		3,813
			CATTLE			
1,998	1,039	2,076	Sales	2,161	1,162	2,512
			Less Cost of Sales			
5,091	1,013	5,155	Opening Stock	5,173	1,130	5,848
44	4,702	207	Add Purchases	43	6,558	282
5,173	1,131	5,848	Less Closing Stock	4,992	1,399	6,982
		(486)	Total Cost of Sales			(852)
		2,562	Gross Profit from Catt	le		3,364

The fair value of livestock is determined by independent valuation as at 30 June 2017. 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 84).

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 company has 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 27B : Biological Assets – Livestock

## Note 27C : Forestry

Council 2015/16 Actual \$000s	Group 2015/16 Actual \$000s		Council 2016/17 AP \$000s	Counc <b>i</b> 2016/17 Actual \$000s	Group 2016/17 Actual \$000s
2,368	10,952	Balance at 1 July	3,276	3,276	16,929
0	39	Increases due to Purchases	0	0	59
909	5,938	Gains/(Losses) arising from changes in fair value less estimated point of sale costs attributable to price changes	0	1,072	911
3,276	16,929	Balance at 30 June	3,276	4,348	17,899

No forests were harvested during the 2017 period.

Council's forestry holdings have been valued by Jeff Schnell, 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 (2016: 6.50%).

The valuation of the Pamoa forestry assets as at 30 June 2017 is \$3,669,000. (2016: \$2,605,000).

The valuation of the Council's forestry assets as at 30 June 2017 is \$680,000. (2016: \$638,000).

#### **Tauwhareparae Forests**

The fair value of the forest tree crop is determined by independent valuation. Independent forestry valuation as at 30 June 2017 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) - 6.5% (2016: 6.5%) Rate of Inflation - 2.0% (2016: 2.0%) Rate of Tax - 28% (2016: 28.0%)

During the year \$58,898 (2016: \$39,436) 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 2015/16 Actual \$000s	Group 2015/16 Actual \$000s		Council 2016/17 AP \$000s	Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s
		Accumulated Surplus (Retained Earnings)			
404,031	400,214	Balance at 1 July	407,934	403,836	404,914
(470)	(470)	Transfers (to)/from Special Funds	2,669	(583)	(583)
3,186	3,186	Transfers from Asset Revaluation Reserve on Disposal of Property, Plant and Equipment	0	3,269	3,269
(2,911)	1,984	Surplus/(Deficit) for the year	4,316	(5,186)	(2,287)
403,836	404,914	Balance at 30 June	414,919	401,336	405,313
		Special Funds and Reserves			
36,519	36,519	Balance at 1 July	36,280	36,989	36,989
470	470	Transfer (to)/from Retained Earnings	(2,669)	583	583
36,989	36,989	Balance at 30 June	33,611	37,572	37,572
		Asset Revaluation Reserves			
1,488,599	1,522,512	Balance at 1 July	1,488,987	1,499,262	1,538,316
13,849	18,999	Revaluations	378	13,716	19,969
(3,186)	(3,186)	Transfers to Retained Earnings on Disposal of Property, Plant and Equipment	0	(3,269)	(3,269)
0	(9)	Deferred Tax on building revaluations	0	0	(20)
1,499,262	1,538,316	Balance at 30 June	1,489,365	1,509,709	1,554,996

## Note 28A : Asset Revaluation Reserve

Council 2015/16 Actual \$000s	Group 2015/16 Actual \$000s		Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s
90	85	Investments	90	90
		Operational Assets		
123,740	162,693	Land - Major	99,672	142,713
13,131	13,131	Land - Minor	18,795	18,795
23,966	24,488	Buildings/Land Improvements	23,632	26,315
102	102	CBD	102	102
465	465	Office Equipment	471	471
499	499	Other Equipment	499	499
0	0	Other Operational Asset	0	0
		Infrastructural Assets		0
27,502	27,502	Sewer and Wastewater	27,405	27,405
21,587	21,587	Stormwater	21,587	21,587
50,564	50,564	Water Supply	50,564	50,564
1,100	1,100	Solid Waste	2,057	2,057
1,185,583	1,185,583	Roading	1,218,233	1,218,233
51,060	51,060	Flood Control	46,728	46,728
(126)	(543)	Deferred Tax Asset Revaluation	(126)	(563)
1,499,262	1,538,316	-	1,509,709	1,554,996

	Opening Balance 1 July 2016 \$000s	New Barowings \$000s	Interest \$000s	Repayments Principal \$000s	Closing Bolance 30 June 2017 \$000s
Aquatic and Recreation Facility	1,070	6	12	22	1,055
Arts and Culture	1,531	74	29	211	1,393
Building Services	5	0	0	1	4
Civil Defence, Emergency Management and Rural Fires	12	0	1	3	9
Enterprise Operations	768	0	28	211	557
Flood Control	4,181	388	217	18	4,551
Governance	4	0	0	1	3
Roading	4,523	665	237	334	4,854
Libraries	380	389	6	7	762
Reserve and Open Spaces	6,277	1,179	441	457	6,999
Solid Waste Management	6,014	0	290	533	5,481
Stormwater	5,492	313	273	386	5,419
Support Services	18,102	1,371	908	1,247	18,227
Wastewater	19,791	1,508	1,024	1,142	20,158
Water Supply	1,408	46	71	97	1,356
	69,557	5,940	3,534	4,668	70,830

## Note 28B : Internal Borrowings

## Note 28C: Special Funds and Other Reserves

	Opening Balance 1 July 2016 \$000s	Transfers to Reserves \$000s	Transfers from Reserves \$000s	Closing Balance 30 June 2017 \$000s	Description / Use
Municipal Theatre Project	27	1	0	28	Reserve held as a source of capital funding for the redevelopment of theatres
Library Building	1,989	41	311	1,719	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	708	15	0	723	Reserve is a funding source for minor and major capital work in relation to the Waipaoa River Flood Control Scheme
Civil Defence Disaster Relief	512	11	0	523	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	2,350	87	0	2,437	Reserve is to hold proceeds of selected asset sales which are to be utilised for capital developments as determined by Council
Quarry Rehab	1,109	24	0	1,133	Reserve is to provide for the restoration and rehabilitation of the Patutahi Quarry
Olympic Pool Development	28	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	104	9	0	113	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	(282)	38	0	(244)	Reserve holds development contributions received in relation to Roading. Funding is utilised for capital expenditure on Land Transport infrastructure resulting from growth due to developments within the district
Water Supply - Urban Development Contributions	(705)	35	(6)	(664)	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	197	80	39	238	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	(756)	35	34	(755)	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	189	17	0	206	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	(874)	(10)	1,126	(2,009)	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	349	7	0	356	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
Roading Flood Damage Reserve	0	0	0	0	Reserve holds funds for roading flood damage.
Depreciation	32,030	20,729	19,026	33,733	Reserve holds funds utilised on projects that replace the districts assets
TOTAL RESERVES	36,983	21,120	20,531	37,572	-

## Note 29 : Reconciliation of Net Surplus to Operating Cash Flows

21,816	23,781	- Net Cash Inflow from Operating Activities	16,011	19,084
955	1,763	-	(1,785)	488
0	4	Taxation Payable	0	742
(21)	0	Subvention Payment Due	(1,527)	0
80	118	Employee Benefit Liabilities	45	180
0	0	Provision for Other Liabilities	0	0
2,844	3,480	Trade & Other Payables	728	1,261
(87)	(87)	Deposits Held	128	128
(18)	40	Inventories	61	(91)
(1,843)	(1,792)	Trade & Other Receivables	(1,220)	(1,732)
		Increase/(Decrease) in Working Capital		
(278)	(278)	-	154	(1,596)
0	0	Carbon credits sold	0	(1,750)
(278)	(278)	-	154	154
24,000	20,010	Add Items classified as Investing Activities	22,020	22,777
24,050	20,313	-	22,828	22,479
0	0	Impairment - carbon credits value	1,200	1,200
715	715	Bad Debts Written Off	1,266	1,266
2,748 0	2,748 1,792	Other provisions and deferred expense asset	3,395 0	3,395 762
0	0	Loss on timber stock	0	0
(909)	(5,938)	Forestry Value (Gain) / Loss	(1,072)	(911)
611	623	(Profit)/Loss on Disposal of Assets	45	144
0	(878)	Livestock Holding (Gain)/ Loss	0	(2,436)
(20)	(86)	Other Fixed and Investment Asset Changes/(Credits)	(14)	(14)
856	856	Unrealised (Gain)/Loss on Derivative Financial Instruments	(913)	(913)
20,049	20,481	Depreciation & Amortisation	20,121	21,186
		Add/(Deduct) Non Cash Items		
(2,911)	1,984	Reported Net Surplus	(5,186)	(2,287)
2015/16 Actual \$000s	2015/16 Actual \$000s		2016/17 Actual \$000s	2016/17 Actual \$000s

## 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 2015/16 Actual \$000s	Group 2015/16 Actual \$000s		Council 2016/17 AP \$000s	Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s
		FINANCIAL ASSETS			
		Non Current Assets			
521	906	Investments - Non Current	20,478	694	1,097
521	906	Available for Sale Financial Assets	20,478	694	1,097
		Current Assets			
1,333	1,333	Investments - Current	8	0	0
1,333	1,333	Available for Sale Financial Assets	8	0	0
282	303	Cash and Cash Equivalents	293	176	297
10,982	10,207	Trade and Other Receivables	10,084	12,454	10,637
11,264	10,510	Loans and Receivables at Amortised Cost	10,377	12,630	10,934
		FINANCIAL LIABILITIES			
		Non Current Liabilities			
0	0	Bank Loan	10,269	0	0
17,000	17,000	Secured Debentures	17,000	25,000	25,000
325	325	Trade Payables and Accruals	0	227	227
17,325	17,325	Financial Liabilities Measured at Amortised Cost	27,269	25,227	25,227
2,723	2,723	Derivative Financial Instruments	2,031	1,793	1,793
2,723	2,723	Fair Value Through Statement of Comprehensive Income - Held for Trading	2,031	1,793	1,793
		Current Liabilities			
699	699	Derivative Financial Instruments	535	716	716
0	0	Secured Debentures	5,000	2,000	2,000
10,000	10,000	Commercial Paper	3,000	8,000	8,000
4,615	5,272	Bank Loan	6,830	2,679	3,907
19,084	20,209	Trade Payables and Accruals	15,638	19,792	21,767
34,398	36,180	Financial Liabilities at Amortised Cost	31,003	33,187	36,390

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:

Year Ended 30 June 2016

#### COUNCIL

- Level 2 The fair value is estimated using inputs other than guoted 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:

Year Ended 30 June 2017

Year Ended 30 June 2017

	Valuation T	echnique				Valuation Tec	hnique	
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 Ş000s
				Financial Assets				
0	0	521	521	Unlisted Investments	0	0	694	694
0	0	521	521		0	0	694	694
				Financial Liabilities				
0	(3,422)	0	(3,422)	Derivative Financial Instruments	0	(2,509)	0	(2,509)
0	(3,422)	0	(3,422)		0	(2,509)	0	(2,509)
-				· ·				

GROUP

#### Year Ended 30 June 2016 Valuation Technique

	Valuation T					Valuation Tec		
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	906	906	Unlisted Investments	0	0	1,097	1,097
0	0	906	906	-	0	0	1,097	1,097
				Financial Liabilities				
0	(3,422)	0	(3,422)	Derivative Financial Instruments	0	(2,509)	0	(2,509)
0	(3,422)	0	(3,422)	-	0	(2,509)	0	(2,509)
				-				

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 2015/16 Actual \$000s	Group 2015/16 Actual \$000s		Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s
		COUNTER PARTIES WITH CI	REDIT RATIN	GS
		Cash at Bank and Term Deposits		
1,615	1,636	AA-	176	297
1,615	1,636	Total cash at bank and term deposits	176	297
		COUNTER PARTIES WITHOU		ATINGS
62	62	Existing counter party with no defaults in the past	66	66
62	62	Total Rates postponement and Community loans	66	66

Council 2015/16 Actual \$000s	Group 2015/16 Actual \$000s		Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s
		Financial Assets		
282	303	Cash and Cash Equivalents	176	297
10,982	10,207	Trade and Other Receivables	12,454	10,637
1,333	1,333	Current Investments	0	0
12,597	11,843	Total Financial Assets	12,630	10,934

The ageing profile of trade and other receivables at the reporting date is as follows:

Cound	cil 2016		Cound	:il 2017
Gross \$000s	Impaired \$000s		Gross \$000s	Impaired \$000s
		Trade and Other Receiva	bles	
5,896	0	Current	7,507	0
223	0	Past Due 0 - 3 Months	335	0
271	0	Past Due 3 - 6 Months	136	0
9,958	5,366	Past Due More Than 6 Months	9,877	5,401
16,348	5,366	Total Trade and Other Receivables	17,855	5,401
Grou	p 2016		Group	o 2017
Gross \$000s	Impaired \$000s		Gross \$000s	Impaired \$000s
		Trade and Other Receiva	bles	
6,145	0	Current	5,612	0
223	0	Past Due 0 - 3 Months	414	0
271	0	Past Due 3 - 6 Months	137	0
9,958	5,366	Past Due More Than	9,877	5,401

16,597 5,366 Total Trade and Other 16,040 5,401 Receivables

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 102: Borrowings).

