



**CENTRAL
HAWKE'S BAY**
DISTRICT COUNCIL

Annual Report Summary 2022/23

E ora ngātahi ana! Together we Thrive!





Kia ora From the Mayor and Council Team

Tēnā koutou, tēnā koutou, tēnā koutou katoa

This Annual Report marks a chapter in Central Hawke's Bay's history, which describes the significant impact that Cyclone Gabrielle has had on our community and Council.

The 2022/2023 financial year saw a year of extremes. Winter 2022 was one of the wettest winters on record, setting the scene for ongoing and recurring damage across Central Hawke's Bay. This ongoing weather damage peaked with Cyclone Gabrielle on 14 February, impacting not only roads and Council-owned infrastructure and services, but homes, businesses and livelihoods across our district.

Cyclone Gabrielle

Cyclone Gabrielle arrived just over halfway through the financial year, fundamentally changing and shaping the months afterwards.

It brought unprecedented weather with strong winds and heavy rain bearing down across the district and wider region. This led rivers, creeks and drains to rise rapidly and, in some instances, overtop stop banks, causing significant damage to our communities, economy, transport network, infrastructure and natural landscape.

Specifically, the cyclone destroyed \$2.7 million of Council assets – mainly water assets, such as electronic equipment and minor sections

of roading – and caused \$39.6 million of damage to Council roading as outlined in the Statement of Comprehensive Revenue and Expenses. Both values, however, are based on the remaining 'book value' of the assets – the original cost of the asset minus depreciation, amortisation or impairment. The water assets have already been replaced, but the roading assets – both destroyed and damaged – still need funding and the true cost to repair is estimated between \$120 million and \$150 million.

To date, Central Government has announced \$46 million of funding for roading repairs in Central Hawke's Bay with approximately \$16 million received this year and the balance due in the next financial year.

In addition to the funding issues and financial pressures we are experiencing, the cyclone and the volume of work it has brought with it, has also put pressure on our ability to repair and maintain our roading and stormwater infrastructure and has impacted expected service levels. This has been reflected in many of our non-financial performance measures, where we have not been able to achieve these due to the impacts of the cyclone.

We also cannot underestimate the emotional cost of the cyclone on our communities. A number of people in Central Hawke's Bay remain in the process of rebuilding their homes or waiting to rebuild, particularly in Pōrangahau.

Since Cyclone Gabrielle struck, we have been leading the recovery at a local level, coordinating with our regional colleagues and negotiating with the Government to achieve the best outcome for the people of Central Hawke's Bay. The cyclone continues to have a central role in our decision-making, communications, service delivery and work programme prioritisation.

The community energy and commitment to renewal and rebuilding we've seen since February has been true local leadership in action. With your feedback you've helped shape our first recovery plan for Central Hawke's Bay, and the second round of Community Conversations, which will inform our final recovery plan.

Despite the huge challenges in past 12 months, there has been much across all of our activities that has been brought to life across our community.

2022 Local Government Elections

In the Local Government elections in October 2022 all Councillors of Central Hawke's Bay District Council were re-elected for the 2022-25 triennium. Collaborative decision-making and a shared commitment to putting the community first stood our team in good stead to face the broad and challenging work programme of the year.

Following the October election, Elected Members spent time reflecting on what had been achieved and what the remaining priority areas needed to be for the future. Weeks before Cyclone Gabrielle these were confirmed by Council, having to again be refocused as a result of the cyclone in June 2023.

With three key focus areas being #1 Partnership and Localism, #2 Right sized for the Future and #3 Climate Change and Resilience, these priorities have set a clear pathway for the organisation to focus on over the coming two years.

Our vision of a thriving future in Central Hawke's Bay involves several perspectives on 'well-being': proud, prosperous, strong, connected, proud kaitiaki of our environment, and custodians of our district for the next generations. Through this year of extremes, challenge and uncertainty, we have held true to that vision, and will continue to do so.

Affordability Challenges

Alongside weather events and emergencies, the country has faced another extreme - an economic storm caused by dramatic shifts in both the global and local economy. Rising costs of living and borrowing are causing hardship for families and businesses alike.

Our results in the last financial year reflect these affordability pressures, with all activities experiencing the same strains we face at home going about our daily lives.

Reform and Uncertainty

Undoubtedly, local government is currently in a significant period of reform and change not experienced since the 1980s. The scope of change is such that there is significant uncertainty ahead for the future shape of Council services.

Navigating this uncertain period has required a combined effort from governance and officers, having to regular strategise and remain agile to give direction and certainty to the organisation and community. We can expect to operate in this environment for the immediate future, recognising the major political and legislative changes that may result from the 2023 Central Government Elections

Growing Tamatea Partnership

Over this year we have continued to grow our partnership with local Mana Whenua. With over a quarter of our population identifying as Māori, we have a unique opportunity to ride the wave of a cultural evolution and partnership with Māori in Tamatea-Central Hawke's Bay to achieve equality and well-being for all.

The last 12 months have seen many small but important milestones marked. This has included the establishment of the Tamatea Partnerships Committee as part of the establishment of the 2022 new triennium. While still in its infancy, this and other initiatives put us in a good position to achieve a strong strategic governance relationship for a truly intergenerational partnership for the future.

External Funding Continued

As we have over the last three years, the last 12 months have continued to see us achieve a strong level of external funding, supporting us to deliver a range of important community projects and activities.

We've attracted over \$16m in external funding over the financial year. This has included funding through the Tourism Infrastructure Fund, Regional Growth Fund, Waka Kotahi Streets for People and Transport Choices, and the Kāinga Ora Infrastructure Acceleration Fund.

Continuing to deliver on the Long Term Plan 2021-2031 - 'Facing the Facts'

While so much of our focus and attention has necessarily been given to Cyclone Gabrielle, we have still continued to deliver many of the key projects identified in the Long Term Plan 2021 –2031 – 'Facing the Facts'.

Key projects such as the Waipukurau to Waipawa Second Supply Drinking Water Programme, and our wastewater and drinking water renewal projects have all made solid progress and achieved important milestones over the last 12 months.

