

GISBORNE DISTRICT COUNCIL

# 2013/14 Annual Report



*Motu River, Gisborne NZ*



*Damage to Waingake main water line  
January 2014 (Gisborne NZ)*





## Contact Details

Gisborne District Council  
15 Fitzherbert Street  
Gisborne 4010  
PO Box 747  
Gisborne 4040

PHONE 06 867 2049 • 0800 653 800 • FAX 06 867 8076 • EMAIL [service@gdc.govt.nz](mailto:service@gdc.govt.nz) • [www.gdc.govt.nz](http://www.gdc.govt.nz)

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This Annual Report tells the story of our performance over the last financial year from 1 July 2013 to 30 June 2014. It is 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 a context for where we need to head in the future. The report is divided into the following sections:

- **Performing for our communities** (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 tells you about the unique nature of Gisborne district and Council's strategic direction.
- **Our activities.** This section highlights each of Council's activities, their performance measures and how much we spent on the activities.
- **Our finances.** This section provides you with all the financial statements.

## Understanding planning and reporting cycles

Council planning cycles can be confusing if you are not aware of how things work. The following is an overview of our planning and reporting framework and how it all fits together with the Annual Report.

## Ten Year Plan

Council's 2012-2022 Ten Year Plan is a strategic planning document. The Ten Year Plan 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 Ten Year Plan and review it every three years to make sure we are accountable. Our next Ten Year Plan, which will be renamed Council's Long Term Plan, will be adopted in June 2015.

## Annual Plan

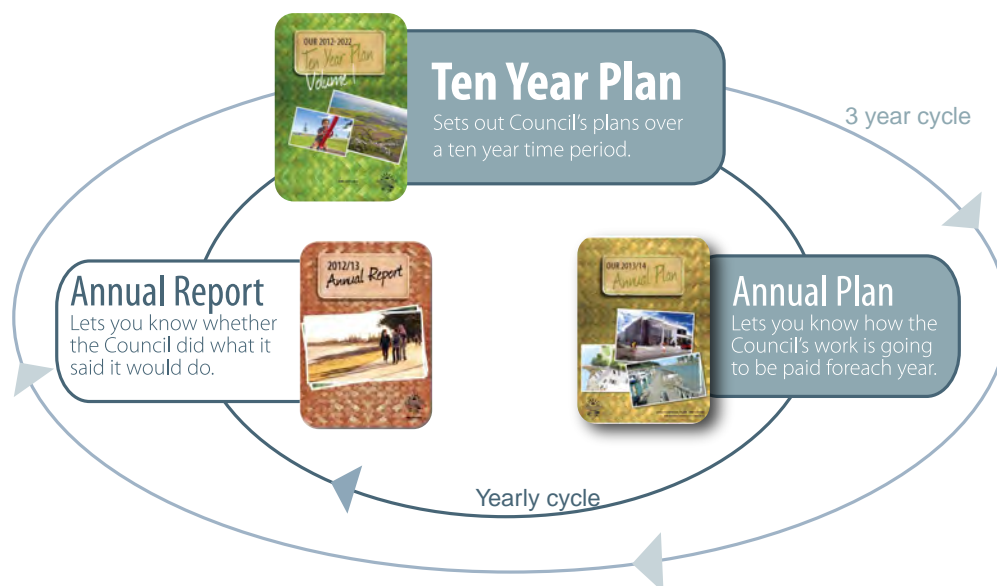
Each year Council is required to have an Annual Plan which sets out the budget for the year. This is based on what is committed to in the Ten Year Plan but also highlights any change or variance that is projected to occur which is not currently accounted for in the Ten Year Plan.

The first year of a Ten Year Plan does not require a separate Annual Plan as this is already provided for in the Ten Year Plan. However, the second and third years must have an Annual Plan.

## Annual Report

Every year we are required to produce an Annual Report which reports against our Annual Plans and in this case Year 2 of the 2012-2022 Ten Year 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:



The background of the entire page is a teal-colored woven texture, similar to a basket weave. Overlaid on this are several large, semi-transparent, abstract shapes in various shades of teal and light blue. These shapes include curved, organic forms that resemble stylized leaves or petals, and some more geometric, angular shapes. The overall effect is a modern, textured, and layered design.

# Overview

Mayor and Chief Executive's District Highlights  
Finances at a Glance  
Audit Report





## Tairāwhiti tēnā koutou

### Ngā mihi nui ki a koutou katoa.

There has been a lot of talk in the media recently about the future of regional centres - with some disquiet being expressed about the future of small towns and cities.

The pressures we face are indeed different from cities with massive growth challenges. We are pleased to say that GDC has accepted that we have a key part to play in creating and supporting a vibrant Tairāwhiti. We think that this Annual Report tells a very good story of progress and value being added.

We have made considerable progress on the big ticket items in the current Ten Year Plan. As you will see in the report work is underway on the War Memorial Theatre and the Cenotaph. The Alfred Cox cycle and walkway has been completed and funding is now available for the Navigations walkway. Core infrastructure is not forgotten and good progress is being made on improving wastewater treatment. Roding is moving to a partnership approach with New Zealand Transport Agency (NZTA) so that the community can benefit from cost savings based on cooperation between our two organisations.

The natural environment has an increased focus with the drafting of the Freshwater Plan, a project to improve biodiversity at the Waingake Bush, a concerted effort on making the East Coast Forestry Fund more accessible and putting the cultural and environmental value of the Waiapu at the forefront of our work on the coast.

All this has been done while reducing planned rates rises from 5.4% to 2.5%.

That is really the theme of this Annual Report and in fact our future work plans make the impact of our projects and processes more effective for the community by spending rate payer money more strategically and wisely.

This means challenging our expectations of low progress and our ways of working. It means keeping the cost to rate payers always in the front of our minds. It means rolling up our sleeves and getting on with things.

We have big plans and we are delivering.

**Ka mau te wehi!**

## Governance and advocacy



### Meet our new Councillors

There are four new faces in the Council chambers after the 2013 triennial elections and 2014 by-election. Larry Foster, Amber Dunn and Meredith Akuhata-Brown were elected in the Gisborne ward on 12 October 2013, and were joined just over six months later by Gisborne's youngest councillor, Josh Wharehinga, at the 3 July 2014 by-election.

Voter turnout was similar to previous years and on a par with national averages, with 48.26% of Gisborne's eligible voters having their say in October and 31.23% voting in the by-election. Seven candidates were nominated for the Gisborne ward seat for the by-election, which Councillor Wharehinga claimed with an 882 vote lead.

## Keeping you safe and connected



### Extending our walking and cycleways

Awapuni School students had an early Christmas present with the opening of the 1.6km, 3-metre wide Alfred Cox cycle and walkway in late 2013. The path and pedestrian bridge over Waikanae Creek was long awaited by Awapuni School. Students can now safely walk or bike to school from Anzac Street, avoiding the trucks on Awapuni Road.

The project cost \$814,000 with \$400,000 from NZTA. Awapuni School spent around \$70,000 preparing the site for the cycle and walkway. Parking spaces have also been added on the road reserve near the entrance to the walkway.

The next cycleway in line is the 1km Oneroa beachfront cycle and walkway between Waikanae and Midway beaches – one of three walkway extensions in our 2012-2022 Long Term Plan. The beach-front walkway ties into the Tairāwhiti Navigations project.

Along with local artist Derek Lardelli, a group of specialists, drawing on coastal science, ecology, engineering and landscape design expertise have been involved with the design of the timber and concrete boardwalk. A resource consent application has been lodged and notified, and construction is planned for early 2015.

### Summer water crisis response

Gisborne city was pitched into an untimely water crisis on 7 January 2014 when the pipeline that supplies the city with water, burst. A large landslide in the Mangapoiike area caused the break, which Council staff and contractors worked around the clock to fix. The community response was also outstanding with everyone doing their bit to save water – the response was so great that emergency water restrictions were downgraded a week later and the pipeline restored within 2 weeks.

### Tokomaru Bay seawall

The Tokomaru Bay community ranked seawall repairs as a top priority in its Township Plan. Repairs to two sites, one near the Tokomaru Bay Wharf and further along Waima Road damaged by storms in July 2013, are now complete.

Work included repairing the eroded bank up to the original road height, building a stabilised earth wall and installing rocks to protect the wall, followed by reshaping the bank and resealing the road - at a cost of \$230,000.

Traffic lanes have returned to normal, some parts of the seawall not affecting the road still need repairing but Council staff will continue monitoring several areas along the wall over the next 6 months.

The crisis was a reminder of both the strength of our community, as well as the need for every household to be prepared for the unexpected.

### Protecting our rivers

Council is steadily working through our long term plan to significantly reduce the amount of stormwater overflows and the number of emergency wastewater discharges into Tairāwhiti rivers. Heavy rain events and flooding on private properties puts extra strain on the city's wastewater system, with stormwater getting in where it doesn't belong and causing sewerage to overflow onto properties – in turn causing Council to open valves to discharge into our rivers.

While wastewater is an issue for all city properties, special focus has been in Kaiti where most of the problems have been. Overall, Council spent about \$1.5 million on wastewater improvements in the 2013/14 year and \$30 million is earmarked for upgrades over the next 10 years.

Our stormwater systems carry away surface water runoff and maintaining a robust system directly contributes to public and environmental health, reducing the amount of pollutants in our waterways. Council also carried out a range of stormwater improvements over the year. Network upgrades in Whataupoko and Kaiti will also contribute to reducing the amount of stormwater getting into the City's wastewater system. Stormwater improvements were also seen in Tokomaru Bay and Te Araroa.

While we are continuing to replace pipes in the mains system we want to work with residents on proactive steps they can take to protect their properties and our rivers. You can help stop sewerage overflowing by ensuring your stormwater gets to the road or stormwater system.

### Roading resilience

Our district's 1,900km of road network is vital to our economy and our rural network is the first journey for our district's produce be it logs, cattle, sheep, veggies or wine.



Highly susceptible to heavy rain events, \$3.1M was spent last year restoring rural roads after heavy rain and high seas.

Our roading team understands why customers want these roads opened as quickly as possible, and is constantly working to balance road user expectations with health and safety requirements, and keeping the public updated. It's a challenging role and we are working with the NZ Transport Agency to reshape how local roads and state highways are maintained and operated in the Gisborne region, through a new combined roading network called Tairāwhiti Roads.

The Department of Internal Affairs has given the green light and both organisations have begun recruiting staff and developing performance based contracts, focusing on customers and a commitment to a commercial approach to providing more efficient road management.

Tairāwhiti Roads is the biggest roading transformation since local body amalgamation changes in 1989 and is a pioneering model in New Zealand.

## Improving our community facilities



### A stronger Cenotaph

Repairs to Gisborne's Cenotaph, which was damaged in the 2007 earthquake, are scheduled to be completed April 2015. The project to restore the Category 1 historic site received \$617,000 from the Lotteries Commission's fund for restoring nationally significant monuments in time for the centennial commemoration of the Anzac landings at Gallipoli. Council's insurers are covering \$130,000.

With the help of generous community sponsorship, the soldier on top of the Cenotaph was temporarily moved to Marina Park while the Cenotaph's foundations are strengthened. Twelve new piles have been installed down to 22m and the area around the monument is being landscaped.

The 1.2 tonne Italian marble soldier representing the 561 men from this district who died during WWI is expected to be back on the Eastern bank of the Turanganui River in time for the Anzac centenary next year.

### Countdown to the curtain raiser

Gisborne will be on the map for national touring companies when the War Memorial Theatre reopens in April 2015. The theatre was closed on 17 June 2013 for a major redevelopment and activity at the Bright Street site has been non-stop. The piles are in, stage house walls and roof are up and work is underway on the new foyer and auditorium.

Local construction company Currie Construction is doing the build, which will see the stage and foyer areas more than doubled in size, new dressing rooms and warm-up areas, an orchestra pit and fly tower with full rigging. There will also be state of the art sound and lighting technology and a field of poppies light display retaining links to the past.

The new theatre is set to cost \$9.6m including Council's contribution of \$4.25m and a mighty \$5.35m raised by the War Memorial Theatre Fundraising Trust (with \$3m from ECT). Recycling is central to the project. The matai flooring and rimu panelling is being reused and the original theatre's steel and concrete is being re-purposed for other projects.

Construction is expected to be complete in early 2015 with three months for the fit-out before the grand opening on Anzac Day.

### Designing our new library

Council is in the early design stages of upgrading the HB Williams Memorial Library to create more space for young people, story-times and events, a 'civic lounge' and quiet study spaces, and improved access for disabled customers.

The feasibility work has been done and concept plans are being assessed. We are looking at reconfiguring the existing building as well as extending into the adjacent park and car park. The bigger and better library is expected to be complete in 2016 and has a budget of \$3.5m (including bequests of \$1.63m).

### Looking after our sport spaces

The Sports Parks Management Plan has been two years in the running and will shape how we look after and develop 30 of our district's sports parks. We have been working with Sport Gisborne Tairāwhiti, as well as sports codes and clubs, to come up with a plan to ensure our sports parks are fit for purpose as well as cost-effective.

The plan has been well supported and there were 26 submissions on the draft plan. The final plan is expected to be released in September 2014. The plan is all about ensuring parks are used to their maximum while maintaining good turf, looking for ways to share higher quality facilities, and tailoring park maintenance to the needs of the diverse groups of people who use them.

## New administration centre taking shape

Council staff have been working out of the Works building and the old probation office on Kahutia Street while options for improving the safety of the earthquake-prone Fitzherbert Street administration building have been worked through.

We received nine expressions of interest from architects with a range of solutions and four short-listed companies investigated three options: strengthening the existing building, rebuilding on the existing foundations or a complete rebuild.

In May 2014 Council approved a complete rebuild as the preferred option and Chow Hill architects have been appointed. The preferred option is a smaller, single-storey building with sustainable design reducing energy and operational costs to \$60m over the building's 50-year life span.

The new building will be built to 'Importance Level 4' ensuring civil defence operations can continue in an emergency. The project has a \$9.5m budget and is expected to be complete in early 2017.

## Photo News online

Gisborne Photo News, a photographic slice of the district's social history from 1954 to 1975 has been online for a year and a half. The largest community driven digitisation project in New Zealand, it has seen over 145,000 visitors and over 3 million web page views. Council is keen to keep improving the user experience so this year a new website has been created to make browsing for research purposes or a trip down memory lane more useful and fun.

## Tairāwhiti Navigations and Inner Harbour

The Tairāwhiti Navigations project is about celebrating our culture and our local stories, connecting areas of significance in our region. The project aims to transform ordinary space into community landmarks, enhancing the visual character of our city and begins with creating a vibrant and attractive inner harbour area for locals and visitors.

A number of light infrastructure elements are planned, that will form the backdrop for a rich collection of voyaging, contact and settlement stories to be told. The first piece to be built is a 600m walkway along the training wall from Lonestar to the slipway.

Eastland Community Trust has announced \$5m funding for the project, on top of Eastland Group's \$1.6m to strengthen the training wall. The port has installed concrete frames to strengthen the training wall over a 30m trial section and expect to complete strengthening work in 2015. Resource consent has been granted for the full training wall walkway.

The project's proposed network of walkways will link the Tairāwhiti Museum, inner harbour area, riverbank

walkway, beach front walkway and Titirangi Reserve. But in future will aim to link stories throughout the region from Wairoa, Mahia to Hikurangi and Hicks Bay.

## Tolaga Bay spruce up in time for summer

Tolaga Bay's town centre is in for a revamp with work under way to improve access ways, beautify and upgrade the area. Contractors started work in July which will include the replacement of the existing kerb and channel, installation of pedestrian/ mobility crossing points across Cook Street and the laying of new cobblestones.

Some of the existing trees will be removed and more appropriate species like titoki will be planted along the street. Tolaga Bay's Township Plan identified upgrades as a major priority by the residents, which is set to be complete by 1 November 2014.

## Caring for our environment



## Freshwater Plan

Freshwater is our most valuable asset. In Gisborne we have a number of pressing freshwater issues - declining aquifers, water over-allocation and river contamination. The health of our freshwater is closely tied to our wastewater and stormwater systems.

With significant input from Iwi, community and the Freshwater Advisory Group, Council is developing a Draft Regional Freshwater Plan that identifies our water issues and values, sets water quality and quantity limits, and proposes a catchment management plan approach to improving our rivers and wetlands. The first catchment management plan to be developed will set water quantity and quality limits for the Waipaoa catchment.

Regional freshwater plans are a requirement under the Government's National Policy Statement for Freshwater Management, which came into effect on 1 August 2014.

The Statement sets out how councils should set objectives, policies and standards for water quality and allocation in their regional plans.

Council consulted widely to get the draft Plan to this point. A discussion document was produced in November 2013 and a series of public meetings were held. There will be further opportunity for you to have your say on the Draft Plan early in 2015.



## Waiapu River

Council has entered into a memorandum of understanding with the Ministry of Primary Industries (MPI) and Te Runanganui O Ngati Porou to restore the Waiapu River catchment. It's an ambitious 100-year initiative aimed at achieving healthy land, rivers and people.

The initial focus is soil erosion. The catchment contains most of the worst eroding untreated land in the district, which each year results in about 35 million tonnes of sediment discharging into the sea.

This is being addressed through Overlay 3A rules in the District Plan and the recently revised East Coast Forestry Project (now Erosion Control Funding Programme) run by MPI. Thanks to the combined efforts of the three parties and the landowners themselves we are already seeing good progress at priority erosion sites.

## Spotlight on our soil

In October 2013, 120 resource management specialists from around New Zealand attended a three day New Zealand Association of Resource Management conference in Gisborne, hosted by Council's conservation team.

Soil conservation and water quality in the Gisborne district was top of the agenda for the resource management experts, researchers and farmers who attended.

Gisborne is renowned for its soil erosion and ongoing soil conservation activities, and is considered an iconic site for soil conservation professionals. The conference marked 65 years since the infamous 1948 Waipaoa flood and 25 years since Cyclone Bola.

The conference was an opportunity to showcase our work in the regional soil and water conservation space, and to learn from our peers around the country.

## Less in our landfills

In the summer months of 2013/14 our waste minimisation team gave away 423 free compost bins and taught the same number of people how to use them. Composting workshops were held at Council as well as the Tairāwhiti Environment Centre, during the day, in the evenings, and at the weekends, to enable as many people as possible to attend.

The composting programme was so popular we will be running it again this year, so even more people can learn how to turn household food waste into garden goodness.

We also supported the Ministry for the Environment's TV TakeBack when the district switched to digital TV, collecting 1487 TVs to be safely recycled.

## Natural Heritage Fund finalists

Three private biodiversity projects received funding through the newly established Natural Heritage Fund. Last year \$30,000 was awarded to the Battle Hill Restoration Project, Muriwai, Te Arai Wetland Project, Manutuke, and Kowhai Nui Station, Te Karaka.

The Fund was set up in September 2013 to support private landowners who are protecting and enhancing indigenous biodiversity on their land and can show long-term commitment to the initiative, where funding support from central government is unlikely.

### • Te Arai Wetland Project

The Te Arai Wetland Project has used its funding to purchase over 6000 native plants from the Native Garden Nursery for their streambank restoration project that includes approximately 2km of a tributary of the Te Arai River.

### • Kowhai Nui Station

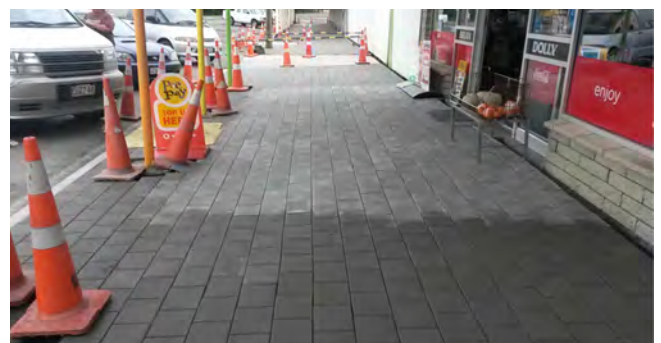
Roadside beautification continues in Te Karaka as Kowhai Nui Station extended an existing patch of native trees along Whakarau Road. The strip has been fenced off and planted in two rows, one a mixture of lemonwood and flax, the other Kahikatea. While a second project at the Station involved planting around an unused dam, funds helped to purchase a solar electric fencing unit, protecting plants from attracted animals.

### • Battle Hill Restoration Project

The funds were used towards fencing off one of the two remnant patches of semi coastal indigenous forest on Battle Hill Farm. Steep terrain and mature tree roots made construction more difficult than usual, but now that stock can be excluded from the area, grazing and trampling damage to the existing flora will be reduced.

Interest in the funding has increased dramatically and it is very exciting for the region with more property owners looking at ways to enhance biodiversity on their land. Council has allocated a further \$23,450 in the second round to projects in Shelley Road and Taurau Valley.

## Working with our community



## Freedom Camping Update

Freedom camping is a defining feature of our district in summer. Where you can pitch your tent is governed by the Freedom Camping Act 2011. The Act allows camping on local authority land and councils, through their bylaws, can specify freedom camping areas and any restrictions and prohibitions.

Council received 16 submissions on the draft Freedom Camping Bylaw. The bylaw proposes that summer freedom camping continue, with minor changes to where you can camp. The draft bylaw also includes overnight camping for self-contained vehicles.

The challenge for Council will be dealing with the effects of freedom camping. Submissions are being reviewed and heard by the Hearings Committee and a new bylaw is expected to be passed in October 2014.

## New Gisborne District Youth Council

Tairāwhiti youth will have a stronger collective voice, thanks to the establishment of the Gisborne District Youth Council in April 2014. The Council was set up to formally give young people a say in Council decisions. The Youth Council will be structured similarly to the main Council, with representatives aged 13-24 years from diverse backgrounds.

The Youth Council will have powers of recommendation to the Community Development and Services Committee and access to the full range of Council decisions to be made. Youth Council members will be inducted and receive training in leadership and governance.

We are currently recruiting members for the Youth Council and hope to have it up and running later in 2014.

## Our Local Alcohol Policy

In December 2013 Council decided to develop a draft Local Alcohol Policy in response to a strong community desire to see Council go beyond the default alcohol licence conditions to address the significant alcohol issues in our district.

A Local Alcohol Policy (LAP) is one of Council's tools for managing licensed trading hours and locations, and the density of licensed premises. We consulted widely and received 142 submissions on the policy.

A decision on the Local Alcohol Policy has been released, which caps the number of bottle store off-licences in the district at current levels, restricts new alcohol licences from within 300 metres of a sensitive site such as a school, marae, church; limits trading hours to certain licence types, and requires alcohol management plans where alcohol is supplied or sold.

A provisional LAP was released in September 2014, subject to a 30-day appeal period where anyone who made a submission can appeal to the National Alcohol Regulatory Licensing Authority.

## Progress on Township Plans

Council worked with six townships over the last year on township plans that respond to the needs in each community. A new plan has been completed for Te Karaka and we are looking at options for fixing driveway culverts and ensuring the stormwater system works properly. Council staff are working with the Te Karaka community on the design of the main street as part of the long term plan, and the playground has been moved next to the skate park, closer to residential areas.

A township plan has been completed for Wharekahika and implementation is underway. This involves safety signage around Te Kura Kaupapa o Kawakawamaitawhiti in Hicks Bay, and a wharf feasibility study next year. We will also be investigating wharf options for Tokomaru Bay this year.

We are continuing to fund i-Site space in Te Araroa over the Christmas period. The Tolaga Bay main street upgrade is in progress and due to be completed in November 2014, and we are working with the community in Ruatoria on an upgraded playground and maintenance arrangements for Whakarua Park.

## Psychoactive Substances Policy

Council responded to public concern over the prevalence and availability of 'legal highs' in Gisborne with consultation on the draft Psychoactive Substances Policy. The policy proposed two possible locations for the sale of legal highs – the industrial subdivision and a section of Gladstone Road.

We had 117 submissions on the draft policy and on 30 July 2014 the Hearings Committee adopted Gladstone Road as the preferred area. This means the only place retailers can sell legal highs in our district is on Gladstone Road between Reads Quay and Roebuck Road.

The main road location was chosen for its visibility. Any antisocial activities arising from legal high use can be more easily monitored by police, the public and Gisborne Crime Prevention Camera Trust cameras. Under the law Council can't ban the sale of legal highs and can only restrict where they are sold. Council intends to amend the Public Places Bylaw to prohibit the use of psychoactive substances in public places.

## Revitalising Kaiti

Council secured funding to support three community projects in the area around London Street during 2013/14. Kokiri Kai was an initiative of local residents supported by Te Runanganui o Ngati Porou and Eastern Institute of Technology. The project transformed a vacant overgrown section on Ranfurly Street into a flourishing, fenced and cared for garden. Ka mau te wehi Kaiti.

The second project was a youth art mural coordinated by Te Ora Hou. Several youth worked with local artist Nick Tupara to develop murals that reflect the Kaiti area.



The murals are proudly displayed on a wall next to London Street Reserve.

The third project was a tidy-up and safety improvements around London Street. Lighting was installed on the edge of London Street Reserve and the footpath, rubbish bins and bike racks have been replaced. Citrus trees and a mini community garden are a fresh addition outside the world-famous-in-Gisborne London Street fish and chip shop.

### Te Reo Māori Literacy Programme

We were proud our Te Reo Māori literacy programme, run by HB Williams Memorial Library with a Kura Kaupapa, was a finalist in this year's Māori Language Commission Awards.

Hiki Taumata has evidence based results that have proven to have lifted the children's reading levels from below average to well above average along with significant behavioural and participation gains. A key part of the success of the programme is mentoring and relationship building with young men from Gisborne Boys High School and the younger students. Ka mau te wehi.

### Wainui Beach Erosion Management Strategy

In August 2014 Council adopted the Wainui Beach Erosion Management Strategy for managing coastal erosion at Wainui between Tuahine Point and Makorori Point.

The Strategy sits within a broader vision of integrated Wainui Beach management that conserves and enhances the environment for future generations.

Two stakeholder groups worked tirelessly with Council to develop the Strategy, and specialists Tonkin and Taylor and Eco Nomos provided detailed advice on erosion management options. The Strategy was also guided by the Resource Management Act 1991 and the New Zealand Coastal Policy Statement.

Broad goals and principles were developed to guide erosion management options. These aim to protect Wainui Beach's iconic surf breaks, natural ecology, recreational values and cultural values, and ensure they are managed in an holistic way.

The 10-20-year options promoted in the strategy focus on managing risk associated with existing sea level and coastal processes. Medium term to longer term, the strategy identifies further actions that may be required to address aggravated erosion from projected sea level rise and other climate change factors.

### Listening to our Communities - see AP 2013/14 for detail

It pays to get involved in Council's Annual Plan and Long Term Plan consultation processes. Of the 183 submissions received on this year's Draft 2014/15 Annual Plan, several were successful in their requests for more resources, funding or general endorsement for an idea.

These changes will be made from within existing budgets and will not have an impact on Council's 1.9% rates increase for the 2014/15 year. Changes included:

- A one-off grant of \$45k for Tourism Eastland to be spent on better preparation for cruise ship visits to Gisborne and for a mobile phone 'app' for visitors to Tairāwhiti. The base funding levels for Tourism Eastland will also be inflation-adjusted by 2% for the next three years (including 2014/15).
- A funding increase for Surf Life Saving New Zealand, an increase of \$3k to cover their current deficit.
- Bringing forward the \$100k allocated in the Ten Year Plan for the Cook's Anniversary celebrations. Earmarked to be spent in 2018, the funding will enable the Te Ha Trust to commence planning for the 2019 celebrations now.
- Carrying over the \$20k budgeted last year for a memorial wall for the buried headstones at Makaraka. The memorial wall will be built this financial year.

Council also resolved to change the budgets and rates for 2014/15 for pest and plants, soil conservation and wastewater as a result of feedback from councillors and the draft 2014/15 Annual Plan consultation process. These changes will help to smooth rates increases across the district. A large number of community submissions will also be re-considered as Council prepares its 2015-2025 Ten Year Plan throughout 2014/15.

### Our Council, our People



### Te Reo Māori me ōna tikanga Policy

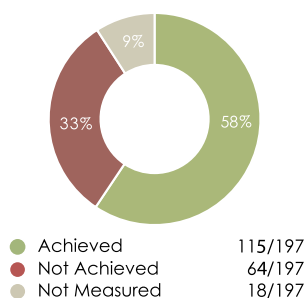
Look out for more bilingual signage appearing through Tairāwhiti. Council's new Māori language policy, Te Reo Māori me ōna tikanga, is designed to help Tairāwhiti become a bilingual region - and we're serious about walking the talk. Our district has a high proportion of Māori language spoken compared with the rest of the country, and significant efforts by whanau, hapu and iwi to revitalise and regenerate Te Reo Māori in our community continue.

Developed over the past year and taking effect from Akuhata (August) 2014, the policy will guide Council in its promotion and use of Te Reo Māori to reflect and engage our bicultural community. The policy aims to raise the status of Te Reo Māori in Council work, increase the number of Māori speakers on staff, and to increase the ability to use Maori in Council settings. We'll also be translating key information - in print, online and on signs.

## Community Views on Council Performance

Council uses a number of methods to measure and monitor the services we provide so that we can continue to improve Council's performance for our customers and residents. Each activity has performance targets that they aim to achieve each year. Council also uses Customer Satisfaction Surveys and the Annual Residents' Satisfaction Survey to monitor our performance and compare results to previous years.

The graph below shows how well Council met its performance targets during 2013/14. Compared to last year the percentage of performance targets achieved increased from 56% to 58%. Details of all the targets are included in the activities section of this report.



## Highlights

- **Governance:** 65% of residents regarded the performance of the Mayor and Councillors as good or better. Up 1% from last year and above target (60%).
- **Water Supply:** 15 reported events of no or low water pressure was substantially lower than last year and the target of 50 or less.
- **HB Williams Library:** Exceeded expectations for delivering key literacy and education programmes with 37 programmes rolled out, above the target of 30.
- **Building Services:** Implemented fast tracked building consents this year with 98% issued within timeframes and 100% of customers satisfied with requests for service.
- **Emergency Management:** Successfully met all targets measuring 91% on satisfaction of

preparedness for an emergency and fulfilling 100% in rural fire responses to requests.

- **Soil Conservation:** 174 farms were visited for environmental advocacy up from 172 (target 150).
- **Flood Control:** Achieved steadily 90% of requests for service within timeframes and completed 100% river flow impediment work within budget above the 77% target.
- **Solid Waste:** Waste in landfills continues to reduce since the user pays system was introduced, achieving below the 300kg target for waste to landfill at 283kg per capita.

## Areas for Improvement

- **Attracting & Expanding Business:** Only 33% of residents were satisfied with Council's efforts to expand and attract business to the region. Council has committed funds to a stand-alone Economic Development Agency and established a new policy for rates remissions for new or expanding businesses.
- **Consultation:** Just over half of residents surveyed said they were satisfied with how Council involves the public in decision making with 59% responding positively. The planning and performance team are exploring new engagement techniques and processes for consulting and collaborating with communities at appropriate stages.
- **Wastewater:** An increased dissatisfaction with wastewater discharges into rivers saw only 45% of residents satisfied with the city's wastewater. Council is working through its ten year plan to upgrade sewerage pipes at the end of their lifecycle, in conjunction with reducing stormwater overflows.
- **Roads:** The number of residents satisfied with rural and urban roads fell well short of the 85% target with 38% and 34% satisfied. The establishment of Tairāwhiti Roads is intended to bring a more efficient approach to management and safety of our roads.
- **Governance:** 43% of residents were satisfied with how rates are spent, down 6% from last year and well below the 65% target. Residents noted rates were too high, and should be used more efficiently on wastewater, water services and roads. Council have reduced the forecast rates increase of 5% for 2013/14 to only 2.5%, aiming to limit increases to inflation.

## Customer Satisfaction Surveys

The Council has a Request for Service (RfS) system to manage and track all requests that members of the public make for various Council services. We also survey at least 5% of all individuals who make an RfS to

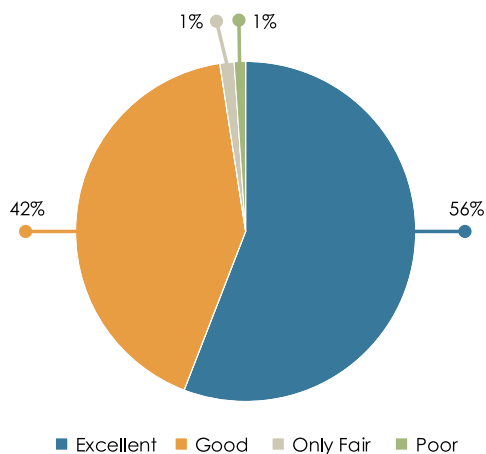


determine whether they felt our response to their request was 'poor', 'only fair', 'good' or 'excellent'.

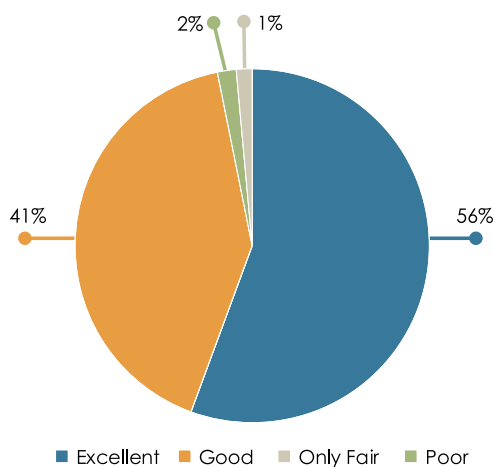
Overall our customers were satisfied with the service provided through the RfS process with 98% rating our response as either 'good' or 'excellent', a great result although a slight decrease from last year's 99%. The total number of requests decreased from 16,440 last year to 12,092 this year and the percentage of unresolved requests remains around 1% (0.93%) compared to 1.16% last year. The reduction in requests for service can be attributed to handling more requests at the first point of contact, and efficiencies in the way requests for service are recorded (for example consolidating related requests for service into one RfS where appropriate).

The following three graphs show how satisfied our customers were with Council's service. Results have been taken for the period 1 July 2013 to 30 June 2014.

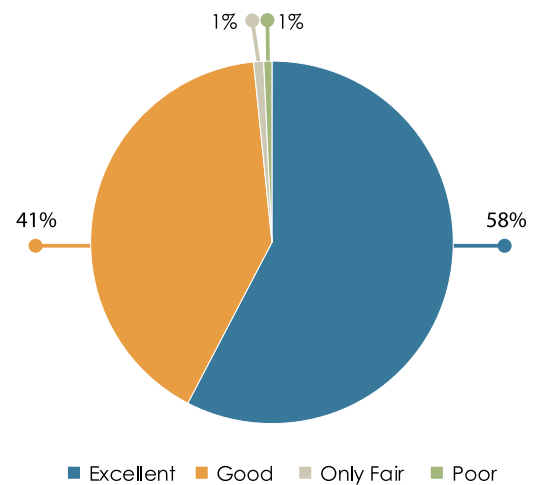
## Response Times



## Quality of Service



## Feedback Received



## 2014 Annual Residents Satisfaction Survey

Ensuring the district's residents are satisfied with the services and facilities we provide is a priority for Council. We undertake an independent resident satisfaction survey every year to find out how well the community thinks we are doing. The Resident Satisfaction Survey was a 25 minute phone survey of 400 residents in May and June, which asked respondents their levels of satisfaction with Council's activities, facilities and performance. This is a subjective judgement based on the individual's interpretation of satisfaction. The survey is designed to be fully representative of the district's wards as well as gender, age and ethnicity of its citizens. It has a maximum margin of error 4.85%.

This year, as with last year and in keeping with best practice, a 5-point satisfaction scale was used for all questions. In surveys carried out prior to 2012/13 the scale used to measure satisfaction varied throughout the survey. The change gives a more detailed measurement of public perceptions of the Council and its services and facilities – and in particular it provides more detail about resident's levels of dissatisfaction. It also ensures consistency throughout the questionnaire.

Where we are measuring the level of resident satisfaction, the five point scale used is: *very satisfied*, *fairly satisfied*, *neither satisfied nor dissatisfied*, *fairly dissatisfied*, and *very dissatisfied*. In both years "don't know" responses were recorded, but not given as an option.

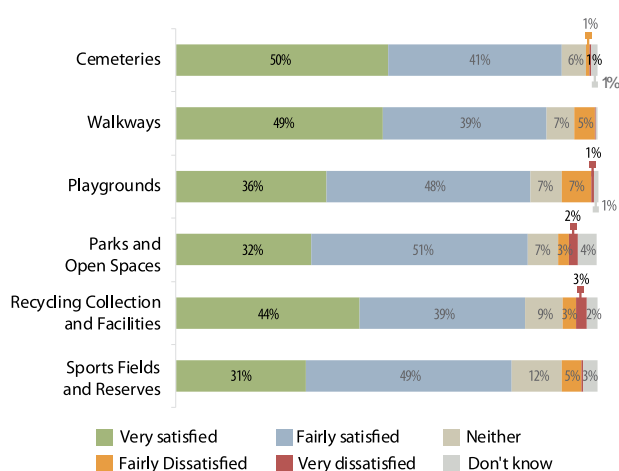
Due to the change in measurement scale the responses are not directly comparable between some sections of the 2013 survey and previous survey results.

From the 2013 Annual Residents Satisfaction Survey, below are the Council facilities and services that residents were the most and the least satisfied with.

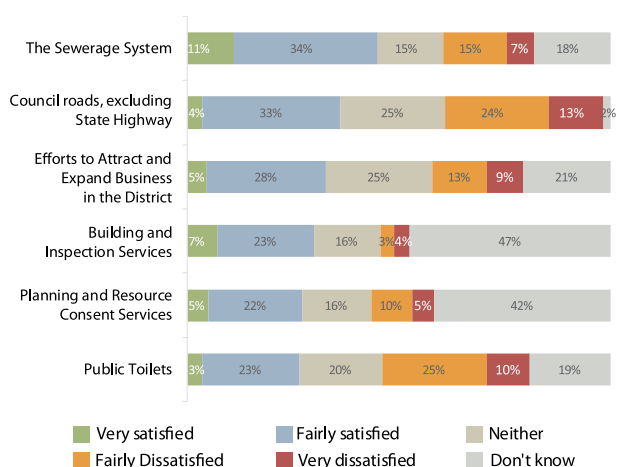
# Mayor and Chief Executive's district highlights

14

## Most Satisfied



## Least Satisfied

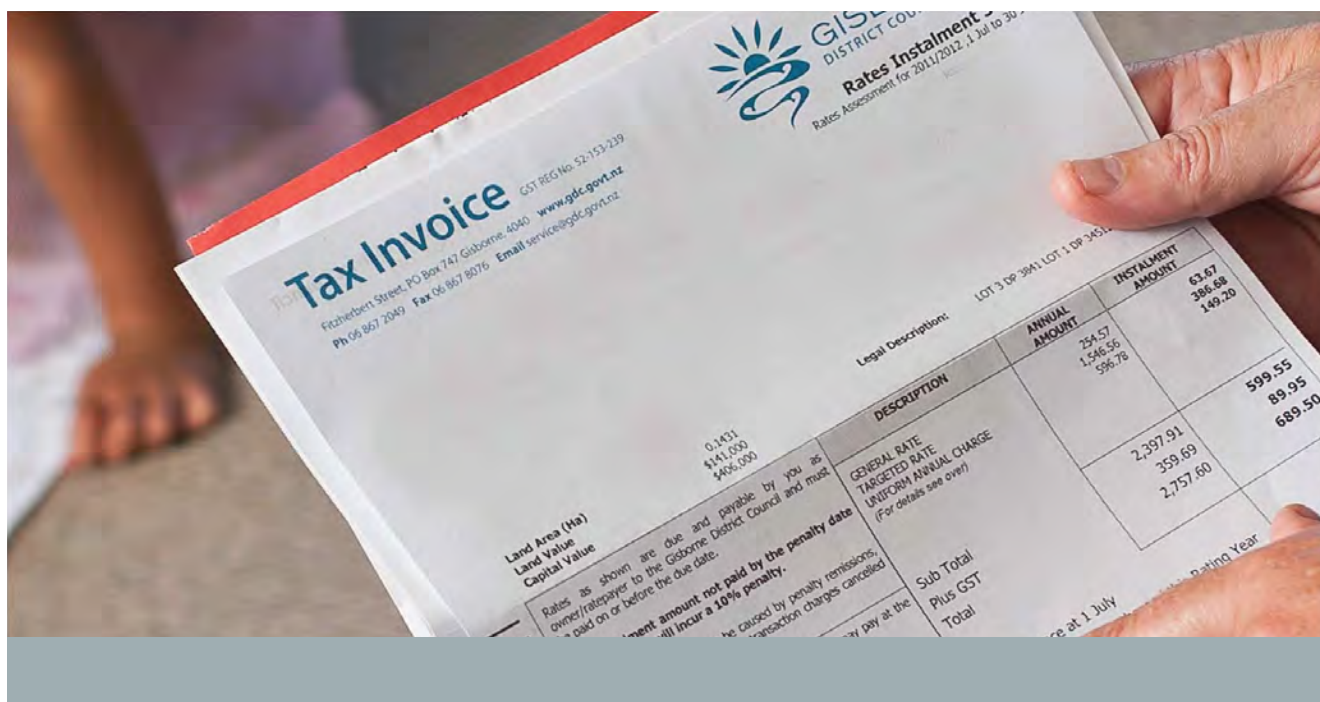


## How do our results compare to last year?

The table below provides an overview of the Annual Residents Survey Results for the last two years. Where 2014 satisfaction levels are notably lower than 2013 results, an explanation has been provided in the relevant activity summary section later in the document.

Activity	2014	2013	Difference
Building and inspection services	30%	32%	-2%
Cemeteries	91%	Not reported	0
Control of dogs	48%	58%	-10%
Council roads, excluding State Highways	37%	44%	-7%
Efforts to attract and expand business in the District	33%	39%	-6%
Footpaths	54%	58%	-4%
Information provided about events and attractions in the District	71%	69%	2%
Lawson Field Theatre	48%	57%	-9%
Library services	74%	75%	-1%
Olympic Pool	54%	60%	-6%
Parks and open spaces	83%	86%	-3%
Performance of the Mayor and Councillors in the last year	65%	64%	1%
Planning and resource consent services	27%	26%	1%
Playgrounds	84%	Not reported	0
Public toilets	26%	42%	-16%
Range of events and festivals	67%	72%	-5%
Recycling collection and facilities	83%	88%	-5%
Rubbish bag collection, for bags with a sticker attached	74%	84%	-10%
Sewerage System	45%	71%	-26%
Sports fields and reserves	80%	Not reported	0
Tairāwhiti Museum	65%	75%	-10%
The way Council involves the public in the decisions it makes	59%	54%	5%
Urban stormwater services	46%	60%	-14%
Walkways	88%	Not reported	0
Water supply	67%	83%	-16%
Work undertaken by Tourism Eastland to promote tourism in the District	55%	62%	-7%





## Finances at a glance

This section provides an overview of the Council's financial results for the 2013/14 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 its results under New Zealand equivalents to International Financial Reporting Standards (NZIFRS). These standards represent generally accepted accounting practice in New Zealand. They prescribe the way we must recognise and disclose all financial transactions in our financial accounts.

Council continues to be in a strong financial position with relatively low debt at \$29m (\$7m less than budget). The debt has increased by \$4m since 2012/13. Debt levels are expected to remain relatively static over the 2014/15 year even with a number of major projects commencing or reaching completion. Council made a net accounting surplus of \$4.6m compared to a budgeted surplus of \$9.5m.

## Financial Performance

The Council has made a surplus of \$4.6m<sup>(1)</sup>. This surplus includes funding received specifically for capital projects. This income cannot be used to offset rates or fund operational expenditure.

	Budget 2013/14 \$000s	Actual 2013/14 \$000s	Variance Favourable/ (Adverse) \$000s
Revenue from Rates	50,302	50,593	291
Revenue from Grants and Subsidies	23,448	16,171	(7,277)
Revenue from Operating Activities	14,381	14,562	181
Other Grants/(Losses)	12	148	136
<b>Total Operating Income</b>	<b>88,143</b>	<b>81,474</b>	<b>(6,669)</b>
Employee Benefit Expenses	14,591	15,797	(1,206)
Depreciation and Amortisation	19,605	19,041	564
Operating Activities	42,029	40,943	1,086
Finance Costs	2,466	2,105	361
<b>Total Operating Expenditure</b>	<b>78,691</b>	<b>77,886</b>	<b>805</b>
Subvention Income	0	1,032	1,032
<b>Net surplus/(deficit) before taxation</b>	<b>9,452</b>	<b>4,620</b>	<b>(4,832)</b>

<sup>1</sup> **Understanding the Council's reported accounting surplus for the year ended 30 June 2014** - Council's net surplus is calculated using the following formula: **Total income - Total expenses = Net Surplus**

# Finances at a glance

The Council has a negative variance of \$5.9m when comparing the budgeted surplus of \$9.5m to the actual surplus of \$4.6m.

The main driver of the reduced surplus was timing of capital grants and donations related to major projects that have been delayed. Capital Grants and Subsidies income is \$16m compared to a budget of \$23m.

The Council's capital expenditure for the year was \$22m; this is \$13m less than the budget of \$35m. A number of major projects have been delayed and are planned to commence in 2014/15 and 2015/16.

Council expenditure was \$1m less than the Annual Plan budget. This was due to a combination of savings in depreciation and operating costs.

Council revalued all its assets as at 30 June 2014. The depreciation expense was \$560k less than budget partially due to delays in capital projects and also as a result of the revaluation.

Council's debt at 30 June 2014 is \$29m; this is \$7m less than the \$36m budget.

The adverse variance in the employee benefit expenditure is due to Council changing how it treats staff time that is spent on operational projects. This has resulted in an increase in employee benefit expenditure and a reduction in the operating costs.

## Significant changes in revenue/expenditure compared to the 2013/14 Annual Plan

	\$000s
Higher than budgeted grants received - mainly NZTA Flood Damage	529
Higher than budgeted income from activities	359
Increase in fair value of forestry	249
Lower than budgeted depreciation and amortisation	564
Lower than budgeted interest costs	361
Subvention Income from GHL	1,032
<b>Total Positive Variances</b>	<b>3,094</b>
<b>Less</b>	
Lower than Budgeted grant income - mainly due to delays in projects that have a portion of grant funding	(7,806)
Higher than budgeted operating costs	(120)
<b>Total Negative Variances</b>	<b>(7,926)</b>
<b>Total Factors contribution to the underlying variance</b>	<b>(4,832)</b>

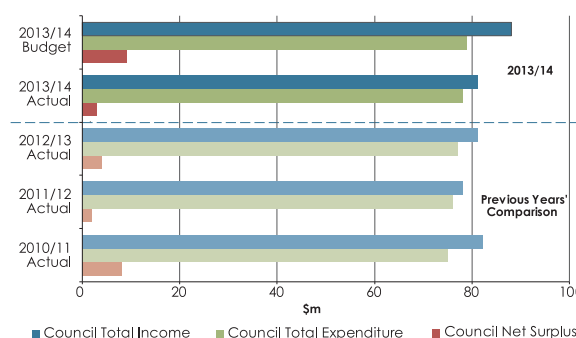
Council sets its operating income at a level to meet each year's operating expenditure. In some cases this may not be practical or prudent due to the long term nature of the activity (i.e. wastewater, forestry and soil conservation nurseries) or the capital project funding received as grants/subsidies.

Council's forecast and actual net surplus for 2011 - 2014 is shown below. In most years Council will achieve a small surplus, usually the result of income received for capital projects.