On a cash flow basis, the Council maintains sufficient funds to cover all obligations as they fall due. Facilities

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 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

COUNCIL 2016	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	282	282	282	0	0	0
Trade and Other Receivables	16,348	16,348	16,286	0	0	62
Current Investments	1,333	1,333	1,333	0	0	0
Total Financial Assets	17,963	17,963	17,901	0	0	62

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	16,040	16,038	15,972	0	0	66
Current Investments	0	0	0	0	0	0
Total Financial Assets	16,337	16,335	16,269	0	0	66

GROUP 2016	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	303	303	303	0	0	0
Trade and Other Receivables	15,573	15,573	15,511	0	0	62
Current Investments	1,333	1,333	1,333	0	0	0
Total Financial Assets	17,209	17,209	17,147	0	0	62

#### **Contractual Maturity Analysis of Financial Liabilities**

The table below summarises the maturity profile of Council's financial liabilities based on contractual payments.

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	8,000	8,000	0	0	0
Debentures	27,000	27,000	2,000	5,000	5,000	15,000
Total Financial Liabilities	60,207	60,207	33,414	5,585	5,938	15,270

COUNCIL 2016	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	19,409	19,409	19,409	0	0	0
Derivative Financial Instruments	3,422	3,422	699	658	1,397	668
Bank Loans	4,615	4,615	4,615	0	0	0
Commercial Paper	10,000	10,000	10,000	0	0	0
Debentures	17,000	17,000	0	2,000	10,000	5,000
Total Financial Liabilities	54,446	54,446	34,723	2,658	11,397	5,668

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	8,000	8,000	0	0	0
Debentures	27,000	27,000	2,000	5,000	5,000	15,000
Total Financial Liabilities	63,410	63,410	36,617	5,585	5,938	15,270

GROUP 2016	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	20,534	20,534	20,534	0	0	0
Derivative Financial Instruments	3,422	3,422	699	658	1,397	668
Bank Loans	5,272	5,272	5,272	0	0	0
Commercial Paper	10,000	10,000	10,000	0	0	0
Debentures	17,000	17,000	0	2,000	10,000	5,000
Total Financial Liabilities	56,228	56,228	36,505	2,658	11,397	5,668

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 2015/16 Actual \$000s	Group 2015/16 Actual \$000s		Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s
		Weighted Effective Interest Rate	S	
4.20%	4.44%	Bank Loan	3.95%	3.93%
3.07%	3.07%	Debentures	2.63%	2.63%
5.87%	5.87%	Derivative Financial Instruments	5.78%	5.78%
2.60%	2.60%	Commercial Paper	2.29%	2.29%

#### **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 2015/16 Actual \$000s	Group 2015/16 Actual \$000s		Council 2016/17 Actual \$000s	Group 2016/17 Actual \$000s
		Net Surplus Higher/(Lower)		
946	946	+ 100 Basis Points	988	988
(1,011)	(1,011)	- 100 Basis Points	(1,065)	(1,065)

## Note 31 : Commitments

COUNCIL 2017	Total \$000s	0 - 12 Months \$000s	1 - 5 Years \$000s
Capital Commitments - Approved and Contracted	81,945	23,177	58,767
Operational Contract Commitments - Approved and Contracted	18,197	6,881	11,316
Total Commitments	100,142	30,058	70,084
COUNCIL 2016	Total \$000s	0 - 12 Months \$000s	1 - 5 Years \$000s
COUNCIL 2016 Capital Commitments - Approved and Contracted		Months	Years
Capital Commitments - Approved	\$000s	Months \$000s	Years \$000s

GROUP 2017	Total \$000s	0 - 12 Months \$000s	1 - 5 Years \$000s
Capital Commitments - Approved and Contracted	88,685	29,917	58,767
Operational Contract Commitments - Approved and Contracted	18,197	6,881	11,316
Total Commitments	106,882	36,798	70,084
GROUP 2016	Total \$000s	0 - 12 Months \$000s	1 - 5 Years \$000s
GROUP 2016 Capital Commitments - Approved and Contracted		Months	Years
Capital Commitments - Approved	\$000s	Months \$000s	Years \$000s

## Note 32A : Leases

	Total Ş000s	0 - 12 Months \$000s	1 - 5 Years \$000s	5+ Years \$000s
GROUP 2017				
Operating Lease Payments	790	312	328	150
Total Non Cancellable Operating	790	312	328	150
GROUP 2016				
Operating Lease Payments	1,204	544	467	193
Total Non Cancellable Operating	1,204	544	467	193

	Total \$000s	0 - 12 Months \$000s	1 - 5 Years \$000s	5+ Years \$000s
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
COUNCIL 2016				
Operating Lease Payments	7,899	1,648	6,250	0
Total Non Cancellable Operating	7,899	1,648	1,595	0

Gisborne District Council leases buildings from Gisborne Holdings Ltd. This arrangement began 1 December 2015. In 2017 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 \$599,648 (2016: \$123,636).

## 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 2017	-			
Operating Lease Commitments	59	59	0	0
Total Operating Lease Commitments	59	59	0	0
COUNCIL 2016				
Operating Lease Commitments	56	56	0	0
Total Operating Lease Commitments	56	56	0	0

## 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.

#### **Defined Benefit Scheme**

Council is a participating employer in the Defined Benefit Scheme (DBS) contributors scheme ("the scheme"), which is a multi-employer defined benefit scheme. If the other participating employers ceased to participate in the scheme, Council could be responsible for the entire deficit of the scheme.

Similarly, if a number of employers ceased to participate in the scheme, Council could be responsible for an increased share of the deficit. The actuary of the scheme has recommended that the employer contributions are suspended with effect from 1 April 2011. In the latest report, the actuary recommended employer contributions remain suspended.

#### 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 \$2.703m determined at 30 June 2017 (2016: \$2.798m).

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 \$3.631m determined at 30 June 2017 (2016: \$1.965m). 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 other shareholders and guarantors, Gisborne District Council is a guarantor of all of NZLGFA's borrowings. At 30 June 2017, NZLGFA had borrowings totalling \$7,784m (2016: \$6,445m).

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

Refer to Note 25: Property Plant and Equipment (Page 104) for details on earthquake prone buildings.

#### **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 Auckland 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 May 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 Forests Ltd (TFL) and a 100% interest in 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	2016 \$000s	2017 \$000s
Services Provided to Council	147	440
Services Provided by Council	133	176
Lease Provided by GHL	910	1,608

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**

	2016 \$000s	2017 \$000s
Salaries and Other Short Term Employees Benefit	1,928	2,006

Key management personnel include the Mayor, Councillors, Chief Executive and a five person leadership team.

# Note 36: Remuneration and Severance Payments

During the year to 30 June 2017 the total remuneration received by or payable to the Mayor, other Councillors and Chief Executive of the Council were as follows:

	2016	2017
M Foon, Mayor	\$136,477	\$138,780
R Stoltz, Deputy Mayor	\$42,603	\$54,364
M. Akuhata-Brown	\$35,503	\$36,494
JC Bauld	\$36,894	\$14,129
WS Burdett	\$48,152	\$53,385
J Wharehinga	\$36,523	\$36,257
A Cranston	\$43,618	\$43,468
A Davidson	\$43,618	\$14,207
A Dunn	\$35,503	\$37,178
L Foster	\$36,946	\$36,501
R Haisman	\$39,148	\$12,244
P Seymour	\$49,632	\$51,421
G Thomson	\$43,191	\$43,905
B Wilson	\$42,603	\$43,202
K Fenn	\$0	\$25,070
M MacLean	\$0	\$25,612
S Dowsing	\$0	\$25,070
JE Campbell, Chief Executive	\$331,715	\$312,753
N Thatcher-Swann, Chief Executive*	\$0	\$83,538

\*Renumeration while in Chief Executive role only commencing 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.

	Number of En	nployees
Salary Bands	2016	2017
\$140,000 - \$340,000	8	8
\$120,000 - \$140,000	8	9
\$100,000 - \$120,000	12	16
\$ 80,000 - \$100,000	37	35
\$ 60,000 - \$ 80,000	68	87
Less than \$ 60,000	218	182
	351	337
	2016	2017
Full Time Employees*	256	288
Full Time Equivalent Employees**	24	16

\*Full time employees: the total number of people employed on a full time plus fixed term contract by head count as at 30 June 2017.

\*\*Full time equivalents: the total number of paid hours for part time plus casual staff divided by the full time equivalent hours (40 hours).

#### **Severance Payments**

No severance payments were made during the 2017 financial year. Twelve severance payments totalling \$394,246 were made in the 2016 financial year.

## Note 37: Events After Balance Date

On 1 July 2016 part of Council's commercial operations, the Waikanae Top 10 Holiday Park and Gisborne Vehicle Testing Station, were transferred to Council's controlled organisation Gisborne Holdings Ltd as part of Council's strategy to increase income from its commercial assets

## 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.

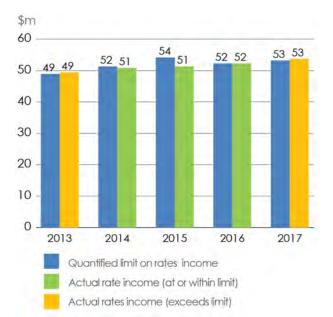
#### **Rates Income Affordability**

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**

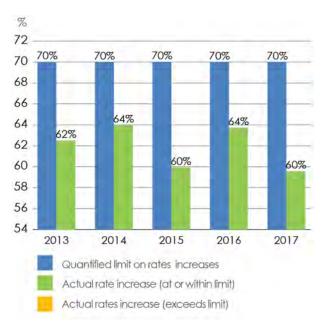
The quantified limit is for actual rates to be no more than that adopted in the Long Term Plan for that year.

#### **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**



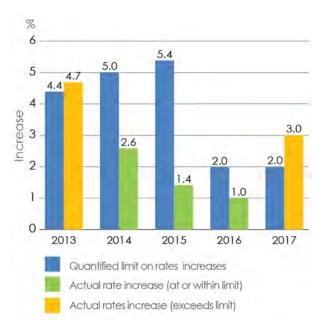
#### **Rates Increases Affordability**

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**

Prior to 2013 there was no fiscal policy on rates increase limits. This year Council's total increase in rates income was 3.0%. The 2015-2025 Long Term Plan estimate was a 2.0% increase for the first three years.