The impact of affordability, delays to the Affordable Water Reforms Programme and uncertainty relating to Cyclone Gabrielle, does mean that we will need to rephase and carefully consider the use of our remaining capital capacity for the coming months and years ahead.

Thank you, Central Hawke's Bay!

We've all faced a challenging year. We've seen the global issues of extreme weather and economic shifts alter lives and livelihoods at a local level. We've also seen the value of local leadership, community resilience, and strong support networks across our district.

As we recover, rebuild, and plan for the future, we are shaping the thriving Central Hawke's Bay we want for our grandchildren - together.



Alex Walker
Mayor of Tamatea/
Central Hawke's Bay



Doug Tate
Chief Executive



Cyclone Gabrielle

The devastation caused by Cyclone Gabrielle when it hit from 13 February to 14 February 2023 was a major challenge for the year and its impact will be felt for years to come.

It caused a national state of emergency and severely impacted our communities, economy, transport network, infrastructure and natural landscape.

We saw extensive damage to our already vulnerable 1200km network of roads, damage to over 630 homes in Central Hawke's Bay with around 70 homes that are still uninhabitable, and damage to our stormwater and drinking water infrastructure.

While Cyclone Gabrielle has been described as one of the worst storms in New Zealand's history, the basic performance and management of the district's flood management systems has been a major focus.

Our short-term recovery efforts have focused on working with Hawke's Bay Regional Council to rapidly repair our community flood safety schemes. This includes restoring the level of protection provided by stopbanks in Waipawa in particular, allowing 400 residents to get on with rebuilding their homes.

We've also been working closely with Hawke's Bay Regional Council to develop flood mitigation options for Pōrangahau where 130 properties are still waiting to rebuild. Key priorities include working with the regional council to improve levels of gravel extraction to support the performance of the district's stopbank network and managing the impacts of Chilean Needle Grass.

While we thought 2022 was a challenging year for roading, we faced 3,400 faults across our local roading network. Immediate work involved inspecting and assessing over 1,268km of roads, 256 bridges and other vital assets across the network.

With funding support from Waka Kotahi, we have reopened all major roads and routes but we still have many roads and key routes severely compromised or closed and the continuing wet weather and high rainfall has hampered efforts and caused further damage, such as potholes.

Across our Three Waters network, the cyclone has impacted on our drinking water, wastewater and stormwater networks.

Water supply to Waipawa, Otāne and Waipukurau was heavily impacted due to pump issues from the flooding. The Tikokino borefield sustained major damage. While outside the timeline for this Annual Report, we were pleased to have funding confirmed from Central Government in September to replace and upgrade a stopbank on private land near the Waipawa Drinking Water Treatment Plant, which will help protect the water supply of around 3,200 people in Waipawa and Otāne.

Damage to the Waipawa (including Otāne) wastewater treatment plant was extensive with the full treatment system reinstated on 9 March, but, it remains closely monitored. The Waipukurau treatment plant is fully operational, however had major inundation from the event.

The impacts of Cyclone Gabrielle have required greater focus on stormwater and as a result the general stormwater programme has seen significantly more progress. Overall, there has been a clear message that the level of proactive management of Council's urban stormwater drains has been insufficient. This includes mechanical removal of vegetation and keeping culverts open and clean.

We continue to see a heightened level of awareness, concern and anxiety when weather warnings are issued. The psychological needs of the community need to be carefully monitored and supported. We also cannot underestimate the long-term personal impacts from this event that we can expect will be taxing on our community for years to come.

Towards the end of the financial year much of our work has been focused on working closely with the Government and the region's five councils to plan and fund Hawke's Bay's recovery, as well as working with affected communities on the Government's land categorisation process with nearly 600 properties and their homeowners impacted.

Despite the heartbreak during this time, there have been many heartwarming stories and examples of our communities rallying together too.

Other highlights of the effort include:

- By early April, the Central Hawke's Bay Mayoral Relief Fund had distributed nearly \$150,000 to 112 Central Hawke's Bay households, businesses, farms and community groups since it was established in February.
- The strength of community was incredible. So many people turned out to support their neighbours, friends and even strangers in some of the most challenging times.
- In mid-April our first round of Central Hawke's Bay Community Conversations took place, facilitating local recovery planning throughout the district. This formed the basis for our first version of our recovery plan, which has identified the immediate priorities for the community as well as longer-term aspirations and have helped to reframe our key priorities and issues across the district





Highlights of 2022/23

Despite the significant challenges and extremes over the year, Central Hawke's Bay District Council continued to deliver on its Long Term Plan 2021-2031, working across our five key priority areas. This section highlights the major activities of the year.

Governance Priorities and Projects: Thrive in Five

Council identified five key strategic priorities following the October 2019 Triennial Election. It has continued to focus on these priorities to support the smart growth and aspirations of the district and deliver on our vision for a proud and prosperous district made up of strong communities and connected citizens.

These priorities were reviewed following the 2022 Triennium Election and again following Cyclone Gabrielle in June 2023 to inform our focus for the future. We've continued to focus our efforts around these five areas.

Thrive in five includes:

#1 – #thebigwaterstory

Delivery of #thebigwaterstory and improved water security for Central Hawke's Bay.

#2 – The District Plan Review

The District Plan: Delivery of a notified and operative District Plan.

#3 – Wastewater

Wastewater Treatment Project: Capital Works plan completed, initial improvements completed, and future funding strategy clarified.

#4 – Social Housing

Increased numbers of social housing in Central Hawke's Bay, including improved leverage off Council's retirement housing portfolio.

#5 – Creating a Wastefree CHB

Wastefree CHB: Reduce recycling to landfill and improved asset management and leverage of landfill.

Priority #1 – #thebigwaterstory

Delivery of #thebigwaterstory and improved water security for Central Hawke's Bay.

With the knowledge of how important water is to our community for health and prosperity, #thebigwaterstory was born six years ago from the foundations of Project Thrive.

With a major focus on Environmental Responsibility and Durable Infrastructure, Council has made significant progress in this activity over the last six years to support the day to day lives of our communities.

