



Last Year's Report

**2018–2019 Te Rīpoata ā Tau
Annual Report**

**Te Kaunihera o Te Tairāwhiti
Gisborne District Council**

Adopted by Council on 26 September 2019



OUR VISION

Tairāwhiti

Tairāwhiti Tangata

Tairāwhiti Taonga

Tairāwhiti Wawata

Tairāwhiti First

First to see the light

First choice for people and lifestyle

First choice for enterprise and innovation

First place for the environment,
culture and heritage.

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This Annual Report tells the story of our performance over the last financial year from 1 July 2018 to 30 June 2019. 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 One of the 2018-2028 Long Term Plan: Our Future Plan

Annual Plan

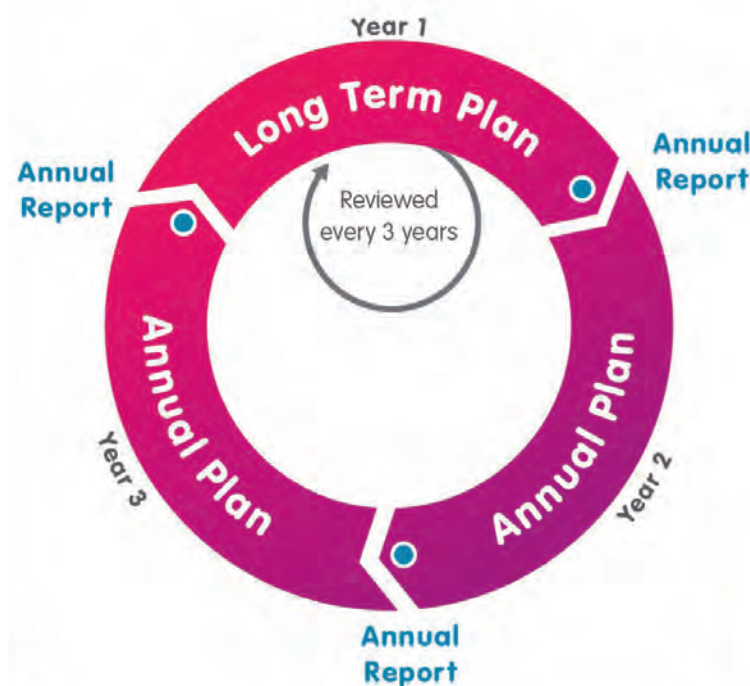
Each year Council is required to have an Annual Plan which sets out the budget for the year. This is based on what is committed to in the LTP but also highlights any projected change or variance from the LTP.

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

Annual Report

Every year we are required to produce an Annual Report which reports against our Annual and Long Term Plans (in this case Year One of the 2018-2028 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:



Tō Tātou Tau
Our Year



Tairāwhiti tēnā koutou

Ngā mihi nui ki a koutou katoa, ngā tāngata o Te Tairāwhiti.

We are proud of the work Council has achieved over the last financial year and are pleased to present to you our Annual Report for the 2018/19 financial year.

First we wish to acknowledge 2018/19 as the last year of Meng's 18 years of service to Council as he steps down from the Mayors seat. In August, Meng took up the role appointed by government as the Race Relations Commissioner. Rehette Stoltz has taken over as Mayor until the local elections in October 2019.

We wish to acknowledge Meng's commitment and dedication to the work of Council and our community. In his time as Mayor we have achieved a lot – advances in wastewater treatment, safe cycleway networks, celebration of our region's heritage – and 2018/19 has seen many of these successes come to fruition.

In the past year we have been recognised nationally for our collaborative and innovative ways to engage with our community through our WTF? What's the Future campaign. Our partnership with iwi to celebrate our history and culture through Tūpapa – Our Stand. Our Story was also recognised by the local government sector. Construction of the historic interpretations began in 2018 along with the suite of projects that celebrate our unique culture and navigational heritage. The inner harbour and Puhi Kai Iti Cook Landing Site will be completed in time for Tuia 250 commemorations in October.

We continued to restore our maunga Titirangi, sharing knowledge and kaitiakitanga with the community. We educated homeowners on being drain wise as part of the project to reduce overflows. We kicked off the

upgrades to the Waipaoa Flood Scheme which will be a project we report on for the next 10 years.

Our achievements to date have not been without challenges. We suffered from a major weather event in June 2018. Floods along with forestry slash devastated the Uawa/Tolaga Bay region requiring work to restore the environment, address damage to properties and urgent repairs to our roading network. Challenges such as these and our ability to be responsive has seen a change in our delivery model.

We've focused attention on our regulatory responsibilities. Council's consent numbers have significantly increased across both regional and district consents including forestry, water and land use. In September we secured significant government investment to repair and build resilience in our roading infrastructure. In early 2019 we dissolved our partnership with the Transport Agency to bring responsibility for local roads back in house.

We also asked our community to pay more for essential infrastructure required, increasing our rates from 2% to 5%. Rates affordability continues to be a key issue for our community. Council's major task, prior to our next Long Term Plan, is to consider our rating system and how our rates are distributed.

We performed financially better than what we planned, ending the year with \$4.4m more net surplus than was expected. We received significant grants for capital projects that was secured after the adoption of the Long Term Plan 2018-2028. This enabled us to complete more resilient works on our roads and more development around our inner harbour, far more than we would have otherwise been able to do without the external funds.

We repaired 40% of the estimated damage caused by the June 2018 cyclones at a cost of \$10.2m, fully funded by central government.

Mayor and Chief Executive's Foreword

Council's debt position is still on track, coming in \$2.6m lower than where we expected to be.

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

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

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



Mayor
Rehette Stoltz



Chief Executive
Nedine Thatcher Swann



Walking and Cycling

Council, together with the NZ Transport Agency and community partners, are delivering projects and initiatives with a focus on creating safer, more efficient walking and cycling routes.

Stage 2 of the Wainui cycle and walkway from Sponge Bay to Endcliffe Road was completed in February 2019. The \$1.7m project was fully funded by the NZ Transport Agency through the National Land Transport Fund.

Construction also began in August 2018 to create a shared walk and cycle path on the historic Gladstone Road Bridge. It was completed in April 2019 as part of the Urban Cycleway Project and funded by the Transport Agency and government funding. The Transport Agency will decide on options for a handrail between the road and path in the next financial year.

The Gisborne Mountain Bike Club have managed a project to develop new trails at Whataupoko Reserve, with grant funding from Eastland Community Trust and New Zealand Community Trust. Council made improvements and maintenance on the existing tracks and are working with the club to develop wayfinding signage this year.

Bike riding is now a regular part of the day for most students in our region, with fourteen schools implementing the 'Bikes in Schools' programme. Tairāwhiti is the top region in the country for the number of schools running the programme.

Eastland Community Trust granted up to \$1m to create a concrete walk and cycleway from Midway Beach to the Waipaoa River Mouth. The path crosses land owned by the Kopututea Trust who have enabled the project to go ahead. Construction is due to be completed by December 2019.



Lawson Field Theatre

Built in 1982, the Lawson Field Theatre was assessed in 2012 as earthquake-prone and closed in October 2016 to undergo earthquake strengthening. In addition, the theatre is receiving an upgrade to its exterior and facilities.

Construction and strengthening works began in July 2018. The building was strengthened to IL3 standard and upgrades included a new roof, exterior cladding, improved drainage, renovations to the backstage areas, lighting and rigging systems.

A blessing took place in July 2019, with the official opening scheduled for September 2019.

Dollars and cents:

The project was completed on time for a total project cost of \$3.6m. Council's contribution is \$1.1m, with the remainder funded by grants and donations, thanks to the efforts of the War Memorial Theatre Trust.

Our Major Projects



Managed Aquifer Recharge

In 2017 a trial recharge of 73,180 cubic metres of water from the Waipaoa River was pumped into the Makauri Aquifer. The aim of the trial was to use MAR technology to inject water to increase water levels for use by industry on the Poverty Bay Flats. The results showed positive indications of increasing water levels without degrading the quality of water.

Resource consent for Stage 2 was granted in August 2018, to investigate further potential risks and inject up to 365,000 cubic metres into the aquifer. As part of the resource consent and Eastland Community Trust (ECT) funding conditions, Council engaged with Rongowhakaata Iwi Trust to develop a Cultural Impact Assessment. A Mauri Compass Assessment was also undertaken with Te Aitanga-a-Māhaki. This put us into a position to start the Stage 2 injection trial in July 2019. Bore modifications to the headworks have been completed and data will be analysed throughout the process to understand potential impacts.

Dollars and cents:

Council is contributing \$162k for Stage 2 of the project, with an additional \$542k from the Provincial Growth Fund and \$488k from Eastland Community Trust.



Waipaoa River Flood Control Scheme Upgrade

The upgrade involves increasing the width and height of 64km of stopbank along the Waipaoa River between Te Karaka and the Waipaoa River Mouth, by around one to two metres. When complete the upgrade will provide protection for the Poverty Bay Flats and Gisborne City from a 1 in 100-year flood event, allowing for climate change effects out to the year 2090.

Steady progress has been made to purchase land beside the stopbanks for widening and soil material for stopbank construction.

Resource consent was granted for the earthworks in October 2018. The first stage is 4km of stopbank between Ford and Ferry roads near Ormond. The first two kilometres was completed between February and May 2019, with the remaining 2km section to be finished after winter. Stage two will begin next summer on the city side of the Waipaoa River Mouth.

Dollars and cents:

The 2018-2028 Long Term Plan (LTP) allocated \$16.4m over 10 years. This project is 100% funded by Council.



Wastewater Management Options

Our resource consent to discharge treated wastewater through the outfall pipe into the bay requires Council to implement a second stage of disinfection by 2020. We're also required to investigate options for alternative use and disposal of our wastewater to meet cultural objectives to stop discharging into the bay.

Based on consultation in the 2018 – 2028 Long Term Plan, Council's preferred option involves installing clarification and UV disinfection in Phase 1 by 2023, and wetland to be constructed in a second phase once an affordable and feasible use for treated wastewater is identified.

However the adopted timeframes were considered not to be compliant with the consent. Following consultation with key stakeholders, Council then approved in February 2019 to bring forward the first phase of construction to meet the 2020 deadline. We have been working since March to develop the engineering design, clarification processes, land use consents and geotechnical design and disposal of solids.

Dollars and cents:

The budget is 100% Council funded with an estimated cost of \$24.4m to complete Stage 1.



DrainWise

The DrainWise programme is working to reduce wastewater overflows onto properties and into our rivers during heavy rain.

This year the team completed 740 property inspections to help homeowners and residents fix issues with gully traps, downpipes and laterals to stop rainwater flowing into sewer pipes. We recently adopted a strategy for Infrastructure Improvements on Private Property, which could require homeowners to pay for repairs to illegal drainage in the future.

We've begun rolling out stormwater extensions that help deal with flooding and water ponding on private properties. We constructed five extensions in Kai Iiti which has directly benefited 35 properties reducing the likelihood of water getting into the system. These improvements indirectly improve downstream properties. Less stormwater now enters the wastewater system, and the risk of on-property wastewater overflows is reduced.

25 down pipes into gully traps were identified and remedied, resulting in a significant reduction in wastewater entering the wastewater network.

This year we also launched an intensive education campaign that includes a revamped DrainWise website, social media five-part video series, posters, billboards, infographics, news stories and community presentations. We're also planning a DrainArt competition with schools for later in 2019.

Council continued with repairs and replacement of the public pipe network.

Dollars and cents:

The project is 100% Council funded. The 2018-2028 Long Term Plan has set aside \$20.8m for renewals over 10 years and \$6m to address stormwater issues on private properties. The project also includes \$400k per year for operational costs.

Our Major Projects



Olympic Pool Redevelopment

While the visitor numbers to the complex have shown a steady reduction over the past three years, those patrons that did spend time at the Olympic Pool were satisfied with their overall experience (up from 74% to 77%).

The facility is continuing to run with aged infrastructure, as we plan for the major upgrades consulted on through our 2018 – 2028 Long Term Plan (LTP). Over the past year we've worked with our Community Facilities Strategy partner, Sport Gisborne Tairāwhiti and pool users to refine the concept design.

The new design aims to meet our community's needs for a facility that provides year-round aquatic recreation. Concept plans are due to be completed in 2019 which will enable Council to secure the external funding required to complete Phase 1 – the indoor pool and facilities.

Dollars and cents:

Council committed \$5.65m towards the total estimated \$28.5m cost allocated in the LTP for Phase 1 and 2. Significant external funding is required to complete the redevelopment scope and timeframe.



Navigate Tairāwhiti

Navigate Tairāwhiti is a programme of five projects that we're delivering together with tangata whenua and partner organisations. The programme will weave together significant sites through storytelling and design to showcase our region's unique culture and heritage of first arrivals and great navigators.

- **Historic Interpretations – 'Tūpapa – Our stand. Our story.'**

The Tūpapa – Our Stand. Our Story started construction in September 2018 and was successfully opened by iwi in a community event on 13 April 2019. The trail consists of two view shafts, ten trail markers, a website and mobile application to convey the story of arrival and settlement by tangata whenua. Te Aitanga-a-Māhaki, Ngāti Oneone, Rongowhakaata and Ngai Tāmanuhiri who worked closely together to develop this first-of-its-kind collaborative project.

Tūpapa achieved national recognition in July 2019 by winning the Fulton Hogan Local Excellence Award at the 2019 Local Government New Zealand (LGNZ) Excellence Awards. We are currently finalising support for ongoing management of the new asset, customer service and business development.

- **Titirangi Restoration**

The 'Whāia Titirangi' programme began in October 2018 employing dedicated kaitiaki to undertake restoration and management of biodiversity on the maunga. The programme is a collaboration with Ngāti Oneone through our co-management agreement. The Whāia team have undertaken planting of a further 5,000 native plants, weed control of purple senecio, boneseed and other plant pests, and education with over 500 school students.

Improvements to the lower car park and construction of new walking tracks and safety enhancements were also completed over the last year. The Home Guard track from Te Poho-o-Rāwiri marae to the summit was completed in early 2019 and a new track from Rakaiātane Road to the new Ruatanuika lookout overlooking the harbour. Eastland Port completed a 500m

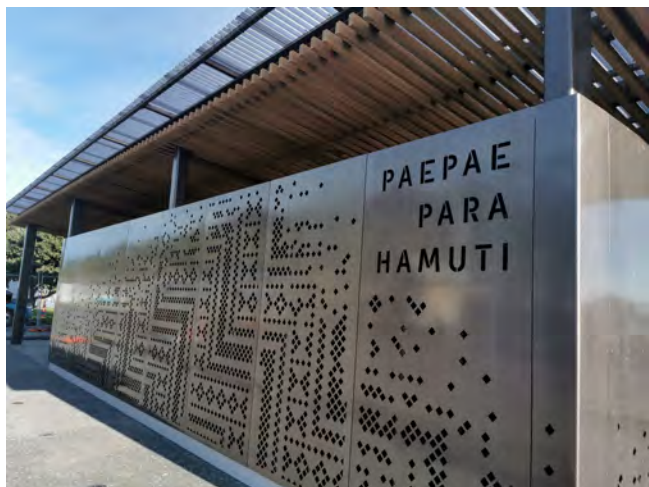
track, located at the base of the maunga (along Kaiti Beach Road), staff donated their time to plant 1,000 native plants along the new track. In May 2019 the Cook replica statue was also relocated to the Tairāwhiti Museum for display as a historical artefact.

- **Titirangi Summit – Te Taumata o Titirangi**

Working collaboratively with Ngāti Oneone, we're exploring a redevelopment of the summit of Titirangi following the closure of the James Cook Observatory due to earthquake risk.

A survey was released in November 2018 to engage with the community and determine aspirations for the development. The results and commentary were fed into a Business Case endorsed by Council in June 2019.

Demolition of the James Cook Observatory started in July 2019 and excavation of fill material to stabilise the ground in preparation for a new multi-purpose education and observation facility. Temporary landscaping and improvements to the gun emplacement will be completed before October 2019.



- **Inner Harbour upgrade**

In partnership with Eastland Port, we're transforming our Inner Harbour to become a visitor hub and thriving hospitality precinct. Crawford Road, utility upgrades and car parking in front of The Works and former Soho building was completed in October 2018.

Phase 2 began in May 2019 to upgrade the Esplanade and install new street gardens, parking layout, pedestrian promenade, lighting and staircase connection to Rakaiātane Road. Construction is due to be completed by the end of September 2019.



- **Puhi Kai Iti Cook Landing Site**

The Puhi Kai Iti/Cook Landing Site is a significant upgrade to the National Historic Reserve. The site will acknowledge the landing place of the tipuna Māia, involving constructing sculpture, steel tukutuku panels, lighting and landscaping. Construction began in January 2019 and is due completed in time for October 2019.

The project also includes installation of a 10x10 metre art piece to acknowledge Te Maro, a Ngāti Oneone tipuna who was killed in the first encounter with Cook's crew. A walkbridge will be built to connect the site to Titirangi across Rakaiātane Road.

Dollars and cents:

Tūpapa was made possible with a grant of \$2.25m from Eastland Community Trust.

The total budget for the Inner Harbour upgrade is \$8.4m. Council contributed \$3.7m, with the remainder of funding from the Provincial Growth Fund, Eastland Community Trust, Eastland Port and the Tourism Infrastructure Fund through the Ministry of Business Innovation and Employment.

The Provincial Growth Fund committed \$6.1m to redevelopment of the Titirangi summit.

The Puhi Kai Iti Cook Landing Site is funded by Department of Conservation and \$1.6m from the Provincial Growth Fund.

The Ruatanuika lookout, Te Maro and 1000-Year Walk-Bridge are funded through a \$3.06m grant from the Lottery Significant Projects Fund.

The 1000-Year Walk-Bridge is currently undergoing an open tender process with construction aimed to begin in November 2019.

The Titirangi restoration is funded within operational budgets for Council reserves, as well as with external funding from the Department of Conservation and the Tourism Infrastructure Fund through the Ministry of Business, Innovation and Employment.

Disclaimer: Figures described in the body of this report may be rounded.

Our District Highlights



Improving our community facilities

- Installed new playgrounds on Titirangi and Waikirikiri Park
- Progressed the Manutūkē Township upgrade with work due to be completed in August 2019.
- Reviewed priorities for upgrades with the Muriwai community to determine cost and scope.
- Began designing Township Upgrades with Pōtaka/Wharekahika, Te Araroa, Tikitiki and Rangitukia.
- Investigating options to earthquake strengthen the Peel Street toilet building, while preserving its heritage status,
- Installed toilet facilities at the Tokomaru Bay wharf and Inner Harbour Boat ramp.



Arts and culture

- Supported the Sea Walls Tairāwhiti project with over 20 public murals with an ocean conservation message.
- Earthquake-strengthened the Lawson Field Theatre.
- Installed sculpture at Roberts Road, representing our region's surfing culture in partnership with Gisborne's Art in Public Places.
- Developed a 10-year strategic plan for the Tairāwhiti museum.



Strengthening partnerships and relationships

- Held 16 Council Cuppa meetings in communities to understand issues and priorities.
- Worked with the Waimatā community to improve the health of the river and set up a catchment group.
- Partnered with the Ministry for Primary Industries on a funding package to support development of a Tairāwhiti One Billion Tree Strategy.
- Worked with Te Uru Rākau (TUR) to fund staff to assist landowners applying for One Billion Tree Programme funding and to spatialise land overlay 3A treatments.
- Transformed the Inner Harbour in partnership with the Eastland Group and Eastland Port.
- Worked with Sport Gisborne Tairāwhiti and Eastland Community Trust to implement the Community Facilities Strategy.
- Continued work with Pāokahu Trust representatives towards reducing the environmental impacts from the retired landfill.
- Entered into a Memorandum of Understanding with the Eastland Community Trust.
- Negotiated a three-year contract with Activate Tairāwhiti to deliver regional economic development, including tourism development and regional marketing functions.



Keeping you safe on the roads

- Widened the historic Gladstone Road Bridge and re-installed balustrades and railings.
- Invested close to \$12m in maintenance and renewals on our local road network.
- Completed resurfacing upgrades to the Rakaiātane Road, the inner city, Lytton Road and Ballance Street, and heavy metal programme on our rural roads.
- Assessed hundreds of culverts on our network for repairs or replacement with \$1.1m allocated from the PGF.
- Stabilised land above and below McIlroys Road in Waipiro Bay for \$971k, funded by the National Land Transport Fund.
- Completed pavement and drainage works at SH35 rest areas along Makorori, Ūawa, Anaura Bay, Ruatōria, Tikitiki and Te Araroa with government funding.
- Completed widening on SH2 from Te Wera Road intersection by Mōtū Bridge back towards Matawai, which forms part of the NZCT Rere Falls Heartland Ride.



Advances in planning and operations

- Successfully facilitated Marine Oil Spill exercises.
- Completed the Community Facilities Strategy to develop a sustainable network of fit-for-purpose facilities over the next 20+ years.
- Initiated reviews of the Alcohol Control Bylaw, Gambling Venue and Smoke free Policies.
- Dissolved Tairāwhiti Roads partnership with NZ Transport Agency.
- Transferred our Rivers and Land Drainage activity to Fulton Hogan.
- Processed 853 building consents up from 800 in the previous year.
- Implemented new consent monitoring and compliance charges.
- Reviewed representation arrangements before the October 2019 elections - no changes to ward names or boundaries, and the number of elected members were made.
- Tūranganui-a-Kiwa/Poverty Bay dual name proposal adopted by the NZ Geographic Board in February 2019.
- Reopened the Te Puia Springs Office in September 2018.
- Coordinated emergency responses to Ūawa and Waipaoa flooding events.
- Developed the Ūawa Recovery Plan to enable restoration of the community, environment and infrastructure.
- Launched text flood-alerts for the Te Ārai, Waipaoa, Waimatā, Taruheru, Ūawa and Hikuwai rivers.

Our District Highlights



Working with Māori and mana whenua

- First hui of the Joint Management Agreement Forum was held on 17 May with representatives of Council and Te Rūnanganui o Ngāti Porou.
- Continued to deliver on the Waipapua Accord with Te Rūnanganui o Ngāti Porou and the Ministry for Primary Industries.
- Continued to deliver on co-management agreement for Titirangi with Ngāti Oneone.
- Continued to support establishment of the Local Leadership Body with Tūranga iwi.
- First governance hui held with Rongowhakaata Iwi Trust in December 2018.
- Partnered with Ngai Tāmanuhiri, Ngāti Oneone, Rongowhakaata and Te Aitanga-a-Māhaki to deliver the historical interpretations project, Tūpapa - Our Stand. Our Story.
- Consulted with Koputūtea Trust to develop walk and cycleway from Midway to Waipapua River Mouth.
- Assisting Te Rūnanganui o Tūranganui-a-Kiwa with construction of the Hawaiki Tūranga ki Ruapani sculpture.



Enhancing our environment

- Implemented plastic kerbside recycling changes and public education on 1 June 2019 as a result of global changes.
- Undertook Light Detection and Ranging (LiDAR) 3D mapping, of the region's land with \$1.4m received from the Ministry of Primary Industries and Land Information New Zealand.
- Committed to a region-wide, collaborative approach to address the local causes and impacts of climate change, which includes strategic adaptations to core Council infrastructure and internal policies to reduce and mitigate Council's own greenhouse gas emissions.
- Undertook detailed planning on the long-term future of the Pamoia Forest to determine how biodiversity restoration project would be completed.
- Undertook a comprehensive investigation of forestry practices and initiated enforcement proceedings following the flooding in the Queen's Birthday weekend storm.
- Developed and made regional targets for swimmability in rivers and lakes publicly available.
- Undertook a comprehensive air quality monitoring programme during 2018.
- Added 10 extra freshwater swimming sites for sampling of water quality.
- Received funding from the Erosion Control Funding Programme Community Projects Fund to undertake riverbank planting of the Waipapua.
- Enhanced resilience of key river monitoring sites, in particular our flood warning site in Waipapua.
- Engaged the National Institute of Water and Atmospheric Research to map air quality over the 2018 winter months.
- Implemented the Wharekōpae River Restoration with Rere community installing fencing to exclude stock, water reticulation systems, culverts, riparian and soil conservation plantings.



Award achievements



'WTF (What's the Future) Tairāwhiti? Long Term Plan early engagement campaign Winner 2018 Deloitte IPANZ Public Sector Excellence Award for Engagement.



Tūpapa – Our stand. Our story. has taken out the overall award in the 2019 Local Government New Zealand (LGNZ) EXCELLENCE Awards.



Expansion of the HB Williams Memorial Library winner Public Architecture category, 2019 Gisborne/ Hawkes Bay Architecture Awards.



Council building, Awarua winner Commercial Architecture category, 2019 Gisborne/Hawkes Bay Architecture Awards.



Gold Ministerial Award June 2017 presented to Tairāwhiti Civil Defence Emergency Management Community Link Groups.



Council partnered with Sport Gisborne Tairāwhiti in achieving the Sport New Zealand Community Impact Award for the Waikiriki Park Playground project.



WTF Tairāwhiti? 2018 – 2028 Long Term Plan Consultation Document Winner SOLGM Great CD competition.

How did Council do this year?

Council uses a number of methods to measure and monitor the quality and effectiveness of the services we provide. These help us to ensure we are delivering what we said we would and that we improve performance where it's required. Each activity has performance measures with targets that they aim to achieve. As we are reporting on the 2018/19 financial year, these measures and targets are from the 2018-2028 LTP.

Performance highlights



Building Consents

Value of building work in the district has risen from \$71,802,588 in the previous financial year to \$101,581,951, while the increase in consents is 800 to 853. This is a 41% increase in work value compared to a 7% increase in numbers. This trend is common when property values are increasing, and people do higher value renovations and additions to their homes. It is the first time there have been over 100 new dwellings since the 2011/12 year.



Environmental Services – Nitrate & salinity levels

We saw an increased percentage of monitored ground water wells in shallow unconfined aquifers where water quality is being maintained or is improving.

Nitrate - from 86% to 97%

Salinity - from 95% to 98%



Cultural facilities

Residents are very satisfied with our cultural facilities. The highest satisfaction results were for the War Memorial Theatre (96%), the library (95%) and Tairāwhiti Museum (94%).



Public toilets

Percentage of residents satisfied with public conveniences increased from 38% to 47%. Although we did not meet target (50%).



3 Waters – Stormwater/Wastewater/Water supply

All targets achieved with the exception of one; the Protozoal compliance criteria was not met for the Te Karaka supply because a treatment process was not fully operational for the 12 month period.



Road Safety

The change from the previous financial year in the number of fatalities and serious injuries on the local road network shows a slight reduction. 1 fatality and 16 serious injuries compared to the previous year of 1 fatality and 18 serious injuries. There has been a continued focus on road safety and educational awareness.

Road Maintenance

The percentage of the sealed local road network that was resurfaced, significantly increased, from 2% in 2017/18 to 5%.

Areas for improvement



Resource Consents

The percentage of applications completed within statutory time frames has declined over the period (88% to 62%) and correspondingly consents overall have increased in volume. Steps have been taken to address these circumstances, including modifying templates to streamline the process (based on feedback from external stakeholders), being more stringent about not accepting inadequate applications and putting the process on hold are already resulting in an improvement in processing time frames. We are currently recruiting for more resource consent planners, particularly in the regional area in order to reduce the reliance on consultants to process resource consents.



Illegal dumping

Total waste increased by 7 tonnes this year equating to 3.6 tonnes per month on average.

We adopted a new Waste Management and Minimisation Plan in 2018 and have increased resources in this area to focus on reversing this trend.



Value for money

Resident satisfaction with how rates are spent has decreased to 33% this year, from 39%. There is an opportunity to address this in the Revenue and Finance policy review. There is also an opportunity to raise the awareness that a significant portion that goes into funding our facilities is sourced from Grants and Subsidies.



Pedestrians & Cyclist safety

A slight decrease in the annual number of pedestrian and cyclist injuries was recorded. 22 in total, a small improvement from 23 the prior year. This was made up of 11 pedestrians and 11 cyclists.



Environmental Services

We prepared 11 Farm Environment Plans this year, but did not meet our target of 40. This is however an improvement on the prior year of 4 plans.



Playground Compliance

While 87% is a slight improvement on last year (84%), we have fallen short of the target of 100%.

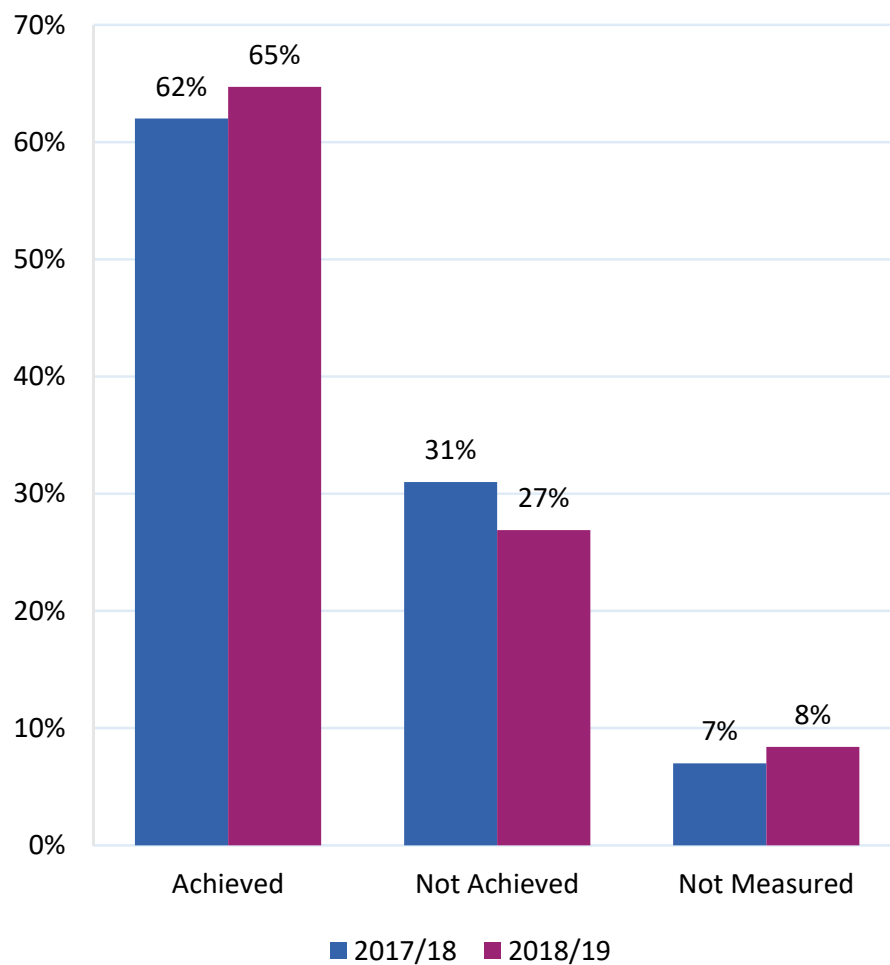
The old Titirangi Playground had failed a number of safety areas and was removed last year, and replaced with a new playground. We continue to seek additional external funding sources to complement current budgets through the townships planning process.

Achieving our Performance Targets

The graph below shows how well Council met the performance targets we set for ourselves for 2018/19. Compared to the previous year (2017/18), the percentage of performance targets achieved has increased from 62% to 65%. For the performance measures which were Not Measured (8%) most can be categorised as either being a new measure requiring a baseline to be set in this the Year 1 of the LTP, or circumstance did not allow for a result to be reported (e.g. Lawson Field Theatre was closed).

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

Achieving our Performance Targets



Finances at a glance

This section provides an overview of the Council's financial results for the 2018/19 year. For further detailed information on the Council and the Group's financial results, refer to the full financial statements in the "Our Finances" section.

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

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

Financial Position overview

Council holds long-term assets of \$2.1 billion, including operational and infrastructure assets. When investing in infrastructure, we borrow funds so repayments can be spread across the generations that benefit from these assets.

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

At year end our total debt was \$58.3m, which is \$2.6m below the Long Term Plan budget.

Financial performance

Council has performed well financially over the past year. We recorded a \$18.3m net surplus after taxation, \$4.4m more than was expected.

The net surplus after taxation is the difference between income received and expenses incurred during the year. What contributes to the recording of a surplus is the recognition of capital grants and capital subsidies. We record capital grants and capital subsidies as income, even though it is not used to fund operational activities. This surplus goes towards our capital projects and reduces Council's need to borrow funds.

Total revenue was \$15.3m more than what was in the Long Term Plan. This was due to receiving significant external funds for emergency works on our roads and for capital projects.

Revenue received for capital projects included roading resilience program PGF funded, Navigations, Inner harbour development, Mar and Lidar projects. These projects were given approval post the adoption of the LTP and accounts for most of the favorable variance to the plan. However, planned major projects such as the

walkway and Olympic Pool both of which were dependent on external funding, did not occur. They have been re-phased to occur later, aligning to where possible funds will be received.

Total expenditure was \$11.5m more than what was in the Long Term Plan. This was mostly due to repairs to damaged roads after storm events.

In June 2018, there were flood events which caused significant damage to our roads. Estimated costs to reinstate the roads after these events has been assessed as costing between \$24 to \$26m. The roads will be repaired over a three year period and it is to be fully funded from New Zealand Transport Agency and the Provincial Growth Fund. In 2018/19, \$10.3m was spent on June 2018 emergency works road three year reinstatement program, and a further \$3m was spent on other flood events that have arisen.

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

	Budget 2018/19 \$000s	Actual 2018/19 \$000s	Variance Favourable/ (Adverse) \$000s
Revenue from Rates	59,925	60,698	773
Grants and Subsidies - Operational	13,898	24,837	10,939
Grants, Donations, Subsidies and Contributions - Capital	18,509	25,012	6,503
Revenue from Operating Activities	14,043	10,775	(3,268)
Other Gains/(Losses)	12	397	385
Total Operating Income	106,387	121,719	15,333
Employee Benefit Expenses	20,673	20,152	521
Depreciation and Amortisation	21,097	21,642	(545)
Operating Activities	47,799	60,008	(12,209)
Finance Costs	2,971	2,237	734
Total Operating Expenditure	92,540	104,039	(11,500)
Net surplus/(deficit) before taxation	13,847	17,680	3,833
Subvention Income	0	600	600
Income Tax Expense (Benefit)	0	0	0
Net Surplus/(Deficit) after Tax	13,847	18,280	4,433
Gains/(Losses) on Property Revaluation	15,130	60,535	45,405
Total Comprehensive Revenue and Expenses	28,977	78,815	49,838

Significant changes in Statement of Comprehensive Revenue and Expenditure compared to the 2018/19 Long Term Plan Budget

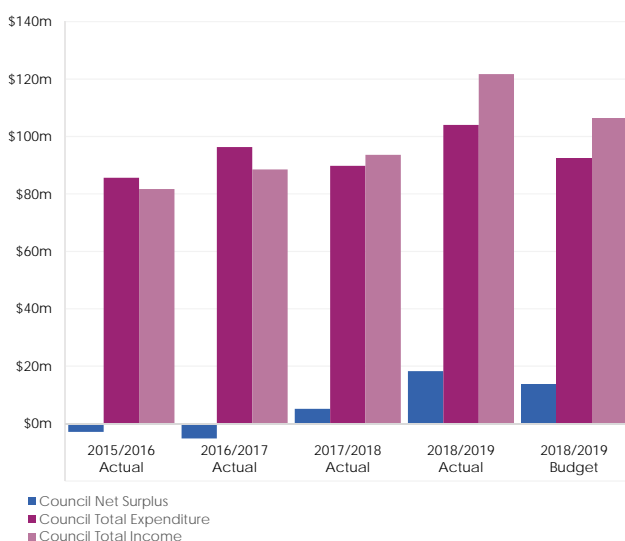
	\$000s
Higher than annual plan infrastructure assets valuations	45,405
Higher revenue from grants and subsidies	17,442
Increase in other gains	385
Income from rates	773
Employee benefit expenditure	521
Finance costs	734
Total Positive Variances	65,260
Less	
Higher than annual plan operating expenditure and depreciation cost	(12,755)
Revenue from operating activities	(2,668)
Total Negative Variances	(15,423)
Total Factors contribution to the underlying variance	49,837

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 where there is capital project funding being received as grants/subsidies.

Council's budget and actual net surplus for 2016 - 2019 is shown below.

The total income for 2018/2019 has increased by \$28.1m from the 2017/2018 year.

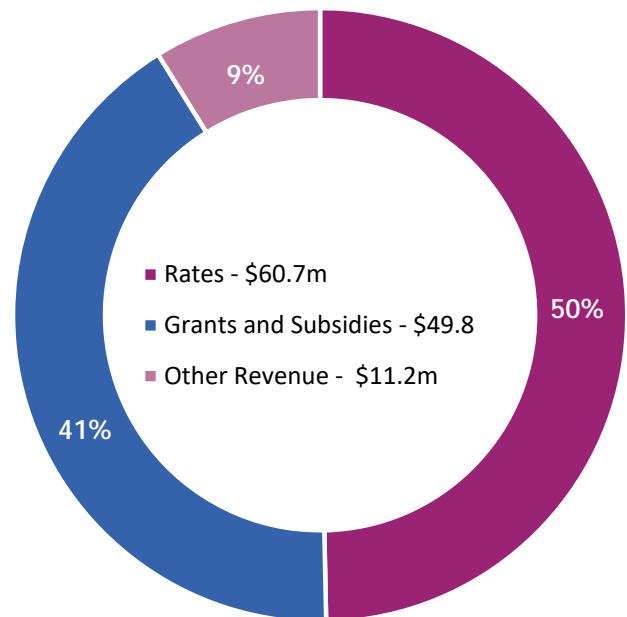
Total Net Surplus 2016-2019



Council income

In 2018/19 the Council received income of \$121.7m compared to a budget of \$106.4m.

Council 2018/19 Income \$121.7m



Council mainly collects income through rates, this is 50% of operating revenue. This is a reduction of 11% compared to 2017/2018 financial year. Grants and subsidies income accounts for 41% of total income and this is a 15% increase compared to last year. This is a significant change to Council's sources of income compared to what we had in the past. Council's financial strategy has a key direction to increase other income (not from rates). In pursuing this key direction Council has reviewed the ownership structures of Council's investments and commercial operations and is looking at various options to achieve the above.

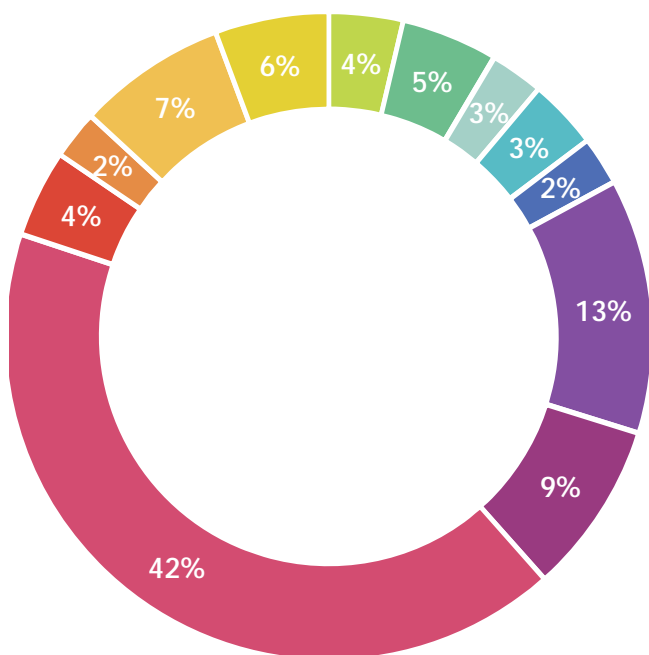
Council expenditure

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

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

As shown by the pie graph on the next page, the Tairāwhiti Roads, Wastewater, Stormwater, Solid Waste and Water Supply made up 62% of total operating expenditure of the Council. The total cost of these services was \$64.2m.