#### **Rates Increases Benchmark**



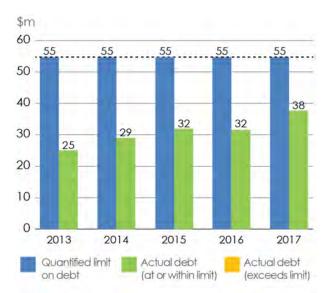
#### **Debt Affordability Benchmark**

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 second quantified limit on borrowing stated in the financial strategy included in the Council's Long Term Plan.

The quantified limit is for interest to be equal to or less than 15% of total rates.

#### **Debt Affordability Benchmark**

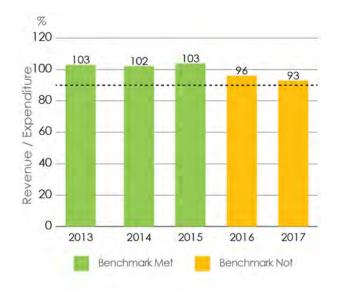


## **Balanced Budget Benchmark**

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**



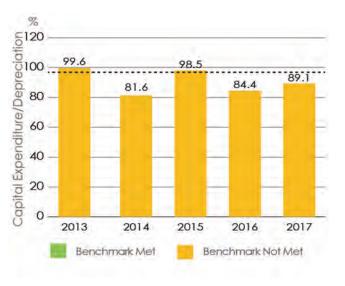
## **Essential Services Benchmark**

The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services.

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 in due to the timing of capital projects.

#### Essential Services Benchmark

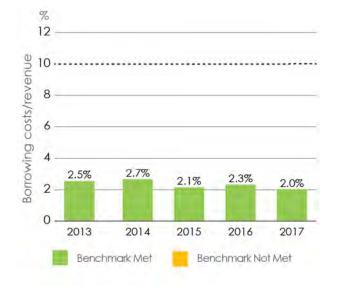


## **Debt Servicing Benchmark**

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).

Because Statistics New Zealand projects the district's population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.

#### **Debt Servicing Benchmark**

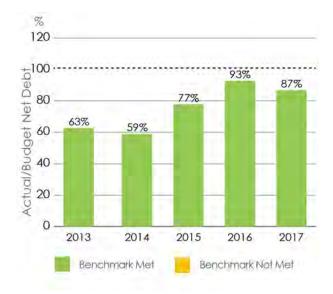


#### **Debt Control Benchmark**

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

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

#### **Debt Control Benchmark**



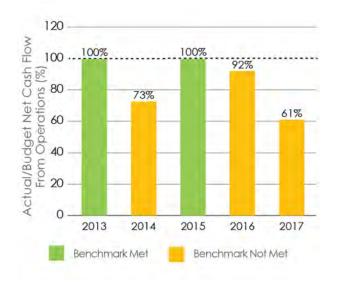
#### **Operations Control Benchmark**

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 2017. A contributing factor was the timing of cash receipts and payments.

#### **Operations Control Benchmark**



## **Funding Impact Statement**

#### Council

Funding Impact Statement for the Year ended 30 June (whole of Council)	LTP 2015/16 \$000s	Actual 2015/16 \$000s	AP 2016/17 \$000s	Actual 2016/17 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	17,071	16,774	17,357	16,798
Targeted Rates	36,056	38,448	39,436	40,177
Subsidies and grants for operating purposes	9,037	7,881	9,438	11,099
Fees and Charges	11,072	8,371	8,317	6,846
Interest and dividends from investments	1,014	72	1,472	980
Local authorities fuel tax, Infringement Fees and other receipts	1,390	2,407	1,469	3,320
Total operating funding (A)	75,640	73,953	77,490	79,222
Applications of operating funding				
Payments to staff and suppliers	61,375	62,880	63,602	74,371
Finance costs	2,077	2,697	1,991	1,797
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	63,451	65,577	65,593	76,168
Surplus (deficit) of operating funding (A-B)	12,189	8,376	11,897	3,054
Sources of capital funding				
Subsidies and grants for capital expenditure	11,113	7,380	12,232	9,096
Development and financial contributions	815	361	699	281
Increase/(decrease) in debt	2,857	(1,401)	4,406	1,272
Gross proceeds from sale of assets	0	12	12	(199)
Lump sum contributions	0	0	0	0
			-	0
Total sources capital funding (C)	14,784	6,352	17,349	10,450
Total sources capital funding (C) Applications of capital funding	14,784	6,352	17,349	
	14,784	6,352	17,349	
Applications of capital funding	<b>14,784</b> 949	<b>6,352</b> 701	<b>17,349</b> 702	
Applications of capital funding Capital expenditure				10,450
Applications of capital funding Capital expenditure - to meet additional demand	949	701	702	<b>10,450</b> 614
Applications of capital funding Capital expenditure - to meet additional demand - to improve the level of service	949 10,783	701 4,630	702 11,704	<b>10,450</b> 614 5,724
Applications of capital funding Capital expenditure - to meet additional demand - to improve the level of service - to replace existing assets	949 10,783 18,459	701 4,630 16,505	702 11,704 21,231	<b>10,450</b> 614 5,724 17,166
Applications of capital funding Capital expenditure - to meet additional demand - to improve the level of service - to replace existing assets Increase/ (decrease) in reserves Increase/ (decrease) of	949 10,783 18,459 (3,218)	701 4,630 16,505 (7,108)	702 11,704 21,231 (4,390)	10,450 614 5,724 17,166 (10,001)
Applications of capital funding Capital expenditure - to meet additional demand - to improve the level of service - to replace existing assets Increase/ (decrease) in reserves Increase/ (decrease) of investments Total applications of capital funding	949 10,783 18,459 (3,218) 0	701 4,630 16,505 (7,108) 0	702 11,704 21,231 (4,390) 0	<b>10,450</b> 614 5,724 17,166 (10,001) 0

#### **Commercial Operations**

Funding Impact Statement for the Year ended 30 June	LTP 2015/16 \$000s	Actual 2015/16 \$000s	AP 2016/17 \$000s	Actual 2016/17 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	76	76	20	20
Targeted Rates	0	0	0	0
Subsidies and grants for operating purposes	0	0	0	0
Fees and Charges	3,533	3,330	3,297	1,143
Internal charges and overheads recovered	1,971	1,141	304	162
Local authorities fuel tax, fines, infringement fees and other receipts	55	708	47	1,200
Total operating funding (A)	5,635	5,256	3,668	2,525
Applications of operating funding				
Payments to staff and suppliers	2,976	3,650	2,130	968
Finance costs	109	167	169	28
Internal charges and overheads applied	1,561	1,327	974	535
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	4,646	5,144	3,273	1,531
Surplus (deficit) of operating funding (A-B)	989	111	395	994
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	(231)	(2,301)	(34)	(211)
Gross proceeds from sale of assets	0	0	0	(31)
Lump sum contributions	0	0	0	0
Total sources capital funding (C)	(231)	(2,301)	(34)	(241)
Applications of capital funding				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	11	5	6	0
- to replace existing assets	737	725	433	271
Increase/ (decrease) in reserves	10	(2,919)	(77)	483
Increase/ (decrease) of investments	0	0	0	0
Total applications of capital funding (D)	758	(2,189)	361	753
Surplus (deficit) of capital funding	(989)	(111)	(395)	(994)
Funding balance ((A-B)+(C-D))	0	0	0	0

## Animal Control

Funding Impact Statement for the Year ended 30 June	LTP 2015/16 \$000s	Actual 2015/16 \$000s	AP 2016/17 \$000s	Actual 2016/17 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	0	0	0	0
Targeted Rates	302	302	336	336
Subsidies and grants for operating purposes	50	50	50	80
Fees and Charges	595	575	665	601
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	82	354	84	155
Total operating funding (A)	1,030	1,281	1,136	1,172
Applications of operating funding				
Payments to staff and suppliers	619	779	715	665
Finance costs	0	0	0	0
Internal charges and overheads applied	476	407	440	431
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	1,095	1,187	1,156	1,096
Surplus (deficit) of operating funding (A-B)	(65)	95	(20)	76
Sources of capital funding				
Subsidies and grants for capital expenditure	0	0	0	0
	0 0	0	0	0
expenditure Development and financial				
expenditure Development and financial contributions	0	0	0	0
expenditure Development and financial contributions Increase/(decrease) in debt	0	0	0	0
expenditure Development and financial contributions Increase/(decrease) in debt Gross proceeds from sale of assets	0 0 0	0 0 0	0 0 0	0 0 0
expenditure Development and financial contributions Increase/(decrease) in debt Gross proceeds from sale of assets Lump sum contributions	0 0 0 0	0 0 0 0	0 0 0 0	0 0 0
expenditure Development and financial contributions Increase/(decrease) in debt Gross proceeds from sale of assets Lump sum contributions Total sources capital funding (C)	0 0 0 0	0 0 0 0	0 0 0 0	0 0 0
expenditure Development and financial contributions Increase/(decrease) in debt Gross proceeds from sale of assets Lump sum contributions Total sources capital funding (C) Applications of capital funding	0 0 0 0	0 0 0 0	0 0 0 0	0 0 0
expenditure Development and financial contributions Increase/(decrease) in debt Gross proceeds from sale of assets Lump sum contributions Total sources capital funding (C) Applications of capital funding Capital expenditure	0 0 0 0	0 0 0 0 0	0 0 0 0	0 0 0 0
expenditure Development and financial contributions Increase/(decrease) in debt Gross proceeds from sale of assets Lump sum contributions <b>Total sources capital funding (C)</b> <b>Applications of capital funding</b> Capital expenditure - to meet additional demand	0 0 0 0	0 0 0 0 0	0 0 0 0 0	0 0 0 0 0
expenditure Development and financial contributions Increase/(decrease) in debt Gross proceeds from sale of assets Lump sum contributions Total sources capital funding (C) Applications of capital funding Capital expenditure - to meet additional demand - to improve the level of service	0 0 0 0 0	0 0 0 0 0	0 0 0 0 0	0 0 0 0 0 0
expenditure Development and financial contributions Increase/(decrease) in debt Gross proceeds from sale of assets Lump sum contributions Total sources capital funding (C) Applications of capital funding Capital expenditure - to meet additional demand - to improve the level of service - to replace existing assets	0 0 0 0 0 0 0	0 0 0 0 0 0 0 0	0 0 0 0 0 0 0 0 0	0 0 0 0 0 0 0 0
expenditure Development and financial contributions Increase/(decrease) in debt Gross proceeds from sale of assets Lump sum contributions <b>Total sources capital funding (C)</b> <b>Applications of capital funding</b> Capital expenditure - to meet additional demand - to improve the level of service - to replace existing assets Increase/ (decrease) in reserves	0 0 0 0 0 0 0 0 0 0 0 0 0	0 0 0 0 0 0 0 0 95	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	0 0 0 0 0 0 0 0 0 0 76
expenditure Development and financial contributions Increase/(decrease) in debt Gross proceeds from sale of assets Lump sum contributions Total sources capital funding (C) Applications of capital funding Capital expenditure - to meet additional demand - to improve the level of service - to replace existing assets Increase/ (decrease) in reserves Increase/ (decrease) of investments Total applications of capital funding	0 0 0 0 0 0 (65) 0	0 0 0 0 0 0 0 95 0	0 0 0 0 0 0 0 (20) 0	0 0 0 0 0 0 0 0 76 0