This year we have progressed a number of key projects that were signalled in the Long Term Plan:

Drinking Water

A major focus throughout the year has been the Waipukurau and Waipawa Second Drinking Water Supply project; and progressing the platform for a new reservoir between Waipawa and Waipukurau. After delays from Cyclone Gabrielle, the work was completed early in the 2023/24 year.

The year has also seen the Kairakau Water Supply Upgrade completed with funding support from the Tourism Infrastructure Fund. This project has seen major investment in the quality and safety of the drinking water supply to meet new drinking water standards. The project hasn't been without its delays and challenges, which have been reported to Council.

In August 2022 work began on the first stage of a major water pipeline upgrade on Pōrangahau Road in Waipukurau, which will help to improve the reliability and resilience of drinking water supply and support future population growth. This project was part of Council's major renewals focus from the Long Term Plan 2021 – 2031 – Facing the Facts, replacing an existing 100-year-old cast iron main.

In December 2022 we started another major asset renewal project to upgrade the water main on Great North Road. This involved replacing approximately 215 metres of aged and undersized pipe to improve resilience and reliability. We also extended the wastewater network to cater for future growth at the same time.

Stormwater

Following Cyclone Gabrielle, work on Council's Stormwater Strategy was accelerated and refocused using the lessons learnt and experiences from the cyclone on our stormwater networks and systems. The scale of the cyclone on our networks cannot be underestimated with work immediately after prioritising:

- Connections from Council's network into the river corridor
 - Inspection of stormwater pinch points and/or barriers
 - Clearing of existing stormwater drains.
- This programme will continue.

The nature of stormwater including ownership, responsibility for maintenance and legal access is complex. It will require a long term and coordinated approach to how we address the many challenges we have across the networks, and the level of service that we are willing to pay for or are able to afford.



Top: Overview of the Waipawa to Waipukurau supply project.

Priority #2 – The District Plan Review

Delivery of a notified and operative District Plan.

In 2017 Council set a bold and ambitious plan to review the District Plan as a key project to bring Project Thrive alive.

With the current operative District Plan – essentially a rule book that directs how the community can use, develop and subdivide land - nearly 20 years old, the mandate for change was clear. The 2003 plan was of its time, benefiting development but sometimes at the cost of the natural environment.

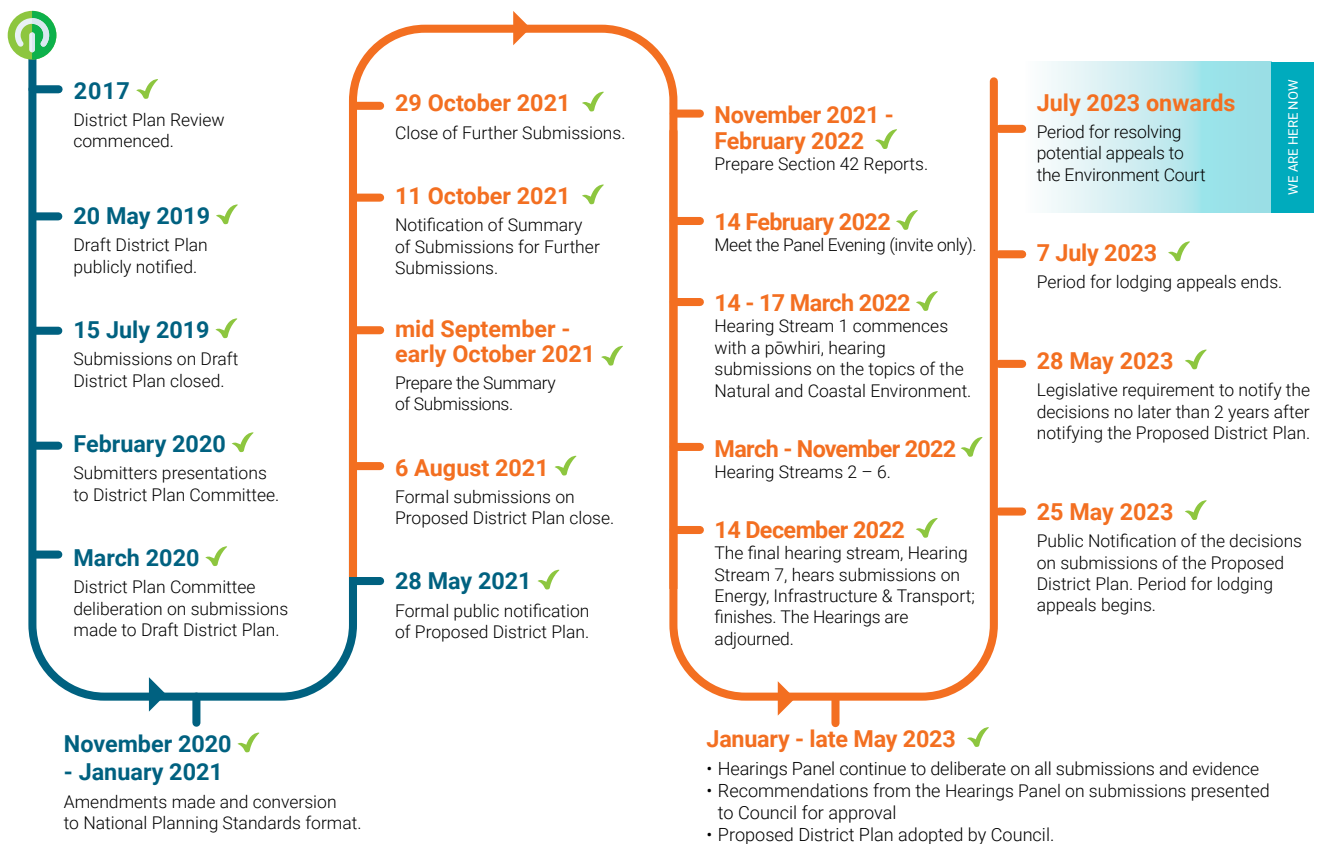
After six years of working with Mana Whenua, stakeholders and the local community we were proud to adopt the Decisions Version of the District Plan on 24 May 2023.