The total income for 2013/14 has increased \$1m from the 2012/13 year. Grants, activity income and rates income have all increased over the 2012/13 year income. In 2012/13 there was a significant gain on sale of assets of \$1.8m as a result of the Port land exchange. There have been no significant gain on sale of assets in this financial year.

Total expenditure in 2013/14 is \$78m. This is \$1m greater than in 2012/13, but is \$1m less than the actual budget of \$79m. Over \$3m of savings were made in depreciation and operating costs, however finance and employee benefit expenditure were \$2m over budget.

## Total Net Surplus 2011-2014

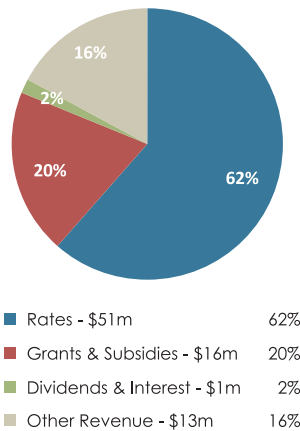


## Council Income

In 2013/14 the Council received income of \$81m compared to a budget of \$88m. Council mainly collects income through rates, this is 62% of total income. There have been no major changes to Council's sources of income recently, therefore the chart below is representative of the Council's funding source over a range of years.



## Council 2013/14 Income \$81m



## Council Expenditure

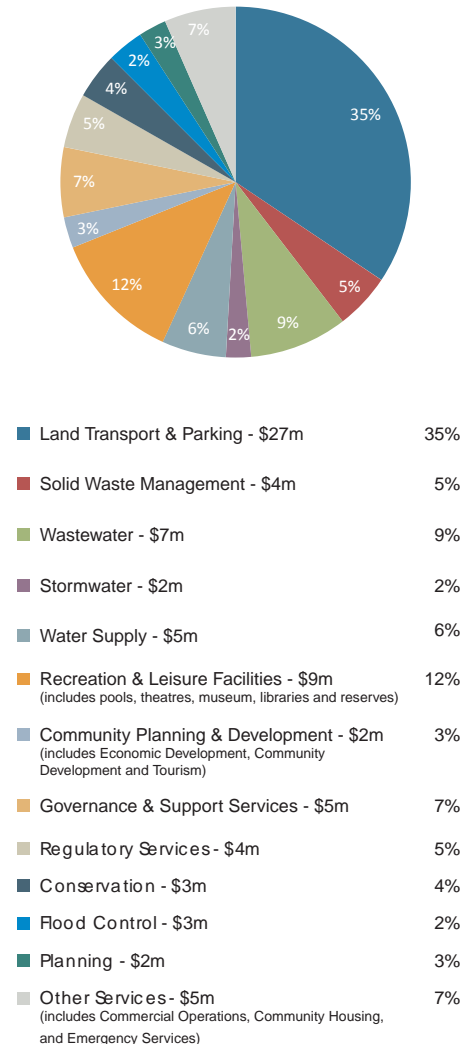
Council expenditure includes the day-to-day costs necessary to run the organisation. Costs are incurred to maintain, manage, develop and provide diverse services and facilities to the district.

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 following pie graph, the roading, wastewater, stormwater, solid waste and water supply made up 57% of total operating expenditure of the Council. The total cost of these services was \$45m.

The Council has \$1.9 billion invested in fixed 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 2013/14 depreciation and amortisation charges totalled \$19 million; this is 24% of our total costs. Repairs and maintenance costs were \$9.4m; this is 12% of our total costs.

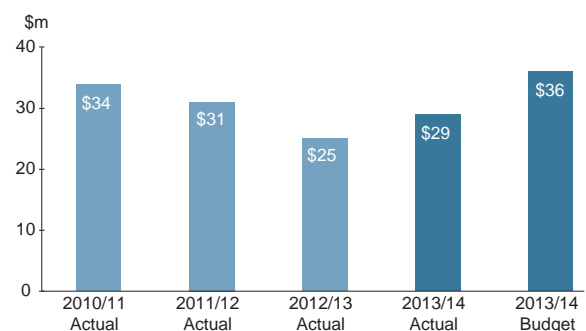
## Council 2013/14 Expenditure \$78m



## Council Debt

Council continues to be in a strong financial position with relatively low debt at \$29m; this is \$7m less than the Annual Plan budget of \$36m. Forecasted debt levels are expected to remain static whilst achieving a number of major projects.

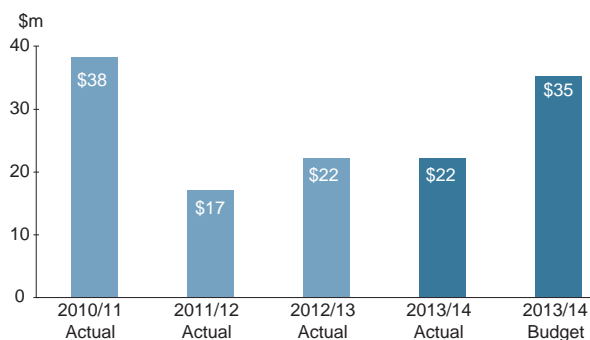
## Council Debt 2011-2014



## Council Capital Expenditure

Council's debt levels have remained lower than budget for the last few years, however improved project planning and project management is likely to result in fewer delays in Council's capital projects and therefore a slight increase in debt in the future.

## Council Capital Projects 2011-2014



The War Memorial Theatre upgrade and the Centotaph earthquake remedial works will be completed in 2014/15. The major capital projects planned for the next two years include HB Williams Memorial Library extension, Tairāwhiti Navigations and Inner Harbour development, Cycle and Walkways, and the replacement of the earthquake prone Council offices. There is a full review of the proposed projects' cost and timing as part of the development of the 2015-2025 Long Term Plan.

## Council's five year financial performance summary

	2010	2011	2012	2013	2014
Public Debt (\$'000)	19,407	33,874	30,850	25,016	29,032
Net Surplus/(Deficit)	15,365	7,669	3,580	4,648	4,620
Net debt as a % of equity <10%	1.11%	1.89%	1.68%	1.34%	1.51%
Net interest as a % of income <10%	1.86%	3.23%	2.82%	2.24%	2.46%
Total debt per capita <\$1700	\$437	\$762	\$694	\$563	\$665
Working Capital (excluding current portion of public debt)	(5,061)	(3,337)	(942)	(5,230)	(262)





Chartered Accountants

## INDEPENDENT AUDITOR'S REPORT

### TO THE READERS OF GISBORNE DISTRICT COUNCIL AND GROUP'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2014

The Auditor-General is the auditor of Gisborne District Council (the District Council) and group. The Auditor-General has appointed me, Marcus Henry, using the staff and resources of Ernst & Young to audit:

- the financial statements of the District Council and group that comprise:
  - the statement of financial position as at 30 June 2014 on Page 103 to Page 104;
  - the statement of comprehensive income, statement of changes in equity and statement of cash flow for the year ending 30 June 2014 on Page 101 to Page 106;
  - the funding impact statement of the District Council on Page 150;
  - the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on Page 150 to Page 161; and
  - the notes to the financial statements that include accounting policies and other explanatory information about the financial statements on Page 107 to Page 149;
- the statement of service provision of each group of activities carried out by the District Council on Page 34 to Page 97 and the funding impact statements in relation to each group of activities of the District Council on Page 150 to Page 161; and
- the disclosures of the District Council that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on Page 147 to Page 149.

In addition, the Auditor-General has appointed me to report on whether the District Council and group's annual report complies with the Other Requirements of schedule 10 of the Local Government Act 2002, where applicable, by including:

- information about:
  - internal borrowing on Page 135;
  - council-controlled organisations on Page 107;
  - reserve funds on Page 136;
  - each group of activities carried out by the District Council on Page 34 to Page 97;
  - remuneration paid to the elected members and certain employees of the District Council on Page 145;
  - employee staffing levels and remuneration on Page 146;
  - severance payments on Page 146;
  - rating base units on Page 117; and
  - insurance of assets on Page 131;
- a report on the activities undertaken by the District Council and group to establish and maintain processes to provide opportunities for Maori to contribute to the Council's decision-making processes on Page 44; and
- a statement of compliance signed by the Mayor of the Council, and by the District Council and group's Chief Executive on Page 100.

## Opinion

### Audited information

In our opinion:

- the financial statements of the District Council and group on Page 101 to Page 149;

- comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the District Council and group's financial position as at 30 June 2014; and
    - the results of their operations and cash flows for the year ended on that date.
- the funding impact statement of the District Council on Page 150, fairly reflects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan.
- the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on Page 150 to Page 161, fairly reflects by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long-term plan or annual plan.
- the statement of service provision of each group of activities of the District Council on Page 34 to Page 97:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects the District Council's levels of service for the year ended 30 June 2014, including:
    - the levels of service as measured against the intended levels of service adopted in the long-term plan; and
    - the reasons for any significant variances between the actual service and the expected service.
- the funding impact statements in relation to each group of activities of the District Council on Page 150 to Page 161, fairly reflect by each group of activities, 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 disclosures on Page 147 to Page 149 represent a complete list of required disclosures and accurately reflects the information drawn from District Council's audited information.

## Compliance with the other requirements of schedule 10

In our opinion, which is not an audit opinion, the District Council and group's annual report complies with the Other Requirements of schedule 10 that are applicable to the annual report.

Our audit was completed on 30 October 2014. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities, and we explain our independence.

## Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the information we audited is free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and statement of service provision of each group of activities of the Council. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the information we audited. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the information we audited, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the District Council and group's preparation of the information we audited that fairly reflect the matters to which they relate. We consider internal control in order to design 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.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of all disclosures in the information we audited;
- determining the appropriateness of the reported statement of service provision of each group of



activities within the Council's framework for reporting performance; and

- the overall presentation of the information we audited.

We did not examine every transaction, nor do we guarantee complete accuracy of the information we audited.

When reporting on whether the annual report complies with the Other Requirements of schedule 10 of the Local Government Act 2002, our procedures were limited to making sure the information required by schedule 10 was included in the annual report, where relevant, and identifying material inconsistencies, if any, with the information we audited. This work was carried out in accordance with International Standard on Auditing (New Zealand) 720; The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements. As a result we do not express an audit opinion on the District Council's compliance with the requirements of schedule 10.

We did not evaluate the security and controls over the electronic publication of the information we are required to audit and report on. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate evidence to provide a basis for our opinion.

## Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and statement of service provision of each group of activities of the Council that:
  - comply with generally accepted accounting practice in New Zealand;
  - fairly reflect the District Council and group's financial position, financial performance and cash flows;
  - fairly reflect its service performance, including achievements compared to forecast;
- a funding impact statement that fairly reflects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;
- funding impact statements in relation to each group of activities that fairly reflect by each group of activities 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;

- statements about budgeted and actual capital expenditure in relation to each group of activities that fairly reflect by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long-term plan or annual plan;
- disclosures in accordance with the requirements of the Local Government (Financial Reporting and Prudence) Regulations 2014; and
- the other information in accordance with the requirements of schedule 10 of the Local Government Act 2002.

The Council is responsible for such internal control as it determines is necessary to ensure that the annual report is free from material misstatement, whether due to fraud or error. The Council is also responsible for the publication of the annual report, whether in printed or electronic form.

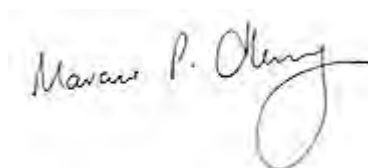
The Council's responsibilities arise under the Local Government Act 2002.

## Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the information we are required to audit, and whether the Council has complied with the Other Requirements of schedule 10, and reporting that opinion to you. Our responsibility arises under section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

## Independence

When carrying out this audit, which includes our report on the Other Requirements, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board. Other than this audit, which includes our report on the Other Requirements and the provision of other assurance services and accounting advice, we have no relationship with or interests in the District Council or any of its subsidiaries.



Marcus Henry  
Ernst & Young  
On behalf of the Auditor-General  
Wellington, New Zealand



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# Our Strategic Direction

Community Outcomes

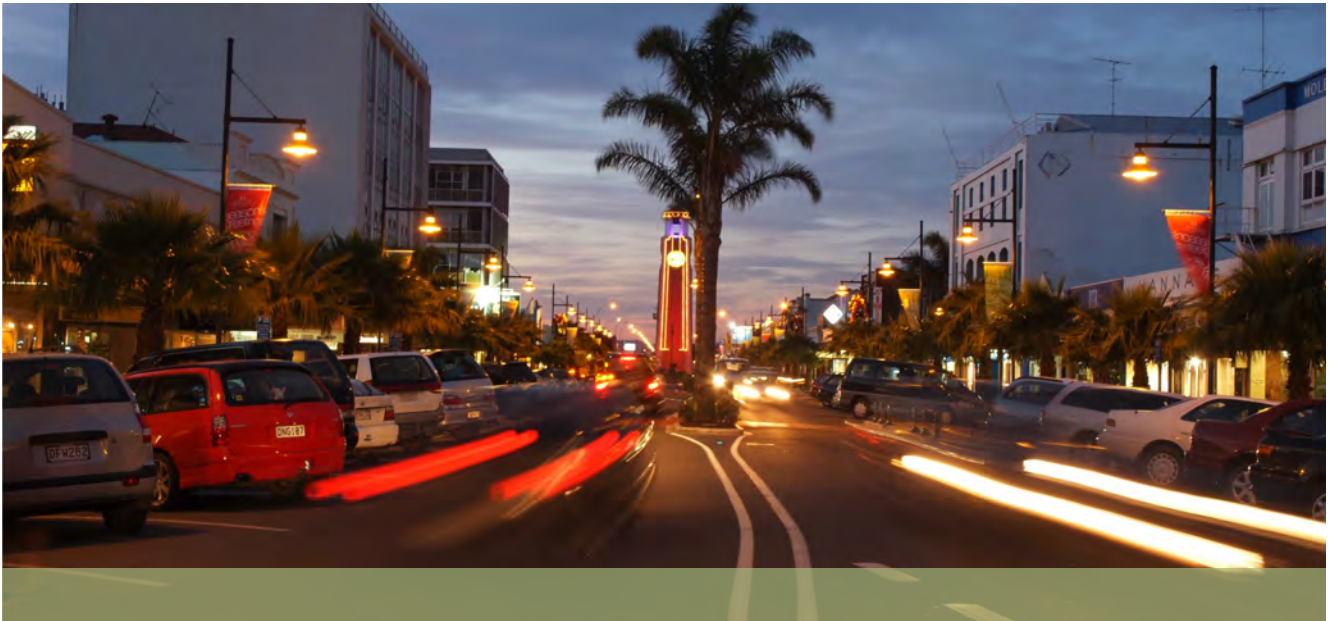
Vision, Mission and Values

Strategic Challenges

Our Financial Strategy

Our District





The key components of Council's Strategic Framework are summarised over the next few pages. While the purpose of local government in the Local Government Act has recently been amended, Council's strategic framework is, at this stage, relatively unchanged. As part of Council's preparation of its 2015-2025 Long Term Plan, we will be undertaking a review of all our activities and services to ensure that they align to the purpose of the Act. As a result our strategic direction may be altered slightly.

## Community Outcomes

The achievement of Community Outcomes is closely linked to the new purpose of local government.

Community Outcomes now mean the outcomes that a local authority aims to achieve in meeting the current and future needs of communities for good quality infrastructure, local public services and performance of regulatory services. The Community Outcomes are central to Council's strategic direction as they set out what we are aiming to achieve through the services and activities we provide. All of our strategies, policies, plans (all of which are available on our website), activities and services contribute to the achievement of our community outcomes. As you will see in Section 2 all of our activities are linked to the Community Outcomes that they contribute to.

Our Community Outcomes are set out on the below.

Community Outcomes	We aim to achieve...	We support our outcomes by...
<b>Environmentally Sustainable Tairāwhiti</b> 	A district where natural environments are protected, restored and/or utilised sustainably in a way that enhances them for the future.	<ul style="list-style-type: none"> <li>Providing a balanced regulatory framework that supports the natural and physical environment.</li> <li>Promoting and implementing systems and plans for the sustainable management of land and water resources.</li> <li>Pro-actively preserving and protecting indigenous biodiversity and ecosystems within the district.</li> <li>Supporting sustainable land use.</li> </ul>
<b>Healthy Tairāwhiti</b> 	A district that has a healthy environment, easy access to active lifestyle facilities, high quality infrastructure and effective planning for a healthy and active community.	<ul style="list-style-type: none"> <li>Providing infrastructure and services for a healthy and active region i.e. safe drinking water and waste disposal services.</li> <li>Supporting leisure and recreational opportunities.</li> <li>Promoting and regulating for safe and healthy environments.</li> <li>Ensuring accessibility to services and that all citizens can move around safely.</li> <li>Advocating for community needs.</li> </ul>
<b>Connected Tairāwhiti</b>	A district that has essential infrastructure that is well planned, affordable, equitable and meets	<ul style="list-style-type: none"> <li>Facilitating people, goods and information moving safely and easily around the district.</li> </ul>



Community Outcomes	We aim to achieve...	We support our outcomes by...
	the needs of our community now and in to the future.	<ul style="list-style-type: none"> <li>Supporting and/or advocating for a range of sustainable and secure transportation systems, reticulation, communication, energy supplies and protective infrastructure.</li> <li>Assessing and managing risk effectively.</li> <li>Having a clear planning framework that guides the district's development and encourages opportunities.</li> </ul>
<b>Prosperous Tairāwhiti</b> 	A district that is prosperous and an economy that is supported to sustainably grow, develop and diversify.	<ul style="list-style-type: none"> <li>Supporting communities and townships to be sustainable and prosperous.</li> <li>Providing services and infrastructure to help the economy develop, grow and diversify.</li> <li>Facilitating local, national and international business opportunities.</li> <li>Maximising benefits from economic initiatives and opportunities.</li> <li>Supporting innovative businesses to start up and relocate here.</li> <li>Encouraging investment in research and development.</li> <li>Supporting initiatives to attract talent, investment and visitors without compromising the environment, cultural values or social wellbeing and regulatory requirements.</li> </ul>
<b>Skilled and Educated Tairāwhiti</b> 	A district where infrastructure, leadership and advocacy supports our community to be highly skilled, educated and innovative.	<ul style="list-style-type: none"> <li>Advocating for education provision that meets lifelong learning needs, regional employment opportunities and encourages innovation.</li> <li>Providing centres of learning through supporting libraries and museums.</li> <li>Supporting leadership and education initiatives.</li> </ul>
<b>Vibrant Tairāwhiti</b> 	A district that is vibrant and values our unique and diverse art, culture and heritage.	<ul style="list-style-type: none"> <li>Promoting, protecting and valuing local heritage.</li> <li>Supporting local art access and production.</li> <li>Providing public facilities and initiatives to enable cultural and artistic expression.</li> <li>Supporting the development of cultural, heritage, artistic and community groups in the district.</li> <li>Respecting and fostering a local sense of place.</li> </ul>
<b>Safe Tairāwhiti</b> 	A district where communities are safe, caring and prepared.	<ul style="list-style-type: none"> <li>Providing information and emergency management solutions.</li> <li>Protection of people, properties and land from damage caused by natural hazards.</li> <li>Supporting and advocating for safer communities.</li> <li>Supporting and encouraging community capacity and capability building initiatives and processes.</li> </ul>
<b>Empowered Tairāwhiti</b> 	A district that leads and advocates for itself, encouraging and enabling all citizens to be actively involved in community life and participate in democratic processes.	<ul style="list-style-type: none"> <li>Promoting community wellbeing, participation and engagement.</li> <li>Recognising vulnerable and hard to reach communities and supporting their capacity to engage and participate in democratic processes.</li> <li>Advocating with and for our communities.</li> <li>Encouraging community responsibility.</li> </ul>

More detail on our community outcomes is set out in the 'Tairāwhiti by Choice' document endorsed in May 2009.

## Vision, mission, values

Council's vision and mission contributes to the achievement of our high level community outcomes.

Council's vision for the region is to be:

**"First to see the light. First choice for lifestyle and people, enterprise and environment - Ka mau te wehi!"**

This vision sees Gisborne/Tairāwhiti as more than just a place for today. It sees a place for tomorrow as well so that those who follow after us inherit a district that is better than it is now. For Council this means taking responsibility for leading our communities now and into the future; not through directing, but through helping to shape, collaborating with and listening to our communities and seeking the best advice.

Council's mission describes the purpose of Council and how it will achieve this vision. The mission is to:

**"Lead and support the social, cultural, economic and environmental development of our communities - Mō tātou te Tairāwhiti".**

Seven values underpin Council's mission and vision and influence the way the Council staff work with and for our communities and with each other. These values are:

- giving service
- Innovation
- doing it right the first time
- learning & improving
- solution focus
- working together
- can-do-attitude

The performance of Council and achievement of the community outcomes, vision and mission are reliant on other important elements. These include strategic challenges, strategies, policies and plans.

## Strategic Challenges

In 2009, Council adopted its 'strategic challenges' which sit within the context of Council's vision, mission and values. The strategic challenges are a mix of internal and external challenges that identify critical issues that need to be addressed in order to make the district "better than it is now". The challenges and outcomes are listed below.

The Challenges we face are	The Outcomes we Seek
1. <b>Performance Culture:</b> Creating a culture of performance in a semi political organisation with a limited budget in a relatively remote location.	Council is a high performer within its preferred cultural framework.
2. <b>Governance Effectiveness:</b> Earning the confidence of the elected representatives and achieving aligned purpose.	A close and effective working relationship exists between elected members and staff that better contributes to community well-being.
3. <b>Community Engagement:</b> Engaging with the communities – especially Māori – within a demographically unique region.	We inter-connect with the community through collaboration and effective communication and there is effective Māori contribution to Council decision making.
4. <b>Major Projects:</b> Providing the district with the major community facility and infrastructure projects that are needed or desired.	The right projects are delivered at the right place, right price and the right time.
5. <b>Natural Resource Use:</b> Manage natural resources so that the aspirations for lifestyle, the economy and kaitiakitanga/stewardship are recognised and the needs of future generations are not compromised.	Natural resource use and development is supported to be sustainable through effective leadership, collaboration, advocacy, policy development and regulation.
6. <b>Financial Sustainability:</b> Living within our means in the face of prevailing economic conditions, government policy changes, affordability and the limits on rates revenue.	Current and future Council commitments are funded in a way that the community can afford and which meets Council's stewardship obligations to the district.
7. <b>Community Viability and Functioning:</b> Improving community viability and functioning in light of economic, environmental and socio-demographic challenges affecting the district.	Communities are supported to be sustainable and prosperous so that they contribute to the district's well-being.
8. <b>Risk Management:</b> Identifying and managing risks to enable best use of resources.	Business objectives will continue to be met despite adverse events or changes in circumstances.
9. <b>Business Efficiency:</b> Improving the efficiency of processes to add value for the benefit of customers and the community.	Our business processes are optimised to produce high quality results within the political, regulatory and compliance environment.
10. <b>Customer Need:</b> Understanding and addressing customer and community needs in a proactive way while creating value.	An organisation that focuses on understanding current and future customer/community needs and addresses them in a way that increases value.

## Our financial strategy

### What is Council's financial strategy?

The over-arching aim of our financial strategy is to be financially sustainable. To Council this means that we fund our activities in ways that the community can afford now and in the future. To achieve this, our financial strategy sets out six key directions:

- Minimise and smooth rates increases
- Minimise debt levels
- Have an emphasis on "user pays and beneficiaries"
- Increase other income (not from rates)
- Maintain (and in some instances decrease) existing services, activities and infrastructure
- Assist in improving the district's ability to pay.

### Financial Strategy Key Directions

#### 1. Minimise and smooth rates increases

*Total rates revenue will comprise up to 70% of Council's funding requirements. Total rates increases will be between 3.2% - 5.4% of total rates over the term of the Ten Year Plan.*

The 2013/14 Annual Plan approved an increase in rates income of 2.5%. This was lower than the key directions set in the 2012-2022 Ten Year Plan. Council's rates income made up 62% of our total income. Council collected slightly more rates than budgeted - this was mainly due to new connections and subdivisions.

Changes made to the Revenue and Financing Policy in 2013/14 resulted in some large rates increases for some rural and semi rural ratepayers. As a result Council reviewed the funding of Pests and Plants, Rural Fires and Soil Conservation and provided a remission to those rate payers most effected.

Council is continuing with a review of its Revenue and Financing Policy as part of the preparation for the 2015-2025 Long Term Plan.

#### 2. Minimise debt levels

*Debt will be kept in the low to medium band (\$18m - \$55m).*

The Annual Report shows debt to be \$29m. This is \$7m less than the debt forecast in the 2012-2022 Ten Year Plan. Council budgeted a capital spend of \$35m for 2013/14, however the actual capital expenditure was \$22m. The lower than budget capital spend combined with a lower than budgeted opening balance for debt has had a positive effect on our debt for 2013/14.

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

*The Revenue and Financing Policy, including rates remissions policies, will be used to allocate the cost of services and "public good".*

In trying to be fair to all ratepayers Council has applied a 'user pays' philosophy. Those who use or benefit from a service should be rated for it.

Council is undertaking a robust review of the current Revenue and Financing Policy and this will be consulted on as part of the 2015-2025 Long Term Plan. The review aims to produce a rating system that is less complex, more predictable and fair for ratepayers and our community.

#### 4. Increase other income (not from rates)

*Fees and cost recoveries will be consistent with those charged by other councils or the private sector. Fees and charges will increase by inflation at between 2% and 4% a year. The objective for holding and managing commercial investments is to provide income streams that are available to reduce rates.*

The cost of Council providing services is increasing; therefore most of Council's fees and charges increased slightly by inflation.

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

*The focus will be on delivering and maintaining essential services and infrastructure (community and network infrastructure) at their current levels.*

Council has made no changes to the existing levels of service for all activities in 2013/14. Each activity's performance against their levels of service are outlined in the "Our Activities in Depth" section.

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

*Economic agencies will be supported to assist in growing the district's economy. Key stakeholders and others will be helped to improve the productivity of Māori land. Infrastructure to support and attract businesses into our district will be provided. Community infrastructure will be provided that attracts people to the district to "Live, Work, and Play".*



Key stakeholders, economic development agencies and others will be supported in growing the district's economy and improving the productivity of Māori land. Council is working on the long standing issue of Māori land rates arrears, which is closely linked to the productivity of Māori land.

Council has a focus on core infrastructure to support and attract businesses. Community infrastructure will be provided that attracts people to the district to live, work and play. Council's capital spend for 2013/14 is \$22m. This is mainly for core infrastructure.

Developing the region's economy and supporting business is the role of the new Economic Development Agency (EDA). The EDA is jointly funded by the Eastland Community Trust (ECT) and Council for the next three years.

The EDA's aim is to encourage and support economic development for the region and enhance regional promotion, business development and investment. Having one entity to manage these activities will ensure effort is coordinated.



Our district covers the largest land area in the North Island of New Zealand with 8,360 square kilometres of land. We are located in the north-eastern corner of the central North Island and are referred to as Tairāwhiti, the East Cape, East Coast and the Eastland region.

The unspoiled East Coast region is still one of the world's best kept secrets and has inspired authors, poets, artists and wine lovers. It has some of New Zealand's most exciting and consistent surf breaks and safe swimming.

## Our Uniqueness

As the site of the first meeting between Māori and European, our district is rich in history. You can see Gisborne's bi-cultural heritage everywhere from the elaborate Māori canoe masthead to the Cook memorial. Over 100 marae in the district are living treasure houses of traditional Māori history. We have a unique population mix with the highest proportion of Māori (44%) to non-Māori in the country. At Kaiti beach, near the city of Gisborne, Māori landed their waka Te Ikaroa-a-Rauru. This was also the first landing place of Captain Cook in 1769. He named the area "Poverty Bay". It had previously been known by the pre-Europeans as Tūranganui-a-Kiwa meaning "the waiting place of Kiwa" (who was said to have landed on our shores around 1450AD).

What sets Gisborne apart from the rest of New Zealand is the beauty and isolation of our key distinctive features. These include our picturesque coastline and beaches, native bush and hill country, Rere falls and rockslide, productive and fertile land and our numerous rivers which flow out to the surrounding Pacific Ocean.

Overlooking our city and its rivers is Titirangi (Kaiti Hill), offering views of Poverty Bay and the surrounding rural areas. The white cliff headlands of Young Nick's Head (Te Kuri-a-Paoa, The Dog of Paoa) stand out against the skyline.

In the distance stands Mount Hikurangi, a mountain of great cultural significance to the people of Ngāti Porou. Hikurangi is the first mountain in the world to see the sun each day.

Quick facts	
District Land area	8,360km*
Percentage of total NZ land area	4.9%
Reserves	950 hectares**
Population	44,499 (2013 census)
Capital value	\$8.7 billion (30 June 2014)
Land value	\$4.8 billion (30 June 2014)
Average population density	5.3 persons per sq km
Number of rateable properties	23,358
Council's total asset value	\$1.9 billion (30 June 2014)
* Based on the high water mark	** Land zoned "reserve"

## Our Lifestyle

Gisborne is home to a vibrant and progressive community, serviced by a full range of modern amenities. Our district is renowned for its warm climate with a total of 2,200 sunshine hours each year, and over 65 days where the temperature reaches above 24 degrees centigrade. Rainfall varies from about 1,000mm near the coast to over 2,500mm in the higher inland country. Property costs here are relatively low and wherever you choose to live, you're never too far from the beach.

Along with a range of local and national retail stores, the city's numerous municipal facilities include excellent libraries, museums and theatres that stage some 40 plus performances every year. Our Tairāwhiti Museum and Art Gallery has a reputation as one of the most innovative regional museums in New Zealand.

Gisborne residents enjoy many outdoor activities because of the key distinctive features of the region's environment. Our coastal environment is an integral part of our region and its people. Gisborne is renowned for its surf breaks and has a keen surfing and surf lifesaving culture. Avid cyclists and multi-sport enthusiasts also make use of Gisborne's coastline. Many other well patronised sports take advantage of Gisborne's rivers and coastal environment including waka ama, paddling, rowing, kayaking, fishing and diving.

Our rural lifestyle is also important to our region with much of the district's economy underpinned by land based activities. Gisborne has many recreational hunters as well as walkers and trampers who enjoy our hill country, native bush and coastal tracks throughout the district.

## Our Economy

Gisborne is rich with business and employment opportunities. There are more than 4,878 businesses located in the Gisborne district (Statistics NZ February 2013).

Agriculture has been the most important industry since earliest settlement. However, agriculture has diversified over the years and now forestry, viticulture, horticulture and related industries such as food processing are becoming increasingly important. Tourism has also been targeted as an industry of high growth potential.

Gisborne is one of the three main grape growing areas in New Zealand. Here 1,608 hectares support 23 wineries (2013 NZ Wine statistics). Gisborne has historically been known for its outstanding Chardonnay, but other varieties are now getting national and international recognition. The region has a particularly favourable environment for industry with a stable labour force combined with high technical skills associated with food processing and manufacturing.



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# Our Activities



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## How to read this section

The following sections describe Council's activities. Each activity section includes a description of the activity and why we do it (including a link to relevant community outcomes), what Council did during 2013/14, how well we performed against our targets and what it cost.

Sections are structured as follows:

### Why we do it

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

### What we do

This provides a brief description of what the activity involves.

### Contribution to community outcomes

Where an activity of Council contributes to a community outcome it is identified in this document by the relevant icon (see Page 23 for a full list of our community outcomes).

### Our strategic challenges

The strategic challenge areas that the activity contributes to are listed (see Page 25 for a full list of our strategic challenges).

### What we did

Under 'What we did' we report on the actions carried out in the activity area over the last year. The emphasis is on highlights for the year rather than business as usual activities.

### Our progress

Under 'Our progress' we set out the levels of service we aim to reach, the performance measure targets for the 2013/14 year as well as our actual results for the year.

The measures have targets that were outlined in the 2012-2022 Ten Year Plan. The previous results are taken from the 2012/13 Annual Report.

The performance measures used are either customer or technical focused. Technical focused measures are based on best practice industry standards. The customer focused measures come primarily from our Requests for Service results or our Annual Residents' Satisfaction Survey.

## Requests for service performance measures

The Council has a Request for Service (RfS) system to manage and track all requests that members of the public make for various Council services. Each activity area has a range of specific requests for service, each with their own timeframe for when Council is required to respond to and/or resolve the request. These requests range from urgent matters that must be resolved within hours to ongoing requests that can take up to a year depending on work plans and budgets. Each activity has different criteria for prioritising the matter and determining the response timeframe. The timeframes are not mentioned in each situation as there may be hundreds of different timeframes for each activity. Those interested may contact Customer Services to find out any of the specific RfS timeframes.

We also survey 5% of all individuals who make a request for service to determine whether they felt our response to their request was poor, only fair, good or excellent. The responses given depend on the individual's opinion of what meets those criteria.

### 2014 Annual Residents' Satisfaction Survey

The Residents' Satisfaction Survey was a 25 minute phone survey of 400 residents in June, which asked respondents for their level of satisfaction with Council's activities, facilities and performance. This is a subjective judgement based on the individual's interpretation of satisfaction. The survey is designed to be fully representative of the district's wards as well as gender, age and ethnicity of its citizens. It has a maximum margin of error 4.85%.

This year, as with last year and in keeping with best practice a 5-point satisfaction scale was used for all questions. In past surveys the scale used to measure satisfaction varied throughout the survey. The change gives a more detailed measurement of public perceptions of the Council and its services and facilities – and in particular it provides more detail about resident's levels of dissatisfaction. It also ensures consistency throughout the questionnaire.

Where we are measuring the level of resident satisfaction, the five point scale used is: *very satisfied, fairly satisfied, neither satisfied nor dissatisfied, fairly dissatisfied, and very dissatisfied*. Prior to 2013, the scale used for these questions was *very satisfied, fairly satisfied, not very satisfied*. In both years "don't know" responses were recorded, but not given as an option.

Due to the change in measurement scale the responses are not directly comparable between some sections of the 2014 and 2013 surveys and previous survey results. Please see Page 13 for details.



## What was different

Under 'What was different' we give reasons for any significant changes to the previous year's performance measure results and any further explanation required of the performance measures.

## What it cost

Under '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 Ten Year 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.

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

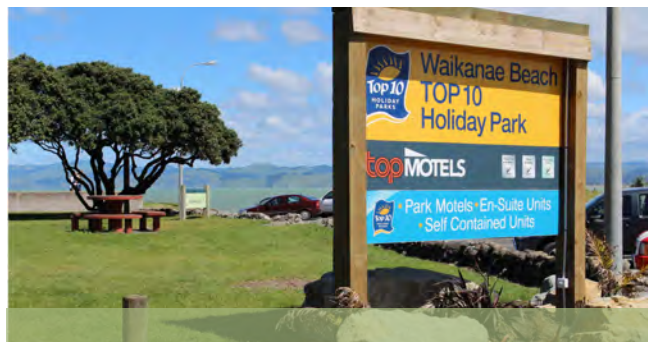
**Internal Loans:** New capital works are loan funded internally by the Treasury.

## What was different from the budget

Under 'What was different from the budget' we give the reason for any changes to the cost of the activity compared to the budget.

**Please note for ease of reporting, this document contains the same activity groupings and levels of service as those used in the 2012-2022 Ten Year Plan.**

## Commercial Operations



### Why we do it

Commercial Operations contains the commercial and business activities of Council. The primary reason for holding these investments is to generate cost savings or provide income to Council to reduce its reliance on rates income.

### What we do

The Commercial Operations Group includes:

- Gisborne Vehicle Testing
- Waikanae Beach Top 10 Holiday Park
- Commercial Property
- Commercial Forestry
- Council Controlled Organisations (CCOs)

Our Commercial Operations are made up of a number of commercial investments. The investment portfolio contains a range of mostly locally run businesses and services; some are run on a commercial basis for the benefit of Council operations, while others are run to supplement Council's rates income.

This activity contributes to the following community outcome



Prosperous  
Tairāwhiti

### Our strategic challenges

The strategic challenge areas that this activity contributes to are:

- Financial Sustainability
- Business Efficiency

### What we did

- Complete a review of our commercial and semi-commercial activities with a view to ensure they are structured in a way that maximises the return to Council.
- Carry out annual updates of the Gisborne Vehicle Testing and Waikanae Beach Top 10 Holiday Park 5 year Business Plans and the Commercial Forestry Business Plan.
- Prepare a Business Plan for Council's commercial property.
- Continue the ongoing programme of renewals and replacements of property components to ensure existing levels of service are maintained.
- Continue to focus on income improvement and expense management to improve profitability across the various activities.
- Access and implement added value services to increase income where capability and capacity allows.
- Provide a financially acceptable solution for Council's earthquake prone administration centre.

### Our progress

Level of Service	Performance Measures	Results 2012/13	Targets 2013/14	Results 2013/14
These operations contribute to a Prosperous Tairāwhiti as income generated from these assets is an important income stream for Council and is used to reduce the level of rates. The primary focus of Commercial Operations is to operate profitably and increase their returns to Council.				
Gisborne Vehicle Testing	<b>Expected return (Operations)</b> - Return on Revenue (ROR) in the range (before contribution to Council overheads) of 5% - 10% pa.	21% Achieved	5-10%	20% Achieved
	<b>Expected return (Property)</b> - Return on assets employed in the range 2% to 4%.	7% Achieved	2-4%	5% Achieved

Level of Service	Performance Measures	Results 2012/13	Targets 2013/14	Results 2013/14
<b>Waikanae Beach Top 10 Holiday Park</b>	<b>Expected return</b> - Return on Revenue (ROR) (before contribution to Council overheads) in the range 12% to 16%.	15% Achieved	12-16%	17% Achieved
<b>Commercial Property</b>	<b>Expected return</b> - Market based returns 4%-6% return on investment	6% Achieved	4-6%	4% Achieved
	Municipal Buildings - small return 1%-2% to offset future capital requirements and to smooth fluctuations in operating costs.	0% Not achieved	1-2%	0% Not achieved <sup>1</sup>
	Properties supporting Council business units (e.g. Gisborne Vehicle Testing (GVT), Holiday Park) market based returns after taking into account all circumstances, rates and	Achieved	Achieved	Achieved
	Properties supporting Council business units (e.g. Gisborne Vehicle Testing (GVT), Holiday Park) market based returns after taking into account all circumstances, rates and	Achieved	Achieved	Achieved
<b>Commercial Forestry</b>	<b>Expected return</b> - Forestry Joint Venture with Juken NZ Ltd net proceeds on harvest 16.75% to GDC 83.25% to Juken Nissho.	Harvest expected 2018	Achieved	Not achieved <sup>2</sup>
	Other forestry blocks - the Internal Rate of Return (IRR) 5%-7% (excluding CPI inflation).	Achieved	Achieved	Not Measured <sup>3</sup>
	Proceeds from sale of excess carbon credits.	Not achieved	Achieved	Not achieved <sup>4</sup>
<b>Council Controlled Organisations</b>	<b>Expected return (Gisborne Holdings Ltd)</b> - An interim dividend of \$500k paid in February each year. The final dividend making a total of 70% of the net distributable income will be paid in October. Estimated dividends disclosed in the 2013 Statement of Intent (SOI) range from \$511k – \$557k per annum.	Not achieved	Achieved	Achieved

### What was different

1. Municipal buildings did not make a return in 2013/14. This is primarily due to increased costs related to earthquake strengthening issues at the Fitzherbert street site.
2. Forestry joint venture with Juken NZ Ltd net proceeds on harvest were 16.47% to GDC and 83.53% to Juken Nissho.
3. The Internal Rate of Return was not measured this year. This measurement will vary significantly from year to year as, with forestry, there are several years of maintenance costs which are then ultimately offset when the property is harvested.
4. There were no proceeds from the sale of excess carbon credits.

### What it cost

	2013/14 Actual	2013/14 AP Budget	2013/14 Variance	2012/13 Actual
<b>Operating Expenditure (\$000)</b>				
Operating Revenue	2,911	2,375	536	3,125
Operating Expenses	3,832	3,834	2	3,634
<b>Net Cost of Service</b>	<b>921</b>	<b>1,459</b>	<b>538</b>	<b>509</b>
<b>Capital Expenditure</b>				
Capital Projects	685	1,491	806	252
<b>Funded By:</b>				
Other Capital Revenue	0	0	0	30
Depreciation or Other Reserves (Renewals)	165	1,491	(1,326)	152
Internal Loans	520	0	520	70
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### What was different from the budget

1. Operating revenue was \$536k above budget. This was due to forestry sales \$139k and increased Holiday Park revenue of \$160k, Gisborne Vehicle Testing commission income of \$10k, profit on sale of land of \$93k, unbudgeted rental income of \$65k and the remainder is due to rates bad debts.
2. Capital expenditure was \$806k below budget. This is mainly a result of a delay in the Earthquake Strengthening Project.



## Aquatic and Recreation Facility (Olympic Pool)



### Why we do it

The Olympic Pool Complex is one of the key recreational facilities in the Gisborne district and listed as a strategic community asset.

### What we do

A wide range of activity programmes are available for individuals and groups like schools and community organisations. The facility's purpose is:

- To offer opportunities for aquatic recreation, fitness, sport, play, fun, education, health and social interaction.
- To meet the recreational demands of the people in our community and tourists.
- To provide access to events space and affordable accommodation for groups.
- To present a safe and accessible facility for people of all ages and abilities.

The Gisborne Olympic Pool Complex is currently managed as a Council owned and operated community unit. By definition, community units are not business units as they do not exist to create a financial profit.

The rationale for Council's investment into facilities for recreation, sports, fitness, active living, arts and cultural services is the wider community good that is created and the non-monetary benefits that are generated for the community.

### This activity contributes to the following community outcomes



Healthy  
Tairāwhiti



Prosperous  
Tairāwhiti



Safe  
Tairāwhiti



Vibrant  
Tairāwhiti

### Our strategic challenges

The strategic challenge areas that this activity contributes to are:

- Performance Culture
- Major Projects
- Financial Sustainability
- Community Viability and Functioning
- Risk Management
- Business Efficiency
- Customer Needs.

### What we did

- Maintained operational quality and achieved PoolSafe accreditation.
- Maintained a very low level for the number of accidents / incidents at the pool and instances of unwanted behaviour.
- Improved user experience and appeal by completing renovation and beautification of the pool foyer (new furniture, new carpet, art work, general facelift) and the changing rooms.
- Successfully negotiated a new Memorandum of Lease for Comet Swimming Club, setting new terms and conditions for pool use.
- Offered a number of successful promotions (e.g. 'Come Have a Look', 'Swim the Distance') and events (e.g. 'Do it 4 You' Women's Triathlon).
- Investigated feasibility and practicality of establishing an in-house Learn to Swim facility and programme, deciding not to continue with the investment for the time being, but to review alternative options for investment.
- Made only limited progress in the planning for pool redevelopment, though this is expected to occur in the 2014/15 financial year.

## Our progress

Level of Service	Performance Measures	Results 2012/13	Targets 2013/14	Results 2013/14
We contribute to a Healthy, Prosperous and Vibrant Tairāwhiti by providing a range of sustainable, quality aquatic and recreational opportunities for Gisborne district's residents and visitors.	Percentage of residents satisfied with the Olympic Pool as found in our Annual Resident Satisfaction Survey.	60% Not achieved	70%	54% Not achieved <sup>1</sup>
	Percentage of households who have used the pool in the last 12 months as found in our Annual Resident Satisfaction Survey.	61% Achieved	55%	54% Not achieved <sup>2</sup>
	Number of pool admissions per annum.	157,664 Achieved	150,000	140,246 Not achieved <sup>3</sup>
	Percentage of external revenue from users versus expenditure.	36% Not Achieved	40%	41% Achieved
We contribute to a Safe and Healthy Tairāwhiti by providing a safe place for aquatic and recreational activities in a managed healthy environment.	Percentage of customers who are satisfied that the pool provides a safe environment for aquatic recreation as found in annual user survey.	98% Achieved	95%	95% Achieved
	Percentage of customers who are satisfied that the pool water is clean and pleasant as found in annual user survey.	95% Achieved	90%	97% Achieved
	Percentage of time pool water quality meets NZ Standard 5826:2010.	96% Main Pool 97% Hot Pools Achieved	90%	93% Achieved
	Compliance with PoolSafe Management Scheme – an independent assessment of pools management and operation in accordance with industry standards.	Achieved	Achieved	Achieved

## What was different

1. The planned pool development will seek to improve satisfaction, attendance and performance measures.
2. The lower than average visits recorded were mainly due to the cold and wet weather in late January / early February.
3. As above

## What it cost

	2013/14 Actual	2013/14 AP Budget	2013/14 Variance	2012/13 Actual
<b>Operating Expenditure (\$000)</b>				
Operating Revenue	515	607	(92)	529
Operating Expenses	1,147	1,584	437	1,349
<b>Net Cost of Service</b>	<b>632</b>	<b>977</b>	<b>345</b>	<b>820</b>
This activity was funded 66% from rates and 33% from fees and charges				
<b>Capital Expenditure</b>				
Capital Projects	7	39	32	23
<b>Funded By:</b>				
Grants and Subsidies	0	8	(8)	0
Depreciation or Other Reserves (Renewals)	4	23	(19)	20
Internal Loans	3	8	(5)	3
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## What was different from the budget

1. Operating revenue was (\$92k) lower than budget. This was due to lower than anticipated shop sales \$40k, admission fees \$33k and pool hire \$19k.
  2. Operating expenses were \$437k lower than budget. Depreciation accounts for \$217k. This expenditure falls within community property and was the result of a restructure. Feasibility work of \$120k for the proposed complex was delayed. Savings in other operating costs relate to financing of debt and overheads.
  3. Capital expenditure was \$32k lower than budget. This is a result of delays in capital works for the Olympic Pool complex.
-



## Arts and Culture



### Why we do it

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

### What we do

Arts and Culture includes:

- Theatres
- Art in Public Places and arts and cultural heritage facilitation
- Museum grants
- Tairāwhiti Navigations Project.
- Provision of land for community halls.

This activity involves providing facilities, services and projects not only for the enjoyment of locals and visitors but also to create a sense of pride and place, and to reflect the diverse cultures of the district's people. Arts and cultural institutions, and access to the arts and culture generally, make a significant contribution to the social and economic development of an area. Arts and culture plays an important role in enhancing a sense of identity and local distinctiveness.

#### Theatres and Community Halls

Theatres and community halls are facilities that encourage and enable the public to experience the performing and visual arts, and to provide venues suitable for seminars, weddings and other community activities. Council owns and administers three theatres:

- Lawson Field Theatre on Fitzherbert Street
- War Memorial Theatre on Bright Street
- Outdoor Theatre on Centennial Marine Drive

Also included within the activity is provision of land for rural communities to construct and operate community halls. Council requires lease agreements for all community facilities on public land.

### Art in Public Places and Art and Cultural Heritage Facilitation

Council provides Art in Public Places spaces such as parks, squares and other public and civic areas/buildings. Funding for the maintenance of Art in Public Places is provided for under the Parks and Open Spaces activity. Council also administers the Creative Communities NZ fund, allocating funding for arts and cultural projects that:

- Increase community participation in the arts and the range and diversity of arts available to communities.
- Enhance or strengthen the local arts sector.

A small amount of grant funding is provided to aid in the delivery of services to support and build community capacity in the area of arts and culture-

Council also has an Arts and Culture Strategy which it adopted in May 2011. The strategy was developed in consultation with the community and interested people and includes a vision, goals and action plan. This strategy is being reviewed during 2014/2015.