## **Building Services**

Funding Impact Statement for the Year ended 30 June	LTP 2015/16 \$000s	Actual 2015/16 \$000s	AP 2016/17 \$000s	Actual 2016/17 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	832	832	880	880
Targeted Rates	0	0	0	0
Subsidies and grants for operating purposes	0	0	0	0
Fees and Charges	884	913	907	892
Internal charges and overheads recovered	77	77	79	79
Local authorities fuel tax, fines, infringement fees and other receipts	0	9	0	15
Total operating funding (A)	1,794	1,832	1,865	1,865
Applications of operating funding				
Payments to staff and suppliers	1,055	952	1,141	1,006
Finance costs	0	0	0	0
Internal charges and overheads applied	685	621	671	649
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	1,740	1,573	1,812	1,655
Surplus (deficit) of operating funding (A-B)	53	259	53	210
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	258	52	209
Increase/ (decrease) of investments	0	0	0	0
Total applications of capital funding (D)	52	258	52	209
Surplus (deficit) of capital funding	(53)	(259)	(53)	(210)
Funding balance ((A-B)+(C-D))	0	0	0	(0)

#### **Environmental Health**

Funding Impact Statement for the Year ended 30 June	LTP 2015/16 \$000s	Actual 2015/16 \$000s	AP 2016/17 \$000s	Actual 2016/17 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	1,410	1,410	1,481	1,481
Targeted Rates	0	0	0	0
Subsidies and grants for operating purposes	0	0	0	0
Fees and Charges	296	312	303	293
Internal charges and overheads recovered	1,531	1,495	1,607	1,607
Local authorities fuel tax, fines, infringement fees and other receipts	9	15	9	13
Total operating funding (A)	3,246	3,232	3,400	3,394
Applications of operating funding				
Payments to staff and suppliers	1,177	1,236	1,279	1,279
Finance costs	0	0	0	0
Internal charges and overheads applied	2,092	2,060	2,145	2,155
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	3,269	3,296	3,424	3,434
Surplus (deficit) of operating funding (A-B)	(24)	(64)	(24)	(40)
	(24)	(64)	(24)	(40)
(A-B)	<b>(24)</b> 0	<b>(64)</b> 0	<b>(24)</b> 0	<b>(40)</b> 0
(A-B) Sources of capital funding Subsidies and grants for capital				
<ul> <li>(A-B)</li> <li>Sources of capital funding</li> <li>Subsidies and grants for capital expenditure</li> <li>Development and financial</li> </ul>	0	0	0	0
<ul> <li>(A-B)</li> <li>Sources of capital funding</li> <li>Subsidies and grants for capital expenditure</li> <li>Development and financial contributions</li> </ul>	0	0	0	0
<ul> <li>(A-B)</li> <li>Sources of capital funding</li> <li>Subsidies and grants for capital expenditure</li> <li>Development and financial contributions</li> <li>Increase/(decrease) in debt</li> </ul>	0 0 0	0 0 0	0 0 0	0 0 0
<ul> <li>(A-B)</li> <li>Sources of capital funding</li> <li>Subsidies and grants for capital expenditure</li> <li>Development and financial contributions</li> <li>Increase/(decrease) in debt</li> <li>Gross proceeds from sale of assets</li> </ul>	0 0 0 0 0 0	0 0 0 0 0 0	0 0 0 0	0 0 0 0
<ul> <li>(A-B)</li> <li>Sources of capital funding</li> <li>Subsidies and grants for capital expenditure</li> <li>Development and financial contributions</li> <li>Increase/(decrease) in debt</li> <li>Gross proceeds from sale of assets</li> <li>Lump sum contributions</li> </ul>	0 0 0 0 0 0 0 0	0 0 0 0 0 0 0 0	0 0 0 0 0	0 0 0 0 0 0 0 0 0
<ul> <li>(A-B)</li> <li>Sources of capital funding</li> <li>Subsidies and grants for capital expenditure</li> <li>Development and financial contributions</li> <li>Increase/(decrease) in debt</li> <li>Gross proceeds from sale of assets</li> <li>Lump sum contributions</li> <li>Total sources capital funding (C)</li> </ul>	0 0 0 0 0 0 0 0	0 0 0 0 0 0 0 0	0 0 0 0 0	0 0 0 0 0 0 0 0 0
<ul> <li>(A-B)</li> <li>Sources of capital funding</li> <li>Subsidies and grants for capital expenditure</li> <li>Development and financial contributions</li> <li>Increase/(decrease) in debt</li> <li>Gross proceeds from sale of assets</li> <li>Lump sum contributions</li> <li>Total sources capital funding (C)</li> <li>Applications of capital funding</li> </ul>	0 0 0 0 0 0 0 0	0 0 0 0 0 0 0 0	0 0 0 0 0	0 0 0 0 0 0 0 0 0
<ul> <li>(A-B)</li> <li>Sources of capital funding</li> <li>Subsidies and grants for capital expenditure</li> <li>Development and financial contributions</li> <li>Increase/(decrease) in debt</li> <li>Gross proceeds from sale of assets</li> <li>Lump sum contributions</li> <li>Total sources capital funding (C)</li> <li>Applications of capital funding</li> <li>Capital expenditure</li> </ul>	0 0 0 0 0	0 0 0 0 0 0	0 0 0 0 0 0	0 0 0 0 0 0
<ul> <li>(A-B)</li> <li>Sources of capital funding</li> <li>Subsidies and grants for capital expenditure</li> <li>Development and financial contributions</li> <li>Increase/(decrease) in debt</li> <li>Gross proceeds from sale of assets</li> <li>Lump sum contributions</li> <li>Total sources capital funding (C)</li> <li>Applications of capital funding</li> <li>Capital expenditure</li> <li>to meet additional demand</li> </ul>	0 0 0 0 0 0	0 0 0 0 0 0 0	0 0 0 0 0 0 0	0 0 0 0 0 0 0
<ul> <li>(A-B)</li> <li>Sources of capital funding</li> <li>Subsidies and grants for capital expenditure</li> <li>Development and financial contributions</li> <li>Increase/(decrease) in debt</li> <li>Gross proceeds from sale of assets</li> <li>Lump sum contributions</li> <li>Total sources capital funding (C)</li> <li>Applications of capital funding</li> <li>Capital expenditure</li> <li>to meet additional demand</li> <li>to improve the level of service</li> </ul>	0 0 0 0 0 0 0	0 0 0 0 0 0 0	0 0 0 0 0 0 0	0 0 0 0 0 0 0
<ul> <li>(A-B)</li> <li>Sources of capital funding</li> <li>Subsidies and grants for capital expenditure</li> <li>Development and financial contributions</li> <li>Increase/(decrease) in debt</li> <li>Gross proceeds from sale of assets</li> <li>Lump sum contributions</li> <li>Total sources capital funding (C)</li> <li>Applications of capital funding</li> <li>Capital expenditure</li> <li>to meet additional demand</li> <li>to replace existing assets</li> </ul>	0 0 0 0 0 0 0 0 0	0 0 0 0 0 0 0 0 0 0	0 0 0 0 0 0 0 0 0 0	0 0 0 0 0 0 0 0 0 0 0 0
<ul> <li>(A-B)</li> <li>Sources of capital funding</li> <li>Subsidies and grants for capital expenditure</li> <li>Development and financial contributions</li> <li>Increase/(decrease) in debt</li> <li>Gross proceeds from sale of assets</li> <li>Lump sum contributions</li> <li>Total sources capital funding (C)</li> <li>Applications of capital funding</li> <li>Capital expenditure</li> <li>to meet additional demand</li> <li>to improve the level of service</li> <li>to replace existing assets</li> <li>Increase/ (decrease) in reserves</li> </ul>	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0
<ul> <li>(A-B)</li> <li>Sources of capital funding</li> <li>Subsidies and grants for capital expenditure</li> <li>Development and financial contributions</li> <li>Increase/(decrease) in debt</li> <li>Gross proceeds from sale of assets</li> <li>Lump sum contributions</li> <li>Total sources capital funding (C)</li> <li>Applications of capital funding</li> <li>Capital expenditure</li> <li>to meet additional demand</li> <li>to replace existing assets</li> <li>Increase/ (decrease) in reserves</li> <li>Increase/ (decrease) of investments</li> </ul>	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0

#### **Environmental Services**

Funding Impact Statement for the Year ended 30 June	LTP 2015/16 \$000s	Actual 2015/16 \$000s	AP 2016/17 \$000s	Actual 2016/17 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	0	0	0	0
Targeted Rates	3,718	3,718	3,916	3,916
Subsidies and grants for operating purposes	125	144	428	355
Fees and Charges	457	336	285	345
Internal charges and overheads recovered	3,566	3,946	4,808	4,809
Local authorities fuel tax, fines, infringement fees and other receipts	42	46	43	150
Total operating funding (A)	7,908	8,190	9,482	9,575
Applications of operating funding				
Payments to staff and suppliers	4,059	3,623	4,530	4,546
Finance costs	0	0	0	0
Internal charges and overheads applied	4,187	4,527	5,302	5,311
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	8,246	8,150	9,832	9,857
Surplus (deficit) of operating funding (A-B)	(338)	40	(351)	(282)
Sources of capital funding				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	39
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	39
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	79	101	84	160
Increase/ (decrease) in reserves	(417)	(61)	(435)	(403)
Increase/ (decrease) of investments	0	0	0	0
Total applications of capital funding (D)	(338)	40	(351)	(243)
Surplus (deficit) of capital funding	338	(40)	351	282
Funding balance ((A-B)+(C-D))	0	0	0	(0)

## **Parking Services**

Funding Impact Statement for the Year ended 30 June	LTP 2015/16 Ş000s	Actual 2015/16 \$000s	AP 2016/17 \$000s	Actual 2016/17 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	(378)	(378)	(374)	(374)
Targeted Rates	0	0	0	0
Subsidies and grants for operating purposes	0	0	0	0
Fees and Charges	609	679	624	691
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	665	803	737	1,077
Total operating funding (A)	896	1,104	987	1,394
Applications of operating funding				
Payments to staff and suppliers	505	666	531	1,141
Finance costs	0	0	0	0
Internal charges and overheads applied	391	378	457	452
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	896	1,044	987	1,593
Surplus (deficit) of operating funding (A-B)	0	60	0	(199)
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	0	60	0	(199)
Increase/ (decrease) of investments	0	0	0	0
Total applications of capital funding (D)	0	60	0	(199)
Surplus (deficit) of capital funding	0	(60)	0	199
Funding balance ((A-B)+(C-D))	0	0	0	0

#### **Resource Consents**

Funding Impact Statement for the Year ended 30 June	LTP 2015/16 \$000s	Actual 2015/16 \$000s	AP 2016/17 \$000s	Actual 2016/17 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	1,183	1,183	1,244	1,244
Targeted Rates	0	0	0	0
Subsidies and grants for operating purposes	0	0	0	0
Fees and Charges	192	300	197	344
Internal charges and overheads recovered	39	294	366	311
Local authorities fuel tax, fines, infringement fees and other receipts	0	(2)	0	3
Total operating funding (A)	1,414	1,775	1,807	1,902
Applications of operating funding				
Payments to staff and suppliers	1,075	1,227	1,147	1,343
Finance costs	0	0	0	0
Internal charges and overheads applied	441	675	743	691
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	1,516	1,902	1,890	2,034
Surplus (deficit) of operating funding (A-B)	(103)	(127)	(83)	(132)
Sources of capital funding				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	38	0	7
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	38	0	7
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	(103)	(90)	(83)	(125)
Increase/ (decrease) of investments	0	0	0	0
Total applications of capital funding (D)	(103)	(90)	(83)	(125)
Surplus (deficit) of capital funding	103	127	83	132
Funding balance ((A-B)+(C-D))	0	0	0	(0)