The Proposed District Plan now has legal effect and will become fully operative once all appeals have been resolved.

Reaching this position, comes after consulting community on a draft plan in 2019, formally releasing the Proposed District Plan in 2021, to then be heard by independent Commissioners and recommended to Council – a significant effort in six years.

This strategic document is a blueprint for the district's future and is one of the most important documents Council produces. In this plan we worked hard to strike the right balance between sustainable economic development for the district with the need to protect our natural resources, landscape and cultural heritage for future generations.

District Plan Development Process



— Informal Phase — Legislative Formal Phase ✓ Completed ⚙ In Progress

Priority #3 – Wastewater Treatment Projects

Significant progress, milestones reached and improvements underway.

In October 2020 Council adopted our Long Term Wastewater Strategy that sets out the direction confirmed in the 2021 -2031 Long Term Plan – Facing the Facts. The strategy aligns with our vision to ensure:

“Our effluent is treated in a sustainable way that creates a resource, protects our environment, and continues to do so for generations to come.”

2022/2023 saw significant development in our wastewater programme with the removal of the wastewater discharge from the Papanui catchment and the granting of the new Takapau consent and significant improvements to the treatment quality at Waipawa. The year saw a number of challenges as well.

Removal of Discharge into the Papanui Basin

Otāne’s wastewater discharge was permanently removed from the Papanui stream via a new pipeline to the Waipawa Wastewater Treatment plant – an important first #bigwastewaterstory step towards removing all treated wastewater from the district’s waterways.



Waipawa Treatment Upgrades

Waipawa treatment has been significantly improved by the installation of a Dissolved Air Flotation system which removes solids and therefore improves the quality of the effluent to be discharged.

Impact of Cyclone Gabrielle

During the significantly high flows of Cyclone Gabrielle there were a number of varying impacts seen at our wastewater treatment plants across the district.

All treatment ponds experienced significant inundation from rainfall and a higher flow of wastewater.

In particular the Waipawa treatment plant was flooded by the Waipawa River, resulting in a significant amount of silt deposited within the pond, damaged fencing, damaged pumps and the movement of 5 geobags into adjacent paddocks. The Waipukurau pump station was also flooded causing damage to electricals. This damage impacted the level of treatment which could be provided and the resilience of both plants.

Pōrangahau and Takapau Consents

In October 2022, Takapau’s new consent was granted, allowing for further progression in the design of treatment upgrades and irrigation system which will remove discharge from the Makaretu River.

A new wastewater consent for Pōrangahau and Te Paerahi’s combined wastewater discharge was applied for in August 2021. Following public notification and three pre-hearings we anticipate the consent will be granted in early 2024.

These upgrades, if consented, will see wastewater discharge removed from the river and sand dunes and rather irrigated or dispersed onto land progressively.

Biosolids, Flow and Load Management

In line with the strategy, we have also focused on the management of biosolids (sludge) produced through the treatment process and how council can manage the flow and load entering our systems.

Earlier this year a consent was acquired for the application of biosolids to crop land for beneficial reuse. Consultation with affected parties is complete and we hope to achieve the milestone of application to land in 2024.

This year further CCTV investigations and visual inspections have taken place across the district’s wastewater network to identify where ground and rainwater are entering the network. In July 2023 the first portion of a new media campaign commenced, aiming to educate the community on how they can minimise inflow and infiltration.

More information on all of our projects can be found here: <https://www.chbdc.govt.nz/our-district/projects/the-big-wastewater-story>

Priority #4 – Social Housing

Increased numbers of social housing in Central Hawke's Bay, including improved leverage off Council's Retirement Housing Portfolio.

Cyclone Gabrielle and Our Homes Strategy

With housing already a complex activity prior to Cyclone Gabrielle, ensuring housing outcomes for our community has become more pressing post-cyclone.

At the peak of Cyclone Gabrielle, over 600 homes were impacted, particularly in lower Waipawa and Pōrangahau.

In response, Council worked with Mana Whenua partners to refresh our existing strategy and create the 'Our Homes Strategy'. The strategy identified a number of quick wins to be delivered and achieved collaboratively. The focus now turns to funding and delivering the plan.

Retirement Housing

Following the adoption of the service and delivery review in 2020 of the Retirement Housing activity, Council adopted its Retirement Housing Policy in late 2021. In closing the year, the activity achieved its first surplus in many years, outlining that the key changes to achieve funding for future renovation and maintenance of the flats can occur, without reliance on ratepayer funds.

Waipukurau South Growth Precinct (Infrastructure Acceleration Fund application)

A priority action from the Central Hawke's Bay Integrated Spatial Plan 2050 was addressing growth opportunities on the site known as the Waipukurau Hospital site. Made up of six landowners, the land has been zoned residential for over 20 years. However, due to constraints with infrastructure it has not been able to be developed. Council has taken a leadership role in meeting and facilitating discussions with landowners regarding opportunities for the site, including producing an outlined development plan for the precinct, in order to make a submission to the Proposed District Plan to support it.

In November 2022, Central Hawke's Bay District Council was successful in its application for \$10.9 million from the Government's Infrastructure Acceleration Fund to fund critical infrastructure to unlock land for new housing within the Waipukurau South Growth Precinct between Pōrangahau and Tavistock Roads. This funding will enable up to 950 much-needed new homes to be built on these 50 hectares, supporting a range of dwelling types from retirement housing to larger blocks open to market, and smaller homes.

The Waipukurau South Growth Precinct incorporates the old Waipukurau hospital site and several other landholdings. In the development of Project Thrive and the Central Hawke's Bay Integrated Spatial Plan 2050, the area was a key project identified by community to support smart growth and long-term housing supply in Waipukurau. The required infrastructure works include various transport improvements, several kilometres of new pipeline for wastewater and water supply, a new water reservoir, and major stormwater upgrades.



Earlier this year, Council purchased the 3.6ha property at 83A Pōrangahau Road to allow Council to build stormwater infrastructure as part of the Waipukurau South Growth Precinct project. With the key area of required land currently being subdivided, the balance of the property is currently being marketed to be sold.