### Museum Grants

#### Tairāwhiti Museum

In accordance with the 21 year contractual agreement signed in 2001, Council provides an annual allocation to the museum trust to maintain, develop, document, exhibit and make accessible the region's heritage collections and to research and promote the region's art, culture and heritage.

The Gisborne Museum of Art and History Trust Incorporated own and operates the Tairāwhiti Museum. Council owns three ancillary buildings, and the land, at the Stout Street properties in Gisborne.

#### East Coast Museum of Technology

Council provides a smaller annual grant to assist the East Coast Museum of Technology, at Makaraka, to preserve, protect, catalogue and restore the region's collection of interesting vehicles and machinery, many of which have been restored to working condition.

#### Tairāwhiti Navigations Project

Tairāwhiti has a unique and rich heritage based around Māori and European navigational stories, contact and settlement. The Tairāwhiti Navigations project is about unlocking our tourism and economic potential, celebrating our rich culture and ensuring the inner harbour area is attractive and vibrant. A cultural heritage trail through Gisborne's inner harbour, Titirangi Reserve and other key sites will be developed.

## This activity contributes to the following community outcomes



Prosperous  
Tairāwhiti



Vibrant  
Tairāwhiti

## Our strategic challenges

The strategic challenge areas that this activity contributes to are:

- Performance Culture
- Community Engagement.

## What we did

- Increase bookings, with a better overall Theatres experience at the Lawson Field Theatre following the installation of retractable seating. This enabled

a wider range of events with seats retracted including cabaret style shows and events requiring a flat floor area.

- The redevelopment of the War Memorial Theatre is under construction and is due to be completed by April 2015.
- Supported opening of the Tairāwhiti Museum extension in May. Funds for the extension were in part gifted by Professor Jack Richards. Council provided support through the consents process in addition to an annual grant.
- Successfully applied for funding to deliver the Navigations Project, with the Eastland Community Trust (ECT) agreeing to contribute \$5m to the project in July 2014.
- Worked on a number of public art projects namely the Elgin shop murals, London Street Reserve youth murals, Skatepark youth graffiti murals, temporary installation for the Forgotten Soldier, Ruatoria Pou and the Matawai mosaic mural.

## Our progress

Level of Service	Performance Measures	Results 2012/13	Targets 2013/14	Results 2013/14
We contribute to a Vibrant and Prosperous Tairāwhiti by providing facilities and services that help create a strong sense of community mana, pride and identity, reflecting the heritage and culture of the region.	Number of booking days per annum:			
	Lawson Field Theatre War Memorial Theatre	168 71 Not achieved	203 78	231 <sup>1</sup> N/A Achieved
	Percentage of residents satisfied (according to our Annual Residents' Satisfaction Survey) with:			
	Lawson Field Theatre War Memorial Theatre	57% 50% Not achieved	75% 55%	48% <sup>2</sup> N/A Not achieved
	Percentage of revenue return on operational cost. (Theatres)	45% Achieved	35%	36% Achieved
	Compliance with Health & Safety codes of practice.	Achieved	Achieved	Achieved
	Number of publicly displayed artwork projects worked on that contribute to enhancing arts and culture in the district.	1 Not achieved	3	6 Achieved
We contribute to a Vibrant Tairāwhiti by providing adequate facilities and contracted management of the distinctive museum collection and displays.	Number of visitors per annum to Tairāwhiti Museum.	35,321 Not achieved	40,000	35,354 <sup>3</sup> Not achieved
	Percentage of residents satisfied with Tairāwhiti Museum as found in our Annual Residents' Satisfaction Survey.	75% Not achieved	81%	65% <sup>4</sup> Not achieved

## What was different

1. The Lawson Field Theatre had an increase in external revenue due in part to events transferring from the closed War Memorial Theatre. The War Memorial Theatre closed for redevelopment and therefore is non applicable in regards to performance measures this year.
2. Reasons for dissatisfaction with the Lawson Field Theatre include the steepness of the steps being difficult to use for some respondents, and the small size of the theatre restricting its suitability for bigger events.
3. The museum closed for a period of time while expansion works were undertaken. There was an extension built out to the side of the museum as well as a storage area underneath. Parts of the museum were closed during this time. The work took roughly a few months.
4. Reasons for dissatisfaction with the Tairāwhiti Museum include having to pay to get in, the museum not being as interactive as it could and the facilities not being clean.

## What was different from the budget

1. Operating revenue was \$28k lower than budget. This was a result of reduced theatre hire revenue.
2. Operating expenses were \$207k lower than budget. Restructures to community property account for \$100k. Savings in other operating costs relate to financing of debt.
3. Capital expenditure was \$10m lower than budget. This is primarily due to timing of major projects; Tairāwhiti Navigations Project \$3.5m, Inner Harbour Redevelopment \$400k, and Lawson Field Theatre renewals \$60k. War Memorial Theatre expenditure now falls within Community Property and results in a variance of \$6m.

## What it cost

	2013/14 Actual	2013/14 AP Budget	2013/14 Variance	2012/13 Actual
<b>Operating Expenditure (\$000)</b>				
Operating Revenue	87	115	(28)	100
Operating Expenses	1,048	1,255	207	1,055
<b>Net Cost of Service</b>	<b>961</b>	<b>1,140</b>	<b>179</b>	<b>955</b>
This activity was funded 97% from rates and 3% from fees and charges				
<b>Capital Expenditure</b>				
Capital Projects	299	10,407	10,108	989
<b>Funded By:</b>				
Grants and Subsidies	0	7,402	(7,402)	0
Other Capital Revenue	0	0	0	1
Depreciation or Other Reserves (Renewals)	(98)	77	(175)	648
Internal Loans	397	2,928	(2,531)	340
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



## Community Housing



### Why we do it

To provide quality housing for older people who have difficulty in providing it for themselves.

### What we do

Provide and maintain a range of one bedroom units (120 units in 10 complexes) to enable independent living for people aged 55 years and over. Council does not provide social welfare services for its tenants but works with other agencies to ensure that these services are known about and readily accessible for tenants that may need them.

### This activity contributes to the following community outcomes



Healthy  
Tairāwhiti

Safe  
Tairāwhiti

### Our progress

Level of Service	Performance Measures	Results 2012/13	Targets 2013/14	Results 2013/14
We contribute to a Safe and Healthy Tairāwhiti by providing housing suitable for the elderly who have difficulty providing it themselves.	Percentage of customer satisfaction with standard of accommodation and services as found in our annual inspection survey.	95% Achieved	95%	97% Achieved
	No cost to ratepayers for Council's housing services.	\$(114,339) Achieved	\$0	\$(94,354) Achieved
	Annual occupancy rate.	98% Achieved	95%	98% Achieved
	Rent as a percentage of market rate (lower quartile) not to exceed 90%.	Achieved	Achieved	Achieved

### Our strategic challenges

The strategic challenge areas that this activity contributes to are:

- Performance Culture
- Community Engagement
- Financial Sustainability
- Community Viability and Functioning
- Risk Management
- Business Efficiency
- Customer Needs.

### What we did

- Continued with the ongoing programme for community housing improvements including:
  - Replacing outdated heating units.
  - Continuing to replace windows with modern double glazed units.
- Improved Asset Management Plans to better align with renewal and replacement programmes.
- Planned for future internal access improvements.

## What it cost

	2013/14 Actual	2013/14 AP Budget	2013/14 Variance	2012/13 Actual
<b>Operating Expenditure (\$000)</b>				
Operating Revenue	968	906	62	867
Operating Expenses	737	738	1	667
<b>Net Cost of Service</b>	<b>(231)</b>	<b>(168)</b>	<b>63</b>	<b>(200)</b>
This activity was funded 100% from fees and charges				
<b>Capital Expenditure</b>				
Capital Projects	118	165	47	182
<b>Funded By:</b>				
Depreciation or Other Reserves (Renewals)	118	165	(47)	182
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## What was different from the budget

1. Operating revenue increased by \$62k. This was due to increased rental income.
2. Capital expenditure was \$47k below budget and relates to timing of renewals.

## Community Planning and Development



### Why we do it

Council has a leadership and essential public service role in understanding, planning and promoting community well-being within the district and its communities.

Council sees that integrated, balanced development, community engagement and collaborative partnerships are critical to the success of this plan.

This activity assists Council to contribute to a civil society, the functioning of democracy, social inclusion, a sense of place and sustainable economic development.

### What we do

The Community Planning and Development Group includes the following activities:

- Planning and Performance
- Community Policy and Resources
- Māori Engagement
- Area Liaison

The activities undertaken in the Community Planning and Development Group collectively provide the policy, planning, and engagement mechanisms required for Council to meet legislative requirements. The group of activities enables Council to:

- Set directions and deliver on them.
- Be accountable to the community.
- Provide mechanisms for community engagement.
- Grow and develop the community.

### Planning and Performance

The driver for this activity arises from legislative requirements under the Local Government Act 2002. The major strategic documents include the Ten Year Plan, Annual Plans and Annual Reports.

This activity enables Council to formulate and manage processes to set the strategic direction of the organisation and to report to ratepayers and residents on the performance of Council in terms of its direction and objectives.

The Planning and Performance activity also includes Council's communication and engagement activities so that these can be coordinated across the whole organisation in line with our strategic direction. These internal and external services are provided as a 'shared service' to the organisation to support the marketing and communications requirements of all sections and activities delivered to our customers including planned programmes, projects and strategies.

### Community Policy and Resources

This activity assists the Council and the community to:

- Provide research and policy information to Council to assist in strong decision making.
- Support and assist community capacity building initiatives and processes.
- Assist in developing and delivering coordinated and agreed strategic social and cultural outcomes for the region.
- Connect people (young and old) and organisations for the social and cultural betterment of the community.
- Advocate on behalf of communities to influence Central Government decisions and action.
- Contribute to, and facilitate, sustainable long term and strategic economic planning for the region.
- Facilitate collaboration of all relevant parties in achieving agreed strategic economic outcomes for the region.
- Create leverage to take advantage of funding opportunities.

### Māori Engagement

The driver for the Māori Engagement activity arises from legislative requirements under the Local Government Act 2002 and the Resource Management Act 1991. The purpose of the activity is to:

- Assist in developing mutually beneficial relationships between Council, Māori and tangata whenua.
- Facilitate input from the Māori community and tangata whenua into decision making processes.
- Assist in building the capability and/or capacity of Māori to engage in Council decision making processes.



- Improve the internal capability and capacity of Council to fulfil its legislative requirements.
- Provide advice to Council on matters relating to Māori and tangata whenua to assist in strong decision making.

### Area Liaison

The Area Liaison activity is closely aligned to support local communities and customers by providing information, advice and advocacy and helps Council services become more responsive by providing local knowledge or liaison. This activity contributes to the wider outcomes of community policy and resources.

### This activity contributes to the following community outcomes



### Our strategic challenges

The strategic challenge areas that this activity contributes to are:

- Governance Effectiveness
- Community Engagement
- Major Projects
- Financial Sustainability
- Community Viability and Functioning
- Customer Needs
- Performance Culture

### What we did

#### Planning and Performance

- Oversaw the development and preparation of the 2014/15 Annual Plan. This organisation-wide project included an extensive programme of community engagement. Amendments to Council's Rates Remissions Policies were also consulted on and adopted with the Annual Plan.

- Worked to ensure the successful delivery of the 2012/13 Annual Report, including a booklet that was distributed to all households.
- Continued to provide communications support to ensure that communication and engagement activities can be coordinated across the whole organisation in line with our strategic direction.
- Continued to manage Council's website and social media, to issue media releases and provide design expertise for Council publications.

#### Community Policy and Resources

- Reviewed the deliverables of the community policy and resources section to better align with Council and community strategic objectives and with the purpose of the Local Government Act.
- Worked with the Eastland Community Trust, Chamber of Commerce and other key stakeholders to develop the Terms of Reference and secure funding for a stand-alone Economic Development Agency for the Gisborne district.
- Developed and published a funding toolkit to support community organisations in their activities.
- Worked with Department of Internal Affairs, Gisborne Volunteer Centre and other stakeholders to deliver the Rourou Programme of community workshops including: funding, governance and reporting.
- Facilitated community workshops including 'crime prevention through environmental design' and 'social enterprise'.
- Developed the Terms of Reference for the Gisborne District Youth Council and initiated recruitment for the Youth Council to grow youth participation in decisions that affect them.
- Initiated a programme to improve organisation-wide capability for Māori engagement.
- Worked with the Kaiti community to revitalise the Titirangi area including supporting the Kokiri Kai community garden project and the Youth Art Murals project and delivering upgrades to the London Street Reserve in line with community aspirations.
- Completed Elgin Shopping Centre murals project.
- Worked with Te Karaka, Wharekahika/Potaka and Wainui communities to prepare their Community Plans that show their aspirations for the next 20 years.

- Notified the draft Sports Parks Management Plan under the Reserves Act, outlining how Council will manage 30 sports parks across the district.
- Secured more than \$90k in central government grant funding for local community projects.
- Delivered grant funding to community projects including: \$35k for art projects, \$20k for travel to sports competitions and around \$5k for community projects.

## Our progress

Level of Service	Performance Measures	Results 2012/13	Targets 2013/14	Results 2013/14
<b>Planning and Performance</b>				
We contribute to all Council outcomes by supporting Council and the community to formulate the region's direction by coordinating Council's strategic planning and reporting documents that take into account the community's views and preferences.	Council's planning and reporting documents meet compliance standards.	Achieved	Achieved	Achieved
	Percentage of residents satisfied with the way Council involves the public in the decisions it makes as found in the Annual Residents' Satisfaction Survey.	54% Not achieved	65%	59% Not achieved <sup>1</sup>
	Percentage of respondents' satisfaction with Council's long term planning consultation and direction as found in a biannual survey of key internal and external stakeholders.	Consultation 74% Direction 66% Achieved	70%	To be measured 2014/15
	Percentage of residents who have seen or read the Annual Plan Summary or Annual Report Summary as found in the Annual Residents' Satisfaction Survey.	Annual Plan 58% Annual Report 46% Not achieved	60%	Annual Plan 49% Annual Report 36%  (54% total) Not achieved <sup>2</sup>
We contribute to all Council Outcomes by supporting the organisation to provide good quality information to the public.	Percentage of residents (as found in the Annual Residents' Satisfaction Survey) who in the last twelve months have seen or read:		Trending upwards	Achieved
	- Information with their rates invoice	63%		Information sent with rates invoice 68%
	- A Council brochure	52%		A Council brochure 58%
	Percentage of residents who rate the content in Council publications as informative as found in the Annual Residents' Satisfaction Survey:		Trending upwards	Not achieved
	Information with their rates invoice	80%		Information sent with rates invoice 74%
	- A Council brochure	88%		A Council brochure 86%
	Number of page views on website.	719,795 Not achieved	Increasing	816,153 Achieved
	Percentage of residents who rate the content on the Council website as excellent/good as found in the Annual Residents' Satisfaction Survey.	69%	Increase from Yr 1 baseline	70% Achieved

Level of Service	Performance Measures	Results 2012/13	Targets 2013/14	Results 2013/14
<b>Community Policy and Resources</b>				
We contribute to a Prosperous and Connected Tairāwhiti by providing and contracting services that enhance and promote the city centre and region in order to attract people and businesses.	Contracted organisations meet agreed performance targets.	80% Not achieved	Achieved	100% Achieved
	Percentage of stakeholders satisfied with district and city centre promotion and marketing as found in two yearly stakeholder survey.	New measure 2014/15	Establish baseline	To be measured 2014/15
We contribute to a Prosperous Tairāwhiti by working collaboratively with organisations and community groups to support and/or enhance economic development opportunities in the region.	Percentage of stakeholders satisfied with Council's participation in economic development as found in two yearly stakeholder survey.	New measure 2014/15	Establish baseline	To be measured 2014/15
	Percentage of residents satisfied with Council's efforts to expand business within the region as found in the Annual Residents' Satisfaction Survey.	39% Not achieved	60%	33% Not achieved <sup>3</sup>
We contribute to an Empowered Tairāwhiti by supporting communities to participate in decision making processes.	Stakeholder surveys show that interventions have improved targeted community understanding of, and participation in, decision making processes.	79% (improved understanding) 79% (participation) Achieved	70%	76% (improved understanding) 94% (participation) Achieved
	Number of workshops between targeted community groups and Council that address participation in decision making.	10	Establish baseline	11
We contribute to an Empowered, Prosperous, Skilled and Educated, Vibrant and Safe Tairāwhiti by working with communities and government agencies to deliver and/or coordinate resources and programmes into the community so that they are supported to find their own solutions to issues.	Key stakeholder satisfaction with Council's contribution to community development as found in bi-annual stakeholder survey.	84% Achieved	70%	84% Achieved
	Number of partnerships maintained with government/non-government agencies and community groups.	42	To be determined	18
	Number of external funding programmes supported to assist collaborative/community initiatives.	4	To be determined	4
	Percentage of Township Plan reviews completed to ensure currency of implementation plans feeding into Ten Year Plan processes.	To be measured 2015/16	100% 3 Yearly	100%
<b>Māori Engagement</b>				
We contribute to an Empowered Tairāwhiti by supporting and encouraging effective Māori participation in Council processes and by meeting the obligation to the Local Leadership Body as set out in the statute.	Level of service agreements (or Memorandums of Understanding) are in place with Māori entities.	Not achieved	Achieved	Not achieved <sup>4</sup>
	Council's obligations to the Local Leadership Body as set out in the statute are met.	Not achieved	Achieved	N/A <sup>5</sup>
	Relationships are working as evidenced by the Local Leadership Body annual satisfaction survey.	Not achieved	Achieved	N/A <sup>5</sup>



## What was different

1. Respondents are more satisfied with the way Council involves the public in the decisions it makes, compared to the 2013 survey. However, the target of 65% of respondents satisfied was still not achieved. Council has prepared a draft Significance and Engagement Policy for consultation. This policy and supporting guidance will set out more clearly how the public can get involved in Council decision making.
2. It is unclear why this performance measure was not achieved. This measure will be reviewed as part of the preparation of the 2015-2025 Long Term Plan.
3. Council has established, in partnership with Eastland Community Trust, an Economic Department Agency. The focus in the first 12 months has been on scoping the agency and starting to establish governance structures.
4. Council is developing a Maori Responsiveness Strategy during 2014/15 - This will address the need or otherwise for service level agreements with Maori entities.
5. Council is not able to establish the Local Leadership Body at this stage.

## What it cost

	2013/14 Actual	2013/14 AP Budget	2013/14 Variance	2012/13 Actual
<b>Operating Expenditure (\$000)</b>				
Operating Revenue	278	135	143	304
Operating Expenses	2,085	1,740	(345)	1,772
<b>Net Cost of Service</b>	<b>1,807</b>	<b>1,605</b>	<b>(202)</b>	<b>1,468</b>
This activity was funded 86% from rates and 14% from grants and subsidies				
<b>Capital Expenditure</b>				
Capital Projects	0	0	0	0
<b>Funded By:</b>				
Loans	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## What was different from the budget

1. Operating revenue was \$143k above budget. This is a result of Government grant funding of \$123k and other grant funding received for Regional Partner Network.
2. Operating expenses are (\$345k) above budget. This is due to increased community projects and workshops \$128k and Economic Development Agency \$200k.

## HB Williams Memorial Library



### Why we do it

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

### What we do

Council library services provide a wide range of resources for the community that individuals may not be able to afford for themselves. Council operates the HB Williams Memorial Library, serving Gisborne's urban and rural communities by providing space and resources including professional staff, books, a website, databases, free internet, e-books, magazines, talking books, music and art works. In addition, the following five smaller community libraries, managed by volunteers, also operate to enhance rural access to library resources:

- Matawai
- Motu
- Tolaga Bay
- Rere
- Tokomaru Bay

### This activity contributes to the following community outcomes



Connected  
Tairāwhiti



Empowered  
Tairāwhiti



Skilled and  
Educated  
Tairāwhiti



Vibrant  
Tairāwhiti

### Our strategic challenges

The strategic challenge areas that this activity contributes to are:

- Community Engagement

- Major Projects
- Financial Sustainability
- Risk Management
- Business Efficiency
- Customer Needs.

### What we did

- **Designing our new library**  
Council is in the early design stages of upgrading the HB Williams Memorial Library to create more space for public meetings, young people, storytimes and events, a 'civic lounge' and quiet study spaces, and improved access for disabled customers. The feasibility work has been done and concept plans are being assessed. We are looking at reconfiguring the existing building as well as extending into the adjacent park and carpark. The bigger and better library is expected to be complete in 2016 and has a budget of \$3.5m (including bequests of \$1.6m).
- **Photo News Online**  
Gisborne Photo News, a photographic slice of the district's social history from 1954 to 1975 has been online for a year and a half. The largest community driven digitisation project in New Zealand, it has seen over 145,000 visitors and over 3 million webpage views. Council is keen to keep improving the user experience so this year a new website has been created to make browsing for research purposes or to go down memory lane more useful and fun.
- **Te Reo Māori Literacy Programme**  
We were proud our Te Reo Māori literacy programme, run by HB Williams Memorial Library with a Kura Kaupapa, was a finalist in this year's Māori Language Commission Awards. Hiki Taumata has evidence based results that has proven to have lifted the children's reading levels from below average to well above average along with significant behavioural and participation gains. A key part of the success of the programme is mentoring and relationship building with young men from Gisborne Boys' High School and the younger students. Ka mau te wehi.
- **Library Services for Rural Residents**  
Waikura Valley community library has closed due to a change in circumstances of the farms and families in the area. Improving library services to rural residents has included expanding our vast e-library to include access to thousands of e-books and audio books that may be downloaded for free, providing access to funding information databases (Fundview and Breakout), developing a new website for Gisborne Photo News and online access to World Book Encyclopedia for children.

## Our Progress

Level of Service	Performance Measures	Results 2012/13	Targets 2013/14	Results 2013/14
We contribute to a Vibrant, Empowered, Connected, Skilled and Educated Tairāwhiti by providing a range of accessible, quality library services tailored to meet the needs of Gisborne district residents.	Percentage of households that have used the HB Williams Memorial Library in the last 12 months as found in the Annual Residents' Satisfaction Survey.	66% Achieved	66%	65% Not achieved
	Number of visitors to HB Williams Memorial Library per annum.	241,121 Achieved	230,000	232,770 Achieved
	Number of registered members as a percentage of total population according to Library Information Association of New Zealand Aotearoa (LIANZA) standard E.3.1 - 35% of total population.	52% Achieved	50%	55% Achieved
	To provide new book and non-book items including e-books according to LIANZA standard D.1.3.	240 per 1000 capita Not achieved	350 per 1000 capita	209 per 1000 capita <sup>1</sup> Not achieved
	Percentage of residents satisfied with Gisborne district's library services as found in the Annual Residents' Satisfaction Survey.	75% Not achieved	80%	74% <sup>2</sup> Not achieved
	Compliance with LIANZA Guidelines for library opening hours per week.	47 hours per week Achieved	47 hours per week	47 Hours per week Achieved
	Number of key literacy / education programmes run each year.	32 with 497 group sessions Achieved	30	37 with 378 group sessions Achieved

### What was different

- Decommissioning and repatriation of some books and materials has reduced total numbers of holdings, as has the purchase of online products reduced the need for multi-volume hard copies of directories and other reference materials.
- Overcrowding has contributed to a less than ideal customer experience resulting in fewer visitors. This issue is being addressed through the building redevelopment project and review of services.

### What it cost

	2013/14 Actual	2013/14 AP Budget	2013/14 Valance	2012/13 Actual
<b>Operating Expenditure (\$000)</b>				
Operating Revenue	94	141	(47)	99
Operating Expenses	1,161	1,511	350	1,287
<b>Net Cost of Service</b>	<b>1,067</b>	<b>1,370</b>	<b>303</b>	<b>1,188</b>
This activity was funded 93% from rates, 7% from fees and charges				
<b>Capital Expenditure</b>				
Capital Projects	168	3,040	2,872	174
<b>Funded By:</b>				
Grants and Subsidies	1	21	(20)	13
Depreciation or Other Reserves (Renewals)	140	1,702	(1,562)	161
Internal Loans	27	1,317	(1,290)	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



## What was different from the budget

1. Operating revenue was \$47k below budget. This was due to lower than anticipated book rents and fines.
2. Operating expenses were \$350k below budget. This was due to salary savings of \$51k and delays to the project for expansion of the library. There were further savings made in financing charges and administration costs of \$211k.
3. Capital expenditure was \$2.9m below budget. This is a result of delays to the start of the Library expansion programme.

## Parks and Open Spaces



### Why we do it

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

### What we do

The Parks and Open Spaces Group includes:

- Parks, Reserves and Open Spaces
- Cemeteries
- Public Conveniences.

Council provides a range of parks and open space areas, amenities, services and venues for both active and passive recreation across the district. These include parks and open spaces that are categorised according to their primary purpose:

- Sport and Recreation
- Neighbourhood Parks
- Public Gardens
- Cultural Heritage (including cenotaphs, memorials and cemeteries)
- Nature Parks (including coastal and esplanade, natural or semi-natural areas, boat ramps and jetties)
- Outdoor Adventure
- Civic Space
- Recreation and Ecological Linkages (including walking and cycling access ways).

The parks and open spaces network includes assets that relate to public parks and reserves, sports grounds, cycle and walkways, coastal foreshore and beaches, bush, rivers, esplanade and other open space areas throughout the district.

Approximately two thirds of the value of these assets are located within the Gisborne city urban area, with the balance spread throughout the district, roughly in proportion to population distribution.

### This activity contributes to the following community outcomes



Connected  
Tairāwhiti



Environmentally  
Sustainable  
Tairāwhiti



Healthy  
Tairāwhiti



Vibrant  
Tairāwhiti

### Our strategic challenges

The strategic challenge areas that this activity contributes to are:

- Performance Culture
- Community Engagement.

### What we did

- Implementation of management plan outcomes for Kopututea (co-management) special ecological area.
- Carried out enhancements and improvements to the access ways, car park and picnic/recreation facilities at Rere Falls and Rere Rockslide.
- Upgraded/renewed training lights at Heath Johnson Reserve.
- Made public access improvements to Wainui Beach.
- Resurfaced the internal tar seal path/access ways at the Gisborne Botanical Garden.
- Playground improvements and installation of rubber safety soft fall at Te Karaka Domain, London Street Reserve and Tyndall Road Reserve.
- Carried out extensive tree/aborist work at Watson Park, Awapuni Stadium, Adventure Playground, Churchill Park, Waikane and Midway Beach Reserves.
- Carried out access fencing and tree/aborist improvement work at freedom camping sites: Doneraile Park, Pouawa, Tolaga Bay, Waihou Bay, Kaiaua Beach, Waipiro Bay.
- Undertook renovations, repainting and modernisation of public conveniences stock including Kaiti Mall, Roebuck Road and Stock Route public conveniences.

## Our progress

Level of Service	Performance Measures	Results 2012/13	Targets 2013/14	Results 2013/14
<b>PARKS and OPEN SPACES</b>				
We contribute to a Healthy Vibrant and Environmentally Sustainable Tairāwhiti by providing a parks and open spaces network that protects landscape amenity values and biodiversity while promoting leisure and recreational opportunities that meet the needs of the district.	Percentage of residents satisfied with our local parks as found in the Annual Residents' Satisfaction Survey.	86% Achieved	86%	83% Not achieved
	Percentage of Requests for Service regarding Parks and Open Spaces resolved within target timeframes ranging from 2 days for emergency public convenience matters to 60 days for ongoing street tree issues.	89% Not achieved	95%	78% Not achieved <sup>1</sup>
	Percentage of customers who rate Request for Survey responses as excellent/good.	97% Not achieved	100%	97% Not achieved
	User satisfaction with sports field surface conditions and maintenance.	50% Not achieved	82%	Not measured <sup>2</sup>
	User satisfaction with park cleanliness and lack of litter and graffiti.	74% Not achieved	Increasing	Not measured <sup>2</sup>
	Percentage of playgrounds that meet relevant New Zealand safety standards.	Not measured	Increasing	Not measured <sup>3</sup>
	Percentage of operating costs recovered from user charges per annum.	6% Achieved	5%	2% Not achieved <sup>4</sup>
	Number of collaborative projects undertaken with community groups that maintain or improve Parks and Open Spaces.	13 Achieved	10	12 Achieved
<b>CEMETERIES</b>				
We contribute to a Connected Tairāwhiti by ensuring cemeteries and crematoria are accessible, affordable and cater for the cultural, spiritual and burial needs of the district.	Compliance with the Burials and Cremation Act 1964 to achieve safe and hygienic burials and cremations.	Achieved	Achieved	Achieved
	Percentage of operating costs recovered from operating income per annum.	47% Not achieved	80%	52% Not achieved <sup>5</sup>
<b>PUBLIC CONVENIENCES</b>				
We contribute to a Connected Tairāwhiti by providing safe, fit for purpose and appropriately located public conveniences that meet the needs of the district.	Percentage of residents satisfied with public conveniences as found in the Annual Residents' Satisfaction Survey.	42% Not achieved	Increasing	26% Not achieved <sup>6</sup>

## What was different

1. A new contracting model was introduced between Gisborne District Council and Parks Contractor. The restructure of the Council also had an effect as well as higher level of service expectations and improved monitoring and reporting than in past years.
2. Will use park check in future.
3. Will be undertaken 19 October 2014.
4. More people are choosing cremation over burial resulting in reduced income from user charges.
5. The budgeted income is set slightly higher than it should be. Burials are also showing a downward trend.
6. As part of the preparation of the 2015-2025 Long Term Plan, Council will consider rationalising the number of public toilets in the district and will continue to review and improve mainstream arrangements when appropriate.

## What was different from the budget

1. Operating revenue was \$83k lower than budget. This was due to impairment of rates bad debts.
2. Operating expenses are \$795k higher than budget. This is a result of increased repairs and maintenance \$584k and increased depreciation of \$301k offset by savings in general operational costs \$90k.
3. Capital expenditure is \$2.8m above budget. This relates to War Memorial Theatre costs of \$3m due to a restructure during the year, the budget remains in Arts and Culture activity. Cenotaph earthquakes repairs underspend \$558k due to timing differences. These are offset by various other projects in parks and open spaces and relate to approved budget carryovers of \$385k.

## What it cost

	2013/14 Actual	2013/14 AP Budget	2013/14 Variance	2012/13 Actual
<b>Operating Expenditure (\$000)</b>				
Operating Revenue	263	346	(83)	1,343
Operating Expenses	4,827	4,032	(795)	4,024
<b>Net Cost of Service</b>	<b>4,564</b>	<b>3,686</b>	<b>(878)</b>	<b>2,681</b>
This activity was funded 72% from rates, 28% from fees and charges				
<b>Capital Expenditure</b>				
Capital Projects	4,385	1,558	(2,827)	2,489
<b>Funded By:</b>				
Grants and Subsidies	935	1,009	(74)	0
Depreciation or Other Reserves (Renewals)	892	439	453	22
Internal Loans	2,558	110	2,448	166
Asset Sales	0	0	0	2,301
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



## Animal Control



### Why we do it

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

### What we do

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

- Investigating complaints received in relation to dog and stock behaviour.
- Encouraging dog registration compliance through education, microchip compliance and the maintenance of a district dog database to assist in identifying and processing unregistered dogs. Dog registration data is also added to the National Dog database.
- Controlling stock on all district roads and on State Highways 2 and 35 on behalf of the New Zealand Transport Agency.
- Maintaining a service and facilities for the impounding and care of stray and seized dogs and stock. The new dog pound in Dunstan Road is working well and an upgrade of the Te Puia Service Centre dog pound has recently been completed.
- Providing education on dog and stock control, ownership and safety.
- Monitoring and enforcing regulations and bylaws.

This activity contributes to the following community outcomes



Healthy  
Tairāwhiti



Safe  
Tairāwhiti

### Our strategic challenges

The strategic challenge areas that this activity contributes to are:

- Performance Culture
- Community Engagement
- Financial Sustainability
- Community Viability and Functioning
- Risk Management
- Business Efficiency
- Customer Needs.

### What we did

- Increased patrols in problem areas and also had an increased presence in our rural communities.
- Carried out 2948 property visits. Staff found 180 new dogs in the city and surrounds, 676 dogs in the rural areas.
- Staff also microchipped 290 dogs for the period, over 4,500 dogs are now chipped in district.
- Impounded 1,069 dogs, 523 were put down. Issued 337 infringements for non-registration and 4 for non-control.
- Presented 8 safety programmes to schools, community and contractors.
- Received 3,326 requests for service, this is all types, from attacks to found dogs. 80 calls were for attacks on animals, 287 on people, this is from bites to rushing. 22 calls for dogs attacking stock.
- Removed 509 animals from district highways and roads (horses, cattle, sheep, goats and pigs) 8 horses, 6 sheep, 12 cattle and goat were impounded.

## Our progress

Level of Service	Performance Measures	Results 2012/13	Targets 2013/14	Results 2013/14
We contribute to a Safe and Healthy Tairāwhiti by providing a service that controls dogs and stock to minimise risk to the public.	Percentage of Requests for Service resolved within target timeframes (ranging from 1 day for "person attacked" to 60 days for "ongoing fouling").	97% Achieved	95%	96% Achieved
	Percentage of customers who rate Requests for Service responses as excellent/good.	99% Achieved	95%	99% Achieved
	Percentage of residents satisfied with Council's efforts in controlling dogs as found in Annual Residents' Satisfaction Survey.	58% Not achieved	70%	48% Not achieved <sup>1</sup>
	Percentage of known dogs that are registered.	98% Achieved	97%	85% Not achieved <sup>2</sup>
	Percentage of properties with known dogs visited per year.	91% Achieved	90%	Not measured <sup>3</sup>

### What was different

1. The main reason for resident dissatisfaction with Council's efforts in controlling dogs this year was concerns that there are too many strays/dogs roaming around.
2. The costs for dog registration went up this year.
3. The percentage of properties with known dogs visited per year has been unable to be calculated this year. The value of this measure will be reviewed as part of the preparation of the 2015-2025 Long Term Plan.

### What was different from the budget

1. Operating revenue was \$17k under budget. This was primarily due to less pound fees, court fines and microchipping fees.
2. Operating expenses were \$119k lower than budget. This was due to salary savings of \$84k and lower than anticipated Transit NZ Stock Control expenditure of \$44k. These savings were offset by increased administration and operational costs.

### What it cost

	2013/14 Actual	2013/14 AP Budget	2013/14 Variance	2012/13 Actual
<b>Operating Expenditure (\$000)</b>				
Operating Revenue	695	712	(17)	699
Operating Expenses	465	584	119	525
<b>Net Cost of Service</b>	<b>(230)</b>	<b>(128)</b>	<b>102</b>	<b>(174)</b>

This activity was funded 26% from rates and 74% from grants and fees and charges

## Building Services



### Why we do it

To promote the safety of people living and working in buildings and provide information on request to applicants who either intend to build on or purchase a property.

### What we do

The Building Services activity is governed by the Building Act 2004, Fencing of Swimming Pools Act, and the Local Government Official Information and Meeting Act and provides the following services:

- Issuing and monitoring building consents which ensure new structures meet the NZ Building Code.
- Issuing Code Compliance Certificates (CCCs) for building works that have been completed in accordance with the building consent.
- Issuing Land Information Memoranda (LIMs) which identify and disclose information about the property or surrounding properties including which consents have been issued for the property.
- Providing accurate and up to date information to members of the public in relation to the building consent process.
- Issuing compliance schedules and monitoring the currency of building warrants of fitness.
- Responding to requests for service on building related matters, unfenced swimming pools, and drainage on private property.
- Provide a building management and overview service for the Parks and Open Spaces section for public conveniences.
- Ensure all new pools comply with the provisions of the Fencing of Swimming Pools Act and monitor the district for pools without building consent or non-compliant pool fences for compliance with this Act.

- Assess buildings constructed before 1976 (the implementation of New Zealand Standard 4203) against the definition of earthquake prone as defined in the Building Act.
- Assess building consent applications against the development contribution policy and invoice accordingly.

### This activity contributes to the following community outcomes



Healthy  
Tairāwhiti



Environmentally  
Sustainable  
Tairāwhiti



Prosperous  
Tairāwhiti



Safe  
Tairāwhiti

### Our strategic challenges

The strategic challenge areas that this activity contributes to are:

- Performance Culture
- Governance Effectiveness
- Natural Resource Use
- Financial Sustainability
- Community Viability and Functioning
- Risk Management
- Business Efficiency
- Customer Needs.

### What we did

- Implemented a fast track building consent system. In the 2013/14 year 350 consents were issued as fast track consents with an average timeframe of two working days.
- Continued to researched the benefits of electronic processing systems.
- Continued to liaise with building owners on the earthquake prone status of their buildings and provide advice where appropriate.
- Worked with the Ministry of Business, Innovation and Employment to develop new earthquake prone building regulations and disaster recovery methodology.
- Maintained accreditation as a Building Consent Authority.

## Our progress

Level of Service	Performance Measures	Results 2012/13	Targets 2013/14	Results 2013/14
We contribute to a Safe, Healthy, Environmentally Sustainable and Prosperous Tairāwhiti by promoting the safety of people living and working in buildings through processing and monitoring building consent applications.	Percentage of Requests for Service resolved within target timeframes.	91% Achieved	87%	64% Not achieved <sup>1</sup>
	Percentage of customers who rate Request for Service responses as excellent / good.	100% Achieved	90%	100% Achieved
	Percentage of Building Consents processed within target timeframes.	96% Achieved	90%	98% Achieved
	Percentage of Land Information Memorandums (LIM) processed within target timeframes.	100% Achieved	90%	99% Achieved
	Advise building owners / occupiers of the expiry date of their Warrant of Fitness one month before the expiry date.	100% Achieved	95%	100% Achieved
	Percentage of Code Compliance Certificates that remain unresolved annually.	10% Achieved	<15%	10% Achieved

## What was different

1. It is unclear why there was a decrease in requests for service resolved within target timeframes. This will be investigated further, measures put in place if necessary and results are expected to be improved for 2014/15.

## What it cost

	2013/14 Actual	2013/14 AP Budget	2013/14 Variance	2012/13 Actual
<b>Operating Expenditure (\$000)</b>				
Operating Revenue	720	865	(145)	730
Operating Expenses	841	957	116	1,270
<b>Net Cost of Service</b>	<b>121</b>	<b>92</b>	<b>(29)</b>	<b>540</b>

This activity was funded 45% from rates and 41% from fees and charges and the remainder through activity balances

## What was different from the budget

1. Operating revenue was \$145k lower than budget. This is a result of fewer building consents being requested and processed.
2. Operating expenses were \$116k higher than budget. This is a result of recoverable consultancy fees in Weathertight Homes Assistance.



## Emergency Management



### Why we do it

#### Civil Defence Emergency Management (CDEM)

To increase community awareness, understanding, preparedness and participation in CDEM, reduce the risks from hazards to the district and enhance the district's capability to manage and recover from emergencies.

#### Rural Fires

To safeguard life, property and the environment by the prevention, detention, control, restriction, suppression and extinction of fire in forests and rural areas within the Gisborne District Council Rural Fire Authority boundaries.

#### Marine Oil Spill

To protect our marine environment from pollution accidents.

### What we do

#### Civil Defence Emergency Management

In accordance with the CDEM Act 2002, the Council:

- Ensures there is organisational capability to provide overall leadership for the response to, and the recovery from, an emergency.
- Has established and maintains a network of volunteers.
- Promotes and raises awareness of hazards and levels of preparedness.
- Provides the necessary planning and advice to the community for the management of response to, and recovery from, an emergency.
- Establishes and maintains systems for effective emergency communication (including radio links) with communities and other service providers.

There is a requirement under the Act for Council to carry out and lead CDEM in the Gisborne district. The outcome of this requirement is detailed in the CDEM Group Plan and its supporting documents.

There are several other national documents that direct the activity, including the National Strategy, with which the Group Plan cannot be inconsistent. The National Director of Emergency Management's guidelines must also be taken into account.

#### Rural Fires

Gisborne District Council has a statutory obligation to carry out the functions of a Rural Fire Authority as set out within the Forest and Rural Fires Act 1977 and the Forest and Rural Fires Regulations 2005.

The Gisborne District Council Rural Fire Authority works closely with other partners to ensure the most effective response to fires within the district. This includes the establishment and operation of Volunteer Rural Fire Forces (Hicks Bay, Gisborne and Tiniroto), the co-locating of rural fire authority tankers in New Zealand Fire Service Stations (Ruatoria, Tolaga Bay and Patutahi) and a joint operational response and fire management partnership with the Eastland Rural Fire District which is responsible for fire management of commercial forests. A close working relationship also exists with the Department of Conservation and Wairoa District Council.

#### Marine Oil Spill

The primary objective of the Marine Oil Spill is to safely mitigate the effects of an oil spill (in the marine environment) within the Gisborne district and, if practicable, to assist with the restoration of an oil damaged environment.

The safety of human life takes precedence over every aspect of the response operation. There are no financial impacts on Council by this activity as Maritime New Zealand reimburse all costs.

### This activity contributes to the following community outcomes



Connected  
Tairāwhiti



Empowered  
Tairāwhiti



Environmentally  
Sustainable  
Tairāwhiti



Healthy  
Tairāwhiti



Safe  
Tairāwhiti

## Our strategic challenges

The strategic challenge areas that this activity contributes to are:

- Risk Management.

## What we did

- Conducted Public Awareness survey which showed really good levels of awareness and preparedness.
- Took part in several multi-agency training sessions and exercises which helped maintain good relationships.

- Co-managed with Police several rainfall events which demonstrated positive procedures.
- Assisted with the management of the YES programme with the Ministry of Youth and Children to introduce senior school students to emergency services volunteering. Outcomes were very positive with most children joining a volunteer group.
- Successfully managed / contained a significant fire on Kaiti Hill.
- Conducted Marine Oil Spill exercise in the Port and received a positive assessment from Maritime NZ (MNZ).
- Managed one diesel spill in the Port and mitigated any adverse effects.

## Our progress

Level of Service	Performance Measures	Results 2012/13	Targets 2013/14	Results 2013/14
<b>CIVIL DEFENCE AND EMERGENCY MANAGEMENT (CDEM)</b>				
We contribute to a Safe, Connected and Empowered Tairāwhiti by helping to build a more resilient district where communities understand and manage their hazards and risks.	Percentage of residents able to manage for 2-3 days without access to normal day to day services (i.e. having 2-3 days of emergency food, water and supplies) in the event of a natural disaster as found in our Annual Residents' Satisfaction Survey.	86% Achieved	80%	91% Achieved
	The percentage of residents aware of the risks of natural hazards (i.e. earthquakes, flooding/heavy rainfall and tsunamis). This will be measured by a four yearly survey.	Survey not undertaken	Establish baseline	86% Achieved
	CDEM partner relationships are actively maintained and enhanced. Measured by annual survey of Coordinating Executive Group (CEG) on partnership readiness.	Achieved	Achieved	Achieved <sup>1</sup>
	CDEM response and recovery is carried out in accordance with established plans and procedures in order to minimise harm or damage to people and property. This is measured by event logs, reports and debrief notes.	100% Achieved	100%	100% Achieved
	Communication systems that support business as usual systems in emergencies maintain reliability in events and are tested regularly so that any breakdowns are repaired as soon as practical. This is measured through check logs.	Achieved	Achieved	Achieved
<b>RURAL FIRES</b>				
We contribute to a Healthy, Safe and Connected Tairāwhiti by protecting life and property from rural fires with trained personnel within the Gisborne	Percentage of customers who rate Requests for Service responses as excellent/good.	100% Achieved	94%	100% Achieved

Level of Service	Performance Measures	Results 2012/13	Targets 2013/14	Results 2013/14
District Council rural fire authority area.	Mutual response and assistance agreements in place with other fire authorities.	Achieved	Achieved	Achieved
	Initial investigations of all fires which are to be claimed from the National Rural Fire fund.	100% Achieved	100%	100% Achieved
	Percentage of fire fighters who meet the National Rural Fire Authority Training Standards.	100% Achieved	80%	94% Achieved
<b>MARINE OIL SPILL</b>				
We contribute to a Safe and Environmentally Sustainable Tairāwhiti by protecting the environment from pollutants spilled in marine accidents.	The Marine Oil Spill Plan is current and staff lists are updated annually.	Achieved	Achieved	Achieved
	Quarterly maintenance of equipment is completed.	Not Achieved	Achieved	Achieved
	Maritime New Zealand requirements for staff training are met.	Achieved	Achieved	Achieved

### What was different

1. Partner relationships are actively maintained by twice yearly meetings of the Coordinating Executive Group (CEG) Partner readiness is surveyed at these meetings.

### What it cost

	2013/14 Actual	2013/14 AP Budget	2013/14 Variance	2012/13 Actual
<b>Operating Expenditure (\$000)</b>				
Operating Revenue	91	86	5	78
Operating Expenses	659	723	64	614
<b>Net Cost of Service</b>	<b>568</b>	<b>637</b>	<b>69</b>	<b>536</b>
This activity was funded 91% from rates and 9% from fees and charges				
<b>Capital Expenditure</b>				
Capital Projects	12	57	45	21
<b>Funded By:</b>				
Other Capital Revenue	7	0	7	11
Depreciation or Other Reserves (Renewals)	5	57	(52)	4
Internal Loans	0	0	0	6
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### What was different from the budget

1. Operating revenue was \$5k more than expected and relates to a subsidy received for the Kaiti Hill fire.
2. Operating expenses were \$64k lower than budget. This was primarily due to lower than anticipated transport and vehicle expenses of \$28k and overbudgeting for bad debt expense (\$24k). The remainder was due to operational and administration costs.
3. Capital expenditure was \$45k below budget. This was primarily due to an underspend in NZ Fire Service radio upgrade project.

## Environmental Health



### Why we do it

To provide environmental health services that efficiently and effectively enhance the quality of life for all current and future residents and visitors to the Gisborne district. This involves environmental health management and community health protection in a manner that will promote and improve human health, safety, comfort and wellbeing for all persons in the Gisborne district as well as protect the environment.

### What we do

Council undertakes a number of services each year to ensure that Gisborne remains a healthy and safe place to live, work and play. These include education, administration, enforcement and monitoring of:

- Food, liquor, premises and disease control.
- Living conditions.
- Environmental protection e.g. air quality and noise control.
- Waste management.
- Hazardous substances.
- Local bylaws such as Port regulations and public area control.

Environmental Health is primarily concerned with bringing about community well-being in a healthy environment through planning, education, surveillance, regulation, enforcement and response.

Service Areas	Service Focus
<b>Food, Liquor, Premises and Disease Control</b>	
<ul style="list-style-type: none"> <li>• Food safety</li> <li>• Education of food premises operators</li> <li>• Respond to complaints</li> <li>• Enforcement</li> <li>• Sale of liquor</li> <li>• Registered premises control</li> <li>• Events</li> <li>• Gambling</li> </ul>	Administer registrations, licences Administer licences Respond to complaints Enforcement Implement Council policy on gaming machines
<b>Living Conditions</b>	
<ul style="list-style-type: none"> <li>• Housing</li> <li>• Sewage treatment and disposal</li> <li>• Drinking water supplies</li> <li>• Nuisances and pests</li> </ul>	Respond to complaints Administer consents Proactive monitoring
<b>Environmental Protection</b>	
<ul style="list-style-type: none"> <li>• Air quality</li> <li>• Noise and vibration</li> <li>• Resource management</li> <li>• Water recreation</li> </ul>	Administer consents Proactive monitoring of resource consents Proactive monitoring of background air environment Respond to complaints Enforcement Public education Proactive monitoring of background noise environment Proactive monitoring of recreational waters
<b>Waste Management</b>	
<ul style="list-style-type: none"> <li>• Litter</li> <li>• General</li> </ul>	Respond to complaints Enforcement Education Proactive monitoring of waste handling sites
<b>Hazardous Substances</b>	
<ul style="list-style-type: none"> <li>• Hazardous substances</li> <li>• Contaminated land</li> <li>• Pollution incidents</li> </ul>	Proactive monitoring Respond to complaints Enforcement Education Respond to pollution incidents
<b>Bylaws and General</b>	
<ul style="list-style-type: none"> <li>• Port regulation and safety</li> <li>• Public area control</li> <li>• Beach Safety</li> </ul>	Proactive monitoring Respond to complaints Education Enforcement Fund Lifesaving Services

**This activity contributes to the following community outcomes**



Healthy  
Tairāwhiti



Environmentally  
Sustainable  
Tairāwhiti



Safe  
Tairāwhiti



## Our strategic challenges

The strategic challenge areas that this activity contributes to are:

- Performance Culture
- Governance Effectiveness
- Community Engagement
- Natural Resource Use
- Financial Sustainability
- Community Viability and Functioning
- Risk Management
- Business Efficiency
- Customer Needs.