## Emergency Management (CDEM)

Lineigency Managemeni (C	DEM			
Funding Impact Statement for the Year ended 30 June	LTP 2015/16 \$000s	Actual 2015/16 \$000s	AP 2016/17 \$000s	Actual 2016/17 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	456	456	469	469
Targeted Rates	594	594	613	613
Subsidies and grants for operating purposes	1	0	0	0
Fees and Charges	76	1	78	621
Internal charges and overheads recovered	10	10	10	10
Local authorities fuel tax, fines, infringement fees and other receipts	6	87	16	69
Total operating funding (A)	1,142	1,147	1,186	1,782
Applications of operating funding				
Payments to staff and suppliers	791	796	881	1,510
Finance costs	1	1	1	1
Internal charges and overheads applied	305	258	259	246
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	1,097	1,055	1,141	1,757
Surplus (deficit) of operating funding (A-B)	44	92	46	25
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	(9)	(9)	(7)	(3)
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources capital funding (C)	(9)	(9)	(7)	(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	13	0	5	0
Increase/ (decrease) in reserves	23	84	33	22
Increase/ (decrease) of investments	0	0	0	0
Total applications of capital funding (D)	36	84	39	22
Surplus (deficit) of capital funding	(44)	(92)	(46)	(25)
Funding balance ((A-B)+(C-D))	0	0	0	0

#### Governance

Funding Impact Statement for the Year ended 30 June	LTP 2015/16 \$000s	Actual 2015/16 \$000s	AP 2016/17 \$000s	Actual 2016/17 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	2,092	2,092	2,329	2,329
Targeted Rates	0	0	0	0
Subsidies and grants for operating purposes	1	0	1	52
Fees and Charges	12	0	13	0
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	12	0	9
Total operating funding (A)	2,106	2,104	2,343	2,391
Applications of operating funding				
Payments to staff and suppliers	1,105	973	1,339	1,302
Finance costs	0	0	0	0
Internal charges and overheads applied	1,180	1,155	1,202	1,182
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	2,284	2,128	2,541	2,484
Surplus (deficit) of operating funding (A-B)	(178)	(24)	(198)	(94)
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	4	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	4	0	(1)
Applications of capital funding				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	0	4	0	0
- to replace existing assets	0	0	0	0
Increase/ (decrease) in reserves	(178)	(24)	(198)	(94)
Increase/ (decrease) of investments	0	0	0	0
Total applications of capital funding (D)	(178)	(19)	(198)	(94)
Surplus (deficit) of capital funding	178	24	198	94
Funding balance ((A-B)+(C-D))	0	0	0	(0)

## Support Services

Funding Impact Statement for the Year ended 30 June	LTP 2015/16 \$000s	Actual 2015/16 \$000s	AP 2016/17 \$000s	Actual 2016/17 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	257	(45)	(596)	(421)
Targeted Rates	0	0	0	0
Subsidies and grants for operating purposes	0	0	0	0
Fees and Charges	125	122	128	95
Internal charges and overheads recovered	17,715	17,700	18,437	18,379
Local authorities fuel tax, fines, infringement fees and other receipts	1,422	463	1,878	1,404
Total operating funding (A)	19,518	18,239	19,848	19,458
Applications of operating funding				
Payments to staff and suppliers	12,613	14,839	13,580	17,116
Finance costs	(933)	(292)	(1,319)	(829)
Internal charges and overheads applied	6,541	6,453	6,390	7,074
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	18,222	21,001	18,651	23,362
Surplus (deficit) of operating funding				
(A-B)	1,296	(2,762)	1,197	(3,904)
,	1,296	(2,762)	1,197	(3,904)
(A-B)	<b>1,296</b> 0	<b>(2,762)</b> 68	<b>1,197</b> 0	<b>(3,904)</b> 3
(A-B) Sources of capital funding Subsidies and grants for capital				
<ul> <li>(A-B)</li> <li>Sources of capital funding</li> <li>Subsidies and grants for capital expenditure</li> <li>Development and financial</li> </ul>	0	68	0	3
<ul> <li>(A-B)</li> <li>Sources of capital funding</li> <li>Subsidies and grants for capital expenditure</li> <li>Development and financial contributions</li> </ul>	0 815	68 227	0 699	3 232
<ul> <li>(A-B)</li> <li>Sources of capital funding</li> <li>Subsidies and grants for capital expenditure</li> <li>Development and financial contributions</li> <li>Increase/(decrease) in debt</li> </ul>	0 815 607	68 227 496	0 699 333	3 232 125
<ul> <li>(A-B)</li> <li>Sources of capital funding</li> <li>Subsidies and grants for capital expenditure</li> <li>Development and financial contributions</li> <li>Increase/(decrease) in debt</li> <li>Gross proceeds from sale of assets</li> </ul>	0 815 607 0	68 227 496 12	0 699 333 12	3 232 125 24
<ul> <li>(A-B)</li> <li>Sources of capital funding</li> <li>Subsidies and grants for capital expenditure</li> <li>Development and financial contributions</li> <li>Increase/(decrease) in debt</li> <li>Gross proceeds from sale of assets</li> <li>Lump sum contributions</li> </ul>	0 815 607 0 0	68 227 496 12 0	0 699 333 12 0	3 232 125 24 0
<ul> <li>(A-B)</li> <li>Sources of capital funding</li> <li>Subsidies and grants for capital expenditure</li> <li>Development and financial contributions</li> <li>Increase/(decrease) in debt</li> <li>Gross proceeds from sale of assets</li> <li>Lump sum contributions</li> <li>Total sources capital funding (C)</li> </ul>	0 815 607 0 0	68 227 496 12 0	0 699 333 12 0	3 232 125 24 0
<ul> <li>(A-B)</li> <li>Sources of capital funding</li> <li>Subsidies and grants for capital expenditure</li> <li>Development and financial contributions</li> <li>Increase/(decrease) in debt</li> <li>Gross proceeds from sale of assets</li> <li>Lump sum contributions</li> <li>Total sources capital funding (C)</li> <li>Applications of capital funding</li> </ul>	0 815 607 0 0	68 227 496 12 0	0 699 333 12 0	3 232 125 24 0
<ul> <li>(A-B)</li> <li>Sources of capital funding</li> <li>Subsidies and grants for capital expenditure</li> <li>Development and financial contributions</li> <li>Increase/(decrease) in debt</li> <li>Gross proceeds from sale of assets</li> <li>Lump sum contributions</li> <li>Total sources capital funding (C)</li> <li>Applications of capital funding</li> <li>Capital expenditure</li> </ul>	0 815 607 0 0 <b>1,422</b>	68 227 496 12 0 <b>802</b>	0 699 333 12 0 <b>1,043</b>	3 232 125 24 0 <b>383</b>
<ul> <li>(A-B)</li> <li>Sources of capital funding</li> <li>Subsidies and grants for capital expenditure</li> <li>Development and financial contributions</li> <li>Increase/(decrease) in debt</li> <li>Gross proceeds from sale of assets</li> <li>Lump sum contributions</li> <li>Total sources capital funding (C)</li> <li>Applications of capital funding</li> <li>Capital expenditure</li> <li>to meet additional demand</li> </ul>	0 815 607 0 0 <b>1,422</b> 0	68 227 496 12 0 <b>802</b> 26	0 699 333 12 0 <b>1,043</b>	3 232 125 24 0 <b>383</b> (0)
<ul> <li>(A-B)</li> <li>Sources of capital funding</li> <li>Subsidies and grants for capital expenditure</li> <li>Development and financial contributions</li> <li>Increase/(decrease) in debt</li> <li>Gross proceeds from sale of assets</li> <li>Lump sum contributions</li> <li>Total sources capital funding (C)</li> <li>Applications of capital funding</li> <li>Capital expenditure</li> <li>to meet additional demand</li> <li>to improve the level of service</li> </ul>	0 815 607 0 0 <b>1,422</b> 0 1,261	68 227 496 12 0 <b>802</b> 26 1,379	0 699 333 12 0 <b>1,043</b> 0 1,275	3 232 125 24 0 <b>383</b> (0) 1,357
<ul> <li>(A-B)</li> <li>Sources of capital funding</li> <li>Subsidies and grants for capital expenditure</li> <li>Development and financial contributions</li> <li>Increase/(decrease) in debt</li> <li>Gross proceeds from sale of assets</li> <li>Lump sum contributions</li> <li>Total sources capital funding (C)</li> <li>Applications of capital funding</li> <li>Capital expenditure</li> <li>to meet additional demand</li> <li>to replace existing assets</li> </ul>	0 815 607 0 0 <b>1,422</b> 0 1,261 1,245	68 227 496 12 0 <b>802</b> 26 1,379 479	0 699 333 12 0 <b>1,043</b> 0 1,275 1,219	3 232 125 24 0 <b>383</b> (0) 1,357 707
<ul> <li>(A-B)</li> <li>Sources of capital funding</li> <li>Subsidies and grants for capital expenditure</li> <li>Development and financial contributions</li> <li>Increase/(decrease) in debt</li> <li>Gross proceeds from sale of assets</li> <li>Lump sum contributions</li> <li>Total sources capital funding (C)</li> <li>Applications of capital funding</li> <li>Capital expenditure</li> <li>to meet additional demand</li> <li>to improve the level of service</li> <li>to replace existing assets</li> <li>Increase/ (decrease) in reserves</li> </ul>	0 815 607 0 0 <b>1,422</b> 0 1,261 1,245 213	68 227 496 12 0 <b>802</b> 26 1,379 479 (3,843)	0 699 333 12 0 <b>1,043</b> 0 1,275 1,219 (253)	3 232 125 24 0 <b>383</b> (0) 1,357 707 (5,585)
<ul> <li>(A-B)</li> <li>Sources of capital funding</li> <li>Subsidies and grants for capital expenditure</li> <li>Development and financial contributions</li> <li>Increase/(decrease) in debt</li> <li>Gross proceeds from sale of assets</li> <li>Lump sum contributions</li> <li>Total sources capital funding (C)</li> <li>Applications of capital funding</li> <li>Capital expenditure</li> <li>to meet additional demand</li> <li>to replace existing assets</li> <li>Increase/ (decrease) in reserves</li> <li>Increase/ (decrease) of investments</li> </ul>	0 815 607 0 0 <b>1,422</b> 0 1,261 1,245 213 0	68 227 496 12 0 <b>802</b> 26 1,379 479 (3.843) 0	0 699 333 12 0 <b>1,043</b> 0 1,275 1,219 (253) 0	3 232 125 24 0 <b>383</b> (0) 1,357 707 (5,585) 0

## Flood Protection

Funding Impact Statement for the Year ended 30 June	LTP 2015/16 \$000s	Actual 2015/16 \$000s	AP 2016/17 \$000s	Actual 2016/17 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	1,468	1,468	1,439	1,439
Targeted Rates	1,041	1,042	1,265	1,265
Subsidies and grants for operating purposes	0	0	0	0
Fees and Charges	164	205	168	209
Internal charges and overheads recovered	16	9	16	18
Local authorities fuel tax, fines, infringement fees and other receipts	11	1	11	1
Total operating funding (A)	2,700	2,724	2,898	2,931
Applications of operating funding				
Payments to staff and suppliers	1,393	1,233	1,566	1,409
Finance costs	200	228	235	217
Internal charges and overheads applied	963	930	952	938
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	2,556	2,392	2,752	2,564
Surplus (deficit) of operating funding (A-B)	143	333	146	367
Sources of capital funding				
Subsidies and grants for capital expenditure	0	0	0	25
Development and financial contributions	0	0	0	0
Increase/(decrease) in debt	271	137	565	370
Gross proceeds from sale of assets	0	0	0	(72)
Lump sum contributions	0	0	0	0
Total sources capital funding (C)	271	137	565	323
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	757	316	1,038	941
Increase/ (decrease) in reserves	(343)	153	(327)	(251)
Increase/ (decrease) of investments	0	0	0	0
Total applications of capital funding (D)	414	470	711	691
Surplus (deficit) of capital funding	(143)	(333)	(146)	(367)
Funding balance ((A-B)+(C-D))	0	0	(0)	0