Priority #5 – Creating a Waste Free CHB

Reduce recycling to landfill and improved asset management and leverage of landfill.

Council has continued and strengthened its promotion of a 'Waste Free CHB' through 2022/23. The catch phrase 'Waste Free CHB' has continued to grow to embody a range of initiatives and activities that Council and its communities undertake together to reduce waste and promote environmental outcomes.

Through the Long Term Plan 2021 – 2031 following extensive community engagement, Council made the decision to extend kerbside recycling services to the rural communities of Takapau, Ongaonga, Tikokino and Otāne and also created a new rural mobile recycling trailer service. These changes continue to see increases in recycling across the district.

In Year 3 of the Long Term Plan, a proposal to end the current single-use rubbish bag service for refuse bins was also adopted. As part of the 2023/24 Annual Plan, due to affordability, the decision was made to delay the implementation of this, also recognising the multitude of other reform activities in the waste area.

Building on the Waste Management and Minimisation Plan approved in 2019, the Council continued to invest in waste minimisation education and events.

After a false start in 2021, the planned Keep New Zealand Beautiful State Highway Cleanup was achieved with over 80 people taking to the state highway between Waipawa and Waipukurau for this major clean up, cleaning it in three hours.

Other activities and events included:

- Continued investment in the EnviroSchools Programme
- Continued delivery of the Zero Waste education programme
- Delivery of the Paper to Trees programme to schools
- Continued the Second-hand Sunday Initiative.

The 12 months wasn't without its challenges, however – particularly from Cyclone Gabrielle. Waste from flood affected properties saw major increases in tonnages to landfill, with Council working to place mobile bins in affected areas and lifting landfill fees for those homes who were severely affected. Council also had to receive waste from Hastings and Napier for a period with their landfill inoperable.

The increase in waste from Cyclone Gabrielle, meant the activity did not achieve its targets for waste reduction despite increases in recycling overall.

A particularly wet year also saw increases in the volume of tankering of leachate from the landfill, despite the completion of the landfill leachate irrigation project. Officers are continuing to explore and operationalise this project to see the investment in the project realised.



WASTE FREE CHB

More highlights over the last 12 months

Outside of our Thrive in Five projects and priorities, there were a number of other highlights and notable opportunities and challenges over the last 12 months.



Mayor's Taskforce for Jobs

Jobs in Central Hawke's Bay won the Martin Jenkins Excellence Award for Economic Well-Being at the Local Government NZ Conference in August. This employment project, run in communities nationwide, received multi-year funding from Central Government in the May 2023 budget announcement.

The programme has been hugely successful for finding local jobs for local people by breaking down barriers between employers and job seekers. It has achieved transformational change for our district both socially and economically and has had a strong influence on creating a growing positive "culture of work" in our community.

It was launched in 2020 off the back of a difficult time for our district, following a period of drought for our farmers with productivity falling and COVID-19. Ministry of Social Development (MSD) statistics show that between June and July 2020 the number of people receiving Work and Income support in Central Hawke's Bay increased, with it peaking at 919, an increase of over 40 in just one month.

Since then, we have had nearly a thousand unique jobseekers approach us for support in finding employment – almost half of these were young people between 16 and 24-years-old, and secured employment for just over 400 people. It has provided support to 880 local businesses to grow by connecting them to jobseekers, networking events, regular economic updates, training and workshops. And as a result, has been key to Central Hawke's Bay consistently having one of the lowest unemployment rates in Aotearoa New Zealand.



Celebrating our stories, culture and heritage

In November, Central Hawke's Bay was recognised when the district took out the supreme award, three major category awards and a highly commended at the inaugural Hawke's Bay Heritage Awards.

Of the eight categories awarded, Ngā Ara Tipuna, a cultural storytelling tour of historic Pā sites in Waipukurau and Takapau, won two, including the overall Supreme Award and the Māori Realm Award.

Support for Transport Improvements

In September we were one of 13 Councils across Aotearoa New Zealand to receive Waka Kotahi NZ Transport Agency Streets for People funding. This will allow us to test traffic interventions along State Highway 2 through Waipawa for a safer, healthier street for all road users, starting in 2023-24.

In December, Waka Kotahi NZ Transport Agency's Transport Choices Programme announced up to \$4M of funding for nearly four kilometres of footpaths and safe crossings in the centre of Otāne, and 250m of footpaths along the main road to the local school in Pōrangahau. Work on this project will commence in the 2023/24 year.





Completion of Pōrangahau and Wimbledon Road Upgrade

In October, Central Hawke's Bay District Council completed the long-needed improvements to Pōrangahau and Wimbledon Roads, funded in 2019 by a \$20.1m investment by Kānoa, the Government's Regional Economic Development and Investment Unit.

This vital arterial route to Napier Port was previously prone to repeated flooding. These much-needed upgrades now ensure access for local businesses and residents, and anticipate growth in the forestry sector. The opening of the route saw Ministers visit the length of the roading network and see the major improvements across the roading network.



Supporting Tourism

We received \$738,000 from the New Zealand Tourism Infrastructure Fund, which provided much-needed upgrades at Pourerere Beach Reserve and Otaia/Lindsay Bush Reserve, and a motorhome septic dump station at Takapau. Work on the Pourerere toilets were completed through the year, following delays due to the Cyclone.



Statement of Māori Contribution to Decision-Making

Tautoko me te akiaki i Ngāi Māori hei āwhina i ngā whakataunga Supporting and Encouraging Māori to contribute to Council Decision Making

Tāngāta Whenua play a hugely significant role in the district in terms of leading economic, environmental, social and cultural opportunities for the community.

This considered, the scope for Māori involvement in decision making is wide and varied. Council recognises the mana, rights, and interests of Māori, considering the relationship of Māori and their culture and traditions with their ancestral land, water, sites, waahi tapu, valued flora and fauna, and other taonga.

Tuhono Mai Tuhono Atu

In 2020 Council adopted its Māori Engagement Strategy as a channel to ensure council continues to consider and promote the current and future opportunities for Māori well-being.

The Māori Engagement Strategy was developed in partnership with Tāngāta whenua, Mana Whenua and Council in 2020.