Council 2018/19 Expenditure \$104m



- Planning & Development - \$3.8m
- Science - \$5.0m
- Rivers, Land and Coastal - \$2.8m
- Governance & Support Services - \$3.5m
- Other Services - \$2.5m
(includes Community Housing, Commercial Operations & Civil Defence)
- Recreation & Leisure Facilities - \$13.2m
(includes Arts & Culture, Libraries, Pool & Parks and Open Spaces)
- Regulatory Services - \$9.0m
(includes Animal Control, Building Services, Environmental Health & Resource Consents)
- Tairāwhiti Roads- \$43.4m
- Solid Waste - \$4.5m
- Stormwater - \$2.5m
- Wastewater - \$7.7m
- Water Supply - \$5.9m

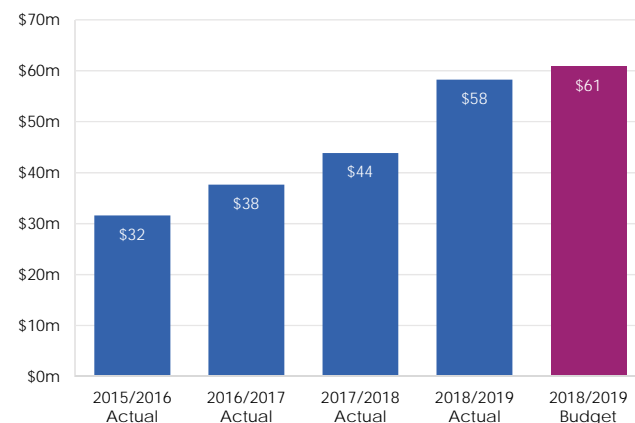
The Council has over \$2.1 billion invested in assets. These are mainly used to provide essential services to our communities – roads, water, stormwater, wastewater, flood protection, parks, open spaces and community facilities. Council must ensure these assets are maintained and replaced if necessary so that the services they provide can continue now and into the future.

The maintenance and depreciation on Council's assets are costly. In 2018/19 depreciation and amortisation charges totalled \$21.6m; this is 21% of our total costs. Repairs and maintenance costs were \$11.7m; this is 11% of our total costs.

Council debt

Council has debt of \$58.3m, \$2.6m less than was expected. Forecast debt levels are expected to increase over the next few years as Council completes a number of major projects.

Council Debt

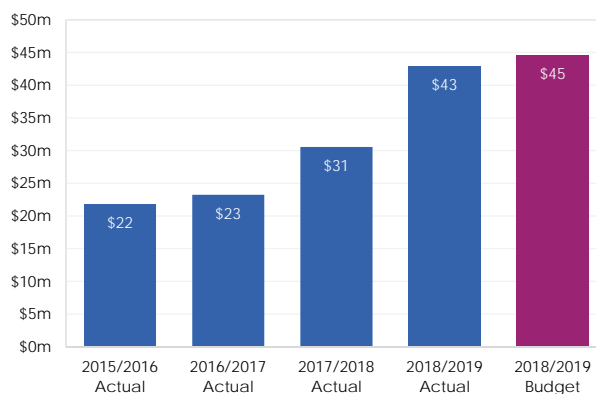


Council capital expenditure

During the year we spend \$42.8m of capital expenditure on our existing and new assets including;

- \$27.2m Roding transport projects.
- \$5.8m of water, wastewater and stormwater infrastructure.
- \$9.8m on parks and community facilities.

Council Capital Projects 2016-2019



Council's five year financial performance summary

	2015	2016	2017	2018	2019
Public Debt (\$000)	31,830	31,615	37,679	43,880	58,280
Net Surplus/(Deficit)	3,463	(2,911)	(5,186)	5,131	18,280
Total Comprehensive Revenue and Expenses	12,917	10,938	8,530	78,291	78,814
Net debt as a % of equity <10%	1.65%	1.63%	1.93%	2.16%	2.77%
Net interest as a % of income <10%	1.98%	2.21%	1.98%	2.09%	1.77%
Total debt per capita <\$1700	\$729	\$724	\$863	\$1,005	\$1,335
Working Capital (excluding current portion of public debt)	(5,070)	(9,188)	(13,223)	(13,241)	1,093



INDEPENDENT AUDITOR'S REPORT TO THE READERS OF GISBORNE DISTRICT COUNCIL'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

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 September 2019. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 101 to 143:
 - present fairly, in all material respects:
 - the District Council's and Group's financial position as at 30 June 2019;
 - the results of the operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on page 146, 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 long-term plan;
- the statement of service provision (referred to as "Our Activities") on pages 32 to 96:
 - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2019, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
 - complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 32 to 96, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's long-term plan; and

- the funding impact statement for each group of activities on pages 146 to 155, 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 long-term plan.

Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 143 to 145, 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.

Basis for our opinion on the audited information

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

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

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

Responsibilities of the Council for the audited information

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

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

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

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

Responsibilities of the auditor for the audited information

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

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

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council's long-term plan.

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

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

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council 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 31, 97 to 100 and 156 to 161, but does not include the audited information and the disclosure requirements.

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

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

Independence

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

Other than the audit, our report on the disclosure requirements, audit of the register and trustee reporting, we have no relationship with or interests in the District Council.



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

Tō Tātou Rohe Me

Te Anga Whakamua

Our District

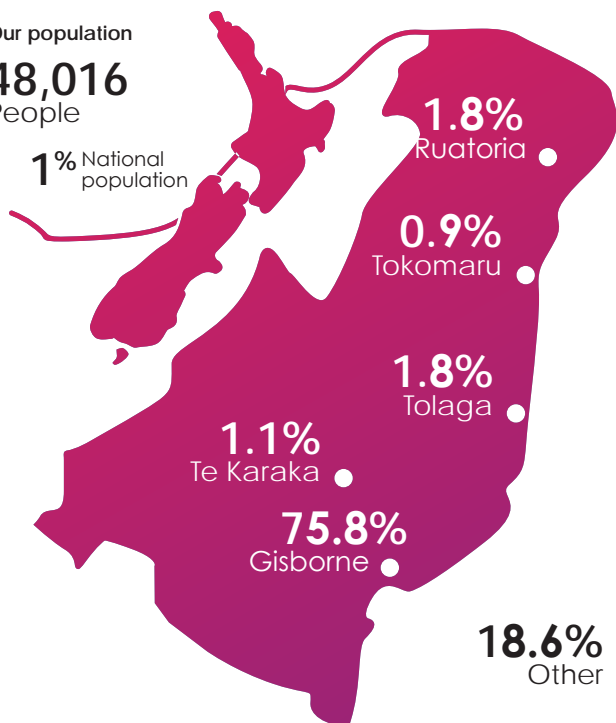
Our Direction

Tairāwhiti at a glance

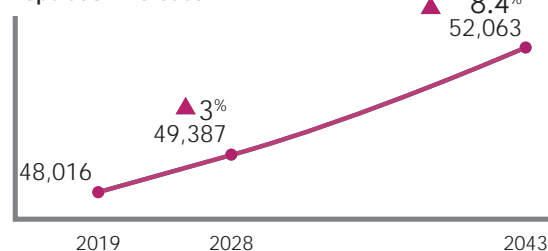
Our population

48,016
People

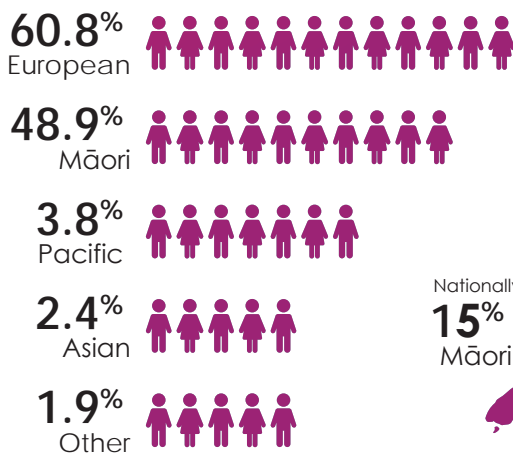
1% National population



Population increase



Our ethnicities



(Some people may identify as more than one ethnicity)

Weekly household income



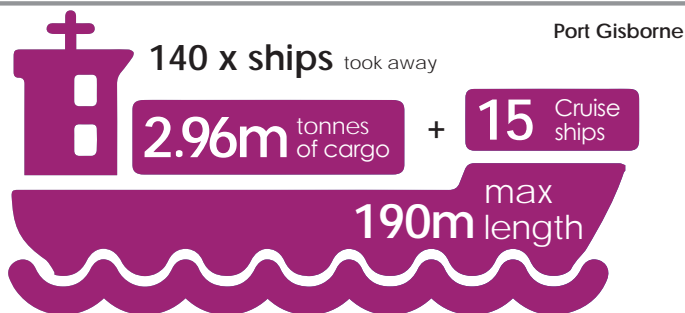
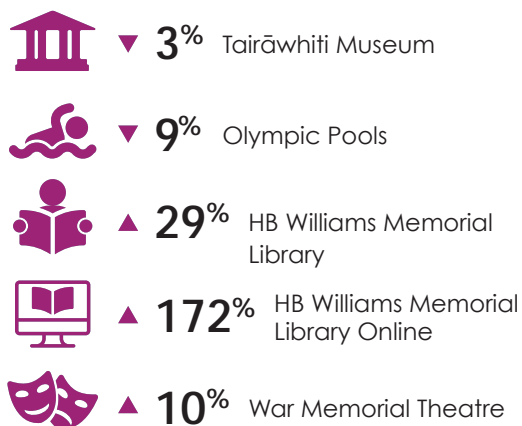
than National Median

- Hawkes Bay and Gisborne \$1,456
- Nationally \$1,708

Conversation in Te Reo Māori



Visitors to our facilities
2017/18 vs 2018/19



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

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

The estimated population of the district is 48,016⁽¹⁾, which equates to 1% of New Zealand's total population. Gisborne has the lowest ratio of population to land area of all North Island regions. Three quarters of the population lives in Gisborne City, which had an estimated population of 37,200 in 2018.

Other settlements are small, with the largest population being in Ruatōria (860) and Tologa Bay (860), followed by Te Karaka (550) and Tokomaru Bay (420)⁽²⁾.

Gisborne has the highest proportion of Māori of all regions, with 49% identifying as Māori in the 2013 census; compared to 15% nationally. Around 6,240 Gisborne district residents reported being able to hold a conversation in te reo Māori (almost 16% of the district's population – four times the national percentage).

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

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

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

The district scores highly on the social deprivation index. Income levels are below national medians, with a median household weekly income of \$1,456 in 2018 for both Hawkes Bay and Gisborne combined, compared to \$1,708 nationally⁽⁴⁾. This highlights rates affordability as a particular concern and focus for Council.

The district's population is forecast to grow by almost 1,371 persons (3%); from 48,016 in 2019 to 49,387 in 2028. By 2043 the forecasted population is 52,063; a growth of 4,047 persons (8.4%) over 24 years.

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

Our arts, heritage, language achievements and celebrations are locally, nationally and internationally renowned. The city's facilities include a library, theatre and museum.

Our region has been developing its infrastructure over the years to match the growth. Gisborne Airport recorded 191,651 passenger movements mainly between Gisborne, Auckland and Wellington. This is up 12% on 2018. 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. Gisborne accommodated 15 cruise ships over the summer of 2018/2019.

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 mānuka tree.

1 .id, the population experts, updated March 2017

2 Statistics New Zealand Subnational Population Estimates for Area Units, at 30 June 2018

3 Calculated using live births over a three-year period centred on the 2013 census year

4 Statistics New Zealand, Household income by region, household type and source of household income

Strategic framework

Council's 2018-2028 Long Term Plan states the vision for the region, what the community wants to achieve (Community Outcomes) and Strategic Priorities. The LTP also sets out what the Council plans to do over the next ten years to contribute to those outcomes.

Vision

Our vision is:

Tairāwhiti First!

First to see the light

First choice for people and lifestyle

First choice for enterprise and innovation

First place for the environment, culture and heritage

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

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

Community Outcomes

Our *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. **Tairāwhiti Wai** – improve the wellbeing of our waterways and coastal environments, including protection of healthy soils.
2. **Intelligent Infrastructure** – invest in existing and future core infrastructure needs, with a focus on cost efficient and effective designs.
3. **Intelligent investment** – make sensible, long term decisions on investments and borrowing, and always seek the best value for community money.

Financial Strategy

The 2018/19 financial year was guided by the Financial Strategy set out as year 1 in the 2018-2028 Long Term Plan. An over-arching aim of the Financial Strategy is meet our critical infrastructure needs in a way that is affordable to our community.

The critical infrastructure included the focus on roads, wastewater, stormwater and water systems. We were also to focus on finding additional sources of income, enabling us to keep rates affordable through grants and dividends, partnerships and through some increases to user pays.

In 2018/19 we received \$17.4m more grants than was planned. These additional grants came mostly from New Zealand Transport Agency and the Provincial Growth Fund. These funds enabled us to reinstate roads after the June 2018 emergency event, for additional road resilience projects and for other community projects (navigations and inner harbour).

Here we are reporting on our Financial Strategy for 2018/19 through the six key directions:

Key direction 1. Focus on critical activities and infrastructure

"The Council intends to focus on delivering and maintaining essential services and infrastructure at levels that are appropriate to meet the community needs."

How are we doing?

The Long Term Plan forecasts an average spend of \$38m per annum on capital works over the next ten years. However, there have been significant changes as a result of Provincial Growth Fund (PGF) funding and major project decisions that have had a significant impact on being able to deliver more renewals and resilience projects on our roads than ever before.

Specifically, in the 2018/19 financial year, we increased roading resilience and network renewals by \$10.2m as a result of receiving funding from the Provincial Growth Fund.

Key direction 2. Keep rates as affordable as practicable

"Council is conscious of the impacts of rates increases on our community."

How are we doing?

The Financial Strategy sets a limit of a maximum of 5% (plus growth) in rates increases over the next 10 years.

The graph in benchmark section (Note 37) shows how we've aligned with our targets.

Key direction 3. Increase alternative income streams

"Alternative sources of revenue, other than rates and loans, are critical to help fund Council's activities. They help lessen the financial burden on ratepayers."

How are we doing?

In 2018/19 our rates income as a proportion of total revenue reduced to 50%, down 11% from the previous year. This means we received significant external funds than ever before. The funds we received were to build more resilience on our roads, to build more community projects – from Navigations and Inner Harbour projects, to successful funding for MAR and our Lidar projects. This meant we were less reliant on rates, as our main source of income, and we were able to do far more than we could if we didn't have the additional external funds.

Councils other vehicle for looking at alternative income streams is our investments within Council-Controlled Trading Organisations (CCTO), Gisborne Holdings Limited (GHL). Council owns 100% of GHL and any profits are returned to Council by way of dividends and subvention payments. Council's Investment Strategy with GHL has both shareholder focused goals aimed at increasing the return from commercial operations assets, increasing the income stream to Council and increasing the economic value to the community.

Key direction 4. Manage debt prudently

"Council will prudently manage debt within the constraints of Council's financial management policies (which include policies on Investment, Liability Management and Revenue and Financing)."

How are we doing?

The 2018-2028 Long Term Plan set two debt limits being \$85m for the first three years, rising to \$105m in the remaining years. The second threshold of \$105m takes account the peak of our 'infrastructure hump' where major projects such as the wastewater treatment plant upgrades are completed.

Key direction 5. Ensure beneficiaries of services pay the costs

"Council aims to ensure that those who benefit from services and infrastructure Council provides pays the cost associated with the provision of those services and infrastructure."

Our Financial Strategy

How are we doing?

The tools we use to achieve this include financial management policies such as Revenue and Financing Policy, Fees and Charges Policy, Investment Policy and also through Development Contributions. We review fees and charges annually to ensure legislative requirements are met and that actual costs are being recovered. The Revenue and Financing Policy is currently under review in preparation for development of the 2021- 2031 Long Term Plan.

Key direction 6. Growing the rating base

"Council will look to grow our rating base by supporting economic activity without the need to trigger more additional capital works projects. Organisations will be supported to assist in growing the region's economy."

How are we doing?

We have several initiatives that support this directive:

- Ensuring long-term sustainable water for horticulture through the Managed Aquifer Recharge project and other sustainable water use initiatives.
- Collaboration with Activate Tairāwhiti to develop He Huarahi hei Whai Oranga, the Tairāwhiti Economic Action Plan. Activate Tairāwhiti is working with business, iwi and government on several initiatives to drive economic growth.
- Growing our tourism sector by developing fit-for purpose facilities and experiences through the Navigations project.
- Provide infrastructure to attract businesses to our region and encourage existing businesses to expand.
- Supporting initiatives that are aimed towards improving the productivity of Māori freehold land.

Ngā Tūmahi Tomua
Our Activities

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How to read this section

This section describes Council's activities. Each activity summary includes a description of the activity and why we do it (including a link to relevant community outcomes), what Council did during 2018/19, how well we performed against our targets and what it cost.

Sections are structured as follows:

What we do

Provides a brief description of what the activity involves.

Why we do it

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

Contribution to community outcomes

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

What we have been doing 2018/19

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 2018/19 year as well as our actual results for the year. The levels of service, performance measures and targets were outlined in the 2018-2028 Long Term Plan. The previous results are taken from the 2017/18 Annual Report.

What was different to Levels of Service and Performance Measures?

Provides explanations for where we have not met our performance targets.

Significant negative effects of delivering this service

This table outlines how Council has worked to address any significant negative effects their areas of activity could have on the social, economic, environmental, and cultural well-being of its community as identified in the Long Term Plan 2018-2028.

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.

Note: For ease of reporting, this document contains the same activity groupings and levels of service as those used in the 2018-2028 Long Term Plan.

Governance and Democracy Support

What we do

Governance

The Governance activity exists to provide for:

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

Democracy Support

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

What we have been doing 2018/19

Commitment	Progress
Continue to grow the relationship with strategic partners.	Building relationships with strategic partners remains a focus across the organisation. Development of Tairāwhiti 2050 (the 30-year Spatial Plan) is an important mechanism for building relationships with partners that can help deliver the aspirations of our community, tangata whenua and business, and deliver a resilient Tairāwhiti.
The Te Hā 1769 – 2019 Sestercentennial Commemorations and the Tuia – First Encounters 250 event.	We have worked closely with Te Hā Trust and key stakeholders in the build-up to Sestercentennial commemorations in October 2019. The Navigations Programme of infrastructure upgrades is still in process. The Tūpapa historic interpretations project was completed this year. Projects currently underway are: The Inner Harbour Amenity Block and the the Puhi Kai Iti - Cook Landing Site redevelopment. Other parts of the project are in design phase
Implement the Local Leadership Body (LLB).	While the establishment of the LLB has stalled, individual relationship agreements with Council have progressed. The first joint governance meeting with Rongowhakaata was held in December 2018. Council is developing an action plan with Rongowhakaata to progress joint priorities.

Why we do it

Governance

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

Democracy Support

To support elected members and staff enabling transparent local decision-making on behalf of the Tairāwhiti community.

This activity contributes to the following Community Outcomes

- Tairāwhiti Wawata

Build on the existing Joint Management Agreement (JMA) with Te Rūnanganui o Ngāti Porou (TRoNPui).	Staff began monthly meetings with representatives for TRoNPui regarding implementation of the Joint Management Agreement in December 2018. The intention is to work together to determine how the JMA can be effectively implemented and resourced. A key focus is developing a joint approach to catchment planning for the Waiapu. A JMA Forum comprising elected representatives from Council and TRoNPui and the chief executive of each organisation was established. The first hui was held on 17 May 2019.
Representation Review.	The Local Government Commission have determined that the status quo is to remain, that is a Mayor elected at large, 5 wards and 13 councillors.
Local Government Election.	As at year end the non-resident rate payer roll had doubled following an active campaign to increase enrolments. Candidate information evenings have been held in the city and rural wards. A Communications Strategy designed to encourage candidates to stand and to increase voter participation has been developed, implementation commenced 1 June 2019.
Establish a business case for document assembly and improve the report approval process.	The Doc Assembler business case resulted in the purchase and successful implementation of Doc Assembler software. The agenda approval pathway is effective, and the production and distribution has increased efficiency.
Monitor and improve the quality of reports and their effect on good decision-making.	The NZIER benchmark sees Gisborne District Council fall below the Local Government median

Levels of Service and Performance Measures

GOVERNANCE

Level of Service: We provide for the representation of the community in open, democratically accountable decision making.

Measure	Result 2017/18	Target 2018/19	Result 2018/19
Approve the SOI ⁽¹⁾ for CCO's ⁽²⁾ in agreed time frames.	New to the 2018-28 LTP	100%	100%

⁽¹⁾ Statement of Intent

⁽²⁾ Council Controlled Organisation

DEMOCRACY SUPPORT

Level of Service: We provide the mechanism for decision-making in an open, democratically accountable way.

Measure	Result 2017/18	Target 2018/19	Result 2018/19
Percentage of advice to Council that meets good practice standards.	100%	90%	67% ⁽³⁾

Level of Service: We manage the Local Government Official Information and Meeting Act requirements for meetings and agendas for Council.

Measure	Result 2017/18	Target 2018/19	Result 2018/19
Agendas for meetings of council and its committees are publicly available at least two working days before advertised meetings.	100%	100%	100%

Governance and Support Services

Level of Service: We manage the Local Government Official Information requests and Meeting Act requirements for information requests and complaints to the Ombudsman.

Measure	Result 2017/18	Target 2018/19	Result 2018/19
Number of complaints upheld by the Ombudsman.	0	0	0

What was different to Levels of Service and Performance Measures?

⁽³⁾ Council has benchmarked the quality of its reports against up to ten other councils with NZIER annually since 2014. Up until 2017, papers to be benchmarked were selected for submission. This changed to random selection in 2017 and 2018. NZIER recommend the following improvements:

- Introduce a purpose statement
- Put time and attention into the summary and how it is structured
- Take a more rigorous approach to peer review

What it cost

	2018/19		2017/18	
	2018/19 Actual	AP Budget	2018/19 Variance	2017/18 Actual
Operating Expenditure (\$000)				
Revenue from Non-Exchange Transactions	0	0	0	0
Revenue from Exchange Transactions	10	15	(5)	18
Expenses	1,172	1,249	(77)	1,047
Net Cost of Service	1,162	1,234	(72)	1,029

This activity was funded 100% from rates

What was different from the budget

1. Operating expenses were \$77k under budget. This is due to the lower than expected election costs.

Support Services

What we do

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

- People and Capability
- Legal and Risk Services
- Information Services
- Health and Safety
- Finance

Why we do it

Internal support services are provided to ensure the smooth running of Council activities and to assist with continued high performance of GDC.

People and Capability

The People and Capability team provide HR advice and support including employment law guidance, performance management, learning and development, change management, recruitment and induction, organisational development and payroll.

Legal and Risk Services

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

Risk and assurance.

Information Services

Services include IT support, Information Management, Land Information services and Business Solution services.

Health and Safety

Activities include critical risk management, establishing a health and safety culture, ensuring compliance under health and safety legislation and the management of contractors.

Finance

The Financial Services Team supports Council in the effective and efficient running of the organisation's finances.

This activity contributes to the following Community Outcomes

- Tairāwhiti Wawata
- Tairāwhiti Tangata

What we have been doing 2018/19

Commitment	Progress
Where possible, streamline business processes to improve practices, advice and services.	<p>Information Services:</p> <p>Implemented Doc Assembler software solution for team leaders and managers to efficiently contribute to Council and Committee reports. This software also streamlined business processes for the Democracy Support Services team in their management of the Council and Committee agendas, minutes and actions.</p> <p>Implemented solution for ratepayers to receive their rates notices electronically. Fits well with on-line payments key project (services).</p> <p>Completed Information Strategy and a refresh of the 10-year old Information Management Policy.</p> <p>Began redevelopment of the decade-old GDC website, which is due for re-launch in early 2020. The new, more stable site will be more user-friendly and support services not currently available to our customers.</p> <p>Continued progress being made around online services including our online payments, building and resource consent systems and processes, addressing application and processing, monitoring and enforcement (processes and practices).</p>

	<p>Working to implement automated business workflows for processes in Customer Engagement and People & Capability (processes and practices).</p> <p><u>People and Capability:</u></p> <p>Continued development and use of online performance management platform 'PIRIformance' where staff input track and reflect on key performance indicators and annual review content against GDC strategic objectives and vision.</p> <p>Release of Wellbeing app 'Being Well' to GDC employees to support staff health and wellbeing, including support with nutrition, stress, physical activity and mental wellbeing. App supplied by Southern Cross Health Care (focused to GDC needs).</p> <p>'Ask your team' platform implemented to better understand culture and employee experience at GDC. Enables fully editable surveys, pulse checks, leadership surveys, and bespoke reporting of results for review and analysis by COR and People and Capability (anonymous/non-identifiable data). Tracks progress against consecutive surveys to show trends, blind spots and milestones.</p> <p>Increased use of GDC Intranet 'Naumai' to provide a focussed online community for internal staff to engage with news, updates, organisational changes, CE updates and events across Council.</p>
Continuous digital transformation of Council services.	<p><u>Information Services</u></p> <p>Implemented online building consent applications. This was a cross-team project that resulted in more options and better communication for our external customers and significant business process efficiency improvements internally.</p> <p>Implemented a new Customer Service call centre software to better support the CS team and provide new features for our external customers. The new system supports recording of calls for staff training and other purposes, and offers improved reporting.</p> <p>A major project for the digitisation of property information and records is ongoing with options being assessed to continue the project, which will enable digital access by staff and customers to property records previously held in paper files. This supports processes such as LIMs and consent processing and is key to other digital transformation initiatives such as on-line services and internal processing of forms and applications.</p> <p><u>People and Capability</u> continue to strive towards creation of paperless workflows for HR processes with many activities connected to recruitment, induction, performance, and staffing changes already managed digitally.</p>
Continue to develop a health and safety culture, while ensuring compliance under health and safety legislation.	<p>Consistent focus on identified critical risks with regular attendance at COR meetings over the year with sustained traction. This has resulted in the majority of identified critical risks being eliminated or robust minimisation controls implemented.</p>

	<p>Collaboration on large projects incl. Lawson Fields theatre saw the project completed safely with only 2 x minor incidents throughout the 16 month build stage. Highlighted the importance of contractor management and regular site meetings and reviews.</p> <p>Post tragic March 15 Christchurch events GDC firearms reviews identified improvement opportunities which have been or in the process of being implemented. In addition lock down process has been reviewed and improved.</p> <p>Driving together with conflict & aggression continue to be key risks to GDC staff with focus around controls and getting the buy in of staff.</p> <p>Vehicle safety upgrades have paid dividends, going forward additional focus will be directed to inductions and driver training.</p> <p>Remote, lone worker monitoring process reviewed, culminating in new paperless process, well received and effective.</p> <p>Asbestos Management work progressed well with plans developed for key Assets, and GDC playing a key role in development of Asbestos Liaison Protocols alongside WorkSafe, FENZ & Hauora Tairāwhiti</p> <p>Health and wellbeing with focus on Mental wellbeing increased during the year with plans to continue.</p> <p>Significant strategic investment made into learning and development programmes for GDC staff this year. Specific workshops have focussed on resilience, communication, wellbeing, emotional intelligence and key management skills for leaders across the business. Focus on L&D is being well received by staff and the impacts are being realised through direct feedback, and survey evidence.</p>
Ensure financial, internal controls, risk management and governance processes are in place as mandated by legislation.	<p>Delegations updated in June 2019.</p> <p>Adopted an internal audit charter, intent of giving assurance by assessing and reporting the effectiveness of governance, risk management and control processes to help achieve strategic, operational, financial and compliance objectives.</p> <p>Review of polices, including Sensitive Expenditure and implemented a regular reporting framework to Finance and Audit Committee.</p> <p>Ongoing internal audit and risk management programme continues to be rolled out with reports to the Finance and Audit Committee.</p>
Improve efficiencies in financial reporting, cash flow management, debt forecasting, financial modelling and around the rating process.	<p>Improved financial modelling with ability for multiple scenarios for rating impacts and where the incidence of rates will occur.</p> <p>On-line invoices for rates are now available. Improved management reports with increased tools for analysis.</p> <p>Implemented changes to Treasury Policy to accommodate long term debt forecasts. Strategically aligned with interest rate risk management framework with</p>

	the long term plan and inter-generational debt path. New corridor policy approach considers the uncertainties of managing interest rate exposures over longer time periods. This is consistent with other councils where there is growth in debt forecasts
Deliver innovative, affordable and fit for purpose business intelligence solutions.	<p>The Business Intelligence team has continued to deliver innovative solutions and improvements throughout the 2018/2019 financial year:</p> <p>Design and support improvements to support Annual Plan financial and rates modelling.</p> <p>Financial metrics and views were re-designed to meet the on-going needs of the organisation.</p> <p>Design improvements to salary reforecasting in response to the Deloitte's review of Council's current process.</p> <p>All solutions designed and delivered at no additional costs to the organisation.</p>
Replace identified information services systems i.e. Enterprise Resource Planning, Enterprise Content Management.	Strategic planning for the replacement of core enterprise systems (ERP/ECM) is continuing including long term forecasting to enable a planned and coordinated approach to delivery in alignment with the GDC Information Strategy to enable better management and accessibility of reliable information and data.
Develop an enterprise risk management programme.	<p>Strategic risks bow-ties have all been assessed. Work with directors and senior managers on the effectiveness of our controls is ongoing. This year's work programme includes ensuring risk is:</p> <p>Included in project management and planning · prioritised for operational activities.</p> <p>Included in key strategic documents such as the Spatial Plan, Asset Management Plans and the Infrastructure Strategy.</p>

Levels of Service and Performance Measures

Level of Service: We support the organisation to deliver Council services and to provide good quality information to the public.

Measure	Result 2017/18	Target 2018/19	Result 2018/19
Percentage of residents satisfied with how rates are spent on services and facilities.	39%	65% ⁽¹⁾	33% ⁽²⁾

What was different to Levels of Service and Performance Measures?

⁽¹⁾ The target for this measure was changed for the 2018 LTP from 60% to 90%. The target of 90% was published in error. This target has been amended to 65% through the 2019/20 Annual Plan process.

⁽²⁾ From an Independent Survey completed in Dec 2018, the results are similar that the understanding of what residents' rates pay for is not clear. There is an opportunity to address this in the Revenue and Finance policy review. There is also an opportunity to raise the awareness that a significant portion that goes into funding our facilities is sourced from Grants and Subsidies.

What it cost

	2018/19		2017/18	
	2018/19 Actual	AP Budget	2018/19 Variance	2017/18 Actual
Operating Expenditure (\$000)				
Revenue from Non-Exchange Transactions	(379)	1,000	(1,379)	908
Revenue from Exchange Transactions	947	2,206	(1,259)	608
Expenses	12,885	13,889	(1,004)	14,170
Net Cost of Service	12,317	10,683	1,634	12,653
Capital Expenditure				
Capital Projects	2,014	2,534	(520)	1,686
Funded By:				
Grants and Subsidies	387	0	387	0
Other Capital Revenue	899	699	200	198
Depreciation or Other Reserves (Renewals)	1,784	2,786	(1,001)	413
Internal Loans	(1,109)	(951)	(158)	962
Asset Sales	52	0	52	113
	(0)	0	(0)	(0)

What was different from the budget

1. Revenue from non-exchange transactions was \$1.4m under budget. This relates to the loss from the fair value movement of interest rate swaps.
2. Operating revenue was \$1.3m under budget. This is due to lower than expected returns from GHL. This is partially offset by a \$600k subvention payment relating to the 2019 financial year. Total GHL recognised return is \$1m against the \$1.8m budget.
3. Operating expenses were \$1m under budget. This is due to lower than expected interest costs, higher administration recoveries received and various operating costs.
4. Capital projects were \$520k under budget. This is due to ISSP and software renewal projects being carried forward and included within the Annual Plan 2019/20.

Resource Consents

What we do

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

Why we do it

We do this activity to:

- manage the district's natural and physical environment now and into the future as detailed in the Tairāwhiti Resource Management Plan and the Freshwater Management Plan
- provide business and regulatory certainty and value to holders of resource consents for economic development and community wellbeing

- ensure a fair process for decision-making on the use of the district's natural and physical resources
- ensure Council's regulatory responsibilities are met for the environment and community
- support Gisborne's development and economic growth through resource use and development
- protect our district's heritage
- support the connection of iwi to their values and relationships with their sites of significance and taonga
- allow participants in resource consent processes to have their views heard and considered.

This activity contributes to the following Community Outcomes

- Tairāwhiti Tangata
- Tairāwhiti Wawata

What we have been doing 2018/19

Commitment	Progress
Developing guidance material for resource consent applicants.	Guidance material has been developed in relation to Regional consent requirement and is in development for District consents
Developing user-friendly processes to make it easy for the customer.	Checklists and guidance documents which have been developed will make the consenting process easier for customers
Evaluating service delivery from a customer perspective to promote ongoing improvements.	Targeted feedback has been sought from key stakeholders regarding areas for the planning process to be improved and results presented back to planners and the community. Consent templates have been updated to reflect a more streamline process.
Promoting pre-application meetings.	Duty planners are available and encourage applicants to have a meeting with processing planners and technical specialists to discuss applications prior to lodgement.
Optimising the process for input from parts of Council to ensure timeliness of information.	This has been impacted by the reorganisation of the hub
Providing input into reviews of the Tairāwhiti Resource Management Plan.	Improvements register provided to the policy team on regular basis
Promoting an enhanced working relationship with iwi and Council consenting staff.	Adhering to the statutory acknowledgment process and liaising with non-statutory iwi within the district building Council iwi relationships.

Levels of Service and Performance Measures

Level of Service: Decisions on resource consent applications are made in a timely manner following a robust process.

Performance Measure	Result 2017/18	Target 2018/19	Result 2018/19
Percentage of applications processed within statutory time-frames (Resource Management Act)	88%	95%	62%
Percentage of consents that meet good practice standards through Consent Decision Audit.	86%	92%	No assessment was undertaken this financial year

What was different to Levels of Service and Performance Measures

There was a 16% increase in consent numbers - 490 to 568 (an increase of 78 consents), nearly 100 applications to renew water take consents in fully allocated water bodies which require allocation reductions, and more complex consents to process in the last year. This coupled with a shortage of in-house consent planners lead to an even greater reliance on consultants and has resulted in statutory timeframes not being met in all cases.

Steps have been taken to address these circumstances, including modifying templates to streamline the process (based on feedback from external stakeholders), being more stringent about not accepting inadequate applications and putting the process on hold are already resulting in an improvement in processing timeframes. We are currently recruiting for more resource consent planners, particularly in the regional area in order to reduce the reliance on consultants to process resource consents.

What it cost

	2018/19 Actual	2018/19 AP Budget	2018/19 Variance	2017/18 Actual
Operating Expenditure (\$000)				
Revenue from Non-Exchange Transactions	0	150	(150)	0
Revenue from Exchange Transactions	628	355	273	399
Expenses	1,439	1,050	389	1,550
Net Cost of Service	811	545	266	1,151

This activity was funded 62% from rates and 38% from fees and charges.

What was different from the budget

1. Revenue from non-exchange transactions was \$150k under budget. This is due to a categorisation of revenue being planned as being as non-exchange but instead revenue has been actually fully user fees based.
2. Operating revenue was \$273k over budget. This is due to receiving more income from building consents, subdivision fees and land use consents.
3. Operating expenses were \$389k over budget. This is due to an increase in legal expenses and consultancy fees. Employee vacancies offset some of these additional operational costs.

Building Services

What we do

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

Our work in this area provides:

- building consents, code compliance certificates (CCCs) and land information memoranda (LIMs)
- accurate and timely information on building consent processes
- monitors compliance of building warrants of fitness for commercial buildings
- responses to service requests relating to stormwater

- assessments and follow-ups for the strengthening of earthquake prone buildings
- swimming pool inspections to ensure pools are safely fenced.

Why we do it

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

This activity contributes to the following Community Outcome

- Tairāwhiti Tangata

What we have been doing 2018/19

Commitment	Progress
Set up a digital consent processing system.	On line applications are now fully operational. Quite a number of applications still coming in as hard copy – expect this to change as applicants get to grip with the ease of the online system.
Update Council's earthquake prone building register and implement the requirements of the 2017 legislation changes.	All up to date – now building owners realise that they have a finite end date building work is occurring. Two buildings are to be demolished, two have been exempted, and there have been enquiries from developers on others which are for sale.
Continue to monitor swimming pool fencing safety in response to legislation changes.	A trial has been completed in the Elgin sector. The next stage is blanket inspections in Whataupoko. There was a 95% fail rate in Elgin, but many failures were no vacuum breaks on pool filling taps. A vacuum break protects the city water supply from back siphoning possibly contaminated pool water into the city supply.
Pursue further improvements for all building consent processes and services, including fast tracking building consents.	Continued tweaking of systems. Building Services are preparing for online inspections that will make both our processes more transparent for the builders.

Levels of Service and Performance Measures

Level of Service: We will deliver a customer focused building consents and compliance monitoring service that meets statutory requirements.

Performance measure	Result 2017/18	Target 2018/19	Result 2018/19
Percentage of building consents processed within twenty working days.	99% Achieved	98%	99.9% ⁽¹⁾
Percentage of fast track building consents processed within five working days.	100% Achieved	100%	100% ⁽²⁾
Percentage of Land Information Memorandums (LIM) processed within ten working days.	99% Not Achieved	98%	98% ⁽³⁾

⁽¹⁾ 853 building consents issued. Average working days 8.3

⁽²⁾ The average was 2.4 working days.

⁽³⁾ 177 LIMs were issued.

What was different to Levels of Service and Performance Measures?

Value of building work in the district has risen from \$71,802,588 in the previous financial year to \$101,581,951 while the increase in consents is 800 to 853. This is a 41% increase in work value compared to a 7% increase in numbers. This trend is common when property values are increasing, and people do higher value renovations and additions to their homes. It is the first time there have been over 100 new dwellings since the 2011/12 year.

Significant negative effects of delivering this service

Potential negative effects	What has been the effect during 2018-19
Earthquake strengthening legal requirements may lead to some older buildings being demolished to ensure a safer central business district. This could impact the build heritage values of the CBD.	Two buildings have been brought by the neighbouring businesses. One has been demolished and the second scheduled for demolition as soon as the contractor's workload permits.

What it cost

	2018/19 Actual	2018/19 AP Budget	2018/19 Variance	2017/18 Actual
Operating Expenditure (\$000)				
Revenue from Non-Exchange Transactions	0	0	0	
Revenue from Exchange Transactions	1,104	930	174	925
Expenses	1,120	939	181	1,050
Net Cost of Service	15	9	7	125

This activity was funded 39% from rates and 61% from fees and charges.

What was different from the budget

1. Operating revenue was \$174k over budget. We have received more revenue from building and land use consents than expected.
2. Operating expenses were \$181k over budget. As a result of processing additional consents, higher operational costs including consultancy fees and legal costs, were more than planned.