## Land Transport (Tairāwhiti Roads)

Funding Impact Statement for the Year ended 30 June	LTP 2015/16 \$000s	Actual 2015/16 \$000s	AP 2016/17 \$000s	Actual 2016/17 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	0	0	0	0
Targeted Rates	10,776	10,776	10,621	10,621
Subsidies and grants for operating purposes	8,665	7,538	8,828	10,469
Fees and Charges	2	0	2	0
Internal charges and overheads recovered	1,155	1,229	1,155	1,203
Local authorities fuel tax, fines, infringement fees and other receipts	15	26	16	53
Total operating funding (A)	20,613	19,569	20,621	22,346
Applications of operating funding				
Payments to staff and suppliers	12,891	12,220	12,942	19,409
Finance costs	287	244	307	237
Internal charges and overheads applied	2,824	2,977	2,758	2,897
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	16,002	15,441	16,007	22,542
Surplus (deficit) of operating funding				
(A-B)	4,611	4,128	4,614	(196)
	4,611	4,128	4,614	(196)
(A-B)	<b>4,611</b> 7,292	<b>4,128</b> 6,344	<b>4,614</b> 7,239	<b>(196)</b> 7,050
(A-B) Sources of capital funding Subsidies and grants for capital				
(A-B) Sources of capital funding Subsidies and grants for capital expenditure Development and financial	7,292	6,344	7,239	7,050
<ul> <li>(A-B)</li> <li>Sources of capital funding</li> <li>Subsidies and grants for capital expenditure</li> <li>Development and financial contributions</li> </ul>	7,292	6,344 69	7,239 0	7,050
<ul> <li>(A-B)</li> <li>Sources of capital funding</li> <li>Subsidies and grants for capital expenditure</li> <li>Development and financial contributions</li> <li>Increase/(decrease) in debt</li> </ul>	7,292 0 544	6,344 69 169	7,239 0 451	7,050 0 331
<ul> <li>(A-B)</li> <li>Sources of capital funding</li> <li>Subsidies and grants for capital expenditure</li> <li>Development and financial contributions</li> <li>Increase/(decrease) in debt</li> <li>Gross proceeds from sale of assets</li> </ul>	7,292 0 544 0	6,344 69 169 0	7,239 0 451 0	7,050 0 331 0
<ul> <li>(A-B)</li> <li>Sources of capital funding</li> <li>Subsidies and grants for capital expenditure</li> <li>Development and financial contributions</li> <li>Increase/(decrease) in debt</li> <li>Gross proceeds from sale of assets</li> <li>Lump sum contributions</li> </ul>	7,292 0 544 0 0	6,344 69 169 0 0	7,239 0 451 0 0	7,050 0 331 0 0
<ul> <li>(A-B)</li> <li>Sources of capital funding</li> <li>Subsidies and grants for capital expenditure</li> <li>Development and financial contributions</li> <li>Increase/(decrease) in debt</li> <li>Gross proceeds from sale of assets</li> <li>Lump sum contributions</li> <li>Total sources capital funding (C)</li> </ul>	7,292 0 544 0 0	6,344 69 169 0 0	7,239 0 451 0 0	7,050 0 331 0 0
<ul> <li>(A-B)</li> <li>Sources of capital funding</li> <li>Subsidies and grants for capital expenditure</li> <li>Development and financial contributions</li> <li>Increase/(decrease) in debt</li> <li>Gross proceeds from sale of assets</li> <li>Lump sum contributions</li> <li>Total sources capital funding (C)</li> <li>Applications of capital funding</li> </ul>	7,292 0 544 0 0	6,344 69 169 0 0	7,239 0 451 0 0	7,050 0 331 0 0
<ul> <li>(A-B)</li> <li>Sources of capital funding</li> <li>Subsidies and grants for capital expenditure</li> <li>Development and financial contributions</li> <li>Increase/(decrease) in debt</li> <li>Gross proceeds from sale of assets</li> <li>Lump sum contributions</li> <li>Total sources capital funding (C)</li> <li>Applications of capital funding</li> <li>Capital expenditure</li> </ul>	7,292 0 544 0 0 <b>7,836</b>	6,344 69 169 0 0 <b>6,582</b>	7,239 0 451 0 0 <b>7,690</b>	7,050 0 331 0 0 <b>7,381</b>
<ul> <li>(A-B)</li> <li>Sources of capital funding</li> <li>Subsidies and grants for capital expenditure</li> <li>Development and financial contributions</li> <li>Increase/(decrease) in debt</li> <li>Gross proceeds from sale of assets</li> <li>Lump sum contributions</li> <li>Total sources capital funding (C)</li> <li>Applications of capital funding</li> <li>Capital expenditure</li> <li>to meet additional demand</li> </ul>	7,292 0 544 0 0 <b>7,836</b>	6,344 69 169 0 0 <b>6,582</b> 390	7,239 0 451 0 0 <b>7,690</b> 350	7,050 0 331 0 0 <b>7,381</b> 481
<ul> <li>(A-B)</li> <li>Sources of capital funding</li> <li>Subsidies and grants for capital expenditure</li> <li>Development and financial contributions</li> <li>Increase/(decrease) in debt</li> <li>Gross proceeds from sale of assets</li> <li>Lump sum contributions</li> <li>Total sources capital funding (C)</li> <li>Applications of capital funding</li> <li>Capital expenditure</li> <li>to meet additional demand</li> <li>to improve the level of service</li> </ul>	7,292 0 544 0 0 <b>7,836</b> 542 2,352	6,344 69 169 0 0 <b>6,582</b> 390 1,619	7,239 0 451 0 0 7,690 350 2,115	7,050 0 331 0 0 7,381 481 1,208
<ul> <li>(A-B)</li> <li>Sources of capital funding</li> <li>Subsidies and grants for capital expenditure</li> <li>Development and financial contributions</li> <li>Increase/(decrease) in debt</li> <li>Gross proceeds from sale of assets</li> <li>Lump sum contributions</li> <li>Total sources capital funding (C)</li> <li>Applications of capital funding</li> <li>Capital expenditure</li> <li>to meet additional demand</li> <li>to improve the level of service</li> <li>to replace existing assets</li> </ul>	7,292 0 544 0 0 <b>7,836</b> 542 2,352 9,382	6,344 69 169 0 0 <b>6,582</b> 390 1,619 8,693	7,239 0 451 0 0 <b>7,690</b> 350 2,115 9,602	7,050 0 331 0 0 <b>7,381</b> 481 1,208 9,971
<ul> <li>(A-B)</li> <li>Sources of capital funding</li> <li>Subsidies and grants for capital expenditure</li> <li>Development and financial contributions</li> <li>Increase/(decrease) in debt</li> <li>Gross proceeds from sale of assets</li> <li>Lump sum contributions</li> <li>Total sources capital funding (C)</li> <li>Applications of capital funding</li> <li>Capital expenditure</li> <li>to meet additional demand</li> <li>to improve the level of service</li> <li>to replace existing assets</li> <li>Increase/ (decrease) in reserves</li> </ul>	7,292 0 544 0 0 7,836 542 2,352 9,382 172	6,344 69 169 0 0 <b>6,582</b> 390 1,619 8,693 8	7,239 0 451 0 0 7,690 350 2,115 9,602 237	7,050 0 331 0 0 7,381 481 1,208 9,971 (4,474)
<ul> <li>(A-B)</li> <li>Sources of capital funding</li> <li>Subsidies and grants for capital expenditure</li> <li>Development and financial contributions</li> <li>Increase/(decrease) in debt</li> <li>Gross proceeds from sale of assets</li> <li>Lump sum contributions</li> <li>Total sources capital funding (C)</li> <li>Applications of capital funding</li> <li>capital expenditure</li> <li>to meet additional demand</li> <li>to replace existing assets</li> <li>Increase/ (decrease) in reserves</li> <li>Increase/ (decrease) of investments</li> </ul>	7,292 0 544 0 0 <b>7,836</b> 542 2,352 9,382 172 0	6,344 69 169 0 0 <b>6,582</b> 390 1,619 8,693 8 0	7,239 0 451 0 0 7,690 7,690 2,115 9,602 237 0	7,050 0 331 0 0 7,381 481 1,208 9,971 (4,474) 0

#### Solid Waste Management

Funding Impact Statement for the Year ended 30 June	LTP 2015/16 \$000s	Actual 2015/16 \$000s	AP 2016/17 \$000s	Actual 2016/17 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	2,222	2,222	2,267	2,267
Targeted Rates	1,935	1,941	1,983	1,983
Subsidies and grants for operating purposes	0	0	0	0
Fees and Charges	155	172	156	209
Internal charges and overheads recovered	43	367	43	216
Local authorities fuel tax, fines, infringement fees and other receipts	9	10	10	11
Total operating funding (A)	4,364	4,713	4,459	4,687
Applications of operating funding				
Payments to staff and suppliers	3,143	3,492	3,218	3,488
Finance costs	365	348	333	290
Internal charges and overheads applied	127	402	135	269
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	3,635	4,242	3,685	4,047
Surplus (deficit) of operating funding (A-B)	729	471	774	641
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	(634)	(499)	(668)	(533)
Gross proceeds from sale of assets	0	0	0	(12)
Lump sum contributions	0	0	0	0
Total sources capital funding (C)	(634)	(499)	(668)	(545)
Applications of capital funding				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	100	9	0	0
- to replace existing assets	75	33	72	301
Increase/ (decrease) in reserves	(80)	(70)	34	(206)
Increase/ (decrease) of investments	0	0	0	0
Total applications of capital funding (D)	95	(28)	106	96
Surplus (deficit) of capital funding	(729)	(471)	(774)	(641)
Funding balance ((A-B)+(C-D))	0	0	0	0