Developed in conjunction with Te Taiwhenua o Tamatea, the Strategy seeks to ensure that as a Council and community we are acting as a key enabler in supporting Tāngāta Whenua to achieve their aspirations.

The strategy provides a framework for priorities that contribute toward our collective aspirations for cultural development – both internally as an organisation and outward facing to our community.

We realise that achieving this will require time, flexibility, and the ability to self reflect.

Our Policy Approach

Our approach to partnering with Māori will continue to be enhanced and grow as the fires of our partnership are fanned.

Council's **Governance Policy Framework** sets the Māori Contribution to Decision Making Policy as an integral policy in Council's overall Governance Policy Framework.

The **Māori Contribution to Decision Making Policy** recognises the unique position of Tāngāta whenua of Tamatea / Central Hawke's Bay District and the important role Māori play in Council's decision-making processes. It sets our recognition of Te Tiriti o Waitangi / the Treaty of Waitangi as New Zealand's founding document. Our relationship with and responsibilities to Māori are grounded by this and guided by relevant law.

Council's **Significance and Engagement Policy** also sets out the engagement principles and practices that guide when and how council will engage with the community as part of any decision-making process. The Policy acknowledges the unique status of Māori and the wider Māori community and is committed to ensuring that it provides opportunities for Māori to contribute to in the decision-making process.

Te Tiriti o Waitangi – Treaty of Waitangi Obligations

We recognise Te Tiriti o Waitangi as the founding document between Māori and the Crown.

For Council, the legislative recognition of Te Tiriti o Waitangi is provided for in the Local Government Act 2002. There are specific provisions in Parts 2 and 6 of the Act which provide principles and requirements for Council to facilitate participation by Māori in local authority decision-making processes. The Act states that Council must:

- Establish and maintain processes to provide opportunities for Māori to contribute to the decision-making processes of the local authority.
- Consider ways in which it may foster the development of Māori capacity to contribute to the decision-making processes of the local authority.
- Provide relevant information to Māori for these purposes.

The Resource Management Act 1991 (RMA) is another key piece of legislation applicable to local government. Section 8 of the RMA requires all persons exercising functions and powers under it in relation to managing the use, development, and protection of natural and physical resources shall take into account the principles of Te Tiriti o Waitangi.

The Tamatea Way

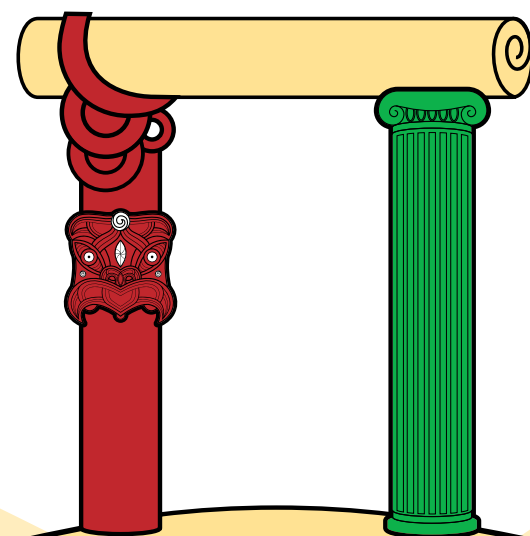
The Tohu shown below, introduced into Tuhono Mai Tuhono Atu is an interpretation of Tamatea's concept of equality and partnership according to Te Tiriti o Waitangi, te Te Reo Māori version of the Treaty.

As an authority we welcome responsibility to work with iwi Māori to give effect to and realise the promise of Te Tiriti o Waitangi. We realise that achieving this will require time, flexibility, and the ability to self-reflect. Our success will be shaped by our ability and capacity to form a range of relationships with iwi and Māori in our rohe.

The two strong Pou upholds the treaty scroll the founding document for partnership between these two entities, Ngā Marae Me Ngā Hāpu o Tamatea and Central Hawke's Bay District Council on behalf of the Crown.

The Pou stand of equal height width and diameter, representing the equal right of decision-making through connections and conversations as set out in our **Māori Contribution to Decision Making Policy**.

The Waharoa is the entranceway by which we enter into strong partnerships that determine and guide ongoing strengthening.



About this summary

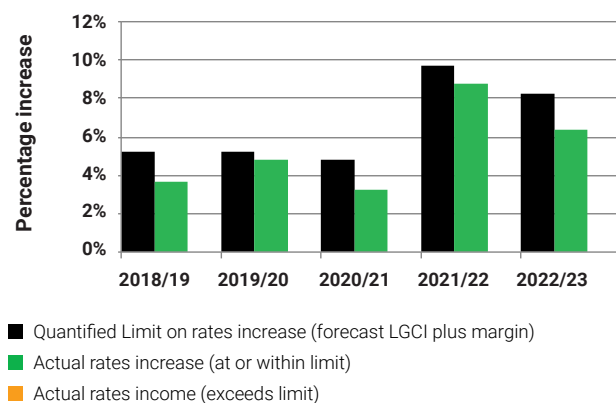
The following graphs are examples of benchmark reporting requirements that Council must now report against in the full Annual Report. The full set of benchmark disclosures is included in the full Annual Report.

Rates (increases) affordability benchmark

The following graph compares the Council's actual rates increases with a quantified limit on rates increases contained in the financial strategy included in the Council's LTP. The quantified limit as set in the 2021–2031 LTP is:

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

Rates (increases) affordability benchmark

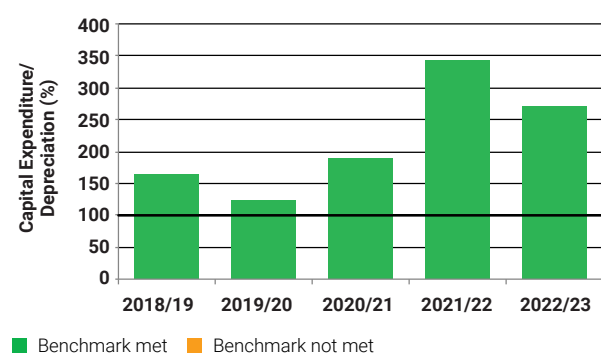


The additional 3% provided in the rates increases limit is included to cover costs relating to natural disasters, new initiatives, additional responsibilities or higher standards imposed by Central Government, or increases to the levels of services approved by Council. The limits set for rates increases are the upper limit and Council will work hard to maintain increases to levels below these limits. For the 2022/23 year, this was set at LGCI (5.2%) plus 3%, or 8.2% in total, which was compliant with the benchmark.