Enforcement

What we do

The Enforcement activity consists of monitoring and enforcement, animal control, and parking and city watch sub-activities.

The section monitors compliance and enforces the Resource Management Act, District Plan, Dog Control Act, Impounding Act, Land Transport Act, Land Transport (Road User) Rule 2004 and local bylaws.

Why we do it

Monitoring and enforcement

The monitoring and enforcement sub-activity promotes the sustainable management of natural and physical resources, manages the way people use land and how those uses affect the environment. For example, noise, new subdivisions, historic building protection, native bush etc. We also enforce non-compliance with the Resource Management Act and District Plan.

Animal control

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

Parking and city watch

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

This activity contributes to the following Community Outcome

- Tairāwhiti Tangata

What we have been doing 2018/19

Commitment	Progress
Continue to provide a safe community by maintaining effective dog control compliance.	Animal Control Officers do regular patrols around Gisborne and the coastal areas. Officers educate communities on key areas around dog ownership and behaviours. Officers also attend schools to educate children on dog safety and awareness.
Promote traffic safety and ensure traffic flow by continuing to provide enforcement of Council's traffic and parking bylaws as well as stationary vehicle offences.	Parking Officers regularly patrol the CBD area. They liaise with and educate customers regarding traffic safety.
Review the Health and Safety Plan every three years and ensure all health and safety requirements are in place.	Ongoing review of health and safety across the Enforcement Team. Body worn cameras have been upgraded to help with the health and safety of staff when working out in the field. Currently working on the Health & Safety Plan for City Watch.
Promote the sustainable management of natural and physical resources through compliance monitoring and enforcement.	District monitoring is up-to-date. The regional enforcement area has undergone and continues to undergo large scale changes aimed at improving process and increasing adherence to legislation. With the appointment of three new regional officers the focus during the year has been on monitoring high-risk activities and consents and on enforcement action relating to the high-profile prosecutions following the Queen's Birthday event. Two other prosecutions for discharge to waterways are also in progress.

	As noted below, the Queen's Birthday event and other high-level enforcement action has resulted in overspend in that budget area. Further costs will be incurred as the prosecutions continue. It is hoped that a cost award will be made by the court if the prosecutions are successful, but this is not expected to occur until the next financial year.
Develop a Parking Policy that balances fees charged for parking with the availability of parking.	The Parking Policy has been adopted and the implementation of this policy is ongoing. Two new replacement parking meters have been installed with the ability to accept card payments. We have been getting some very positive feedback from customers who do not normally carry change.
Review the Dog Control Bylaw 2010 in 2020.	Not started and not due to be completed until 2020.
Explore opportunities to use technology to make work more efficient, including the use of mobile technology.	In the process of setting effective and streamlined monitoring systems for regional and district consent monitoring. This is to make a more robust and consistent monitoring programme that will make monitoring more time and cost-effective. All monitoring staff have the use of mobile devices. Animal control officers up the coast have been using mobile devices successfully and it would be good for mobile devices to be rolled out to Gisborne town-based animal control officers.

Levels of Service and Performance Measures

Parking Services

Level of Service: Council provides on and off-street parking facilities; to provide sufficient parking to meet reasonable public expectations; to ensure equitable sharing of parking resources and to ensure safe and effective passenger vehicle flow.

Measure	Result 2017/18	Target 2018/19	Result 2018/19
Council car park (on and off street) occupancy in the CBD as surveyed within business hours.	56%	60%-90%	63%

Animal Control

Level of Service: Council monitors and enforces compliance with legislation intended to protect its citizens from threats to their safety from animal nuisance.

Measure	Result 2017/18	Target 2018/19	Result 2018/19
Percentage of residents satisfied with Council's efforts in controlling dogs and stock as found in the Residents Satisfaction Surveys.	57%	50%	60%
The percentage of routine requests for dog or stock control issues responded to within 2 days.	88%	90%	92%
The percentage of urgent requests for dog or stock control, responded to within 30 minutes.	88%	90%	91%

What was different to Levels of Service and Performance Measures

Performance measure targets were achieved.

Environmental Services and Protection

What it cost

	2018/19		2017/18	
	2018/19 Actual	AP Budget	2018/19 Variance	2017/18 Actual
Operating Expenditure (\$000)				
Revenue from Non-Exchange Transactions	997	954	43	1,123
Revenue from Exchange Transactions	1,694	1,505	190	1,419
Expenses	2,282	1,914	367	885
Net Cost of Service	(410)	(544)	134	(1,656)

This activity was funded 11% from rates, 6% from grants and 83% from fees and charges.

Capital Expenditure

Capital Projects	34	35	(1)	51
Funded By:				
Other Capital Revenue	0	0	0	0
Depreciation or Other Reserves (Renewals)	35	35	0	0
Internal Loans	(1)	0	(1)	51
	0	0	0	0

What was different from the budget

1. Revenue from non-exchange transactions was \$43k over budget. This is due to receiving more from infringement fees.
2. Operating revenue was \$190k over budget. This is due to increased income from dog court enforced fees, parking meter fees and income for the monitoring of resource consents.
3. Operating expenses were \$367k over budget. This is due to unbudgeted costs for the forestry investigation of the 2018 Queen's birthday weather event in Tolaga Bay.
4. Capital expenditure was inline with budget.

Science

What we do

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

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

Why we do it

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

This activity contributes to the following Community Outcomes

- Tairāwhiti Tangata
- Tairāwhiti Taonga

What we have been doing 2018/19

Commitment	Progress
Implement the Regional Pest Management Plan.	<p>Monitoring of compliance with the Regional Pest Management Strategy is ongoing. Good progress is being made with the Waingake Project with the perimeter trap installation complete and the next stage of pre-loading bait stations prior to active trapping underway.</p> <p>Additional capacity has been added to provide for a focus on marine biosecurity following what was learnt from the SV Wahoo fanworm incursion.</p>
Progressively review water take resource consents to ensure reduction targets in the Waipaoa Catchment Plan are met.	<p>Water take consents for the Makauri Aquifer were reviewed and substantial cuts made to allocation. Some decisions are under appeal, but we are on track to meet the reduction targets for this water source.</p> <p>58 water take consents are due for renewal for the Waipaoa River, Waipaoa Gravels and Te Hapara Sands aquifers. Processing for these is under way and allocations are being reduced in line with the Waipaoa Catchment Plan.</p> <p>We are also processing a number of water take transfers and variations.</p> <p>A waiting list for water within the Waipaoa catchment has been developed due to some water sources being either currently fully or over allocated.</p>
Work with industry, discharge consent holders and landowners to improve water quality in waterways identified as degraded in the Waipaoa Catchment Plan.	<p>A workshop was held with growers on farm environment plans for the Poverty Bay Flats area to support water quality improvement in the Taruhuru river.</p> <p>A Gisborne Farm Environment Plan template has been developed. This may need updating to reflect the resolution of appeals on the Freshwater Plan.</p> <p>Recent monitoring results indicate that further work is required to better understand the causes of water quality degradation and potential solutions.</p>

Environmental Services and Protection

Develop water allocations and caps for water bodies in the Waipapu, Mōtū, Ūawa and Waimata catchments and recommend storage options for the region.	<p>Development of catchment limits and targets will be led by the Strategic Planning Team.</p> <p>Draft state of the wai reports completed for the Waipapu and Mōtū catchments. Initial scoping work underway to identify gaps in existing knowledge. Looking at tools for better assessing the presence or absence of aquifers in the Ūawa and Waipapu catchments and delineating any aquifers identified.</p>
Work with the forestry industry to implement the NES for Plantation Forestry and associated GDC forestry regulation in the Tairāwhiti Plan.	<p>Substantial work has been undertaken to develop standard resource consent conditions and guidance material for staff and applicants on implementation of the NES for Plantation Forestry. This has been collaborative with engagement with the Forestry Environmental Focus Group.</p> <p>The Tairāwhiti Resource Management Plan has been updated to reflect the NES requirements.</p>
Develop an Environmental Monitoring Plan that meets the requirements of the National Policy Statement for Freshwater.	A draft Environmental Monitoring Plan has been developed.
Undertake 'State of the Environment' reporting, with a strong focus on providing a good understanding on the state of freshwater resources.	State of environment reports are at the stage of final checking before releasing.
Implement the joint Ministry for the Environment (MFE)-funded Wharekōpae River Restoration Project.	<p>The Year 3 annual work plan (AWP) for the Wharekōpae River Restoration Project is due to be signed off by the Ministry July 2019. This AWP will include the parts of work that were unable to be completed in Year 2.</p> <p>Through the project we have 14 out of the 15 farms in the upper catchment and 13 farms in the lower catchment that have completed Farm Environment Plans.</p> <p>The project has funded 10.1km of fencing along the Wharekōpae River and its tributaries, along with other projects including water reticulation systems, planting and culvert installation for stock crossings. This project is being transferred to the Integrated Catchments Section.</p>
Progress implementation of erosion plans and plantings on the most severely eroding land in the district through the ECFP.	<p>There was a large uptake of the last tranche of ECFP direct farmer grants in the last quarter and the fund is transiting through to One Billion Trees funding. There are still 94 properties without works plans, however, a significant number of these have received funding in the last round of the ECFP and future work will target those outstanding properties. Personnel changes in MPI as the Ministry transitions to separate reporting lines for Forestry (Te Uru Rākau) have resulted in delays in following up on approved projects that have not yet had contracts signed. The remaining ECFP funds are now being targeted at well focussed community led projects that address multiple landowner improvements. Ministry of Primary Industries is providing an additional \$420,000 to facilitate the transition. GDC is supporting the Waipapu PGF project with a significant level of in-kind support coordinated through the Integrated Catchment Management section. A GIS analyst is being appointed for a fixed term contract to improve our measure of Land Overlay implementation and align with ECFP funded treatments.</p>

Levels of Service and Performance Measures

Biosecurity

Level of Service: Pest animals and pest plants are controlled to minimise their adverse effects on biodiversity, production, amenity and cultural values (as defined in the RPMP and Biosecurity Act 1993).

Measure	Result 2017/18	Target 2018/19	Result 2018/19
Percentage of Exclusion Programme pests found established in the district for the first time visited and all animals controlled.	100%	100%	100%
Percentage of known Eradication Programme pest sites visited, and all pests controlled.	92%	95%	90% ⁽¹⁾
Area of Protection Management Areas subject to specific animal and pest control operations per year.	New to the 2018-28 LTP	295 ha	241 ha ⁽¹⁾
Percentage of monitoring sites in the Hawkes Bay buffer zone assessed post possum control that achieve 10% residual trap catch.	New to the 2018-28 LTP	95%	79% ⁽¹⁾

Land and Soil

Level of Service: We will work with iwi, landowners and the community to reduce soil erosion risk and re mediate severe erosion within the district.

Measure	Result 2017/18	Target 2018/19	Result 2018/19
Percentage of total overlay 3A severely erodible land treated with effective tree cover.	87%	88%	88%
Total overlay 3A severely erodible land covered by a draft or final overlay 3A work plan or an Overlay 3A resource consent.	43,567 ha	44,000 ha	43,930 ⁽²⁾

Water and Coastal

Level of Service: We manage natural water resources, river and lakes and coastal areas to conserve natural values and sustain consumptive usage.

Measure	Result 2017/18	Target 2018/19	Result 2018/19
Number of farm environment plans prepared per year.	4	40	11 ⁽³⁾
Percentage of monitored freshwater sites where the MCI monitoring result indicates good water quality or showing improvement.	55%	51%	51%
Proportion of consents for water takes from the Makauri aquifer being managed for the efficient water use.	0%	50%	71%
Percentage of monitored freshwater swimming sites where the water quality is being maintained or is improving for E. coli.	New to the 2018-28 LTP	Baseline year	Year 1 (18/19) results are available. Next year will be able to compare 19/20 to see if improving or not.

Percentage of monitored ground water wells in shallow unconfined aquifers where water quality is being maintained or is improving for:			
· Nitrate levels	86%	78%	97%
· Salinity levels	95%	92%	98%

Environmental Monitoring and Hydrology

Level of Service: We will collect and manage environmental data to support good resource management decisions and enable a clear understanding of the state of our environment.

Measure	Result 2017/18	Target 2018/19	Result 2018/19
The number of hits received on environmental data pages on the Council website.	New to the 2018-2028 LTP	30,000 per year	28,321 ⁽⁴⁾

We have also been investing time in development of the LAWA website that also shows our data. GDC pages on LAWA received 7537 hits in 2017/18 vs 6164 hits in 2018/19.

What was different to Levels of Service and Performance Measures?

⁽¹⁾ Staffing numbers reduced during the period. Whilst this impacted results, the Team have ensured the Level of Service remained a priority.

⁽²⁾ Whilst there has been an improvement on the previous year, there are areas of reversion that are taking longer than expected.

⁽³⁾ 7 under the Wharekōpae River Restoration Project & 4 outside

⁽⁴⁾ The current GDC Environmental Data web page infrastructure has room from improvement. Data faults are common and difficult to fix. There are unrealised opportunities to redesign GDC Environmental Data web pages to provide better Environmental Data visibility and access, ultimately providing improved value to ratepayers by allowing them to see more the of data we collect.

What it cost

	2018/19			
	2018/19	AP	2018/19	2017/18
	Actual	Budget	Variance	Actual
Operating Expenditure (\$000)				
Revenue from Non-Exchange Transactions	318	400	(82)	339
Revenue from Exchange Transactions	689	844	(155)	411
Expenses	4,160	4,527	(366)	4,417
Net Cost of Service	3,153	3,283	(130)	3,667
This activity was funded 79% from rates, 8% from grants and 13% from fees and charges.				
Capital Expenditure				
Capital Projects	325	654	(329)	90
Funded By:				
Depreciation or Other Reserves (Renewals)	280	654	(374)	88
Grants and subsidies	45	0	45	0
Internal Loans	0	0	0	2
	(0)	0	(0)	0

What was different from the budget

1. Revenue from non-exchange transactions was \$82k under budget. The partial completion of the Wharekōpae river restoration meant that we had lower than expected grants from the Ministry for the Environment (MFE) for their contribution.
2. Operating revenue was \$155k under budget. This is due to monitoring of resource consents that had previously been done in this space was moved mid year to the enforcement activity.
3. Operating expenses were \$366k under budget. This relates to underspending in the Wharekōpae river restoration project and other special projects such as non regulatory freshwater plan. Uncompleted projects will be addressed through the Annual Plan 2019/20.
4. Capital projects were \$329k under budget. The MAR project is 100% externally funded and is on budget. Lower than expected expenditure occurred with both bore renewals and contaminated land.

Environmental Health

What we do

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

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

Alcohol licensing are also part of the services that we provide, along with serving as Harbourmaster under the Maritime Transport Act.

Why we do it

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

This activity contributes to the following Council Outcomes

- Tairāwhiti Tangata
- Tairāwhiti Taonga

What we have been doing 2018/19

Commitment	Progress
Undertake a comprehensive background air quality monitoring programme during the wood burning season of 2018.	Monitoring undertaken using low cost sensors with data analysis contracted out to NIWA. The project is now complete.
Implement the Quality Management System approved by MPI, to be used to implement the new Food Act 2014.	Quality Management System developed, approved by MPI and now implemented.
Co-regulatory focus with MPI for implementation of the Food Act 2014.	Staff worked with MPI to educate and assist businesses transitioning to the Food Act 2014. Transition period complete.
Collaborate with Police and health agencies to ensure compliance with the Sale and Supply of Alcohol Act 2012.	Staff continue to collaborate with the Reporting Agencies and other health agencies involved in alcohol through regular meetings of the Local Alcohol Regulatory Agency group and through close working relationships. Controlled Purchase operations undertaken with Police and Health through the year. A number of joint investigations conducted by Police and Inspector.
Maintain relationships with agencies for improved alcohol licensing for large-scale events.	Council staff continue to work proactively with other agencies to ensure the Act is complied with and alcohol related harm minimised during the Rhythm and Vines festival and other large events.
Maintain the Gisborne Port and Harbour Safety Management System that is consistent with the National Code. Carry out regular audits.	A new safety management System has been developed by the Harbourmaster, peer reviewed with the port, and submitted to the Secretariat. An external assessment to determine whether it is now code consistent is scheduled for August 2019.

Deliver a responsive and effective customer service that meets customer demand and expectations.	The team continued to deliver responsive and effective customer service with four compliments about service and only two complaints about service over the year.
Embrace emerging technology that creates opportunities to improve service delivery.	Verification staff were provided with IPADS and continue to improve how they can be best utilised to improve service delivery.

Levels of Service and Performance Measures

Level of Service: We regulate commercial operations and respond to environmental health issues in the interest of protecting public and environmental health.

Measure	Result 2017/18	Target 2018/19	Result 2018/19
Percentage of applications for liquor licences and food certificates processed within target timeframes.	99%	97%	79.7 ⁽¹⁾
Percentage of noise complaints to be assessed within half an hour of receiving a complaint.	89%	90%	76% ⁽²⁾
Percentage of registered and licensed premises that undergo an environmental health compliance inspection annually.	98%	100%	54% ⁽³⁾
Percentage of reported pollution incidents with Council response initiated within 30 minutes.	98%	100%	74% ⁽⁴⁾

What was different to Levels of Service and Performance Measures?

⁽¹⁾The target was not achieved due to resourcing constraints this past financial year.

⁽²⁾Noise complaints assessed within half an hour was down on last year's result from 89% to 76%. Staff noted that the biggest complaint period was in the warmer summer months and there is anecdotal link between more noise complaints in warmer summers.

⁽³⁾Environmental health compliance checks was not achieved, due to a number of factors which include workload, resourcing, processes and systems and staff changes. Measures are being put in place to ensure verifications are planned for executed more systematically and consideration will be given to increasing staff resources in order to achieve future targets.

⁽⁴⁾Over the past year we have welcomed new staff whose duties now include pollution response. All pollution calls were responded to, yet acknowledge some response times did not fall within the 30 minute time frame. We continue to pursue this target through process review and improvement.

What it cost

	2018/19		2017/18	
	2018/19 Actual	AP Budget	2018/19 Variance	2017/18 Actual
Operating Expenditure (\$000)				
Revenue from Non-Exchange Transactions	0	0	0	0
Revenue from Exchange Transactions	295	354	(59)	346
Expenses	1,306	1,338	(32)	1,323
Net Cost of Service	1,011	984	28	976

This activity is funded 83% from rates and 17% from fees and charges.

What was different from the budget

1. Operating revenue was \$59k under budget. This is due to receiving less income than expected from our licences and registered premises fees.
2. Operating expenses were \$32k under budget. This is due to savings across all operating costs.

Urban Stormwater

What we do

Council owns and operates the public stormwater systems for Gisborne City including Mākaraka and Wainui/Okītū, and urban areas in 12 rural communities from Wharekahika to Matawai.

Our stormwater system is made up of:

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

The stormwater network includes 162km of stormwater pipes, most of which are reinforced concrete, around 32km of channels and swales, and assets across the city and townships. The network was built 30-60 years ago and based on the estimated remaining life of the pipes, 140km of pipes are in good condition.

Why we do it

We do this to protect people, dwellings, private property and public areas from flooding by managing the collection and disposal of stormwater, in a way that protects the environment and public health.

This activity contributes to the following Community Outcomes

- Tairāwhiti Tangata
- Tairāwhiti Taonga

What we have been doing 2018/19

Commitment	Progress
DrainWise will be a major focus, with a combination of Council funded upgrades and private property enforcement.	<p>Council approved an enforcement strategy in June. This will ensure a consistent and equitable approach when requiring property owners to fix Stormwater and Wastewater issues that are contributing to wastewater overflows.</p> <p>\$540k was budgeted to extend Councils public Stormwater network into known flooding areas on private property. 4 sites have been completed, a further 5 are ready for construction in 2019/20 and a further 4 are in the design stage</p>
Complete investigative, design and upgrade work to address known Stormwater capacity restrictions in Stanford Crescent and Rutene Road (Stage 1).	<p>Investigations for Stanford Cres have been completed.</p> <p>Stormwater upgrade Stage 1 for Rutene Rd was deferred until 2019/20 due to construction impacts on private property requiring a significant redesign and to avoid clashes with underground services.</p>
Begin investigations, design and installation of stormwater infrastructure in Parkinson Street, Tolaga Bay (Stage 1).	Investigations, design and tendering are complete. Construction will commence 2019/20 due to contractor availability.
Growth related upgrades in the Taruheru Block.	Development of a concept plan is required to align infrastructure budgets with actual development. No concept plan has occurred due to no identified development or developer which would drive Councils involvement and expenditure.

Levels of Service and Performance Measures

Level of Service: We provide high quality infrastructure and ensure a healthy community through the removal of stormwater and contaminants.

Measure	Result 2017/18	Target 2018/19	Result 2018/19
Customer Satisfaction The number of complaints received about the performance of the stormwater system (per 1000 connections). (Mandatory measure)	8.43 Achieved	<15	7.29
Compliant with the Tairāwhiti Plan for discharge from its stormwater system, measured by the number of: a) abatement notices b) infringement notices c) enforcement orders, and d) convictions (Mandatory measure)	0 Achieved	Obtain a resource consent for the discharge of stormwater by 2025	a) No notices b) No notices c) No orders d) No convictions
Percentage of residents satisfied with the district's urban stormwater services.	55% Achieved	50%	54%
Response Times: The median response time to attend a flooding event, from the time notification is received to the time service personnel reach the site. (Mandatory measure)	0 mins Achieved	30 Mins	0 mins No dwellings flooded
System and Adequacy: The number of flooding events that occur in the district. (Mandatory measure)	0 Achieved	2 or less	0 No dwellings flooded
System and Adequacy: For each flooding event, the number of habitable floors affected. (Expressed per 1000 properties connected to the territorial authority's stormwater system.) (Mandatory measure)	0 Achieved	<0.2	0 No dwellings flooded

What was different to Levels of Service and Performance Measures?

As there were no flooding events related to a house or business during 2018/19, the response time could not be measured. Therefore, this measure has been achieved by default.

Significant negative effects of delivering this service

Potential negative effects	What has been the effect in year 1
Gisborne City stormwater is significantly affected by high levels of private property flooding entering the wastewater system. This results in wastewater being discharged onto private property and into the river. Stormwater upgrade projects have been major Council commitments and are expected to continue along with enforcement. Insufficient control of secondary flow paths will cause flooding on private property, inundating houses and buildings during heavy rains. Under capacity of the stormwater network in industrial and residential areas will be a deterrent to developers if they have to pay more to upgrade the capacity of stormwater infrastructure downstream of their proposed development.	Council has committed \$6m over the next 10 years to place public drains of private property. This is aimed to reduce on property flooding to prevent stormwater entering the wastewater network through topping of gully traps. Stormwater models have been developed to identify capacity constraints within the network and will be used to plan future upgrades if required.
The amount of pollutants discharged into the environment from the stormwater system, such as bottles, plastics, rubbish, hydrocarbons and other products.	Council is required to develop integrated catchment management plans by 2025 this will included a strategy to address pollutants.

What it cost

	2018/19 Actual	2018/19 AP	2018/19 Variance	2017/18 Actual
Operating Expenditure (\$000)				
Revenue from Non-Exchange Transactions	0	0	0	0
Revenue from Exchange Transactions	(53)	0	(53)	2
Expenses	2,154	2,487	(333)	2,045
Net Cost of Service	2,207	2,487	(280)	2,042
This activity was funded 100% from rates.				
Capital Expenditure				
Capital Projects	1,411	3,010	(1,599)	524
Funded By:				
Other Capital Revenue	0	0	0	0
Depreciation or Other Reserves (Renewals)	1,029	1,028	2	419
Internal Loans	381	1,982	(1,601)	105
	0	0	0	0

What was different from the budget

1. Operating revenue was \$53k under budget. This is due to a loss on disposal of a portion of the water reticulation infrastructure.
2. Operating expenses were \$333k under budget. This is due to an underspend in salaries as a result of vacant positions, lower interest on loans, and various underspends across stormwater operational costs.
3. Capital projects costs were \$1.6m under budget. This is due mainly due to two projects being Douglas Street stormwater capital project and Tolaga Bay Parkinson Street. Both projects have been carried over to the Annual Plan 2019/20 to be completed.

Wastewater

What we do

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

Within Gisborne city certain industries are served by a separate industrial wastewater network. This network discharges to the wastewater treatment plant and eventually the marine outfall, but the industrial wastewater does not go through the biological trickling filter.

Council regulates trade waste discharges to the Gisborne city wastewater systems (domestic and industrial) by means of the Trade Waste Bylaw and monitoring.

Why we do it

To protect public health by providing Gisborne City and Te Karaka with a reliable and efficient wastewater system.

To move, treat and discharge wastewater in a way that minimises adverse effects on the environment and is compliant with resource consents.

Water utilities are a core function of Council and an essential lifeline service. Preparing for natural disasters is integral to what we do, and we collaborate with other utility providers to identify inter-dependencies to build greater resilience.

This activity contributes to the following Community Outcomes

- Tairāwhiti Taonga
- Tairāwhiti Tangata

What we have been doing 2018/19

Commitment	Progress
<p>Reduce overflows onto private property and into our waterways using the DrainWise plan to:</p> <ul style="list-style-type: none"> • fix and replace old private property sewer laterals • replace Council's old leaking earthenware pipes • improve network performance through more pipe cleaning and surveillance • inspect properties for stormwater illegally getting into wastewater pipes • improve network resilience (generators). 	<p>The following has been achieved:</p> <ul style="list-style-type: none"> • An enforcement strategy has been adopted to require private property owners to fix their faulty or illegal plumbing (wastewater/ stormwater). • Council has an ongoing annual budget for renewing its old pipes. • The cleaning of the major western Interceptor has been completed and now on a 3 yearly cycle. A condition assessment of the interceptor was also undertaken at the same time • 1741 Property inspections have been completed in Kai Iki over the last 3.5 yrs, 29 downpipes going directly into gully traps have been removed with further remediation issues pending. • Councils newest generator will be housed in a new building at the Childers Rd sewer pump station a critical site in power outages.
Design and consent for further wastewater treatment in accordance with the option selected by the community (complete Phase One within 10 years).	Design and consenting has commenced with approval from Council to bring forward construction as soon as practically possible.
Apply for resource consent for emergency discharges to waterways under the Freshwater Plan.	The Assessment of Environmental Effects has commenced. Consenting will commence in 2019
New infrastructure in the Taruheru Block to allow for future growth.	Development of a concept plan is required to align infrastructure budgets with actual development. No concept plan has occurred due to no identified development or developer this would drive Councils involvement and expenditure.
Complete improvements to septage sites subject to community consultation and resource consents.	Te Araroa has been completed; site for Tolaga Bay is being investigated with land purchase being negotiated

Levels of Service and Performance Measures

Level of Service: We provide a well-managed wastewater reticulation and treatment system which protects public healthy and the physical environment.

Measure	Result 2017/18	Target 2018/19	Result 2018/19
System and Adequacy The number of dry weather sewage overflows, per 1000 sewerage connections. (Mandatory measure)	0.54 Achieved	1	0.27 ⁽¹⁾
Management of environmental impacts: Compliance with resource consents for discharge from the wastewater system: Measured by the number of: a) abatement notices; b) infringement notices; c) enforcement orders; and d) convictions (Mandatory measure)	0 Achieved	0	a) No notices b) No notices c) No orders d) No convictions Achieved
Response to wastewater system faults: a) Median attendance time: from the notification of the fault to the time that service personnel reach the site (hours). (Mandatory measure)	0.33hr Achieved	1	0.28hr Achieved
b) Median resolution measured from the notification of the fault to the time that service personnel confirm resolution (hours) (Mandatory measure)	2.78hr Achieved	12	3.25hr Achieved
Customer Satisfaction: The total number of complaints per 1000 connections received (Mandatory measure)	8 Achieved	15	10.03 Achieved.
Percentage of residents satisfied with the Gisborne district's wastewater system.	56% Achieved	50%	55%
The annual number of events where sewerage is discharged from Council's reticulation into rivers or streams (in a less than a 1 in 10-year rain event).	3	≤4	2 ⁽²⁾

What was different to Levels of Service and Performance Measures

⁽¹⁾ There were four events

⁽²⁾ Three discharges occurred in the financial year, one of which was greater than a 1 in 10-year rain event.

Significant negative effects of delivering this service

Potential negative effects	What has been the effect in year 1
Health and safety issues and property damage from overflows from gully traps onto private property.	DrainWise Plan is being implemented to progressively reduce the frequency and quantity of overflows. 29 downpipes directly discharging into gully traps have been removed and over 1,000 gully traps have been repaired
Contamination from controlled emergency discharge of wastewater into waterways.	DrainWise Plan is being implemented to progressively reduce the frequency of overflows and the quantity discharged. Three discharge events occurred.
Treated discharges of wastewater to the ocean continue to be culturally offensive to Māori.	Council is implementing further treatment and is working with IWI to progress alternative use and disposal to reduce and eliminate ocean discharge.
Odours, visual effects and effects on groundwater from the septage disposal sites and oxidation pond.	Council is upgrading its septage sites, with an upgrade at Te Araroa completed and an additional site planned for Tolaga Bay

What it cost

	2018/19			
	2018/19 Actual	AP Budget	2018/19 Variance	2017/18 Actual
Operating Expenditure (\$000)				
Revenue from Non-Exchange Transactions	0	17	(17)	0
Revenue from Exchange Transactions	176	357	(180)	324
Expenses	6,692	6,510	182	6,606
Net Cost of Service	6,515	6,136	379	6,282
This activity was funded 97% from rates and 3% from fees and charges.				
Capital Expenditure				
Capital Projects	2,905	4,140	(1,235)	1,136
Funded By:				
Other Capital Revenue	3	0	3	0
Depreciation or Other Reserves (Renewals)	1,781	3,574	(1,793)	0
Internal Loans	1,122	566	556	1,136
	0	0	0	(0)

What was different from the budget

1. Revenue from non-exchange transactions was \$17k under budget. This is due to not receiving anticipated grants.
2. Operating revenue was \$180k under budget. This is due to less income from septic tank disposal, trade waste charges and a loss on disposal of a portion of the sewerage reticulation infrastructure network.
3. Operating expenses were \$182k over budget. This is due to unbudgeted tip fee costs for Te Karaka septage removal.
4. Capital projects were \$1.2m under budget. Pipeline renewals were 88% complete where \$1.2m was spent against a \$1.4m budget. A number of smaller projects such as the Tolaga Bay septage site was identified as requiring to be carried over and completed within the Annual Plan 2019/20.

Water Supply

What we do

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

Why we do it

Council is required to provide a continuous, sustainable, safe drinking water and provide water for fire-fighting

purposes to the Gisborne City supply area and a supplementary water supply to their rainwater tanks for the townships of Te Karaka and Whatatutu.

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

This activity contributes to the following Community Outcomes

- Tairāwhiti Tangata
- Tairāwhiti Taonga

What we have been doing 2018/19

Commitment	Progress
Improve water treatment by installing UV reactors to further reduce the risk of protozoa contamination at the Waipaoa WTP.	The installation of the UV plant is complete, commissioning of the unit will occur in August to align with the running of the Treatment Plant.
Install 9,000 point of supply manifolds with check valves at residential connections to reduce the backflow contamination risk. This is a seven-year programme or work.	Project commenced 22 March. 796 residential connections have been renewed or upgraded. This is an ongoing project.
New infrastructure in the Taruheru Block to allow for future growth.	Development of a concept plan is required to align infrastructure budgets with actual development. No concept plan has occurred due to no identified development or developer which would drive Councils involvement and expenditure.
Additional operational and maintenance budget is required, as a result of increased health and safety requirements, drinking water compliance and the Freshwater Plan.	Additional operational budget was provided for increased running of the Waipaoa Water Treatment Plant.

Levels of Service and Performance Measures

Level of Service: We provide water supply infrastructure that meets the needs of our community now and into the future by delivering safe, clean water in a sustainable manner.

Measure	Result 2017/18	Target 2018/19	Result 2018/19
The percentage of residents satisfied with the water supply system.	84%	70%	86%
Demand Management			
The average consumption of drinking water per day per resident within the district. (Mandatory measure)	248 litres	308 litres	245 litres
Customer Satisfaction			
The total number of complaints received expressed per 1000 connections to the networked reticulation system. (Mandatory measure)	3.03	<20	2.79

Fault Response Times

In response to a fault or unplanned interruption to the networked reticulation system, the following median response times measured:

· Attendance for urgent call-outs	0.14 hrs	2 hours	0.18 hrs
· Resolution of urgent call-outs	1.15 hrs	8 hours	2.07 hrs
· Attendance for non-urgent call-outs	0.20 hrs	8 hours	0.48 hrs
· Resolution of non-urgent call-outs (Mandatory measure)	1.05 days	2 days	0.98 days

Maintenance of the reticulation network The percentage of real water loss from Council's networked reticulation system.

(Mandatory measure)

14.5%

<15%

14.5%

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)

(Mandatory measure)

· Gisborne City	100%	100%	100%
· Gisborne Rural	New to the LTP 2018-2028	100%	100%
· Te Karaka	100%	100%	100%
· Whatatutu	100%	100%	100%

Safety of Drinking Water

The extent to which the drinking water supply complies with:

b) part 5 of the drinking-water standards (protozoal compliance criteria)

(Mandatory measure)

· Gisborne City	99.7%	100%	100%
· Gisborne Rural	New to the LTP 2018-2028	100%	100%
· Te Karaka	100%	100%	Not met ⁽¹⁾
· Whatatutu	0%	100%	100%

What was different to Levels of Service and Performance Measures?

⁽¹⁾ No water restrictions were imposed for the year, Waipaoa Water Treatment Plant was run for 9 days in January as part of the annual run-up and again for 3 days in February due to a trunk main fault.

Protozoal compliance criteria was not met for the Te Karaka supply because a treatment process was not fully operational for the 12 month period.

Significant negative effects of delivering this service

Potential negative effects	What has been the effect in year 1
Environmental Effects on the environment of discharges of chlorinated water from maintenance activities or pipeline failures.	Council ensures that any discharges are at a rate that dissipates chlorine and does not exceed 0.3mg/l of free available chlorine. No direct discharges to water but across land which will consume chlorine

Social Health and safety risks associated with the construction, maintenance or operation of the water supply infrastructure. Property damage resulting from mains failures. Damage to some household hot water valves caused by corrosion by-products within galvanised iron rider mains and service connections.	Council has established protocols for H&S with contractors, supported by site auditing. Water mains are located in roadways to reduce risk of property damage pH of the water is managed to manage the water corrosivity
Cultural No potential significant negative cultural effects have been identified for the water supply activity.	Most water activities are subject to resource consent at which point cultural issues are considered. General occur with water takes and discharges to water.

What it cost

	2018/19			
	2018/19 Actual	AP Budget	2018/19 Variance	2017/18 Actual
Operating Expenditure (\$000)				
Revenue from Non-Exchange Transactions	7	0	7	4
Revenue from Exchange Transactions	3,266	2,919	347	3,125
Expenses	5,385	5,404	(19)	4,787
Net Cost of Service	2,112	2,485	(373)	1,658
This activity was funded 51% from rates and 49% from fees and charges.				
Capital Expenditure				
Capital Projects	1,541	1,880	(339)	1,066
Funded By:				
Grants and Subsidies	0	0	0	0
Depreciation or Other Reserves (Renewals)	923	1,367	(444)	961
Internal Loans	618	513	105	105
	(0)	0	(0)	0

What was different from the budget

1. Revenue from non-exchange transactions was \$7k over budget. This is due to penalties run for unpaid water rates.
2. Operating revenue was \$347k over budget. This is due to an increase in water billing fees by meter, due to higher usage by users.
3. Operating expenses were \$19k under budget. This is due to an under spend on chemicals for the Waingake Water Treatment Plant.
4. Capital projects were \$339k underspent and represents 88% of the total budget. Significant projects that were completed were the Waipaoa Treatment Plant water softening renewal, residential backflows and pipeline renewals.

Land, Rivers and Coastal

What we do

Council manages:

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

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

Why we do it

We do this to:

- keep people and properties safe from flooding, river erosion and coastal erosion in identified areas
- maintain the design standards and levels of service for our district's land drainage, rivers, streams and coastal protection assets, using the most cost effective long-term asset management options
- provide advisory and investigatory service to mitigate flood risk and coastal erosion

This activity contributes to the following Community Outcomes

- Tairāwhiti Taonga
- Tairāwhiti Tangata

What we have been doing 2018/19

Commitment	Progress
Continue to provide flood warning service.	A team of four staff provide a 24/7 response to Council flood warning system which alerts the flood warning team of river level heights during a rainfall event. This includes a prediction model as part of an advanced warning system.
Waipaoa Flood Control Scheme 15-year upgrade from a 1:100 year event flood protection level, to a 1:100 year event taking into consideration the effects of climate change out to 2090.	Construction of stage 1 has started and is 60% complete spanning over two financial years. Design of Stage 2 is underway which includes the design of the next three years which provides an option to tender a contract for the three years.
Review the levels of service for the Te Karaka scheme, which was originally designed for a 1:200 year event.	Will be reviewed as part of the Waipaoa Upgrade programme.
Maintain the land drains to drain a 1:5 year rain event.	Council has a cyclic maintenance programme which includes inspections and capacity checks to maintain drain capacity. The effects of climate change and an increase in tile drains may affect future capacity and is the basis for current and future investigations.
Short-term renewal of the land drainage pump stations and retaining walls on the Tansley Road drain.	Whatatuna Pump station has been designed with quotes received, construction tender award is imminent. Construction planned for November 2019. Tansley Road Drain is in detailed design stage. Cost estimates indicate that either further funding is required, or a compromise in design be accepted to align with allocated budget. A report is expected to go to Council for decision.
Most of the asset value is in non-depreciable assets (stopbanks, channels). Long-term renewal requirements are a relatively low proportion of the overall budget but	Ongoing due to potential impact of Waipaoa upgrades.

this needs to be confirmed as condition and life data improves.	
Ongoing inspections of assets, particularly critical structures.	Critical asset condition and risk is currently being assessed by GeoSolve Limited.
Surveys to capture coastal elevation data.	District-wide Lidar survey under way
Wainui Beach Erosion Management Strategy implementation.	Focus is now on maintenance and policy/strategy going forward
Beach erosion monitoring.	Ongoing
Respond to Council's Requests for Service (RfS) system to manage and track all requests that the public make.	98 RfS were received 87% were completed within the completion target
Review service delivery model to deliver more work ourselves instead of using contractors.	As part of Council review of activities (LGA 17A) which considers efficiency and service delivery. Council's internal Drainage team were disestablished and integrated into Fulton Hogan who now provide a contracted service back to Council
Review weed spraying operations to find better ways, such as tractors with boom sprayers.	Continuously under review based on area, location and level of growth
Review how we do things compared to other similar teams across New Zealand.	Member of the Rivers and Drainage special interest group/s and liaise with adjoining Regional Councils

Levels of Service and Performance Measures

Level of Service: We manage the effects of coastal erosion and the drainage of rivers and streams to minimise flood risk.

Measure	Result 2017/18	Target 2018/19	Result 2018/19
Percentage of customers who rate Requests for Service responses as excellent/good.	New to the 2018-28 LTP	93%	Not Available ⁽¹⁾
Percentage of Requests for Service resolved within target time frames.	New to the 2018-28 LTP	80%	87% Achieved
System adequacy and maintenance: 25% of flood control stopbank length is inspected annually and maintained to a 1 in 100-year protection standard. (Mandatory measure) Total Stopbank Length 75.4km	6.8% Not Achieved	Achieve	48.0% ⁽²⁾ Achieved

What was different to Levels of Service and Performance Measures?