## What we did

### Food and Alcohol

- Implemented requirements of the Sale and Supply of Alcohol Act 2012 with establishment of the Gisborne District Licensing Committee for determination of licences applications and manager's certificates. Adopted process change for licensing, monitoring and enforcement. Contributed to the consultative phase for development of a Local Alcohol Policy.
- Further developed constructive collaborative working relationships with Police, Public Health, Fire Service, ACC and licensees to jointly consider approaches to reducing alcohol related harm within the licensed environment.
- Continued to promote the Voluntary Implementation Programme with food premises as a precursor to implementation of the Food Act 2014.

### Public Environmental Health

- Continued to monitor, administer, educate and enforce within our service areas for food premises, camping grounds, offensive trades, public

swimming pools, mobile traders, stalls and healthy environments for public events, recreational bathing water, Council's drinking water supplies and rural premises drinking water supplies.

- Continued to respond to noise related problems and nuisance.
- Responded to minor spills in the inner harbour.
- Responded with public notification to sewage discharges into city rivers following four heavy rainfall events during the 2013/14 year.
- Worked with emergency services on multi-level agency incidents.
- Continued with the background air quality monitoring in Gisborne city.
- Increased the monitoring regime for the Gisborne city water supply to meet provisions of the Drinking Water Standards.

### Bylaws and Public Safety

- Initiated a review the Liquor Control Bylaw to incorporate changes set out by the Sale and Supply of Alcohol Act (2012).
- Continued to review the Freedom Camping Bylaw in response to the introduction of the Freedom Camping Act 2011.
- Continued reviews of bylaws to comply with the statutory requirements. Bylaw reviews completed this year were:
  - Food Hygiene Bylaw
  - Mobile Shops, Hawkers, Stalls and Itinerant Traders Bylaw.
- Continue to respond, enforce and educate on matters under Bylaws.

## Our progress

Level of Service	Performance Measures	Results 2012/13	Targets 2013/14	Results 2013/14
We contribute to a Safe, Healthy and Environmentally Sustainable Tairāwhiti by regulating commercial operations and responding to environmental health issues in the interest of protecting public and environmental health.	Percentage of applications for liquor licences and food certificates processed within target timeframes.	89% Not achieved	95%	Not available <sup>1</sup>
	Percentage of registered and licensed premises that undergo a compliance inspection annually.	100% Achieved	100%	100% Achieved
	Compliance with Building Act standards notice within specified timeframe.	100% Achieved	100%	100% Achieved

Level of Service	Performance Measures	Results 2012/13	Targets 2013/14	Results 2013/14
	Percentage of Requests for Service resolved within target timeframes ranging from 5 days for urgent animal nuisance matters to 60 days for ongoing abandoned vehicle issues.	99% Achieved	99%	98% Not achieved
	Percentage of customers who rate Requests for Service responses as excellent/good.	100% Achieved	93%	98% Achieved
	Percentage of noise complaints to be assessed within half an hour of receiving a complaint.	95% Achieved	95%	98% Achieved
	Percentage of pollution incidents to be responded to within one hour.	100% Achieved	98%	100% Achieved

## What was different

1. This was unable to be measured this year due to reporting and data sorting issues. This will be rectified as a high priority.

## What it cost

	2013/14 Actual	2013/14 AP Budget	2013/14 Variance	2012/13 Actual
<b>Operating Expenditure (\$000)</b>				
Operating Revenue	289	281	8	251
Operating Expenses	1,139	1,154	15	1,177
<b>Net Cost of Service</b>	<b>850</b>	<b>873</b>	<b>23</b>	<b>926</b>

This activity was funded 85% from rates and 15% from fees and charges

## What was different from the budget

1. Operating revenue was \$8k more than budget and was a result of increased licences and registered premises.
2. Operating expenses were \$15k below budget. This was a result of better control over general operating costs within the activity.

## Environmental Policy



### Why we do it

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

### What we do

The role of the Environmental Policy activity is to develop strategy, policy and planning provisions for the management of the Gisborne district's natural and physical resources and to provide policy advice on resource management.

As a unitary authority the Council exercises both district and regional planning functions so the Environmental Policy activity covers a broad range of policy work across natural and built environments.

The activity involves:

- Promoting a sustainable approach to land use and development.
- Promoting the sustainable management of natural resources.
- Improving the quality of our built environment and public space.
- Monitoring and reporting on environmental change.
- Assisting with policy on the provision and funding of infrastructure.
- Collaborating with tangata whenua on resource management issues of cultural importance and giving effect to Tiriti o Waitangi/Treaty of Waitangi settlements in Council's Resource Management Act plans.

In preparing resource management policy and assessing applications for private plan changes, we must ensure policy is robust and evidence based, the costs of policy initiatives are borne equitably, and community perspectives and aspirations are reflected in policy outcomes.

The statutory framework for resource management within which the Environmental Policy activity operates includes the Resource Management Act 1991, Reserves Act 1977, Marine and Coastal (Takutai Moana) Act 2010, Historic Places Act 1993 and Local Government Act 2002.

To be effective, the Environmental Policy activity needs to consider a range of tools for achieving desired outcomes including regulations and education and advocacy programmes along with developing realistic implementation programmes.

### This activity contributes to the following community outcomes



Connected  
Tairāwhiti



Empowered  
Tairāwhiti



Environmentally  
Sustainable  
Tairāwhiti



Healthy  
Tairāwhiti



Prosperous  
Tairāwhiti



Safe  
Tairāwhiti



Vibrant  
Tairāwhiti

### Our strategic challenges

The primary strategic challenge areas that this activity contributes to are:

- Community Engagement
- Natural Resource Use
- Community Viability and Functioning
- Customer Need.

### What we did

- Continued with a rolling review of the Combined Regional Land & District Plan by undertaking plan changes including flood hazard overlays for the Wainui Stream (PC52) and the Firefighting Code of Practice (PC56).
- Continued to develop a Regional Freshwater Management Plan in conjunction with the Freshwater Advisory Group including the development of a Catchment Management Plan for the greater Waipaoa Catchment and Regional Policy Statement components. Released a discussion document and undertook widespread public meetings and other community consultation.
- Developed a draft Design Guide for Commercial Development in Urban Areas as part of Council's RMA plans to consider better protection of heritage

character and to promote quality design of new buildings.

- Reviewed ways of ensuring integrating the management of natural and physical resources in the district and developed the Uni-Plan (UP) framework as the best means of integrating the Regional Policy Statement and other Council RMA plans.
- Assessed the effectiveness and efficiency of multiple plan provisions related to natural hazards and published Evaluating the Effectiveness and Efficiency of Gisborne District Council's Resource Management Plans.

- Developed a Natural Hazards Research Strategy.
- Supported the preparation of the Wainui Beach Management Strategy.
- Incorporated Iwi Management Plans and Statutory Acknowledgements into RMA plans and website as appropriate. Continued to work with iwi representatives particularly in regard to Freshwater Management Plan development. Provided input into development of a Council Māori responsiveness framework.
- Undertook and commissioned various research to provide better information on the management of the physical and natural resources of the district.

## Our progress

Level of Service	Performance Measures	Results 2012/13	Targets 2013/14	Results 2013/14
We contribute to an Environmentally Sustainable, Healthy and Connected Tairāwhiti by preparing statutory plans and policies to protect and enhance the quality of the Gisborne district's natural and physical environment, now and into the future.	Percentage of high priority Environmental Policy projects completed as outlined in the Activity Management Plan.	In progress	80%	In progress (multi-year projects)
	Percentage of private and Council-initiated plan change processes completed as per requirements under the First Schedule to the Resource Management Act.	100% Achieved	100%	100% Achieved
	Number of efficiency and effectiveness reports completed in accordance with Council's nominated plan monitoring framework and published.	4 Achieved	0 (3 yearly)	3+ multiple assessments incorporated into 1 comprehensive report Achieved <sup>1</sup>
	Percentage of residents satisfied with Council's management of the natural and built environment as found in Annual Residents' Satisfaction Survey.	Built: 72% Natural: 69% Not achieved	75%	Built: 72% Natural: 57% Not achieved <sup>2</sup>
We contribute to a Vibrant, Safe, Prosperous and Empowered Tairāwhiti by developing and facilitating the implementation of non-statutory environmental and urban design plans that ensure the needs and aspirations of our communities are recognised.	Percentage of plans developed that have specific and deliverable action plans.	Not measured	75%	100% Achieved
	Percentage of stakeholders who are at least satisfied with community engagement on plan development as measured through feedback forms.	Not measured	75%	91% Achieved

## What was different

- Efficiency and effectiveness of natural hazard provisions was assessed across three "plans" - Combined Regional Land & District Plan, Regional Policy Statement and Coastal Environment Plan. We combined the assessments into one report so that the issue was considered in an integrated manner.
- The downward trend in resident satisfaction with Council's management of the natural and built

environment is a concern. A further level of enquiry is required to ascertain more accurately what the specific issues are. For example the downward trend may be that particular issues such as the discharge of sewage into the city rivers in some instances during high rain events, is now being more widely publicised.



## What it cost

	2013/14 Actual	2013/14 AP Budget	2013/14 Variance	2012/13 Actual
<b>Operating Expenditure (\$000)</b>				
Operating Revenue	34	7	27	86
Operating Expenses	706	896	190	698
<b>Net Cost of Service</b>	<b>672</b>	<b>889</b>	<b>217</b>	<b>612</b>

This activity was funded 91% from rates, 5% from fees and charges and 4% from grants and subsidies

## What was different from the budget

1. Operating revenue was \$27k above budget. This was a result of Ministry of Justice grant funding.
2. Operating expenses were \$190k below budget. Savings were made in strategy and plan costs which are a direct result of the activity being understaffed \$150k, and bad debts \$30k.

## Environmental Services



### Why we do it

To sustainably manage the district's land and water resources and minimise and prevent animal and plant pests (using a range of regulatory and non-regulatory measures) in order to protect and, where possible, enhance the district's natural environment.

### What we do

The Environmental Services activity disseminates information, regulates, monitors, reports and carries out some direct control on animal and plant pest management, and sustainable land and water resource management. The activity enables the Council to give effect to statutory responsibilities under the Biosecurity Act 1993, Resource Management Act 1991 and Soil Conservation and Rivers Control Act 1941.

The Environmental Services Group includes the following activities:

#### Environmental Data Management

The principal goal is to ensure natural resource management and response decisions are made using sound data. To achieve this we undertake:

- Maintenance of hydrological equipment.
- River discharge measurements relevant to flooding.
- Monitoring of climate forecasts and telemetry readings.
- Management of a database of time dependent data.
- Data analysis and report generation.

#### Biosecurity

The principal goal is to limit the adverse effects of unwanted plants and animals. Effects may be on human health, indigenous flora and fauna, our heritage or the economy. To achieve this we undertake:

- Implementation of Regional Pest Management Strategy rules requiring control or eradication of pest populations. This includes compliance monitoring and enforcement.
- Direct control of specific low incidence, high threat pests and possums (on account of the district's Tuberculosis free status).
- Introduction and spread of biological control agents for pests.
- Surveillance for introduction of new pests.

#### Soil Conservation

The principal goal is sustainable management of land resources that suffer from biodiversity loss and soil erosion. To achieve this we undertake:

- Promotion of sustainable land management, mitigation and prevention of soil erosion and soil degradation, as well as maintenance and enhancement of biodiversity.
- Land instability assessment, especially with respect to the Building Act (1991).
- Management of two soil conservation reserves and a poplar and willow nursery providing a base of superior clones for soil conservation plantings.
- Implementation of Part Operative Regional Land and District Plan rules which set permitted activity standards or require resource consents for achieving effective tree cover, land disturbance or vegetation removal. This includes compliance monitoring and enforcement.
- Maintenance and interpretation of Land Use Capability and other specialised resource databases used for monitoring and planning.

#### Water Conservation

The principal goal is sustainable management of the district's water resources and environs. This includes surface, ground and coastal waters, riverbeds and the seabed. To achieve this we undertake:

- Surface water and groundwater quality and quantity monitoring.
- Coastal water quality monitoring.
- Beach and river sand and gravel monitoring.
- Analysis of data.
- Implementation of statutory plan rules for water management which set permitted activity standards or require resource consents. This includes

processing of water discharge consents, water takes, coastal permits, bore permits, shingle/sand extraction permits and waterway permits. This comprises compliance monitoring and enforcement.

### Monitoring and Reporting

Environmental monitoring and annual progress towards desired environment outcomes are reported in the district's State of the Environment report.

### This activity contributes to the following community outcomes



Environmentally  
Sustainable  
Tairāwhiti

Healthy  
Tairāwhiti

Prosperous  
Tairāwhiti

Safe  
Tairāwhiti

### Our strategic challenges

The strategic challenge areas that this activity contributes to are:

- Community Engagement
- Major Projects
- Natural Resource Use
- Community Viability and Functioning
- Risk Management.

### Our progress

### What we did

- Continued to upgrade hydrological equipment, including radar equipment to measure river levels.
- Continued with an Argentine and Darwin's Ant awareness programme.
- Re-distributed biological control agents.
- Hosted the annual NZ Association of Resource Management conference.
- Harvested the Waerenga-o-kuri Soil Conservation Reserve forest and prepared for re-planting.
- Carried out extensive research and analysis for Freshwater Plan development.
- Ran a feral goat control training session at Waihirere.
- Settled out of court a prosecution taken against a forestry company.
- Joined with neighbouring regional councils to share some science services.
- Signed a memorandum of understanding to formally link with TRONPui and MPI in a long term programme to restore the Waiapu Catchment.
- Issued consents for a second exploratory petroleum well.

Level of Service	Performance Measures	Results 2012/13	Targets 2013/14	Results 2013/14
<b>Environmental Data Management</b>				
We contribute to an Environmentally Sustainable Tairāwhiti by ensuring resource management decisions are made using sound data.	Number of valid physical environmental data measure points.	100% Achieved	85%	100% Achieved
	Hits received on environmental data pages (river levels, rainfall etc) on Council website.	19,161	7,500	49,613 Achieved <sup>1</sup>
<b>Soil Conservation</b>				
We contribute to a Safe and Environmentally Sustainable Tairāwhiti by managing land resources to conserve natural values, prevent or mitigate adverse effects and sustain productive capability.	Percentage of Requests for Service resolved within target timeframes ranging from 5 days for urgent matters and within 60 days for ongoing matters.	88% Achieved	80%	76% <sup>2</sup> Not achieved
	Percentage of customers who rate Requests for Service responses as excellent/good.	100% Achieved	93%	100% Achieved
	Number of issues of Conservation Quorum published per annum.	4 Achieved	4	4 Achieved
	Number of farm properties visited per annum for environmental advocacy purposes.	172 Achieved	150	174 Achieved

Water Conservation				
We contribute to a Safe, Prosperous and Environmentally Sustainable Tairāwhiti by managing natural water resources, river and lake beds and coastal areas to conserve natural values and sustain consumptive usage.	Percentage of Requests for Service resolved within target timeframes ranging from 5 days for urgent matters and within 60 days for ongoing matters.	79% Not achieved	80%	93% Achieved
	Percentage of customers who rate Requests for Service responses as excellent/good.	95% Achieved	90%	100% Achieved
	Makauri aquifer static water levels are maintained with respect to three year rolling average.	Not achieved	100%	Not Achieved <sup>3</sup>
	Percentage of compliance with consent conditions under recorded rectification or enforcement within 20 working days.	100% Achieved	100%	100% Achieved
Biosecurity				
We contribute to a Healthy and Environmentally Sustainable Tairāwhiti by managing animal and plant pests for human health and to reduce impacts on indigenous fauna and flora and primary production.	Percentage of Requests for Service resolved within target timeframes ranging from 5 days for urgent matters and within 60 days for ongoing matters.	96% Not achieved	97%	98% Achieved
	Percentage of customers who rate Requests for Service responses as excellent/good.	100% Achieved	98%	96% Not achieved
	All 5 random sample lines assessed post possum poisoning, trapping or night shooting achieves 5% residual trap, catch or less.	100% Achieved	100%	50% <sup>4</sup> Not achieved
	Percentage of known significant noxious plants sites visited and all plants controlled.	100% Achieved	100%	100% Achieved
	Percentage of known active rookeries controlled.	100% Achieved	100%	No active rookeries <sup>5</sup>

## What was different

- The environmental data pages were improved and made more attractive to those seeking information.
- Staff resources were deployed on other more urgent matters.
- The over allocated water resource is being addressed in the Freshwater Plan under development
- Council trialled an alternative toxin that proved less effective due to bait interference.
- There were no rookeries found so this measure was non applicable.

## What it cost

	2013/14 Actual	2013/14 AP Budget	2013/14 Variance	2012/13 Actual
<b>Operating Expenditure (\$000)</b>				
Operating Revenue	619	474	145	340

Operating Expenses	2,906	3,084	178	2,614
<b>Net Cost of Service</b>	<b>2,287</b>	<b>2,610</b>	<b>323</b>	<b>2,274</b>
This activity was funded 89% from rates and 11% from grants and subsidies				
<b>Capital Expenditure</b>				
Capital Projects	68	74	6	69
<b>Funded By:</b>				
Grants and Subsidies	0	0	0	0
Depreciation or Other Reserves (Renewals)	68	74	(6)	69
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## What was different from the budget

- Operating revenue was \$145k more than budget. This was the result of income received from Government grants offset by reduced sales.
- Operating expenses were \$178k below budget. This is a result of lower than anticipated monitoring costs of \$10k, transport and vehicle costs of \$40k and general operating costs of \$127k.



## Resource Consents



### Why we do it

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

### What we do

This activity ensures that subdivision and land uses are developed in an environmentally sensitive way to ensure that adverse effects are avoided, remedied or mitigated.

The Resource Consent section undertakes the following activities in accordance with the District Plan and Resource Management Act 1991:

- Processing resource consents:
  - Decide on whether to process resource consent applications on a notified or non-notified basis.
  - Assess the potential effects on the environment of resource consent applications.
  - Impose conditions on resource consents to mitigate any adverse effects on the environment.
  - Prepare resource consent reports determined under delegation and reports for the Hearings Committee, Independent Commissioners or the Environment Court.
  - Provide information and advice to applicants, developers and other interested members of the community on the Resource Management Act 1991, the resource consent process and the District Plan rules.
  - Manage the appeal and mediation process on matters before the Environment Court.

- Monitor resource consent conditions. This requires coordinating technical staff and scheduling site visits to check that activities are undertaken in accordance with consent conditions. Compliance with conditions should achieve anticipated environmental results. Equally Plan rules are enforced to prevent inappropriate development that may adversely affect the environment.
- Provide administrative support for resource consent processing. This includes a team of three administrative staff who undertake all administrative tasks for all district and regional resource consents. This provides for a more efficient process and better data integrity.

### This activity contributes to the following community outcomes



Empowered  
Tairāwhiti



Environmentally  
Sustainable  
Tairāwhiti



Healthy  
Tairāwhiti



Safe  
Tairāwhiti

### Our strategic challenges

The strategic challenge areas that this activity contributes to are:

- Performance Culture
- Community Engagement
- Natural Resource Use
- Community Viability and Functioning
- Business Efficiency
- Customer Needs.

### What we did

- Implemented new templates and processes for smoother processing.
- Appointed a full-time duty planner to provide a consistently high level of customer service to applicants.
- Improved the public information brochures with special emphasis on the interaction between building consents, resource consents and development contributions.

- Ran workshops to facilitate better resource consent condition writing to promote more clarity for applicants and the monitoring team.
- Facilitated training in the implementation of the National Environmental Standard for Assessing and Managing Contaminants in Soil to Protect Human Health (the NES).

## Our progress

Level of Service	Performance Measures	Results 2012/13	Targets 2013/14	Results 2013/14
We contribute to a Safe, Vibrant, Empowered and Environmentally Sustainable Tairāwhiti by promoting the sustainable management of natural and physical resources through processing and monitoring resource consent applications.	Percentage of Requests for Service (RfS) resolved within target timeframes.	90% Not achieved	98%	92% <sup>1</sup> Not achieved
	Percentage of customers who rate RfS responses as excellent/good.	100% Achieved	91%	96% Achieved
	Availability of the duty planner for public enquiries.	8.00am – 5.00pm Achieved	9.00am - 5.00pm	8.00am – 5.00pm Achieved
	Resource Consents are processed within statutory timeframes.	95% Not achieved	100%	85% <sup>2</sup> Not achieved
	Percentage of Resource Consents monitored within one month of monitoring date.	76% Not achieved	100%	Not measured <sup>3</sup>
	Percentage of reported non-compliance with Plan rules rectified or subject to enforcement action within three months.	87% Not achieved	100%	100% Achieved

## What was different

- This measure is under review and will be addressed as part of the preparation of the 2015 - 2025 Long Term Plan.
- Resourcing constraints may have contributed to not achieving targets for requests for service and statutory timeframes for resource consents. Planned resourcing and process are expected to improve both performance measures results in the future.
- The Annual Reporting process has highlighted a need to improve the quality of monitoring information statistics. This review is underway.

## What was different from the budget

- Operating revenue was \$79k below budget. This is a result of fewer planning fees, land use consents and subdivisions being processed.
- Operating expenses were \$144k below budget. Savings in salaries were \$180k offset by increased professional services costs of \$37k.

## What it cost

	2013/14 Actual	2013/14 AP Budget	2013/14 Variance	2012/13 Actual
<b>Operating Expenditure (\$000)</b>				
Operating Revenue	193	272	(79)	195
Operating Expenses	654	798	144	702
<b>Net Cost of Service</b>	<b>461</b>	<b>526</b>	<b>65</b>	<b>507</b>

This activity was funded 81% from rates and 19% from fees and charges

## Governance



### Why we do it

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

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

### What we do

The Governance activity exists to provide for:

#### Representation and Democracy

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

#### Civic Duties

- Resource the Office of the Mayor including the delivery of civic functions/events such as:

- Naval visits, Anzac Day, Citizenship ceremonies, Sister Cities events, scholarships, awards, grants and VIP presentations.

#### Stewardship

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

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

Councils are required to ensure that:

- The role of democratic governance and expected conduct of elected members is clear and understood.
- Governance arrangements are effective, open and transparent.
- Responsibility for decision-making for regulatory and non-regulatory matters is kept separate.
- They are good employers.
- The relationship between elected members and management is effective.

How this occurs is set out in Council's Local Governance Statement and Code of Conduct for Effective Governance as well as in the Chief Executive's performance agreement.

### This activity contributes to the following community outcomes

			
Connected Tairāwhiti	Empowered Tairāwhiti	Environmentally Sustainable Tairāwhiti	Healthy Tairāwhiti
			
Prosperous Tairāwhiti	Safe Tairāwhiti	Skilled and Educated Tairāwhiti	Vibrant Tairāwhiti

## Our strategic challenges

The strategic challenge areas that this activity contributes to are:

- Performance Culture
- Governance Effectiveness
- Community Engagement
- Major Projects
- Natural Resource Use
- Financial Sustainability
- Community Viability
- Risk Management
- Business Efficiency
- Customer Needs.

## What we did

- Oversaw the triennial election and induction of our new Council.

- Commenced the process for Council's first by-election.
- Reviewed and updated Local Governance Statement, Code of Conduct, Delegations to Committees & the Chief Executive Manual and Standing Orders.
- Conducted four Citizenship ceremonies on behalf of the Department of Internal Affairs.
- Received 62 Official Information Act requests and resolved 61 of those, 84% within target.
- Worked with Gisborne Holdings Limited on their Statement of Intent.
- Together with the Eastland Community Trust agreed to establish an Economic Development Agency.
- Received and considered 183 submissions on the Draft 2013/14 Annual Plan and then, following hearings, adopted the plan in June 2014.

## Our progress

Level of Service	Performance Measures	Results 2012/13	Targets 2013/14	Results 2013/14
We contribute to all Council outcomes by providing for the representation of the community in open, democratically accountable decision making.	Percentage of residents satisfied with the way Council involves the public in the decisions it makes as found in the Annual Residents' Satisfaction Survey.	54% Not achieved	60%	59% Not achieved
	Percentage of residents who rate the performance of the Mayor and Councillors as good as found in the Annual Resident's Satisfaction Survey.	64% Achieved	60%	65% Achieved
	Percentage of residents satisfied with how rates are spent on services and facilities provided by the Council as found in the Annual Residents' Satisfaction Survey.	52% Not achieved	65%	44% <sup>1</sup> Not achieved
	The requirements of the Local Government Act 2002, Local Government Official Information and Meetings Act 1987, Standing Orders and other appropriate legislation are met, as measured by complaints upheld by the Ombudsman.	Achieved	No complaints upheld by the Ombudsman	1 complaint upheld <sup>2</sup> Not achieved
	Agendas for meetings (other than extraordinary meetings) of council and its committees are publicly available (either via the internet or in Council service centres or at Council libraries), as measured by Committee Secretary's checklist.	Achieved	All agendas are publicly available two clear working days before each meeting	Achieved
We contribute to a Connected, Prosperous and Environmentally Sustainable Tairāwhiti by providing for the stewardship of corporation assets and by implementing laws that deal with the district's physical and natural resources and the issues that arise in communities.	Approve the Statements of Intent for Council Controlled Organisations (CCOs) in agreed time frames.	BoPLASS & ECT Achieved GHL received and agreed in July	60 days from receipt (1 March)	Achieved
	Appoint directors of CCOs according to the respective Constitution or Trust Deed.	Achieved	In line with constitutional and Trust Deed requirements	Achieved



## What was different

1. Example comments from ratepayers who felt dissatisfied with the way their rates are spent include; *Council need to prioritise/use rates better and be more efficient* and *Rates too high/don't get what we pay for*.
2. Council has undertaken a process review to minimise the risk of a complaint similar to the one upheld by the Ombudsman happening again.

## What it cost

	2013/14 Actual	2013/14 AP Budget	2013/14 Variance	2012/13 Actual
<b>Operating Expenditure (\$000)</b>				
Operating Revenue	(21)	50	(71)	(2)
Operating Expenses	954	1,169	215	871
<b>Net Cost of Service</b>	<b>975</b>	<b>1,119</b>	<b>144</b>	<b>873</b>

This activity was funded 100% from rates

## What was different from the budget

1. Operating revenue was \$71k lower than budget. This was due to an impairment of rates bad debts of \$21k, offset by reduced hearing recoveries of \$12k and Tairāwhiti District Health grant of \$38k.
2. Operating expenses were \$215k below budget. This was primarily due to savings in Town and Country Matters costs of \$54k, savings in bad debts expense of \$65k and other general operating costs of \$96k.

## Support Services



### Why we do it

These services are provided to support the Council in the effective and efficient running of the organisation.

### What we do

Council's internal support activities comprise:

#### Finance and Treasury Operations

These services provide a framework by which we set our plans and budgets for future years. Well performing organisations routinely track and improve their organisational performance, as well as having financial, internal control, risk management and governance processes in place.

Many of these services are mandated by the Local Government Act 2002 or the Local Government (Rating) Act 2002.

#### Democracy and Support Services

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

#### Information Services

Information Technology, Information Management and related services provide computer systems and records technology to support the Council and Council business units in the effective and efficient running of the organisation.

#### Plant and Vehicles

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

#### Legal Services

Provide legal advice to elected members and management and help manage the engagement of external legal advice.

## Human Resources

Human Resources provides support to the Chief Executive and managers on employment relations matters to promote best practice. The support service includes advice and support in recruitment, organisational development, performance and remuneration management, industrial and employee relations, employee care and change management.

## Customer Services

Provide walk-in based customer services at Council's main office and Te Puia Service Centre. Along with call centre services, managing all "first point" contact through core contact channels (phone, e-mail, facsimile and letter). This group drives improvements to customer-facing processes with a focus on improving business efficiency.

### This activity contributes to the following community outcomes



Connected  
Tairāwhiti



Empowered  
Tairāwhiti



Environmentally  
Sustainable  
Tairāwhiti



Healthy  
Tairāwhiti



Prosperous  
Tairāwhiti



Safe  
Tairāwhiti



Skilled and  
Educated  
Tairāwhiti



Vibrant  
Tairāwhiti

### Our strategic challenges

The strategic challenge areas that this activity contributes to are:

- Performance Culture
- Governance Effectiveness
- Community Engagement
- Major Projects
- Natural Resource Use
- Financial Sustainability
- Community Viability and Functioning
- Risk Management.

### What we did

- Conducted an ongoing comprehensive review of the Council's Revenue and Finance Policy. This project will be consulted on in early 2015 with the Long Term Plan. This review is due to ongoing issues with Council's complex rating policy that has resulted in large rates increases for some

ratepayers. It aims to reduce the complexity and administration costs of Council's rates, increase transparency and predictability.

- Consulted on and amended four rates remissions policies to have a more efficient process. Council also consulted on and implemented three new rates remissions policies. These were for:
  1. excess water rates
  2. economic development; and
  3. targeted pests plants, rural fire and soil conservation.
- Created a financial business intelligence (FBI) solution for finance's customers, initially the leadership team and managers. FBI replaces the monthly management reports and comprises of a graphical "traffic light" presentation that is user friendly and allows a manager to drill down into the detail for transactional data.
- Continued to enable improvements in business efficiency, strategic alignment, productivity and customer service through the provision and review of our Information Services including:
  - Implemented Dogs Online solution for dog registration.
  - Implemented a replacement of Council's Electronic Document Record Management System - Objective.
  - Implemented a new Payroll and Human Resources Document System – Datacom DataESS.
  - Implemented GIS and mapping tools including the mapping of targeted rating areas.
- Upgraded all computers to Microsoft 2013 to improve effectiveness and reduce service costs.
- Finance has process mapped and reviewed for improvements a significant amount of their current processes.
- Continued to work with Planning and Performance to implement Performance Management Framework.
- Implemented a new payroll and human resource system. This enabled us to streamline payroll and human resources processes creating a more efficient and visible system for all staff.
- Facilitated a Culture Group that provides support and ideas on how to positively impact the organisational culture we want to nurture.
- Began the process of reviewing our health and safety practices and aiming to undertake the ACC Workplace Safety Management Practices audit by end of 2014.
- Worked on projects to improve processes and systems relating to Pay and Performance, Learning and Development and Culture. This will be released in October 2014.
- Animal Control administration became part of the Customer service function as did the Cemetery Administration. Customer service also introduced a new mail sorting and courier delivery service between buildings following the need to move some of the teams off site and introduced online registrations for Dogs and will continue to investigate further online services for our customers.
- Customer Service moved from being part of Corporate Affairs to becoming part of Community Planning and Development.

## Our progress

Level of Service	Performance Measures	Results 2012/13	Targets 2013/14	Results 2013/14
We contribute to all Council Outcomes by supporting the organisation to deliver Council services and to provide good quality information to the public.	Compliance with statutory requirements for the Annual Plan, Annual Report and Ten Year Plan processes, including audit requirements and specified timeframes.	Achieved	Achieved	Achieved
	Percentage of residents who rate the ease of getting hold of a staff member who could assist them with their inquiry as excellent/good as found in the Annual Residents' Satisfaction Survey.	82% Not achieved	85%	78% Not achieved <sup>1</sup>

Level of Service	Performance Measures	Results 2012/13	Targets 2013/14	Results 2013/14
	Percentage of residents who are satisfied with Council customer service at first point of contact:			
	In person Email/Website Phone	90% 90% / 71% 88% Not achieved (except email - Achieved)	95% 85% 90%	91% 83% / 78% 75% Not achieved <sup>1</sup>
	Percentage of residents who rate helpfulness of staff as excellent/good as found in the Annual Residents' Satisfaction Survey.	86% Not achieved	90%	80% Not achieved <sup>1</sup>

## What was different

1. A Customer Services Strategy will be completed and implemented during 2014/15.

## What it cost

	2013/14 Actual	2013/14 AP Budget	2013/14 Variance	2012/13 Actual
<b>Operating Expenditure (\$000)</b>				
Operating Revenue	2,487	2,220	268	2,781
Operating Expenses	10,378	9,654	(724)	9,364
<b>Net Cost of Service</b>	<b>7,891</b>	<b>7,434</b>	<b>(456)</b>	<b>6,583</b>
<b>Capital Expenditure</b>				
Capital Projects	1,487	1,172	(315)	2,007
<b>Funded By:</b>				
Grants and Subsidies	50	0	50	442
Other Capital Revenue	527	814	(287)	296
Depreciation or Other Reserves (Renewals)	(100)	(545)	445	255
Internal Loans	989	903	86	980
Asset Sales	21	0	21	34
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## What was different from budget

1. Operational revenue was \$268k above budget. This mainly relates to increase subvention payment of \$700k offset by interest rate swaps fair value of \$1.2m and a loss on disposal of information technology assets of \$200k.
2. Operational expenses were \$724k above budget. The main driver is an increase in interest costs of \$1m. The increase in interest is offset by savings in salaries of \$113k and in general operating costs of \$144k.
3. Capital expenditure was \$315k above budget and is related to the Business Transformation Project.



## Flood Control



### Why we do it

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

To maintain the Land Drainage, Rivers and Streams, and Coastal Protection assets to their design standard utilising the most cost effective, long-term asset management options.

To monitor rivers, streams and the coast within the Gisborne district, and provide advisory and investigatory service to mitigate flood risk and coastal erosion.

### What we do

The Flood Control Group includes the following activities:

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

#### Rivers Asset Management

Council has a statutory requirement to minimise and prevent damage within its district by floods and erosion.

This is achieved by monitoring changes to river/stream channels or the coast which could affect the community and by providing advice on preventative maintenance for river/stream channel integrity. The activity also includes advocating on behalf of flood control, coastal and land erosion protection, land drainage and foredune protection to stakeholders.

River monitoring also provides flood warnings to the community for specified rivers in a timely and effective manner.

#### Flood Control Schemes

To protect land, buildings, and infrastructure from flooding, Council administers and maintains two flood control schemes, one river improvement scheme, and one river erosion protection scheme within its district:

- Waipaoa River Flood Control Scheme (WRFCs).
- Te Karaka Flood Control Scheme (TKFCS).
- Taranui-Taruheru Rivers Scheme (TTRS).
- The Protection of Ruatōria Scheme.

Together these river schemes include 47km of river channel, 67.3km of stop banks, 649.3 hectares of floodway land plus associated bank protection works and drainage culverts. The scheme assets are maintained to their design standards using the most cost-effective, long-term asset management options.

#### Land Drainage Schemes

Council constructs, administers and maintains a network of open drains across private farmland. To provide land drainage that allows the effective subsurface drainage of the Poverty Bay flats within specific areas (generally land drainage schemes).

A total network of 330km of drains are maintained spanning 14 drainage districts. Council undertakes this work due to landowner requests via legislation.

Currently the serviced areas are:

- |                    |                     |
|--------------------|---------------------|
| • Ormond/Mahunga   | • Waikanae/Mākaraka |
| • Ngātapa          | • Wharekākā         |
| • Eastern Taruheru | • City/Wainui       |
| • Manutuke         | • Taruheru River    |
| • Western Taruheru | • Waipaoa           |
| • Muriwai          | • Waipapua General  |
| • Cook General     | • Willows           |
| • Waikohu General  | • Patutahi          |

#### Wainui Beach Foredune Protection

To maintain the existing foredune protection infrastructure in the defined area along Wainui beach. To provide new foredune protection infrastructure in alignment with the Wainui Beach Management Strategy (WBMS).

This Wainui Beach Management Strategy is currently being revised, through partnership with the community.

Issues of beach foredune erosion and property protection, Environment Court appeals, increased beach and dune/reserve usage and the growing community at Wainui, are all part of the need for an integrated management strategy.

#### River Channel Maintenance

To provide essential river channel maintenance and infrastructure works for identified rivers to protect land, properties and roads from erosion. A total of 206km of rivers and streams are maintained within the district.

Council undertakes this work due to landowner requests via legislation.

## This activity contributes to the following community outcomes



Connected  
Tairāwhiti



Empowered  
Tairāwhiti



Healthy  
Tairāwhiti



Prosperous  
Tairāwhiti



Safe  
Tairāwhiti

## Our strategic challenges

The strategic challenge areas that this activity contributes to are:

- Natural Resource Use
- Financial Sustainability
- Business Efficiency
- Customer Needs.

## Our progress

Level of Service	Performance Measures	Results 2012/13	Targets 2013/14	Results 2013/14
We contribute to a Healthy, Prosperous, Connected, Safe and Environmentally Sustainable Tairāwhiti by monitoring drainage of rivers and streams to minimise flood risk and coastal erosion to ensure communities are safe and prepared.	Percentage of Requests for Service resolved within target timeframes.	95% Achieved	80%	90% Achieved
	Percentage of customers who rate Requests for Service responses as excellent/good.	97% Achieved	92%	84% Not Achieved <sup>1</sup>
	Land drains contain a 1 in 5 year flood whereby at least 90% of all drains within the network will, at any given time without overtopping, contain a flood discharge up to a five year return period flood event for each particular drain.	100% Achieved	100%	100% Achieved
	25% of flood control stopbank length is inspected annually and maintained to 70-year protection standard.	100% Achieved	Achieved	100% Achieved
	Percentage of identified river flow impediments corrected, or remedial works included in approved annual budgets for following year.	100% Achieved	77%	100% Achieved
	Resource and Building Consents including Coastal, Land Use & Discharge are processed within the agreed timeframes.	Building Consents - not measured. Resource Consents - 76% Achieved	82%	Not measured <sup>2</sup>

## What we did

- Replaced failing river revetments as part of the Turanganui River Revetment renewals.
- Continue with the feasibility study to investigate widening the Taruheru River channel to increase capacity and improve river performance.
- Continued development of the Flood Control Activity Management Plan.
- Undertook a design investigation for Tansley Road to determine the best approach for replacement of wooden retaining walls.
- Completed the Waipaoa River Flood Control Scheme Asset Condition and Risk Assessment.
- Repaired Patutahi Loop Drain outlet into Whakaahu Stream. This project was intended for 2012/13 but through discussion with affected landowners it was decided to postpone indefinitely as the sealed outlet is performing well.
- Undertook electrical, civil and mechanical assessments of 25+ year old Pump Station assets in conjunction with the capital replacement projects.

## What was different

1. Smaller team means less time allocated to Requests for Service (RfS) issues which results in less satisfied customers, especially situations where Council is not responsible for remedying issues.
2. We will be reviewing this measure as part of the 2015-2025 Long Term Plan

## What it cost

	2013/14 Actual	2013/14 AP Budget	2013/14 Variance	2012/13 Actual
<b>Operating Expenditure (\$000)</b>				
Operating Revenue	183	171	12	217
Operating Expenses	1,792	1,849	57	1,723
<b>Net Cost of Service</b>	<b>1,609</b>	<b>1,678</b>	<b>69</b>	<b>1,506</b>
This activity was funded 91% from rates and 9% from fees and charges				
<b>Capital Expenditure</b>				
Capital Projects	208	985	777	294
<b>Funded By:</b>				
Other Capital Revenue	10	10	0	10
Depreciation or Other Reserves (Renewals)	90	559	(469)	(10)
Internal Loans	108	416	(308)	294
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## What was different from budget

1. Operating revenue was \$12k above budget. This is a result of changes in lease terms and additional income being collected and impairment on rates bad debts.
2. Operating expenses were \$57k below budget. Better control over general operating costs within the activity has resulted in this favourable variance.
3. Capital expenditure is \$777k below budget. This is mainly a result of the Ruatoria Flood Protection Scheme Project of \$486k and Taruheru/Turanganui Revetments (\$293k) delays.

## Land Transport and Parking



### Why we do it

An effective transportation network is a key element in the efficient functioning of Gisborne district and its economy. As a community Gisborne is highly dependent on the mobility of its population, and particularly dependent on a well designed and maintained roading network as its primary means of physical daily commuting.

Agriculture, forestry and fishing are the major industries in Gisborne. Linkages to both domestic and international markets are crucial in maintaining Council's healthy economic status.

Car parking availability within the CBD is also an important factor to ensure the viability of the local businesses and the local economy as a whole. Providing and managing this parking provision appropriately can sustain and even aid growth in the local economy.

Walking and cycling are environmentally friendly transportation modes, which complement vehicle networks. Public transport is also a major consideration for Gisborne, even with relatively low population volumes and dispersed communities, and for parts of the community it is an essential component of their actual mobility.

### What we do

Council's Land Transport Business Unit is responsible for managing the Land Transport and Parking activity. This includes all elements of transportation planning, road maintenance and operation, parking provision and walking and cycling provision. In addition, and by virtue of being a Unitary Authority, activities such as regional land transport planning including passenger transport, mobility assistance for the disabled and road safety co-ordination are undertaken.

The eight key activities undertaken as part of Land Transport and Parking are:

- Road asset maintenance and renewal
- Road safety engineering and education
- Transportation planning
- Traffic management

- Road asset design and construction
- Public transport provision
- Pedestrian and cycling provision
- Parking provision and control.

This activity contributes to the following community outcomes



Connected  
Tairāwhiti



Environmentally  
Sustainable  
Tairāwhiti



Healthy  
Tairāwhiti



Prosperous  
Tairāwhiti



Safe  
Tairāwhiti

### Our strategic challenges

The strategic challenge areas that this activity contributes to are:

- Performance Culture
- Major Projects
- Financial Sustainability
- Community Viability and Functioning
- Risk Management
- Business Efficiency
- Customer Needs.

### What we did

- Completed the following transport policy documents: the Gisborne Speed Limits Bylaw and the Regional Public Transport Plan.
- Submitted to the NZ Transport Agency concerning the financial assistance review. Our current rate is 58%. While the final rates are still to be confirmed, early indications show our rate will increase by a minimum of 1%.
- Started the Nga Ara Pai – community driver licencing programme where voluntary driver mentors assist the young and elderly to gain their restricted licenses.
- Strengthened and widened rural bridges like Lincolns on Manders Road, Harpers, Kings and Tuckers to allow heavy vehicles to carry bigger loads.



- Built two new bus shelters on Wainui and Lytton Roads.
- Started construction on behalf of the NZ Transport Agency in regards to the Wainui cycleway.

## Our progress

Level of Service	Performance Measure	Results 2012/13	Targets 2013/14	Results 2013/14
We contribute to a Connected and Prosperous Tairāwhiti by operating and maintaining a reliable roading network that is up to date, in good condition and fit for purpose	Percentage of Requests for Service resolved within target timeframes for the following: Roading Parking in the CBD	85% - Not achieved 98% - Achieved	95% 95%	78% Not achieved <sup>1</sup> 95% Achieved
	Percentage of customers who rate Requests for Service responses as excellent/good for: Roading Parking in the CBD	98% - Achieved 100% - Achieved	95% 95%	94% Not achieved <sup>1</sup> 100% Achieved
	Percentage of residents satisfied with Council roads (excluding state highways) as found in Annual Residents' Satisfaction Survey: Urban residents Rural residents	43% - Not achieved 45% - Not achieved	85% 85%	Urban - 38% Rural - 34% Not achieved <sup>2</sup>
	Percentage of residents satisfied with footpaths as found in Annual Residents' Satisfaction Survey.	58% - Not achieved	85%	54% Not achieved <sup>3</sup>
	Percentage of sealed roads that fit within the recommended industry smoothness counts - according to NAASRA (National Association of Australian State Roading Authorities) guidelines.	Urban 62% Rural 79% Achieved	50% to have NAASRA count of 110 or better	Urban 52% Achieved Rural 72% Achieved
		Urban 20% Rural 9% Achieved	Not more than 20% to exceed NAASRA count of 150	Urban 22% Not achieved Rural 10% Achieved
We contribute to a Safe Tairāwhiti by ensuring the roading network is designed and managed for safe use with low crash and injury rates.	Percentage of residents who feel that riding a bicycle is dangerous as found in Annual Residents' Satisfaction Survey.	31%	Decreasing from baseline set in Year 1	36% (unsafe or very unsafe) Not achieved <sup>4</sup>
	Annual number of roading fatalities.	6	Maintain or decrease	3 Achieved
	Annual number of serious injury crashes.	12	Maintain or decrease	19 Not achieved <sup>5</sup>
	Annual number of pedestrian and cyclist injury accidents.	33 Not achieved	Maintain or decrease	20 Achieved
	Annual total number of registered road crashes.	355 Achieved	Maintain or decrease	320 Achieved
We contribute to a Connected, Healthy and Environmentally Sustainable Tairāwhiti by providing and maintaining affordable and accessible transportation services that balance the needs of all users.	The number of bus passengers per annum.	157,008 Not achieved	1.8% increase per annum	139,474 Not achieved <sup>6</sup>
	Percentage of customers who rate the passenger transport system as excellent/very good.	100% Achieved	80%	Not measured <sup>7</sup>
	The availability of Council carparks within the CBD during business hours.	50% Achieved	5%	Not measured <sup>8</sup>

Level of Service	Performance Measure	Results 2012/13	Targets 2013/14	Results 2013/14
	Number of residents using walking and cycling networks	Walkways 76% Cycleways 37%	Increase from baseline set in Year 1	Not measured <sup>8</sup>

## What was different

- Many of the requests are not requests for service but are becoming more annual plan issues requesting new or major improvements, placing resourcing issues on staff and contractors. Request for Service measures and targets will be reviewed as part of the preparation of Council's next Long Term Plan.
- The results may reflect when the survey is undertaken - in winter when the roads are in their worst state. There has been a lot of expenditure in the rural network in particular forestry roads and fixing flood damaged roads. The urban network has many patch repairs along several main arterial routes which provides a trafficable but rough ride which may contribute to the low results.
- Over the last 2 years, Ultra-Fast Broadband installation and the deterioration of the Central Business District pavers may have contributed to this result.
- Council has recently approved an Active Transport Strategy and is considering further investment in Council's cycling network. Over time the measures undertaken should help to improve cycling safety perceptions.
- Variations in numbers can be expected from one year to another. The Road Safety Action Plan (RSAP) group is targeting it's programmes to the high and medium road safety risks throughout the region. This is aligned with funding contributions made by the New Zealand Transport Agency through the Safer Journey strategy.
- Due to poor patronage, the number of bus routes were reduced and not incorporated into the new bus contract.
- The NZ Transport Agency has changed the format of questions which does not rate excellent and good. The new survey results will be reviewed when performance measures are considered for the Council's next Long Term Plan.
- This work is carried out by students during the summer holidays however due to the water crisis they were unavailable to carry out the project.