Essential services benchmark

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

Essential services benchmark



Due to the upgrade of Route 52 (PGF funded) and 3 Waters Upgrades (partly funded by the 3 Waters Reform monies), Council has undertaken some significant capital works in 2020–2023. Because of this additional funding and through the use of debt, Council has spent \$2.71 for every dollar of depreciation charged the year. This shows that Council's aged assets are being replaced with younger assets as promised in the "Facing the Facts" 2021/2031 Long Term Plan.

Summary of Financial Statements

For the period ending 30 June 2023

Statement of Comprehensive Revenue and Expense

	2022 Council Actual \$'000	2023 Council Budget \$'000	2023 Council Actual \$'000
Total Revenue	60,517	41,819	61,739
Finance Costs	521	847	1,109
Other Operating expenditure	45,598	40,586	60,856
Net Operating Surplus/(Deficit)	14,398	386	(222)
Other (Gains)/Losses	32	-	275
Income Tax	-	-	-
Net Surplus/(Deficit)	14,366	386	(497)
Movements in PPE revaluations	73,384	31,347	25,822
Total Comprehensive Revenue and Expense	87,750	31,732	25,326

Statement of Financial Position Summary

	2022 Council Actual \$'000	2023 Council Budget \$'000	2023 Council Actual \$'000
Total Current Assets	12,943	8,853	19,833
Total Non-Current Assets	978,821	975,005	1,019,250
Total Assets	991,764	983,858	1,039,083
Total Current Liabilities	19,406	16,908	29,142
Total Non-Current Liabilities	18,722	28,777	30,983
Total Liabilities	38,128	45,685	60,125
Special & Other Funds	6,519	7,361	5,993
Trust Funds	184	184	186
Revaluation Reserve of Assets	677,990	660,441	702,345
Ratepayers' Equity	268,943	270,187	270,434
Total Equity	953,636	938,174	978,958
Total Liabilities and Equity	991,764	983,858	1,039,083

Statement of Changes in Equity Summary

	2022 Council Actual \$'000	2023 Council Budget \$'000	2023 Council Actual \$'000
Equity at the Beginning of the Year	865,886	874,709	953,636
Total Comprehensive Revenue and Expense	87,750	31,732	25,326
Equity at the End of the Year	953,636	906,441	978,958

Statement of Cash Flows Summary

	2022 Council Actual \$'000	2023 Council Budget \$'000	2023 Council Actual \$'000
Net Cash from Operating Activities	23,656	12,945	20,551
Net Cash from Investing Activities	(22,575)	(24,166)	(37,191)
Net Cash from Financing Activities	2,000	11,221	20,000
Net Increase/(Decrease) in Cash	3,081	-	3,360
Cash at the Beginning of the Year	2,623	2,623	5,703
Cash at the End of the Year	5,703	2,623	9,064

Financial Performance Overview

For the financial year Council had a deficit of \$0.4m (before revaluations) compared to a prior year surplus of \$14.4m. Overall income was above budget by \$19.9m with total operating expenditure over budget by \$20.2m This year has been an unusual year due to Cyclone Gabrielle. The higher than normal Council expenditure reflects the repairs undertaken (and still being undertaken) following the Cyclone. Fortunately, Council has also received some initial funding from Central Government (mainly Waka Kotahi \$14.3m for emergency works and National Emergency Management Agency \$1.0m for response costs) to kick start the rebuild process.

The table and explanations below illustrates Councils financial results.

Financial Overview

	2022 Council Actual \$'000	2023 Council Budget \$'000	2023 Council Actual \$'000
Total Revenue	60,517	41,818	61,739
Operating expenditure	32,782	28,042	47,030
Finance Cost	521	847	1,109
Other (Gains) and Losses	32	-	275
Net Surplus/(Deficit) excluding non cash movements	27,182	12,929	13,326
Non Cash Movements			
Depreciation and Amortisation	12,816	12,543	13,822
Other Gains and Losses	-	-	-
Net Surplus/(Deficit)	14,366	386	(497)

Explanations

During the year Council was impacted by was Cyclone Gabrielle. The higher than normal Council expenditure reflects the repairs undertaken (and still being undertaken) following the Cyclone. Fortunately, Council has also received some initial funding from Central Government (mainly Waka Kotahi \$14.3m for emergency works and National Emergency Management Agency \$1.0m for response costs) to kick start the rebuild process.

As stated above, the main variance to budget this year was caused by the impact of Cyclone Gabrielle.

Overall subsidies, grants, and miscellaneous income was \$21.7m above budget. The majority of this was Cyclone related with an additional \$14.3m from Waka Kotahi for roading repairs, \$1.0m from National Emergency Management for response costs, and \$0.5m of insurance proceeds. The balance related to the final payments relating to the PGF projects, 3 Waters Reform, and Covid stimulus monies.

Obviously this additional income has resulted in additional expenditure as cyclone repairs and recovery activities were undertaken.

The other impact that the cyclone has had is on how Council has valued its assets this year. The main classes of assets impacted by the cyclone were Council's roads, water and wastewater assets, and two of its community buildings. In the annual report Council has written off \$2.8m of water assets as destroyed and lost, and recognised a further impairment of \$39.9m for water, road, and building being damaged assets that require repair. As these assets are repaired, the cost of the repair will be capitalised back into the asset bringing them back up to the pre cyclone values. These repairs (roading in particular) won't be a quick fix, and will take several years to get back to their pre cyclone state.

Outside of the cyclone, it has been business as usual for the Council with signs that the economy is starting to slow impacting volumes in activities such as consenting and solid waste.