⁽¹⁾ Performance measure is no longer being surveyed by the Customer Service Team. This is in favour of more targeted customer satisfaction surveys at point of service.

⁽²⁾ Stopbank Inspections were undertaken in Q1 and Q4 and exceeded the 25% requirement.

Significant negative effects of delivering this service

Potential negative effects	What has been the effect in year 1
Blockages during heavy rain and floodgate closure can cause ponding and flooding issues for land and property.	We check and maintain the floodgate network to ensure the period of time floodgates are closed for the least possible time
Construction of stopbanks artificially changes the landscape with an impact on recreational and cultural activities.	As part of the resource consent process affected parties were consulted an effects mitigated by agreement where possible. During construction regular contact is maintained to manage any concerns.

What it cost

	2018/19			
	2018/19 Actual	AP Budget	2018/19 Variance	2017/18 Actual
Operating Expenditure (\$000)				
Revenue from Non-Exchange Transactions	100	0	100	0
Revenue from Exchange Transactions	283	184	100	222
Expenses	2,105	2,344	(239)	1,613
Net Cost of Service	1,722	2,160	(439)	1,391
This activity was funded 88% from rates, 3% from grants and 9% from fees and charges.				
Capital Expenditure				
Capital Projects	1,679	2,030	(351)	2,275
Funded By:				
Other Capital Revenue	10	10	0	10
Depreciation or Other Reserves (Renewals)	1,147	961	185	737
Internal Loans	522	1,058	(537)	1,527
	0	0	0	(0)

What was different from the budget

1. Revenue from non-exchange transactions was \$100k over budget. This is due to a grant received from ECT for the Waikanae to Waipaoa cycle trail.
2. Operating revenue was \$100k over budget. This is due to increase in revenue from river licences.
3. Operating expenses were \$239k under budget. This is due to a lower river maintenance and interest costs being lower than expected.
4. Capital projects were \$351k under spent. This is due to the Tansley Road drainage project being delayed so as to coordinate with the Journeys team in 2020 and align with expected funding from New Zealand Transport Agency.

Tairāwhiti Roads

What we do

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

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

The New Zealand Transport Agency (NZTA) is responsible for the state highway network. Council is responsible for the local road network, including the extensive rural road network and the urban road network. Tairāwhiti Roads is a collaborative venture between Council and the Transport Agency to manage our region's road network.

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

A re-branded team called Gisborne District Council Journeys moved back into Awarua 29 July 2019 after the Tairāwhiti Roads partnership was dissolved in mid-2019 to allow for increased responsiveness.

Why we do it

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

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

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

This activity contributes to the following Community Outcomes

- Tairāwhiti Tangata

What we have been doing 2018/19

Commitment	Progress
Improve the condition of road assets that are below the desired levels of service.	The Provincial Growth Package has delivered an immediate stimulus to repair the network which will be supported with National Land Transport funding.
Address backlog of resilience and slip repair work on key routes.	Contract 18/17 delivered by Fulton Hogan Ltd has completed several flood damage and resilience sites in the District including the Tokomaru Bay seawalls and Waitahaia Road. This is a two-year contract and other sites include East Cape Road.
Increase emergency repair works to address damage from frequent heavy rainfall.	<p>\$10m worth of flood damage work was completed including initial clean up. The recovery phase includes designs, consenting and procurement. We have 13 designs to be priced by Downers and a further 89 designs in progress.</p> <p>The global consent process continues with an agreed outcome to include consultation with Heritage NZ and iwi groups.</p>
Upgrade rural roads with industry and Transport Agency support, to enable log harvest.	The increased harvesting of radiata pine has put the roading network under significant pressure. We have been working with industry to identify which routes need upgrading on a case by case basis. A number of projects have been completed to increase safety and enable logging on rural roads
Key resilience strengthening projects on rural roads including East Cape Road Bluff slopes stabilisation.	Contract TR18/17 -Emergency Works has completed works on several coastal including the Tokomaru Bay seawalls. Work will commence this construction season on East

	Cape Road. Three PGF business cases will focus on route security and expect to be finished by March 2020.
Continue to implement the recommendations of the Eastland Port Access Strategic case.	The Provincial Growth funded Rakaiātane Road will implement some of the recommendations. The major decision on the SH 35 intersection changes will be dependent on the network operating framework.
Complete a Network Efficiency Investigation to consider best heavy vehicle routes.	Cardino consultants have been engaged to deliver this work. An update will be provided to the Regional Transport Committee in September.
Safety improvements including guard railing and corner realignment in key risk areas.	Safety improvements on local roads are being included in all works designs. In addition, we have commenced works to increase safety which included a guard railing package in the 18/17 Emergency works contract.
Local road improvements to support forest harvest including Arakihi Road widening and seal extensions to Waimatā Valley, Tauwharepārae and Kanakanaia roads.	Major roading improvements at Arakihi were included as part of the Queen's Birthday emergency event. A scope of works for a PGF seal extension along Waimatā Valley is completed. Tauwharepārae and Kanakanaia are programmed for road repairs but not seal extensions.
Review speed management zoning including progressing safe school speed zones.	No progress on speed management zoning but school safety improvements have been completed at several schools including Girls High School.
Township upgrades for Manutūkē and Muriwai.	Speed humps were installed in Muriwai and a truck stopping bay installed on Waingake road as trucks were stopping outside Manutūkē school.
Continue street light upgrades.	Contract TR18/08 has completed 300 LED streetlight upgrades on Gisborne city's main arterial routes.
Increase bridge and retaining wall maintenance/renewal work.	Contract TR 18/18 Mangaōporo Bridge will be completed in August. Retaining wall contracts TR18/32 and TR 19/01 have been awarded to Siteworx Civil Ltd.
Monitor urban traffic growth trends including potential efficiency impacts on freight and people movements.	Cardno consultants have incorporated this work as part of the Network Operating Plan. An update will be provided to the Regional Transport Committee in September.
Complete the Urban Cycleway Programme from Wainui through Kai Iti to the Tūrangānuī River including the Gladstone Road Bridge walkway.	Wainui Stage two and Gladstone Road bridge is complete.
Complete transport upgrades to support the Inner Harbour redevelopment including safe pedestrian access to Titirangi (Kai Iti Hill).	A draft report has been submitted by Opus International Consultants. This will be reported back once the Journey team restructure is complete.
Upgrade Titirangi Road to enable safer pedestrian use and improve car parking.	A draft report has been submitted by Opus International Consultants. This will be reported back once the Journey team restructure is complete.
Progress the Taruheru Cycleway with external funding.	No progress, staff prioritised to complete PGF work.
Complete the new Taruheru subdivision road linking Pōtae Avenue to Nelson Road and Gwyneth Place parking improvements.	Contract 18/26 with WSP Opus will deliver a final scope of works by February 2020.
Tourism upgrades including increased rest areas on SH35 and upgrades to East Cape Road.	Upgrades completed included the resurfacing and planting of rest areas along SH35 providing safer access a more appealing, convenient option for travellers to rest.
Continue to support the Gizzy Bus and the school bus service, the free Kai Iti School bus and the SuperGold Card and Total Mobility schemes.	\$40k has been distributed to continue the Kai Iti School bus scheme this financial year.
Footpath and crossing renewals.	Contract TR 18/21 by Ritchie Civil Ltd has delivered crossings improvements and footpath renewals.
Consider possible trial revegetation of State Highway road corridor site with native vegetation.	No progress.

Levels of Service and Performance Measures

Level of Service: We ensure the roading network is designed and managed for safe use with low crash and injury rates.

Measure	Result 2017/18	Target 2018/19	Result 2018/19
Annual number of pedestrian and cyclist injury accidents. ^(#)	23	Decrease	22 ⁽¹⁾
Percentage of residents who feel that riding a bicycle is unsafe.	33%	Maintain or decrease from previous years	26%
Road Safety: The change from the previous financial year in the number of fatalities and serious injuries on the local road network. ^(#) (Mandatory measure)	1 fatality 18 Serious injuries	Decrease	1 fatalities 16 serious injuries

Level of Service: We operate and maintain a reliable roading network that is in good condition and fit for purpose.

Measure	Result 2017/18	Target 2018/19	Result 2018/19
Percentage of residents satisfied with the condition of Council urban roads (excluding state highways):			
· Urban	43%	60%	45%
· Rural	29%	50%	27%
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 LTP. (Mandatory measure)	68%	80%	67%
Road condition: The average quality of ride on a sealed local road network, measured by smooth travel exposure. (Mandatory measure)	92%	80% of sealed network to have NAASRA count of 150 or better	89%
Road maintenance: The percentage of the sealed local road network that is resurfaced. (Mandatory measure)	2%	5%	5%
Footpaths: The percentage of footpaths within the district that fall within the service standard set out in the Pathways Asset Management Plan.	99%	60%	98% ⁽²⁾

Level of Service: We provide and maintain affordable and accessible transportation services that balance the needs of all users.

Measure	Result 2017/18	Target 2018/19	Result 2018/19
Percentage of residents using the walking and cycling networks.	68%	Increase from base set in year 1	First baseline survey completed in Dec 2018
Percentage of customers who rate the passenger transport system as excellent/good.	94%	80%	Not measured ⁽³⁾
The number of bus passengers per annum.	156,038	145,000	133,426 ⁽⁴⁾

What was different to Levels of Service and Performance Measures?

⁽¹⁾ 11 pedestrians and 11 cyclists.

⁽²⁾ From 2017 condition rating survey a result of 98% was achieved. This survey is conducted every 3 years and therefore it will be updated in 2020

⁽³⁾ Resource prioritisation was directed towards the public transport review.

⁽⁴⁾ A decrease in the city commuter bus service resulted in the drop in passenger numbers over the year.

^(#) Due to the availability of data, this measure relies on data that represents the calendar year 2018 (January to December) rather than the Financial Year (July 2018 to June 2019).

The point of difference is the delivery of the Provincial Growth Fund (PGF) with roading improvements on the network, both in the urban area - Gladstone Road and Rakaia Road upgrades and heavy metalling and drainage improvements on the rural network.

Even though log prices have dropped the expectations from the forestry industry continues to place demands on the overall land transport budget. How this will be managed will have to be resolved prior to the 2021-2031 Long-Term Plan.

Deaths and serious accidents are trending down which is favourable against the national statistics.

Public feedback in the road network condition continues to plummet even with the PGF boost of \$12m. The next surge of PGF funding will only become available once the business cases are properly scoped and approved, this may take 12-18 months to finish this work.

With the dissolving of Tairāwhiti Road partnership with the intent to return accountability back to Council for our local roads, this change we believe will be an enabler for improving performance.

Significant negative effects of delivering this service

Potential negative effects	What has been the effect in year 1
Heavy vehicle traffic noise and vibration to properties adjoining roads.	The main issue last year was the asphalt construction along Awapuni Road for the state highway residents (from Gisborne brewery to Truck stop) not a local road but it was to resolve this issue.
Potential for dust on unsealed roads to affect health.	Not actioned last year as most of the work was focused on PGF delivery
Potential for air pollution from traffic fumes including in high traffic areas.	This is a regional issue and not been monitored by Journeys
Construction of roads can have a significant negative effect on the environment and community, such as congestion and delays, air pollution, safety and water quality issues and disturbance of cultural sites during earthworks.	The effects this past year have been less than anticipated.
Pests and weeds in the road corridor.	Pampas is the target species for the next 5 years in the road corridor. The main focus is the Waipaoa ward

What it cost

	2018/19			
	2018/19	AP	2018/19	2017/18
	Actual	Budget	Variance	Actual
Operating Expenditure (\$000)				
Revenue from Non-Exchange Transactions	23,872	13,068	10,804	11,584
Revenue from Exchange Transactions	78	46	33	69
Expenses	41,244	29,146	12,098	28,604
Net Cost of Service	17,294	16,033	1,261	16,951
Capital Expenditure				
Capital Projects	27,163	21,694	5,469	11,662
Funded By:				
Grants and Subsidies	21,444	14,547	6,897	7,453
Depreciation or Other Reserves (Renewals)	4,217	4,781	(565)	3,175
Other Capital Revenue	259	125	134	0
Internal Loans	1,243	2,240	(997)	1,035
	0	0	0	0

Non-Subsidised Local Roads funded from 100% rates, Subsidised Local Roads is funded from 32% rates and 68% from subsidies, Passenger Transport is funded from 32% rates and 68% from subsidies and Flood Damage and Emergency Reinstatement is funded from rates and grants at various percentages.

What was different from the budget

1. Revenue from non-exchange transactions was \$10.8m over budget. This is due to emergency work for the Queen's birthday event in 2018. This event was 100% funded from the Provincial Growth Fund (PGF) and NZTA.
2. Operating revenue was \$33k over budget. This is due to funds from Corridor Access Requests (CARs) and payment of the new Smart Card ticketing machine from GoBus.
3. Operating expenses were \$12.1m over budget. This is due to unbudgeted costs relating to the Queen's birthday emergency work.
4. Capital projects were \$5.5m over budget. This is due to unbudgeted costs from 100% externally funded or Provincial Growth Fund projects, and includes Rakaitane Rd upgrades and road metalling.

Solid Waste

What we do

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

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

What we have been doing 2018/19

Why we do it

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

This activity contributes to the following Community Outcomes

- Tairāwhiti Tangata
- Tairāwhiti Taonga

Commitment	Progress
Maintain existing levels of service for kerbside collection, litter bins, transfer station management and waste minimisation. New opportunities for improvement and efficiency will be identified through the new WMMP and progress may be made in establishing shared services opportunities with Wairoa District Council.	<p>Back to basics approach continues by providing consistent levels of service across the district. Changes have been implemented in recycling with plastic grades 1 and 2 only being collected and 3 to 7 plastic grades now being sent to landfill since 1 June 2019.</p> <p>Wheelie bins have been previously highlighted as a potential option for the community and we are reviewing councils who have implemented these changes and closely watching what is happening with the waste industry changes as well.</p> <p>WMMP initiatives such as Resource Recovery Centres (RRC) have been identified as potential options for the community. An application to the central government Waste Minimisation Fund has been submitted to provide funding for the feasibility / business case study of a RRC option for our community.</p> <p>Wairoa shared services has been put on hold at this stage until the Waiapu Landfill Advisory Group reviews the state of the current management, operations of the Waiapu landfill, consent requirements and the future of the landfill. Meetings with the group have taken place and the review is progressing.</p>
The Paōkahu Landfill, which is acknowledged as having an environmental impact on the Awapuni lagoon waterways, will be a focus to minimise impacts and support tangata whenua aspirations for restoring the area for future generations.	Working with the Paōkahu Trust representative to implement remedial works that will address their environmental concerns. Meetings have taken place and Tonkin and Taylor has provided preliminary designs and costs for review. Preferred options are to improve performance of perimeter collection drains and riparian planting collaboratively with tangata whenua. Works programme being planned for the second half of the year.
Implement the WMMP 2018–2024.	Highlights include progress against the following actions:

	<ul style="list-style-type: none"> Waste levy funding from MfE – In May 2019 GDC submitted an application to this fund for the first time ever and are continuing to investigate opportunities for further applications. Resource recovery network – May 2019 MfE Waste Minimisation Fund application to undertake feasibility study for a network of Resource Recovery Centres throughout the region. Collaborate, lobby, research and trial - <i>Local Government Waste Management Manifesto</i> which GDC supported as a remit at the 2018 Local Government New Zealand (LGNZ) Conference. Professional development and subscriptions – WasteMINZ annual conference attendance, Changelogy course, Resource Recovery Tour South Island, Plastic Free July Aotearoa national working group. GDC is also a newly voted member of the Zero Waste Network Public place recycling and rubbish bins - "Let's Put Litter in its Place" Pilot region. Develop a robust procedure for the provision of grants for community and business waste minimisation project – Review of the GDC contestable Waste Minimisation Fund. <p>Ongoing work being undertaken as part of the WMMP include:</p> <ul style="list-style-type: none"> Undertake community recycling awareness campaigns – Plastic recycling service change on 1 June 2019 resulted in a Communications Plan roll out before, during and after the 1 June change in recycling. Support marae and iwi groups to minimise waste – ongoing support to the Para Kore programme. Support of Tairāwhiti Environment Centre to deliver waste awareness education programme – working on the sub-lease and services agreement.
Work on potential opportunities to collaborate with Wairoa District Council on regional solid waste opportunities.	Wairoa District Council has engaged a new collection services contractor. Initial discussions around the disposal of waste and ways to work together regarding landfill usage have commenced and will continue once the Waiapu Landfill Advisory group completes its review. Wairoa District Council has also supported our application to the Waste Minimisation Fund for a feasibility/ business case for resource recovery centres in our district.
Health and safety review of solid waste and its contractors.	Processes and plans for regular and systematic audits are under way.
Implement a waste management asset replacement programme.	Waste management asset replacement programme has been developed and has been implemented. Capital replacements for the new City bins, transfer stations (assets) and the Paōkahu and Waiapu Landfill's has been completed (pumps, safety rails).
Public awareness programmes such as composting workshops.	We are reviewing the current awareness programmes available, including EnviroSchools, Second Hand Sundays, Plastic Free July, Agrecovery, Plasback composting workshops, and a rural waste minimisation One-Stop- Shop event. We are also reviewing the Sub-lease and Agreement for Services with Tairāwhiti Environment Centre where the Council Rethink education space is located.

Monitor the effects of the introduced user pays system on rural transfer stations to track progress and identify any future waste minimisation needs.	This is still a work in progress. Rural transfer station data has been reviewed and shows a slow increase in waste disposal. Increased charging for waste and scrap metal is being considered due to the increase in disposal costs. Te Puia Springs was the first transfer station to receive a newly converted shipping container which has been developed to be used as offices and display areas for items that will be diverted from general waste for re-use, repair or re-purposing. We will continue to roll these out over the next three financial years.
Decision to be made on the Waiapu Landfill closure.	No decision has been made on the option to close the landfill and we are working with the Waiapu Landfill Advisory group to look at alternative options and feasibility of having the landfill or not (noting that the landfill was established as a temporary solution to be closed in 2025 at the end of the consent).
Implement additional spring cleaning/summer season services for the Central Business District street cleaning contract.	The levels of service to address the summer season influx of people has been implemented. Mahi o Te Tairāwhiti contractor (Recreational Services) have the resources and processes in place to deal with the summer season.
Continue to support the Enviro schools programme.	Council's Waste Minimisation Facilitator continues to support the Enviro schools programme as the Regional Coordinator. 2 Enviro school facilitators deliver the programme to the 27 Enviro schools in the district. The resource (both administration and financial) required to support the programme is putting pressure on waste minimisation resources and progress. Steps to address this issue are being reviewed such as looking for new and additional funding. Financial support was approved from other budgets within Council to help finance the programme for the 2019 school year – 'Water and Coastal Resources Advocacy & Education Charge' and Stormwater.

Levels of Service and Performance Measures

Level of Service: Solid waste facilities are adequate and available to the community, including regular kerbside collection services and transfer stations.

Measure	Result 2017/18	Target 2018/19	Result 2018/19
Total waste received as illegal dumping.	37 Tonnes	Decrease	43.82 tonnes ⁽¹⁾
Resident satisfaction with kerbside rubbish bag and recycling collections	85%	90%	82% ⁽²⁾

Level of Service: Public information and programmes promote waste minimisation.

Measure	Result 2017/18	Target 2018/19	Result 2018/19
Resident satisfaction with Council's waste minimisation services and initiatives	New to the 2018-28 LTP	Baseline to be set ⁽³⁾	74%

Level of Service: Waste is diverted from the landfill via waste minimisation methods.

Measure	Result 2017/18	Target 2018/19	Result 2018/19
Reduction in waste to landfill. Total kg of solid waste to landfill per head of population (kg).	315 kg	285 kg	323 kg ⁽⁴⁾
Increased ratio of recycling tonnage to landfill waste tonnage.	New to the 2018-28 LTP	30:70 initially	35:65 ⁽⁵⁾

Level of Service: No adverse effects on the environment or human health from the Paokahu and Waiapu landfills.

Measure	Result 2017/18	Target 2018/19	Result 2018/19
Number of resource consent breaches for Waiapu and Paōkahu landfills.	New to the 2018-28 LTP	<5 per year	12 ⁽⁶⁾

What was different to Levels of Service and Performance Measures?

⁽¹⁾ Total waste received as illegal dumping. This measure has increased for 2018/19, on average it has been about 3.6 tonnes per month. An increase of about 7 tonnes this year

⁽²⁾ While total recycling has increased, there is a negative effect on recycling volumes as a result of the decision to send plastic grades 3-7 to landfill (around 6% of total kerbside waste weight). This is a change to our kerbside collection, rural transfer stations and city drop off centre. Council is still working through this change and any initiatives that will help deal with waste minimisation and behaviour changes that will address plastic pollution.

⁽³⁾ Baseline target will now be set at 80% for years 2-3.

⁽⁴⁾ Reduction in waste to landfill. Total kg of solid waste to landfill per head of population (kg). This has increased from 285 kg's to 323 kg's compared to the previous year.

⁽⁵⁾ Initial target for recycling to waste ratio has been exceeded, with a higher proportion of materials recycled than expected. Nevertheless, the community's production of material into the waste and recycling stream continues to increase overall.

⁽⁶⁾ Currently Paokahu landfill is non-compliant on a number of reporting and administrative conditions and we are working with the Paokahu Trust and the GDC Compliance function to address non-compliance and collaborate to address the environmental effects of the landfill on the surrounding area

Significant negative effects of delivering this service

Potential negative effect	What has been the effect in year 1
The most significant effect is on the environment, through depositing waste in landfills.	We continue to provide waste minimisation options through Councils WMMP explained above
Potential for odour, dust, vermin, litter and noise from waste minimisation facilities (e.g. landfills), which may affect neighbours and public health.	Continue to manage and monitor facilities to ensure there are no effects on the public
Kerbside collections, if not done properly, can lead to public health and safety issues.	Continued management of the contract and levels of service expectations met by the current contractor
Refuse collection has potential negative effects from waste escaping from rubbish bags or bins and affecting the amenity of areas.	Continued management of the contract and levels of service expectations met by the current contractor
Noise may be a factor for the city transfer station, when the stations are operated seven days a week.	Continued management of the contract and ensuring the contractor meets the required resource consent conditions
The user pays system can lead to some people dumping rubbish to avoid paying.	Monitored and mitigated through Councils request for service system and tracking illegal dumping disposal tonnages through the contractor

What it cost

	2018/19			
	2018/19 Actual	AP Budget	2018/19 Variance	2017/18 Actual
Operating Expenditure (\$000)				
Revenue from Non-Exchange Transactions	0	0	0	0
Revenue from Exchange Transactions	195	196	(1)	193
Expenses	4,307	3,831	475	3,844
Net Cost of Service	4,112	3,635	476	3,652
This activity was funded 96% from rates and 4% from fees and charges.				
Capital Expenditure				
Capital Projects	64	85	(21)	85
Funded By:				
Other Capital Revenue	0	0	0	0
Depreciation or Other Reserves (Renewals)	58	73	(14)	85
Internal Loans	6	13	(7)	0
	(0)	0	(0)	0

What was different from the budget

1. Operating revenue was on par with budget.
2. Operating expenses were \$475k over budget. This is due to an increase in waste management tip fees and the landfill aftercare provision.
3. Capital projects were \$21k under budget. This is due to less spending on Waiapu landfill and the Paokahu closed landfill.

Cultural Activities

What we do

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

- **Theatres** – Council provides facilities, expertise and services that enable the public to experience and participate in performing and visual arts, corporate and community events.
- **Museum and public art** - Council provides facilities, services and public art projects. We own and maintain the Museum buildings but contract services to the Tairāwhiti Museum Trust.
- **HB Williams Memorial Library** - The library provides access to space and resources including professional staff, a relevant collection of materials including local histories, free internet, a digital e-library, and specialised programmes to inspire learning and civic participation.
- **Tairāwhiti Navigations** - The programme includes the following projects: Historical Interpretations (Tūpapa), Inner Harbour redevelopment, Cook Landing Site, Titirangi Summit and Titirangi Restoration.

Why we do it

- **Theatres** - To provide facilities, expertise and services that enable the public to experience and participate in performing and visual arts, corporate and community events. To provide a space for

local, national and international events to enable our citizens to participate in a global arts environment.

- **Museum and public art** - To provide facilities, services and art in public places that enable the public to experience and participate in the visual arts, and to house and support a regional museum to provide a safe repository for the district's Taonga (treasures).
- **HB Williams Memorial Library** - To contribute to our community's lifelong learning, literacy and education, as well as meeting intellectual, recreational, economic and cultural needs. This is a time of transformational shift where library services will focus on digital services, people and spaces and preserving local history for all.
- **Tairāwhiti Navigations** - The Navigations projects will showcase our area to locals and visitors alike. There is potential for this activity to develop local and regional enterprise and foster ongoing working partnerships between Council and the community. This programme aims to deliver a range of benefits that will add value to our community, economy and lifestyle from tourism, economic and environmental initiatives – along with an enhanced sense of place, pride and natural beauty.

This activity contributes to the following Council Outcomes

- Tairāwhiti Wawata
- Tairāwhiti Tangata
- Tairāwhiti Taonga

Commitment	Progress
THEATRES	
Review all contracts and agreements with suppliers and theatre users and implement improvements.	Complete.
Maintenance on Patutahi Hall fire escape and balustrades.	Fire Escape completed. Seeking alternative for balustrade compliance to keep costs reasonable.
Increase revenue generation.	Revenue increased by 9% due to clear charging for value added services for theatre hirers and hosting an on-licence bar.
MUSEUM AND PUBLIC ART	
Complete an Arts Plan for the district to be linked with the Community Facilities Strategy.	Complete.
Install Hawaiki Tūrangā and Ruapani sculptures.	The installation process began. As at the year end, preparation of the site was underway.
Restore Totem Pole in time for Te Ha 2019.	The Restoration process has begun. We await the completion of a condition report.
Museum to develop 10-year strategic plan.	Complete.
Continue to financially support Museum services and own and maintain buildings.	Ongoing. Change roof replacement project to that of a roof water tightness programme resulting in significant financial savings.
Council and Museum to renegotiate service delivery contract.	Initiate in Year 2
HB WILLIAMS MEMORIAL LIBRARY	

Consolidate programming and new uses in upgraded library building.	<p>Seven new rooms of variable size have generated ability for users to host their own events or work quietly.</p> <p>Justices of the Peace provide weekly service that has proven accessible and useful in a central location.</p>
Continue to develop the e-library including creating an online place to manage and share community/social history.	<p>E-books are increasingly being 'loaned' by more people. Content includes e-books for young people and both fiction and non-fiction.</p> <p>Social history materials continue to be digitised in house and becoming available online.</p> <p>6000+ newspapers and magazines from around the world in 60+ different languages became freely available on smartphones, tablets and laptops via pressreader.com</p> <p>Complete refresh of Aotearoa People's Network Kaharoa computers that deliver free access to broadband internet services so that everyone can benefit from accessing, experiencing and creating digital content. 75% government funded.</p>
Renew Integrated Library Management System.	Initiate in Year 3
Strengthen and embed bicultural capacity in all areas of library services.	<p>Hiki Taumata programme for local kura continues to support improved reading levels for young te reo Māori speakers.</p> <p>Events to celebrate Matariki Māori New Year delivered.</p> <p>Signage – Internal bicultural directional signage and 'super' graphics on walls completed.</p>

TAIRĀWHITI NAVIGATIONS

Complete projects by May 2019 in time for the Te Hā Sestercentennial commemorations and a Tier 1 National event 'Tuia – First Encounters 250' to provide the platform for an event of global significance.	<p>All Tairāwhiti Navigations projects have progressed well alongside ambitious timeframes.</p> <p>Tūpapa project is complete</p> <p>The Inner Harbour Redevelopment project and Puhi Kai Iti/Cook Landing Site upgrade project will be complete by end of August 2019 (the proposed pedestrian bridge connecting Titirangi and the Landing Site will be not be complete until 2020/2021).</p> <p>The Titirangi Restoration project is now an on-going community partnership project with Ngāti Oneone, reliant on additional external funding. All sites will be available for Tuia 250 events and visitors to our region, this includes the official dual name of Puhi Kai Iti/Cook Landing Site national heritage reserve.</p>
Ongoing maintenance of assets and infrastructure.	<p>The Inner Harbour phase 1 area has been maintained by Council's Liveable Spaces team, including year 1 of establishment of amenity planting.</p> <p>Future maintenance of new assets as a result of the Programme of work are included in Roding, Liveable Spaces and Utilities asset management plans and maintenance programmes.</p>
Continue to build on partnerships that have been developed.	Tairāwhiti Navigations programme has been reliant on the on-going commitment and support from Tūranga

Iwi, HPT, ECT, DOC, Eastland Port, Te Hā Trust and Tairāwhiti Museum.

Further fostering of partnerships continues with local iwi as Council moves in to a marketing and promotional phase for the Tūpapa project.

Levels of Service and Performance Measures

Cultural Activities

Level of Service: Cultural facilities are accessible to Tairāwhiti residents and visitors.

Performance measure	Result 2017/18	Target 2018/19	Result 2018/19
Number of visitors per annum to Tairāwhiti Museum.	46,473	45,000	45,074
Percentage of households that have used the HB Williams Memorial Library in the last 12 months as found in the Residents Satisfaction Survey.	43%	66%	54% ⁽¹⁾
Number of onsite visitors to the HB Williams Memorial Library per annum.	113,884	230,000	140,978 ⁽²⁾
Number of online visitors to the HB Williams Memorial Library per annum.	17,354	18,000	47,290

Level of Service: Regular and varied programmes, events and exhibitions to support community wellbeing are provided at cultural facilities.

Measure	Result 2017/18	Target 2018/19	Result 2018/19
Number of booking days per annum: Lawson Field Theatre.	N/A (Closed)	100	N/A Theatre closed for earthquake strengthening
Number of booking days per annum: War Memorial Theatre.	147	85	124

Level of Service: Maintain cultural facilities at a fit for purpose, clean and safe standard.

Measure	Result 2017/18	Target 2018/19	Result 2018/19
Percentage of residents satisfied with the Lawson Field Theatre.	N/A (Closed)	90%	N/A (Closed)
Percentage of residents satisfied with the War Memorial Theatre.	95%	90%	96%
Percentage of community satisfied with the quality of art in public places and the way it is maintained.	82%	80%	79%
Percentage of residents satisfied with the Tairāwhiti Museum.	96%	90%	94%
Percentage of residents satisfied with Gisborne district's library services.	88%	90%	95%

What was different to Levels of Service and Performance Measures?

⁽¹⁾ 2017/18 saw, in part, the library operating at a temporary facility outside the central business district, with reduced services. After moving back to a modern expanded facility, household visits increased by 11% which is below the anticipated target. It is expected to improve next as targeted community engagement is realised

⁽²⁾ A 29% increase of onsite visitors signals growth yet is never the less below pre-facility expansion numbers, due in part to the unrealised programming potential.

What it cost

	2018/19		2017/18	
	2018/19 Actual	AP Budget	2018/19 Variance	2017/18 Actual
Operating Expenditure (\$000)				
Revenue from Non-Exchange Transactions	168	0	168	144
Revenue from Exchange Transactions	329	382	(53)	267
Expenses	3,580	3,418	(163)	3,222
Net Cost of Service	3,083	3,035	(277)	2,812
This activity was funded 54% from rates, 41% from grants and 5% from fees and charges				
Capital Expenditure				
Capital Projects	3,913	3,074	839	9,255
Funded By:				
Grants and Subsidies	2,250	2,501	(251)	3,988
Other Capital Revenue	0	0	0	0
Depreciation or Other Reserves (Renewals)	430	940	(510)	2,081
Internal Loans	1,233	(367)	1,601	3,186
	0	0	0	0

What was different from the budget

1. Revenue in non-exchange transactions were \$168k over budget. This is due to receiving external grants received for Cooks Landing project.
2. Operating revenue was \$53k under budget. Although hiring of the War Memorial theatre was on budget, additional amenities that can be utilised was less than budgeted for, along with a loss on the disposal of an obsolete library shed.
3. Operating expenses were \$163k over budget. This is due to additional costs for the War Memorial Theatre technical services to support shows, and higher than expected interest costs on loans.
4. Capital projects were \$839k over budget. This is due to the unbudgeted costs on the Cook Landing Site project which includes Te Maro and the 1000 year bridge. These unbudgeted costs were externally funded and funding occurred after the adoption of the LTP 2018-2028.

Recreation and Amenity

What we do

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

Open Spaces, Parks and Gardens

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

Cemeteries

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

Community Property

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

Olympic Pool Complex

The Olympic Pool complex is an important recreational and sporting facility with about 120,000 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 complex includes a health and therapy facility.

Why we do it

Open Spaces, Parks and Gardens

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

Cemeteries

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

Community Property

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

Olympic Pool Complex

The Olympic Pool complex provides facilities for our community to exercise, play, socialise and have fun. Council encourages people of all ages to engage in recreational activities that help them live active and healthy lives.

This activity contributes to the following Council Outcomes

- Tairāwhiti Taonga
- Tairāwhiti Tangata

What we have been doing 2018/19

Commitment	Progress
Continuing with the vegetation restoration within the Titirangi Recreation Reserve.	Further plantings and plant pest removal undertaken in partnership with Ngāti Oneone as planned through the Whāia programme and community. Also involves Recreational Services to support plant pest removal, as well as support and advice from across Council biodiversity team and Department of Conservation.
Support implementation of integrated township plans.	We have been working with township planning teams implementing works in Te Ārai Domain in the 2018/2019 year. These works were developed with the Manutūkē Township Plan Update process. Designs were developed with the community and include the installation of a designated BBQ area, Amenity enhancements, Informal play opportunities and signage.
Develop ash gardens within our cemeteries.	Several new berms were created at Taruheru Cemetery, including a new tree block to meet community expectations for ash interment.

Replant street trees.	Year 1 (2018/19) of the Street Tree Garden and Implementation plan was initiated as part of a three-year programme
Redeveloping Titirangi summit, subject to external funding.	Titirangi Summit project is progressing well. Council with support from Ngāti Oneone and Activate Tairāwhiti approved an extended time frame for project delivery to allow a full business case to be prepared and to ensure cultural and tourism aspirations are understood and can be best accommodated in design phase. to be completed and to provide
Relocating the public toilet at Wharekahika.	Works are continuing with this project with a preferred option having been chosen by the community. Liveable Communities staff will continue to work collaboratively with the design teams to ensure this project progresses smoothly.
Developing the Anaura Bay arrival area, subject to external funding.	The early 2019 application to the Tourism Infrastructure Fund for this project was unsuccessful. Council staff will investigate what other funding streams and options are available in order to progress this project.
Removal and revegetation of trees with Waihirere Domain Reserve.	Works were completed in early July removing the damaged trees in the domain and the subsequent revegetation of the area with native plants. Efforts to complete revegetation in time for the end of the 2018/2019 financial year were hampered by pest goats damaging the newly planted trees. With the assistance of the GDC biosecurity team this issue was resolved swiftly and the project completed.
Support implementation and maintenance requirements for Tairāwhiti Navigations Project.	The Amenity and Horticulture team provided maintenance support to Tūpapa and Inner Harbour phase 1 projects with further maintenance to be incorporated once other projects are complete. The Liveable Communities sponsored Titirangi restoration project is progressing well.
Renewal of the Whataūpoko Reserve bike trails.	Planned work for 2018/19 is complete. This work was led by the Mountain bike Club with Council endorsement and support.
Sports ground improvements at the Oval Reserve, Heath Johnston Park, Nelson park and Hatea-a-Rangi Domain.	Minimal improvements achieved in 2018/19 with the majority of work now to be completed in 2019/20.
Ongoing renewals of various assets.	Continues as planned.

Levels of Service and Performance Measures

Level of Service: Recreation and amenity facilities are accessible to Tairāwhiti residents and visitors.

Measure	Result 2017/18	Target 2018/19	Result 2018/19
Percentage of residents that have visited a Council park or reserve in the last 12 months.	76%	77%	81%
Number of pool admissions per year.	132,231	140,000	120,345 ⁽¹⁾

Level of Service: Provide high quality experiences at recreation and amenity facilities.

Measure	Result 2017/18	Target 2018/19	Result 2018/19
Percentage of residents satisfied with the public conveniences.	38%	50%	47% ⁽²⁾
Percentage of users satisfied with the quality of sports surfaces and facilities when using parks.	84%	80%	82%
Percentage of residents satisfied with the quality of our parks.	88%	86%	87% ⁽³⁾
Percentage of residents satisfied with the Olympic Pool.	74%	50%	77%

Level of Service: Maintain recreation and amenity facilities at a fit for purpose, clean and safe standard.

Measure	Result 2017/18	Target 2018/19	Result 2018/19
Council aquatic facilities are safe and operate in accordance with PoolSafe NZS guidelines.	100%	100%	100%
Percentage of playgrounds that meet relevant New Zealand safety standards.	84%	100%	87% ⁽³⁾
Percentage of time OPC pool water quality meets NZ standard 5826:2010.	New to the 2018-28 LTP	90%	96.2%

What was different to Levels of Service and Performance Measures?

⁽¹⁾ There has been a reduction in visitor numbers to the Olympic Pool complex to be anticipated with an ageing aquatic facility. Minor improvements are proposed for 2019/20 and a major redevelopment is proposed in future years.

⁽²⁾ Public conveniences – there has been an improvement in satisfaction, but slightly under the target level. Further improvements of our facilities in 2019/20 should support improved satisfaction levels.

⁽³⁾ The old Titirangi Playground had failed a number of safety areas and was removed last year, and replaced with a new playground. We continue to seek additional external funding sources to compliment current budgets through the townships planning process.

Improvements have largely been due to the renewal programme of our sports fields and public conveniences. While visitor numbers to the Olympic Pool reduced this year, those that did visit were satisfied with their experience (likely due to improvements to the outdoor pool, hydro slide and open space/picnic area (e.g. BBQs and shade sails). The Olympic Pool continues to meet safety and exceed water quality standards.

What it Cost

	2018/19			
	2018/19 Actual	AP Budget	2018/19 Variance	2017/18 Actual
Operating Expenditure (\$000)				
Revenue from Non-Exchange Transactions	5	0	5	6
Revenue from Exchange Transactions	867	947	(81)	893
Expenses	7,462	7,439	22	7,505
Net Cost of Service	6,590	6,492	(98)	6,606
This activity is funded 85% from rates, 6% from Grants and 9% fees and charges.				
Capital Expenditure				
Capital Projects	1,476	5,248	(3,771)	2,063
Funded By:				
Grants and Subsidies	537	1,460	(923)	754
Other Capital Revenue	0	0	0	32
Depreciation or Other Reserves (Renewals)	1,007	1,467	(460)	336
Internal Loans	(68)	2,321	(2,389)	941
	(0)	(0)	0	0

What was different from the budget

1. Revenue from non-exchange transactions was \$5k over budget. This is due to a cemetery grant being received by the NZ defence force.
2. Operating revenue was \$81k under budget. This is due to less income from rental of council land, cemetery interment fees and pool admission fees.
3. Operating expenses were mostly on par with budget.
4. Capital projects were \$3.8m under budget and relates mostly to the Olympic Pool Major Redevelopment project. The Olympic Pool redevelopment is dependent on external funds being secured before capital works can begin.