## What it cost

	2013/14 Actual	2013/14 AP Budget	2013/14 Variance	2012/13 Actual
<b>Operating Expenditure (\$000)</b>				
Operating Revenue	10,177	9,199	978	10,787
Operating Expenses	25,124	23,563	(1,561)	25,397
<b>Net Cost of Service</b>	<b>14,947</b>	<b>14,364</b>	<b>(583)</b>	<b>14,610</b>
This activity was funded 48% from rates, 7% from fees and charges and 45% from grants and subsidies				
<b>Capital Expenditure</b>				
Capital Projects	11,401	12,711	1,310	10,509
<b>Funded By:</b>				
Grants and Subsidies	6,231	6,764	(533)	5,243
Depreciation or Other Reserves (Renewals)	4,719	5,581	(861)	4,960
Internal Loans	451	366	84	306
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## What was different from the budget

- Operating revenue was \$978k above budget. This is due to an increase in subsidy from NZTA in relation to emergency works completed as part of heavy rain events in 2013.
- Operating expenses were \$1.6m above budget. This relates to emergency works due to heavy rain events. There were additional costs in sealed pavement maintenance of \$1m. The additional costs were offset by savings in other programmes.
- Capital expenditure was \$1.3k below budget. This was primarily a result of timing differences in walking and cycling projects.

## Solid Waste Management



### Why we do it

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

As a result Council's principal objectives for solid waste are:

- Reduced quantity of waste disposed to landfill per head of population.
- Highly effective and efficient waste management and minimisation services – whether or not these are provided by the Council.
- Communities that are well informed about the effects of waste, opportunities they have to reduce waste and take responsibility for their waste.
- Cleaner streets and public places.
- No significant health risks created by waste.

### What we do

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

- Rural and urban kerbside collection
- Rural transfer operations
- Waste minimisation and education
- Recycling initiatives
- Cleaning public places
- Landfill operations and aftercare
- Contract management
- Policy development.

### Collection

The Council provides a kerbside refuse and recycling collection in Gisborne, parts of the Poverty Bay flats and Ruatoria. This is a user-pays service which is paid for by a targeted rate. Households are issued with enough stickers to have a 5kg rubbish bag collected per week; additional stickers can be purchased through retail outlets if needed. Up to two 60 litre recycling crates of mixed recyclables are collected per week in conjunction with the rubbish collection. Ruatoria is rated on a per household basis.

Areas not serviced by a kerbside collection have access to a transfer station. Users of the Transpacific Resource Recovery Centre in Gisborne have to pay a disposal charge for non-recyclable items and green waste. For rural transfer stations, those living within a 15km radius of the transfer stations are rated for the service and receive stickers quarterly to allow a 5kg bag of refuse to be disposed of at the transfer stations per week.

### Disposal

Residual waste collected from the areas south of Tolaga Bay is taken to the Gisborne Resource Recovery Transfer Station under a contractual agreement with Transpacific All Brite who own and operate the facility. Disposal of waste collected at the Gisborne transfer station is the responsibility of Transpacific All Brite and is currently trucked to a landfill outside the district. Residual waste collected from areas north of Tolaga Bay is trucked to the Waipatu Landfill near Ruatoria for disposal.

### Litter Collection and Street Cleaning

A network of 265 litterbins located in public spaces throughout the district is regularly serviced and maintained by contract personnel. Street cleaning services are undertaken in the Gisborne city central business district and commercial areas and other townships.

### Waste Minimisation

Council uses an integrated system of education, incentives and penalties in combination with appropriate facilities to encourage the community to reduce, reuse, recycle and recover as methods to minimise waste. Council runs programmes targeted at either sectors of the community or waste components including school education, the Rethink Environmental Education Centre, an organic waste programme with an education component, subsidies and community outreach, Secondhand Sunday and supporting recycling initiatives.

Day to day management of Council's solid waste activities are carried out by Council's Engineering and Works and Environment and Policy departments.

## This activity contributes to the following community outcomes



Connected  
Tairāwhiti

Environmentally  
Sustainable  
Tairāwhiti

Healthy  
Tairāwhiti

## Our strategic challenges

The strategic challenge areas that this activity contributes to are:

- Performance Culture
- Major Projects
- Financial Sustainability

## Our progress

Level of Service	Performance Measures	Results 2012/13	Targets 2013/14	Results 2013/14
We contribute to a Connected and Environmentally Sustainable Tairāwhiti by providing community recycling facilities and regular kerbside collections to encourage recycling and waste reduction.	Percentage of Requests for Service (RfS) resolved within target timeframes.	85% Not achieved	93%	87% Not achieved <sup>1</sup>
	Percentage of customers who rate RfS responses as excellent/good.	100% Achieved	95%	99% Achieved
	Resident satisfaction with rubbish bag collections as found in the Annual Residents' Satisfaction Survey.	84% Not achieved	87%	74% Not achieved <sup>2</sup>
	Resident satisfaction with Council's recycling collection and facilities as found in the Annual Residents' Satisfaction Survey.	88% Not achieved	90%	83% Not achieved <sup>2</sup>
	Reduction in waste to landfill. Measured in kg per head of population.	275kg Achieved	300kg	283kg Achieved
We contribute to a Healthy Tairāwhiti by providing clean, safe footpaths and litter free public spaces with a network of litter bins.	Percentage of litter on city streets compared to 2011 base level as found in Annual Litter Reduction Survey.	2% increase Not achieved	Decreasing	2% increase Not achieved <sup>3</sup>
	Total waste received as illegal dumping.	32 tonnes	Decreasing	33 tonnes Not achieved <sup>4</sup>

## What was different

1. We are continuing to work with contractors to improve our response times, and completion within target timeframes has trended upward for the last three years.
2. Rural respondents in the Annual Residents Satisfaction Survey are likely to be less satisfied with both the recycling collection and facilities, and the rubbish bag collections, than those respondents living in urban areas, or in the outskirts of town with comments such as - "A drop off point so we don't

- Risk Management
- Business Efficiency
- Customer Needs.

## What we did

- Continued to monitor the rural transfer stations user pays system. The 2013/14 waste to landfill figure is a 45% reduction since the user pays system started.
- Council's three day TV Take Back recycling event received 1,487 televisions which coincided with the digital switchover for the district.
- Composting workshops for residents in the city and surrounds, 424 compost bins distributed.
- A contestable fund was awarded to Pare Kore for Marae recycling and the project began in June 2014.

have to drive all the way in to town. It is 25 kilometres to the tip" and "They don't come to collect our rubbish. We have to take ours as we are out of the area".

3. The result has not decreased from previous year as targeted but this is not significant as there are a lot of factors like rain, wind, areas cleaned prior to



surveys etc. The fact that the litter has not increased is positive.

4. The 1 tonne difference is not seen as significant. The target in the Long Term Plan is no greater than 40 tonnes per annum.

## What it cost

	2013/14 Actual	2013/14 AP Budget	2013/14 Variance	2012/13 Actual
<b>Operating Expenditure (\$000)</b>				
Operating Revenue	179	149	30	309
Operating Expenses	3,995	4,199	204	4,117
<b>Net Cost of Service</b>	<b>3,816</b>	<b>4,050</b>	<b>234</b>	<b>3,809</b>

This activity was funded 93% from rates and 7% from fees and charges

## What was different from the budget

1. Operating revenue was \$30k above budget. This was a result of impairment on rates bad debts.
2. Operating expenses were \$204k below budget. This was a result of lower than anticipated waste minimisation costs \$75k, landfill aftercare \$37k, and transfer station costs \$355k. These savings were offset by an increase in general operating costs.

Urban Stormwater Services



Why we do it

To protect people, dwellings, private property and public areas from flooding by removing stormwater. To discharge stormwater and collect contaminants in a manner that protects the environment and public health.

What we do

Stormwater can be described as rain that runs off hard surfaces such as roofs, paved streets, driveways and roads. Council owns and operates the public stormwater systems for Gisborne city including Wainui and Okitu, and urban areas in the following rural communities:

- Hicks Bay
- Tikitiki
- Ruatoria
- Tolaga Bay
- Matawai
- Te Karaka
- Tokomaru Bay
- Te Puia Springs
- Te Araroa
- Whatatutu
- Manutuke
- Patutahi

Stormwater systems carry away surface water runoff from rain events, protecting properties from the impacts of flooding. The environment and public health are also provided a level of protection, such as reducing the level of pollutants discharged in natural waterways. This is achieved through:

- The primary stormwater system, which consists of pipes, drains, swales, sumps and channels.
- The secondary stormwater system, which comes into play during significant heavy rain events. This consists of stormwater flow paths through reserves, private properties and along road corridors.
- Reducing the level of pollutants discharged into natural waterways. This is via a range of measures including swale drains, green infrastructure, gross pollutant traps and education.

The key components of the stormwater system are the provision of cesspits, open drains and piped reticulation

into drainage courses/streams and eventually into rivers and/or the sea.

This activity contributes to the following community outcomes



Connected  
Tairāwhiti



Environmentally  
Sustainable  
Tairāwhiti



Healthy  
Tairāwhiti



Prosperous  
Tairāwhiti



Safe  
Tairāwhiti

Our strategic challenges

The strategic challenge areas that this activity contributes to are:

- Performance Culture
- Major Projects
- Financial Sustainability
- Risk Management
- Business Efficiency
- Customer Needs.

What we did

- Upgraded culverts and improved the open drainage system between School Road and Mangahauini Street in Tokomaru Bay.
- Upgraded culverts and improved the drainage system along the main highway 'crossroads' intersection near the Te Araroa township.
- Completed pipe renewals and upsized stormwater reticulation along Whitaker Street between Domett and Fox Streets in Gisborne city.
- Completed condition assessments of old pipes along Rutene Road as well as other areas within Gisborne city.
- The sanitary assessment work was not undertaken as planned. However this project has been reprioritised and has been fed into the next Long Term Plan for completion.

## Our progress

Level of Service	Performance Measures	Results 2012/13	Targets 2013/14	Results 2013/14
We contribute to a Healthy, Prosperous, Safe Connected and Environmentally Sustainable Tairāwhiti by providing high quality infrastructure and by ensuring a healthy community through the removal of stormwater and contaminants to protect dwellings, the environment and people.	Number of Requests for Service regarding blockages.	37 Achieved	<65	63 Achieved
	The percentage of blockage Requests for Service resolved within target timeframes ranging from 1 day for emergency work to 480 days for 2 year scheduled work.	77% Not achieved	86%	87% Achieved
	Number of Requests for Service regarding emergency repairs.	11 Achieved	<45	17 Achieved
	The percentage of emergency repair Requests for Service resolved within target timeframes ranging from 1 day for emergency flooding work to 5 days for emergency covers/grates collapses.	64% Not achieved	90%	82% Not Achieved <sup>1</sup>
	Percentage of customers who rate Request for Service responses as excellent / good.	99% Achieved	92%	100% Achieved
	Percentage of residents satisfied with the district's urban stormwater services as found in Annual Residents' Satisfaction Survey.	60% Not achieved	61%	46% <sup>2</sup> 62% <sup>3</sup> Not Achieved
	Number of residential buildings flooded during the year. (This includes habitable parts of residential buildings only).	0 Achieved	<5	0 Achieved
	A 24/7 call out service is available for reporting stormwater problems.	100% Achieved	100%	100%
	All consents are processed in accordance with the Engineering and Works Code of Practice.	Achieved	Achieved	Achieved

## What was different

- Although there had been a significant improvement from last year we still fell short of the target. There have been some resourcing issues with our maintenance contractor that require improvement.
- Satisfaction rating including "Don't know" responses.
- Satisfaction rating excluding "Don't know" responses.

## What it cost

	2013/14 Actual	2013/14 AP Budget	2013/14 Variance	2012/13 Actual
<b>Operating Expenditure (\$000)</b>				
Operating Revenue	(25)	0	(25)	0
Operating Expenses	1,957	2,726	769	2,283
<b>Net Cost of Service</b>	<b>1,982</b>	<b>2,726</b>	<b>744</b>	<b>2,283</b>
This activity was funded 100% from rates				
<b>Capital Expenditure</b>				
Capital Projects	543	578	35	711
<b>Funded By:</b>				
Other Capital Revenue	0	0	0	0
Depreciation or Other Reserves (Renewals)	515	578	(63)	711
Internal Loans	28	0	28	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## What was different from budget

1. Operating revenue was \$25k below budget. This was a result of impairment on rates bad debts.
  2. Operating expenses were \$769k lower than budget. The main areas of reduced expenditure were investigation costs of \$323k, repairs and maintenance of \$250k, and special projects of \$60k.
  3. Capital expenditure was \$35k below budget and relates to stormwater renewals.
-



## Wastewater



### Why we do it

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

### What we do

The operation and maintenance of wastewater networks, including treatment and disposal, for Gisborne city (including the western industrial area) and Te Karaka.

The operation and maintenance of septage disposal sites at Te Araroa, Tikitiki, Ruatoria (Waiapu) and Te Puia Springs.

### Key Components

- The collection and conveyance of wastewater from its sources (commercial, industrial and domestic residences) in Gisborne and Te Karaka to its point of treatment.
- Treatment and disposal of sewage for commercial and domestic users for Gisborne and Te Karaka.
- Provision of septage disposal points and treatment for some others.

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.

Factor	Gisborne City	Te Karaka	Total
Population Served by the Wastewater activity	31,660	570	32,230
Number of Connections (approx)	14,245	166	14,411
Length of Reticulation (km) (including Industrial system)	220	6	226
Number of Manholes (including Industrial system)	2,718	76	2,778
Number of Pumping Stations (including Industrial system)	39	5	44
Value (DRC) \$,000	80,325	1,333	81,569
Approximate Discharge Volumes (Average per day) m <sup>3</sup> /day (including Industrial system)	13,000	140	13,140
Treatment Method	Biological Tricking Filter	Oxidation Ponds	
Discharge	Plant Poverty Bay via marine outfall	Waipaoa River	

### Non-Reticulated Areas

The remainder of communities in the Gisborne district are served by non-Council administered private septic tank systems. The Wastewater activity does not include the administration and monitoring of the onsite wastewater systems.

Council has facilities for the disposal of septage from private septic tank systems at the Gisborne Wastewater Treatment Plant and Te Karaka Oxidation Pond. In addition to this there are dedicated sites for the disposal of septage located at the following communities:

- Te Puia Springs
- Tikitiki
- Ruatoria (at the Waiapu landfill)
- Te Araroa.

### This activity contributes to the following community outcomes



Connected  
Tairāwhiti



Environmentally  
Sustainable  
Tairāwhiti



Healthy  
Tairāwhiti



Prosperous  
Tairāwhiti



Safe  
Tairāwhiti

## Our strategic challenges

The strategic challenge areas that this activity contributes to are:

- Natural Resource Use
- Financial Sustainability
- Business Efficiency
- Customer Needs.

## What we did

- Completed wastewater pipeline renewals in Waverley Street, Palmerston Road, Kahutia Street, Ormond Road and Adair Street.
- Started the planning phase for pipeline upgrades to reduce wastewater discharges to rivers.
- Upgraded pump stations in Gisborne and Te Karaka.

- The Wastewater Activity Management Plan was substantially completed during 2013/14, with a draft to support the LTP 2015-2025 completed in August.
- The wastewater renewals programme has been based on criticality analysis and condition assessments of assets, a methodology was developed with OPUS consultants and will be the basis for all future renewals.
- Undertook condition assessments of wastewater assets, including gravity pipes by CCTV and rising mains by taking pipe samples.
- Deferred the review of the district's Water and Sanitary Assessment on the basis that environmental and health indicators have not changed. Council provides some health support through the provision of septage sites and review of the operation of the septage disposal sites has been completed.

## Our progress

Level of Service	Performance Measures	Results 2012/13	Targets 2013/14	Results 2013/14
We contribute to a Healthy, Safe, Prosperous, Environmentally Sustainable and Connected Tairāwhiti through the provision of a well managed wastewater reticulation system which protects public health and the physical environment.*	Number of Requests for Service regarding odours.	20 Not achieved	<15	13 Achieved
	The percentage of odour requests resolved within target timeframes.	70% Not achieved	91%	100% Achieved
	Number of Requests for Service regarding blockages.	94 Achieved	<95	106 Not achieved <sup>1</sup>
	The percentage of blockage requests resolved within target timeframes.	87% Not achieved	91%	94% Achieved
	Percentage of customers who rate Request for Service responses as excellent/good.	100% Achieved	91%	98% Achieved
	Percentage of residents satisfied with the Gisborne district's sewerage system as found in Annual Resident's Satisfaction Survey.	71% Achieved	60%	45% Not achieved <sup>2</sup>
	Percentage of samples that are compliant with outfall waste consent conditions for suspended solids (measured in accordance with consent requirements).	100% Achieved	95%	91% Not achieved <sup>3</sup>
	The annual number of events where sewerage is discharged from Council's reticulation into rivers or streams (based on a 1 in 10 year event).	3 Achieved	No more than 4	4 Achieved

\*This level of service applies only to Gisborne city. There are no performance measures specific to Te Karaka or the septage sites. These will be developed over the next three years and will be included in the 2015-2025 Ten Year Plan.

## What was different

1. During 2013/14, Gisborne had 4 significant rain events which forced Council to open wastewater valves and release diluted wastewater into the city's rivers. Opening the valves reduces wastewater overflowing onto land. During one event, there was a delay opening the wastewater overflow valves; this led to an increased number of complaints. Council is working with its maintenance contractor to provide solutions to those complaints so they don't happen again during a rain event.
2. The decrease in satisfaction level was mainly due to the public's concern with wastewater being discharged into streams and rivers during heavy rain events. Council has funded a 10 year programme to reduce the amount of overflows occurring.
3. The two non-compliant Resource Consent conditions for Suspended Solids and Total Oil and Grease is due to the Cedenco industrial trade waste which is discharged to the separate industrial wastewater network. This resulted in a reduced percentage of samples compliant with the outfall waste consent conditions. The samples from domestic component of the wastewater were 100% compliant. Council has entered into discussions with Cedenco to ensure compliance prior to their next production season starting November.

## What was different from budget

1. Operating revenue was \$430k below budget. This is a result of grant income not being received of \$140k and lower than anticipated trade waste income of 270k. The remainder is due to impairment of rates bad debts.
2. Operating expenses were \$980k lower than budget. This was a result of delays to operational projects of \$304k and lower than anticipated debt and financing costs of \$436k, and repairs and maintenance costs of \$363k. These savings were offset by increases in operational costs.

## What it cost

	2013/14 Actual	2013/14 AP Budget	2013/14 Variance	2012/13 Actual
<b>Operating Expenditure (\$000)</b>				
Operating Revenue	127	557	(430)	312
Operating Expenses	6,419	7,399	980	6,596
<b>Net Cost of Service</b>	<b>6,292</b>	<b>6,842</b>	<b>550</b>	<b>6,284</b>

This activity was funded 98% from rates and 2% from fees and charges

### Capital Expenditure

Capital Projects	1,888	1,913	25	2,659
<b>Funded By:</b>				
Other Capital Revenue	0	0	0	15
Depreciation or Other Reserves (Renewals)	550	1,773	(1,223)	1,740
Internal Loans	1,338	140	1,198	904
Asset Sales	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Water Supply



### Why we do it

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

Key components:

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

### What we do

The following communities are reticulated by Council administered supplies:

- Gisborne city, including parts of Manutuke and Makaraka
- Te Karaka
- Whatatutu.

For these areas, Council owns and maintains the whole water supply network which covers:

- Collection of raw water.
- Treatment of raw water to produce suitable quality and quantities of drinking water.
- Distribution of treated water to the point of supply to the customer, where it consistently meets appropriate flow, pressure and quality standards. This includes water required for the city's emergency fire-fighting services.

The following area communities are reticulated by non-Council administered supplies:

- Te Puia Springs.

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

### Gisborne City Water Supply

The Council maintains and/or owns the Gisborne water supply from its source supply, via water treatment infrastructure to the water reticulation network, including the connections from the street mains to all serviced property boundaries.

At commercial metered connections Council owns the water meter and backflow preventer and charges for actual water used.

The Gisborne city system provides water to communities adjacent to the Waingake bulk water main, which includes the communities of Manutuke. Parts of the Poverty Bay flats adjacent to the Waipaoa bulk water main are also supplied.

The water quality grading of Gisborne's potable water supply is continuously being reviewed by the Ministry of Health in accordance with the NZ Drinking Water Standards.

### Te Karaka Water Supply

Te Karaka Water Treatment Station is located on the township side of the Waipaoa River stop bank and provides a water supply that is supplementary to the rainwater collected by each individual consumer during extended dry periods. This system was installed in December 1982 and will be upgraded in 2013 with funding from the Ministry of Health. The upgrades will ensure compliance with the New Zealand Drinking Water Standards.

### Whatatutu Water Supply

The Whatatutu Water Treatment Station is located adjacent to the Mangatu River and provides a water supply that is supplementary to the rainwater collected by each individual consumer during extended dry periods. Installation took place in 1979. Council will apply for a Ministry of Health Capital Assistance Programme grant in 2013 to help fund planned Treatment Station upgrades.

### This activity contributes to the following community outcomes





Connected Tairāwhiti	Environmentally Sustainable Tairāwhiti	Healthy Tairāwhiti	Prosperous Tairāwhiti
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Our strategic challenges

The strategic challenge areas that this activity contributes to are:

- Natural Resource Use
- Financial Sustainability
- Business Efficiency
- Customer Needs.

What we did

- Completed the Te Karaka Water Treatment Plant upgrade in April 2014, with a \$388k capital assistance grant from Ministry of Health (MoH).

- Continued asbestos cement water pipeline renewal work in Mangapapa was completed in April 2014. Upgrades took place in Gordon Street, Ayton Street, parts of Argyll Street and parts of Valley Road.
- Ongoing above ground repairs of the raw water trunk mains and bridges to the Waingake Treatment Plant.
- Replaced old water meters, which were at risk for giving false readings at the end of their economic life.
- A significant pipe break occurred on the raw water trunk main between the Waingake Treatment Plant and the Mangapoike Dams due to land movement. The pipe break meant that the backup Waipaoa Treatment Plant needed to be brought into operation while two weeks of repairs to the break and testing were carried out.

## Our progress

Level of Service	Performance Measure	Results 2012/13	Targets 2013/14	Results 2013/14
We contribute to a Healthy, Prosperous, Environmentally Sustainable and Connected Tairāwhiti by providing water supply infrastructure that meets the needs of our community now and into the future by delivering safe, clean water in a sustainable manner.	Number of complaints per annum regarding water quality.	5 Achieved	<15	11 Achieved
	Compliance with NZ Drinking Water Standards (excluding P2 determinants until Capital Assistance Programme funding is decided). Gisborne city Te Karaka Whatatutu	Achieved Not Achieved Not Achieved	Achieved Achieved Achieved	Achieved Not Achieved <sup>1</sup> Not Achieved <sup>2</sup>
	Number of public advisory notices issued to boil water.	0 Achieved	0	0 Achieved
	Number of Requests for Service regarding water leaks.	103 Not achieved	85	80 Achieved
	The percentage of water leak Requests for Service resolved within target timeframes.	75% Not achieved	84%	89% Achieved
	Number of events regarding no water/ or low pressure (less than 300 kilopascals).	44 Achieved	50	15 Achieved
	Percentage of residents satisfied with the water supply system as found in the Annual Residents Satisfaction Survey.	83% Achieved	75% - 82%	67% (ldk) 80% (edk) Not Achieved <sup>3</sup>
	Water provided continuously and without restriction in compliance with the maintenance contract for up to a 50-year drought in the Gisborne region.	Achieved	Achieved	Achieved

## What was different

- Te Karaka water was found to have not complied with the protozoa requirements as the plant lacks appropriate treatment units until the Te Karaka treatment upgrades were completed in May 2014. An enhanced coagulation and filtration process as well as UV disinfection means that compliance with NZ Drinking Water Standards should be achieved in 2014-15 compliance year.
- Whatatutu water was found to have not complied with the protozoa requirements, as the plant lacks appropriate treatment units. Protozoan compliance can only be achieved through extensive improvements to the water treatment process. Council is liaising with the Ministry of Health over a capital assistance grant in order to achieve compliance with the drinking water standards.
- The Annual Residents Satisfaction Survey result of 67% of residents being satisfied with the water supply system we believe was affected by the water crisis, which required imposing water restrictions. While there was a decrease in satisfaction, there was a 9% increase in "Don't know"

responses and only a 5% increase in dissatisfied/very dissatisfied residents.

## What it cost

	2013/14 Actual	2013/14 AP Budget	2013/14 Variance	2012/13 Actual
<b>Operating Expenditure (\$000)</b>				
Operating Revenue	2,101	2,156	(55)	2,193
Operating Expenses	5,061	5,246	185	4,929
<b>Net Cost of Service</b>	<b>2,960</b>	<b>3,090</b>	<b>130</b>	<b>2,736</b>
This activity was funded 53% from rates and 47% from fees and charges				
<b>Capital Expenditure</b>				
Capital Projects	697	860	162	2,049
<b>Funded By:</b>				
Grants and Subsidies	44	0	44	0
Depreciation or Other Reserves (Renewals)	393	734	(340)	1,084
Internal Loans	260	126	134	965
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**What was different from the budget**

1. Operating revenue was \$55k below budget. This was due to impairment of rates bad debts.
  2. Operational expenses were \$185k below budget. This was a result of savings in chemicals of \$75k and insurance savings of \$60k.
  3. Capital expenditure was \$162k below budget and relates to water renewals projects.
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# Our Finances

Financial Statements

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Funding Impact Statement



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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 2014 fairly reflect the financial position, results of operations and service performance achievements of the Gisborne District Council.



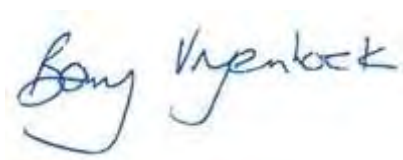
Meng Foon

**Mayor**



Judy Campbell

**Chief Executive**



Barry Vryenboek

**Chief Financial and Information Officer**

## Statement of Comprehensive Income for the year ended 30 June 2014

101

Council 2012/13 Actual \$000s	Group 2012/13 Actual \$000s		Note	Council 2013/14 AP \$000s	Council 2013/14 Actual \$000s	Group 2013/14 Actual \$000s
<b>Income</b>						
49,314	49,206	Revenue from Rates	3	50,302	50,593	50,493
15,468	15,471	Revenue from Grants and Subsidies	4	23,448	16,171	16,351
14,078	19,836	Revenue from Operating Activities	5	14,381	14,562	19,679
1,855	(940)	Other Gains/(Losses)	6	12	148	2,994
<b>80,715</b>	<b>83,573</b>	<b>Total Operating Income</b>		<b>88,143</b>	<b>81,474</b>	<b>89,517</b>
<b>Operating Expenditure</b>						
14,668	15,473	Employee Benefit Expenses	8	14,591	15,797	16,716
18,517	18,869	Depreciation and Amortisation	9	19,605	19,041	19,406
41,485	43,928	Expenditure on Operating Activities	10	42,029	40,943	43,999
1,998	2,154	Finance Costs	11	2,466	2,105	2,251
<b>76,668</b>	<b>80,424</b>	<b>Total Operating Expenditure</b>		<b>78,691</b>	<b>77,886</b>	<b>82,372</b>
600	0	Subvention Income from GHL	12	0	1,032	0
<b>4,647</b>	<b>3,149</b>	<b>Net Surplus/(Deficit) Before Taxation</b>		<b>9,452</b>	<b>4,620</b>	<b>7,145</b>
0	227	Income Tax Expense / (Benefit)	12	0	(126)	(940)
<b>4,647</b>	<b>2,922</b>	<b>Net Surplus/(Deficit) After Taxation</b>		<b>9,452</b>	<b>4,746</b>	<b>8,085</b>
<b>Other Comprehensive Income</b>						
17,069	17,865	Gains/(Loss) on Property Revaluations	27	634	49,546	52,296
0	0	Net Fair Value Gain/(Loss) on available-for-sale Financial Assets		0	0	0
0	0	Deferred Tax on Building Revaluations		0	(126)	(527)
<b>17,069</b>	<b>17,865</b>	<b>Total Other Comprehensive Income</b>		<b>634</b>	<b>49,420</b>	<b>51,769</b>
<b>21,716</b>	<b>20,787</b>	<b>Total Comprehensive Income</b>		<b>10,086</b>	<b>54,166</b>	<b>59,854</b>

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

## Balanced Budget Statement of Financial Performance for the year ended 30 June 2014

Council 2012/13 Actual \$000s		Council 2013/14 AP \$000s	Council 2013/14 Actual \$000s
80,715	Operating Income	88,143	81,474
76,668	Operating Expenditure	78,691	77,886
600	Subvention Payment	0	1,032
0	Income Tax Expense/(Benefit)	0	(126)
<b>4,647</b>	<b>Net Operating Surplus/(Deficit) After Taxation</b>	<b>9,452</b>	<b>4,746</b>
	<b>Less</b>		
422	Capital Rates Income	449	449
5,698	Capital Grants and Subsidies	15,203	6,823
359	Other Capital Grants, Donations and Contributions	814	1,094
1,828	Operations funded by Reserve funds	(186)	231
	<b>Plus</b>		
6,907	Depreciation not Funded	6,708	6,945
(3,247)	(Decrease)/Increase in Council deficit	120	(3,094)
<b>0</b>	<b>Balanced Budget - Operating income agrees to operating expenditure</b>	<b>0</b>	<b>0</b>

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 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).



## Statement of Financial Position as at 30 June 2014

Council 2012/13 Actual \$000s	Group 2012/13 Actual \$000s		Note	Council 2013/14 AP \$000s	Council 2013/14 Actual \$000s	Group 2013/14 Actual \$000s
<b>CURRENT ASSETS</b>						
171	1,359	Cash and Cash Equivalents	13	1,858	4,589	5,534
8,769	8,397	Trade and Other Receivables	14	7,550	10,664	10,024
136	168	Inventories	15	146	184	308
1,272	1,272	Investments	16	12	1,272	1,272
687	687	Non-current Assets Held for Sale	18	908	50	50
<b>11,035</b>	<b>11,883</b>	<b>Total Current Assets</b>		<b>10,474</b>	<b>16,759</b>	<b>17,188</b>
<b>CURRENT LIABILITIES</b>						
371	371	Deposits Held	19	0	380	380
12,780	13,057	Trade and Other Payables	20	17,172	14,042	14,631
2,434	2,532	Employee Benefit Liabilities	21	2,854	2,553	2,661
10,984	10,984	Borrowings	22	0	14,032	14,032
78	78	Provision for Other Liabilities	23	0	78	78
1,035	1,082	Derivative Financial Instruments	29A	0	489	504
<b>27,682</b>	<b>28,104</b>	<b>Total Current Liabilities</b>		<b>20,026</b>	<b>31,574</b>	<b>32,286</b>
<b>(16,647)</b>	<b>(16,221)</b>	<b>Net Working Capital</b>		<b>(9,552)</b>	<b>(14,815)</b>	<b>(15,098)</b>
<b>NON-CURRENT ASSETS</b>						
1,873,032	1,904,174	Property Plant and Equipment	24	1,872,856	1,924,553	1,958,457
988	1,248	Intangible Assets	25	1,998	1,668	1,743
1,936	15,700	Biological Assets	26	1,788	2,185	19,337
20,478	549	Investments	16	20,407	20,560	631
<b>1,896,434</b>	<b>1,921,671</b>	<b>Total Non-Current Assets</b>		<b>1,897,049</b>	<b>1,948,966</b>	<b>1,980,168</b>

Council 2012/13 Actual \$000s	Group 2012/13 Actual \$000s		Note	Council 2013/14 AP \$000s	Council 2013/14 Actual \$000s	Group 2013/14 Actual \$000s
<b>NON-CURRENT LIABILITIES</b>						
14,032	15,765	Borrowings	22	35,385	15,000	16,733
265	265	Employee Benefit Liabilities	21	317	255	255
1,564	1,564	Provision for Other Liabilities	23	1,250	1,528	1,528
0	2,500	Deferred Tax Liability	12	0	0	2,087
1,860	1,878	Derivative Financial Instruments	29A	0	1,136	1,136
<b>17,721</b>	<b>21,972</b>	<b>Total Non-Current Liabilities</b>		<b>36,952</b>	<b>17,919</b>	<b>21,739</b>
<b>1,862,066</b>	<b>1,883,478</b>	<b>Net Funds Employed</b>		<b>1,850,545</b>	<b>1,916,232</b>	<b>1,943,331</b>
<b>EQUITY</b>						
399,689	391,301	Accumulated Surplus	27	405,053	401,199	396,150
32,645	32,645	Special Funds	27	30,315	35,888	35,888
1,429,732	1,459,532	Revaluation Reserves	27	1,415,177	1,479,145	1,511,294
<b>1,862,066</b>	<b>1,883,478</b>	<b>Total Equity</b>		<b>1,850,545</b>	<b>1,916,232</b>	<b>1,943,332</b>

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

Authorised for and on behalf of Gisborne District Council on 30 October 2014.



Meng Foon  
Mayor



Judy Campbell  
Chief Executive

## Statement of Changes in Equity for the year ended 30 June 2014

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Council 2012/13 Actual \$000s	Group 2012/13 Actual \$000s		Note	Council 2013/14 AP \$000s	Council 2013/14 Actual \$000s	Group 2013/14 Actual \$000s
<b>EQUITY OPENING BALANCES</b>						
395,016	388,353	Accumulated Funds and Retained Earnings		393,125	399,689	391,301
31,491	31,491	Special Funds and Reserves		32,791	32,645	32,645
1,413,837	1,442,841	Revaluation Reserves		1,414,543	1,429,732	1,459,532
<b>1,840,344</b>	<b>1,862,685</b>	<b>Total Equity Opening Balance</b>		<b>1,840,459</b>	<b>1,862,066</b>	<b>1,883,478</b>
<b>CHANGES IN EQUITY</b>						
<b>Accumulated Surplus (Retained Earnings)</b>						
(1,154)	(1,154)	Transfer (to)/from Special Funds and Reserves		2,476	(3,236)	(3,243)
6	6	Transfer to Restricted Funds Liability movement		0	0	0
21,716	20,787	Total Comprehensive Income		10,086	54,166	59,854
<b>Special Funds and Reserves</b>						
1,154	1,154	Transfer (to)/from Retained Earnings		(2,476)	3,236	3,243
<b>21,722</b>	<b>20,793</b>	<b>Total Changes in Equity</b>		<b>10,086</b>	<b>54,166</b>	<b>59,854</b>
<b>EQUITY CLOSING BALANCES</b>						
399,689	391,301	Accumulated Funds and Retained Earnings		405,053	401,199	396,150
32,645	32,645	Special Funds and Reserves		30,315	35,888	35,888
1,429,732	1,459,532	Revaluation Reserves	27	1,415,177	1,479,145	1,511,294
<b>1,862,066</b>	<b>1,883,478</b>	<b>Total Equity Closing Balance</b>		<b>1,850,545</b>	<b>1,916,232</b>	<b>1,943,332</b>
<b>Attributable to:</b>						
<b>1,862,066</b>	<b>1,883,478</b>	<b>Gisborne District Council</b>		<b>1,850,545</b>	<b>1,916,232</b>	<b>1,943,332</b>

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

## Statement of Cash Flow for the year ended 30 June 2014

Council 2012/13 Actual \$000s	Group 2012/13 Actual \$000s		Note	Council 2013/14 AP \$000s	Council 2013/14 Actual \$000s	Group 2013/14 Actual \$000s
<b>Cash Flow from Operating Activities</b>						
46,941	46,833	Receipts from Rates		48,839	49,734	49,645
16,831	22,690	Receipts from Activities		13,217	12,134	17,000
14,812	14,815	Receipts from Government Grants and Subsidies		23,448	16,114	16,294
71	84	Interest received		14	97	124
0	1	Dividends received		940	0	0
2,017	0	Subvention payment received		0	900	0
(53,588)	(57,084)	Payments to Suppliers and Employees		(55,022)	(54,224)	(58,221)
(1,028)	(1,028)	Grants paid		0	(734)	(734)
(710)	(737)	Net GST paid		0	(735)	(726)
(2,022)	(2,178)	Interest paid		(2,466)	(2,147)	(2,293)
<b>23,324</b>	<b>23,396</b>	<b>Net Cash Flows Operating Activities</b>	<b>28</b>	<b>28,970</b>	<b>21,139</b>	<b>21,089</b>
2,179	2,199	Sale of Property Plant and Equipment		12	811	868
0	156	Sale of Carbon Credits		0	0	511
1,268	1,268	Sale of Investments		1,267	1,272	1,272
(20,407)	(20,475)	Purchase of Property Plant and Equipment		(35,049)	(20,238)	(20,580)
(160)	(160)	Purchase of Intangible Assets		0	(1,222)	(1,222)
(1,454)	(1,454)	Purchase of Investments		0	(1,359)	(1,359)
0	0	Purchase of Carbon Credits		0	0	(97)
0	(240)	Forestry expenditure		0	0	(322)
<b>(18,574)</b>	<b>(18,706)</b>	<b>Net Cash from Investing Activities</b>		<b>(33,770)</b>	<b>(20,736)</b>	<b>(20,929)</b>
<b>Cash Flow from Financing Activities</b>						
(5,834)	(5,834)	Increase/(Decrease)in Borrowings		4,800	4,015	4,015
<b>(5,834)</b>	<b>(5,834)</b>	<b>Net Cash Flow from Financing Activities</b>		<b>4,800</b>	<b>4,015</b>	<b>4,015</b>
(1,084)	(1,144)	<b>Net Increase/(decrease) in Cash</b>		0	4,418	4,175
1,255	2,503	Cash at beginning of the year		1,858	171	1,359
<b>171</b>	<b>1,359</b>	<b>Cash and Cash Equivalents at Year End</b>		<b>1,858</b>	<b>4,589</b>	<b>5,534</b>

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 CCO comprises Gisborne Holdings Ltd and its subsidiaries: Tauwhareparaë Farms Ltd and Tauwhareparaë Forests Ltd.

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

	Dividends 2014 \$000s	Dividends 2013 \$000s	Subvention 2014 \$000s	Subvention 2013 \$000s
Gisborne Holdings Ltd	0	0	1,032	600

### Total Cost

The provision of financial assistance by the Gisborne District Council to this organisation and the related companies Tauwhareparaë Farms Ltd and Tauwhareparaë Forests Ltd is by way of share capital. Council also incurred a \$0.9m interest cost to finance its investment in Gisborne Holdings Ltd.

### 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 CCOs. 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. CCO financial statements and performance targets and other measures are audited annually by an independent auditor.

### Achievements

After making a tax deductible subvention payment of \$1.03m to the Council, Gisborne Holdings Ltd reported a net profit after tax of \$1.98m for the year. The total income for the year included an increase in the value of land and buildings of \$2.7m. Net assets increased \$4.3m from \$41.6m to \$45.9m.

## Notes to the Financial Statements

### Note 1 : Statement of Accounting Policies

#### Reporting Entity

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

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

The primary objective of Council is to provide goods or services for the community or social benefit rather than making a financial return. Accordingly, Council has designated itself and the Group as Public Benefit Entities ("PBE") for the purposes of New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS").

The financial statements of the Group are for the year ended 30 June 2014. The financial statements were authorised for issue by Council on 30 October 2014.

#### 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 NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

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

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

The Council and Group have not adopted any new or revised accounting standards during the financial year. No standards, amendments, or interpretations issued but not yet effective have been early adopted by the Council and Group.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Council is classified as a Tier 1 reporting entity and it will be required to apply full Public Benefit Entity Accounting Standards (PAS).

These standards have been developed by the XRB based on current International Public Sector Accounting Standards. The effective date for the new standards for public sector entities is for reporting periods beginning on or after 1 July 2014. The Council will transition to the new standards in preparing its 30 June 2015 financial statements.

The Council has completed an initial assessment of the implications of the new Accounting Standards Framework. As the new framework is based off the existing NZ IFRS framework it is not expected to have a significant impact on the Council and Group financial statements. The likely areas of impact are as follows -

- Gains reported under other income will now be reported as part of revenue.
- A registered valuer will no longer be required when revaluing property, plant and equipment.
- The definition of Key Management Personnel and Key Management Personnel remuneration has been widened which will potentially capture more employees.
- The treatment of revenue from non-exchange transactions is covered under a specific standard. There was previously no equivalent standard under NZ IFRS. The new standard may lead to earlier recognition of some non-exchange revenue, and the recognition of fewer liabilities in respect of transferred assets.
- Impairment of non cash generating assets is specifically addressed with minimum indicators of impairment. Assets not previously assessed as being impaired now may be impaired.
- Service concession arrangements for the grantor are now covered under a specific standard. There was previously no equivalent standard under NZ IFRS.

Any impact of these changes on the financial statements of the Council and Group is yet to be quantified.

Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities until the new Accounting Standard Framework is effective after 1 July 2014. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

## Specific Accounting Policies

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

## Basis of Consolidation

### Subsidiaries

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

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

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

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

## Revenue Recognition

Revenue is measured at the fair value of consideration received. The following specific recognition criteria must be met before revenue is recognised:

### Rates Revenue

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

### Government Grants and Subsidies

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

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

### Other Revenue

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

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

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

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

### Borrowing Costs

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

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

### Grant Expenditure

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

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

### Income Tax

Income tax expense in relation to the surplus or deficit for the period comprises current tax and deferred tax.

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

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

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

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

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

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

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

### Leases

#### Finance Leases

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

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

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

#### Operating Leases

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

## Trade and Other Receivables

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

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

## Inventories

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

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

## Financial Assets

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

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

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

Financial assets and liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through the Statement of Comprehensive Income in which case the transaction costs are recognised in the Statement of Comprehensive Income.

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

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

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

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

## Derecognition of Financial Assets

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

The Group presently has the following categories of financial assets:

### a. Loans and Receivables

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

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

### b. Available-for-Sale Financial Assets

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

The Group's investments in equity securities are classified as available for sale and are stated at fair value. Gains and losses are recognised directly in equity except for impairment losses, which are recognised in the Statement of Comprehensive Income.

In the event of impairment any cumulative losses previously recognised in equity will be removed and recognised in the Statement of Comprehensive Income even though the asset has not been derecognised.

## Impairment of Financial Assets

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



### Accounting for Derivative Financial Instruments and Hedging Activities

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

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

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

### Non-Current Assets Held for Sale

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

Any impairment losses for write-downs of assets held for sale are recognised in the Statement of Comprehensive Income.

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

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

### Property, Plant and Equipment

Property, Plant and Equipment consists of:

#### Operational Assets

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

#### Infrastructural Assets

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

### Biological Assets

#### Livestock

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

#### Forestry Assets

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

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

### Intangible Assets

Intangible assets predominately comprise computer software and carbon credits.

#### Software Acquisition and Development

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

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

#### Amortisation

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

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

- Computer software 6 years

## Emissions Trading Scheme

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

Tauwhareparae Farms Ltd (TFL), a subsidiary of Gisborne Holdings Limited (GHL) has voluntarily entered the New Zealand Emissions Trading Scheme (ETS) in respect of 1,181.6 hectares of forest land located in the Tauwhareparae area. This entitles TFL to receive emission units (units) for carbon stored in the specified area from a 1 January 2008 baseline.

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

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

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

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

At balance date, no units had been issued to the Council and no units have been recognised in the Statement of Financial Position.

## Property, Plant and Equipment Valuation

The Group has elected to use the Public Benefit Entities exemption which permits it to revalue property, plant and equipment on an asset class basis. The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the Statement of Comprehensive Income.

Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the Statement of Comprehensive Income will be recognised first in the Statement of Comprehensive Income up to the amount

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

## Additions

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

## Disposals

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

## Subsequent Costs

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

## Operational Assets Valuations

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

### Operational Land

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

### Operational Buildings

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

### Library Books - General Collections

All new and replacement books are capitalised in the year they are purchased and subsequently depreciated based on useful lives. The valuations are performed by the Head Librarian and are not subject to independent review because there are readily available market prices to determine fair value.

### Library Books – Permanent Collection

The permanent collection is carried at deemed cost.

## Infrastructure Assets Valuations

### Infrastructural Assets

Infrastructural Assets are initially recorded at depreciated replacement cost. Infrastructure assets other than roading are independently valued every 3 years at depreciated replacement costs, unless conditions indicate that carrying value is materially different to fair value, in which case assets are revalued more frequently.

### 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
<b>Stormwater Systems</b>	
*Pipes	62 – 100 years
*In-drain structures	25 – 100 years

<b>Flood Control Systems</b>	25 – 100 years
<b>Solid Waste</b>	4 – 25 years

<b>Operational Assets</b>	
Land	(not depreciated)
Buildings/Land Improvements	3 – 100 years
Plant/Machinery/Motor Vehicles	2 – 20 years
Office Equipment/Furniture	3 – 50 years
Other Equipment	5 – 25 years
Library Books	1 - 50 years
Wharves	50 years
Floating Plant	25 years
Leased Assets	3 - 8 years

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

### Impairment of Non-Financial Assets

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

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

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

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

### Trade and Other Payables

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

### Financial Liabilities : Borrowings

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

## Employee Entitlements

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

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

## Long Service Leave and Retirement Leave

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

## Superannuation Schemes

### Defined Benefit Scheme

Council belongs to the Defined Benefit Plan Contributors Scheme (the scheme), which is managed by the Board of Trustees of the National Provident Fund. The scheme is a multi-employer defined benefit scheme.

Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the scheme, the extent to which the surplus/deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation.

The scheme is therefore accounted for as a defined contribution scheme. Further information on this scheme is disclosed in note 32.

## 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 27.

## Statement of Cash Flows

**Operating activities** include all transactions and other events that are not investing or financing activities. Cashflows 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.

### Changes in Accounting Policies

There have been no changes in accounting policies. All accounting policies have been applied on a consistent basis throughout the years presented.

### 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 2046.

### 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 Ten Year 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 Ten Year Plan (TYP) 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 TYP.

## Note 2 : Summary Cost of Services by Activity for the year ended 30 June 2014

Council 2012/13 Actual \$000s	Council 2013/14 AP \$000s	Council 2013/14 Actual \$000s
<b>Revenue</b>		
699 Animal Control	712	695
529 Aquatic and Recreation Facility	607	515
101 Arts and Culture	115	87
730 Building Services	865	720
Civil Defence, Emergency		
78 Management and Rural Fires	86	91
867 Community Housing	906	968
Community Planning and		
304 Development	135	278
340 Environmental Services	474	619
3,126 Enterprise Operations	2,375	2,911
251 Environmental Health	281	289
86 Environmental Policy & Planning	7	34
217 Flood Control	171	183
(2) Governance	50	(21)
10,787 Roading	9,199	10,177
99 Libraries	141	94
1,343 Reserves and Open Spaces	346	263
194 Resource Consents	272	193
309 Solid Waste Management	149	179
0 Storm water	0	(25)
2,781 Support Services	2,220	2,487
312 Wastewater	557	127
2,193 Water Supply	2,156	2,101
<b>25,344 Total Revenue</b>	<b>21,824</b>	<b>22,965</b>
<b>Less Expenditure</b>		
880 Animal Control	965	844
1,460 Aquatic and Recreation Facility	1,720	1,534
1,140 Arts and Culture	1,352	1,236
1,775 Building Services	1,603	1,464
Civil Defence, Emergency		
891 Management and Rural Fires	1,019	947
830 Community Housing	896	921
Community Planning and		
2,231 Development	2,228	2,325
2,991 Environmental Services	3,553	3,365
2,910 Enterprise Operations	3,278	3,128
1,663 Environmental Health	1,614	1,604
967 Environmental Policy & Planning	1,201	1,001
2,524 Flood Control	2,699	2,629
2,134 Governance	2,519	2,294
26,649 Roading	25,120	26,718
1,512 Libraries	1,786	1,528
4,873 Reserves and Open Spaces	5,078	5,211
1,018 Resource Consents	1,155	1,017
4,150 Solid Waste Management	4,246	4,012
2,268 Storm water	2,751	1,809
2,424 Support Services	1,220	2,723
6,751 Wastewater	7,635	6,996
4,627 Water Supply	5,053	4,581
<b>76,668 Total Expenditure for Activities</b>	<b>78,691</b>	<b>77,887</b>
<b>51,324 Net Cost of service</b>	<b>56,867</b>	<b>54,922</b>

Each significant activity is stated gross of internal costs and revenues, and excludes general and targeted rates attributable to that activity (refer note 3).