#### **Urban Stormwater Services**

Funding Impact Statement for the Year ended 30 June	LTP 2015/16 \$000s	Actual 2015/16 \$000s	AP 2016/17 \$000s	Actual 2016/17 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	0	0	0	0
Targeted Rates	2,625	2,625	2,886	2,886
Subsidies and grants for operating purposes	0	0	0	0
Fees and Charges	0	0	0	0
Internal charges and overheads recovered	340	343	409	419
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0
Total operating funding (A)	2,965	2,969	3,295	3,304
Applications of operating funding				
Payments to staff and suppliers	1,472	923	1,554	824
Finance costs	364	319	353	273
Internal charges and overheads applied	429	399	496	484
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	2,265	1,642	2,403	1,580
Surplus (deficit) of operating funding (A-B)	700	1,327	892	1,724
Sources of capital funding				
Sources of capital funding Subsidies and grants for capital expenditure	0	0	0	42
Subsidies and grants for capital	0	0	0	42 0
Subsidies and grants for capital expenditure Development and financial				
Subsidies and grants for capital expenditure Development and financial contributions	0	0	0	0
Subsidies and grants for capital expenditure Development and financial contributions Increase/(decrease) in debt	0 (263)	0 (437)	0416	0 (73)
Subsidies and grants for capital expenditure Development and financial contributions Increase/(decrease) in debt Gross proceeds from sale of assets	0 (263) 0	0 (437) 0	0 416 0	0 (73) (26)
Subsidies and grants for capital expenditure Development and financial contributions Increase/(decrease) in debt Gross proceeds from sale of assets Lump sum contributions	0 (263) 0 0	0 (437) 0 0	0 416 0 0	0 (73) (26) 0
Subsidies and grants for capital expenditure Development and financial contributions Increase/(decrease) in debt Gross proceeds from sale of assets Lump sum contributions Total sources capital funding (C)	0 (263) 0 0	0 (437) 0 0	0 416 0 0	0 (73) (26) 0
Subsidies and grants for capital expenditure Development and financial contributions Increase/(decrease) in debt Gross proceeds from sale of assets Lump sum contributions Total sources capital funding (C) Applications of capital funding	0 (263) 0 0	0 (437) 0 0	0 416 0 0	0 (73) (26) 0
Subsidies and grants for capital expenditure Development and financial contributions Increase/(decrease) in debt Gross proceeds from sale of assets Lump sum contributions Total sources capital funding (C) Applications of capital funding Capital expenditure	0 (263) 0 0 (263)	0 (437) 0 0 (437)	0 416 0 0 <b>416</b>	0 (73) (26) 0 (57)
Subsidies and grants for capital expenditure Development and financial contributions Increase/(decrease) in debt Gross proceeds from sale of assets Lump sum contributions Total sources capital funding (C) Applications of capital funding Capital expenditure - to meet additional demand	0 (263) 0 (263) 228	0 (437) 0 (437) (437) 205	0 416 0 0 <b>416</b> 204	0 (73) (26) 0 (57)
Subsidies and grants for capital expenditure Development and financial contributions Increase/(decrease) in debt Gross proceeds from sale of assets Lump sum contributions Total sources capital funding (C) Applications of capital funding Capital expenditure - to meet additional demand - to improve the level of service	0 (263) 0 (263) (263) 228 0	0 (437) 0 (437) (437) 205 0	0 416 0 0 <b>416</b> 204 0	0 (73) (26) 0 (57) 67 0
Subsidies and grants for capital expenditure Development and financial contributions Increase/(decrease) in debt Gross proceeds from sale of assets Lump sum contributions Total sources capital funding (C) Applications of capital funding Capital expenditure - to meet additional demand - to improve the level of service - to replace existing assets	0 (263) 0 (263) (263) 228 0 614	0 (437) 0 (437) (437) 205 0 378	0 416 0 0 <b>416</b> 204 0 1,302	0 (73) (26) 0 (57) 67 0 492
Subsidies and grants for capital expenditure Development and financial contributions Increase/(decrease) in debt Gross proceeds from sale of assets Lump sum contributions <b>Total sources capital funding (C)</b> <b>Applications of capital funding</b> Capital expenditure - to meet additional demand - to improve the level of service - to replace existing assets Increase/ (decrease) in reserves	0 (263) 0 (263) (263) 228 0 614 (405)	0 (437) 0 (437) (437) 205 0 378 307	0 416 0 0 <b>416</b> 204 0 1,302 (198)	0 (73) (26) 0 (57) 67 0 492 1,108
Subsidies and grants for capital expenditure Development and financial contributions Increase/(decrease) in debt Gross proceeds from sale of assets Lump sum contributions Total sources capital funding (C) Applications of capital funding Capital expenditure - to meet additional demand - to improve the level of service - to replace existing assets Increase/ (decrease) in reserves Increase/ (decrease) of investments	0 (263) 0 (263) 228 0 614 (405) 0	0 (437) 0 (437) 205 0 378 307 0	0 416 0 0 <b>416</b> 204 0 1,302 (198) 0	0 (73) (26) 0 (57) 67 0 492 1,108 0

#### Wastewater

Funding Impact Statement for the Year ended 30 June	LTP 2015/16 \$000s	Actual 2015/16 \$000s	AP 2016/17 \$000s	Actual 2016/17 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	0	0	0	0
Targeted Rates	6,197	6,209	6,589	6,589
Subsidies and grants for operating purposes	0	0	0	0
Fees and Charges	317	350	325	346
Internal charges and overheads recovered	990	950	1,015	991
Local authorities fuel tax, fines, infringement fees and other receipts	6	20	6	7
Total operating funding (A)	7,509	7,526	7,935	7,934
Applications of operating funding				
Payments to staff and suppliers	2,512	2,661	2,732	3,949
Finance costs	1,107	1,105	1,185	1,024
Internal charges and overheads applied	2,189	2,169	2,231	2,240
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	5,807	5,935	6,147	7,213
Surplus (deficit) of operating funding (A-B)	1,703	1,591	1,788	722
Sources of capital funding				
Subsidies and grants for capital expenditure	0	0	0	37
Development and financial contributions	0	0	0	0
Increase/(decrease) in debt	(231)	(143)	80	367
Gross proceeds from sale of assets	0	0	0	(6)
Lump sum contributions	0	0	0	0
Total sources capital funding (C)	(231)	(143)	80	397
Applications of capital funding				
Capital expenditure				
- to meet additional demand	131	61	108	83
- to improve the level of service	230	582	184	749
- to replace existing assets	1,859	2,080	2,929	1,053
Increase/ (decrease) in reserves	(748)	(1,276)	(1,353)	(766)
Increase/ (decrease) of investments	0	0	0	0
Total applications of capital funding (D)	1,472	1,448	1,868	1,119
Surplus (deficit) of capital funding	(1,703)	(1,591)	<b>(1,788)</b>	(722)
Funding balance ((A-B)+(C-D))	0	0	0	0

#### Water Supply

Funding Impact Statement for the Year ended 30 June	LTP 2015/16 \$000s	Actual 2015/16 \$000s	AP 2016/17 \$000s	Actual 2016/17 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	0	5	0	5
Targeted Rates	2,258	4,637	4,887	4,891
Subsidies and grants for operating purposes	0	0	0	0
Fees and Charges	2,590	95	76	36
Internal charges and overheads recovered	1,245	1,384	1,359	1,738
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	5
Total operating funding (A)	6,093	6,120	6,322	6,674
Applications of operating funding				
Payments to staff and suppliers	2,705	2,494	2,626	2,703
Finance costs	95	78	54	71
Internal charges and overheads applied	1,512	1,499	1,618	1,612
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	4,312	4,070	4,298	4,386
Surplus (deficit) of operating funding				
(A-B)	1,781	2,050	2,024	2,288
(A-B) Sources of capital funding	1,781	2,050	2,024	2,288
	<b>1,781</b> 618	<b>2,050</b> 0	<b>2,024</b> 0	<b>2,288</b> 386
Sources of capital funding Subsidies and grants for capital			-	
Sources of capital funding Subsidies and grants for capital expenditure Development and financial	618	0	0	386
Sources of capital funding Subsidies and grants for capital expenditure Development and financial contributions	618 0	0	0	386
Sources of capital funding Subsidies and grants for capital expenditure Development and financial contributions Increase/(decrease) in debt	618 0 (206)	0 0 110	0 0 (377)	386 0 (52)
Sources of capital funding Subsidies and grants for capital expenditure Development and financial contributions Increase/(decrease) in debt Gross proceeds from sale of assets	618 0 (206) 0	0 0 110 0	0 0 (377) 0	386 0 (52) (32)
Sources of capital funding Subsidies and grants for capital expenditure Development and financial contributions Increase/(decrease) in debt Gross proceeds from sale of assets Lump sum contributions	618 0 (206) 0 0	0 110 0 0	0 (377) 0 0	386 0 (52) (32) 0
Sources of capital funding Subsidies and grants for capital expenditure Development and financial contributions Increase/(decrease) in debt Gross proceeds from sale of assets Lump sum contributions Total sources capital funding (C)	618 0 (206) 0 0	0 110 0 0	0 (377) 0 0	386 0 (52) (32) 0
Sources of capital funding Subsidies and grants for capital expenditure Development and financial contributions Increase/(decrease) in debt Gross proceeds from sale of assets Lump sum contributions Total sources capital funding (C) Applications of capital funding	618 0 (206) 0 0	0 110 0 0	0 (377) 0 0	386 0 (52) (32) 0
Sources of capital funding Subsidies and grants for capital expenditure Development and financial contributions Increase/(decrease) in debt Gross proceeds from sale of assets Lump sum contributions Total sources capital funding (C) Applications of capital funding Capital expenditure	618 0 (206) 0 0 <b>412</b>	0 110 0 110	0 (377) 0 (377) (377)	386 0 (52) (32) 0 <b>303</b>
Sources of capital funding Subsidies and grants for capital expenditure Development and financial contributions Increase/(decrease) in debt Gross proceeds from sale of assets Lump sum contributions Total sources capital funding (C) Applications of capital funding Capital expenditure - to meet additional demand	618 0 (206) 0 0 <b>412</b> 28	0 110 0 110 110	0 (377) 0 (377) (377)	386 0 (52) (32) 0 <b>303</b> (17)
Sources of capital funding Subsidies and grants for capital expenditure Development and financial contributions Increase/(decrease) in debt Gross proceeds from sale of assets Lump sum contributions Total sources capital funding (C) Applications of capital funding Capital expenditure - to meet additional demand - to improve the level of service	618 0 (206) 0 0 <b>412</b> 28 0	0 110 0 110 110 17 0	0 (377) 0 (377) (377) 30 0	386 0 (52) (32) 0 <b>303</b> (17) 0
Sources of capital funding Subsidies and grants for capital expenditure Development and financial contributions Increase/(decrease) in debt Gross proceeds from sale of assets Lump sum contributions Total sources capital funding (C) Applications of capital funding Capital expenditure - to meet additional demand - to improve the level of service - to replace existing assets	618 (206) 0 412 28 0 1,361	0 110 0 110 110 17 0 516	0 (377) 0 (377) (377) 30 0 1,291	386 0 (52) (32) 0 <b>303</b> (17) 0 1,485
Sources of capital funding Subsidies and grants for capital expenditure Development and financial contributions Increase/(decrease) in debt Gross proceeds from sale of assets Lump sum contributions Total sources capital funding (C) Applications of capital funding Capital expenditure - to meet additional demand - to improve the level of service - to replace existing assets Increase/ (decrease) in reserves	618 0 (206) 0 0 <b>412</b> 28 0 1,361 803	0 110 0 0 <b>110</b> 110 17 0 516 1,627	0 (377) 0 (377) (377) 30 0 1,291 326	386 0 (52) (32) 0 <b>303</b> (17) 0 1,485 1,122
Sources of capital funding Subsidies and grants for capital expenditure Development and financial contributions Increase/(decrease) in debt Gross proceeds from sale of assets Lump sum contributions Total sources capital funding (C) Applications of capital funding Capital expenditure - to meet additional demand - to improve the level of service - to replace existing assets Increase/ (decrease) in reserves Increase/ (decrease) of investments	618 0 (206) 0 0 <b>412</b> 28 0 1,361 803 0	0 110 0 110 110 17 0 516 1,627 0	0 (377) 0 (377) 30 0 1,291 326 0	386 0 (52) (32) 0 <b>303</b> (17) 0 1,485 1,122 0

## Aquatic and Recreational Facility

	_	_		
Funding Impact Statement for the Year ended 30 June	LTP 2015/16 \$000s	Actual 2015/16 \$000s	AP 2016/17 \$000s	Actual 2016/17 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	1,422	1,422	1,003	1,003
Targeted Rates	0	0	0	0
Subsidies and grants for operating purposes	1	0	0	0
Fees and Charges	507	450	522	425
Internal charges and overheads recovered	417	453	465	538
Local authorities fuel tax, fines, infringement fees and other receipts	4	2	4	6
Total operating funding (A)	2,351	2,328	1,994	1,972
Applications of operating funding				
Payments to staff and suppliers	1,463	1,306	1,499	1,120
Finance costs	18	16	16	12
Internal charges and overheads applied	589	615	606	584
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	2,070	1,937	2,120	1,716
Surplus (deficit) of operating funding (A-B)	281	391	(126)	256
Sources of capital funding				
Subsidies and grants for capital expenditure	250	0	0	0
Development and financial contributions	0	0	0	0
Increase/(decrease) in debt	(28)	(101)	(28)	(15)
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources capital funding (C)	222	(101)	(28)	(15)
Applications of capital funding				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	225	40	0	6
	225	10		
- to replace existing assets	225	4	0	0
- to replace existing assets Increase/ (decrease) in reserves			0 (154)	0 234
	25	4		
Increase/ (decrease) in reserves	25 253	4 245	(154)	234
Increase/ (decrease) in reserves Increase/ (decrease) of investments Total applications of capital funding	25 253 0	4 245 0	(154) 0	234 0