Customer Engagement

What we do

The Customer Engagement activity is made up of three sub-activities - customer services, communications, and the co-ordination of events.

In person, in print and online, we keep our community informed and provide opportunities for people to have their say on issues that may affect them. We want people to have confidence in the quality of the information we provide and in the delivery of our service.

Why we do it

Customer engagement is about meeting the needs of our community and customers in a timely and professional manner. Our customer service people are the face of Council and we work hard to ensure our community has positive interactions with Council.

This activity contributes to the following Community Outcomes

- Tairāwhiti Tangata
- Tairāwhiti Taonga
- Tairāwhiti Wawata

What we have been doing 2018/19

Commitment	Progress
Implement a Customer Services Strategy to better coordinate and inform the way we engage with our customers.	Significant progress has been made in all aspects of the strategy. We have made progress in our customer service systems implementing call recording, our training plan, internal communication, review of RFS systems, our E-news, signage and our website redesign.
Encourage regular and meaningful engagement with the community on Council-related matters.	Supported consultation on community facilities plans, gambling and alcohol policies, dual name, representation review. Undertook community meetings March – May 2019 to inform the community of plans and seek discussion and feedback on rfs.
Deliver excellent customer service by developing and implementing a Customer Service Promise.	Significant progress has been made. We have completed the development of a draft customer service promise. We have reviewed with staff and are consulting with our external customers. Our promise will be implemented in August 2019 and will be coordinated with the review of the RFS system, the integration of roading back in to Council, and customers surveys at point of contact.
Develop processes and procedures for the management of events across Council, including best practice guidelines.	Streamlined event application process for the customer. Developed guidelines and implemented internal processes to better coordinate council services and make efficiencies for customer. Online processes currently being scoped to support events.
Our IT solutions will be driven by a desire to enhance the customer experience of Council services, including events management.	Enhanced online options for payments of invoices. Selected provider and began redevelopment of our website to improve and offer new solutions for transactions, applications and display of information, have digital surveys ready to go live on implementation of the customer service survey, live reporting app currently under development for implementation of a <i>Kia ora Gizzy</i> campaign.
Develop lasting and meaningful relationships with Māori and engage with Māori on an ongoing basis.	A draft terms of reference has been developed on engagement with Māori which is being driven by current engagement practices. This is being informed by the overall strategic planning timetable, spatial plan and LTP plan timetable and processes.
Support the organisation in organisational and cultural change initiatives through communications and customer services, including the design, development and implementation of better processes.	Our point of reference for cultural change initiatives has been our intranet <i>Naumai</i> . This provides once source of what is going on in the organisation. We also have implemented a review of the RFS system, have a draft

	Customer Service Promise out for consultation which will help to drive improvements from a customer perspective.
Ensure all non-icon signage is bilingual and revitalise the entrance and exits to Gisborne - Te Tairāwhiti.	Reviewed council signage across the district and determined replacement schedule. Refreshed design guidelines and templates and streamlining internal processes for ordering and recording new signage requests. Implementation of replacements in high profile and aging sign assets started in July 2019.

Levels of Service and Performance Measures

Level of Service: We support the organisation to provide good quality information to the public to enable communities to participate in the decision-making process.

Measure	Result 2017/18	Target 2018/19	Result 2018/19
Percentage of residents satisfied with Council's provision of information in Council newsletters, brochures, and consultation documents, as found in the Resident Satisfaction Survey (RSS)	60%	50%	60%

Level of Service: We support the organisation to deliver Council services and to provide good quality information to the public.

Measure	Result 2017/18	Target 2018/19	Result 2018/19
Percentage of customers satisfied with the helpfulness of staff as found in the Residents satisfaction Survey.	80%	80%	80%
Percentage of residents who are satisfied with Council customer service at first point of contact by:			
· Email	43%	80%	43% ⁽¹⁾
· Phone	75%	80%	67%
· In person	80%	80%	74%
· Online (including social media)	100%	80%	76% ⁽²⁾

What was different to Levels of Service and Performance Measures?

⁽¹⁾ Of the 402 people surveyed only 14 people indicated that they used email to contact Council. Due to the small sample size, results should be treated with care.

⁽²⁾ Of the 402 people surveyed only 9 people indicated that they used Online (including social media) to contact Council. Due to the small sample size, results should be treated with care.

What it cost

	2018/19 2018/19 AP Actual Budget Variance	2017/18 2017/18 Actual
Operating Expenditure (\$000)		
Revenue from Non-Exchange Transactions	0	0
Revenue from Exchange Transactions	113	92
Expenses	1,602	1,798
Net Cost of Service	1,489	1,706

This activity was funded 100% from fees and charges.

What was different from the budget

- Operating revenue was \$21k over budget. This relates to income received for an employee being seconded to the Te Hā Sestercentennial Trust.
- Operating expenses were \$196k under budget. This is due to unbudgeted recoveries received from journeys for administrative time.

Emergency Management

What we do

Council's Civil Defence Emergency Management (CDEM) team is responsible for the implementation of decisions made at CDEM group and is tasked to fulfil the objectives set in the CDEM Group Plan 2016-21. These activities increase community awareness, understanding, preparedness and participation, reduces the risks from all natural and man-made hazards in our region and makes us more able to manage and recover from emergencies.

The Tairāwhiti Emergency management Office (TEMO) manages civil defence through the 4Rs: reduction, readiness, response and recovery.

What we have been doing 2018/19

Why we do it

Council undertakes the CDEM activity to ensure it is meeting the requirements of the Civil Defence Emergency Management Act 2002.

This activity contributes to the following Community Outcomes

- Tairāwhiti Tangata
- Tairāwhiti Taonga

Commitment	Progress
Further develop a CDEM Communications Plan including greater use of social media and other modes of communication.	We are at monitoring and developing stages. An internal Communications plan has been activated. An external plan to encompass social media is still to be developed.
Continue CDEM training/public education.	We are on track. The TEMO Training plan for 2019 is currently active and is providing training guidance. TEMO attend regular education sessions to schools and private businesses when requested.
Undertake regional exercises involving our community link teams.	We are on track. The TEMO Training plan for 2019 is currently active and is providing training guidance. Waikohu Community Link was exercised on Ex Waipaoa1 to good affect. Ormond Community Link were exercised on Ex Waipaoa2, and Ūawa community Link on Ex Rūwhenua 1.
Review the Gisborne CDEM Recovery and Welfare Plan.	We are on track. All plans within TEMO will be reviewed through including Recovery and Welfare. The Draft Recovery plan is currently been assessed internally.
Undertake controller and key staff training as part of national training programmes and local training exercises.	We are on track. The intent is to send as many key staff on CDEM courses when they appear on TAKATU. We also had 55 x GDC attend on the TEMO facilitated ITF course in March and July 2019. Due to the developing 'controller' course at MCDEM, TEMO have initiated 'Controller 101' training at GDC. Controllers also take command of the Exercise series run monthly.
Take part in local and national marine oil spill exercises.	We are on track. TEMO assisted in the facilitation and participated in the local Marine Oil Spill exercise in early May and July, with successful outcomes.
Train staff and community link volunteers in the operation of an ECC.	We are on track. The TEMO Training plan for 2019 is currently active and is providing training guidance. Waikohu Community Link was exercised on Ex Waipaoa1 to good affect. Ormond Community Link were exercised on Ex Waipaoa2, and Ūawa community Link on Ex Rūwhenua 1.
Review the tsunami inundation maps for the Tairāwhiti area.	We are monitoring. The new maps have arrived in TEMO and we are currently awaiting a MCDEM review on the product.

Build up our responder capacity for emergency events.	We are on track. The intent is to send as many key staff on CDEM courses when they appear on TAKATU. We also had 55 x GDC attend on the TEMO facilitated ITF course in March and July 2019. Due to the developing 'controller' course at MCDEM, TEMO have initiated 'Controller 101' training at GDC. Controllers also take command of the Exercise series run monthly.
Have the ability to send suitably qualified and experienced support to other regions for their emergency responses.	We are monitoring. TEMO has limited capacity to send any qualified members to assist in other regions currently. Depending on the TEMO tempo of operations we may be better placed to assist once more TEMO staff are employed.
Maintain and build new partnerships with iwi and communities.	We are monitoring. Iwi seats in the ECC will be considered this year, TEMO will develop effective relationships with all main iwi in the region.
Strengthen and build our capability and capacity in our Team/Response Teams.	We are on track. The intent is to send as many key staff on CDEM courses when they appear on TAKATU. We also had 55 x GDC attend on the TEMO facilitated ITF course in March and July 2019. Due to the developing 'controller' course at MCDEM, TEMO have initiated 'Controller 101' training at GDC. Controllers also take command of the Exercise series run monthly.
Put in place contracts with key players such as Controllers, Recovery and Welfare Managers who are not employed by Council.	We are monitoring. No new contracts have been considered this year. Key positions will be fulfilled within GDC.

Levels of Service and Performance Measures

Level of Service: We help to build a more resilient district where communities understand and manage their hazards and risks.

Measure	Result 2017/18	Target 2018/19	Result 2018/19
Overall score from the Ministry of CDEM assessment of the CDEM Group's capability.	78%	70%	78% ⁽¹⁾
Percentage of residents able to manage for 2-3 days without access to normal day-to-day services in the event of a natural disaster.	95%	80%	95%

Level of Service: We protect the environment from pollutants spilled in marine accidents.

Measure	Result 2017/18	Target 2018/19	Result 2018/19
The Marine Oil Spill Plan is current and staff lists are updated annually.	Achieved	Achieve	Achieved

What was different to Levels of Service and Performance Measures

⁽¹⁾ This result has carried since 2014 as it is reviewed every 5 years.

What it cost

	2018/19		2017/18	
	2018/19 Actual	AP Budget	Variance	Actual
Operating Expenditure (\$000)				
Revenue from Non-Exchange Transactions	0	0	0	0
Revenue from Exchange Transactions	52	66	(14)	331
Expenses	606	493	113	646
Net Cost of Service	554	427	127	315

This activity was funded 92% from rates and 8% from fees and charges.

What was different from the budget

1. Operating revenue was mostly on par with budget.
2. Operating expenditure was \$113k over budget. This is mostly due to unbudgeted costs to hold a holistic review of the CDEM group, and costs for the CDEM radios which had previously been paid internally from support services.

Strategic Planning and Performance

What we do

Strategic Planning

The Strategic Planning team gives meaning to Council's vision, strategic priorities and community outcomes. The team uses strategies, policies, plans and bylaws to link Council's aspirations and strategic direction with its operations – the actions that make it happen.

Fostering Māori participation in Council decision-making is a crucial focus for strategic planning and for Council as a whole. Community participation in Council decision-making is also an integral part of developing and implementing our policy and plans.

Performance

The Performance Team supports Council's performance management and reporting framework. This includes:

- preparing Council's Long Term Plan, annual reports and annual plans
- resident satisfaction surveying and co-ordinating Council's input into, and responding to, external performance benchmarking
- providing training and support for Council's Requests for Service (RfS) management system
- ongoing development of the organisation's performance management framework and associated business planning and reporting

Why we do it

Strategic Planning

- Support community economic, environmental, social and cultural well-being.
- Manage the use, development and protection of our natural and physical resources, now and into the future.
- Invest in infrastructure, facilities and services in a transparent, evidence-based manner consistent with our vision, community outcomes, strategic priorities and relevant legislation.
- Enable decisions, priorities and investments to reflect community values in a cost-effective way.
- Provide leadership across Tairāwhiti-Gisborne and be advocates for our community.
- Support Council to improve the unique Te Tiriti o Waitangi / Treaty of Waitangi relationship between Council (as agents of the Crown) and iwi.

Performance

- To support the organisation to plan effectively and to focus its resources on what's most important and cost-effective for our Council and community.
- To contribute to organisational accountability - measuring and reporting on 'what we said we'd do', from individual Requests for Service (RfS) through to delivering on the commitments in our Long Term Plan.

This activity contributes to the following Community Outcomes

- Tairāwhiti Tangata
- Tairāwhiti Taonga
- Tairāwhiti Wawata

What we have been doing 2018/19

Commitment	Progress
STRATEGIC PLANNING	
Review Council's Regional Policy Statement that is the key strategic environmental document for the region.	<p>A key focus for 2018/2019 has been research and engagement on the big issues facing Tairāwhiti and the community aspirations for the region looking ahead to 2050. This information will be used to develop an integrated regional strategy Tairāwhiti 2050 (Spatial Plan). The plan is due to be completed by the end of 2019.</p> <p>A review of the effectiveness of the current Tairāwhiti Resource Management Plan (which includes the Regional Policy Statement) is underway and being informed by feedback received during engagement on the Tairāwhiti 2050 (Spatial Plan) project.</p> <p>Subject to the outcomes of this review and Council approval, development of the new Regional Policy Statement will begin in the 2019/2020 year.</p>

<p>Continue with reviews of the regulations in the Tairāwhiti Resource Management Plan as per the Strategic Planning forward work programme including provisions about:</p> <ul style="list-style-type: none"> • freshwater management (including a catchment plan for Waipapua) • coastal planning issues such as water quality and discharges • land use zones. 	<p>The majority of appeals on the Proposed Regional Freshwater Plan have been resolved. One outstanding appeal from Te Whānau a Kai relating to how the plan recognises and provides for Māori cultural values and interests.</p> <p>An updated Progressive Implementation Plan for the NPS-Freshwater Management was adopted by Council.</p> <p>Scoping work to support development of the Waipapua Catchment Plan undertaken – including preparation of a 'State of the Wai' report.</p> <p>The Housing and Business Assessment required by the NPS-Urban development Capacity is largely complete.</p>
<p>Contribute to developing stronger relationships with Māori through a range of measures including:</p> <ul style="list-style-type: none"> • building Council capacity through training, mentoring, fora and centralised information • implementing statutory responsibilities and agreements, e.g. Local Leadership Body and Joint Management Agreement with Ngāti Porou • exploring opportunities for formalised sharing of decision-making, e.g. co-management plans. 	<p>Drafted an internal Māori Responsiveness Action Plan approach to be rolled out in 2019/2020.</p> <p>Initiated a joint working party to assist with implementation of the Waipapua Joint Management Agreement (JMA). A key outcome was establishment of the JMA Forum – the inaugural meeting was on 17 May 2019.</p> <p>Joint Governance hui with Rongowhakaata Iwi Trust initiated – the first hui was held on 18 December 2019. We have agreed to develop a joint priority Action Plan.</p> <p>We supported the Tūrangānui-a-Kiwa/Poverty Bay name change.</p>
<p>Maintain Council's existing strategic framework including:</p> <ul style="list-style-type: none"> • completing omnibus reserve management plans for Body neighbourhood reserves and coastal reserves • reviewing bylaws and policies when required • review of township plans with communities: <ul style="list-style-type: none"> ◦ East Cape ◦ Patutahi, Tiniroro, Waerenga ō Kuri ◦ Ruatōria, Te Puia and Waipiro. 	<p>Bylaws</p> <p>Added a Tokomaru Bay Restricted Area to the Alcohol Control Bylaw.</p> <p>Initial data gathering and assessment undertaken in relation to Freedom camping.</p> <p>Received delegations from NZTA that allow Council to manage stock and parking on state highways.</p> <p>Policies</p> <p>New Board Appointments and Remuneration Policy prepared and adopted by Council.</p> <p>Community facilities strategy and associated plans completed.</p> <p>The Gambling Policy was reviewed, and a more restrictive policy adopted by Council.</p> <p>New Smokefree Policy adopted.</p> <p>Township Plans</p> <p>Development of new Township Plans for the East Cape is well progressed (final Council and community endorsement is expected in August 2019).</p>
<p>PERFORMANCE</p>	

Continue to support business planning across the organisation to support the delivery of our LTP commitments and other organisational priorities.	Adoption of a Major Projects Framework has provided for a more robust understanding of roles and responsibilities for the delivery of Major Projects. The standardisation of the Activity Reporting process has provided efficiencies and clarity of how we are performing relative to Long Term Plan (LTP) 2018 – 2028 commitments. A project to generate an improved LTP process has moved to delivery phase.
Continue ongoing improvements to support high quality integrated activity reporting to Council and committees.	Benefits from Komiti Kōrero project to streamline the process for producing committee activity reports is being realised.
Coordinate the preparation of Council's 2019/20 and 2020/21 Annual Plan and yearly Annual Reports.	Our 2017/18 Annual Report has been adopted with an unqualified audit opinion. Annual Plan 2019/20 has been adopted at Council 27 June 2019.
Continue to support staff to respond to Requests for Service through dashboards and effective training.	New staff continue to be trained and ongoing support has been provided. RFS data quality is checked regularly and opportunity for improvement have been followed up by staff.
Continue to coordinate Council's involvement in organisational benchmarking opportunities (PWC, LGNZ Excellence Programme, reputational and resident satisfaction measures).	PWC Survey: Final report has been received. Analysis has been completed and feedback has been sort and documented from those people with areas where there was potential improvement. Residential Satisfaction Survey: The annual results are included in this annual report.

Levels of Service and Performance Measures

Strategic Planning

Level of Service: Council has a clear, rigorous and current strategic framework across the range of Council activities including resource management, infrastructure and social and economic development. Our work is robust, evidence-based, legally compliant and reflects the needs and aspirations of our community.

Measure	Result 2017/18	Target 2018/19	Result 2018/19
Percentage of significant policy projects presented to Council that meet good practice standards when independently assessed each year.	N/A	New to the 2018-28 LTP	N/A

Level of Service: Our decision-makers are provided with clear and robust advice on which to make decisions.

Measure	Result 2017/18	Target 2018/19	Result 2018/19
Percentage of advice to Council that meets good practice standards when independently assessed.	75%	90%	Draft results expected in October 2019.

Level of Service: Our decision-makers are provided with clear and robust advice on which to make decisions.

Measure	Result 2017/18	Target 2018/19	Result 2018/19
Percentage of Strategic Planning budget committed to fostering Māori capacity.	N/A	New to the 2018-28 LTP	1.75 FTE
Health of relationships with Māori collectives (as determined by co-designed review measures).	N/A	New to the 2018-28 LTP	Co-designed review measures are under development

Planning and Development

Level of Service: We support communities to engage in Council decision-making through appropriately planned, designed and delivered engagement processes.

Measure	Result 2017/18	Target 2018/19	Result 2018/19
Percentage of feedback satisfied with Strategic Planning engagement processes (as measured in situ).	N/A	New to the 2018-28 LTP	82%

Performance

Level of Service: Our Annual Plans (AP), Annual Reports (AR) and Long Term Plans (LTP) are fit for purpose.

Measure	Result 2017/18	Target 2018/19	Result 2018/19
Our AP, AR and LTP are prepared in accordance with statutory requirements	Achieved	Achieve	Achieved

What was different to Levels of Service and Performance Measures?

No significant policy projects have been completed and presented to Council in the 2018/19 year. An independent peer review of the Spatial Plan project will be undertaken in 2019/2020.

NZIER undertakes an independent assessment of advice provided to Council. The preliminary results of this review for the 2018/2019 year are expected in October 2019.

A dedicated budget for fostering Māori capacity was not included in the LTP. The Strategic Planning team primarily supports this kaupapa using dedicated staff resources (about 1.75 FTE for the 2018/2019 year).

What it cost

	2018/19 Actual	2018/19 AP Budget	2018/19 Variance	2017/18 Actual
Operating Expenditure (\$000)				
Revenue from Non-Exchange Transactions	198	83	115	86
Revenue from Exchange Transactions	1	0	1	14
Expenses	2,955	3,338	(382)	3,303
Net Cost of Service	2,756	3,255	498	3,203

This activity is funded 95% from rates and 5% from grants.

What was different from the budget

1. Revenue from non-exchange transactions was \$115k over budget. This is due to an unbudgeted funding contribution received from MBIE for the Tairāwhiti Economic Action Plan programme manager role.
2. Operating revenue was on budget.
3. Operating expenses were \$382k under budget. This is due to underspending in salaries as a result of unfilled positions.

Commercial Operations

What we do

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

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

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

Why we do it

The primary focus of commercial operations, before the transfer of commercial assets to GHL, was to operate

profitably and provide a non-rates income stream to Council.

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

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

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

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

This activity contributes to the following Council Outcomes

- Tairāwhiti Tangata
- Tairāwhiti Wawata

What we have been doing 2018/19

Commitment	Progress
Divest some of the surplus staff housing assets.	A review of staff houses that are no longer required has been considered and approved for disposal. Three roadmen properties have been identified as no longer being required for its original purpose.
Review harvesting of forestry and investigate replanting options and partnering arrangements.	In progress. Business case with partnering arrangements is being re-assessed with the most up to date harvesting profile for the Pamoia area. Once completed it will be overlaid with full impacts of social, environmental, financial and cultural benefits.
Review/renegotiate airport lease.	New lease agreement has been completed and operates from 1 April 2018 to 30 September 2048.
Consult, evaluate and decide on future asset transfer of community housing to GHL.	On hold pending business case from GHL.

Levels of Service and Performance Measures

Level of Service: Operate commercial operations profitably and maintain returns to Council.

Measure	Result 2017/18	Target 2018/19	Result 2018/19
Improve the investment return level in order to grow the return from 2% of Council revenue to 4%.	2.2%	2-4%	2.5%

Commercial Operations

Level of Service: Suitable and affordable housing is provided to enable independent living for people aged 55 years and over who have difficulty providing it for themselves.

Measure	Result 2017/18	Target 2018/19	Result 2018/19
Percentage of customer satisfaction with standard of accommodation and services as found in our annual inspection survey.	97.5%	95%	95.8%
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?

All performance targets were achieved.

What it cost

	2018/19			
	2018/19 Actual	AP Budget	2018/19 Variance	2017/18 Actual
Operating Expenditure (\$000)				
Revenue from Non-Exchange Transactions	0	0	0	0
Revenue from Exchange Transactions	2,154	2,956	(802)	2,929
Expenses	1,583	1,427	156	1,566
Net Cost of Service	(572)	(1,529)	957	(1,363)
Capital Expenditure				
Capital Projects	305	225	80	415
Funded By:				
Other Capital Revenue	0	0	0	0
Depreciation or Other Reserves (Renewals)	280	225	55	236
Internal Loans	25	0	25	179
	0	0	0	0

What was different from the budget

1. Operating income was \$802k under budget. This relates to forestry income being lower than anticipated.
2. Operating expenses was \$156k over budget. This is due to increase in insurance costs, management fees and professional fees.
3. Capital projects was \$80k over budget. This was due to new roofing being installed on some staff houses and costs associated with preparing three staff houses for sale.

Te Tohatoha Pūtea
Our Finances

Our Finances

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Statement of Compliance and Responsibility

Compliance

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

Responsibility

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

In the opinion of Council and Management, the annual financial statements for the year ended 30 June 2019 fairly reflect the financial position, results of operations and service performance achievements of the Gisborne District Council.



Rehette Stoltz
Mayor



Nedine Thatcher Swann
Chief Executive



Pauline Foreman
Chief Financial Officer

Statement of Comprehensive Revenue and Expenses for the year ended 30 June 2019

Council 2017/18 Actual \$000s	Group 2017/18 Actual \$000s		Note	Council 2018/19 LTP \$000s	Council 2018/19 Actual \$000s	Group 2018/19 Actual \$000s
REVENUE FROM NON-EXCHANGE TRANSACTIONS						
12,353	12,451	Grants and Subsidies - Operational	4	13,898	24,837	24,837
12,193	12,193	Grants, Donations, Subsidies and Contributions - Capital	4	18,509	25,012	25,012
1,841	1,841	Other Non Exchange Revenue	5	1,774	507	507
17,760	17,569	General Rates And Uniform Annual General Charge	3	19,100	19,245	18,967
36,911	36,911	Targeted Rates (other than a targeted rate for water supply)	3	37,984	38,243	38,243
REVENUE FROM EXCHANGE TRANSACTIONS						
230	230	Development and Financial Contributions	5	699	978	978
7,999	21,243	Other Revenue	5	9,771	8,717	22,761
3,010	3,010	Targeted Water Rates	3	2,841	3,210	3,210
6	6	Dividends	5	1,800	488	88
24	24	Interest Received	5	0	84	84
1,319	4,669	Other Gains/(Losses)	6	12	397	(2,213)
93,646	110,148	Total Revenue		106,387	121,719	132,475
EXPENSES						
19,061	22,189	Employee Benefit Expenses	7	20,673	20,152	23,327
47,827	53,416	Expenditure on Operating Activities	9	47,799	60,008	66,080
20,945	22,217	Depreciation and Amortisation	8	21,097	21,642	22,509
1,982	2,220	Financing Costs	10	2,971	2,237	2,781
89,815	100,042	Total Expenses		92,540	104,039	114,698
3,831	10,105	Net Surplus/(Deficit) before Taxation and subvention income		13,847	17,680	17,778
1,300	0	Subvention Payment from GHL		0	600	0
0	1,467	Income Tax Expense	11	0	0	287
5,131	8,638	Net Surplus/(Deficit) after Taxation		13,847	18,280	17,491
Other Comprehensive Income						
73,160	73,160	Gains/(Losses) on Property Revaluation		15,130	60,535	60,535
73,160	73,160	Total Other Comprehensive Income		15,130	60,535	60,535
78,291	81,798	TOTAL COMPREHENSIVE REVENUE AND EXPENSES		28,977	78,814	78,026

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 2019

Council 2017/18 Actual \$000s		Council 2018/19 LTP \$000s	Council 2018/19 Actual \$000s
93,645	Operating Income	106,387	121,719
(89,815)	Operating Expenditure	(92,540)	(104,039)
1,300	Subvention Payment	0	600
0	Income Tax Expense/(Benefit)	0	0
5,130	Net Operating Surplus/(Deficit) After Taxation	13,846	18,280
	Less		
579	Capital Rates Income	742	742
12,193	Capital Grants and Subsidies	18,509	25,012
232	Other Capital Grants, Donations and Contributions	699	1,036
(4,425)	Operations funded by Reserve funds	2,188	(3,769)
	Plus		
7,443	Depreciation not Funded	8,034	8,133
(3,994)	(Decrease)/increase in Council deficit	257	(3,392)
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 2019

Council 2017/18 Actual \$000s	Group 2017/18 Actual \$000s		Note	Council 2018/19 LTP \$000s	Council 2018/19 Actual \$000s	Group 2018/19 Actual \$000s
CURRENT ASSETS						
582	1,020	Cash and Cash Equivalents	13	176	3,964	6,935
6,532	6,532	Non Exchange and Other Receivables	14	3,882	14,651	14,651
8,358	7,724	Exchange Trade and Other Receivables	14	8,713	8,869	9,070
78	246	Inventories	15	62	61	256
50	50	Non-current Assets Held for Sale	18	50	684	684
15,600	15,572	Total Current Assets		12,883	28,229	31,596
CURRENT LIABILITIES						
431	431	Deposits Held	19	504	430	430
19,880	21,511	Trade and Other Payables	20	18,083	23,835	25,400
1,975	2,062	Employee Benefit Liabilities	21	2,067	1,965	2,199
11,780	22,069	Borrowings	22	12,679	15,680	35,374
5,853	5,853	Provision for Other Liabilities	23	5,618	154	154
702	703	Derivative Financial Instruments	17 & 29A	716	752	752
0	1,453	Taxation	11	0	0	552
40,621	54,082	Total Current Liabilities		39,668	42,816	64,861
(25,021)	(38,510)	Net Working Capital		(26,785)	(14,587)	(33,265)
NON-CURRENT ASSETS						
2,046,165	2,119,962	Property Plant and Equipment	24	2,023,521	2,124,583	2,205,003
3,423	4,079	Intangible Assets	25	3,904	6,628	9,824
5,988	35,238	Biological Assets	26	4,349	5,976	31,206
32,893	1,295	Investments	16	32,733	33,406	1,417
2,088,469	2,160,573	Total Non-Current Assets		2,064,507	2,170,593	2,247,449
NON-CURRENT LIABILITIES						
32,100	32,100	Borrowings	22	48,196	42,600	42,600
170	170	Employee Benefit Liabilities	21	227	152	152
2,380	2,380	Provision for Other Liabilities	23	2,277	2,763	2,763
0	0	Emissions Trading Scheme Liabilities	25	0	1,542	2,374
0	5,844	Deferred Tax Liability	11	0	0	5,364
1,890	1,890	Derivative Financial Instruments	17 & 29A	1,793	3,226	3,226
36,540	42,384	Total Non-Current Liabilities		52,493	50,283	56,480
2,026,908	2,079,679	Net Funds Employed		1,985,229	2,105,722	2,157,704
EQUITY						
405,831	413,315	Accumulated Surplus	27	427,939	422,042	428,737
38,483	38,483	Special Funds	27	32,225	41,122	41,122
1,582,594	1,627,881	Revaluation Reserves	27	1,525,065	1,642,559	1,687,846
2,026,908	2,079,679	Total Equity		1,985,229	2,105,722	2,157,704

Our Finances

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

Authorised for and on behalf of Gisborne District Council on 26 September 2019.



Rehette Stoltz
Mayor



Nedine Thatcher Swann
Chief Executive

Statement of Changes in Equity for the year ended 30 June 2019

Council 2017/18 Actual \$000s	Group 2017/18 Actual \$000s		Note	Council 2018/19 LTP \$000s	Council 2018/19 Actual \$000s	Group 2018/19 Actual \$000s
EQUITY OPENING BALANCES						
401,336	405,313	Accumulated Funds and Retained Earnings		412,353	405,831	413,315
37,572	37,572	Special Funds and Reserves		33,964	38,483	38,483
1,509,709	1,554,996	Revaluation Reserves		1,509,934	1,582,594	1,627,881
1,948,617	1,997,881	Total Equity Opening Balance		1,956,252	2,026,908	2,079,679
CHANGES IN EQUITY						
Accumulated Surplus (Retained Earnings)						
(911)	(911)	Transfer (to)/from Special Funds and Reserves		1,739	(2,639)	(2,639)
78,291	81,798	Total Comprehensive Income		28,977	78,814	78,026
Special Funds and Reserves						
911	911	Transfer (to)/from Retained Earnings		(1,739)	2,639	2,639
78,291	81,798	Total Changes in Equity		28,977	78,814	78,026
EQUITY CLOSING BALANCES						
405,831	413,315	Accumulated Funds and Retained Earnings	27	427,939	422,042	428,737
38,483	38,483	Special Funds and Reserves	27	32,225	41,122	41,122
1,582,594	1,627,881	Revaluation Reserves	27	1,525,065	1,642,559	1,687,846
2,026,908	2,079,679	Total Equity Closing Balance		1,985,230	2,105,722	2,157,704
Attributable to:						
2,026,908	2,079,679	Gisborne District Council		1,985,230	2,105,722	2,157,704

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

Statement of Cash Flow for the year ended 30 June 2019

Council 2017/18 Actual \$000s	Group 2017/18 Actual \$000s	Note	Council 2018/19 LTP \$000s	Council 2018/19 Actual \$000s	Group 2018/19 Actual \$000s
Cash Flow from Operating Activities					
53,900	53,709		55,880	56,373	56,373
12,845	26,388		16,033	12,441	27,359
21,348	21,348		32,648	41,553	41,553
26	26		0	84	84
5	5		1,800	405	5
2,548	0		0	1,497	0
(63,266)	(72,437)		(67,243)	(77,333)	(88,668)
(975)	(975)		(1,136)	(854)	(854)
(464)	(395)		0	320	327
(2,181)	(2,419)		(3,010)	(2,236)	(2,780)
0	0		0	0	(1,598)
23,786	25,250	28	34,972	32,250	31,802
383	438		12	268	306
0	0		0	625	625
(29,001)	(39,087)		(44,609)	(42,938)	(49,154)
(803)	(803)		0	(1,136)	(1,136)
(160)	(160)		0	(87)	(88)
0	(18)		0	0	(3)
0	(159)		0	0	(241)
(29,581)	(39,789)		(44,597)	(43,268)	(49,691)
Cash Flow from Financing Activities					
6,201	15,262		9,625	14,400	23,805
6,201	15,262		9,625	14,400	23,805
406	723		0	3,382	5,916
176	297		176	582	1,020
582	1,020		176	3,964	6,936

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 subsidiary: Tauwharepārae Farms Ltd.

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

	Dividends 2018 \$000s	Dividends 2019 \$000s	Subvention 2018 \$000s	Subvention 2019 \$000s
Gisborne Holdings Ltd	0	400	1,300	600

Total Cost

The provision of financial assistance by the Gisborne District Council to this organisation and the related companies Tauwharepārae Farms Ltd is by way of share capital. Council holds a \$14m internal loan to finance its investment in GHL. Council incurred a \$590k (2018 \$648k) 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 \$600k (2018 \$1.3m) to the Council, Gisborne Holdings Ltd reported a net profit after tax of \$2.2m (2018 \$8.1m) for the year. Net assets increased \$4.9m from \$93.9m to \$98.8m.

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 subsidiary, Gisborne Holdings Ltd (100% owned), Tauwharepārae Farms Ltd (100% owned). All Council subsidiaries are incorporated in New Zealand.

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

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

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

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

Basis of Preparation

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

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

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

Specific Accounting Policies

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

Basis of Consolidation

Council consolidates as subsidiaries in the group financial statements all entities where Council has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the entity. This power exists where Council controls the majority voting power on the governing body or where such policies have been irreversibly predetermined by Council or where the determination of such policies is unable to materially impact the level of potential ownership benefits that arise from the activities of the subsidiary.

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

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

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

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

Revenue Recognition

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

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

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

Non exchange revenue in general includes revenue from activities that are partially funded by general rates, as set out in the Council's Long Term Plan 2018-2028 Revenue and Financing Policy.

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

General and Targeted Rates

General and targeted rates are set annually and invoiced within the year. The group recognises revenue from rates when the council has struck the rates and provided the rates assessment. Rates revenue is measured at the amount assessed, which is the fair value of the cash received or receivable.

Government Grants and Subsidies

Government grants with no stipulations attached are recognized as revenue in the financial statements of the reporting period in which they are received or receivable by the Council.

To the extent that there are stipulations attached to Government grants that would give rise to a liability to repay the grant amount or to return the granted asset, a deferred revenue liability is recognised instead of revenue. Revenue is then recognised only once the Council has satisfied these conditions.

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

Other Revenue

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

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

Interest income is recognised using the effective interest method.

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

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

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

Borrowing Costs

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

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

Grant Expenditure

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

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

Income Tax

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

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

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

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

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

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

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

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

Leases

Finance Leases

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

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

The amount recognised as an asset is depreciated over its useful life or the lease term, whichever shorter.

Operating Leases

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

Trade and Other Receivables

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

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

Inventories

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

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

Financial Assets

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

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

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

Financial assets and liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through surplus/deficit in which case the transaction costs are recognised in surplus/deficit.

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

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

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

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

Derecognition of Financial Assets

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

The Group presently has the following categories of financial assets:

a. Loans and Receivables

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

Loans to community organisations made by Council at nil, or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar asset/investment. They are subsequently measured at amortised cost using the effective interest method.

The difference between the face value and present value of the expected future cash flows of the loan is recognised in surplus/deficit as a grant. Loans to other parties at market rates are measured at amortised cost using the effective interest method. Non-current loans are discounted at the current market rate of return for a similar asset.

b. Available-for-Sale Financial Assets

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

The Group's investments in equity securities are classified as available for sale and are stated at fair value. Gains and losses are recognised in other comprehensive income except for impairment losses, which are recognised in surplus/deficit.

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

Impairment of Financial Assets

At each balance date the Group assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in surplus/deficit.

Accounting for Derivative Financial Instruments

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

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

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

Non-Current Assets Held for Sale

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

Any impairment losses for write-downs of assets held for sale are recognised in surplus/deficit.

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

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Property, Plant and Equipment

Property, Plant and Equipment consists of:

Operational Assets

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

Infrastructural Assets

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

Biological Assets

Livestock

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

Forestry Assets

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

Council has transferred forestry rights in respect of a total of 1,608 hectares of land to Juken New Zealand Limited. The transfer relates to one harvest cycle. Under the agreement Council has contributed the land and is entitled to 16.75% 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 Tauwharepārae Farms Ltd.

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

Council's forestry holdings separate from the subsidiaries holdings, consist of approximately 97 hectares of small woodlots and 1124 hectares held by the Pamoā 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.

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 in 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.

Property, Plant and Equipment Valuation

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

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

Additions

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

Disposals

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

Subsequent Costs

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

Operational Assets Valuations

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

Operational Land

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

Operational Buildings

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

Library Books - General Collections

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

Library Books – Permanent Collection

The permanent collection is carried at deemed cost.

Infrastructure Assets Valuations

Infrastructural Assets

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

Roading Assets

Roading assets are independently revalued annually.

Airport Assets

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

Assets Under Construction

Assets under construction are valued at cost.

Depreciation

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

Infrastructural Assets

Roads

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

Water Reticulation

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

Sewerage Reticulation

*Pipes	60 – 100 years
*Pump Station	15 – 100 years
*Manholes	100 years
*Treatment Plant	15 – 50 years
*Laterals	100 years

Stormwater Systems

*Pipes	62 – 100 years
*In-drain structures	25 – 100 years

Flood Control Systems

*Solid Waste	25 – 100 years
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	4 – 25 years
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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	3 – 25 years
Library Books	1 – 50 years
Wharves	50 years
Floating Plant	25 years
Leased Assets	3 – 8 years

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

Impairment of Non-Financial Assets

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

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

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

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

Trade and Other Payables

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

Financial Liabilities : Borrowings

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

Employee Entitlements

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

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

Long Service Leave and Retirement Leave

For retirement 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 Long Term 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 2022, 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 2023 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 2019

Council 2017/2018 Actual \$000s	Council 2018/2019 LTP \$000s	Council 2018/2019 Actual \$000s
Revenue From Exchange Transactions		
925 Building Services	930	1,104
2,929 Commercial Operations	2,956	2,154
267 Cultural Activities	382	329
68 Customer Engagement	92	113
331 Emergency Management	66	52
1,419 Enforcement	1,505	1,694
417 Environmental Health	424	362
18 Governance	15	10
893 Recreation and Amenity	947	867
399 Resource Consents	355	628
222 Rivers, Land and Coastal	184	283
411 Science	844	689
193 Solid Waste	196	195
2 Stormwater	0	(53)
14 Strategic Planning and Performance	0	1
330 Support Services	2,206	947
69 Tairāwhiti Roads	46	78
324 Wastewater	357	176
3,125 Water Supply	2,919	3,266
12,356 Total Revenue From Exchange Transactions	14,424	12,896
Revenue From Non-Exchange Transactions		
144 Cultural Activities	0	168
1,123 Enforcement	954	997
6 Recreation and Amenity	0	5
0 Resource Consents	150	0
0 Rivers, Land and Coastal	0	100
339 Science	400	318
86 Strategic Planning and Performance	83	198
908 Support Services	1,000	(379)
11,584 Tairāwhiti Roads	13,068	23,872
0 Wastewater	17	0
4 Water Supply	0	7
14,194 Total Revenue From Non-Exchange Transactions	15,672	25,286
Expenses		
1,675 Building Services	1,626	1,807
1,816 Commercial Operations	1,689	1,759
3,903 Cultural Activities	4,292	4,436
171 Customer Engagement	92	(109)
779 Emergency Management	669	782
1,677 Enforcement	2,761	3,128
2,017 Environmental Health	2,144	2,114
2,328 Governance	2,620	2,543
8,723 Recreation and Amenity	8,808	8,813
1,957 Resource Consents	1,526	1,916
2,621 Rivers, Land and Coastal	3,010	2,783
4,892 Science	5,399	5,021
3,890 Solid Waste	4,133	4,549
2,129 Stormwater	2,894	2,527
4,620 Strategic Planning and Performance	4,293	3,846
3,409 Support Services	1,088	1,022
30,243 Tairāwhiti Roads	31,548	43,439
7,931 Wastewater	7,559	7,745
5,033 Water Supply	6,392	5,915
89,815 Total Expenses	92,540	104,039
63,265 Net Cost of service	62,445	65,857

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 2017/18 Actual \$000s	Group 2017/18 Actual \$000s		Council 2018/19 LTP \$000s	Council 2018/19 Actual \$000s	Group 2018/19 Actual \$000s
57,681	57,490	Gross Rates Revenue	59,925	60,698	60,420
Gross Rates Revenue Consists of :					
4,623	4,432	General Rates	4,152	4,193	3,915
13,137	13,137	Uniform Annual General Charge	14,948	15,052	15,052
36,911	36,911	Targeted Rates	37,984	38,243	38,243
3,010	3,010	Metered Water Rates	2,841	3,210	3,210
57,681	57,490	Gross Rates Revenue	59,925	60,698	60,420
483	483	Less Remissions ¹	575	632	632
57,198	57,007	Net Rates Revenue	59,350	60,066	59,788

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.