### Note 3 : Rates Revenue

Council 2012/13 Actual \$000s	Group 2012/13 Actual \$000s		Council 2013/14 AP \$000s	Council 2013/14 Actual \$000s	Group 2013/14 Actual \$000s
49,314	49,206	<b>Gross Rates Revenue</b>	50,302	50,593	50,493
		<b>Gross Rates Revenue Consists of :</b>			
3,856	3,748	General Rates	3,540	3,570	3,470
12,691	12,691	Uniform Annual General Charge	12,912	12,967	12,967
32,767	32,767	Targeted Rates	33,850	34,056	34,056
<b>49,314</b>	<b>49,206</b>	<b>Gross Rates Revenue</b>	<b>50,302</b>	<b>50,593</b>	<b>50,493</b>
		Less			
391	391	Remissions <sup>1</sup>	896	468	468
<b>48,923</b>	<b>48,815</b>	<b>Net Rates Revenue</b>	<b>49,406</b>	<b>50,125</b>	<b>50,025</b>

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

#### Rating Base Information as at 30 June 2013

2013/14	Rating Units	Total Capital Value	Total Land Value
Rateable Units	22,289	8,182,925,600	4,700,837,100
Non Rateable Units	1,266	485,509,900	131,426,800

### Note 4 : Revenue from Grants and Subsidies

Council 2012/13 Actual \$000s	Group 2012/13 Actual \$000s		Council 2013/14 AP \$000s	Council 2013/14 Actual \$000s	Group 2013/14 Actual \$000s
		<b>Revenue from Grants and Subsidies</b>			
243	243	Central Government Grants	302	164	344
14,657	14,657	NZ Transport Agency Rooding Subsidies	14,698	15,226	15,226
568	571	Other Grants and Subsidies	8,448	781	781
<b>15,468</b>	<b>15,471</b>	<b>Total Revenue from Grants and Subsidies</b>	<b>23,448</b>	<b>16,171</b>	<b>16,351</b>

Revenue from grants and subsidies (and hence operating income) for Council includes \$6,822,374 (2013: \$5,684,902) relating to grants for capital work. Expenditure relating to these projects will be recognised (primarily as depreciation) over the life of the assets. Included in these capital grants was \$6,223,886 (2013: \$5,242,608) received from the NZ Transport Agency for roading related work.

There are no unfulfilled conditions and other contingencies attached to grants received.

Cash flows from grants and subsidies (and hence operating cash inflows) for Council includes \$6,765,004 (2013: \$5,402,071) with respect to these capital grants where the associated cash outflows are recognised as investing activities.

Tauwhareparae Farms Limited (TFL) received \$180k (2013: \$3k) from the Ministry for Primary Industries which subsidised the cost of forestry establishment, silviculture and thinning. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

### Note 5 : Revenue from Operating Activities

Council 2012/13 Actual \$000s	Group 2012/13 Actual \$000s		Council 2013/14 AP \$000s	Council 2013/14 Actual \$000s	Group 2013/14 Actual \$000s
		<b>Revenue from Operating Activities</b>			
6	6	Reserve Contributions	0	122	122
(18)	(18)	Development Contributions	814	403	403
360	360	Capital Contributions	0	437	437
863	863	Rates Penalties	717	836	836
11,114	16,799	Activity Revenue	11,552	11,078	16,123
71	89	Interest	14	99	121
0	5	Dividends	940	6	6
327	327	Petroleum Tax	344	311	311
1,355	1,405	Gains on Derivatives (Interest Rate Swaps)	0	1,270	1,320
<b>14,078</b>	<b>19,836</b>	<b>Total Revenue from Operating Activities</b>	<b>14,381</b>	<b>14,562</b>	<b>19,679</b>

## Note 6 : Revenue from Other Gains

Council 2012/13 Actual \$000s	Group 2012/13 Actual \$000s		Council 2013/14 AP \$000s	Council 2013/14 Actual \$000s	Group 2013/14 Actual \$000s
		<b>Revenue from Other Gains (Losses)</b>			
261	992	Gain/(Loss) on Changes in Fair Value of Forestry Assets and Stock	0	249	907
0	(2,983)	Gain/(Loss) on Changes in Fair Value of Livestock	0	0	2,483
1,605	5	Gain/(Loss) on Disposal of Property, Plant and Equipment	12	(96)	(109)
(11)	1,046	Gain/(Loss) on Changes in Fair Value of Non-Current Receivables/Investment	0	(5)	(287)
<b>1,855</b>	<b>(940)</b>	<b>Total Revenue from Other Gains (Losses)</b>	<b>12</b>	<b>148</b>	<b>2,994</b>

## Note 7 : Vested Assets

Council 2012/13 Actual \$000s	Group 2012/13 Actual \$000s		Council 2013/14 AP \$000s	Council 2013/14 Actual \$000s	Group 2013/14 Actual \$000s
		<b>Revenue from Operating Activities</b>			
0	0	Stormwater Systems	0	0	0
0	0	Water Systems	0	0	0
0	0	Wastewater Systems	0	0	0
0	0	Reserves	0	0	0
0	0	Roading Network	0	0	0
<b>0</b>	<b>0</b>	<b>Total Assets Vested</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

## Note 8 : Employee Benefit Expense

Council 2012/13 Actual \$000s	Group 2012/13 Actual \$000s		Council 2013/14 AP \$000s	Council 2013/14 Actual \$000s	Group 2013/14 Actual \$000s
		<b>Employee Benefit Expense</b>			
17,589	18,368	Salary and Wages	16,423	16,383	17,293
285	295	Defined Contribution Plans Expense	381	379	398
(316)	(300)	Increase/(Decrease) in Leave Liabilities	0	109	99
(2,890)	(2,890)	Less Recharged to Other Expense Categories**	(2,213)	(1,074)	(1,074)
<b>14,668</b>	<b>15,473</b>	<b>Total Employee Benefit Expense</b>	<b>14,591</b>	<b>15,797</b>	<b>16,716</b>

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



## Note 9 : Depreciation and Amortisation Expense

Council 2012/13 Actual \$000s	Group 2012/13 Actual \$000s		Council 2013/14 AP \$000s	Council 2013/14 Actual \$000s	Group 2013/14 Actual \$000s
		<b>Depreciation and Amortisation Expense</b>			
257	257	Aquatic and Recreation Facility (Olympic Pool)	273	50	50
164	164	Arts and Culture	180	176	176
2	2	Building Services	2	2	2
		Civil Defence, Emergency Management and Rural Fires			
41	41		42	43	43
379	379	Community Housing	405	384	384
		Community Planning and Development			
0	0		4	0	0
21	21	Environmental Services	31	29	29
939	1,291	Enterprise Operations	1,039	940	1,305
11	11	Environmental Health	11	11	11
		Environmental Policy & Planning			
1	1		1	1	1
94	94	Flood Control	179	100	100
2	2	Governance	2	2	2
10,407	10,407	Land Transport and Parking	10,632	10,487	10,487
275	275	Libraries	303	156	156
470	470	Reserves and Open Spaces	519	821	821
223	223	Solid Waste Management	233	264	264
809	809	Storm water	864	809	809
450	450	Support Services	702	631	631
2,020	2,020	Wastewater	2,079	2,027	2,027
1,951	1,951	Water Supply	2,105	2,108	2,108
<b>18,516</b>	<b>18,868</b>	<b>Total Depreciation and Amortisation Expense</b>	<b>19,606</b>	<b>19,041</b>	<b>19,406</b>
18,294	18,646	Total Depreciation as per Note 24	19,606	18,654	19,019
222	222	Total Amortisation as per Note 25	0	387	387
<b>18,516</b>	<b>18,868</b>		<b>19,606</b>	<b>19,041</b>	<b>19,406</b>

## Note 10 : Expenditure on Operating Activities

Council 2012/13 Actual \$000s	Group 2012/13 Actual \$000s		Council 2013/14 AP \$000s	Council 2013/14 Actual \$000s	Group 2013/14 Actual \$000s
		<b>Operating Expenditure</b>			
2,201	2,360	Administration Expenses	2,480	2,082	2,268
181	216	Audit Fees-Annual Report	177	194	231
		Audit Fees-Ten Year Plan and Ten Year Plan Amendments			
7	7		0	0	0
986	1,143	Consultants and Professional Services	1,126	1,272	1,425
562	645	Elected Members and Director's Fees	526	397	480
141	146	Indirect Employment Costs	96	227	246
1,028	1,030	Grants and Donations	1,081	734	736
856	911	Insurance Costs	1,065	875	916
317	317	Rental and Operating Leases	395	230	230
11,887	12,320	Repairs and Maintenance	10,724	9,429	9,768
1,822	1,822	Bad Debts Written Off-Rates	285	455	455
(111)	(111)	Bad Debts Written Off-Other	1,275	(242)	(242)
		Change to Impairment of Receivables			
(542)	(542)		0	439	439
195	195	IRD Compliance Costs	258	140	140
2,228	2,228	Litter bins and City Cleaning	2,387	2,405	2,405
3,862	3,862	Emergency Works	2,010	3,606	3,606
15,865	17,379	Other Operating Expenditure*	18,144	18,700	20,896
<b>41,485</b>	<b>43,928</b>	<b>Total Operating Expenditure</b>	<b>42,029</b>	<b>40,943</b>	<b>43,999</b>

\* Other operating expenses include such items as: electricity, operational contracts, treatment plants, pump stations, vegetation planting contracts, facilities contracts and cleaning contracts and internal interest expense.

## Note 11 : Finance Costs

Council 2012/13 Actual \$000s	Group 2012/13 Actual \$000s		Council 2013/14 AP \$000s	Council 2013/14 Actual \$000s	Group 2013/14 Actual \$000s
<b>Finance Costs</b>					
1,346	1,346	Interest on Debentures and Interest Rate Swaps	585	680	680
545	701	Interest on Bank Borrowings and Commercial Paper	1,765	1,336	1,482
107	107	Line Fee	116	89	89
<b>1,998</b>	<b>2,154</b>	<b>Total Finance Costs</b>	<b>2,466</b>	<b>2,105</b>	<b>2,251</b>

## Note 12 : Income Tax

Council 2012/13 Actual \$000s	Group 2012/13 Actual \$000s		Council 2013/14 AP \$000s	Council 2013/14 Actual \$000s	Group 2013/14 Actual \$000s
4,047	3,149	Surplus Before Tax	9,452	3,588	7,145
600	0	Subvention Payment	0	1,032	0
1,301	(419)	Tax @ 28%	2,647	1,294	2,001
<b>Plus/(Less) Tax Effect of:</b>					
(1,301)	764	Net Non Taxable and Non Deductible Items	(2,647)	(1,294)	(1,223)
0	0	Utilisation of Losses Brought Forward	0	0	(1,356)
0	(9)	Tax Rate Adjustment	0	0	0
0	(109)	Deferred Tax Adjustment	0	(126)	(362)
<b>0</b>	<b>227</b>	<b>Tax Expense</b>	<b>0</b>	<b>(126)</b>	<b>(940)</b>

## Deferred Tax Asset/(Liability) - Group

	Property, Plant and Equipment \$000s	Livestock \$000s	Forestry \$000s	Employee Entitlements and Other \$000s	Tax Loss \$000s	Recognised NZ Emission Units \$000s	Total \$000s
<b>Balance 1 July 2012</b>	<b>(173)</b>	<b>49</b>	<b>(1,687)</b>	<b>51</b>	<b>0</b>	<b>(231)</b>	<b>(1,991)</b>
Charged to surplus or deficit	(275)	(103)	(271)	(18)	0	158	(509)
<b>Balance as at 30 June 2013</b>	<b>(448)</b>	<b>(54)</b>	<b>(1,958)</b>	<b>33</b>	<b>0</b>	<b>(73)</b>	<b>(2,500)</b>
Charged to surplus or deficit	99	(307)	(253)	(23)	1,372	52	940
Charged to Equity	(527)	0	0	0	0	0	(527)
<b>Balance as at 30 June 2014</b>	<b>(184)</b>	<b>(361)</b>	<b>(2,211)</b>	<b>10</b>	<b>1,372</b>	<b>(21)</b>	<b>(2,087)</b>

Deferred tax has been calculated at 28%. Council (the Parent) has not recognised a deferred tax asset of \$1,356,283 (2013: 1,410,581) in relation to unused tax losses of \$4,843,868 (2013: \$5,037,789). 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.

A prior period adjustment has been made to the deferred tax liability in the Group accounts. This adjustment has been reflected in the accounts by decreasing opening equity at 1 July 2012 by \$282,000 and increasing the deferred tax liability by the same amount.

## Note 13 : Cash and Cash Equivalents

Council 2012/13 Actual \$000s	Group 2012/13 Actual \$000s		Council 2013/14 AP \$000s	Council 2013/14 Actual \$000s	Group 2013/14 Actual \$000s
<b>Cash and Cash Equivalents</b>					
171	1,359	Cash at the Bank and in Hand	1,858	4,589	5,534
<b>171</b>	<b>1,359</b>	<b>Total Cash and Cash Equivalents</b>	<b>1,858</b>	<b>4,589</b>	<b>5,534</b>

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

## Note 14 : Trade and Other Receivables

Council 2012/13 Actual \$000s	Group 2012/13 Actual \$000s		Council 2013/14 AP \$000s	Council 2013/14 Actual \$000s	Group 2013/14 Actual \$000s
6,302	6,302	Rates Receivable	6,682	7,222	7,222
1,568	1,568	Roading Subsidy Due	1,073	1,625	1,625
11	11	Community Loans	11	11	11
90	90	Rates Postponement	109	89	89
3,993	3,610	Other Receivables	4,499	5,365	4,724
91	102	Prepayments	56	78	79
<b>12,055</b>	<b>11,683</b>		<b>12,430</b>	<b>14,390</b>	<b>13,750</b>
(3,286)	(3,286)	Provision for Impairment of Receivables	(4,880)	(3,726)	(3,726)
<b>8,769</b>	<b>8,397</b>	<b>Total Trade and Other Receivables</b>	<b>7,550</b>	<b>10,664</b>	<b>10,024</b>
<b>Trade and Other Receivables Classified as:</b>					
8,769	8,397	Current Receivables	7,550	10,664	10,024
0	0	Non-Current Receivables	0	0	0
<b>8,769</b>	<b>8,397</b>		<b>7,550</b>	<b>10,664</b>	<b>10,024</b>

### Fair Value

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

### Impairment

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

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

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

As at 30 June 2014 and 2013, all overdue receivables had been assessed for impairment and appropriate provisions applied. Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

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

### Note 14A : Impairment

Council 2012/13 Actual \$000s	Group 2012/13 Actual \$000s		Council 2013/14 Actual \$000s	Group 2013/14 Actual \$000s
3,828	3,828	Beginning Balance	3,286	3,286
(542)	(542)	Charge for Year	440	440
<b>3,286</b>	<b>3,286</b>	<b>Ending Balance</b>	<b>3,726</b>	<b>3,726</b>

The status of Receivables as at 30 June 2014 and 2013 are detailed below:

### Note 14B : Receivables

COUNCIL 2013						COUNCIL 2014					
Gross \$000s	Impaired \$000s	Net \$000s				Gross \$000s	Impaired \$000s	Net \$000s			
Sundry Invoice Receivables											
764	0	764	Current			772	0	772			
50	0	50	Past Due 1-60 Days			50	0	50			
15	0	15	Past Due 61-90 Days			63	0	63			
217	159	58	Past Due >90 Days			841	163	678			
1,046	159	887				1,726	163	1,563			

GROUP 2013						GROUP 2014					
Gross \$000s	Impaired \$000s	Net \$000s				Gross \$000s	Impaired \$000s	Net \$000s			
Sundry Invoice Receivables											
990	0	990	Current			874	0	874			
50	0	50	Past Due 1-60 Days			50	0	50			
15	0	15	Past Due 61-90 Days			63	0	63			
217	159	58	Past Due >90 Days			841	163	678			
1,272	159	1,113				1,828	163	1,665			

## Note 14C : Rates Receivable

Council 2013			Council 2014		
No. Of Properties	Outstanding \$000s		No. Of Properties	Outstanding \$000s	
<b>General Land Rates</b>					
2,220	2,260	Current <12 months	1,709	2,347	
233	439	Past Due 1 to 2 Years	247	483	
81	131	Past Due 2 to 3 years	84	178	
54	78	Past Due >3 years	76	127	
<b>2,588</b>	<b>2,908</b>	<b>Total Outstanding</b>	<b>2,116</b>	<b>3,135</b>	
<b>Māori Land Rates</b>					
377	1,041	Current <12 months	322	1,145	
121	738	Past Due 1 to 2 Years	77	877	
57	589	Past Due 2 to 3 Years	72	691	
375	1,025	Past Due >3 Years	401	1,374	
<b>930</b>	<b>3,393</b>	<b>Total Outstanding</b>	<b>872</b>	<b>4,087</b>	
<b>Metered Water Supply</b>					
594	281	Current	585	323	
1	1	Past Due 1 month	0	0	
10	5	Past Due 2 months	18	5	
17	4	Past Due 3 months	9	39	
<b>622</b>	<b>291</b>	<b>Total Outstanding</b>	<b>612</b>	<b>367</b>	

## Note 15 : Inventories

Council 2012/13 Actual \$000s	Group 2012/13 Actual \$000s		Council 2013/14 AP \$000s	Council 2013/14 Actual \$000s	Group 2013/14 Actual \$000s
<b>Inventories</b>					
18	18	Te Puia/Bushmere Road	39	15	15
14	14	Olympic Pool	15	10	10
8	8	Drainage	8	10	10
83	83	Soil Conservation	84	139	139
13	13	Waikanae Holiday Park	0	10	10
0	32	Farming	0	0	124
<b>136</b>	<b>168</b>	<b>Total Inventories</b>	<b>146</b>	<b>184</b>	<b>308</b>

No inventories have been pledged as security for liabilities.

## Note 16 : Investments

Council 2012/13 Actual \$000s	Group 2012/13 Actual \$000s		Number	Council 2013/14 AP \$000s	Council 2013/14 Actual \$000s	Group 2013/14 Actual \$000s
1,272	1,272	Term Deposits < 12 Months		12	1,272	1,272
<b>Ordinary Shares</b>						
20,178	0	Gisborne Holdings Ltd	1,200,090	20,189	20,178	0
117	117	Local Government Insurance Corporation Ltd	99,404	117	111	111
1	1	BOPLASS Ltd	1	1	9	9
0	249	Available for sale financial assets held by Tauwhareparae Farms Limited	0	0	0	249
100	100	LGFA Shares		100	100	100
80	80	LGFA Notes		0	160	160
2	2	Top 10 Shares		0	2	2
<b>21,750</b>	<b>1,821</b>	<b>Total Investments</b>		<b>20,419</b>	<b>21,832</b>	<b>1,903</b>
<b>Investments Classified as:</b>						
1,272	1,272	Current Investments		12	1,272	1,272
20,478	549	Non-Current Investments		20,407	20,560	631
<b>21,750</b>	<b>1,821</b>			<b>20,419</b>	<b>21,832</b>	<b>1,903</b>

### Gisborne Holdings Limited

This investment is carried at cost.

### Local Government Insurance Corporation Limited trading as Civic Assurance

The carrying amount of this investment is recorded at fair value. Movements in fair value are recognised in the Statement of Comprehensive Income.

## Note 17 : Derivatives

The Group has interest rate swap contracts with a fair value liability of \$1,639,940 (2013: \$2,959,933). Council's interest rate swaps have a fair value liability of \$1,625,359 (2013: \$2,895,344). These swaps are exposed to fair value movements as interest rates change.

The weighted average effective interest rate of the interest rate swaps was 5.91% (2013: 5.93%). Fair value of the Group's interest rate swaps is determined by bank valuations as at balance date.

The interest rate swaps are measured at fair value. As the Group does not apply hedge accounting, movements in fair value are taken directly to the Statement of Comprehensive Income.



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

### Note 18 : Non Current Assets Held for Sale

Council 2012/13 Actual \$000s	Group 2012/13 Actual \$000s		Council 2013/14 AP \$000s	Council 2013/14 Actual \$000s	Group 2013/14 Actual \$000s
687	687	Land	908	50	50
<b>687</b>	<b>687</b>	<b>Total Non Current Assets Held for Sale</b>	<b>908</b>	<b>50</b>	<b>50</b>

During 1996 and 1997 Council purchased rural property for resale for future industrial development to encourage industry to the district. All purchases were classified as "Property for Sale" until some were reclassified as Land and Buildings on 1 July 2005 upon the adoption of NZ IFRS.

### Note 19 : Deposits Held

Council 2012/13 Actual \$000s	Group 2012/13 Actual \$000s		Council 2013/14 AP \$000s	Council 2013/14 Actual \$000s	Group 2013/14 Actual \$000s
18	18	General and Other Deposits	0	8	8
98	98	Resource Consent Bonds	0	96	96
241	241	Footpath Deposits	0	263	263
1	1	Tender Deposits	0	0	0
13	13	Gisborne Rural Volunteer Fire	0	13	13
<b>371</b>	<b>371</b>	<b>Total Deposits Held</b>	<b>0</b>	<b>380</b>	<b>380</b>

### Note 20 : Trade and Other Payables

Council 2012/13 Actual \$000s	Group 2012/13 Actual \$000s		Council 2013/14 AP \$000s	Council 2013/14 Actual \$000s	Group 2013/14 Actual \$000s
<b>Accounts Payable</b>					
271	271	Income in Advance	197	308	308
1,218	1,218	Rates in Advance	1,266	1,258	1,258
68	68	Gisborne District Council Disaster Relief Fund	67	68	68
605	605	Contract Retentions	622	705	705
189	197	Accruals - Loan Interest	0	147	155
133	157	Accruals - Audit Fees	0	127	146
631	686	Accruals - Other	656	564	591
9,665	9,855	Trade Payables	14,364	10,865	11,400
<b>12,780</b>	<b>13,057</b>	<b>Total Trade and Other Payables</b>	<b>17,172</b>	<b>14,042</b>	<b>14,631</b>

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	Annual Leave	Long Service Leave	Retirement Leave	Sick Leave	Total
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
<b>2013</b>						
Balance at 1 July 2012	783	1,688	82	325	137	3,015
Additional Provisions Made	594	1,610	9	16	0	2,229
Amounts Used	(783)	(1,688)	(17)	(24)	(33)	(2,545)
<b>Balance at 30 June 2013</b>	<b>594</b>	<b>1,610</b>	<b>74</b>	<b>317</b>	<b>104</b>	<b>2,699</b>
<b>2014</b>						
Balance at 1 July 2013	594	1,610	74	317	104	2,699
Additional Provisions Made	738	1,287	15	14	0	2,054
Amounts Used	(594)	(1,319)	(9)	0	(23)	(1,945)
<b>Balance at 30 June 2014</b>	<b>738</b>	<b>1,578</b>	<b>80</b>	<b>331</b>	<b>81</b>	<b>2,808</b>
<b>Current Portion</b>	<b>738</b>	<b>1,578</b>	<b>69</b>	<b>87</b>	<b>81</b>	<b>2,553</b>
<b>Non Current Portion</b>	<b>0</b>	<b>0</b>	<b>11</b>	<b>244</b>	<b>0</b>	<b>255</b>
<b>Total Provisions</b>	<b>738</b>	<b>1,578</b>	<b>80</b>	<b>331</b>	<b>81</b>	<b>2,808</b>

GROUP	Accrued Wages & Salaries	Annual Leave	Long Service Leave	Retirement Leave	Sick Leave	Total
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
<b>2013</b>						
Balance at 1 July 2012	797	1,756	82	325	137	3,097
Additional Provisions Made	608	1,626	9	16	0	2,259
Amounts Used	(797)	(1,688)	(17)	(24)	(33)	(2,559)
<b>Balance at 30 June 2013</b>	<b>608</b>	<b>1,694</b>	<b>74</b>	<b>317</b>	<b>104</b>	<b>2,797</b>
<b>2014</b>						
Balance at 1 July 2013	608	1,694	74	317	104	2,797
Additional Provisions Made	772	1,287	15	14	0	2,088
Amounts Used	(608)	(1,329)	(9)	0	(23)	(1,969)
<b>Balance at 30 June 2014</b>	<b>772</b>	<b>1,652</b>	<b>80</b>	<b>331</b>	<b>81</b>	<b>2,916</b>
<b>Current Portion</b>	<b>772</b>	<b>1,652</b>	<b>69</b>	<b>87</b>	<b>81</b>	<b>2,661</b>
<b>Non Current Portion</b>	<b>0</b>	<b>0</b>	<b>11</b>	<b>244</b>	<b>0</b>	<b>255</b>
<b>Total Provisions</b>	<b>772</b>	<b>1,652</b>	<b>80</b>	<b>331</b>	<b>81</b>	<b>2,916</b>

### 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 4.09% and assumed salary inflation of 2.0%. (Treasury discount rates: 1 year 3.70%, 2 years 4.04%, 3+ years 5.50%).

## Note 22 : Borrowings

Council 2012/13 Actual \$000s	Group 2012/13 Actual \$000s		Council 2013/14 AP \$000s	Council 2013/14 Actual \$000s	Group 2013/14 Actual \$000s
920	920	Bank Loans	0	5,000	5,000
10,000	10,000	Commercial Paper	0	5,000	5,000
0	0	Debenture	0	4,000	4,000
64	64	EECA Loan	0	32	32
<b>10,984</b>	<b>10,984</b>	<b>Total Current</b>	<b>0</b>	<b>14,032</b>	<b>14,032</b>
0	1,733	Bank Loans	21,289	0	1,733
32	32	EECA Loan	96	0	0
14,000	14,000	Debenture and FRN Debt Securities	14,000	15,000	15,000
<b>14,032</b>	<b>15,765</b>	<b>Total Non Current</b>	<b>35,385</b>	<b>15,000</b>	<b>16,733</b>
<b>25,016</b>	<b>26,749</b>	<b>Total Borrowings</b>	<b>35,385</b>	<b>29,032</b>	<b>30,765</b>

## 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 \$19m (2013 : \$14m) of debentures and floating rate notes with maturities from July 2014 to May 2021. Interest is paid quarterly in arrears. The interest rates range as at 30 June 2014 varies from 3.10% to 4.51% (2013: 2.81% and 3.53%) and are subject to quarterly reset dates.

### Energy Efficiency and Conservation Authority (EECA) Loan

This is an interest free loan for a term of 5 years from EECA as part funding towards the construction of a wood boiler plant for the Olympic Pool Complex.

### Bank Facilities

Council has \$39m (2013: \$30m) worth of committed bank facilities available. Interest is payable at wholesale market rates. The interest rate as at 30 June 2014 was 5.0% (2013 : 4.3%). No amounts were drawn down under these facilities (2013: \$0.92m).

In 2013 Council reviewed its debt funding strategy. This resulted in Council extending the term of bank loan facilities in the 2013/14 year. These new bank arrangements moved the debt maturity to within the 3-5 year band and comply with Council's debt facility maturity policy. There have been no further changes in the 2014 year.

Tauwhareparae Farms Limited has a wholesale advance facility with a limit of \$2 million. Interest rates payable on Tauwhareparae Farms Limited's facility are 6.1% (2013: 5.4%).

### Commercial Paper

The Council had \$10m of commercial paper on issue of which \$5m was repaid by 30 June. Interest rates were between 3.06% and 3.77%.

### Security

Council borrowings are secured by way of a Debenture Trust Deed over Council rates revenue. Tauwhareparae Farms Limited (TFL) loans are secured by way of general security agreement including a mortgage over TFL's freehold land.

## Note 23 : Provision for Other Liabilities

COUNCIL and GROUP	Paokahu Landfill Aftercare \$000s	Waiapu Landfill Aftercare \$000s	Waiapu Landfill Closure \$000s	Chrisp Family Trust \$000s	Risk Pool \$000s	Total \$000s
<b>2013</b>						
Balance at 1 July 2012	1,141	165	0	20	320	1,646
Additional Provisions Made/(Reversed)	186	58	0	0	0	244
Amounts Used	(88)	0	0	0	(160)	(248)
<b>Balance at 30 June 2013</b>	<b>1,239</b>	<b>223</b>	<b>0</b>	<b>20</b>	<b>160</b>	<b>1,642</b>
<b>2014</b>						
Balance at 1 July 2013	1,239	223	0	20	160	1,642
Additional Provisions Made/(Reversed)	34	7	0	0	0	41
Amounts Used	(77)	0	0	0	0	(77)
<b>Balance at 30 June 2014</b>	<b>1,196</b>	<b>230</b>	<b>0</b>	<b>20</b>	<b>160</b>	<b>1,606</b>
<b>Current Portion</b>	<b>78</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>78</b>
<b>Non Current Portion</b>	<b>1,118</b>	<b>230</b>	<b>0</b>	<b>20</b>	<b>160</b>	<b>1,528</b>
<b>Total Provisions</b>	<b>1,196</b>	<b>230</b>	<b>0</b>	<b>20</b>	<b>160</b>	<b>1,606</b>

## Landfill closure and aftercare liability

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

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

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

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

### Paokahu Landfill

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

The following major assumptions have been made in calculating this provision:

- Future cash flows were indexed 2.5% each year before a discount rate of 5.5% was applied.

In 2013, a discount rate of 5.5% was applied, with future costs indexed each year at 2.5%.

### Waipu Landfill

A provision of \$229,531 is provided, based upon present value of expected cash outflows to occur at Waipu Landfill aftercare. The landfill is expected to close on 30 June 2045 with aftercare costs expected to occur six months after closure. The future costs have been estimated to be incurred for 30 years, until 2075.

The following major assumptions have been made in calculating this provision:

- Future cash flows were indexed 2.5% each year before a discount rate of 5.5% was applied.

In 2013, a discount rate of 5.5% was applied, with future costs indexed each year at 2.5%.

### RiskPool Liability

Please refer to Note 32 : Contingent Liabilities.



## Note 24 : Property Plant and Equipment

COUNCIL 2014	Cost/Valuation 1 July 2013 \$000s	Accumulated Depreciation and Impairment 1 July 2013 \$000s	Carrying Amount 1 July 2013 \$000s	Current Year Transfers \$000s	Current Year Additions \$000s	Current Year Disposals \$000s	Revaluation Current Year \$000s	Current Year Depreciation and Impairment \$000s	Cost/Revaluation 30 June 2014 \$000s	Accumulated Depreciation and Impairment 30 June 2014 \$000s	Carrying Amount 30 June 2014 \$000s
<b>Operational Assets</b>											
Land - Major	163,356	0	163,356	0	0	0	(23,768)	0	139,588	0	139,588
Land - Minor	23,099	0	23,099	(59)	5	0	(754)	0	22,291	0	22,291
Buildings/Land Improvements	55,415	4,070	51,346	(866)	865	0	(6,760)	2,082	42,502	0	42,502
Buildings Not Revalued	3,156	778	2,378	924	632	0	0	108	4,712	886	3,826
Plant /Motor Vehicles	3,931	2,421	1,509	0	252	(7)	0	237	4,177	2,659	1,518
Office Equipment	4,715	3,234	1,481	0	266	(11)	0	248	4,970	3,482	1,488
Other Equipment	1,373	784	589	0	108	(45)	0	123	1,436	907	529
CBD	1,673	516	1,157	58	836	0	0	12	2,567	528	2,039
Wharves	3,369	257	3,112	0	56	0	0	68	3,424	324	3,100
Library Books - General	3,227	3,053	174	0	140	0	0	88	3,366	3,140	226
Library Books - Permanent	336	6	330	0	0	0	0	0	336	6	330
Assets Under Construction	2,922	0	2,922	(1,472)	5,782	0	0	0	7,232	0	7,232
<b>Total operational assets</b>	<b>266,572</b>	<b>15,119</b>	<b>251,453</b>	<b>(1,415)</b>	<b>8,942</b>	<b>(63)</b>	<b>(31,282)</b>	<b>2,966</b>	<b>236,601</b>	<b>11,932</b>	<b>224,669</b>
<b>Infrastructure Assets</b>											
Sewer and Wastewater	99,787	6,011	93,776	260	1,844	0	482	2,027	94,335	0	94,335
Stormwater	53,465	2,389	51,076	152	539	0	506	809	51,464	0	51,464
Water Supply	106,230	5,636	100,594	22	16	0	159	2,069	98,722	0	98,722
Solid Waste	3,485	668	2,817	0	0	0	142	264	2,695	0	2,695
Waiapu Aftercare Provision Deferred expense Asset	255	156	99	0	0	0	0	0	255	156	99
Roading	1,320,656	0	1,320,656	0	10,107	0	69,344	10,420	1,389,687	0	1,389,687
Flood Control	52,958	397	52,561	272	2	0	10,146	99	62,882	0	62,882
<b>Total infrastructural assets</b>	<b>1,636,836</b>	<b>15,257</b>	<b>1,621,579</b>	<b>706</b>	<b>12,508</b>	<b>0</b>	<b>80,779</b>	<b>15,688</b>	<b>1,700,040</b>	<b>156</b>	<b>1,699,884</b>
<b>Total Property Plant and Equipment</b>	<b>1,903,408</b>	<b>30,376</b>	<b>1,873,032</b>	<b>(709)</b>	<b>21,450</b>	<b>(63)</b>	<b>49,497</b>	<b>18,654</b>	<b>1,936,641</b>	<b>12,088</b>	<b>1,924,553</b>

COUNCIL 2013	Cost/Valuation 1 July 2012 \$000s	Accumulated Depreciation and Impairment 1 July 2012 \$000s	Carrying Amount 1 July 2012 \$000s	Current Year Transfers \$000s	Current Year Additions \$000s	Current Year Disposals \$000s	Revaluation Current Year \$000s	Current Year Depreciation and Impairment \$000s	Cost/Revaluation 30 June 2013 \$000s	Accumulated Depreciation and Impairment 30 June 2013 \$000s	Carrying Amount 30 June 2013 \$000s
<b>Operational Assets</b>											
Land - Major	168,096	0	168,096	(3,430)	0	(1,310)	0	0	163,356	0	163,356
Land - Minor	18,153	0	18,153	3,349	1,597	0	0	0	23,099	0	23,099
Buildings/Land Improvements	54,312	2,043	52,269	39	1,063	0	0	2,026	55,415	4,070	51,345
Buildings Not Revalued	2,957	689	2,268	0	199	0	0	89	3,156	778	2,378
Plant /Motor Vehicles	3,831	2,276	1,555	3	213	(116)	0	145	3,931	2,421	1,510
Office Equipment	4,535	2,988	1,547	22	157	0	0	245	4,715	3,234	1,481
Other Equipment	1,297	649	648	16	60	0	0	135	1,373	784	589
CBD	1,673	500	1,173	0	0	0	0	17	1,673	516	1,157
Wharves	2,562	205	2,357	0	807	0	0	51	3,369	257	3,112
Library Books - General	3,082	2,930	152	0	145	0	0	123	3,227	3,053	174
Library Books - Permanent	335	6	329	0	0	0	0	0	336	6	330
Assets Under Construction	821	0	821	(633)	2,734	0	0	0	2,922	0	2,922
<b>Total operational assets</b>	<b>261,654</b>	<b>12,286</b>	<b>249,368</b>	<b>(634)</b>	<b>6,975</b>	<b>(1,426)</b>	<b>0</b>	<b>2,831</b>	<b>266,572</b>	<b>15,119</b>	<b>251,453</b>
Sewer and Wastewater	95,480	1,930	93,550	0	2,187	0	0	2,021	99,787	6,011	93,776
Stormwater	52,129	803	51,326	0	559	0	0	818	53,465	2,389	51,076
Water Supply	102,661	1,951	100,710	0	1,834	0	0	1,951	106,230	5,636	100,594
Solid Waste	3,486	446	3,040	0	0	0	0	223	3,485	668	2,817
Waiapu Aftercare Provision Deferred expense Asset	255	156	99	0	0	0	0	0	255	156	99
Roading	1,303,445	0	1,303,445	0	10,498	0	17,069	10,356	1,320,656	0	1,320,656
Flood Control	52,853	219	52,634	0	21	0	0	94	52,958	397	52,561
<b>Total infrastructural assets</b>	<b>1,610,309</b>	<b>5,505</b>	<b>1,604,804</b>	<b>0</b>	<b>15,099</b>	<b>0</b>	<b>17,069</b>	<b>15,463</b>	<b>1,636,836</b>	<b>15,257</b>	<b>1,621,579</b>
<b>Total Property Plant and Equipment</b>	<b>1,871,963</b>	<b>17,791</b>	<b>1,854,172</b>	<b>(634)</b>	<b>22,074</b>	<b>(1,426)</b>	<b>17,069</b>	<b>18,294</b>	<b>1,903,408</b>	<b>30,376</b>	<b>1,873,032</b>

GROUP 2014	Cost/Valuation 1 July 2013 \$000s	Accumulated Depreciation and Impairment 1 July 2013 \$000s	Carrying Amount 1 July 2013 \$000s	Current Year Transfers \$000s	Current Year Additions \$000s	Current Year Disposals \$000s	Revaluation Current Year \$000s	Current Year Depreciation and Impairment \$000s	Cost/Revaluation 30 June 2014 \$000s	Accumulated Depreciation and Impairment 30 June 2014 \$000s	Carrying Amount 30 June 2014 \$000s
<b>Operational Assets</b>											
Land - Major	188,911	0	188,911	0	0	0	(21,136)	0	167,528	0	167,775
Land - Minor	23,099	0	23,099	(59)	5	0	(754)	0	22,291	0	22,291
Buildings/Land Improvements	60,658	4,070	56,588	(866)	985	0	(6,643)	2,318	47,993	0	47,746
Buildings Not Revalued	3,156	778	2,378	924	632	0	0	108	4,712	886	3,826
Plant /Motor Vehicles	4,273	2,421	1,852	0	541	(45)	0	363	4,769	2,785	1,984
Office Equipment	4,717	3,234	1,483	0	273	(11)	0	251	4,979	3,484	1,495
Other Equipment	1,373	784	589	0	108	(45)	0	123	1,436	907	529
CBD	1,673	516	1,157	58	836	0	0	12	2,567	528	2,039
Wharves	3,369	257	3,112	0	56	0	0	68	3,424	324	3,100
Library Books - General	3,227	3,053	174	0	140	0	0	88	3,366	3,140	226
Library Books - Permanent	336	6	330	0	0	0	0	0	336	6	330
Assets Under Construction	2,922	0	2,922	(1,472)	5,782	0	0	0	7,232	0	7,232
<b>Total operational assets</b>	<b>297,714</b>	<b>15,119</b>	<b>282,595</b>	<b>(1,415)</b>	<b>9,358</b>	<b>(101)</b>	<b>(28,533)</b>	<b>3,331</b>	<b>270,633</b>	<b>12,060</b>	<b>258,573</b>
<b>Infrastructure Assets</b>											
Sewer and Wastewater	99,787	6,011	93,776	260	1,844	0	482	2,027	94,335	0	94,335
Stormwater	53,465	2,389	51,076	152	539	0	506	809	51,464	0	51,464
Water Supply	106,230	5,636	100,594	22	16	0	159	2,069	98,722	0	98,722
Solid Waste	3,485	668	2,817	0	0	0	142	264	2,695	0	2,695
Waiapu Aftercare Provision Deferred expense Asset	255	156	99	0	0	0	0	0	255	156	99
Roading	1,320,656	0	1,320,656	0	10,107	0	69,344	10,420	1,389,687	0	1,389,687
Flood Control	52,958	397	52,561	272	2	0	10,146	99	62,882	0	62,882
<b>Total infrastructural assets</b>	<b>1,636,836</b>	<b>15,257</b>	<b>1,621,579</b>	<b>706</b>	<b>12,508</b>	<b>0</b>	<b>80,779</b>	<b>15,688</b>	<b>1,700,040</b>	<b>156</b>	<b>1,699,884</b>
<b>Total Property Plant and Equipment</b>	<b>1,934,550</b>	<b>30,376</b>	<b>1,904,174</b>	<b>(709)</b>	<b>21,866</b>	<b>(101)</b>	<b>52,246</b>	<b>19,019</b>	<b>1,970,673</b>	<b>12,216</b>	<b>1,958,457</b>

GROUP 2013	Cost/Valuation 1 July 2012 \$000s	Accumulated Depreciation and Impairment 1 July 2012 \$000s	Carrying Amount 1 July 2012 \$000s	Current Year Transfers \$000s	Current Year Additions \$000s	Current Year Disposals \$000s	Revaluation Current Year \$000s	Current Year Depreciation and Impairment \$000s	Cost/Revaluation 30 June 2013 \$000s	Accumulated Depreciation and Impairment 30 June 2013 \$000s	Carrying Amount 30 June 2013 \$000s
<b>Operational Assets</b>											
Land - Major	193,141	0	193,141	(3,430)	0	(1,310)	510	0	188,911	0	188,911
Land - Minor	18,153	0	18,153	3,349	1,597	0	0	0	23,099	0	23,099
Buildings/Land Improvements	59,492	2,043	57,449	52	1,063	0	286	2,262	60,658	4,070	56,588
Buildings Not Revalued	2,957	689	2,268	0	199	0	0	89	3,156	778	2,378
Plant /Motor Vehicles	4,736	2,765	1,971	3	274	(136)	0	260	4,273	2,421	1,852
Office Equipment	4,535	2,988	1,547	22	157	0	0	245	4,715	3,234	1,481
Other Equipment	1,300	651	649	16	62	0	0	136	1,375	784	591
CBD	1,673	500	1,173	0	0	0	0	17	1,673	516	1,157
Wharves	2,562	205	2,357	0	807	0	0	51	3,369	257	3,112
Library Books - General	3,082	2,930	152	0	145	0	0	123	3,227	3,053	174
Library Books - Permanent	335	6	329	0	0	0	0	0	336	6	330
Assets Under Construction	821	0	821	(633)	2,734	0	0	0	2,922	0	2,922
<b>Total operational assets</b>	<b>292,787</b>	<b>12,777</b>	<b>280,010</b>	<b>(621)</b>	<b>7,038</b>	<b>(1,446)</b>	<b>796</b>	<b>3,183</b>	<b>297,714</b>	<b>15,119</b>	<b>282,595</b>
<b>Infrastructural Assets</b>											
Sewer and Wastewater	95,480	1,930	93,550	0	2,187	0	0	2,021	99,787	6,011	93,776
Stormwater	52,129	803	51,326	0	559	0	0	818	53,465	2,389	51,076
Water Supply	102,661	1,951	100,710	0	1,834	0	0	1,951	106,230	5,636	100,594
Solid Waste	3,486	446	3,040	0	0	0	0	223	3,485	668	2,817
Waiapu Aftercare Provision Deferred expense Asset	255	156	99	0	0	0	0	0	255	156	99
Roading	1,303,445	0	1,303,445	0	10,498	0	17,069	10,356	1,320,656	0	1,320,656
Flood Control	52,853	219	52,634	0	21	0	0	94	52,958	397	52,561
<b>Total infrastructural assets</b>	<b>1,610,309</b>	<b>5,505</b>	<b>1,604,804</b>	<b>0</b>	<b>15,099</b>	<b>0</b>	<b>17,069</b>	<b>15,463</b>	<b>1,636,836</b>	<b>15,257</b>	<b>1,621,579</b>
<b>Total Property Plant and Equipment</b>	<b>1,903,096</b>	<b>18,282</b>	<b>1,884,814</b>	<b>(621)</b>	<b>22,137</b>	<b>(1,446)</b>	<b>17,865</b>	<b>18,646</b>	<b>1,934,550</b>	<b>30,376</b>	<b>1,904,174</b>

Properties held for resale are recorded at cost as at 30 June 2014. Refer to Note 18 Non Current Assets Held for Resale.

Freehold land (including forestry land) and improvements (including buildings) for Tauwhareparae Farms Limited were valued as at 30 June 2014 by Bruce Cowper, an independent valuer of Lewis Wright Valuation & Consultancy Ltd. The fair value of land and improvements was \$33,325,000 (2013: \$30,785,000).

### Roading Assets

The roading asset valuation was undertaken at 30 June 2014 by Pauline True, Gavin O'Connor and Wayne Fix,

independent valuers of MWH Limited, Hastings. The fair value of roading assets as at 30 June 2014 is \$1,389,687,100 (2013: \$1,320,655,981).

### Impairment

Three Council buildings have been identified as not meeting current minimum earthquake standards. An investigation determined that the offices will need to be rebuilt. Therefore an adjustment of (\$8.3m) based on value in use has been made to the carrying value of these buildings and has been recognised in the Asset Revaluation Reserve.

### Insurance Disclosure

Asset	Type of Insurance	Total value of assets covered by financial risk sharing arrangements as at 30 June 2014	Maximum Limit of Liability available to Council under those arrangements as at 30 June 2014
Property, Plant & Equipment and above ground Infrastructural Assets	Material Damage	\$47.7m	Natural Catastrophe: \$214.9m for any one loss or series of losses arising out of any one event and in annual aggregate. All other losses: \$214.9m for any one loss or series of losses arising out of any one event.
Residential Property	Earthquake Commission and Material Damage	\$10.5m	Natural Catastrophe: First \$100k for each loss event per property to be recovered from the Earthquake Commission. Any remaining top up required per loss event per property to a maximum of \$16.22m for 113 properties. All other losses: Replacement value per loss event per property to a maximum of \$16.2m for 113 properties.
Motor Vehicles	Comprehensive Motor Vehicle Cover	\$1.5m	Market value at time of loss. Limit any one vehicle of \$150k, unless agreed by insurer. Third party liability - limit any one accident is \$10m.
Underground Infrastructural Assets	Material Damage in the event of Natural Catastrophe	\$249m	Natural Catastrophe: \$449m for each and every loss or series of losses arising out of any one event.
Forestry Assets	Material Damage	\$2.2m	Market value at time of loss up to \$3.7m.

### Note 24A : Assets Under Construction

	Council		Group	
	2013 \$000s	2014 \$000s	2013 \$000s	2014 \$000s
Building/Land Improvements	158	923	158	923
Information Management	820	675	820	675
Sewer and Wastewater	494	277	494	277
Water Supply	215	878	215	878
Stormwater	152	0	152	0
Roading	64	463	64	463
Rivers and Flood Control	272	206	272	206
Theatres	747	3,810	747	3,810
<b>Total Assets Under Construction</b>	<b>2,922</b>	<b>7,232</b>	<b>2,922</b>	<b>7,232</b>



## Note 25 : Intangible Assets

Council 2012/13 Actual \$000s	Group 2012/13 Actual \$000s		Council 2013/14 AP \$000s	Council 2013/14 Actual \$000s	Group 2013/14 Actual \$000s
2,064	3,820	Balance at 1 July - Cost	1,998	2,224	3,928
(1,014)	(1,918)	Less Accumulated Amortisation and Impairment	0	(1,236)	(2,680)
1,050	1,902	Opening Carrying Amount	1,998	988	1,248
160	108	Additions/(Disposals)	0	1,067	652
0	(540)	Change in Fair Value	0	0	230
(222)	(222)	Less Amortisation Charge	0	(387)	(387)
988	1,248	Closing Carrying Amount	1,998	1,668	1,743
		Balance at 30 June			
2,224	3,928	Cost	1,998	3,292	3,208
(1,236)	(2,680)	Less Accumulated Amortisation and Impairment/Change in Fair Value	0	(1,624)	(1,465)
988	1,248	Closing Carrying Amount	1,998	1,668	1,743

## Note 26A : Biological Assets – Livestock

### Biological Assets

Biological assets consist of sheep and cattle (livestock) and forestry. The Group farms livestock for the sale of sheep, lambs, cattle and calves. As at 30 June 2014 the Group had 32,045 sheep, 5,312 cattle (2013: 30,092 sheep, 4,915 cattle). During the year the Group sold 25,411 sheep, 1,748 cattle (2013: 31,664 sheep, 2,956 cattle).