Also impacting Council were economic factors such as inflation and interest rates. Many of Council's infrastructure operations and maintenance contracts contain CPI adjusters which have caused some significant cost increases during the year. Council's external debt has grown during the year to \$42m and this, along with higher interest rates, are what's driving the doubling of finance costs this year.

Non-Financial Performance Overview

This year's non-financial performance measures were impacted by the unseasonably wet summer followed by Cyclone Gabrielle in February. This impacted Council infrastructure (roading and water networks) and meant that some community facilities operated for less hours than in a normal year (pools and libraries).

In Brief the Council Achievements are as follows:

Group	Target Achieved	Target Not Achieved
Community Leadership and Governance Group	30% (3)	70% (7)
Planning and Regulatory Group	53% (9)	47% (8)
Land Transport Group	50% (3)	50% (3)
Solid Waste Group	80% (4)	20% (1)
Water Supply Group	40% (4)	60% (6)
Wastewater Group	86% (6)	14% (1)
Stormwater Group	63% (5)	37% (3)
Recreation and Community Facilities Group	50% (8)	50% (8)

Community Leadership and Governance

We set a target that 85% of people who consider that Council has responded well or very well to community needs and issues (up from the 75% target contained in the previous LTP). Of the people who responded to the survey 76% of people were satisfied with Council's response which is a good result but below Council's self-imposed target, and down from the 77% achieved in the prior year

Planning and Regulatory

During 2022/23 Council notified its District Plan. This along with the Cyclone has impacted the consenting space as it has increased complexities throughout our consent decisions and has increased time frames for processing while we seek legal opinions and ensure consistency in the application of the new rules.

Land Transport

Council had a target that 90% of users are satisfied with the roading service provided.

This was not achieved with 34% of people were satisfied with the roading services provided (down from 67% last year).

This result is not unsurprising given the current conditions and effects that the severe weather has had across our roading network.

Solid Waste

Council had a target to divert 40% of total waste to recycling rather than landfill. While Council missed this target by achieving a 39% diversion rate, this is slightly up on last years 38%.

Water Supply

Council's water supply network was impacted by Cyclone Gabrielle and supply was lost for a period immediately after the cyclone.

Wastewater

Council's wastewater supply network was impacted by Cyclone Gabrielle and supply was lost for a period immediately after the cyclone.

Stormwater

Council had a target of no houses being flooded (having the floodwater reach floor level) during 2022/23. Due to Cyclone Gabrielle this wasn't achieved with approximately 100 homes within the stormwater network experiencing some level of flooding during the year.

Recreation and Community Facilities

Council set a target that 13,000 users would visit the Waipawa Pool during the year. This wasn't achieved with only 6,512 visits occurring.

December and January numbers were well down against forecast due to the unseasonably wet summer. February started off well until Cyclone Gabrielle; the pool shut as a result of Cyclone Gabrielle and did not reopen for the season.

Statement of Compliance and Responsibility

Compliance

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

Responsibility

1. The Central Hawke's Bay District Council and its management accept responsibility for the preparation of the annual Financial Statements and non-financial performance information and the judgements used in them.
2. The Central Hawke's Bay District Council and its management accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting and non-financial performance information.
3. In the opinion of the Central Hawke's Bay District Council and its management the Annual Financial Statements and the results of its operations and the service performance achievements for the year ended 30 June 2023 fairly reflect the financial position of Central Hawke's Bay District Council.



Alex Walker
Mayor of Tamatea/
Central Hawke's Bay



Doug Tate
Chief Executive

Independent Auditor's Report

To the readers of Central Hawke's Bay District Council's
Annual Report for the year ended 30 June 2023



The summary of the annual report was derived from the annual report of Central Hawke's Bay District Council (the District Council) for the year ended 30 June 2023.

The summary of the annual report comprises the following summary statements on pages 16 to 20:

- the summary statement of financial position as at 30 June 2023;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended 30 June 2023;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary of the statement of service provision (referred to as the Non-Financial Performance Overview).

Opinion

In our opinion:

- the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS-43: *Summary Financial Statements*.

Summary of the annual report

The summary of the annual report does not contain all the disclosures required by generally accepted accounting practice in New Zealand. Reading the summary of the annual report and the auditor's report thereon, therefore, is not a substitute for reading the full annual report and the auditor's report thereon.

The summary of the annual report does not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full annual report.

The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2023 in our auditor's report dated 31 October 2023.

Our auditor's report on the full annual report also includes an emphasis of matter paragraph drawing attention to the disclosures about the Government's three waters reform programme announcement as set out in the full annual report in note 1 to the financial statements. The Water Services Entities Act 2022, as amended by the Water Services Entities Amendment

Act 2023 on 23 August 2023 and the Water Services Legislation Act 2023 on 31 August 2023, establishes ten publicly owned water services entities to carry out responsibilities for the delivery of three waters services and related assets and liabilities currently controlled by local authorities. Water services entities' establishment dates are staggered, with all the water services entities becoming operational between 1 July 2024 and 1 July 2026. The financial impact of the water services reform on the Council remains uncertain until the relevant water services entity's establishment date is known, and the allocation schedule of assets, liabilities, and other matters to be transferred is approved.

Council's responsibility for the summary of the annual report

The Council is responsible for preparing the summary of the annual report which includes preparing summary statements, in accordance with PBE FRS-43: *Summary Financial Statements*.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the full annual report and whether the summary statements comply with PBE FRS 43: *Summary Financial Statements*.

Our opinion on the summary of the annual report is based on our procedures, which were carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

In addition to reporting on the summary and full annual reports, we have performed a limited assurance engagement related to the debenture trust deed, and the audits of the District Council's consultation document and long-term plan. Other than these engagements, we have no relationship with, or interest in, the District Council.

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







CENTRAL HAWKE'S BAY DISTRICT COUNCIL

www.chbdc.govt.nz • thrive@chbdc.govt.nz • 06 857 8060
PO Box 127 • 28 - 32 Ruataniwha Street, Waipawa 4210



**CENTRAL
HAWKE'S BAY**
DISTRICT COUNCIL