For the year ended 30 June 2019 and 2018, the annual rates income of the Council for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is the same as the total rates amount shown above in line with Deed 16.9(c).

Rating Base Information as at 30 June 2018

2018/19	Rating Units	Total Capital Value \$000s	Total Land Value \$000s
Rateable Units	22,236	10,399,927	6,021,229
Non Rateable Units	1,267	624,264	217,920

Note 4: Revenue from Grants and Subsidies

Council 2017/18 Actual \$000s	Group 2017/18 Actual \$000s		Council 2018/19 LTP \$000s	Council 2018/19 Actual \$000s	Group 2018/19 Actual \$000s
Revenue from Grants and Subsidies					
351	449	Central Government Grants	45	107	107
18,883	18,883	NZ Transport Agency Roadway Subsidies	27,475	43,969	43,969
5,312	5,312	Other Grants and Subsidies	4,886	5,773	5,773
24,546	24,644	Total Revenue from Grants and Subsidies	32,406	49,849	49,849

Revenue from grants and subsidies (and hence operating income) for Council includes \$24,341,772 (2018: \$11,859,376) relating to grants for capital work.

Expenditure relating to these projects will be recognised (primarily as depreciation) over the life of the assets. Council received capital grants from various providers Such as Ministry for Cultural Heritage, Eastern and Central Community Trust, Department of Conservation, Ministry of Business Innovation and Employment War Memorial

Our Finances

Theatre Trust Gisborne, NZ Lottery Board Ministry for Primary Industries and Land Information New Zealand during the year. Main contributor is NZ Transport Agency and council recognized capital grant of \$8,525,592 (2018: \$7,118,841) during the year for roading related work.

Some of the grants received but not fully spent during the period have therefore been recognised only to the extent conditions have been fulfilled.

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

Tauwharepārae Farms Limited (TFL) received grant funding 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. The amount received during the year is Nil. (2018: \$98k)

Note 5: Revenue from Operating Activities

Council 2017/18 Actual \$000s	Group 2017/18 Actual \$000s		Council 2018/19 LTP \$000s	Council 2018/19 Actual \$000s	Group 2018/19 Actual \$000s
Revenue from Operating Activities					
198	198	Development Contributions	699	899	899
32	32	Capital Contributions	0	79	79
999	999	Rates Penalties	1,000	1,011	1,011
8,569	21,813	Activity Revenue	10,195	9,222	23,267
24	24	Interest	0	84	84
6	6	Dividends	1,800	488	88
358	358	Petroleum Tax	350	373	373
(86)	(86)	Gains on Derivatives (Interest Rate Swaps)	0	(1,382)	(1,382)
10,100	23,344	Total Revenue from Operating Activities	14,043	10,775	24,419

Note 6: Revenue from Other Gains

Council 2017/18 Actual \$000s	Group 2017/18 Actual \$000s		Council 2018/19 LTP \$000s	Council 2018/19 Actual \$000s	Group 2018/19 Actual \$000s
Revenue from Other Gains (Losses)					
1,639	4,539	Gain/(Loss) on Changes in Fair Value of Forestry Assets	0	613	(3,525)
0	454	Gain/(Loss) on Changes in Fair Value of Livestock	0	0	(118)
(319)	(323)	Gain/(Loss) on Disposal of Property, Plant and Equipment	12	(193)	(255)
0	0	Gain/(Loss) on Disposal of Intangible Assets	0	(141)	(141)

0	0	Net Emission Trading income	0	111	1,819
(1)	(1)	Gain/(Loss) on Changes in Fair Value of Non-Current Receivables/Investment	0	8	8
1,319	4,669	Total Revenue from Other Gains (Losses)	12	397	(2,213)

Note 7: Employee Benefit Expense

Council 2017/18 Actual \$000s	Group 2017/18 Actual \$000s		Council 2018/19 LTP \$000s	Council 2018/19 Actual \$000s	Group 2018/19 Actual \$000s
Employee Benefit Expense					
20,663	23,759	Salary and Wages	21,659	20,805	23,911
573	648	Defined Contribution Plans Expense	608	569	646
(113)	(156)	Increase / (Decrease) in Leave Liabilities	36	(59)	(67)
(2,062)	(2,062)	Less Recharged to Other Expense Categories**	(1,630)	(1,163)	(1,163)
19,061	22,189	Total Employee Benefit Expense	20,673	20,152	23,327

****Note:** Wages and salaries can be recharged to other expense categories for example capitalised project costs.

Note 8: Depreciation and Amortisation Expense

Council 2017/18 Actual \$000s	Group 2017/18 Actual \$000s		Council 2018/19 LTP \$000s	Council 2018/19 Actual \$000s	Group 2018/19 Actual \$000s
Depreciation and Amortisation Expense					
617	1,888	Commercial Operations	617	620	1,488
702	702	Cultural Activities	847	796	796
0	0	Customer Engagement	1	1	1
35	35	Emergency Management	61	32	32
0	0	Enforcement	0	6	6
2	2	Governance	2	2	2
840	840	Recreation and Amenity	876	806	806
127	127	Rivers, Land and Coastal	126	139	139
69	69	Science	69	78	78
358	358	Solid Waste	324	349	349
897	897	Stormwater	883	922	922
1,587	1,587	Support Services	1,744	1,813	1,813
11,353	11,353	Tairāwhiti Roads	11,171	11,648	11,648
2,131	2,131	Wastewater	2,092	2,144	2,144
2,226	2,226	Water Supply	2,284	2,288	2,288
20,945	22,217	Total Depreciation and Amortisation Expense	21,097	21,642	22,509
19,920	21,193	Total Depreciation	21,097	20,496	21,362
1,025	1,025	Total Amortisation	0	1,146	1,146
20,945	22,218		21,097	21,642	22,509

Note 9: Expenditure on Operating Activities

Council 2017/18 Actual \$000s	Group 2017/18 Actual \$000s		Council 2018/19 LTP \$000s	Council 2018/19 Actual \$000s	Group 2018/19 Actual \$000s
Operating Expenditure					
1,989	2,296	Administration Expenses	1,493	2,051	2,383
178	231	Audit Fees Financial Reporting (incl. Trustee reporting)	208	181	253
100	100	Audit Fees Long Term Plan	0	0	0
2	2	Audit of Registry	0	2	2
2,443	2,612	Consultants and Professional Services	1,419	2,566	2,790
661	661	Elected Members and Director's Fees	699	687	687
121	143	Indirect Employment Costs	114	180	221
1,067	1,069	Grants and Donations	1,136	1,069	1,069
697	819	Insurance Costs	725	943	1,114
1,653	255	Rental and Operating Leases	1,820	1,928	150
9,042	9,953	Repairs and Maintenance	11,763	11,682	12,737
962	962	Bad Debts Written Off-Rates	680	887	887
173	173	Bad Debts Written Off-Other	100	320	320
144	144	IRD Compliance Costs	147	136	136
2,327	2,346	Litter bins and City Cleaning	1,938	1,825	1,871
5,614	5,614	Emergency Works	3,011	14,203	14,203
20,655	26,037	Other Operating Expenditure ¹	22,546	21,346	27,255
47,827	53,416	Total Operating Expenditure	47,799	60,008	66,080

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

Note 10: Finance Costs

Council 2017/18 Actual \$000s	Group 2017/18 Actual \$000s		Council 2018/19 LTP \$000s	Council 2018/19 Actual \$000s	Group 2018/19 Actual \$000s
Finance Costs					
850	850	Interest on Debentures and Interest Rate Swaps	1,250	1,173	1,173
1,074	1,312	Interest on Bank Borrowings and Commercial Paper	1,661	968	1,512
58	58	Line Fee	60	58	58
0	0	Discount Unwind on Provisions	0	39	39
1,982	2,220	Total Finance Costs	2,971	2,237	2,781

Note 11: Income Tax

Council 2017/18 Actual \$000s	Group 2017/18 Actual \$000s		Council 2018/19 LTP \$000s	Council 2018/19 Actual \$000s	Group 2018/19 Actual \$000s
3,831	10,105	Surplus Before Tax	13,847	17,680	17,778
1,300	0	Subvention Payment	0	600	0
1,437	2,829	Tax @ 28%	3,877	5,118	4,978
Plus/(Less) Tax Effect of:					
(1,437)	(1,362)	Net Non Taxable and Non Deductible Items	(3,877)	(5,118)	(4,691)
0	0	Imputation credits Utilised	0		0
0	0	Deferred Tax Adjustment	0	0	0
0	1,467	Tax Expense	0	0	287
Made up of -					
0	711	Current Tax Expense	0	0	767
0	756	Deferred Tax Expense	0	0	(480)
0	1,467		0	0	287

Deferred Tax Asset/(Liability) - Group

	Property, Plant and Equipment \$000s	Biological Assets \$000s	Employee Entitlements and Other \$000s	Tax Loss Recognised \$000s	NZ Emission Units \$000s	Total \$000s
Balance as at 30 June 2017	(821)	(4,333)	55	198	(195)	(5,097)
Charged to surplus or deficit	149	(732)	(13)	(172)	20	(748)
Balance as at 30 June 2018	(672)	(5,065)	42	26	(175)	(5,844)
Charged to surplus or deficit	(285)	1,255	4	(8)	(487)	480
Balance as at 30 June 2019	(957)	(3,810)	46	19	(662)	(5,364)

Deferred tax has been calculated at 28%. Council (the Parent) has recognised a deferred tax asset of \$19k (2018: \$26k) in relation to unused tax losses of \$68k (2018: \$96k). 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 12: Reconciliation of Funding Impact Statement with Statement of Comprehensive Revenue and Expenses

RECONCILIATION OF REVENUE	AP 2017/18 \$000s	Actual 2017/18 \$000s	LTP 2018/19 \$000s	Actual 2018/19 \$000s
Sources of operating funding				
Total operating funding (A) as per Funding Impact Statement	76,718	81,539	87,167	95,922
Add Sources of capital funding				
Subsidies and grants for capital expenditure	17,954	12,194	18,509	25,012
Development and financial contributions	699	231	699	978
Profit / (Loss) on Sale of Assets	0	(319)	12	(193)
	95,371	93,645	106,387	121,719
As per Statement of Comprehensive Income - Total Operating Income	95,371	93,646	106,387	121,719
RECONCILIATION OF EXPENDITURE				
Applications of operating funding				
Total applications of operating funding (B) as per Funding Impact Statement	65,239	68,870	71,443	82,397
Add depreciation and amortisation expense	21,098	20,945	21,097	21,642
	86,337	89,815	92,540	104,039
As per Statement of Comprehensive Income - Total Operating Expenditure	86,337	89,815	92,540	104,039
RECONCILIATION OF TOTAL COMPREHENSIVE INCOME				
Surplus/(deficit) of operating funding (A-B)	11,479	12,669	15,724	13,525
Add Subvention Payment	0	1,300	0	600
Add Subsidies and grants for capital expenditure	17,954	12,194	18,509	25,012
Add Development and financial contributions	699	231	699	978
Add Profit / (Loss) on Sale of Assets	12	(319)	12	(193)
Less Depreciation and amortisation expense	(21,098)	(20,945)	(21,097)	(21,643)
Add Gains/(Loss) on Property Revaluation	392	73,160	15,130	60,535
	9,425	78,290	28,977	78,814
as per Statement of Comprehensive Income - Total Comprehensive Income	9,425	78,291	28,977	78,814

Note 13: Cash and Cash Equivalents

Council 2017/18 Actual \$000s	Group 2017/18 Actual \$000s		Council 2018/19 LTP \$000s	Council 2018/19 Actual \$000s	Group 2018/19 Actual \$000s
		Cash and Cash Equivalents			
582	1,020	Cash at the Bank and in Hand	176	3,964	6,935
582	1,020	Total Cash and Cash Equivalents	176	3,964	6,935

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

Note 14: Trade and Other Receivables

Council 2017/18 Actual \$000s	Group 2017/18 Actual \$000s		Council 2018/19 LTP \$000s	Council 2018/19 Actual \$000s	Group 2018/19 Actual \$000s
8,111	8,111	Rates Receivable	9,007	8,253	8,253
3,952	3,952	Roading Subsidy Due	849	12,248	12,248
49	49	Community Loans	84	53	53
7,901	7,254	Other Receivables	8,249	8,241	8,423
408	421	Prepayments	380	576	594
20,421	19,787		18,570	29,371	29,572
(5,531)	(5,531)	Provision for Impairment of Receivables	(5,974)	(5,851)	(5,851)
14,890	14,256	Total Trade and Other Receivables	12,595	23,520	23,721
Trade and Other Receivables Classified as:					
14,890	14,256	Current Receivables	12,595	23,520	23,721
14,890	14,256		12,595	23,520	23,721

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.

Below we have included tables to reflect financial assets that are past due as at the end of the reporting period but not impaired. Roothing subsidies, debtor control, GST receivable and GHL current account are not included as not past due.

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 2019 and 2018, all overdue receivables had been assessed for impairment and appropriate provisions applied where necessary. Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

The impairment provisions have been calculated based on expected losses for Council's pool of debtors.

Expected losses have been determined based on an analysis of Council's losses in previous periods, and review of specific debtors. Movements in the provision for impairment of receivables are as follows:

Note 14A: Impairment

Council 2017/18 Actual \$000s	Group 2017/18 Actual \$000s		Council 2018/19 Actual \$000s	Group 2018/19 Actual \$000s
5,401	5,401	Beginning Balance	5,531	5,531
130	130	Charge for Year	320	320
5,531	5,531	Ending Balance	5,851	5,851

The status of Receivables as at 30 June 2019 and 2018 are detailed below:

Note 14B: Receivables

COUNCIL 2018				COUNCIL 2019		
Gross	Impaired	Net		Gross	Impaired	Net
\$000s	\$000s	\$000s		\$000s	\$000s	\$000s
Sundry Invoice Receivables						
673	0	673	Current	1,549	0	1,549
59	0	59	Past Due 1 month	475	0	475
14	0	14	Past Due 2 months	18	0	18
801	0	801	Past Due 3 months	98	0	98
1,547	0	1,547		2,140	0	2,140

GROUP 2018				GROUP 2019		
Gross	Impaired	Net		Gross	Impaired	Net
\$000s	\$000s	\$000s		\$000s	\$000s	\$000s
Sundry Invoice Receivables						
1,254	0	1,254	Current	2,380	0	2,380
125	0	125	Past Due 1 month	477	0	477
15	0	15	Past Due 2 months	19	0	19
805	0	805	Past Due 3 months	101	0	101
2,200	0	2,200		2,977	0	2,977

Note 14C: Rates Receivable

Council 2018			Council 2019		
No. Of Properties	Outstanding \$000s		No. Of Properties	Outstanding \$000s	
General Land Rates					
984	1,528	Current <12 months	904	1,373	
124	442	Past Due 1 to 2 Years	116	419	
51	244	Past Due 2 to 3 years	44	243	
107	367	Past Due >3 years	100	381	
1,266	2,580	Total Outstanding	1,164	2,416	

Māori Land Rates

175	1,299	Current <12 months	212	1,384
78	1,109	Past Due 1 to 2 Years	66	1,122
57	896	Past Due 2 to 3 Years	58	1,000
472	2,228	Past Due >3 Years	480	2,330
782	5,531	Total Outstanding	816	5,837

Metered Water Supply				
590	425	Current	743	436
0	0	Past Due 1 month	0	0
8	2	Past Due 2 months	19	3
5	1	Past Due 3 months	0	1
603	428	Total Outstanding	762	440

Note 15: Inventories

Council 2017/18 Actual \$000s	Group 2017/18 Actual \$000s		Council 2018/19 LTP \$000s	Council 2018/19 Actual \$000s	Group 2018/19 Actual \$000s
Inventories					
2	2	Te Puia/Bushmere Road	2	2	2
14	14	Olympic Pool	15	15	15
26	26	Drainage	20	20	20
36	36	Soil Conservation	24	24	24
0	26	Waikanae Holiday Park	0	0	15
0	10	Gisborne Vehicle Testing	0	0	12
0	132	Farming	0	0	168
78	246	Total Inventories	62	61	256

No inventories have been pledged as security for liabilities.

Note 16: Investments

Council 2017/18 Actual \$000s	Group 2017/18 Actual \$000s		Council 2018/19 LTP \$000s	Council 2018/19 Actual \$000s	Group 2018/19 Actual \$000s
0	0	Term Deposits < 12 Months	0	0	0
Ordinary Shares					
32,038	0	Gisborne Holdings Ltd	32,038	32,455	0
152	152	Local Government Insurance Corporation Ltd	0	160	160
9	9	BOPLASS Ltd	9	9	9
0	438	Unlisted Shares held by Tauwhareparae Farms Limited	0	0	464
100	100	LGFA Shares	100	100	100
594	594	LGFA Notes	586	682	682
0	2	Top 10 Shares	0	0	2
32,893	1,295	Total Investments	32,733	33,406	1,417
Investments Classified as:					
0	0	Current Investments	0	0	0
32,893	1,295	Non-Current Investments	32,733	33,406	1,417
32,893	1,295		32,734	33,406	1,417

Gisborne Holdings Limited

This investment is carried at cost.

Local Government Insurance Corporation Limited trading as Civic Assurance

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

All the other investments are classified as available for sale.

Note 17: Derivatives

The Group has interest rate swap contracts with a fair value liability of \$3,978,238 (2018: \$2,593,908). Council's interest rate swaps have a fair value liability of \$3,978,238 (2018: \$2,593,908). These swaps are exposed to fair value movements as interest rates change.

The weighted average effective interest rate of the interest rate swaps was 4.47% (2018: 4.74%). 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 surplus or deficit.

For further information on the interest rate swaps, please refer to Note 29: Financial Instruments.

Note 18: Assets Held for Sale

Council 2017/18 Actual \$000s	Group 2017/18 Actual \$000s		Council 2018/19 LTP \$000s	Council 2018/19 Actual \$000s	Group 2018/19 Actual \$000s
50	50	Land	50	112	112
0	0	Buildings	0	572	572
50	50	Total Non Current Assets Held for Sale	50	684	684

Council has agreed to the disposal of four properties. The building at 175 Palmerston Road (Gisborne Community Early Education Centre) is to be transferred to the current occupants for a nominal consideration. Staff housing at 3060 Tiniroto Road, 10 Mutuera Road and 416 Te Wera Road were declared surplus and are going through statutory processes to enable disposal.

Note 19: Deposits Held

Council 2017/18 Actual \$000s	Group 2017/18 Actual \$000s		Council 2018/19 LTP \$000s	Council 2018/19 Actual \$000s	Group 2018/19 Actual \$000s
43	43	General and Other Deposits	135	79	79
70	70	Resource Consent Bonds	70	16	16
305	305	Footpath Deposits	286	322	322

13	13	Gisborne Rural Volunteer Fire	13	13	13
431	431	Total Deposits Held	504	430	430

Note 20: Trade and Other Payables

Council 2017/18 Actual \$000s	Group 2017/18 Actual \$000s		Council 2018/19 LTP \$000s	Council 2018/19 Actual \$000s	Group 2018/19 Actual \$000s
Accounts Payable					
1,318	1,318	Income in Advance	471	678	828
1,650	1,650	Rates in Advance	1,804	1,558	1,558
71	71	Gisborne District Council Disaster Relief Fund	69	72	72
491	491	Contract Retentions	325	843	843
0	0	Accruals - Loan Interest	207	0	0
138	138	Accruals - Audit Fees	121	107	107
737	737	Accruals - Other	4,244	10,240	10,535
15,475	17,106	Trade and other Payables	10,842	10,337	11,457
19,880	21,511	Total Trade and Other Payables	18,083	23,835	25,400

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 21: Employee Benefit Liabilities

COUNCIL	Accrued Wages & Salaries \$000s	Annual Leave \$000s	Long Service Leave \$000s	Retirement Leave \$000s	Sick Leave \$000s	Total \$000s
2018						
Balance at 1 July 2017	396	1,378	49	389	55	2,267
Additional leave accrued	372	1,649	8	38	13	2,080
Amounts Paid	(396)	(1,654)	(17)	(135)	0	(2,202)
Balance at 30 June 2018	372	1,373	40	292	68	2,145
2019						
Balance at 1 July 2018	372	1,373	40	292	68	2,145
Additional leave accrued	405	1,793	5	39	12	2,254
Amounts Paid	(372)	(1,841)	(16)	(53)	0	(2,282)
Balance at 30 June 2019	405	1,325	29	278	80	2,117
Current Portion	405	1,325	25	130	80	1,965
Non Current Portion	0	0	4	148	0	152
Total Provisions	405	1,325	29	278	80	2,117

GROUP	Accrued Wages & Salaries \$000s	Annual Leave \$000s	Long Service Leave \$000s	Retirement Leave \$000s	Sick Leave \$000s	Total \$000s
2018						
Balance at 1 July 2017	471	1,557	49	389	93	2,559
Additional leave accrued	372	1,736	8	38	13	2,167
Amounts Paid	(471)	(1,833)	(17)	(135)	(38)	(2,494)
Balance at 30 June 2018	372	1,460	40	292	68	2,232
2019						
Balance at 1 July 2018	372	1,460	40	292	68	2,232
Additional leave accrued	405	2,027	5	39	12	2,488
Amounts Paid	(372)	(1,928)	(16)	(53)	0	(2,369)
Balance at 30 June 2019	405	1,559	29	278	80	2,351
Current Portion	405	1,559	25	130	80	2,199
Non Current Portion	0	0	4	148	0	152
Total Provisions	405	1,559	29	278	80	2,351

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 1.27% (2018: 2.17%) and assumed salary inflation of 1.9% (2018: 1.7%). (Treasury discount rates: 1 year 1.2%, 2 years 1.17%, 5 years 1.27%).

Note 22: Borrowings

Council 2017/18 Actual \$000s	Group 2017/18 Actual \$000s		Council 2018/19 LTP \$000s	Council 2018/19 Actual \$000s	Group 2018/19 Actual \$000s
780	11,069	Bank Loans	2,679	9,680	29,374
6,000	6,000	Commercial Paper	8,000	6,000	6,000
5,000	5,000	Debenture	2,000	0	0
11,780	22,069	Total Current	12,679	15,680	35,374
0	0	Bank Loans	23,196	0	0
32,100	32,100	Debenture and FRN Debt Securities	25,000	42,600	42,600
32,100	32,100	Total Non Current	48,196	42,600	42,600
43,880	54,169	Total Borrowings	60,875	58,280	77,974

Note 22A: 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 \$42.6m (2018: \$37.1m) of debentures and floating rate notes with maturities from May 2021 to April 2026. Interest is paid quarterly in arrears. The interest rate range as at 30 June 2019 varies from 2.43% to 2.71% (2018: 2.63% to 2.94%) and are subject to quarterly reset dates.

Bank Facilities

Council has \$25m (2018: \$25m) worth of committed funding facilities available. Interest is payable at wholesale market rates. The interest rate as at 30 June 2019 was 2.55% (2018: 2.7%). There is \$9.7m drawn down under these facilities (2018: \$780k).

GHL has a working capital facility with a limit of \$3.5m together with a \$12.5m short term advance facility in place with ANZ Bank New Zealand Limited. The facilities are secured by way of a general security agreement. The balance at 30 June 2019 was \$13.3m (2018: \$10.3m).

Commercial Paper

The Council had \$6m of commercial papers on issue at 30 June 2019 (2018: \$6m) with an interest rate of 1.91% (2018: 2.26%).

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 23: Provision for Other Liabilities

COUNCIL and GROUP	Paokahu Landfill Aftercare \$000s	Waipapu Landfill Aftercare \$000s	Other Provisions \$000s	Total \$000s
2018				
Balance at 1 July 2017	1,416	853	5,688	7,957
Additional Provisions Made/(Reversed)	109	59	235	403
Amounts Used	(127)	0	0	(127)
Balance at 30 June 2018	1,398	912	5,923	8,233
2019				
Balance at 1 July 2018	1,398	912	5,923	8,233
Additional Provisions Made/(Reversed)	191	249	0	440
Amounts Used	(93)	0	(5,702)	(5,795)
Discount unwind	23	16	0	39
Balance at 30 June 2019	1,519	1,177	221	2,917
Current Portion	93	0	61	154
Non Current Portion	1,426	1,177	160	2,763
Total Provisions	1,519	1,177	221	2,917

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 Waipapu 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 2019 provision:

- Future cash flows were indexed 1.72% each year before a discount rate of 1.76% was applied.

In 2018, a discount rate of 3.05% was applied, with future costs indexed each year at 1.7%.

Waipapu 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 2019 provision:

- Future cash flows were indexed 1.76% each year before a discount rate of 1.77% was applied.

In 2018, a discount rate of 3.05% was applied, with future costs indexed each year at 1.78%.

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.

RiskPool Liability: Please refer to Note 32: Contingent Liabilities (Note 32).

Note 24: Property Plant and Equipment

COUNCIL 2019	Cost/Revaluation 1 July 2018 \$000s	Accumulated Depreciation and Impairment 1 July 2018 \$000s	Carrying Amount 1 July 2018 \$000s	Current Year Transfers \$000s	Current Year Additions \$000s	Current Year Disposals & other movements \$000s	Revaluation Current Year \$000s	Current Year Depreciation \$000s	Recovered Depreciation \$000s	Impairments \$000s	Other Adjustments \$000s	Cost/Revaluation 30 June 2019 \$000s	Accumulated Depreciation \$000s	Carrying Amount 30 June 2019 \$000s
Operational Assets														
Land	140,134	–	140,134	(283)	104	–	–	–	–	–	–	139,954	–	139,954
Buildings/Land Improvements	73,024	9,859	63,165	1,830	1,694	10	–	2,009	52	–	11	76,550	11,815	64,734
Plant /Motor Vehicles	6,420	3,653	2,767	–	887	282	–	484	274	–	–	7,025	3,864	3,161
Office Equipment	6,916	4,663	2,253	434	142	–	–	155	–	–	–	7,491	4,818	2,672
Other Equipment	3,551	2,077	1,475	–	385	150	–	425	150	–	–	3,786	2,352	1,435
Wharves	3,424	598	2,826	–	–	–	–	68	–	–	–	3,424	667	2,758
Library Books - General	1,762	1,382	379	–	156	94	–	81	80	–	–	1,823	1,384	439
Library Books - Permanent	336	6	330	–	–	–	–	–	–	–	–	336	6	330
Assets Under Construction	10,482	–	10,482	(787)	8,831	322	–	–	–	–	–	11,304	–	11,304
Total Operational Assets	246,049	22,238	223,811	(5706)	12,198	859	0	3,224	556	0	11	251,693	24,905	226,788
Infrastructural Assets														
Sewer and Wastewater Reticulation Systems	59,390	2,484	56,906	417	1,579	91	1,666	1,278	6	–	–	62,961	3,756	59,205
Sewer and Wastewater Treatment Plant & Facilities	34,777	1,673	33,104	90	249	–	865	847	–	–	–	35,981	2,520	33,461
Stormwater	52,820	1,767	51,053	901	729	34	1,785	922	1	–	(127)	56,073	2,688	53,386
Water Supply Reticulation Systems	42,248	2,131	40,117	746	512	6	1,280	1,111	2	–	–	44,779	3,240	41,539
Water Supply Treatment Plant & Facilities	60,204	2,259	57,945	59	801	–	881	1,143	–	–	–	61,944	3,402	58,542
Solid Waste	3,953	1,205	2,748	–	64	20	(103)	295	3	–	–	3,894	1,496	2,398
Flood Control	61,141	447	60,694	815	1,246	–	480	132	–	–	–	63,682	579	63,103
Waiapu Aftercare Provision Deferred Expense Asset	575	202	373	–	–	–	–	54	–	–	–	575	256	319
Roading	1,528,926	11,211	1,517,715	1,684	24,274	–	53,681	11,491	–	–	(20)	1,608,545	22,701	1,585,844
Total Infrastructural Assets	1,844,033	23,378	1,820,655	4,711	29,454	151	60,535	17,272	11	0	(147)	1,938,435	40,640	1,897,796
Total Property Plant and Equipment	2,090,082	45,617	2,044,466	(995)	41,652	1,010	60,535	20,496	568	0	(136)	2,190,128	65,545	2,124,583

Our Finances

COUNCIL 2018	Cost/Valuation 1 July 2017 \$000s	Accumulated Depreciation and Impairment 1 July 2017 \$000s	Carrying Amount 1 July 2017 \$000s	Current Year Transfers \$000s	Current Year Additions \$000s	Current Year Disposals & other movements \$000s	Revaluation Current Year \$000s	Current Year Depreciation and Impairment \$000s	Current Year Depreciation Adjustments \$000s	Cost/Revaluation 30 June 2018 \$000s	Accumulated Depreciation and Impairment 30 June 2018 \$000s	Carrying Amount 30 June 2018 \$000s
Operational Assets												
Land - Major	111,967	0	111,967	(320)	0	(6)	0	0	0	111,641	0	111,641
Land - Minor	26,903	0	26,903	320	1,270	0	0	0	0	28,493	0	28,493
Buildings/Land Improvements	49,838	5,512	44,326	0	7,746	(10)	0	1,417	0	57,574	6,928	50,646
Buildings Not Revalued	10,400	1,728	8,671	0	1,425	0	0	409	0	11,824	2,137	9,687
Plant /Motor Vehicles	6,075	3,363	2,711	0	366	(20)	0	290	0	6,420	3,653	2,767
Office Equipment	6,708	4,386	2,322	0	236	(28)	0	277	0	6,916	4,663	2,252
Other Equipment	3,014	1,709	1,305	0	537	0	0	367	0	3,551	2,077	1,475
CBD	3,621	756	2,866	0	0	(4)	0	37	0	3,625	793	2,832
Wharves	3,424	530	2,895	0	0	0	0	68	0	3,424	598	2,826
Library Books - General	3,841	3,447	394	0	163	(2,242)	0	147	(2212)	1,762	1,383	379
Library Books - Permanent	336	6	330	0	0	0	0	0	0	336	6	330
Assets Under Construction	8,472	0	8,472	0	3,980	(268)	0	0	0	12,184	0	12,184
Total Operational Assets	234,599	21,436	213,162	0	15,722	(2,570)	0	3,014	(2212)	247,750	22,238	225,511
Infrastructural Assets												
Sewer and Wastewater Reticulation Systems	57,364	1,220	56,144	0	391	(65)	1,699	1,264	0	59,390	2,484	56,906
Sewer and Wastewater Treatment Plant & Facilities	34,300	808	33,492	0	375	0	101	865	0	34,777	1,673	33,104
Stormwater	51,179	870	50,309	0	0	0	1,641	897	0	52,820	1,767	51,053
Water Supply Reticulation Systems	40,833	1,053	39,780	0	220	(13)	1,207	1,078	0	42,248	2,131	40,117
Water Supply Treatment Plant & Facilities	58,703	1,145	57,558	0	764	0	737	1,114	0	60,204	2,259	57,945
Solid Waste	3,694	893	2,801	0	113	(18)	164	312	0	3,953	1,205	2,748
Flood Control	59,275	327	58,948	0	510	0	1,356	120	0	61,141	447	60,694
Waiapu Aftercare Provision Deferred Expense Asset	515	156	359	0	60	0	0	46	0	575	202	373
Roading	1,451,007	0	1,451,007	0	11,664	0	66,254	11,211	0	1,528,926	11,211	1,517,715
Total Infrastructural Assets	1,756,870	6,472	1,750,398	0	14,097	(95)	73,160	16,906	0	1,844,033	23,379	1,820,654
Total Property Plant and Equipment	1,991,469	27,908	1,963,560	0	29,819	(2,665)	73,160	19,920	(2212)	2,091,783	45,617	2,046,165

GROUP 2019	Cost/Valuation 1 July 2018 \$000s	Accumulated Depreciation and Impairment 1 July 2018 \$000s	Carrying Amount 1 July 2018 \$000s	Current Year Transfers \$000s	Current Year Additions \$000s	Current Year Disposals & other movements \$000s	Revaluation Current Year \$000s	Current Year Depreciation \$000s	Recovered Depreciation \$000s	Impairments \$000s	Other Adjustments \$000s	Cost/Revaluation 30 June 2019 \$000s	Accumulated Depreciation \$000s	Carrying Amount 30 June 2019 \$000s
Operational Assets														
Land	190,173	1,902	188,271	(283)	4,398	–	–	181	–	–	–	194,287	2,083	192,204
Buildings/Land Improvements	98,991	12,273	86,719	1,830	5,351	10	–	2,437	52	–	11	106,174	14,657	91,517
Plant /Motor Vehicles	7,554	4,271	3,283	0	986	350	–	625	274	–	–	8,190	4,623	3,567
Office Equipment	8,175	5,164	3,011	434	442	11	–	272	–	–	–	9,039	5,436	3,603
Other Equipment	3,551	2,077	1,475	0	385	150	–	425	150	–	–	3,786	2,352	1,435
Wharves	3,424	598	2,826	0	–	–	–	68	–	–	–	3,424	667	2,758
Library Books - General	1,762	1,382	379	0	156	94	–	81	80	–	–	1,823	1,384	439
Library Books - Permanent	336	6	330	0	–	–	–	–	–	–	–	336	6	330
Assets Under Construction	11,314	0	11,314	(847)	8,833	322	–	–	–	–	–	11,354	–	11,354
Total Operational Assets	325,280	27,673	297,607	(6,490)	20,550	938	0	4,090	556	0	11	338,414	31,207	307,207
Infrastructural Assets														
Sewer and Wastewater Reticulation Systems	59,390	2,484	56,906	417	1,579	91	1,666	1,278	6	–	–	62,961	3,756	59,205
Sewer and Wastewater Treatment Plant & Facilities	34,777	1,673	33,104	90	249	–	865	847	–	–	–	35,981	2,520	33,461
Stormwater	52,820	1,767	51,053	901	729	34	1,785	922	1	–	(127)	56,073	2,688	53,386
Water Supply Reticulation Systems	42,248	2,131	40,117	746	512	6	1,280	1,111	2	–	–	44,779	3,240	41,539
Water Supply Treatment Plant & Facilities	60,204	2,259	57,945	59	801	–	881	1,143	–	–	–	61,944	3,402	58,542
Solid Waste	3,953	1,205	2,748	0	64	20	(103)	295	3	–	–	3,894	1,496	2,398
Flood Control	61,141	447	60,694	815	1,246	–	480	132	–	–	–	63,682	579	63,103
Waiapu Aftercare Provision Deferred Expense Asset	575	202	373	0	–	–	–	54	–	–	–	575	256	319
Roading	1,528,926	11,211	1,517,715	1,684	24,274	–	53,681	11,491	–	–	(20)	1,608,545	22,701	1,585,844
Total Infrastructural Assets	1,844,033	23,378	1,820,655	4,711	29,454	151	60,535	17,272	11	0	(147)	1,938,435	40,640	1,897,796
Total Property Plant and Equipment	2,169,313	51,051	2,118,262	(1,779)	50,004	1,089	60,535	21,362	568	0	(136)	2,276,849	71,846	2,205,003

Our Finances

GROUP 2018	Cost/Valuation 1 July 2017 \$000s	Accumulated Depreciation and Impairment 1 July 2017 \$000s	Carrying Amount 1 July 2017 \$000s	Current Year Transfers \$000s	Current Year Additions \$000s	Current Year Disposals & other movements \$000s	Revaluation Current Year \$000s	Current Year Depreciation and Impairment \$000s	Current Year Depreciation Adjustments \$000s	Cost/Revaluation 30 June 2018 \$000s	Accumulated Depreciation and Impairment 30 June 2018 \$000s	Carrying Amount 30 June 2018 \$000s
Operational Assets												
Land - Major	157,024	172	156,852	(320)	496	(6)	0	181	0	157,194	353	156,841
Land - Minor	27,083	0	27,083	320	1,270	0	0	0	0	28,673	0	28,673
Buildings/Land Improvements	65,190	6,742	58,448	0	20,684	(10)	0	2,292	0	85,864	9,034	76,830
Buildings Not Revalued	10,525	1,728	8,797	0	1,425	0	0	409	0	11,950	2,137	9,813
Plant /Motor Vehicles	7,627	3,973	3,654	0	714	(85)	0	413	0	8,256	4,386	3,870
Office Equipment	6,821	4,443	2,378	0	444	(32)	0	370	0	7,233	4,813	2,420
Other Equipment	3,015	1,709	1,306	0	537	0	0	367	0	3,552	2,076	1,476
CBD	3,621	756	2,865	0	0	4	0	37	0	3,625	793	2,832
Wharves	3,424	528	2,896	0	0	0	0	68	0	3,424	596	2,828
Library Books - General	3,841	3,447	394	0	163	(2,242)	0	147	(2212)	1,762	1,382	380
Library Books - Permanent	336	6	330	0	0	0	0	0	0	336	6	330
Assets Under Construction	13,210	0	13,210	(4,740)	4,812	(268)	0	0	0	13,014	0	13,014
Total operational assets	301,717	23,504	278,213	(4,740)	30,545	(2,639)	0	4,284	(2212)	324,883	25,576	299,308
Infrastructure Assets												
Sewer and Wastewater Reticulation Systems	57,364	1,220	56,144	0	391	(65)	1,699	1,264	0	59,390	2,484	56,906
Sewer and Wastewater Treatment Plant & Facilities	34,300	808	33,492	0	375	0	101	865	0	34,777	1,673	33,104
Stormwater	51,179	869	50,309	0	0	0	1,641	897	0	52,820	1,767	51,053
Water Supply Reticulation Systems	40,833	1,053	39,780	0	220	(12)	1,207	1,078	0	42,248	2,131	40,117
Water Supply Treatment Plant & Facilities	58,703	1,145	57,558	0	764	0	737	1,114	0	60,204	2,259	57,945
Solid Waste	3,694	893	2,801	0	113	(18)	165	313	0	3,954	1,206	2,748
Waiapu Aftercare Provision Deferred expense Asset	515	156	359	0	60	0	0	47	0	575	203	372
Roading	1,461,808	10,800	1,451,007	0	11,664	0	66,254	11,211	0	1,528,926	11,211	1,517,715
Flood Control	59,275	327	58,948	0	510	0	1,356	120	0	61,141	447	60,694
Total infrastructural assets	1,767,671	17,271	1,750,398	0	14,097	(95)	73,160	16,909	0	1,844,035	23,381	1,820,654
Total Property Plant and Equipment	2,069,388	40,775	2,028,611	(4,740)	44,642	(2,734)	73,160	21,193	(2212)	2,168,918	48,957	2,119,962

Properties held for resale are recorded at net cost as at 30 June 2019. Refer to Note 18: Non Current Assets Held for Sale.