### Reconciliation of Opening Balance to Closing Balance – 2014

GROUP	SHEEP		CATTLE		Total
	Quantity	\$000s	Quantity	\$000s	\$000s
Opening Balance as at 1 July 2013	30,092	3,083	4,915	3,689	6,772
Natural Increase	29,837	3,273	2,235	1,520	4,793
Purchases	63	54	54	293	347
Changes in Fair Value	0	1,081	0	1,044	2,125
Sales	(25,411)	(2,694)	(1,748)	(1,622)	(4,316)
Death and Killed	(2,536)	(323)	(144)	(143)	(466)
Closing Balance as at 30 June 2014	32,045	4,474	5,312	4,781	9,255

### Reconciliation of Opening Balance to Closing Balance – 2013

GROUP	SHEEP		CATTLE		Total
	Quantity	\$000s	Quantity	\$000s	\$000s
Opening Balance as at 1 July 2012	32,451	4,941	5,842	4,814	9,755
Natural Increase	32,224	2,791	2,180	1,279	4,070
Purchases	67	54	55	159	213
Changes in Fair Value	0	(1,645)	0	(89)	(1,734)
Sales	(31,664)	(2,731)	(2,956)	(2,316)	(5,047)
Death and Killed	(2,986)	(327)	(206)	(158)	(485)
Closing Balance as at 30 June 2013	30,092	3,083	4,915	3,689	6,772

## Note 26B : Biological Assets – Livestock

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

2013			2014		
Quantity	\$000s		Quantity	\$000s	
SHEEP					
15,158	1,511	Mixed Aged Ewes	17,810	2,513	
7,230	853	Two Tooth Ewes	6,521	1,016	
192	48	Breeding Rams	228	57	
7,270	645	Ewe Hoggets	7,196	849	
242	26	Ram and Wether Hoggets	290	39	
30,092	3,083	Total Sheep	32,045	4,474	
MATURE CATTLE					
1,478	1,281	Mixed Aged Cows	1,507	1,650	
639	646	Rising three year Heifers	485	552	
655	510	Rising two year Heifers	898	793	
3	2	Rising three year and Older Steers	0	0	
10	7	Rising two year Steers and Bulls	161	151	
74	146	Breeding Bulls	101	315	
IMMATURE CATTLE					
1,011	489	R1 Heifers	1,097	617	
1,045	608	R1 Steers and Bulls	1,063	703	
4,915	3,689	Total Cattle	5,312	4,781	

## Note 26C : Biological Assets – Livestock

GROUP				2013/14			
Quantity	Average Price \$	2013 \$000s		Quantity	Average Price \$	2014 \$000s	
SHEEP							
31,664	86	2,731	Sales	25,411	106	2,694	
Less Cost of Sales							
32,451	152	4,941	Opening Stock	30,092	102	3,083	
67	799	54	Add Purchases	63	852	54	
30,092	102	3,083	Less Closing Stock	32,045	140	4,474	
		1,912	Total Cost of Sales			(1,337)	
		819	Gross Profit from Sheep			4,031	
CATTLE							
2,956	784	2,316	Sales	1,748	928	1,622	
Less Cost of Sales							
5,842	824	4,814	Opening Stock	4,915	750	3,689	
55	2,886	158	Add Purchases	54	5,433	293	
4,915	750	3,689	Less Closing Stock	5,312	900	4,781	
		1,283	Total Cost of Sales			(799)	
		1,033	Gross Profit from Cattle			2,421	

The fair value of livestock is determined by independent valuation as at 30 June 2014. 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.

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

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

## Note 26D : Forestry

Council 2012/13 Actual \$000s	Group 2012/13 Actual \$000s		Council 2013/14 AP \$000s	Council 2013/14 Actual \$000s	Group 2013/14 Actual \$000s
1,676	7,700	Balance at 1 July	1,788	1,936	8,928
0	236	Increases due to Purchases	0	0	247
		Gains/(Losses) arising from changes in fair value less estimated point of sale costs attributable to price changes			
260	992		0	249	907
0	0	Decreases due to Harvest	0	0	0
<b>1,936</b>	<b>8,928</b>	<b>Balance at 30 June</b>	<b>1,788</b>	<b>2,185</b>	<b>10,082</b>

No forests have been harvested during the period (2013: Nil).

Council's forestry holdings have been valued by Theo Vos, NZ Institute of Forestry Registered Forestry Consultant, of PF Olsen and Company Limited. A post-tax discount rate of 7.00% has been used in discounting the present value of expected cash flows (2013: 7.00%).

The valuation of the Pamoia forestry assets as at 30 June 2014 is \$1,683,825. (2013: \$1,361,314).

The valuation of the Council's forestry assets as at 30 June 2014 is \$501,812. (2013: \$575,000).

## Tauwhareparae Forests

The fair value of the forest tree crop is determined by independent valuation. Independent forestry valuation as at 30 June 2014 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)	7.0%
Rate of Inflation	2.0%
Rate of Tax	28.0%

During the year \$246,963 (2013: \$236,518) 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 2012/13 Actual \$000s	Group 2012/13 Actual \$000s		Council 2013/14 AP \$000s	Council 2013/14 Actual \$000s	Group 2013/14 Actual \$000s
		<b>Accumulated Surplus (Retained Earnings)</b>			
395,016	388,353	Balance at 1 July	393,125	399,689	391,301
(1,154)	(1,154)	Transfers (to)/from Special Funds	2,476	(3,243)	(3,243)
1,180	1,180	Transfers from Asset Revaluation Reserve on Disposal of Property, Plant and Equipment	0	7	7
4,647	2,922	Surplus/(Deficit) for the year	9,452	4,746	8,085
<b>399,689</b>	<b>391,301</b>	<b>Balance at 30 June</b>	<b>405,053</b>	<b>401,199</b>	<b>396,150</b>
		<b>Special Funds and Reserves</b>			
31,491	31,491	Balance at 1 July	32,791	32,645	32,645
1,154	1,154	Transfer (to)/from Retained Earnings	(2,476)	3,243	3,243
<b>32,645</b>	<b>32,645</b>	<b>Balance at 30 June</b>	<b>30,315</b>	<b>35,888</b>	<b>35,888</b>
		<b>Asset Revaluation Reserves</b>			
1,413,837	1,442,841	Balance at 1 July	1,414,543	1,429,732	1,459,532
17,069	17,865	Revaluations	634	49,546	52,296
(1,174)	(1,174)	Transfers to Retained Earnings on Disposal of Property, Plant and Equipment	0	(7)	(7)
0	0	Deferred Tax on building revaluations	0	(126)	(527)
<b>1,429,732</b>	<b>1,459,532</b>	<b>Balance at 30 June</b>	<b>1,415,177</b>	<b>1,479,145</b>	<b>1,511,294</b>

## Note 27A : Asset Revaluation Reserve

Council 2012/13 Actual \$000s	Group 2012/13 Actual \$000s		Council 2013/14 Actual \$000s	Group 2013/14 Actual \$000s
89	84	Investments	90	85
		<b>Operational Assets</b>		
150,745	177,641	Land - Major	126,977	156,782
13,885	13,885	Land - Minor	13,131	15,763
31,526	34,435	Buildings/Land Improvements	24,807	24,925
102	102	CBD	102	102
467	467	Office Equipment	465	465
499	499	Other Equipment	499	499
		<b>Infrastructural Assets</b>		
32,486	32,486	Sewer and Wastewater	32,968	32,968
20,794	20,794	Stormwater	21,300	21,300
48,704	48,704	Water Supply	48,863	48,863
951	951	Solid Waste	1,100	1,100
1,088,565	1,088,565	Roading	1,157,909	1,157,909
40,913	40,913	Flood Control	51,060	51,060
0	0	Deferred Tax Asset Revaluation	(126)	(527)
<b>1,429,726</b>	<b>1,459,526</b>		<b>1,479,145</b>	<b>1,511,294</b>

## Note 27B : Internal Borrowings

	Opening Balance 1 July 2013 \$000s	New Borrowings \$000s	Interest \$000s	Repayments Principal \$000s	Closing Balance 30 June 2014 \$000s
Aquatic and Recreation Facility	360	3	22	25	338
Arts and Culture	406	397	14	10	793
Building Services	8	0	0	1	7
Civil Defence, Emergency Management and Rural Fires	37	0	2	7	30
Community Planning & Development	0	0	1	0	0
Enterprise Operations	2,412	520	132	116	2,816
Environmental Health	1	0	0	1	0
Environmental Policy & Planning	2	0	0	1	1
Flood Control	3,791	108	238	10	3,889
Governance	0	0	0	0	0
Roading	3,686	451	246	240	3,897
Libraries	83	27	6	6	104
Reserve and Open Spaces	956	2,558	129	95	3,419
Solid Waste Management	7,420	0	453	439	6,981
Stormwater	6,875	28	418	475	6,428
Support Services	15,855	989	990	514	16,330
Wastewater	18,088	1,338	1,011	1,054	18,372
Water Supply	1,477	260	95	82	1,655
	<b>61,457</b>	<b>6,679</b>	<b>3,757</b>	<b>3,076</b>	<b>65,060</b>

## Note 27C: Special Funds and Other Reserves

	Opening Balance 1 July 2013 \$000s	Transfers to Reserves \$000s	Transfers from Reserves \$000s	Closing Balance 30 June 2014 \$000s	Description / Use
Municipal Theatre Project	25	1	0	26	Reserve held as a source of capital funding for the redevelopment of theatres
Library Building	1,677	50	0	1,727	Reserve is to hold donations and bequests given in relation to the HB Williams Memorial Library. These funds can only be utilised in accordance with the donation or bequest
Waipaoa River Flood Control Scheme	646	19	0	665	Reserve is a funding source for minor and major capital work in relation to the Waipaoa River Flood Control Scheme
Civil Defence Disaster Relief	466	14	0	480	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	2,282	784	(1)	3,067	Reserve is to hold proceeds of selected asset sales which are to be utilised for capital developments as determined by Council
Quarry Rehab	1,011	30	0	1,041	Reserve is to provide for the restoration and rehabilitation of the Patutahi Quarry
Olympic Pool Development	26	1	0	27	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	1,899	171	683	1,387	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	(457)	90	(85)	(282)	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	(444)	40	203	(607)	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	105	173	49	229	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	(518)	39	71	(550)	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	133	36	1	168	Reserve holds development contributions received in relation to Parks and Open Spaces. Funding is utilised for capital expenditure on Parks and Open Spaces resulting from growth due to developments within the district
HMNZ Blackpool Scholarship Fund	6	0	0	6	Reserve holds funds that are distributed in accordance with the trust deed
Land Subdivision	318	9	0	327	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
Parking	0	0	0	0	Reserve held as a source of capital funding for the land transport and parking activity
Depreciation	25,469	17,693	14,986	28,176	Reserve holds funds utilised on projects that replace the districts assets
<b>TOTAL RESERVES</b>	<b>32,645</b>	<b>19,150</b>	<b>15,907</b>	<b>35,888</b>	



## Note 28 : Reconciliation of Net Surplus

Council 2012/13 Actual \$000s	Group 2012/13 Actual \$000s		Council 2013/14 Actual \$000s	Group 2013/14 Actual \$000s
4,647	2,922	Reported Net Surplus	4,746	8,085
		<b>Add/(Deduct) Non Cash Items</b>		
18,517	18,866	Depreciation & Amortisation	19,041	19,374
(1,355)	(1,405)	Unrealised (Gain)/Loss on Derivative Financial Instruments	(1,270)	(1,320)
11	(13)	Other Fixed and Investment Asset Changes/(Credits)	5	5
0	2,983	Livestock Holding (Gain)/ Loss	0	(2,483)
(1,606)	(1,603)	(Profit)/ Loss on Disposal of Assets	96	109
(260)	(991)	Forestry Value (Gain) / Loss	(249)	(907)
0	0	Loss on timber stock	0	0
(4)	(4)	Riskpool and other provisions	(36)	(36)
0	227	Increase in Deferred Taxation	0	824
0	(103)	Carbon credits allocated	0	(230)
0	540	Impairment - carbon credits value	0	0
0	0	Subvention Payment	0	0
0	0	Bad debts written off	0	0
<b>15,303</b>	<b>18,497</b>		<b>17,587</b>	<b>15,336</b>
		<b>Add Items classified as Investing Activities</b>		
(26)	(26)	Movement of Plant, Property and Equipment included in Trade Payables	(506)	(503)
0	0	Biological Assets purchases included in Trade Payables	0	0
<b>(26)</b>	<b>(26)</b>		<b>(506)</b>	<b>(503)</b>
		<b>Increase/(Decrease) in Working Capital</b>		
498	(897)	Trade & Other Receivables	(1,763)	(1,630)
10	54	Inventories	(48)	(140)
14	14	Deposits Held	9	9
3,194	3,149	Trade & Other Payables	1,263	1,585
0	0	Provision for Other Liabilities	0	0
(316)	(316)	Employee Benefit Liabilities	109	109
0	0	Subvention Payment Due	(132)	0
0	(1)	Taxation Payable	0	2
<b>3,400</b>	<b>2,003</b>		<b>(562)</b>	<b>(65)</b>
<b>23,324</b>	<b>23,396</b>	<b>Net Cash Inflow from Operating Activities</b>	<b>21,265</b>	<b>22,853</b>

## 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 2012/13 Actual \$000s	Group 2012/13 Actual \$000s		Council 2013/14 AP \$000s	Council 2013/14 Actual \$000s	Group 2013/14 Actual \$000s
<b>FINANCIAL ASSETS</b>					
<b>Non Current Assets</b>					
0	0	Trade and Other Receivables	0	0	0
<b>0</b>	<b>0</b>	<b>Loans and Receivables at Amortised Cost</b>	<b>0</b>	<b>0</b>	<b>0</b>
300	549	Investments - Non Current	218	382	631
<b>300</b>	<b>549</b>	<b>Available for Sale Financial Assets</b>	<b>218</b>	<b>382</b>	<b>631</b>
<b>Current Assets</b>					
1,272	1,272	Investments - Current	12	1,272	1,272
<b>1,272</b>	<b>1,272</b>	<b>Available for Sale - Financial Assets</b>	<b>12</b>	<b>1,272</b>	<b>1,272</b>
171	1,359	Cash and Cash Equivalents	1,858	4,589	5,534
8,769	8,397	Trade and Other Receivables	7,550	10,664	10,024
<b>8,940</b>	<b>9,756</b>	<b>Loans and Receivables at Amortised Cost</b>	<b>9,408</b>	<b>15,253</b>	<b>15,558</b>
<b>FINANCIAL LIABILITIES</b>					
<b>Non Current Liabilities</b>					
0	1,733	Bank Loan	21,289	0	1,733
32	32	EECA Loan	96	0	0
14,000	14,000	Secured Debentures	14,000	15,000	15,000
<b>14,032</b>	<b>15,765</b>	<b>Financial Liabilities Measured at Amortised Cost</b>	<b>35,385</b>	<b>15,000</b>	<b>16,733</b>
1,860	1,878	Derivative Financial Instruments	0	1,136	1,136
<b>1,860</b>	<b>1,878</b>	<b>Fair Value Through Statement of Comprehensive Income - Held for Trading</b>	<b>0</b>	<b>1,136</b>	<b>1,136</b>
<b>Current Liabilities</b>					
1,035	1,082	Derivative Financial Instruments	0	489	504
0	0	Secured Debentures	0	4,000	4,000
10,000	10,000	Commercial Paper	0	5,000	5,000
920	920	Bank Loan	0	5,000	5,000
64	64	EECA Loan	0	32	32
15,663	16,038	Trade Payables and Accruals	20,026	16,595	17,292
<b>27,682</b>	<b>28,104</b>	<b>Financial Liabilities at Amortised Cost</b>	<b>20,026</b>	<b>31,116</b>	<b>31,828</b>

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 that the Group has taken to minimise the impact of these risks is outlined below:

### Fair Value

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

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

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

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

**COUNCIL**

Year Ended 30 June 2013 Valuation Technique				Year Ended 30 June 2014 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	0	0	Available for Sale investments	0	0	0	0
0	0	300	300	Unlisted Investments	0	0	382	382
0	0	300	300		0	0	382	382
Financial Liabilities								
0	(2,895)	0	(2,895)	Derivative Financial Instruments	0	(1,625)	0	(1,625)
0	(2,895)	0	(2,895)		0	(1,625)	0	(1,625)

**GROUP**

Year Ended 30 June 2013					Year Ended 30 June 2014				
Valuation Technique					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	0	0	Available for Sale investments	0	0	0	0	
1	0	0	1	Listed Investments	0	0	0	0	
0	0	548	548	Unlisted Investments	0	0	631	631	
1	0	548	549		0	0	631	631	
Financial Liabilities									
0	(2,960)	0	(2,960)	Derivative Financial Instruments	0	(1,640)	0	(1,640)	
0	(2,960)	0	(2,960)		0	(1,640)	0	(1,640)	

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 2012/13 Actual \$000s	Group 2012/13 Actual \$000s		Council 2013/14 Actual \$000s	Group 2013/14 Actual \$000s
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## COUNTER PARTIES WITH CREDIT RATINGS

Cash at Bank and Term Deposits				
1,443	2,631	AA-	5,859	6,804
<b>1,443</b>	<b>2,631</b>	<b>Total cash at bank and term deposits</b>	<b>5,859</b>	<b>6,804</b>

## COUNTER PARTIES WITHOUT CREDIT RATINGS

Existing counter party with no defaults in the past				
101	101		100	100
<b>101</b>	<b>101</b>	<b>Total Rates postponement and Community loans</b>	<b>100</b>	<b>100</b>

Council 2012/13 Actual \$000s	Group 2012/13 Actual \$000s		Council 2013/14 Actual \$000s	Group 2013/14 Actual \$000s
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## Financial Assets

171	1,359	Cash and Cash Equivalents	4,589	5,534
8,769	8,397	Trade and Other Receivables	10,664	10,024
1,272	1,272	Current Investments	1,272	1,272
<b>10,212</b>	<b>11,028</b>	<b>Total Financial Assets</b>	<b>16,525</b>	<b>16,830</b>

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

Council 2013			Council 2014	
Gross \$000s	Impaired \$000s		Gross \$000s	Impaired \$000s

## Trade and Other Receivables

3,924	0	Current	5,918	0
151	0	Past Due 0 - 3 Months	133	0
235	0	Past Due 3 - 6 Months	97	0
7,745	3,286	Past Due More Than 6 Months	8,242	3,726
<b>12,055</b>	<b>3,286</b>	<b>Total Financial Assets</b>	<b>14,390</b>	<b>3,726</b>

Group 2013			Group 2014	
Gross \$000s	Impaired \$000s		Gross \$000s	Impaired \$000s

## Trade and Other Receivables

3,552	0	Current	5,278	0
151	0	Past Due 0 - 3 Months	133	0
235	0	Past Due 3 - 6 Months	97	0
7,745	3,286	Past Due More Than 6 Months	8,242	3,726
<b>11,683</b>	<b>3,286</b>		<b>13,750</b>	<b>3,726</b>

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.

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

<b>COUNCIL 2014</b>	<b>Statement of Financial Position \$000s</b>	<b>Total Contractual Cash Flows \$000s</b>	<b>0 - 12 Months \$000s</b>	<b>1 - 2 Years \$000s</b>	<b>2 - 5 Years \$000s</b>	<b>&gt; 5 Years \$000s</b>
Cash and Cash Equivalents	4,589	4,589	4,589	0	0	0
Trade and Other Receivables	14,390	14,390	14,290	0	0	100
Current Investments	1,272	1,272	1,272	0	0	0
<b>Total Financial Assets</b>	<b>20,251</b>	<b>20,251</b>	<b>20,151</b>	<b>0</b>	<b>0</b>	<b>100</b>

<b>COUNCIL 2013</b>	<b>Statement of Financial Position \$000s</b>	<b>Total Contractual Cash Flows \$000s</b>	<b>0 - 12 Months \$000s</b>	<b>1 - 2 Years \$000s</b>	<b>2 - 5 Years \$000s</b>	<b>&gt; 5 Years \$000s</b>
Cash and Cash Equivalents	171	171	171	0	0	0
Trade and Other Receivables	12,055	12,054	7,886	1,576	1,160	1,432
Current Investments	1,272	1,272	1,272	0	0	0
<b>Total Financial Assets</b>	<b>13,498</b>	<b>13,497</b>	<b>9,329</b>	<b>1,576</b>	<b>1,160</b>	<b>1,432</b>

<b>GROUP 2014</b>	<b>Statement of Financial Position \$000s</b>	<b>Total Contractual Cash Flows \$000s</b>	<b>0 - 12 Months \$000s</b>	<b>1 - 2 Years \$000s</b>	<b>2 - 5 Years \$000s</b>	<b>&gt; 5 Years \$000s</b>
Cash and Cash Equivalents	5,534	5,534	5,534	0	0	0
Trade and Other Receivables	13,750	13,750	13,650	0	0	100
Current Investments	1,272	1,272	1,272	0	0	0
<b>Total Financial Assets</b>	<b>20,556</b>	<b>20,556</b>	<b>20,456</b>	<b>0</b>	<b>0</b>	<b>100</b>

<b>GROUP 2013</b>	<b>Statement of Financial Position \$000s</b>	<b>Total Contractual Cash Flows \$000s</b>	<b>0 - 12 Months \$000s</b>	<b>1 - 2 Years \$000s</b>	<b>2 - 5 Years \$000s</b>	<b>&gt; 5 Years \$000s</b>
Cash and Cash Equivalents	1,359	1,359	1,359	0	0	0
Trade and Other Receivables	11,683	11,682	7,514	1,576	1,160	1,432
Current Investments	1,272	1,272	1,272	0	0	0
<b>Total Financial Assets</b>	<b>14,314</b>	<b>14,313</b>	<b>10,145</b>	<b>1,576</b>	<b>1,160</b>	<b>1,432</b>

<b>COUNCIL 2014</b>	<b>Statement of Financial Position \$000s</b>	<b>Total Contractual Cash Flows \$000s</b>	<b>0 - 12 Months \$000s</b>	<b>1 - 2 Years \$000s</b>	<b>2 - 5 Years \$000s</b>	<b>&gt; 5 Years \$000s</b>
Trade and Other Payables	16,595	16,595	16,595	0	0	0
Derivative Financial Instruments	1,625	1,625	489	292	578	266
Bank Loans	5,000	5,000	5,000	0	0	0
Commercial Paper	5,000	5,000	5,000	0	0	0



EECA Loan	32	32	32	0	0	0
Debentures	19,000	19,000	4,000	5,000	5,000	5,000
<b>Total Financial Liabilities</b>	<b>47,252</b>	<b>47,252</b>	<b>31,116</b>	<b>5,292</b>	<b>5,578</b>	<b>5,266</b>

	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
<b>COUNCIL 2013</b>						
Trade and Other Payables	15,663	15,663	15,663	0	0	0
Derivative Financial Instruments	2,895	2,895	1,035	722	1,030	108
Bank Loans	920	920	920	0	0	0
Commercial Paper	10,000	10,000	10,000	0	0	0
EECA Loan	96	96	64	32	0	0
Debentures	14,000	14,000	0	4,000	5,000	5,000
<b>Total Financial Liabilities</b>	<b>43,574</b>	<b>43,574</b>	<b>27,682</b>	<b>4,754</b>	<b>6,030</b>	<b>5,108</b>

	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
<b>GROUP 2014</b>						
Trade and Other Payables	17,292	17,292	17,292	0	0	0
Derivative Financial Instruments	1,640	1,640	504	292	578	266
Bank Loans	6,733	6,733	5,000	0	1,733	0
Commercial Paper	5,000	5,000	5,000	0	0	0
EECA Loan	32	32	32	0	0	0
Debentures	19,000	19,000	4,000	5,000	5,000	5,000
<b>Total Financial Liabilities</b>	<b>49,697</b>	<b>49,697</b>	<b>31,828</b>	<b>5,292</b>	<b>7,311</b>	<b>5,266</b>

	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
<b>GROUP 2013</b>						
Trade and Other Payables	16,038	16,038	16,038	0	0	0
Derivative Financial Instruments	2,960	2,960	1,082	740	1,030	108
Bank Loans	2,653	2,653	920	0	1,733	0
Commercial Paper	10,000	10,000	10,000	0	0	0
EECA Loan	96	96	64	32	0	0
Debentures	14,000	14,000	0	4,000	5,000	5,000
<b>Total Financial Liabilities</b>	<b>45,747</b>	<b>45,747</b>	<b>28,104</b>	<b>4,772</b>	<b>7,763</b>	<b>5,108</b>

## Market Risk

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

## Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate due to changes in market interest rates. The Group is exposed to interest rate risk from its interest-earning financial assets and interest-bearing liabilities. The Group is risk averse and seeks to minimise exposure from its treasury activities.

It does not undertake unnecessary investment or borrowing activity, nor is any speculation permitted in the activity it undertakes.

The Group manages its interest rate risk by maintaining the ratio of borrowing between fixed and floating interest rates and by maintaining portions of its borrowings in a range of maturity profiles.

The effective interest rates of financial instruments are as follows:

Council 2012/13 Actual \$000s	Group 2012/13 Actual \$000s		Council 2013/14 Actual \$000s	Group 2013/14 Actual \$000s
<b>Weighted Effective Interest Rates</b>				
4.30%	5.03%	Bank Loan	4.47%	4.89%
3.10%	3.10%	Debentures	3.48%	3.48%
5.93%	5.93%	Derivative Financial Instruments	5.91%	5.91%
3.05%	3.05%	Commercial Paper	3.70%	3.70%

### 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 2012/13 Actual \$000s	Group 2012/13 Actual \$000s		Council 2013/14 Actual \$000s	Group 2013/14 Actual \$000s
<b>Net Surplus Higher/(Lower)</b>				
1,173	1,174	+ 100 Basis Points	1,040	1,041
(1,233)	(1,234)	- 100 Basis Points	(1,113)	(1,114)

### Note 30 : Commitments

COUNCIL 2014	Total \$000s	0 - 12 Months \$000s	1 - 5 Years \$000s
Capital Commitments - Approved and Contracted	9,461	9,378	83
Operational Contract Commitments - Approved and Contracted	30,104	13,693	16,411
<b>Total Commitments</b>	<b>39,565</b>	<b>23,071</b>	<b>16,494</b>

COUNCIL 2013	Total \$000s	0 - 12 Months \$000s	1 - 5 Years \$000s
Capital Commitments - Approved and Contracted	8,661	7,786	875
Operational Contract Commitments - Approved and Contracted	38,085	9,395	28,690
<b>Total Commitments</b>	<b>46,746</b>	<b>17,181</b>	<b>29,565</b>

### Note 31A : Leases

	Total \$000s	0 - 12 Months \$000s	1 - 2 Years \$000s	2 - 5 Years \$000s
<b>COUNCIL 2014</b>				
Operating Lease Payments	734	321	257	156
<b>Total Non Cancellable Operating</b>	<b>734</b>	<b>321</b>	<b>257</b>	<b>156</b>
<b>COUNCIL 2013</b>				
Operating Lease Payments	461	205	205	51
<b>Total Non Cancellable Operating</b>	<b>461</b>	<b>205</b>	<b>205</b>	<b>51</b>

Council leases computer equipment in the normal course of its business. Council purchases its computer equipment and sells back to the lessor at fair value. Council then leases back the equipment at fair value. Council does not have an option to purchase the equipment at the end of the lease term. These leases have a non-cancellable term of 36 months.

The Council leases photocopiers for which there is no monthly lease obligation. The term of the lease is for five years from 3 October 2012. 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 \$321,454.

### 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
<b>COUNCIL 2014</b>				
Operating Lease Commitments	56	56	0	0
<b>Total Operating Lease Commitments</b>	<b>56</b>	<b>56</b>	<b>0</b>	<b>0</b>
<b>COUNCIL 2013</b>				
Operating Lease Commitments	55	55	0	0
<b>Total Operating Lease Commitments</b>	<b>55</b>	<b>55</b>	<b>0</b>	<b>0</b>

## Note 32 : Contingent Liabilities

Council 2012/13 Actual \$000s	Group 2012/13 Actual \$000s		Council 2013/14 AP \$000s	Council 2013/14 Actual \$000s	Group 2013/14 Actual \$000s
100	100	Paokahu Consent Board	0	100	100
<b>100</b>	<b>100</b>		<b>0</b>	<b>100</b>	<b>100</b>

### 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.

### Building Act Claims

The Building Act 2004 imposes certain obligations and liabilities on local authorities in respect to the issue of building consents and inspection of work done. At the date of this report, there is one matter under that Act indicating potential liabilities which cannot be quantified.

Council has received a claim of negligence in relation to the issue of a Building Code of Compliance. The claim has just been accepted; at this point the potential liability is unable to be determined.

### RiskPool Liability

Gisborne District Council was a member of the NZ Mutual Liability Riskpool between 1999 and 2010. During this time there were unprecedented adverse liability findings against New Zealand councils as a result of "leaky homes". As this exposure was unforeseen by the Riskpool Board, and indeed New Zealand at large, the amount of funds collected were insufficient to meet the claims turn out; net results being the necessity for calls on members. This risk diminishes with each year as various statutes of limitation expire.

These limitation periods are six years for general civil liability claims and ten for claims under the Building Act. The Board have resolved that there is presently no fiscal necessity for a call during 2014/15. This of course could change for any number of reasons, however the Board endeavours to provide the earliest possible warning to councils should this need arise. From 2012 onward ground up reinsurance has been purchased and this ensures that all claims for these years, and the foreseeable future, will be met by reinsurers and not the membership of these years. Therefore whether or not councils remain a member for these years they remain liable for losses pre-dating this period, or when they left the fund, being 2010 for Gisborne.

### Purchase and Sale Agreement - Gisborne District Council and Eastland Port Ltd

Gisborne District Council (GDC) entered into a purchase and sale agreement to exchange lands with Eastland Port Ltd (EPL) on 16 December 2002. Final settlement occurred in April 2013. One of the conditions of the agreement provides EPL with the right to require GDC to repurchase land sold under the agreement for \$1.2m (plus GST) if EPL is unable to obtain resource consents up to 3 years after final settlement.

### Defined Benefit Scheme

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

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

### New Zealand Emissions Trading Scheme Obligations

The Group has a contingent liability in respect of both its pre-1990 and post-1989 forests which are part of the New Zealand Emissions Trading Scheme.

Should the Group deforest all of its pre-1990 forests, it would have a liability under the ETS to surrender New Zealand emissions units of approximately \$623k determined at 30 June 2014 (2013: \$287k).

Should the Group experience a decrease in total carbon stocks for all of its post-1989 forests, whether due to events such as harvest or forest fire, it would have a liability under the ETS to surrender New Zealand emissions units of approximately \$795k determined at 30 June 2014 (2013: \$366k). The amount and timing of any liability is uncertain and is dependent on the occurrence of the circumstances described above and the price of emissions units at the time of deforestation.

### New Zealand Local Government Funding Agency Limited

Gisborne District Council is a guarantor of the New Zealand Local Government Funding Agency Limited (NZLGFA). The NZLGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a current credit rating from Standard and Poor's of AA+.

Gisborne District Council is one of 30 local authority shareholders and 8 local authority guarantors of the NZLGFA. [In that regard it has uncalled capital of \$0.1m]. When aggregated with the uncalled capital of other shareholders, \$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 2014, NZLGFA had borrowings totalling \$3,695m (2013: \$2,497m).

Financial reporting standards require Gisborne District Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Council considers the risk of NZLGFA defaulting on repayment of interest or capital to be very low on the basis that:

- We are not aware of any local authority debt default events in New Zealand; and
- local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

### Earthquake Prone Buildings

Refer to Note 24 for details on earthquake prone buildings.

### 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 Tauwhareparae Farms Ltd.

The investment by GHL in subsidiaries comprises a 100% interest in Tauwhareparae Forests Ltd (TFL) and a 100% interest in TFL. TFL is a non-trading entity. TFL is involved in the ownership and operation of farming activities.

All subsidiaries have a 30 June balance date.

Transactions with GHL	2013 \$000s	2014 \$000s
Services Provided by Council	105	117
Accounts Receivable to Council	2	11

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.

### Key Management Personnel Compensation

#### Key Management Personnel Compensation

	2013 \$000s	2014 \$000s
Salaries and Other Short Term Employees Benefit	1,509	1,700

Key management personnel include the Mayor, Councillors, Chief Executive and other senior management personnel.

### 34: Remuneration and Severance Payments

During the year to 30 June 2014 the total remuneration received by or payable to the Mayor, other Councillors and Chief Executive of the Council were as follows:

	2013	2014
M Foon, Mayor	\$122,339	\$128,195
N Aston, Deputy Mayor	\$34,655	\$0
R Stoltz, Deputy Mayor Elected October 2013	\$29,913	\$36,978
M. Akuhata-Brown	\$0	\$30,815
JC Bauld	\$32,479	\$33,878
WS Burdett	\$39,069	\$44,317
M Caddie	\$30,050	\$0
A Cranston	\$34,561	\$36,978
A Davidson	\$35,976	\$38,680
A Dunn	\$0	\$30,815
L Foster	\$0	\$30,815
R Haisman	\$29,284	\$33,897
A Hall	\$28,891	\$0
P Murphy	\$32,834	\$0
P Seymour	\$38,310	\$44,332
P Tangaere	\$32,443	\$0
G Thomson	\$41,184	\$37,167
B Wilson	\$34,655	\$36,978
JE Campbell, Chief Executive	\$249,457	\$252,808

Total remuneration includes for the Mayor and Chief Executive the value of non-financial benefits. This includes mileage and other travel reimbursements which can be significant for Councillors not residing in Gisborne.

Salary Bands	Number of Employees	
	2013	2014
\$120,000 - \$260,000	7	10
\$100,000 - \$120,000	9	11
\$ 80,000 - \$100,000	25	23
\$ 60,000 - \$ 80,000	50	63
Less than \$ 60,000	232	241
	<b>323</b>	<b>348</b>

	2013	2014
Full Time Employees	201	224
Full Time Equivalent Employees	38	36

A full time equivalent is defined as an employee working 40 hours per week.

## Severance Payments

Three severance payments totalling \$44,637 were made during the 2014 financial year. Twenty two severance payments totalling \$748,149 were made in the 2013 financial year.

## 35: Events After Balance Sheet

In 2013 Council reviewed its debt funding strategy. This resulted in Council extending the term of bank loan facilities in the 2013/14 year. These new bank arrangements moved the debt maturity to within the 3-5 year band and comply with Council's debt facility maturity policy. There have been no further changes in the 2014 year.

In September 2014 Council was notified of three houses on Hill Road which were threatened by a deep seated land subsidence. Council and geotechnical experts are currently investigating the event, which could result in a financial obligation for Council. At this stage there is no indication if an obligation will arise, or of the extent, or value of any possible obligation. The insurance policies Council currently has in place would likely to mitigate any obligation, should it arise.

There are no other events subsequent to balance date that materially affect these accounts.



### 36: Disclosure Statement

#### Rates Affordability Benchmark

The Council meets the rates affordability benchmark if:

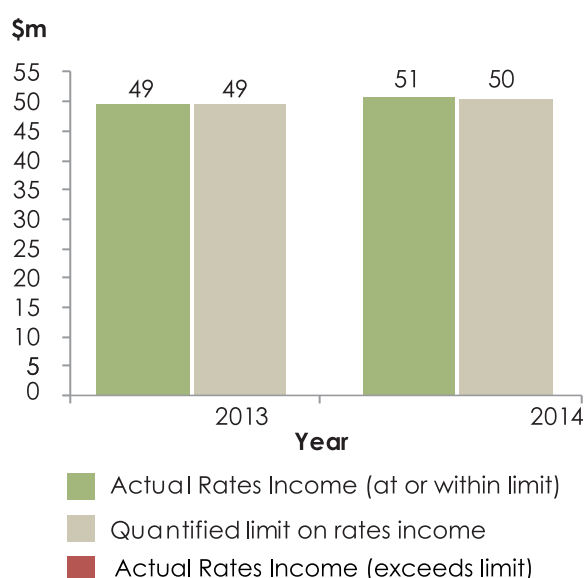
- its actual rates income equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.

#### Rates Income Affordability

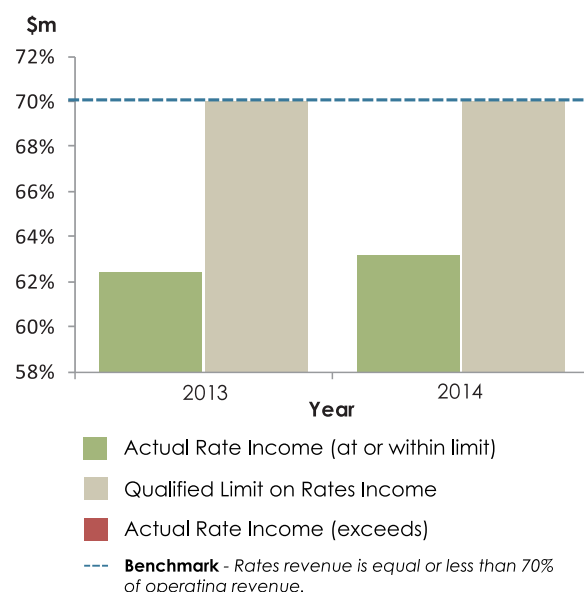
The following graphs compare the Council's actual rates income with quantified limits on rates contained in the financial strategy included in Council's Long Term Plan.

#### Quantified Limits on Rates

The total rates requirement for each year of the Long Term Plan period will be no more than that adopted in the Long Term Plan for that year.



Total rates revenue for each year of the Long Term Plan period will be limited to 70% of operating revenue.



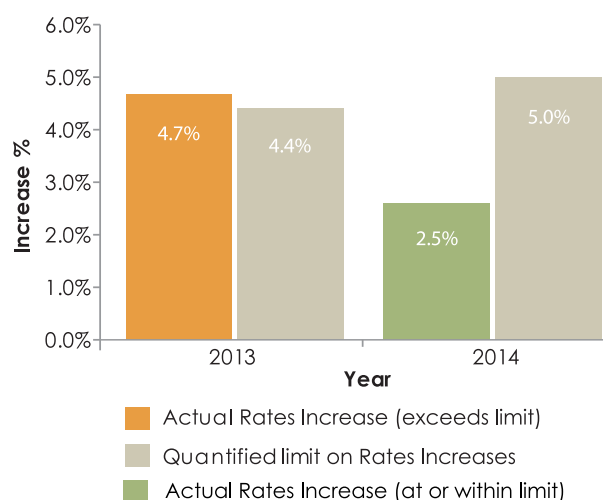
#### Rates Increases Affordability

The following graph compares the Council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the Council's Long Term Plan.

#### Quantified Limit on Rates Increases

Prior to 2013 there was no fiscal policy on rates increase limits. For the current Long Term Plan, the annual increase in total rates requirements has been limited to between 3.2% and 5.4%.

The new Long Term Plan to be consulted on next year aims for a maximum rates increase of 2% per year.



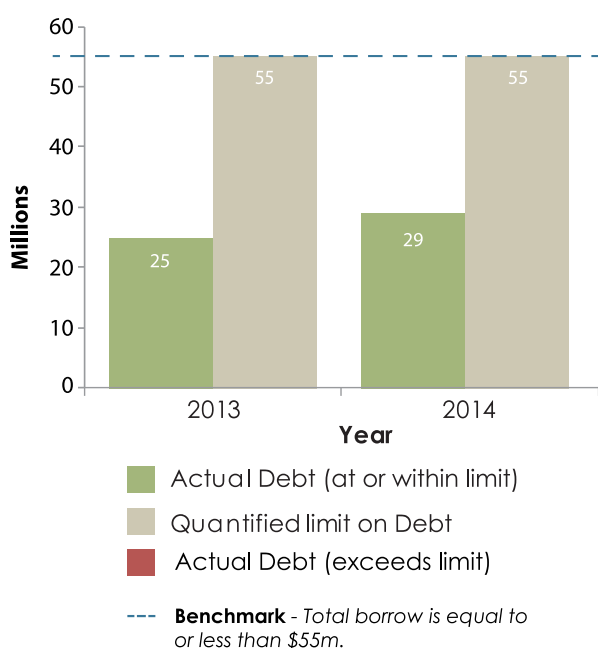
## Debt Affordability Benchmark

The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

### Our Limits for Debt

The following graph compares the Council's actual total borrowing with the first quantified limit on borrowing stated in the financial strategy included in the Council's Long Term Plan.

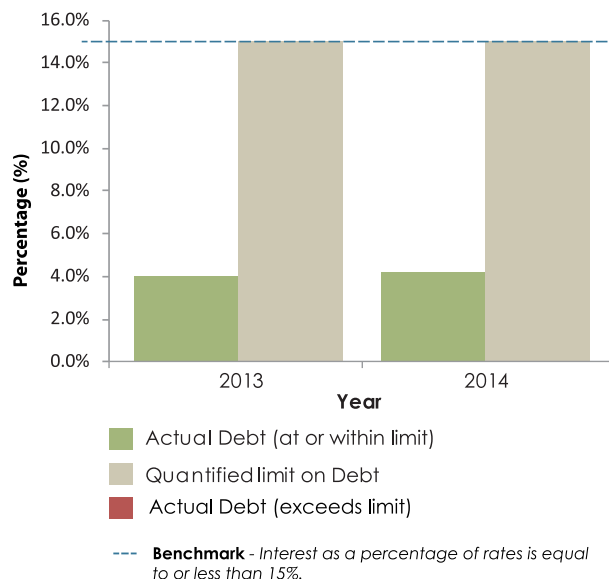
The quantified limit is for total debt to be capped at \$55m.



### Our Limit on Interest as a Percentage of Total Rates Income

The following graph compares the Council's actual interest as a percentage of total rates income with the second quantified limit on borrowing stated in the financial strategy included in the Council's Long Term Plan.

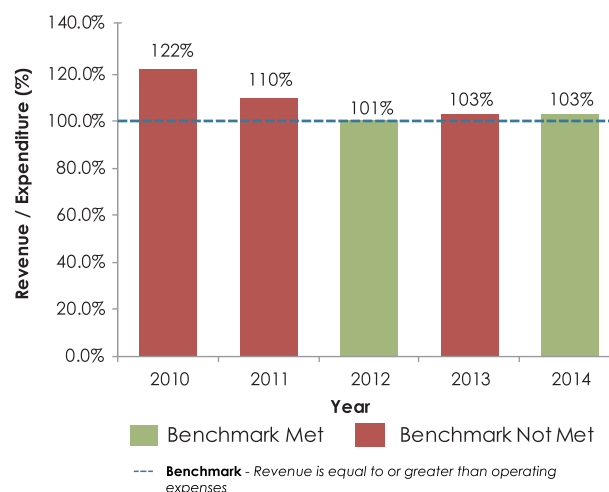
The quantified limit is 15% of total rates.



## 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.

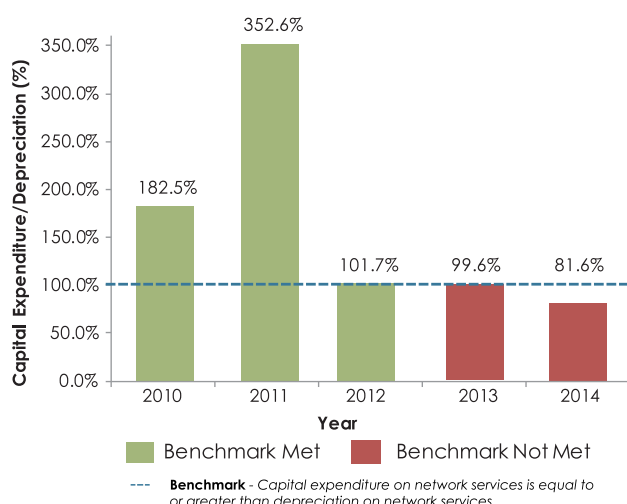


## Essential Services Benchmark

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

The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.

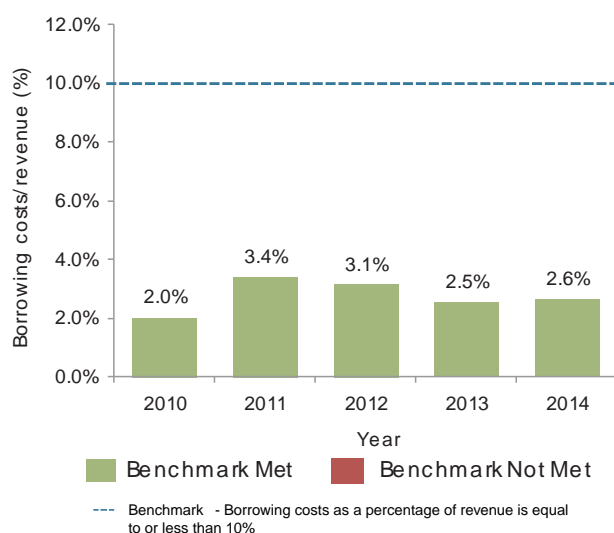
Council did not meet this benchmark in 2014 due to the delay in planned capital projects. The spike in 2011 relates to the capital expenditure on the wastewater treatment plant.



## Debt Servicing Benchmark

The following graph displays the Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property plant and equipment).

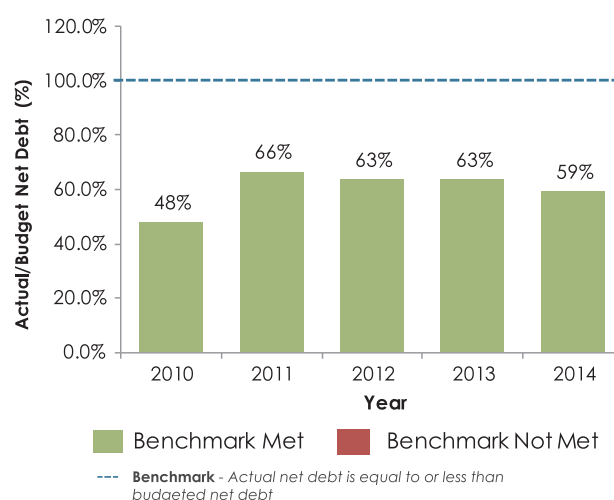
Because Statistics New Zealand projects the Council's population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



## Debt 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.

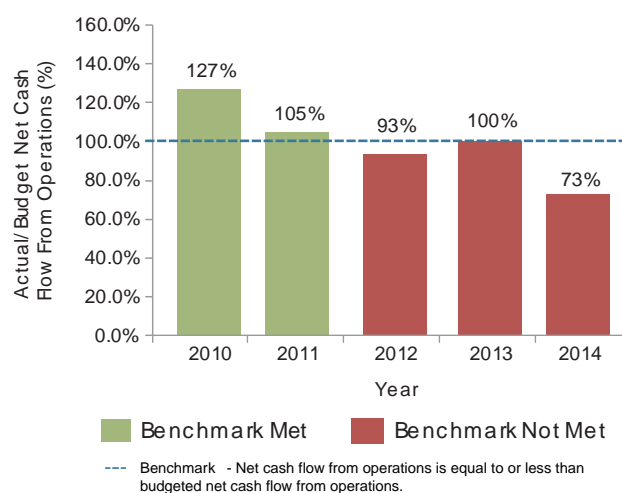


## Operations Control Benchmark

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 2014 due to a decrease in grants revenue as a result of the delay in planned major projects.