## Arts and Culture

Funding Impact Statement for the Year ended 30 June	LTP 2015/16 \$000s	Actual 2015/16 \$000s	AP 2016/17 \$000s	Actual 2016/17 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	1,464	1,464	1,570	1,570
Targeted Rates	6	6	5	5
Subsidies and grants for operating purposes	0	0	0	0
Fees and Charges	117	143	120	185
Internal charges and overheads recovered	178	218	162	189
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0
Total operating funding (A)	1,766	1,831	1,857	1,949
Applications of operating funding				
Payments to staff and suppliers	1,154	1,013	1,201	1,186
Finance costs	(30)	32	(2)	29
Internal charges and overheads applied	326	324	335	328
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	1,451	1,369	1,534	1,544
Surplus (deficit) of operating funding (A-B)	315	462	323	405
Sources of capital funding				
Subsidies and grants for capital expenditure	2,818	471	2,593	759
Development and financial contributions	0	16	0	0
Increase/(decrease) in debt	(305)	(429)	694	(138)
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources capital funding (C)	2,513	57	3,288	621
Applications of capital funding				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	3,068	481	2,849	1,010
- to replace existing assets	46	137	1,046	40
Increase/ (decrease) in reserves	(286)	(99)	(285)	(23)
Increase/ (decrease) of investments	0	0	0	0
Total applications of capital funding (D)	2,829	519	3,610	1,026
Surplus (deficit) of capital funding	(316)	(462)	(323)	(405)
Funding balance ((A-B)+(C-D))	0	0	(0)	0

## HB Williams Memorial Library

Funding Impact Statement for the Year ended 30 June	LTP 2015/16 \$000s	Actual 2015/16 \$000s	AP 2016/17 \$000s	Actual 2016/17 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	1,857	1,857	1,933	1,933
Targeted Rates	0	0	0	0
Subsidies and grants for operating purposes	0	0	0	0
Fees and Charges	117	114	120	100
Internal charges and overheads recovered	218	223	234	254
Local authorities fuel tax, fines, infringement fees and other receipts	16	1	16	17
Total operating funding (A)	2,208	2,194	2,304	2,304
Applications of operating funding				
Payments to staff and suppliers	1,228	1,054	1,273	1,247
Finance costs	6	5	8	6
Internal charges and overheads applied	678	669	718	707
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	1,912	1,728	1,999	1,959
Surplus (deficit) of operating funding (A-B)	296	466	305	345
Sources of capital funding				
Subsidies and grants for capital expenditure	10	430	2,400	704
Development and financial contributions	0	0	0	0
Increase/(decrease) in debt	1,743	245	1,277	382
Gross proceeds from sale of assets	0	0	0	(44)
Lump sum contributions	0	0	0	0
Total sources capital funding (C)	1,753	675	3,677	1,042
Applications of capital funding				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	3,500	505	5,056	1,377
- to replace existing assets	174	163	184	232
Increase/ (decrease) in reserves	(1,625)	473	(1,258)	(222)
Increase/ (decrease) of investments	0	0	0	0
Total applications of capital funding (D)	2,049	1,141	3,982	1,387
Surplus (deficit) of capital funding	(296)	(466)	(305)	(345)
Funding balance ((A-B)+(C-D))	0	0	0	0

#### Parks and Community Property

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Funding Impact Statement for the Year ended 30 June	LTP 2015/16 \$000s	Actual 2015/16 \$000s	AP 2016/17 \$000s	Actual 2016/17 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	1,221	1,221	1,271	1,271
Targeted Rates	4,307	4,307	4,508	4,508
Subsidies and grants for operating purposes	8	5	0	34
Fees and Charges	323	273	331	309
Internal charges and overheads recovered	946	943	991	990
Local authorities fuel tax, fines, infringement fees and other receipts	36	(94)	37	37
Total operating funding (A)	6,840	6,656	7,138	7,149
Applications of operating funding				
Payments to staff and suppliers	3,876	4,433	3,882	4,180
Finance costs	487	446	650	441
Internal charges and overheads applied	1,907	1,929	2,016	2,084
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	6,271	6,808	6,548	6,704
Surplus (deficit) of operating funding (A-B)	570	(152)	590	445
Sources of capital funding				
Subsidies and grants for capital expenditure	125	67	0	90
Development and financial contributions	0	11	0	3
Increase/(decrease) in debt	1,600	1,359	1,705	722
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources capital funding (C)	1,724	1,437	1,705	014
			.,	816
Applications of capital funding			.,	010
Applications of capital funding Capital expenditure			.,	010
	21	2	10	0
Capital expenditure	21 36	2 5	·	
Capital expenditure - to meet additional demand			10	0
Capital expenditure - to meet additional demand - to improve the level of service	36	5	10 219	0 17
Capital expenditure - to meet additional demand - to improve the level of service - to replace existing assets	36 2,091	5 2,879	10 219 2,026	0 17 1,514
Capital expenditure - to meet additional demand - to improve the level of service - to replace existing assets Increase/ (decrease) in reserves	36 2,091 146	5 2,879 (1,601)	10 219 2,026 40	0 17 1,514 (271)
Capital expenditure - to meet additional demand - to improve the level of service - to replace existing assets Increase/ (decrease) in reserves Increase/ (decrease) of investments Total applications of capital funding	36 2,091 146 0	5 2,879 (1,601) 0	10 219 2,026 40 0	0 17 1,514 (271) 0

#### Strategic Planning and Engagement

		Actual	A.D	Actual
Funding Impact Statement for the Year ended 30 June	LTP 2015/16 \$000s	Actual 2015/16 \$000s	AP 2016/17 \$000s	Actual 2016/17 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	1,489	1,489	1,684	1,684
Targeted Rates	2,294	2,294	2,564	2,564
Subsidies and grants for operating purposes	188	144	131	110
Fees and Charges	0	0	0	0
Internal charges and overheads recovered	96	96	99	99
Local authorities fuel tax, fines, infringement fees and other receipts	26	17	27	69
Total operating funding (A)	4,094	4,040	4,506	4,526
Applications of operating funding				
Payments to staff and suppliers	3,561	3,310	3,836	3,976
Finance costs	0	0	0	0
Internal charges and overheads applied	1,147	1,102	1,118	1,143
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	4,708	4,412	4,954	5,118
Surplus (deficit) of operating funding (A-B)	(614)	(372)	(448)	(592)
Sources of capital funding				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial				
Development and financial contributions	0	0	0	0
	0 0	0 0	0 0	0 (0)
contributions				-
contributions Increase/(decrease) in debt	0	0	0	(0)
contributions Increase/(decrease) in debt Gross proceeds from sale of assets	0	0	0	(0) 0
contributions Increase/(decrease) in debt Gross proceeds from sale of assets Lump sum contributions	0 0 0	0 0 0	0 0 0	(0) 0 0
contributions Increase/(decrease) in debt Gross proceeds from sale of assets Lump sum contributions Total sources capital funding (C)	0 0 0	0 0 0	0 0 0	(0) 0 0
contributions Increase/(decrease) in debt Gross proceeds from sale of assets Lump sum contributions Total sources capital funding (C) Applications of capital funding	0 0 0	0 0 0	0 0 0	(0) 0 0
contributions Increase/(decrease) in debt Gross proceeds from sale of assets Lump sum contributions Total sources capital funding (C) Applications of capital funding Capital expenditure	0 0 0 0	0 0 0	0 0 0 0	(0) 0 0 (0)
contributions Increase/(decrease) in debt Gross proceeds from sale of assets Lump sum contributions Total sources capital funding (C) Applications of capital funding Capital expenditure - to meet additional demand	0 0 0 0	0 0 0 0	0 0 0 0	(0) 0 0 (0)
contributions Increase/(decrease) in debt Gross proceeds from sale of assets Lump sum contributions Total sources capital funding (C) Applications of capital funding Capital expenditure - to meet additional demand - to improve the level of service	0 0 0 0 0	0 0 0 0 0	0 0 0 0 0	(0) 0 (0) 0
contributions Increase/(decrease) in debt Gross proceeds from sale of assets Lump sum contributions Total sources capital funding (C) Applications of capital funding Capital expenditure - to meet additional demand - to improve the level of service - to replace existing assets	0 0 0 0 0 0 0 0	0 0 0 0 0 0 0 0	0 0 0 0 0 0 0 0 0	(0) 0 (0) (0)
contributions Increase/(decrease) in debt Gross proceeds from sale of assets Lump sum contributions Total sources capital funding (C) Applications of capital funding Capital expenditure - to meet additional demand - to improve the level of service - to replace existing assets Increase/ (decrease) in reserves	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	(0) 0 (0) (0) 0 0 0 (592)
contributions Increase/(decrease) in debt Gross proceeds from sale of assets Lump sum contributions Total sources capital funding (C) Applications of capital funding Capital expenditure - to meet additional demand - to improve the level of service - to replace existing assets Increase/ (decrease) in reserves Increase/ (decrease) of investments Total applications of capital funding	0 0 0 0 0 0 0 (614) 0	0 0 0 0 0 0 0 (372) 0	0 0 0 0 0 0 0 (448) 0	(0) 0 (0) (0) 0 (592) 0

# HEKUPPH OUR APPENDICES

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## 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:

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- 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 and Schedule of Agents

## Schedule of Councillors

#### GISBORNE GISBORNE GISBORNE TAWHITI-UAWA Mayor Meng Foon Deputy Mayor Rehette Stoltz Cr Larry Foster Cr Patricia A Seymour (Pat) OBE P 06 867 1870 P 06 868 5382 P 06 868 8927 P 06 862 2697 M 027 44 84 084 M 021 279 7948 M 027 450 8814 M 0274 725 997 F 06 867 9265 F 06 862 2703 GISBORNE GISBORNE GISBORNE MATAKAOA-WAIAPU Cr Amber Dunn Cr Andy W Cranston Cr Brian I Wilson Cr William S Burdett (Bill) P 06 867 3131 P 06 868 1160 M 027 237 8080 P 06 864 8966 (H) M 021 475 470 M 027 27 33 192 P 06 864 8341 (W) F 06 864 8967

## **Appendices**

GISBORNE



Cr Meredith Akuhata-Brown P 06 867 7496 M 027 200 5605

#### GISBORNE



Cr Karen Fenn P 06 868 1442 M 027 3781 846

#### GISBORNE



Cr Shannon Dowsing M 021 222 2571

#### GISBORNE



Cr Josh Wharehinga M 027 512 5195

#### TARUHERU - PATUTAHI



Cr Malcolm MacLean M 027 222 1468

#### WAIPAOA



Cr Graeme S Thomson P 06 862 8737

## **Schedule of Senior Management**

Chief Executive, Nedine Thatcher Swann, has established a new Hub structure for Council, effective May 2017.

Each Hub has a cohesive community and customer focus committed to deliver the goals and aspirations of the community that we serve and share accountability and risk for achieving agreed priorities.

Senior Managers are now referred to as Directors, with the exception of the Chief Financial Officer who has a specific focus on Finance and Affordability.

The Director positions are strategic in nature and support the Chief Executive to lead the Council's focus on our long-term challenges. They have direct accountability for the activities that have the opportunity to most likely influence the needs of our communities and customers.

The Senior Management Team are referred to as the Central Organising Roopu – or the COR. The structure below was updated to reflect the current senior management team as at 2 October 2017.



## **Schedule of Agents**

BANKERS	SOLICITORS	INSURANCE CONSULTANTS	AUDITORS
Westpac Banking Corporation 101 Gladstone Road, Gisborne ANZ National Bank Ltd Cnr Karamu Road & Heretaunga Street, Hastings	Cooney Lees Morgan 247 Cameron Road, Tauranga Simpson Grierson 195 Lambton Quay, Wellington	Aon New Zealand 16th Floor AMP Centre 29 Customs Street West PO Box 1184 Auckland 1010	Ernst & Young PO Box 490 Wellington (on behalf of the Auditor General)
Bank of New Zealand 125 Queen Street, PO Box 2139 Auckland 1140	Buddle Findlay 1 Willis Street, Wellington		



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