Roading Assets

The roading asset valuation was undertaken at 30 June 2019 by Pauline True, Martin Hunter, and Brian Smith independent valuers of Stantec Limited. The depreciated replacement cost of roading assets as at 30 June 2019 is \$1.6b (2018: \$1.5b).

Insurance Disclosure

Property, Plant and Equipment

The total value of assets covered by insurance contracts for these assets is \$220,407,106. 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 \$22,407,106.
2. Material Damage including Fire caused by natural disaster. This covers for fire caused by natural disaster. Council's limit of liability is \$30,000,000.
3. Machinery Breakdown Coverage. This covers breakdown of insured plant and machinery. Council's limit of liability is \$4,127,344.

Forestry

The total value of assets covered by insurance contracts for forestry is \$961,701. Our insurance cover for this covers loss or damage to trees principally by fire and reinstatement costs. Council's limit of liability is \$961,701.

Motor Vehicles

The total value of our fleet is \$1,811,500. Our insurance cover for our vehicles covers accidental damage to Council vehicles and third party liability. All vehicles are insured for market or replacement value. Third party liability is limited to \$20,000,000.

Water, Wastewater, Stormwater, Rivers and Land Drainage

The declared value for infrastructure assets is \$432,533,371. Insurance covers physical loss caused by a natural catastrophe event. Council has a limit of liability of \$250,000,000.

Note 24A: Assets Under Construction

	Council		Group	
	2018 \$000s	2019 \$000s	2018 \$000s	2019 \$000s
Building/Land Improvements	0	1,377	832	1,427
Conveniences	0	1,149	0	1,149
Information Management	2	100	2	100
Land	0	2	0	2

Library	0	53	0	53
Parks and Open Spaces	7,169	1,299	7,169	1,299
Plant	0	125	0	125
Rivers and Flood Control	994	370	994	370
Roading	150	510	150	510
Sewer and Wastewater	1,871	2,441	1,871	2,441
Solid Waste	0	0	0	0
Stormwater	744	734	744	734
Theatres	391	3,052	391	3,052
Water Supply	863	189	863	189
Total Assets Under Construction	12,184	11,401	13,016	11,451

Note 25: Intangible Assets

Council 2017/18 Actual \$000s	Group 2017/18 Actual \$000s		Council 2018/19 LTP \$000s	Council 2018/19 Actual \$000s	Group 2018/19 Actual \$000s
Other Intangible Assets					
7,649	7,649	Balance at 1 July - Cost	7,649	8,193	8,193
		Balance at 1 July - WIP		1,702	1,702
(3,745)	(3,745)	Less Accumulated Amortisation and Impairment	(3,745)	(4,770)	(4,770)
3,904	3,904	Opening Carrying Amount	3,904	5,125	5,125
0	0	Additions to WIP		98	98
804	804	Additions	0	2,741	2,741
(260)	(260)	Disposals	0	(141)	(141)
		Transfers from WIP		(1,702)	(1,702)
0	0	Change in Fair Value	0	0	0
(1,025)	(1,025)	Less Amortisation Charge	0	(1,146)	(1,146)
3,423	3,423	Closing Carrying Amount	3,904	4,975	4,975
Balance at 30 June					
8,193	8,193	Cost	7,649	10,891	10,891
(4,770)	(4,770)	Less Accumulated Amortisation and Impairment/Change in Fair Value	(3,745)	(5,916)	(5,916)
3,423	3,423	Closing Carrying Amount	3,904	4,975	4,975
Emissions Trading Scheme Assets					
0	698	Balance at 1 July - Cost	0	0	656
0	0	Less Impairment	0	0	0
0	698	Opening Carrying Amount	0	0	656
0	0	Additions	0	1,653	4,193
0	(42)	Disposals	0	0	0
0	0	Impairment	0	0	0
0	656	Closing Carrying Amount	0	1,653	4,849
Balance at 30 June					
0	656	Cost	0	1,653	4,849
0	0	Less Impairment	0	0	0
0	656	Closing Carrying Amount	0	1,653	4,849
Emissions Trading Scheme Liabilities					
0	0	Balance at 1 July - Cost	0	0	0

0	0	Additions	0	1,542	2,374
0	0	Disposals	0	0	0
0	0	Impairment	0	0	0
0	0	Closing Carrying Amount	0	1,542	2,374
0	656	Net Emissions Trading Scheme Assets	0	111	2,475

At balance date Council recognised \$1,653,257 (2018: nil) of Emission Trading Scheme carbon units.

Note 26: Biological Assets – Livestock

Biological Assets

Council biological assets consist of forest only (\$6m). Group biological assets consist of sheep and cattle (livestock - \$12.5m) and forestry (\$18.7m). The Group farms livestock for the sale of sheep, lambs, cattle and calves. As at 30 June 2019 the Group had 32,980 sheep, 5,478 cattle (2018: 30,814 sheep, 5,467 cattle). During the year the Group sold 24,994 sheep, 2,551 cattle (2018: 30,032 sheep, 1,894 cattle).

Reconciliation of Opening Balance to Closing Balance – 2019

GROUP	SHEEP		CATTLE		Total
	Quantity	\$000s	Quantity	\$000s	\$000s
Opening Balance as at 1 July 2018	30,814	5,625	5,467	7,014	12,639
Natural Increase	30,696	4,280	2,661	2,131	6,411
Purchases	49	50	47	210	260
Changes in Fair Value	0	132	0	214	346
Sales	(24,994)	(3,453)	(2,551)	(2,888)	(6,341)
Death and Killed	(3,585)	(618)	(146)	(176)	(794)
Closing Balance as at 30 June 2019	32,980	6,016	5,478	6,505	12,521

Reconciliation of Opening Balance to Closing Balance – 2018

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

Note 26A: Biological Assets – Livestock

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

2018			2019		
Quantity	\$000s		Quantity	\$000s	
SHEEP					
16,479	3,049	Mixed Aged Ewes	17,118	3,217	
6,772	1,382	Two Tooth Ewes	6,841	1,423	
269	67	Breeding Rams	244	61	
IMMATURE SHEEP					
7,156	1,114	Ewe Hoggets	7,341	1,136	
138	13	Ram and Wether Hoggets	1,436	179	
30,814	5,625	Total Sheep	32,980	6,016	
MATURE CATTLE					
1,697	2,454	Mixed Aged Cows	1,726	2,406	
632	1,008	Rising three year Heifers	550	866	
779	949	Rising two year Heifers	774	879	
		Rising three year and Older Steers			
11	10	Rising two year Steers and Bulls	13	12	
156	785	Breeding Bulls	130	500	
IMMATURE CATTLE					
1,100	852	R1 Heifers	1,051	762	
1,092	956	R1 Steers and Bulls	1,234	1,080	
5,467	7,014	Total Cattle	5,478	6,505	

Note 26B: Biological Assets – Livestock

GROUP				2018/19			
Quantity	Average Price \$	2018 \$000s		Quantity	Average Price \$	2019 \$000s	
SHEEP							
30,032	127	3,819	Sales	24,994	138	3,453	
Less Cost of Sales							
31,921	163	5,203	Opening Stock	30,814	183	5,625	
47	1,064	50	Add Purchases	49	1,020	50	
30,814	183	5,625	Less Closing Stock	32,980	183	6,016	
		(372)	Total Cost of Sales			(341)	
		4,191	Gross Profit from Sheep			3,794	
CATTLE							
1,894	1,158	2,194	Sales	2,551	1,132	2,888	
Less Cost of Sales							
4,992	1,399	6,982	Opening Stock	5,467	1,283	7,014	
60	7,467	448	Add Purchases	47	4,468	210	
5,467	1,283	7,014	Less Closing Stock	5,478	1,187	6,505	
		416	Total Cost of Sales			719	
		1,778	Gross Profit from Cattle			2,169	

The fair value of livestock is determined by independent valuation as at 30 June 2019. 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.

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

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

There is no financial risk management strategy for livestock.

Note 26C: Forestry

Council 2017/18 Actual \$000s	Group 2017/18 Actual \$000s		Council 2018/19 LTP \$000s	Council 2018/19 Actual \$000s	Group 2018/19 Actual \$000s
4,348	17,898	Balance at 1 July	4,349	5,988	22,599
0	161	Increases due to Purchases	0	0	236
1,639	4,539	Gains/(Losses) arising from changes in fair value less estimated point of sale costs attributable to price changes		613	(3,525)
0	0	Harvest	0	(625)	(625)
5,988	22,599	Balance at 30 June	4,349	5,976	18,685

Harvesting was undertaken during the year; income received from log sales was \$625,000 (2018: Nil).

Council's forestry holdings have been valued by Andrew Clarke, Consulting Manager, Kenneth Tsang, NZIF Registered Forestry Consultant and Denny Du, Forest Analyst of PF Olsen and Company Limited. A post-tax discount rate of 6.00% (2018: 6.50%) has been used in discounting the present value of expected cash flows. The valuations are compliant with PBE IPSAS 27.

The valuation of the Pamoā forestry assets as at 30 June 2019 is \$5,261,000. (2018: \$5,112,000).

The valuation of the Council's forestry assets as at 30 June 2019 is \$715,000. (2018: \$876,000).

Tauwharepārae Forests

The fair value of the forest tree crop is determined by independent valuation. Independent forestry valuation as at 30 June 2019 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% (2018: 6%)
Rate of Inflation - 1.5% (2018: 2.0%)
Rate of Tax - 28% (2018: 28.0%)

During the year \$236,108 (2018: \$160,787) 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 27: Equity

Council 2017/18 Actual \$000s	Group 2017/18 Actual \$000s		Council 2018/19 LTP \$000s	Council 2018/19 Actual \$000s	Group 2018/19 Actual \$000s
Accumulated Surplus (Retained Earnings)					
401,336 (911)	405,313 (911)	Balance at 1 July	412,353	405,831	413,315
		Transfers (to)/from Special Funds	1,739	(2,639)	(2,639)
275	275	Transfers from Asset Revaluation Reserve on Disposal of Property, Plant and Equipment	0	570	570
5,131	8,638	Surplus/(Deficit) for the year	13,847	18,280	17,491
405,831	413,315	Balance at 30 June	427,939	422,042	428,737
Special Funds and Reserves					
37,572 911	37,572 911	Balance at 1 July	33,964	38,483	38,483
		Transfer (to)/from Retained Earnings	(1,739)	2,639	2,639
38,483	38,483	Balance at 30 June	32,225	41,122	41,122
Asset Revaluation Reserves					
1,509,709 73,160 (275)	1,554,996 73,160 (275)	Balance at 1 July	1,509,934	1,582,594	1,627,881
		Revaluations	15,130	60,535	60,535
		Transfers to Retained Earnings on Disposal of Property, Plant and Equipment	0	(570)	(570)
0	0	Deferred Tax on building revaluations	0	0	0
1,582,594	1,627,881	Balance at 30 June	1,525,065	1,642,559	1,687,846

Note 27A: Asset Revaluation Reserve

Council 2017/18 Actual \$000s	Group 2017/18 Actual \$000s	ASSET CLASSES 2017/18	ASSET CLASSES 2018/19	Council 2018/19 Actual \$000s	Group 2018/19 Actual \$000s
90	90	Investments	Investments	90	90
		Operational Assets	Operational Assets		
99,672	142,713	Land - Major	Land	118,555	161,596
18,795	18,795	Land - Minor			0
23,456	26,139	Buildings/Land Improvements	Buildings/Land Improvements	25,115	27,798
102	102	CBD			0
470	470	Office Equipment			0
499	499	Other Equipment			0
1,106	2,221	Other Operational Asset			0
		Infrastructural Assets			0
29,148	29,148	Sewer and Wastewater	Sewer and Wastewater	31,573	31,573
23,227	23,227	Stormwater	Stormwater	24,992	24,992
52,468	52,468	Water Supply	Water Supply	54,617	54,617
1,115	0	Solid Waste	Solid Waste	1,011	1,011
1,284,488	1,284,488	Roading	Roading	1,338,169	1,338,169
48,084	48,084	Flood Control	Flood Control	48,564	48,564
(126)	(563)	Deferred Tax Asset Revaluation	Deferred Tax Asset Revaluation	(126)	(563)
1,582,594	1,627,881			1,642,559	1,687,846

Note 27B: Internal Borrowings

	Opening Balance 1 July 2018 \$000s	New Borrowings \$000s	Interest \$000s	Repayments Principal \$000s	Closing Balance 30 June 2019 \$000s
Building Services	3	0	0	1	2
Commercial Operations	414	56	18	31	439
Cultural Activities	2,550	1,496	132	263	3,692
Customer Engagement	26	0	1	1	24
Emergency Management	7	0	0	2	4
Enforcement	51	4	2	6	49
Tairāwhiti Roads	10,027	1,739	436	495	11,309
Governance	2	0	0	1	2
Recreation and Amenity	11,128	591	465	659	11,113
Rivers, Land and Coastal	6,042	911	255	329	6,624
Science	2	216	5	0	217
Solid Waste Stormwater	4,912	6	190	607	4,311
Support Services	5,094	785	212	404	5,475
Wastewater	17,648	5,330	719	1,440	21,539
Water Supply	20,499	2,582	853	1,461	21,621
	1,360	707	60	89	1,978
	79,766	14,424	3,349	5,789	88,400

Note 27C: Special Funds and Other Reserves

	Opening Balance 1 July 2018 \$000s	Transfers to Reserves \$000s	Transfers from Reserves \$000s	Closing Balance 30 June 2019 \$000s	Description / Use
Municipal Theatre Project	28	1	0	29	Reserve held as a source of capital funding for the redevelopment of theatres
Waipaoa River Flood Control Scheme	737	14	0	752	Reserve is a funding source for minor and major capital work in relation to the Waipaoa River Flood Control Scheme
Civil Defence Disaster Relief	533	10	0	543	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	2,198	42	0	2,240	Reserve is to hold proceeds of selected asset sales which are to be utilised for capital developments as determined by Council
Quarry Rehab	1,155	22	0	1,177	Reserve is to provide for the restoration and rehabilitation of the Patutahi Quarry
Olympic Pool Development	29	1	0	30	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	116	2	0	118	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	(262)	249	35	(49)	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	(698)	183	8	(524)	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	294	282	0	575	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	(782)	127	164	(819)	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	221	37	0	259	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	7	Reserve holds funds that are distributed in accordance with the trust deed
GHL Forestry Reserve	(2,227)	(46)	810	(3,085)	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.
Pamoa Restoration Reserve	0	428	3	425	Funds from Pamoa harvest for the restoration around the Wainake water supply.
Roading FAR Reserve	0	1,375	194	1,181	Funds from increased subsidy from NZTA to be used on roading projects subject to approval by Council.
Land Subdivision	363	7	0	371	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
Organisation Development Reserve	0	175	0	175	Operational Surplus to be used to fund organisational development
Depreciation	36,770	21,440	20,494	37,716	Reserve holds funds utilised on projects that replace the districts assets
TOTAL RESERVES	38,483	24,347	21,709	41,122	

Note 28: Reconciliation of Net Surplus to Operating Cash Flows

Council 2017/18 Actual \$000s	Group 2017/18 Actual \$000s		Council 2018/19 Actual \$000s	Group 2018/19 Actual \$000s
5,131	8,638	Reported Net Surplus after tax	18,280	17,491
		Add/(Deduct) Non Cash Items		
20,945	22,217	Depreciation & Amortisation	21,642	22,509
86	86	Unrealised (Gain)/Loss on Derivative Financial Instruments	1,382	1,382
(2)	(1)	Other Fixed and Investment Asset Changes/(Credits)	(8)	(26)
0	(454)	Livestock Holding (Gain)/ Loss	0	119
320	320	(Profit)/ Loss on Disposal of Assets	334	396
(1,639)	(4,539)	Forestry Value (Gain) / Loss	(613)	3,525
0	0	Loss on timber stock	0	0
275	276	Other provisions and deferred expense asset	(5,316)	(5,316)
0	755	Increase in Deferred Taxation	0	(480)
0	41	Carbon Credit Allocation	(110)	(1,818)
1,135	1,135	Bad Debts Written Off	1,207	1,207
0	0	Dividend Receivable	0	0
21,120	19,836		18,518	21,498
		Add Items classified as Investing Activities		
(813)	(813)	Movement of Plant, Property and Equipment included in Trade Payables	1,348	1,348
(813)	(813)		1,348	1,348
		Increase/(Decrease) in Working Capital		
(4,817)	(4,960)	Trade & Other Receivables	(10,734)	(10,764)
(16)	(32)	Inventories	17	(10)
(73)	(73)	Deposits Held	(1)	(1)
2,128	2,222	Trade & Other Payables	3,955	3,023
0	0	Provision for Other Liabilities	(1)	(1)
(122)	(279)	Employee Benefit Liabilities	(28)	119
1,248	0	Subvention Payment Due	897	0
0	711	Taxation Payable		(901)
(1,652)	(2,411)		(5,895)	(8,535)
23,786	25,250	Net Cash Inflow from Operating Activities	32,250	31,802

Note 29: 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 29A: Financial Instruments

Council 2017/18 Actual \$000s	Group 2017/18 Actual \$000s		Council 2018/19 LTP \$000s	Council 2018/19 Actual \$000s	Group 2018/19 Actual \$000s
FINANCIAL ASSETS					
Non Current Assets					
855	1,295	Investments - Non Current	694	951	1,417
855	1,295	Available for Sale Financial Assets	694	951	1,417
Current Assets					
0	0	Investments - Current	0	0	0
0	0	Available for Sale Financial Assets	0	0	0
582	1,020	Cash and Cash Equivalents	176	3,964	6,935
14,890	14,256	Trade and Other Receivables	12,595	23,520	23,721
15,472	15,276	Loans and Receivables at Amortised Cost	12,771	27,484	30,656
FINANCIAL LIABILITIES					
Non Current Liabilities					
0	0	Bank Loan	23,196	0	0
32,100	32,100	Secured Debentures	25,000	42,600	42,600
170	170	Trade Payables and Accruals	0	152	152
32,270	32,270	Financial Liabilities Measured at Amortised Cost	48,196	42,752	42,752
1,890	1,890	Derivative Financial Instruments	1,793	3,226	3,226
1,890	1,890	Financial Liabilities at Fair Value Through Surplus or Deficit	1,793	3,226	3,226
Current Liabilities					
702	703	Derivative Financial Instruments	716	752	752
5,000	5,000	Secured Debentures	2,000	0	0
6,000	6,000	Commercial Paper	8,000	6,000	6,000
780	11,069	Bank Loan	2,679	9,680	29,374
21,855	23,573	Trade Payables and Accruals	20,151	25,800	27,599
34,337	46,345	Financial Liabilities at Amortised Cost	33,546	42,232	63,725

Our Finances

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

Fair Value

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

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

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

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

COUNCIL

Year Ended 30 June 2018 Valuation Technique				Year Ended 30 June 2019 Valuation Technique			
Quoted Market Price (Level 1) \$000s	Observable Inputs (Level 2) \$000s	Non Observable Inputs (Level 3) \$000s	Total \$000s	Quoted Market Price (Level 1) \$000s	Observable Inputs (Level 2) \$000s	Non Observable Inputs (Level 3) \$000s	Total \$000s
Financial Assets							
0	0	855	855	0	0	951	951
0	0	855	855	0	0	951	951
Financial Liabilities							
0	(2,592)	0	(2,592)	0	(3,978)	0	(3,978)
0	(2,592)	0	(2,592)	0	(3,978)	0	(3,978)

GROUP

Year Ended 30 June 2018 Valuation Technique				Year Ended 30 June 2019 Valuation Technique			
Quoted Market Price (Level 1) \$000s	Observable Inputs (Level 2) \$000s	Non Observable Inputs (Level 3) \$000s	Total \$000s	Quoted Market Price (Level 1) \$000s	Observable Inputs (Level 2) \$000s	Non Observable Inputs (Level 3) \$000s	Total \$000s
Financial Assets							
0	0	1,295	1,295	0	0	1,417	1,417
0	0	1,295	1,295	0	0	1,417	1,417
Financial Liabilities							
0	(2,593)	0	(2,593)	0	(3,978)	0	(3,978)
0	(2,593)	0	(2,593)	0	(3,978)	0	(3,978)

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 2017/18 Actual \$000s	Group 2017/18 Actual \$000s		Council 2018/19 Actual \$000s	Group 2018/19 Actual \$000s
COUNTER PARTIES WITH CREDIT RATINGS				
Cash at Bank and Term Deposits				
582	1,020	AA-	3,964	6,935
582	1,020	Total cash at bank and term deposits	3,964	6,935
COUNTER PARTIES WITHOUT CREDIT RATINGS				
49	49	Existing counter party with no defaults in the past	53	53
49	49	Total Rates postponement and Community loans	53	53
Financial Assets				
582	1,020	Cash and Cash Equivalents	3,964	6,935
14,890	14,256	Trade and Other Receivables	23,520	23,721
0	0	Current Investments	0	0
15,473	15,277	Total Financial Assets	27,484	30,657

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

Council 2018			Council 2019		
Gross \$000s	Impaired \$000s		Gross \$000s	Impaired \$000s	
Trade and Other Receivables					
9,336	0	Current	18,322	0	
1,052	0	Past Due 0 - 3 Months	793	0	
309	0	Past Due 3 - 6 Months	275	0	
9,724	5,531	Past Due More Than 6 Months	9,981	5,851	
20,421	5,531	Total Trade and Other Receivables	29,371	5,851	
Group 2018			Group 2019		
Gross \$000s	Impaired \$000s		Gross \$000s	Impaired \$000s	
Trade and Other Receivables					
8,702	0	Current	18,523	0	
1,052	0	Past Due 0 - 3 Months	793	0	
309	0	Past Due 3 - 6 Months	275	0	
9,724	5,531	Past Due More Than 6 Months	9,981	5,851	
19,787	5,531	Total Trade and Other Receivables	29,572	5,851	

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 Note 22: 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.

Our Finances

The Group's maximum exposure to credit risk at balance date is:

	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
COUNCIL 2019						
Cash and Cash Equivalents	3,964	3,964	3,964	0	0	0
Trade and Other Receivables	29,371	29,371	29,321	0	0	50
Current Investments	0	0	0	0	0	0
Total Financial Assets	33,334	33,334	33,284	0	0	50

	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
COUNCIL 2018						
Cash and Cash Equivalents	582	582	582	0	0	0
Trade and Other Receivables	20,421	20,421	20,372	0	0	49
Current Investments	0	0	0	0	0	0
Total Financial Assets	21,003	21,003	20,954	0	0	49

	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
GROUP 2019						
Cash and Cash Equivalents	6,935	6,935	6,935	0	0	0
Trade and Other Receivables	29,572	29,572	29,522	0	0	50
Current Investments	0	0	0	0	0	0
Total Financial Assets	36,507	36,507	36,457	0	0	50

	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
GROUP 2018						
Cash and Cash Equivalents	1,020	1,020	1,020	0	0	0
Trade and Other Receivables	19,787	19,787	19,738	0	0	49
Current Investments	0	0	0	0	0	0
Total Financial Assets	20,807	20,807	20,758	0	0	49

Contractual Maturity Analysis of Financial Liabilities

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

	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
COUNCIL 2019						
Trade and Other Payables	25,800	25,800	25,800	0	0	0
Derivative Financial Instruments	3,978	3,978	752	867	1,868	491
Bank Loans	9,680	9,680	9,680	0	0	0
Commercial Paper	6,000	6,018	6,018	0	0	0
Debentures	42,600	47,103	1,084	6,069	29,599	10,351
Total Financial Liabilities	88,058	92,579	43,334	6,936	31,467	10,842

	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
COUNCIL 2018						
Trade and Other Payables	22,025	22,025	22,025	0	0	0
Derivative Financial Instruments	2,592	2,592	702	580	1,131	179
Bank Loans	780	780	780	0	0	0
Commercial Paper	6,000	6,022	6,022	0	0	0
Debentures	37,100	41,378	5,982	878	24,152	10,366
Total Financial Liabilities	68,497	72,797	35,511	1,458	25,283	10,545

	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
GROUP 2019						
Trade and Other Payables	27,599	27,599	27,599	0	0	0
Derivative Financial Instruments	3,978	3,978	752	867	1,868	491
Bank Loans	29,374	29,374	29,374	0	0	0
Commercial Paper	6,000	6,018	6,018	0	0	0
Debentures	42,600	47,103	1,084	6,069	29,599	10,351
Total Financial Liabilities	109,551	114,072	64,827	6,936	31,467	10,842

	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
GROUP 2018						
Trade and Other Payables	23,743	23,743	23,743	0	0	0
Derivative Financial Instruments	2,593	2,593	702	580	1,132	179
Bank Loans	11,069	11,069	11,069	0	0	0
Commercial Paper	6,000	6,022	6,022	0	0	0
Debentures	37,100	41,378	5,982	878	24,152	10,366
Total Financial Liabilities	80,505	84,805	47,518	1,458	25,284	10,545

Market Risk

The Group enters into derivative financial instruments to manage interest rate risk. A treasury committee, headed by senior management personnel, provides oversight for risk management and derivatives activities and ensures any activities comply with the Treasury Management Policy which is formally approved by Council as part of the Council's Long Term Plan.

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 2017/18 Actual \$000s	Group 2017/18 Actual \$000s	Council 2018/19 Actual \$000s	Group 2018/19 Actual \$000s
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Weighted Effective Interest Rates

2.70%	3.24%	Bank Loan	2.55%	2.69%
2.76%	2.76%	Debentures	2.55%	2.55%
4.74%	4.74%	Derivative Financial Instruments	4.47%	4.47%
2.26%	2.26%	Commercial Paper	1.91%	1.91%

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 2017/18 Actual \$000s	Group 2017/18 Actual \$000s	Council 2018/19 Actual \$000s	Group 2018/19 Actual \$000s
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Net Surplus Higher/(Lower)

1,420	1,420	+ 100 Basis Points	1,560	1,560
(1,506)	(1,506)	- 100 Basis Points	(1,672)	(1,672)

Note 30: Commitments

COUNCIL 2019	Total \$000s	0 - 12 Months \$000s	1 - 5 Years \$000s
Capital Commitments - Approved and Contracted	11,510	11,510	0
Operational Contract Commitments - Approved and Contracted	25,371	11,625	13,746
Total Commitments	36,881	23,135	13,746

COUNCIL 2018	Total \$000s	0 - 12 Months \$000s	1 - 5 Years \$000s
Capital Commitments - Approved and Contracted	40,067	18,943	21,124
Operational Contract Commitments - Approved and Contracted	33,091	12,251	20,840
Total Commitments	73,158	31,194	41,964

GROUP 2019	Total \$000s	0 - 12 Months \$000s	1 - 5 Years \$000s
Capital Commitments - Approved and Contracted	11,510	11,510	0
Operational Contract Commitments - Approved and Contracted	25,371	11,625	13,746
Total Commitments	36,881	23,135	13,746

GROUP 2018	Total \$000s	0 - 12 Months \$000s	1 - 5 Years \$000s
Capital Commitments - Approved and Contracted	41,567	20,443	21,124
Operational Contract Commitments - Approved and Contracted	33,330	12,318	21,012
Total Commitments	74,897	32,761	42,136

Note 31A: Leases

	Total \$000s	0 - 12 Months \$000s	1 - 5 Years \$000s	5+ Years \$000s
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GROUP 2019

Operating Lease Payments	5,745	383	1,390	3,972
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Total Non Cancellable Operating

5,745	383	1,390	3,972
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GROUP 2018

Operating Lease Payments	545	110	285	150
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Total Non Cancellable Operating

545	110	285	150
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	Total \$000s	0 - 12 Months \$000s	1 - 5 Years \$000s	5+ Years \$000s
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COUNCIL 2019

Operating Lease Payments	31,800	1,929	7,528	22,342
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Total Non Cancellable Operating

31,800	1,929	7,528	22,342
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COUNCIL 2018

Operating Lease Payments	36,776	1,889	7,427	27,460
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Total Non Cancellable Operating

36,776	1,889	7,427	27,460
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Gisborne District Council leases buildings from Gisborne Holdings Ltd. This arrangement began 1 December 2015. In 2019 the annual lease amount was \$1.9m. Non cancellable lease terms range between 5 and 19 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 \$333,138 (2018: \$466,393).

Note 31B: 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 2019				
Operating Lease Commitments	65	65	0	0
Total Operating Lease Commitments	65	65	0	0
COUNCIL 2018				
Operating Lease Commitments	59	59	0	0
Total Operating Lease Commitments	59	59	0	0

Note 32: Contingent Liabilities

Paokahu Consent Bond

As a condition of the Paokahu landfill resource consent the Council entered into a bond with the Paokahu owners for the sum of \$100,000. This acts as security for the performance of any of the conditions of the resource consent, including any conditions relating to aftercare and post closure remediation.

RiskPool Liability

Gisborne District Council was a member of the NZ Mutual Liability Riskpool between 2003 and 2010. During this time there were unprecedented adverse liability findings against New Zealand local authorities, particularly as a result of the leaky building epidemic. As this exposure was unforeseen, the amount of contributions collected and reinsurance placed was insufficient to meet the claims turn out with the result being calls for additional funds on members. While the risk of further calls diminishes with each year as limitation periods expire,

liability remains for the Council for those years where it was a Riskpool member. Should there be adverse claims developments, the Riskpool Board will advise affected members of the call and their share of the liability at the earliest possible time.

New Zealand Emissions Trading Scheme Obligations

The Group has a contingent liability in respect of both its pre-1990 and post-1989 forests which are part of the New Zealand Emissions Trading Scheme.

Should the Group deforest all of its pre-1990 forests, it would have a liability under the ETS to surrender New Zealand emissions units of approximately \$21.055m determined at 30 June 2019 (2018: \$19.553m).

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 in addition to that already recognised in the financial statements to surrender New Zealand emissions units of approximately \$5.274m determined at 30 June 2019 (2018: \$4.898m). 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.

If these contingencies were to arise, emissions units held may be utilised to settle these obligations.

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, \$20m 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 2019, NZLGFA had borrowings totalling \$9,840m (2018: \$8,594m).

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

The Te Puia Service Centre building is currently being demolished, activities have moved to alternative premises. There are no other council buildings that meet the criteria for earthquake prone buildings under the Building (Earthquake-prone Buildings) Amendment Act 2016.

Carter Holt Harvey

In 2013, the Ministry of Education (MOE) initiated High Court proceedings against Carter Holt Harvey (CHH) and others alleging inherent defects in the shadow clad plywood cladding sheets manufactured and distributed by CHH. The MOE's claim against CHH is for 833 school buildings, 19 of which are located within the Gisborne region. In 2016, CHH commenced proceedings against 48 councils, including Gisborne Council, alleging a breach of duty in the processing of building consents, undertaking building inspections and issuing Code Compliance Certificates.

28 school buildings built outside the 10 year long stop contained within the Building Act 2004 have since been struck out by the High Court. At present, there is still insufficient information to conclude on potential liability and claim quantum, if any.

Note 33: 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 Tauwharepārae Farms Ltd.

The investment by GHL in subsidiaries comprises a 100% interest in Tauwharepārae Farms Ltd (TFL). TFL is a non-trading entity. TFL is involved in the ownership and operation of farming activities.

All subsidiaries have a 30 June balance date.

Transactions with GHL	2018 \$000s	2019 \$000s
Services Provided to Council	444	496
Services Provided by Council	236	278
Lease Provided by GHL	1,602	1,880

The above table shows the transactions with GHL during the financial year. As GHL forms part of the Group, these transactions are eliminated upon consolidation.

All the above services were provided on normal terms and conditions of trade. Figures for services provided are shown exclusive of GST. Balance sheet items are GST inclusive. All balances have been eliminated on consolidation.

Note 34: Council Key Management Personnel Compensation

Council Key Management Personnel Compensation

	2018 \$000s	2019 \$000s
Salaries and Other Short Term Employees Benefit;		
Governance	696	724
Chief Executive and Senior Leadership Team	1,398	1,682

Key management personnel include the Mayor, Councillors, Chief Executive and a seven person leadership team. The total number of elected members of the governing body during the financial year comprised of 14 full time equivalent elected members including the Mayor.

Note 35: Council Remuneration and Severance Payments

During the year to 30 June 2019 the total remuneration received by or payable to the Mayor, other Councillors and Chief Executive of the Council were as follows:

	2018	2019
M Foon, Mayor	\$136,982	\$144,855
R Stoltz, Deputy Mayor	\$48,548	\$50,706
WS Burdett	\$61,230	\$59,838
P Seymour	\$54,873	\$57,549
G Thomson	\$45,167	\$46,506
B Wilson	\$44,355	\$46,195
A Cranston	\$44,544	\$46,075
M. Akuhata-Brown	\$36,816	\$38,089
L Foster	\$36,996	\$39,506
A Dunn	\$36,996	\$38,089
J Wharehinga	\$37,777	\$38,649
K Fenn	\$36,816	\$38,089
M MacLean	\$37,873	\$39,063
S Dowsing	\$36,816	\$40,418
N Thatcher-Swann, Chief Executive	\$292,163	\$322,015

Total remuneration includes for the Mayor and Chief Executive the value of non-financial benefits. Total remuneration for the Councillors includes normal meetings, hearings, District Licensing Committee, mileage and other travel reimbursements which can be significant for Councillors not residing in Gisborne.

Salary Bands	Number of Employees	
	2018	2019
\$140,000 - \$340,000*	11	10
\$120,000 - \$140,000	6	8
\$100,000 - \$120,000	16	17
\$ 80,000 - \$100,000	43	50

\$ 60,000 - \$ 80,000	85	98
Less than \$ 60,000	169	157
	330	340

	2018	2019
Full Time Employees**	258	273
Full Time Equivalent Employees***	18	16

*If the number of employees in any band is 5 or fewer, the number for that band must be combined with the next-highest band.

**Full time employees: the total number of people employed full time (30 hours or more per week) excluding casual staff as at 30 June 2019.

***Full time equivalents: the total number of contracted hours for all part time (less than 30 hours per week) staff and all casual staff, divided by the full time equivalent hours (40 hours).

Severance Payments

Five severance payments were made during the year totalling \$215,361. The value of each of the severance payment was \$116,645, \$35,000, \$31,289, \$18,024, \$14,403. One severance payment of \$30,054 was made in 2018 financial year.

Note 36: Events After Balance Date

There are no events subsequent to balance date that materially affect these financial statements.

Note 37: 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.

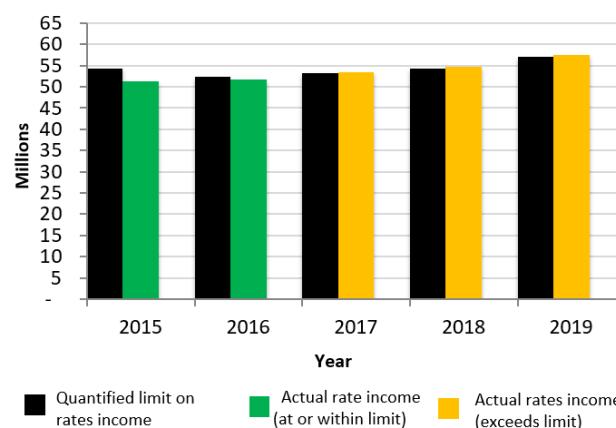
Rates Income Affordability

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



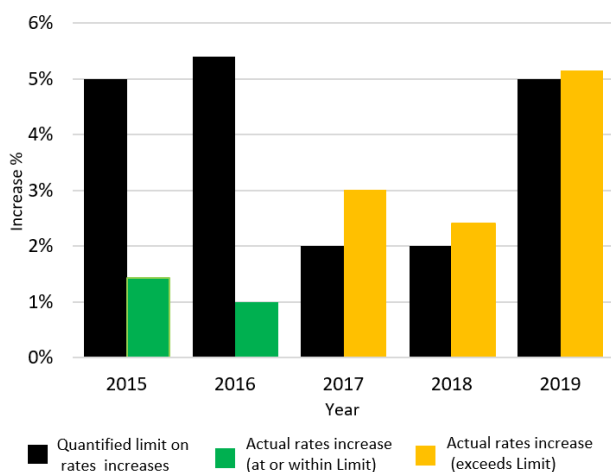
Rates Increases Affordability

The following graph compares the Council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the Council's Long Term Plan.

Quantified Limit on Rates Increases

This year Council's total increase in rates income was 5.2%. The 2018-2028 Long Term Plan estimate was 5%.

Rates Increases Benchmark



Debt Affordability Benchmark

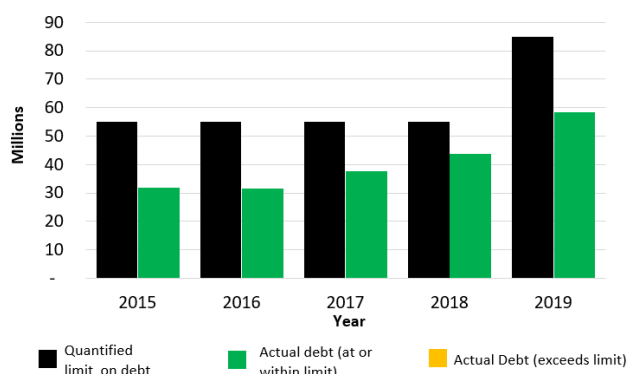
The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

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 \$85m.

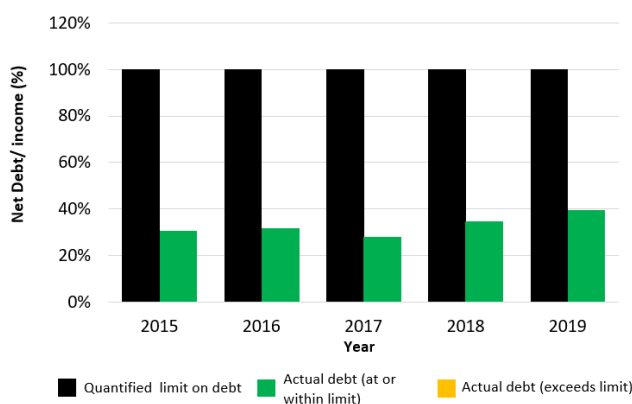
Debt Affordability Benchmark



Our Limit on Net Debt as a Percentage of Income

The following graph compares the Council's net debt as a percentage of income which is the first quantified limit on borrowing stated in the Liability Management Policy included in the Council's Long Term Plan. The quantified limit is equal or less than 100% of income.