## Funding Impact Statement

### Council

Funding Impact Statement for the Year ended 30 June (whole of Council)	TYP 2012/13 \$000s	Actual 2012/13 \$000s	AP 2013/14 \$000s	Actual 2013/14 \$000s
<b>Sources of operating funding</b>				
General Rates, uniform annual general charges, rates penalties	17,078	19,366	17,205	17,382
Targeted Rates (other than a targeted rate for water supply)	32,688	30,811	33,813	34,048
Subsidies and grants for operating purposes	8,295	9,770	8,246	9,348
Fees, charges and targeted rates for water supply	10,872	10,057	10,663	9,868
Interest and dividends from investments	855	1,426	954	1,375
Local authorities fuel tax, Infringement Fees and other receipts	1,196	3,227	1,240	1,536
<b>Total operating funding (A)</b>	<b>70,984</b>	<b>74,657</b>	<b>72,121</b>	<b>73,557</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	55,366	56,153	56,621	56,739
Finance costs	2,778	1,998	2,466	2,106
Other operating funding applications	0	0	373	0
<b>Total applications of operating funding (B)</b>	<b>58,144</b>	<b>58,151</b>	<b>59,460</b>	<b>58,845</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>12,840</b>	<b>16,506</b>	<b>12,661</b>	<b>14,712</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	7,296	5,709	15,204	6,955
Development and financial contributions	816	349	814	962
Increase/(decrease) in debt	2,218	1,388	3,394	3,602
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
<b>Total sources capital funding (C)</b>	<b>10,330</b>	<b>7,446</b>	<b>19,412</b>	<b>11,519</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	143	1,806	131	622
- to improve the level of service	3,041	2,787	16,990	5,382
- to replace existing assets	19,025	17,835	17,927	15,962
Increase/ (decrease) in reserves	962	1,524	(2,975)	4,265
Increase/ (decrease) of investments	0	0	0	0
<b>Total applications of capital funding (D)</b>	<b>23,171</b>	<b>23,952</b>	<b>32,073</b>	<b>26,231</b>
<b>Surplus (deficit) of capital funding</b>	<b>(12,841)</b>	<b>(16,506)</b>	<b>(12,661)</b>	<b>(14,712)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Commercial Operations

Funding Impact Statement for the Year ended 30 June	TYP 2012/13 \$000s	Actual 2012/13 \$000s	AP 2013/14 \$000s	Actual 2013/14 \$000s
<b>Sources of operating funding</b>				
General Rates, uniform annual general charges, rates penalties	94	94	101	101
Targeted Rates (other than a targeted rate for water supply)	0	0	0	0
Subsidies and grants for operating purposes	0	0	0	0
Fees, charges and targeted rates for water supply	2,469	2,259	2,307	2,496
Internal charges and overheads recovered	1,853	1,854	2,072	2,020
Local authorities fuel tax, fines, infringement fees and other receipts	47	867	68	415
<b>Total operating funding (A)</b>	<b>4,463</b>	<b>5,074</b>	<b>4,548</b>	<b>5,032</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	2,416	2,694	2,652	2,892
Finance costs	134	0	144	0
Internal charges and overheads applied	1,241	1,130	1,516	1,316
Other operating funding applications	0	0	(324)	0
<b>Total applications of operating funding (B)</b>	<b>3,791</b>	<b>3,824</b>	<b>3,988</b>	<b>4,208</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>672</b>	<b>1,250</b>	<b>560</b>	<b>824</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	30	0	0
Increase/(decrease) in debt	(189)	(73)	(256)	404
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
<b>Total sources capital funding (C)</b>	<b>(189)</b>	<b>(43)</b>	<b>(256)</b>	<b>404</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	11	8	10	0
- to replace existing assets	513	244	1,481	685
Increase/ (decrease) in reserves	(41)	955	(1,187)	543
Increase/ (decrease) of investments	0	0	0	0
<b>Total applications of capital funding (D)</b>	<b>483</b>	<b>1,207</b>	<b>304</b>	<b>1,228</b>
<b>Surplus (deficit) of capital funding</b>	<b>(672)</b>	<b>(1,250)</b>	<b>(560)</b>	<b>(824)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Aquatic &amp; Recreation Facility

Funding Impact Statement for the Year ended 30 June	TYP 2012/13 \$000s	Actual 2012/13 \$000s	AP 2013/14 \$000s	Actual 2013/14 \$000s
<b>Sources of operating funding</b>				
General Rates, uniform annual general charges, rates penalties	1,065	1,065	1,113	1,113
Targeted Rates (other than a targeted rate for water supply)	0	0	0	0
Subsidies and grants for operating purposes	1	1	1	0
Fees, charges and targeted rates for water supply	570	525	601	511
Internal charges and overheads recovered	328	362	318	418
Local authorities fuel tax, fines, infringement fees and other receipts	4	3	4	4
<b>Total operating funding (A)</b>	<b>1,968</b>	<b>1,956</b>	<b>2,037</b>	<b>2,046</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	1,201	1,092	1,286	1,116
Finance costs	27	0	24	0
Internal charges and overheads applied	463	474	454	531
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding (B)</b>	<b>1,691</b>	<b>1,566</b>	<b>1,764</b>	<b>1,647</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>277</b>	<b>390</b>	<b>273</b>	<b>399</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	5	0	8	0
Development and financial contributions	0	0	0	0
Increase/(decrease) in debt	(18)	(20)	(17)	(22)
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
<b>Total sources capital funding (C)</b>	<b>(13)</b>	<b>(20)</b>	<b>(9)</b>	<b>(22)</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	0	0	0	0
- to replace existing assets	57	23	39	7
Increase/ (decrease) in reserves	207	347	225	370
Increase/ (decrease) of investments	0	0	0	0
<b>Total applications of capital funding (D)</b>	<b>264</b>	<b>370</b>	<b>264</b>	<b>377</b>
<b>Surplus (deficit) of capital funding</b>	<b>(277)</b>	<b>(390)</b>	<b>(273)</b>	<b>(399)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Arts &amp; Culture

Funding Impact Statement for the Year ended 30 June	TYP 2012/13 \$000s	Actual 2012/13 \$000s	AP 2013/14 \$000s	Actual 2013/14 \$000s
<b>Sources of operating funding</b>				
General Rates, uniform annual general charges, rates penalties	1,103	1,103	1,187	1,189
Targeted Rates (other than a targeted rate for water supply)	0	0	0	0
Subsidies and grants for operating purposes	0	0	0	0
Fees, charges and targeted rates for water supply	112	101	115	100
Internal charges and overheads recovered	63	64	141	74
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	(13)
<b>Total operating funding (A)</b>	<b>1,278</b>	<b>1,268</b>	<b>1,443</b>	<b>1,350</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	922	892	958	958
Finance costs	45	0	117	0
Internal charges and overheads applied	154	148	238	233
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding (B)</b>	<b>1,121</b>	<b>1,040</b>	<b>1,313</b>	<b>1,191</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>157</b>	<b>228</b>	<b>130</b>	<b>159</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	440	0	7,402	500
Development and financial contributions	0	1	0	0
Increase/(decrease) in debt	237	335	2,908	2,165
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
<b>Total sources capital funding (C)</b>	<b>677</b>	<b>336</b>	<b>10,310</b>	<b>2,665</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	600	857	10,300	3,340
- to replace existing assets	200	132	107	22
Increase/ (decrease) in reserves	34	(425)	33	(538)
Increase/ (decrease) of investments	0	0	0	0
<b>Total applications of capital funding (D)</b>	<b>834</b>	<b>564</b>	<b>10,440</b>	<b>2,824</b>
<b>Surplus (deficit) of capital funding</b>	<b>(157)</b>	<b>(228)</b>	<b>(130)</b>	<b>(159)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



## Community Housing

Funding Impact Statement for the Year ended 30 June	TYP 2012/13 \$000s	Actual 2012/13 \$000s	AP 2013/14 \$000s	Actual 2013/14 \$000s
<b>Sources of operating funding</b>				
General Rates, uniform annual general charges, rates penalties	0	0	0	0
Targeted Rates (other than a targeted rate for water supply)	0	0	0	0
Subsidies and grants for operating purposes	0	0	0	0
Fees, charges and targeted rates for water supply	875	867	906	968
Internal charges and overheads recovered	69	69	72	83
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0
<b>Total operating funding (A)</b>	<b>944</b>	<b>936</b>	<b>978</b>	<b>1,051</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	333	288	332	353
Finance costs	0	0	0	0
Internal charges and overheads applied	224	232	230	267
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding (B)</b>	<b>557</b>	<b>520</b>	<b>562</b>	<b>620</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>387</b>	<b>416</b>	<b>416</b>	<b>431</b>
<b>Sources of capital funding</b>				
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
Other dedicated capital funding	0	0	0	0
<b>Total sources capital funding (C)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	0	0	0	0
- to replace existing assets	175	182	165	118
Increase/ (decrease) in reserves	212	234	251	313
Increase/ (decrease) of investments	0	0	0	0
<b>Total applications of capital funding (D)</b>	<b>387</b>	<b>416</b>	<b>416</b>	<b>431</b>
<b>Surplus (deficit) of capital funding</b>	<b>(387)</b>	<b>(416)</b>	<b>(416)</b>	<b>(431)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Community Planning & Development

Funding Impact Statement for the Year ended 30 June	TYP 2012/13 \$000s	Actual 2012/13 \$000s	AP 2013/14 \$000s	Actual 2013/14 \$000s
<b>Sources of operating funding</b>				
General Rates, uniform annual general charges, rates penalties	1,622	2,168	1,506	1,439
Targeted Rates (other than a targeted rate for water supply)	546	0	550	617
Subsidies and grants for operating purposes	124	305	124	292
Fees, charges and targeted rates for water supply	10	0	10	(15)
Internal charges and overheads recovered	81	88	66	347
Local authorities fuel tax, fines, infringement fees and other receipts	1	(1)	1	1
<b>Total operating funding (A)</b>	<b>2,384</b>	<b>2,560</b>	<b>2,257</b>	<b>2,681</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	1,833	1,772	1,735	2,085
Finance costs	1	0	2	0
Internal charges and overheads applied	550	547	553	587
Other operating funding applications	0	0	(36)	0
<b>Total applications of operating funding (B)</b>	<b>2,384</b>	<b>2,319</b>	<b>2,254</b>	<b>2,672</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>0</b>	<b>241</b>	<b>3</b>	<b>9</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Increase/(decrease) in debt	25	0	0	0
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
<b>Total sources capital funding (C)</b>	<b>25</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	25	0	0	0
- to replace existing assets	0	0	0	0
Increase/ (decrease) in reserves	0	241	3	9
Increase/ (decrease) of investments	0	0	0	0
<b>Total applications of capital funding (D)</b>	<b>25</b>	<b>241</b>	<b>3</b>	<b>9</b>
<b>Surplus (deficit) of capital funding</b>	<b>0</b>	<b>(241)</b>	<b>(3)</b>	<b>(9)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## HB Williams Memorial Library

Funding Impact Statement for the Year ended 30 June	TYP 2012/13 \$000s	Actual 2012/13 \$000s	AP 2013/14 \$000s	Actual 2013/14 \$000s
<b>Sources of operating funding</b>				
General Rates, uniform annual general charges, rates penalties	1,599	1,599	1,645	1,645
Targeted Rates (other than a targeted rate for water supply)	0	0	0	0
Subsidies and grants for operating purposes	0	0	0	0
Fees, charges and targeted rates for water supply	122	95	125	83
Internal charges and overheads recovered	157	159	206	167
Local authorities fuel tax, fines, infringement fees and other receipts	15	4	16	10
<b>Total operating funding (A)</b>	<b>1,893</b>	<b>1,857</b>	<b>1,992</b>	<b>1,905</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	1,181	1,011	1,154	1,007
Finance costs	7	0	55	0
Internal charges and overheads applied	398	385	481	437
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding (B)</b>	<b>1,586</b>	<b>1,396</b>	<b>1,690</b>	<b>1,444</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>307</b>	<b>461</b>	<b>302</b>	<b>461</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	20	13	21	1
Development and financial contributions	0	0	0	0
Increase/(decrease) in debt	89	(5)	1,307	29
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
<b>Total sources capital funding (C)</b>	<b>109</b>	<b>8</b>	<b>1,328</b>	<b>30</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	200	7	2,838	34
- to replace existing assets	193	167	202	142
Increase/ (decrease) in reserves	23	295	(1,410)	315
Increase/ (decrease) of investments	0	0	0	0
<b>Total applications of capital funding (D)</b>	<b>416</b>	<b>469</b>	<b>1,630</b>	<b>491</b>
<b>Surplus (deficit) of capital funding</b>	<b>(307)</b>	<b>(461)</b>	<b>(302)</b>	<b>(461)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Parks &amp; Open Spaces

Funding Impact Statement for the Year ended 30 June	TYP 2012/13 \$000s	Actual 2012/13 \$000s	AP 2013/14 \$000s	Actual 2013/14 \$000s
<b>Sources of operating funding</b>				
General Rates, uniform annual general charges, rates penalties	1,119	0	1,304	1,302
Targeted Rates (other than a targeted rate for water supply)	3,466	4,586	3,573	3,573
Subsidies and grants for operating purposes	8	12	8	5
Fees, charges and targeted rates for water supply	292	259	303	234
Internal charges and overheads recovered	349	349	362	376
Local authorities fuel tax, fines, infringement fees and other receipts	34	1,072	35	24
<b>Total operating funding (A)</b>	<b>5,268</b>	<b>6,278</b>	<b>5,585</b>	<b>5,514</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	3,567	3,554	3,448	3,667
Finance costs	53	0	65	0
Internal charges and overheads applied	1,133	1,198	1,408	1,344
Other operating funding applications	0	0	168	0
<b>Total applications of operating funding (B)</b>	<b>4,753</b>	<b>4,752</b>	<b>5,089</b>	<b>5,011</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>515</b>	<b>1,526</b>	<b>496</b>	<b>503</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	24	0	1,009	5
Development and financial contributions	0	0	0	430
Increase/(decrease) in debt	115	118	55	694
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
<b>Total sources capital funding (C)</b>	<b>139</b>	<b>118</b>	<b>1,064</b>	<b>1,129</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	0	10	0	4
- to improve the level of service	90	42	27	86
- to replace existing assets	667	2,437	1,531	1,224
Increase/ (decrease) in reserves	(103)	(845)	2	318
Increase/ (decrease) of investments	0	0	0	0
<b>Total applications of capital funding (D)</b>	<b>654</b>	<b>1,644</b>	<b>1,560</b>	<b>1,632</b>
<b>Surplus (deficit) of capital funding</b>	<b>(515)</b>	<b>(1,526)</b>	<b>(496)</b>	<b>(503)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Animal Control

Funding Impact Statement for the Year ended 30 June	TYP 2012/13 \$000s	Actual 2012/13 \$000s	AP 2013/14 \$000s	Actual 2013/14 \$000s
<b>Sources of operating funding</b>				
General Rates, uniform annual general charges, rates penalties	0	0	0	0
Targeted Rates (other than a targeted rate for water supply)	225	225	253	253
Subsidies and grants for operating purposes	50	50	50	50
Fees, charges and targeted rates for water supply	568	580	582	577
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	79	68	79	68
<b>Total operating funding (A)</b>	<b>922</b>	<b>923</b>	<b>964</b>	<b>948</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	575	525	583	465
Finance costs	0	0	0	0
Internal charges and overheads applied	347	355	381	379
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding (B)</b>	<b>922</b>	<b>880</b>	<b>964</b>	<b>844</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>0</b>	<b>43</b>	<b>0</b>	<b>104</b>
<b>Sources of capital funding</b>				
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
Other dedicated capital funding	0	0	0	0
<b>Total sources capital funding (C)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Applications of capital funding</b>				
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	43	0	104
Increase/ (decrease) of investments	0	0	0	0
<b>Total applications of capital funding (D)</b>	<b>0</b>	<b>43</b>	<b>0</b>	<b>104</b>
<b>Surplus (deficit) of capital funding</b>	<b>0</b>	<b>(43)</b>	<b>0</b>	<b>(104)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Building Services

Funding Impact Statement for the Year ended 30 June	TYP 2012/13 \$000s	Actual 2012/13 \$000s	AP 2013/14 \$000s	Actual 2013/14 \$000s
<b>Sources of operating funding</b>				
General Rates, uniform annual general charges, rates penalties	0	0	0	0
Targeted Rates (other than a targeted rate for water supply)	800	800	795	795
Subsidies and grants for operating purposes	0	0	0	0
Fees, charges and targeted rates for water supply	844	722	865	720
Internal charges and overheads recovered	5	100	75	75
Local authorities fuel tax, fines, infringement fees and other receipts	0	8	0	0
<b>Total operating funding (A)</b>	<b>1,649</b>	<b>1,630</b>	<b>1,735</b>	<b>1,590</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	1,017	1,268	953	839
Finance costs	1	0	0	0
Internal charges and overheads applied	628	605	722	698
Other operating funding applications	0	0	58	0
<b>Total applications of operating funding (B)</b>	<b>1,646</b>	<b>1,873</b>	<b>1,733</b>	<b>1,537</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>3</b>	<b>(243)</b>	<b>2</b>	<b>53</b>
<b>Sources of capital funding</b>				
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
Other dedicated capital funding	0	0	0	0
<b>Total sources capital funding (C)</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>
<b>Applications of capital funding</b>				
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	2	(244)	1	52
Increase/ (decrease) of investments	0	0	0	0
<b>Total applications of capital funding (D)</b>	<b>2</b>	<b>(244)</b>	<b>1</b>	<b>52</b>
<b>Surplus (deficit) of capital funding</b>	<b>(3)</b>	<b>243</b>	<b>(2)</b>	<b>(53)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Civil Defence &amp; Emergency Management

Funding Impact Statement for the Year ended 30 June	TYP 2012/13 \$000s	Actual 2012/13 \$000s	AP 2013/14 \$000s	Actual 2013/14 \$000s
<b>Sources of operating funding</b>				
General Rates, uniform annual general charges, rates penalties	348	0	346	346
Targeted Rates (other than a targeted rate for water supply)	686	1,034	687	687
Subsidies and grants for operating purposes	1	0	1	0
Fees, charges and targeted rates for water supply	75	67	77	33
Internal charges and overheads recovered	9	9	10	10
Local authorities fuel tax, fines, infringement fees and other receipts	8	10	7	58
<b>Total operating funding (A)</b>	<b>1,127</b>	<b>1,120</b>	<b>1,128</b>	<b>1,134</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	691	573	679	616
Finance costs	3	0	2	0
Internal charges and overheads applied	290	287	305	298
Other operating funding applications	0	0	100	0
<b>Total applications of operating funding (B)</b>	<b>984</b>	<b>860</b>	<b>1,086</b>	<b>914</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>143</b>	<b>260</b>	<b>42</b>	<b>220</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	0	11	0	7
Development and financial contributions	0	0	0	0
Increase/(decrease) in debt	(3)	1	(4)	(7)
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
<b>Total sources capital funding (C)</b>	<b>(3)</b>	<b>12</b>	<b>(4)</b>	<b>0</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	0	0	0	4
- to replace existing assets	5	21	57	8
Increase/ (decrease) in reserves	135	251	(19)	208
Increase/ (decrease) of investments	0	0	0	0
<b>Total applications of capital funding (D)</b>	<b>140</b>	<b>272</b>	<b>38</b>	<b>220</b>
<b>Surplus (deficit) of capital funding</b>	<b>(143)</b>	<b>(260)</b>	<b>(42)</b>	<b>(220)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Environmental Health

Funding Impact Statement for the Year ended 30 June	TYP 2012/13 \$000s	Actual 2012/13 \$000s	AP 2013/14 \$000s	Actual 2013/14 \$000s
<b>Sources of operating funding</b>				
General Rates, uniform annual general charges, rates penalties	1,383	1,383	1,371	1,371
Targeted Rates (other than a targeted rate for water supply)	50	50	50	50
Subsidies and grants for operating purposes	0	0	0	0
Fees, charges and targeted rates for water supply	266	239	272	279
Internal charges and overheads recovered	1,427	1,422	1,513	1,507
Local authorities fuel tax, fines, infringement fees and other receipts	8	12	8	10
<b>Total operating funding (A)</b>	<b>3,134</b>	<b>3,106</b>	<b>3,214</b>	<b>3,217</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	1,232	1,166	1,143	1,129
Finance costs	0	0	0	0
Internal charges and overheads applied	1,890	1,908	1,974	1,971
Other operating funding applications	0	0	86	0
<b>Total applications of operating funding (B)</b>	<b>3,122</b>	<b>3,074</b>	<b>3,203</b>	<b>3,100</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>12</b>	<b>32</b>	<b>11</b>	<b>117</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Increase/(decrease) in debt	(3)	(2)	(2)	(1)
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
<b>Total sources capital funding (C)</b>	<b>(3)</b>	<b>(2)</b>	<b>(2)</b>	<b>(1)</b>
<b>Applications of capital funding</b>				
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	9	30	9	116
Increase/ (decrease) of investments	0	0	0	0
<b>Total applications of capital funding (D)</b>	<b>9</b>	<b>30</b>	<b>9</b>	<b>116</b>
<b>Surplus (deficit) of capital funding</b>	<b>(12)</b>	<b>(32)</b>	<b>(11)</b>	<b>(117)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Environmental Policy

Funding Impact Statement for the Year ended 30 June	TYP 2012/13 \$000s	Actual 2012/13 \$000s	AP 2013/14 \$000s	Actual 2013/14 \$000s
<b>Sources of operating funding</b>				
General Rates, uniform annual general charges, rates penalties	0	0	0	0
Targeted Rates (other than a targeted rate for water supply)	1,216	1,216	1,312	1,312
Subsidies and grants for operating purposes	0	38	0	40
Fees, charges and targeted rates for water supply	2	0	2	(6)
Internal charges and overheads recovered	97	97	99	99
Local authorities fuel tax, fines, infringement fees and other receipts	5	48	5	0
<b>Total operating funding (A)</b>	<b>1,320</b>	<b>1,399</b>	<b>1,418</b>	<b>1,445</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	965	698	895	705
Finance costs	0	0	0	0
Internal charges and overheads applied	354	366	404	394
Other operating funding applications	0	0	118	0
<b>Total applications of operating funding (B)</b>	<b>1,319</b>	<b>1,064</b>	<b>1,417</b>	<b>1,099</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>1</b>	<b>335</b>	<b>1</b>	<b>346</b>
<b>Sources of capital funding</b>				
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
Other dedicated capital funding	0	0	0	0
<b>Total sources capital funding (C)</b>	<b>0</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>
<b>Applications of capital funding</b>				
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	1	334	0	345
Increase/ (decrease) of investments	0	0	0	0
<b>Total applications of capital funding (D)</b>	<b>1</b>	<b>334</b>	<b>0</b>	<b>345</b>
<b>Surplus (deficit) of capital funding</b>	<b>(1)</b>	<b>(335)</b>	<b>(1)</b>	<b>(346)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Environmental Services

Funding Impact Statement for the Year ended 30 June	TYP 2012/13 \$000s	Actual 2012/13 \$000s	AP 2013/14 \$000s	Actual 2013/14 \$000s
<b>Sources of operating funding</b>				
General Rates, uniform annual general charges, rates penalties	0	0	0	0
Targeted Rates (other than a targeted rate for water supply)	2,971	2,971	3,078	3,078
Subsidies and grants for operating purposes	0	0	0	0
Fees, charges and targeted rates for water supply	491	336	433	513
Internal charges and overheads recovered	2,149	2,143	2,421	2,415
Local authorities fuel tax, fines, infringement fees and other receipts	41	4	41	106
<b>Total operating funding (A)</b>	<b>5,652</b>	<b>5,454</b>	<b>5,973</b>	<b>6,112</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	3,141	2,592	3,054	2,878
Finance costs	0	0	0	0
Internal charges and overheads applied	2,491	2,520	2,890	2,873
Other operating funding applications	0	0	(2)	0
<b>Total applications of operating funding (B)</b>	<b>5,632</b>	<b>5,112</b>	<b>5,942</b>	<b>5,751</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>20</b>	<b>342</b>	<b>31</b>	<b>361</b>
<b>Sources of capital funding</b>				
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
Other dedicated capital funding	0	0	0	0
<b>Total sources capital funding (C)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	0	0	0	0
- to replace existing assets	72	69	74	68
Increase/ (decrease) in reserves	(52)	273	(43)	293
Increase/ (decrease) of investments	0	0	0	0
<b>Total applications of capital funding (D)</b>	<b>20</b>	<b>342</b>	<b>31</b>	<b>361</b>
<b>Surplus (deficit) of capital funding</b>	<b>(20)</b>	<b>(342)</b>	<b>(31)</b>	<b>(361)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



## Resource Consents

Funding Impact Statement for the Year ended 30 June	TYP 2012/13 \$000s	Actual 2012/13 \$000s	AP 2013/14 \$000s	Actual 2013/14 \$000s
<b>Sources of operating funding</b>				
General Rates, uniform annual general charges, rates penalties	0	0	0	0
Targeted Rates (other than a targeted rate for water supply)	916	916	938	938
Subsidies and grants for operating purposes	0	0	0	0
Fees, charges and targeted rates for water supply	266	194	272	193
Internal charges and overheads recovered	37	29	38	30
Local authorities fuel tax, fines, infringement fees and other receipts	0	1	0	0
<b>Total operating funding (A)</b>	<b>1,219</b>	<b>1,140</b>	<b>1,248</b>	<b>1,161</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	874	702	799	654
Finance costs	0	0	0	0
Internal charges and overheads applied	345	345	395	392
Other operating funding applications	0	0	54	0
<b>Total applications of operating funding (B)</b>	<b>1,219</b>	<b>1,047</b>	<b>1,248</b>	<b>1,046</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>0</b>	<b>93</b>	<b>0</b>	<b>115</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	6	0	122
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
Other dedicated capital funding	0	0	0	0
<b>Total sources capital funding (C)</b>	<b>0</b>	<b>6</b>	<b>0</b>	<b>122</b>
<b>Applications of capital funding</b>				
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	99	0	237
Increase/ (decrease) of investments	0	0	0	0
<b>Total applications of capital funding (D)</b>	<b>0</b>	<b>99</b>	<b>0</b>	<b>237</b>
<b>Surplus (deficit) of capital funding</b>	<b>0</b>	<b>(93)</b>	<b>0</b>	<b>(115)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Governance

Funding Impact Statement for the Year ended 30 June	TYP 2012/13 \$000s	Actual 2012/13 \$000s	AP 2013/14 \$000s	Actual 2013/14 \$000s
<b>Sources of operating funding</b>				
General Rates, uniform annual general charges, rates penalties	2,471	2,471	2,569	2,569
Targeted Rates (other than a targeted rate for water supply)	0	0	0	0
Subsidies and grants for operating purposes	0	0	38	0
Fees, charges and targeted rates for water supply	12	(2)	12	(26)
Internal charges and overheads recovered	4	4	4	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	5
<b>Total operating funding (A)</b>	<b>2,487</b>	<b>2,473</b>	<b>2,623</b>	<b>2,548</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	1,101	870	1,168	952
Finance costs	0	0	0	0
Internal charges and overheads applied	1,284	1,266	1,353	1,339
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding (B)</b>	<b>2,385</b>	<b>2,136</b>	<b>2,521</b>	<b>2,291</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>102</b>	<b>337</b>	<b>102</b>	<b>257</b>
<b>Sources of capital funding</b>				
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
Other dedicated capital funding	0	0	0	0
<b>Total sources capital funding (C)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Applications of capital funding</b>				
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	102	337	102	257
Increase/ (decrease) of investments	0	0	0	0
<b>Total applications of capital funding (D)</b>	<b>102</b>	<b>337</b>	<b>102</b>	<b>257</b>
<b>Surplus (deficit) of capital funding</b>	<b>(102)</b>	<b>(337)</b>	<b>(102)</b>	<b>(257)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Support Services

Funding Impact Statement for the Year ended 30 June	TYP 2012/13 \$000s	Actual 2012/13 \$000s	AP 2013/14 \$000s	Actual 2013/14 \$000s
<b>Sources of operating funding</b>				
General Rates, uniform annual general charges, rates penalties	125	507	(263)	87
Targeted Rates (other than a targeted rate for water supply)	0	0	0	0
Subsidies and grants for operating purposes	0	0	0	9
Fees, charges and targeted rates for water supply	1,006	1,563	1,108	1,474
Internal charges and overheads recovered	13,182	12,871	15,589	15,078
Local authorities fuel tax, fines, infringement fees and other receipts	386	357	395	169
<b>Total operating funding (A)</b>	<b>14,699</b>	<b>15,298</b>	<b>16,829</b>	<b>16,817</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	8,218	6,915	9,702	7,872
Finance costs	(336)	1,998	(751)	2,106
Internal charges and overheads applied	5,960	5,931	7,155	7,238
Other operating funding applications	0	0	21	0
<b>Total applications of operating funding (B)</b>	<b>13,842</b>	<b>14,844</b>	<b>16,127</b>	<b>17,216</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>857</b>	<b>454</b>	<b>702</b>	<b>(399)</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	0	442	0	174
Development and financial contributions	816	297	814	403
Increase/(decrease) in debt	131	739	734	458
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
<b>Total sources capital funding (C)</b>	<b>947</b>	<b>1,478</b>	<b>1,548</b>	<b>1,035</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	50	0	52	930
- to replace existing assets	411	2,007	1,120	557
Increase/ (decrease) in reserves	1,343	(75)	1,078	(851)
Increase/ (decrease) of investments	0	0	0	0
<b>Total applications of capital funding (D)</b>	<b>1,804</b>	<b>1,932</b>	<b>2,250</b>	<b>636</b>
<b>Surplus (deficit) of capital funding</b>	<b>(857)</b>	<b>(454)</b>	<b>(702)</b>	<b>399</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Flood Protection

Funding Impact Statement for the Year ended 30 June	TYP 2012/13 \$000s	Actual 2012/13 \$000s	AP 2013/14 \$000s	Actual 2013/14 \$000s
<b>Sources of operating funding</b>				
General Rates, uniform annual general charges, rates penalties	1,322	0	1,280	1,352
Targeted Rates (other than a targeted rate for water supply)	1,199	2,521	1,208	1,137
Subsidies and grants for operating purposes	0	0	0	0
Fees, charges and targeted rates for water supply	156	213	160	178
Internal charges and overheads recovered	75	72	77	74
Local authorities fuel tax, fines, infringement fees and other receipts	11	4	10	5
<b>Total operating funding (A)</b>	<b>2,763</b>	<b>2,810</b>	<b>2,735</b>	<b>2,746</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	1,458	1,630	1,422	1,692
Finance costs	259	0	248	0
Internal charges and overheads applied	884	873	928	912
Other operating funding applications	0	0	(50)	0
<b>Total applications of operating funding (B)</b>	<b>2,601</b>	<b>2,503</b>	<b>2,548</b>	<b>2,604</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>162</b>	<b>307</b>	<b>187</b>	<b>142</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Increase/(decrease) in debt	18	189	217	98
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
<b>Total sources capital funding (C)</b>	<b>18</b>	<b>189</b>	<b>217</b>	<b>98</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	200	273	416	0
- to replace existing assets	23	21	569	208
Increase/ (decrease) in reserves	(43)	202	(581)	32
Increase/ (decrease) of investments	0	0	0	0
<b>Total applications of capital funding (D)</b>	<b>180</b>	<b>496</b>	<b>404</b>	<b>240</b>
<b>Surplus (deficit) of capital funding</b>	<b>(162)</b>	<b>(307)</b>	<b>(187)</b>	<b>(142)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Land Transport and Parking

Funding Impact Statement for the Year ended 30 June	TYP 2012/13 \$000s	Actual 2012/13 \$000s	AP 2013/14 \$000s	Actual 2013/14 \$000s
<b>Sources of operating funding</b>				
General Rates, uniform annual general charges, rates penalties	1,341	8,976	1,719	1,719
Targeted Rates (other than a targeted rate for water supply)	7,635	0	8,034	8,034
Subsidies and grants for operating purposes	7,911	9,364	7,884	8,952
Fees, charges and targeted rates for water supply	918	706	760	615
Internal charges and overheads recovered	1,340	1,035	1,341	1,210
Local authorities fuel tax, fines, infringement fees and other receipts	543	717	556	609
<b>Total operating funding (A)</b>	<b>19,688</b>	<b>20,798</b>	<b>20,294</b>	<b>21,139</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	12,728	14,989	12,676	14,636
Finance costs	242	0	254	0
Internal charges and overheads applied	2,501	2,286	2,899	2,804
Other operating funding applications	0	0	(12)	0
<b>Total applications of operating funding (B)</b>	<b>15,471</b>	<b>17,275</b>	<b>15,817</b>	<b>17,440</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>4,217</b>	<b>3,523</b>	<b>4,477</b>	<b>3,699</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	6,417	5,243	6,764	6,224
Development and financial contributions	0	0	0	7
Increase/(decrease) in debt	155	88	133	211
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
<b>Total sources capital funding (C)</b>	<b>6,572</b>	<b>5,331</b>	<b>6,897</b>	<b>6,442</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	0	770	0	284
- to improve the level of service	1,865	1,600	3,347	988
- to replace existing assets	9,159	8,139	9,362	10,129
Increase/ (decrease) in reserves	(235)	(1,655)	(1,335)	(1,260)
Increase/ (decrease) of investments	0	0	0	0
<b>Total applications of capital funding (D)</b>	<b>10,789</b>	<b>8,854</b>	<b>11,374</b>	<b>10,141</b>
<b>Surplus (deficit) of capital funding</b>	<b>(4,217)</b>	<b>(3,523)</b>	<b>(4,477)</b>	<b>(3,699)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Solid Waste

Funding Impact Statement for the Year ended 30 June	TYP 2012/13 \$000s	Actual 2012/13 \$000s	AP 2013/14 \$000s	Actual 2013/14 \$000s
<b>Sources of operating funding</b>				
General Rates, uniform annual general charges, rates penalties	2,911	0	2,741	2,562
Targeted Rates (other than a targeted rate for water supply)	1,734	4,649	1,745	1,933
Subsidies and grants for operating purposes	0	0	0	0
Fees, charges and targeted rates for water supply	140	296	140	165
Internal charges and overheads recovered	45	239	44	94
Local authorities fuel tax, fines, infringement fees and other receipts	9	13	9	14
<b>Total operating funding (A)</b>	<b>4,839</b>	<b>5,197</b>	<b>4,679</b>	<b>4,768</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	3,435	3,895	3,500	3,731
Finance costs	578	0	466	0
Internal charges and overheads applied	179	271	91	111
Other operating funding applications	0	0	(50)	0
<b>Total applications of operating funding (B)</b>	<b>4,192</b>	<b>4,166</b>	<b>4,007</b>	<b>3,842</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>647</b>	<b>1,031</b>	<b>672</b>	<b>926</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Increase/(decrease) in debt	(542)	(411)	(570)	(439)
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
<b>Total sources capital funding (C)</b>	<b>(542)</b>	<b>(411)</b>	<b>(570)</b>	<b>(439)</b>
<b>Applications of capital funding</b>				
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	105	620	102	487
Increase/ (decrease) of investments	0	0	0	0
<b>Total applications of capital funding (D)</b>	<b>105</b>	<b>620</b>	<b>102</b>	<b>487</b>
<b>Surplus (deficit) of capital funding</b>	<b>(647)</b>	<b>(1,031)</b>	<b>(672)</b>	<b>(926)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Stormwater

Funding Impact Statement for the Year ended 30 June	TYP 2012/13 \$000s	Actual 2012/13 \$000s	AP 2013/14 \$000s	Actual 2013/14 \$000s
<b>Sources of operating funding</b>				
General Rates, uniform annual general charges, rates penalties	540	0	550	550
Targeted Rates (other than a targeted rate for water supply)	2,161	2,701	2,201	2,201
Subsidies and grants for operating purposes	0	0	0	0
Fees, charges and targeted rates for water supply	0	0	0	(25)
Internal charges and overheads recovered	2	9	2	328
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0
<b>Total operating funding (A)</b>	<b>2,703</b>	<b>2,710</b>	<b>2,753</b>	<b>3,054</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	1,409	1,474	1,416	1,148
Finance costs	483	0	446	0
Internal charges and overheads applied	(23)	(6)	27	180
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding (B)</b>	<b>1,869</b>	<b>1,468</b>	<b>1,889</b>	<b>1,328</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>834</b>	<b>1,242</b>	<b>864</b>	<b>1,726</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Increase/(decrease) in debt	(432)	(448)	(385)	(447)
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
<b>Total sources capital funding (C)</b>	<b>(432)</b>	<b>(448)</b>	<b>(385)</b>	<b>(447)</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	22	102	75	74
- to improve the level of service	0	0	0	0
- to replace existing assets	709	609	503	469
Increase/ (decrease) in reserves	(329)	83	(99)	736
Increase/ (decrease) of investments	0	0	0	0
<b>Total applications of capital funding (D)</b>	<b>402</b>	<b>794</b>	<b>479</b>	<b>1,279</b>
<b>Surplus (deficit) of capital funding</b>	<b>(834)</b>	<b>(1,242)</b>	<b>(864)</b>	<b>(1,726)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Wastewater

Funding Impact Statement for the Year ended 30 June	TYP 2012/13 \$000s	Actual 2012/13 \$000s	AP 2013/14 \$000s	Actual 2013/14 \$000s
<b>Sources of operating funding</b>				
General Rates, uniform annual general charges, rates penalties	35	0	36	36
Targeted Rates (other than a targeted rate for water supply)	6,957	7,014	7,167	7,213
Subsidies and grants for operating purposes	200	0	140	0
Fees, charges and targeted rates for water supply	402	308	411	82
Internal charges and overheads recovered	29	30	30	844
Local authorities fuel tax, fines, infringement fees and other receipts	5	4	6	45
<b>Total operating funding (A)</b>	<b>7,628</b>	<b>7,356</b>	<b>7,790</b>	<b>8,220</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	3,969	4,574	4,051	4,392
Finance costs	1,204	0	1,268	0
Internal charges and overheads applied	271	186	266	1,422
Other operating funding applications	0	0	125	0
<b>Total applications of operating funding (B)</b>	<b>5,444</b>	<b>4,760</b>	<b>5,710</b>	<b>5,814</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>2,184</b>	<b>2,596</b>	<b>2,080</b>	<b>2,406</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	15	0	0
Increase/(decrease) in debt	1,334	(54)	(818)	283
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
<b>Total sources capital funding (C)</b>	<b>1,334</b>	<b>(39)</b>	<b>(818)</b>	<b>283</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	27	175	28	54
- to improve the level of service	0	0	0	0
- to replace existing assets	3,958	2,484	1,885	1,834
Increase/ (decrease) in reserves	(467)	(102)	(651)	801
Increase/ (decrease) of investments	0	0	0	0
<b>Total applications of capital funding (D)</b>	<b>3,518</b>	<b>2,557</b>	<b>1,262</b>	<b>2,689</b>
<b>Surplus (deficit) of capital funding</b>	<b>(2,184)</b>	<b>(2,596)</b>	<b>(2,080)</b>	<b>(2,406)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Water Supply

Funding Impact Statement for the Year ended 30 June	TYP 2012/13 \$000s	Actual 2012/13 \$000s	AP 2013/14 \$000s	Actual 2013/14 \$000s
<b>Sources of operating funding</b>				
General Rates, uniform annual general charges, rates penalties	0	0	0	1
Targeted Rates (other than a targeted rate for water supply)	2,126	2,128	2,222	2,227
Subsidies and grants for operating purposes	0	0	0	0
Fees, charges and targeted rates for water supply	2,131	2,155	2,156	2,094
Internal charges and overheads recovered	365	395	374	1,323
Local authorities fuel tax, fines, infringement fees and other receipts	0	36	0	6
<b>Total operating funding (A)</b>	<b>4,622</b>	<b>4,714</b>	<b>4,752</b>	<b>5,651</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	3,100	2,979	3,015	2,952
Finance costs	77	0	126	0
Internal charges and overheads applied	102	91	180	843
Other operating funding applications	0	0	125	0
<b>Total applications of operating funding (B)</b>	<b>3,279</b>	<b>3,070</b>	<b>3,446</b>	<b>3,795</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>1,343</b>	<b>1,644</b>	<b>1,306</b>	<b>1,856</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	390	0	0	44
Development and financial contributions	0	0	0	0
Increase/(decrease) in debt	1,302	933	94	178
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
<b>Total sources capital funding (C)</b>	<b>1,692</b>	<b>933</b>	<b>94</b>	<b>222</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	94	749	28	206
- to improve the level of service	0	0	0	0
- to replace existing assets	2,883	1,300	832	491
Increase/ (decrease) in reserves	58	528	540	1,381
Increase/ (decrease) of investments	0	0	0	0
<b>Total applications of capital funding (D)</b>	<b>3,035</b>	<b>2,577</b>	<b>1,400</b>	<b>2,078</b>
<b>Surplus (deficit) of capital funding</b>	<b>(1,343)</b>	<b>(1,644)</b>	<b>(1,306)</b>	<b>(1,856)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>





# Appendices

Our Council - Governance and Structure  
Schedule of Councillors and Agents



## Our Council - Governance and Structure

### Our Role

As one of only five Unitary Authorities, the Gisborne District Council (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

- resource management (quality of water, soil, coastal planning etc)
- biosecurity control of regional plant and animal pests
- river management, flood control and mitigation of erosion
- regional land transport planning and contracting of passenger services
- civil defence (natural disasters, marine oil spills).

#### 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 landuse 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). These are Tarheru-Pātūtahi, Gisborne, Tawhiti- Ūawa, Matakaoa- Waiapu and Waipaoa. 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.

Council's Governance Structure changed following the election on 12 October 2013. Late 2012, the Local Government Commission changed the makeup of Council so that the number of people that each Councillor represents is more evenly spread. A Mayor and 13 Councillors were elected to represent Gisborne City ward and four rural wards instead of the previous six rural wards. The number of rural Councillors has been reduced from six to four and the number of City Councillors increased by one to nine.

The Council is elected every three years and is responsible for setting the overall direction of the district and the budget through Long Term Plans and Annual Plans, setting policies, setting and reviewing bylaws, monitoring Council's performance, adopting a Code of Conduct for elected members, employing the Chief Executive,

and adopting (or otherwise) reports as required under various legislation.

Councillors also have a key role in engaging with their local communities, advocating on behalf of others and raising any issues that need to be addressed.

### Our Committees

Elected Councils can create subordinate decision making structures such as committees. Committees can be established or disestablished by way of a resolution of Council. Council has nine committees. These are:

- Community Development and Services Committee
- Environmental Planning and Regulations Committee
- Performance, Audit and Risk Committee
- Hearings Committee
- Infrastructure Services Committee
- Regional Transport Committee
- Wastewater Management Committee
- Future Tairāwhiti Committee
- Civil Defence & Emergency Management Committee.

### Our Organisational Structure

The elected Council has one employee, namely Judy Campbell, our Chief Executive. She is responsible for implementing and managing Council's policies and objectives within the budgetary constraints established by Council. The Chief Executive is supported by four Senior Managers whose departments reflect the range of activities that Council undertakes in order to contribute to the social, cultural, environmental and economic outcomes of our communities.







The Council has four departments that sit under the Chief Executive. These are, Community Planning and Development, Finance and Information, Engineering and Works, and Environment and Policy. Each department is responsible for supporting the Chief Executive to implement Council decisions and policies and provide sound advice to the elected members through the Chief Executive and Senior Managers. The position of Chief Finance and Information Officer is currently vacant.

## Schedule of Councillors &amp; Schedule of Agents

## Schedule of Councillors

<b>GISBORNE</b>  Mayor Meng Foon P 867 1870 M 027 448 4084 F 867 9265	<b>GISBORNE</b>  Deputy Mayor Rehette Stoltz P 868 5382 M 021 279 7948 F 868 5382	<b>GISBORNE</b>  Cr Larry Foster P 868 8927 M 027 450 8814	<b>TAWHITI - UAWA</b>  Cr Patricia Seymour (Pat) OBE P 862 2697 M 027 472 5997 F 862 2703
<b>GISBORNE</b>  Cr Amber Dunn P 867 3131 M 021 475 470	<b>GISBORNE</b>  Cr Andy Cranston P 868 1160 M 027 273 3192 F 868 1161	<b>GISBORNE</b>  Cr Brian Wilson P 868 8118 M 027 237 8080	<b>MATAKAOA - WAIAPU</b>  Cr William Burdett (Bill) P 06 864 8966 (H) F 06 864 8967
<b>GISBORNE</b>  Cr Meredith Akuhata-Brown P 867 7496 M 027 200 5605	<b>GISBORNE</b>  Cr Alan Davidson P 867 9474 F 867 9473	<b>PATUTAHU - TARUHERU</b>  Cr Roger Haisman P 867 0922 M 027 332 8601 F 867 0918	<b>WAIPAOA</b>  Cr Graeme Thomson P 862 8737 F 862 8197
<b>GISBORNE</b>  Cr (John) Craig Bauld P 862 9550 F 862 9551	<b>GISBORNE</b>  Cr Josh Wharehinga M 027 512 5195		

## Schedule of Senior Management

					
<b>CHIEF EXECUTIVE</b>	<b>DEPUTY CHIEF EXECUTIVE and ENGINEERING AND WORKS GROUP MANAGER</b>	<b>CHIEF FINANCE and INFORMATION OFFICER</b>	<b>COMMUNITY PLANNING and DEVELOPMENT GROUP MANAGER</b>	<b>ENVIRONMENT and POLICY GROUP MANAGER</b>	<b>HUMAN RESOURCES DIRECTOR</b>
<b>Judy Campbell</b> BA, PGD, MA (Applied)	<b>Peter Higgs</b> BE (Civil), FIPENZ, CPEng, Dip Bus Mgt	<b>Barry Vryenhoek</b> MA (Hons), MBA, ACA	<b>Nedine Thatcher Swann</b> MBA, MA, BA(Ed)	<b>Kevin Strongman</b> BEng Tech (Civil), Dip Mgt, Dip P Mgt	<b>Lyn Hura</b> BBus, Dip Sports Massage

## Schedule of Agents

<b>BANKERS</b>	<b>SOLICITORS</b>	<b>INSURANCE CONSULTANTS</b>	<b>AUDITORS</b>
Westpac Banking Corporation 101 Gladstone Road Gisborne	Nolans PO Box 1141 Gisborne	Aon New Zealand 16th Floor AMP Centre 29 Customs Street West PO Box 1184 Auckland 1010	Ernst & Young PO Box 490 Wellington (on behalf of the Auditor General)
ANZ National Bank Ltd Cnr Karamu Road & Heretaunga Street Hastings			
BNZ 125 Queen Street PO Box 2139 Auckland 1140			





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15 Fitzherbert Street, Gisborne • PHONE 06 867 2049 • FAX 06 867 8076  
EMAIL [service@gdc.govt.nz](mailto:service@gdc.govt.nz) • WEB [www.gdc.govt.nz](http://www.gdc.govt.nz)