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

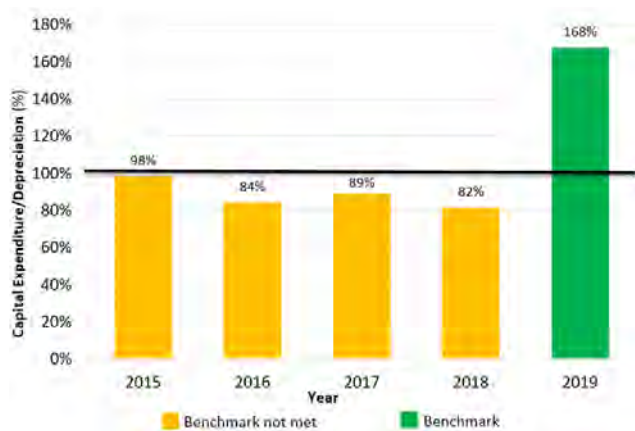


Essential Services Benchmark

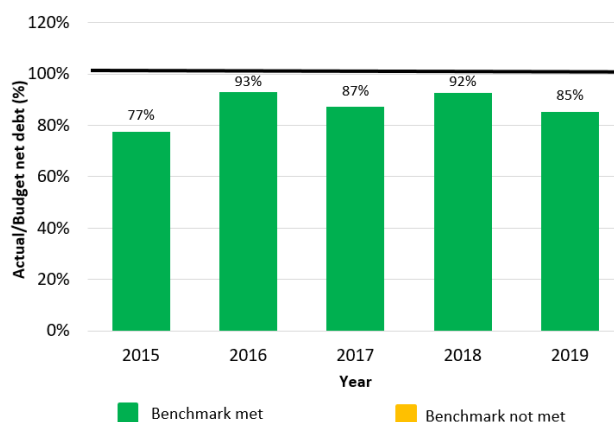
The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services.

The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.

Essential Services Benchmark



Debt Control Benchmark

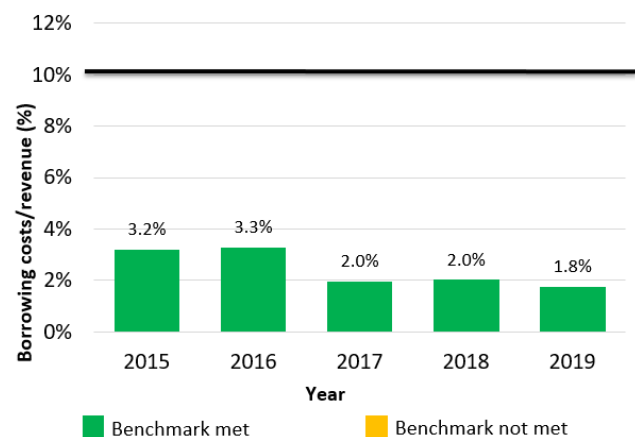


Debt Servicing Benchmark

The following graph displays the Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property plant and equipment).

It meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.

Debt Servicing Benchmark



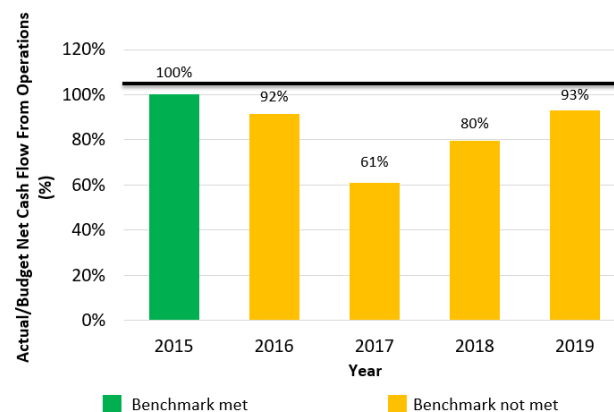
Operations Control Benchmark

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

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

Council did not meet this benchmark in 2019. The contributing factor was the delay in receiving money from trade debtors.

Operations Control Benchmark



Debt Control Benchmark

The following graph displays the Council's actual net debt as a proportion of planned net debt. In this statement, 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.

Funding Impact Statement

Council

Funding Impact Statement for the Year ended 30 June (whole of Council)	AP 2017/18 \$000s	Actual 2017/18 \$000s	AP 2018/19 \$000s	Actual 2018/19 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	18,537	17,741	20,100	20,255
Targeted Rates	39,393	40,938	40,825	41,453
Subsidies and grants for operating purposes	9,227	12,352	13,898	24,837
Fees and Charges	6,221	6,793	8,644	7,387
Interest and dividends from investments	1,847	(57)	1,800	(810)
Local authorities fuel tax, Infringement Fees and other receipts	1,481	3,772	1,900	2,799
Total operating funding (A)	76,706	81,539	87,167	95,922
Applications of operating funding				
Payments to staff and suppliers	63,040	66,902	68,472	80,177
Finance costs	2,199	1,968	2,971	2,220
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	65,239	68,870	71,443	82,397
Surplus (deficit) of operating funding (A-B)	11,467	12,669	15,724	13,525
Sources of capital funding				
Subsidies and grants for capital expenditure	17,954	12,194	18,509	25,070
Development and financial contributions	699	231	699	978
Increase/(decrease) in debt	5,374	4,472	7,668	3,226
Gross proceeds from sale of assets	12	(205)	12	(200)
Lump sum contributions	0	0	0	0
Total sources capital funding (C)	24,039	16,692	26,887	29,074
Applications of capital funding				
Capital expenditure				
- to meet additional demand	1,722	284	426	307
- to improve the level of service	16,017	12,914	14,613	19,687
- to replace existing assets	24,682	17,357	29,570	22,835
Increase/ (decrease) in reserves	(6,915)	(1,194)	(1,997)	(230)
Increase/ (decrease) of investments	0	0	0	0
Total applications of capital funding (D)	35,506	29,361	42,612	42,599
Surplus (deficit) of capital funding	(11,467)	(12,669)	(15,724)	(13,525)
Funding balance ((A-B)+(C-D))	0	0	0	0

Commercial Operations

Funding Impact Statement for the Year ended 30 June	AP 2017/18 \$000s	Actual 2017/18 \$000s	AP 2018/19 \$000s	Actual 2018/19 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	16	16	20	20
Targeted Rates	0	0	0	0
Subsidies and grants for operating purposes	0	0	0	0
Fees and Charges	1,124	1,205	2,843	1,228
Internal charges and overheads recovered	96	87	15	68
Local authorities fuel tax, fines, infringement fees and other receipts	13	1,724	113	926
Total operating funding (A)	1,249	3,032	2,991	2,243
Applications of operating funding				
Payments to staff and suppliers	557	937	784	945
Finance costs	43	13	26	18
Internal charges and overheads applied	337	337	277	245
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	937	1,286	1,087	1,208
Surplus (deficit) of operating funding (A-B)	312	1,746	1,904	1,035
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	(25)	(144)	(22)	25
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources capital funding (C)	(25)	(144)	(22)	25
Applications of capital funding				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	0	179	0	56
- to replace existing assets	242	236	225	249
Increase/ (decrease) in reserves	45	1,187	1,657	755
Increase/ (decrease) of investments	0	0	0	0
Total applications of capital funding (D)	287	1,602	1,882	1,060
Surplus (deficit) of capital funding	(312)	(1,746)	(1,904)	(1,035)
Funding balance ((A-B)+(C-D))	0	0	0	(0)

Enforcement

Funding Impact Statement for the Year ended 30 June	AP 2017/18 \$000s	Actual 2017/18 \$000s	AP 2018/19 \$000s	Actual 2018/19 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	(391)	(391)	13	13
Targeted Rates	351	351	329	329
Subsidies and grants for operating purposes	50	194	180	176
Fees and Charges	1,267	1,298	1,390	1,480
Internal charges and overheads recovered	0	21	68	68
Local authorities fuel tax, fines, infringement fees and other receipts	842	1,050	888	1,036
Total operating funding (A)	2,119	2,523	2,868	3,101
Applications of operating funding				
Payments to staff and suppliers	1,315	884	1,914	2,274
Finance costs	0	1	0	2
Internal charges and overheads applied	814	813	915	914
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	2,129	1,699	2,829	3,190
Surplus (deficit) of operating funding (A-B)	(10)	824	39	(90)
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	51	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	51	0	(1)
Applications of capital funding				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	0	0	0	4
- to replace existing assets	0	51	35	30
Increase/ (decrease) in reserves	(10)	824	4	(125)
Increase/ (decrease) of investments	0	0	0	0
Total applications of capital funding (D)	(10)	875	39	(91)
Surplus (deficit) of capital funding	10	(824)	(39)	90
Funding balance ((A-B)+(C-D))	0	(0)	0	0

Building Services

Funding Impact Statement for the Year ended 30 June	AP 2017/18 \$000s	Actual 2017/18 \$000s	AP 2018/19 \$000s	Actual 2018/19 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	840	840	695	695
Targeted Rates	0	0	0	8
Subsidies and grants for operating purposes	0	0	0	0
Fees and Charges	930	916	930	1,042
Internal charges and overheads recovered	81	81	14	14
Local authorities fuel tax, fines, infringement fees and other receipts	0	10	0	62
Total operating funding (A)	1,852	1,847	1,640	1,822
Applications of operating funding				
Payments to staff and suppliers	1,110	1,050	938	1,120
Finance costs	0	0	0	0
Internal charges and overheads applied	688	706	701	701
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	1,798	1,756	1,640	1,821
Surplus (deficit) of operating funding (A-B)	53	91	0	1
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	90	(0)	0
Increase/ (decrease) of investments	0	0	0	0
Total applications of capital funding (D)	52	90	(0)	0
Surplus (deficit) of capital funding	(53)	(91)	(0)	(1)
Funding balance ((A-B)+(C-D))	0	(0)	0	0

Environmental Health

Funding Impact Statement for the Year ended 30 June	AP 2017/18 \$000s	Actual 2017/18 \$000s	AP 2018/19 \$000s	Actual 2018/19 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	1,197	1,197	1,720	1,731
Targeted Rates	0	0	0	0
Subsidies and grants for operating purposes	0	0	0	0
Fees and Charges	311	328	415	335
Internal charges and overheads recovered	1,553	1,740	1,735	1,735
Local authorities fuel tax, fines, infringement fees and other receipts	9	90	9	28
Total operating funding (A)	3,070	3,354	3,879	3,829
Applications of operating funding				
Payments to staff and suppliers	1,319	1,323	1,338	1,306
Finance costs	0	0	0	0
Internal charges and overheads applied	2,155	2,434	2,541	2,543
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	3,474	3,757	3,879	3,850
Surplus (deficit) of operating funding (A-B)	(404)	(403)	0	(21)
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	(404)	(403)	0	(21)
Increase/ (decrease) of investments	0	0	0	0
Total applications of capital funding (D)	(404)	(403)	0	(21)
Surplus (deficit) of capital funding	404	403	(0)	21
Funding balance ((A-B)+(C-D))	0	0	0	0

Science

Funding Impact Statement for the Year ended 30 June	AP 2017/18 \$000s	Actual 2017/18 \$000s	AP 2018/19 \$000s	Actual 2018/19 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	0	0	0	4
Targeted Rates	4,336	4,336	4,060	4,068
Subsidies and grants for operating purposes	58	339	400	318
Fees and Charges	335	418	584	558
Internal charges and overheads recovered	5,297	5,463	5,006	5,006
Local authorities fuel tax, fines, infringement fees and other receipts	44	(7)	260	132
Total operating funding (A)	10,070	10,549	10,309	10,085
Applications of operating funding				
Payments to staff and suppliers	4,312	4,348	4,448	4,078
Finance costs	0	0	9	5
Internal charges and overheads applied	5,935	5,939	5,878	5,866
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	10,247	10,286	10,336	9,949
Surplus (deficit) of operating funding (A-B)	(178)	263	(26)	136
Sources of capital funding				
Subsidies and grants for capital expenditure	0	0	0	45
Development and financial contributions	0	0	0	0
Increase/(decrease) in debt	0	2	560	215
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources capital funding (C)	0	2	560	260
Applications of capital funding				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	0	0	280	168
- to replace existing assets	89	89	374	157
Increase/ (decrease) in reserves	(267)	176	(120)	72
Increase/ (decrease) of investments	0	0	0	0
Total applications of capital funding (D)	(178)	265	534	396
Surplus (deficit) of capital funding	178	(263)	26	(136)
Funding balance ((A-B)+(C-D))	0	0	(0)	(0)

Resource Consents

Funding Impact Statement for the Year ended 30 June	AP 2017/18 \$000s	Actual 2017/18 \$000s	AP 2018/19 \$000s	Actual 2018/19 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	1,328	1,328	1,021	1,021
Targeted Rates	0	0	0	0
Subsidies and grants for operating purposes	0	0	150	0
Fees and Charges	202	399	340	626
Internal charges and overheads recovered	374	391	12	12
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	15	2
Total operating funding (A)	1,904	2,117	1,538	1,661
Applications of operating funding				
Payments to staff and suppliers	1,141	1,550	1,050	1,439
Finance costs	0	0	0	0
Internal charges and overheads applied	763	797	487	489
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	1,904	2,348	1,538	1,928
Surplus (deficit) of operating funding (A-B)	0	(230)	0	(267)
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	(230)	0	(267)
Increase/ (decrease) of investments	0	0	0	0
Total applications of capital funding (D)	0	(230)	0	(267)
Surplus (deficit) of capital funding	0	230	0	267
Funding balance ((A-B)+(C-D))	0	0	0	0

Emergency Management (CDEM)

Funding Impact Statement for the Year ended 30 June	AP 2017/18 \$000s	Actual 2017/18 \$000s	AP 2018/19 \$000s	Actual 2018/19 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	515	515	574	574
Targeted Rates	0	0	0	0
Subsidies and grants for operating purposes	0	0	0	0
Fees and Charges	41	117	0	(7)
Internal charges and overheads recovered	10	10	20	20
Local authorities fuel tax, fines, infringement fees and other receipts	25	214	66	59
Total operating funding (A)	592	856	660	646
Applications of operating funding				
Payments to staff and suppliers	424	610	431	574
Finance costs	0	0	0	0
Internal charges and overheads applied	122	144	197	197
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	546	754	628	771
Surplus (deficit) of operating funding (A-B)	46	101	32	(124)
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	(3)	(3)	(2)
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources capital funding (C)	0	(3)	(3)	(2)
Applications of capital funding				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	0	0	0	0
- to replace existing assets	236	0	0	0
Increase/ (decrease) in reserves	(190)	98	29	(126)
Increase/ (decrease) of investments	0	0	0	0
Total applications of capital funding (D)	46	98	29	(126)
Surplus (deficit) of capital funding	(46)	(101)	(32)	124
Funding balance ((A-B)+(C-D))	0	(0)	0	0

Governance

Funding Impact Statement for the Year ended 30 June	AP 2017/18 \$000s	Actual 2017/18 \$000s	AP 2018/19 \$000s	Actual 2018/19 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	2,313	2,313	2,604	2,604
Targeted Rates	0	0	0	0
Subsidies and grants for operating purposes	1	0	0	0
Fees and Charges	13	0	13	6
Internal charges and overheads recovered	0	54	11	11
Local authorities fuel tax, fines, infringement fees and other receipts	0	18	2	4
Total operating funding (A)	2,327	2,385	2,630	2,625
Applications of operating funding				
Payments to staff and suppliers	1,291	1,045	1,247	1,170
Finance costs	0	0	0	0
Internal charges and overheads applied	1,234	1,335	1,381	1,383
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	2,526	2,380	2,628	2,552
Surplus (deficit) of operating funding (A-B)	(198)	5	2	73
Sources of capital funding				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Increase/(decrease) in debt	0	(1)	(1)	(1)
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources capital funding (C)	0	(1)	(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	(198)	4	1	72
Increase/ (decrease) of investments	0	0	0	0
Total applications of capital funding (D)	(198)	4	1	72
Surplus (deficit) of capital funding	198	(5)	(2)	(73)
Funding balance ((A-B)+(C-D))	0	0	0	0

Support Services

Funding Impact Statement for the Year ended 30 June	AP 2017/18 \$000s	Actual 2017/18 \$000s	AP 2018/19 \$000s	Actual 2018/19 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	(156)	222	925	1,050
Targeted Rates	0	0	(2,080)	(2,080)
Subsidies and grants for operating purposes	0	0	0	0
Fees and Charges	50	40	42	60
Internal charges and overheads recovered	16,884	17,554	19,528	19,894
Interest and Dividends from Investments	1,847	(57)	1,800	(810)
Local authorities fuel tax, fines, infringement fees and other receipts	416	428	352	403
Total operating funding (A)	19,041	18,188	20,567	18,518
Applications of operating funding				
Payments to staff and suppliers	12,478	13,264	12,265	11,521
Finance costs	(1,146)	(682)	(120)	(449)
Internal charges and overheads applied	6,374	6,795	6,727	8,031
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	17,706	19,377	18,872	19,104
Surplus (deficit) of operating funding (A-B)	1,335	(1,189)	1,695	(586)
Sources of capital funding				
Subsidies and grants for capital expenditure	0	0	0	387
Development and financial contributions	699	198	699	899
Increase/(decrease) in debt	389	(562)	(951)	(1,109)
Gross proceeds from sale of assets	12	(55)	12	(37)
Lump sum contributions	0	0	0	0
Total sources capital funding (C)	1,100	(419)	(240)	140
Applications of capital funding				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	985	741	575	718
- to replace existing assets	1,152	920	1,959	1,296
Increase/ (decrease) in reserves	298	(3,267)	(1,079)	(2,460)
Increase/ (decrease) of investments	0	0	0	0
Total applications of capital funding (D)	2,435	(1,607)	1,455	(446)
Surplus (deficit) of capital funding	(1,335)	1,189	(1,695)	586
Funding balance ((A-B)+(C-D))	0	0	(0)	0

Flood Protection

Funding Impact Statement for the Year ended 30 June	AP 2017/18 \$000s	Actual 2017/18 \$000s	AP 2018/19 \$000s	Actual 2018/19 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	1,522	1,522	1,702	1,710
Targeted Rates	1,147	1,147	1,135	1,145
Subsidies and grants for operating purposes	0	0	0	100
Fees and Charges	172	222	172	280
Internal charges and overheads recovered	93	100	385	317
Local authorities fuel tax, fines, infringement fees and other receipts	11	0	11	4
Total operating funding (A)	2,946	2,991	3,405	3,555
Applications of operating funding				
Payments to staff and suppliers	1,475	1,242	1,935	1,711
Finance costs	275	244	283	255
Internal charges and overheads applied	1,048	1,108	1,050	995
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	2,798	2,594	3,268	2,961
Surplus (deficit) of operating funding (A-B)	148	397	137	594
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	582	1,493	1,058	522
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources capital funding (C)	582	1,493	1,058	522
Applications of capital funding				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	0	0	155	15
- to replace existing assets	1,669	2,275	1,875	1,664
Increase/ (decrease) in reserves	(939)	(384)	(835)	(563)
Increase/ (decrease) of investments	0	0	0	0
Total applications of capital funding (D)	730	1,890	1,195	1,116
Surplus (deficit) of capital funding	(148)	(397)	(137)	(594)
Funding balance ((A-B)+(C-D))	0	(0)	0	0

Tairāwhiti Roads

Funding Impact Statement for the Year ended 30 June	AP 2017/18 \$000s	Actual 2017/18 \$000s	AP 2018/19 \$000s	Actual 2018/19 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	0	0	125	125
Targeted Rates	10,609	10,609	11,948	12,004
Subsidies and grants for operating purposes	8,993	11,584	13,068	23,872
Fees and Charges	2	0	0	0
Internal charges and overheads recovered	1,160	1,155	2,531	2,585
Local authorities fuel tax, fines, infringement fees and other receipts	16	69	46	78
Total operating funding (A)	20,780	23,417	27,717	38,664
Applications of operating funding				
Payments to staff and suppliers	12,940	16,813	17,579	29,161
Finance costs	357	438	396	436
Internal charges and overheads applied	2,787	2,793	4,932	4,780
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	16,084	20,044	22,907	34,377
Surplus (deficit) of operating funding (A-B)	4,696	3,372	4,810	4,288
Sources of capital funding				
Subsidies and grants for capital expenditure	9,266	7,453	14,547	21,502
Development and financial contributions	0	0	0	76
Increase/(decrease) in debt	1,942	708	2,240	1,243
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources capital funding (C)	11,208	8,161	16,788	22,821
Applications of capital funding				
Capital expenditure				
- to meet additional demand	1,000	(0)	50	23
- to improve the level of service	4,280	2,078	7,454	15,383
- to replace existing assets	9,732	9,584	14,190	11,757
Increase/ (decrease) in reserves	892	(129)	(97)	(54)
Increase/ (decrease) of investments	0	0	0	0
Total applications of capital funding (D)	15,904	11,533	21,597	27,109
Surplus (deficit) of capital funding	(4,696)	(3,372)	(4,810)	(4,288)
Funding balance ((A-B)+(C-D))	0	0	0	0

Solid Waste Management

Funding Impact Statement for the Year ended 30 June	AP 2017/18 \$000s	Actual 2017/18 \$000s	AP 2018/19 \$000s	Actual 2018/19 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	2,319	2,319	2,628	2,628
Targeted Rates	2,035	2,035	1,916	1,925
Subsidies and grants for operating purposes	0	0	0	0
Fees and Charges	156	199	186	220
Internal charges and overheads recovered	44	207	59	334
Local authorities fuel tax, fines, infringement fees and other receipts	10	7	10	9
Total operating funding (A)	4,564	4,767	4,798	5,116
Applications of operating funding				
Payments to staff and suppliers	3,309	3,250	3,284	3,729
Finance costs	300	236	224	229
Internal charges and overheads applied	137	253	360	576
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	3,746	3,739	3,868	4,534
Surplus (deficit) of operating funding (A-B)	818	1,028	930	582
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	(704)	(569)	(594)	(601)
Gross proceeds from sale of assets	0	(13)	0	(34)
Lump sum contributions	0	0	0	0
Total sources capital funding (C)	(704)	(582)	(594)	(635)
Applications of capital funding				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	10	0	10	4
- to replace existing assets	108	85	75	59
Increase/ (decrease) in reserves	(3)	361	251	(117)
Increase/ (decrease) of investments	0	0	0	0
Total applications of capital funding (D)	114	446	336	(53)
Surplus (deficit) of capital funding	(818)	(1,028)	(930)	(582)
Funding balance ((A-B)+(C-D))	0	0	0	0

Urban Stormwater Services

Funding Impact Statement for the Year ended 30 June	AP 2017/18 \$000s	Actual 2017/18 \$000s	AP 2018/19 \$000s	Actual 2018/19 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	0	0	0	0
Targeted Rates	2,934	2,934	2,894	2,907
Subsidies and grants for operating purposes	0	0	0	0
Fees and Charges	0	0	0	0
Internal charges and overheads recovered	420	434	182	200
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	(48)
Total operating funding (A)	3,353	3,368	3,076	3,059
Applications of operating funding				
Payments to staff and suppliers	1,546	907	1,255	1,021
Finance costs	371	241	349	212
Internal charges and overheads applied	516	519	589	573
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	2,434	1,666	2,192	1,806
Surplus (deficit) of operating funding (A-B)	919	1,701	883	1,253
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	564	(326)	1,982	381
Gross proceeds from sale of assets	0	2	0	(5)
Lump sum contributions	0	0	0	0
Total sources capital funding (C)	564	(324)	1,982	377
Applications of capital funding				
Capital expenditure				
- to meet additional demand	143	202	84	142
- to improve the level of service	0	0	1,540	669
- to replace existing assets	1,511	321	1,387	600
Increase/ (decrease) in reserves	(171)	854	(144)	218
Increase/ (decrease) of investments	0	0	0	0
Total applications of capital funding (D)	1,483	1,377	2,866	1,629
Surplus (deficit) of capital funding	(919)	(1,701)	(883)	(1,253)
Funding balance ((A-B)+(C-D))	0	0	0	0

Wastewater

Funding Impact Statement for the Year ended 30 June	AP 2017/18 \$000s	Actual 2017/18 \$000s	AP 2018/19 \$000s	Actual 2018/19 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	0	0	0	0
Targeted Rates	6,828	6,828	6,736	6,799
Subsidies and grants for operating purposes	0	0	17	0
Fees and Charges	333	327	349	295
Internal charges and overheads recovered	1,041	991	1,026	1,015
Local authorities fuel tax, fines, infringement fees and other receipts	6	63	8	(34)
Total operating funding (A)	8,208	8,208	8,135	8,074
Applications of operating funding				
Payments to staff and suppliers	3,363	3,567	3,368	3,694
Finance costs	1,209	909	1,050	853
Internal charges and overheads applied	2,294	2,316	2,076	2,068
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	6,866	6,791	6,493	6,616
Surplus (deficit) of operating funding (A-B)	1,342	1,417	1,642	1,459
Sources of capital funding				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	3
Increase/(decrease) in debt	554	342	566	1,122
Gross proceeds from sale of assets	0	(65)	0	(85)
Lump sum contributions	0	0	0	0
Total sources capital funding (C)	554	277	566	1,040
Applications of capital funding				
Capital expenditure				
- to meet additional demand	122	11	249	0
- to improve the level of service	246	121	276	96
- to replace existing assets	3,831	1,251	3,615	349
Increase/ (decrease) in reserves	(2,302)	311	(1,932)	2,460
Increase/ (decrease) of investments	0	0	0	(407)
Total applications of capital funding (D)	1,896	1,694	2,208	2,498
Surplus (deficit) of capital funding	(1,342)	(1,417)	(1,642)	(1,459)
Funding balance ((A-B)+(C-D))	0	0	0	(0)

Water Supply

Funding Impact Statement for the Year ended 30 June	AP 2017/18 \$000s	Actual 2017/18 \$000s	AP 2018/19 \$000s	Actual 2018/19 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	0	4	0	7
Targeted Rates	4,946	5,311	6,314	6,722
Subsidies and grants for operating purposes	0	0	0	0
Fees and Charges	78	62	78	51
Internal charges and overheads recovered	1,395	1,427	728	1,167
Local authorities fuel tax, fines, infringement fees and other receipts	0	62	0	21
Total operating funding (A)	6,419	6,866	7,120	7,968
Applications of operating funding				
Payments to staff and suppliers	2,882	2,497	3,042	3,037
Finance costs	60	61	78	60
Internal charges and overheads applied	1,675	1,676	1,715	1,697
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	4,617	4,234	4,836	4,794
Surplus (deficit) of operating funding (A-B)	1,802	2,632	2,284	3,174
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	(58)	3	513	618
Gross proceeds from sale of assets	0	(10)	0	(17)
Lump sum contributions	0	0	0	0
Total sources capital funding (C)	(58)	(7)	513	601
Applications of capital funding				
Capital expenditure				
- to meet additional demand	32	47	33	8
- to improve the level of service	0	0	620	610
- to replace existing assets	1,102	1,019	1,227	923
Increase/ (decrease) in reserves	610	1,560	917	2,234
Increase/ (decrease) of investments	0	0	0	0
Total applications of capital funding (D)	1,744	2,625	2,797	3,775
Surplus (deficit) of capital funding	(1,802)	(2,632)	(2,284)	(3,174)
Funding balance ((A-B)+(C-D))	0	(0)	0	0

Cultural Activities

Funding Impact Statement for the Year ended 30 June	AP 2017/18 \$000s	Actual 2017/18 \$000s	AP 2018/19 \$000s	Actual 2018/19 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	3,567	3,566	3,489	3,489
Targeted Rates	5	5	141	150
Subsidies and grants for operating purposes	0	144	0	168
Fees and Charges	246	316	365	344
Internal charges and overheads recovered	390	397	555	569
Local authorities fuel tax, fines, infringement fees and other receipts	18	15	17	(1)
Total operating funding (A)	4,226	4,444	4,568	4,719
Applications of operating funding				
Payments to staff and suppliers	2,500	2,479	2,479	2,652
Finance costs	70	42	91	132
Internal charges and overheads applied	1,056	1,077	1,430	1,425
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	3,626	3,598	4,000	4,209
Surplus (deficit) of operating funding (A-B)	600	846	567	510
Sources of capital funding				
Subsidies and grants for capital expenditure	3,984	3,987	2,501	2,598
Development and financial contributions	0	0	0	0
Increase/(decrease) in debt	1,164	3,107	(0)	885
Gross proceeds from sale of assets	0	(63)	0	(14)
Lump sum contributions	0	0	0	0
Total sources capital funding (C)	5,148	7,030	2,501	3,469
Applications of capital funding				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	6,379	8,768	427	1,333
- to replace existing assets	2,927	488	2,647	2,580
Increase/ (decrease) in reserves	(3,558)	(1,378)	(6)	66
Increase/ (decrease) of investments	0	0	0	0
Total applications of capital funding (D)	5,748	7,877	3,068	3,979
Surplus (deficit) of capital funding	(600)	(847)	(567)	(510)
Funding balance ((A-B)+(C-D))	0	(0)	(0)	0

Customer Engagement

Funding Impact Statement for the Year ended 30 June	AP 2017/18 \$000s	Actual 2017/18 \$000s	AP 2018/19 \$000s	Actual 2018/19 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	0	0	0	0
Targeted Rates	0	0	0	0
Subsidies and grants for operating purposes	0	0	0	0
Fees and Charges	82	69	64	53
Internal charges and overheads recovered	1,514	1,516	1,814	1,814
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	28	60
Total operating funding (A)	1,596	1,585	1,906	1,927
Applications of operating funding				
Payments to staff and suppliers	1,543	1,636	1,798	1,601
Finance costs	0	0	0	1
Internal charges and overheads applied	51	51	108	102
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	1,594	1,687	1,905	1,704
Surplus (deficit) of operating funding (A-B)	2	(102)	1	223
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	26	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	26	0	(1)
Applications of capital funding				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	0	0	0	0
- to replace existing assets	0	26	0	0
Increase/ (decrease) in reserves	2	(102)	1	222
Increase/ (decrease) of investments	0	0	0	0
Total applications of capital funding (D)	2	(76)	1	222
Surplus (deficit) of capital funding	(2)	102	(1)	(223)
Funding balance ((A-B)+(C-D))	0	0	(0)	0

Recreation and Amenity

Funding Impact Statement for the Year ended 30 June	AP 2017/18 \$000s	Actual 2017/18 \$000s	AP 2018/19 \$000s	Actual 2018/19 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	2,356	2,356	2,938	2,938
Targeted Rates	4,512	4,512	4,891	4,935
Subsidies and grants for operating purposes	0	6	0	5
Fees and Charges	878	879	872	817
Internal charges and overheads recovered	1,408	1,402	1,349	1,381
Local authorities fuel tax, fines, infringement fees and other receipts	42	14	75	58
Total operating funding (A)	9,196	9,168	10,125	10,134
Applications of operating funding				
Payments to staff and suppliers	5,707	6,199	5,979	6,190
Finance costs	659	465	584	465
Internal charges and overheads applied	2,619	2,620	2,718	2,732
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	8,985	9,285	9,281	9,388
Surplus (deficit) of operating funding (A-B)	211	(116)	844	745
Sources of capital funding				
Subsidies and grants for capital expenditure	4,704	754	1,460	537
Development and financial contributions	0	32	0	0
Increase/(decrease) in debt	965	342	2,320	(68)
Gross proceeds from sale of assets	0	0	0	(8)
Lump sum contributions	0	0	0	0
Total sources capital funding (C)	5,669	1,128	3,780	461
Applications of capital funding				
Capital expenditure				
- to meet additional demand	2	22	10	39
- to improve the level of service	4,457	1,022	3,276	377
- to replace existing assets	1,772	1,015	1,962	1,061
Increase/ (decrease) in reserves	(351)	(1,048)	(623)	(270)
Increase/ (decrease) of investments	0	0	0	0
Total applications of capital funding (D)	5,880	1,012	4,625	1,206
Surplus (deficit) of capital funding	(211)	116	(844)	(745)
Funding balance ((A-B)+(C-D))	0	(0)	(0)	0

Strategic Planning and Performance

Funding Impact Statement for the Year ended 30 June	AP 2017/18 \$000s	Actual 2017/18 \$000s	AP 2018/19 \$000s	Actual 2018/19 \$000s
Sources of operating funding				
General Rates, uniform annual general charges, rates penalties	7,856	1,934	1,648	1,648
Targeted Rates	7,388	2,871	2,542	2,542
Subsidies and grants for operating purposes	125	86	83	198
Fees and Charges	1,124	0	0	0
Internal charges and overheads recovered	1,899	211	368	438
Local authorities fuel tax, fines, infringement fees and other receipts	87	14	0	1
Total operating funding (A)	18,479	5,115	4,641	4,827
Applications of operating funding				
Payments to staff and suppliers	12,036	3,303	3,338	2,955
Finance costs	729	0	0	0
Internal charges and overheads applied	4,930	1,528	1,323	1,329
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	17,695	4,831	4,661	4,284
Surplus (deficit) of operating funding (A-B)	784	285	(20)	542
Sources of capital funding				
Subsidies and grants for capital expenditure	8,688	0	0	0
Development and financial contributions	0	0	0	0
Increase/(decrease) in debt	2,130	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)	10,818	0	0	0
Applications of capital funding				
Capital expenditure				
- to meet additional demand	2	0	0	0
- to improve the level of service	10,836	0	0	0
- to replace existing assets	4,699	0	0	0
Increase/ (decrease) in reserves	(3,934)	285	(20)	542
Increase/ (decrease) of investments	0	0	0	0
Total applications of capital funding (D)	11,603	285	(20)	542
Surplus (deficit) of capital funding	(784)	(285)	20	(542)
Funding balance ((A-B)+(C-D))	0	0	0	0

He Kupu Āpiti
Our
Appendices

Our Council - Governance and Structure



Our Role

As one of only six Unitary Authorities, the Gisborne District Council combines the functions, duties and powers of a territorial council with those of a regional council. In most other parts of the country, the functions of regional councils and territorial councils are split as follows:

REGIONAL COUNCILS



BIOSECURITY
(control of regional plant and animal pests)



CIVIL DEFENCE
(natural disasters, marine oil spills)



REGIONAL LAND TRANSPORT
(planning and contracting of passenger services)



RESOURCE MANAGEMENT
(quality of water, soil, coastal planning etc)



RIVER MANAGEMENT
(flood control and mitigation of erosion)

TERRITORIAL COUNCILS



COMMUNITY WELLBEING AND DEVELOPMENT



ENVIRONMENTAL HEALTH AND SAFETY
(including building control, and environmental health matters)



INFRASTRUCTURE
(roading and transport, sewerage, water/stormwater)



RECREATION AND CULTURE



RESOURCE MANAGEMENT
(including land-use planning and development control)

Our Governance Structure

The elected Council consists of the Mayor and 13 councillors (including the Deputy Mayor). The councillors cover five areas of the district (referred to as wards). While the councillors have been elected from their respective wards, they have an obligation and a duty to represent the interests of the district as a whole.

The Council is elected every three years and is responsible for setting the overall direction of the district and budget.

What they do:

- set the budget and overall plan through Long Term Plans and Annual Plans
- adopt policies
- approve bylaws
- monitor Council's performance
- engage with their local communities
- advocate on behalf of others
- raise issues to be addressed.

Council Committees

Council currently has nine committees:

- Community Development and Services
- Environmental Planning and Regulations
- Finance & Audit
- Hearings
- Assets & Infrastructure
- Regional Transport
- Wastewater Management
- Future Tairāwhiti
- Civil Defence & Emergency Management.

These are reviewed after each election.

Representation Review

Local Government Commission decision on representation review (17 January 2019)

The Local Government Commission has determined Council's existing representation arrangements will apply for the election of the Gisborne District Council to be held on 12 October 2019.

This means there will be no change to ward boundaries or names and the number of elected members will remain the same. There will be no community boards, as put forward in Council's final proposal following its representation review.

The basis for the Commission's determination was that the proposal did not provide for effective representation of the rural areas, and a ward system would continue to best provide for this.

The final proposal recommended nine elected members but the Commission believed this number was not suffice to provide for the responsibilities of a unitary authority.

The decision also stated while they were not against community boards, extensive engagement should have been carried out on community boards prior to the proposal.

The Commission received 59 appeals and objections to Council's final proposal and hearings of submissions both in support and against the proposal were held in October 2018.

A representation review is required to be held every six years to ensure council representation is fair, effective and meets the needs of our communities. However, Council may choose to review its representation arrangements prior to the 2022 triennial elections.

The review was carried out because Council was required to assess our representation arrangements before the 2019 local body elections.

Organisational Structure

The elected Council has one employee, the Chief Executive. The Chief Executive is responsible for implementing and managing Council's policies and objectives within the budgetary constraints established by Council.

Chief Executive, Nedine Thatcher Swann, 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 leadership team are referred to as the Central Organising Rōpū – or the COR. The structure is shown below.

Schedule of Councillors, Senior Management Schedule of Agents

Schedule of Councillors

GISBORNE  Mayor Meng Foon P 06 867 1870 M 027 44 84 084 F 06 867 926	GISBORNE  Deputy Mayor Rehette Stoltz P 06 868 5382 M 021 279 7948	GISBORNE  Cr Larry Foster P 06 868 8927 M 027 450 881	TAWHITI - ŪAWA  Cr Patricia A Seymour (Pat) Seymour OBE P 06 862 2697 M 0274 725 997 F 06 862 2703
GISBORNE  Cr Amber Dunn P 06 867 3131 M 021 475 470	GISBORNE  Cr Andy W Cranston P 06 868 1160 M 027 27 33 192	GISBORNE  Cr Brian I Wilson M 027 237 8080	MATAKAOA - WAIAPU  Cr William S Burdett (Bill)P 06 864 8966 (H) P 06 864 8341 (W) F 06 864 8967
GISBORNE  Cr Meredith Akuhata-Brown P 06 867 7496 M 027 200 5605	GISBORNE  Cr Shannon Dowsing M 021 222 2571	TARUHERU - PATUTAHU  Cr Malcolm MacLean M 027 222 1468	WAIPAOA  Cr Graeme Thomson P 06 862 8737
GISBORNE  Cr Karen Fenn P 06 868 1442 M 027 378 1846	GISBORNE  Cr Josh Wharehinga M 027 512 5195		

Our leadership team - known as the Central Organising Rōpū (COR)

Chief Executive  Nedine Thatcher Swann DDI (06) 869 2414 E Nedine.Thatcher-Swann@gdc.govt.nz	Director Community Lifelines  David Wilson DDI (06) 869 2356 E David.Wilson@gdc.govt.nz	Director Environmental Services & Protection  Nick Zaman DDI (06) 869 2862 E Nick.Zaman@gdc.govt.nz
Director Transformation & Relationships  Keita Kohere DDI (06) 869 2720 E Keita.Kohere@gdc.govt.nz	Director Liveable Communities  Andrew White DDI (06) 869 2721 E Andrew.White@gdc.govt.nz	Director Internal Partnerships  James Baty DDI 06 869 2881 E James.Baty@gdc.govt.nz
Chief Financial Officer - Finance & Affordability  Pauline Foreman DDI (06) 869 2899 E Pauline.Foreman@gdc.govt.nz		

Schedule of Agents

BANKERS	SOLICITORS	INSURANCE BROKERS	AUDITORS
Westpac Banking Corporation 101 Gladstone Road, Gisborne ANZ National Bank Ltd 36 Gladstone Road, Gisborne	Cooney Lees Morgan 247 Cameron Road, Tauranga Simpson Grierson 195 Lambton Quay, Wellington Buddle Findlay 1 Willis Street, Wellington	Aon New Zealand Aon House 85 Tristram Street Hamilton	Ernst & Young 21/100 Willis St Wellington (on behalf of the Auditor General)

NOTES:



Te Kaunihera o Te Tairāwhiti
GISBORNE
DISTRICT COUNCIL

15 Fitzherbert Street, Gisborne 4010, New Zealand



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