



# *Hastings District Council*

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**ATTACHMENTS UNDER SEPARATE COVER**

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## **COUNCIL MEETING**

Meeting Date: **Thursday, 19 March 2020**

Time: **1.00pm**

Venue: **Council Chamber  
Ground Floor  
Civic Administration Building  
Lyndon Road East  
Hastings**

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11.	<b>SUMMARY OF RECOMMENDATIONS FROM THE RISK AND ASSURANCE COMMITTEE MEETING HELD ON 3 FEBRUARY 2020</b>	
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12.	<b>COUNCIL RISK APPETITE STATEMENT</b>	
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13.	<b>REQUEST FOR COUNCIL APPROVAL FOR THREE DRAFT GROUND LEASES</b>	
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# Treasury Management Policy

(Incorporates LTP Treasury Policy plus more detailed management delegations and performance measures)

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Policy owner	Bruce Allan, Group Manager Corporate Services
Owner Department	Finance
Approval date	[Date this version was approved]
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# 1. Introduction/Scope and Objectives

## 1.1. Purpose of Policy

The purpose of the Treasury Policy is to outline approved policies and procedures in respect of all treasury activity to be undertaken by the Council. The formalisation of such policies and procedures will enable treasury risks within the Council to be prudently managed.

As circumstances change, the policies and procedures outlined in this policy will be modified to ensure that treasury risks within the Council continue to be well managed. In addition, regular reviews will be conducted to test the existing policy against the following criteria:

- Industry "best practices" for a Council the size and type of Hastings.
- The risk bearing ability and tolerance levels of the underlying revenue and cost drivers.
- The effectiveness and efficiency of the Treasury Policy and treasury management function to recognise, measure, control, manage and report on the Council's financial exposure to market interest rate risks, funding risk, liquidity risks and other associated risks.
- The operation of a pro-active treasury management in an environment of control and compliance.
- The robustness of the Policy's risk control limits and risk spreading mechanisms against normal and abnormal interest rate market movements and conditions.
- Assist the Council in achieving strategic objectives relating to ratepayers.

It is intended that the Policy be distributed to all personnel involved in any aspect of the Council's financial management. In this respect, all staff must be completely familiar with their responsibilities under the policy at all times.

## 1.2. Scope

- This document identifies the policy and procedures of the Council in respect of treasury management activities.
- The policy has not been prepared to cover other aspects of the Council's operations, particularly transactional banking management, systems of internal control and financial management. Other policies and procedures of the Council cover these matters.

## 1.3. Objectives

The objective of this Treasury Policy is to control and manage costs that can influence operational budgets and public equity. Specifically:

### 1.3.1 Statutory Objectives

- All external borrowing, investments and incidental financial arrangements (e.g. use of interest rate hedging financial instruments) will meet the requirements of the Local Government Act 2002 and its subsequent amendments, and incorporate the Liability Management Policy and Investment Policy.
- HDC is governed by the following relevant legislation:
- Local Government Act 2002, in particular Part 6 including sections 101, 102, 104, 105 and 113.
- Local Government (Financial Reporting and Prudence) Regulations 2014, in particular Schedule 4.

- Trustee Act 1956. When acting as a trustee or investing money on behalf of others, the Trustee Act highlights that trustees have a duty to invest prudently and that they shall exercise care, diligence and skill that a prudent person of business would exercise in managing the affairs of others. Details of relevant sections can be found in the Trustee Act 1956 Part II Investments.
- All projected external borrowings are to be approved by Council as part of the Annual Plan or the Long Term Planning (LTP) process, or resolution of Council before the borrowing is affected.

### 1.3.2 General Objectives

- Minimise the Council's costs and risks in the management of its external borrowings and maximise its return on investments.
- Minimise the Council's exposure to adverse interest rate movements.
- Monitor, evaluate and report on treasury performance.
- Borrow funds and transact risk management instruments within an environment of control and compliance under the Council approved Treasury Policy so as to protect the Council's financial assets and manage costs.
- Arrange and structure external short and long term funding for the Council at a favourable margin and cost from debt lenders.
- Optimise flexibility and spread of debt maturities within the funding risk limits established by this Policy statement.
- Monitor and report on financing/borrowing covenants and ratios under the obligations of the Council's lending/security arrangements.
- Monitor the Council's return on investments in Council Controlled Organisations ("CCO's"), Council Controlled Trading Organisations (CCTO's), property and other shareholdings.
- Maintain liquidity levels and manage cash flows within the Council to meet known and reasonable unforeseen funding requirements.
- Manage funding requirements to ensure an appropriate spread of debt maturities.
- Comply with financial ratios and limits stated within this Policy.
- Ensure that future capital expenditure will not impose an unequitable spread of costs/benefits over current and future ratepayers.
- To minimise exposure to credit risk by dealing with and investing in creditworthy counterparties.
- Develop and maintain relationships with financial institutions, credit rating agencies, the Local Government Funding Agency (LGFA), investors and investment counterparties.
- Ensure the Council, management and relevant staff are kept abreast of the latest treasury products, methodologies, and accounting treatments through training and in-house presentations.

## 2. Management Responsibilities

### 2.1. Delegations of Authorities

Pursuant to clause 32 (2), schedule 7, of the Local Government Act 2002, the Council may make delegations to officers of the Council in order to allow for the efficient conduct of Council business. Clause 32 (3), schedule 7 of this Act allows officers to delegate those powers to other officers.

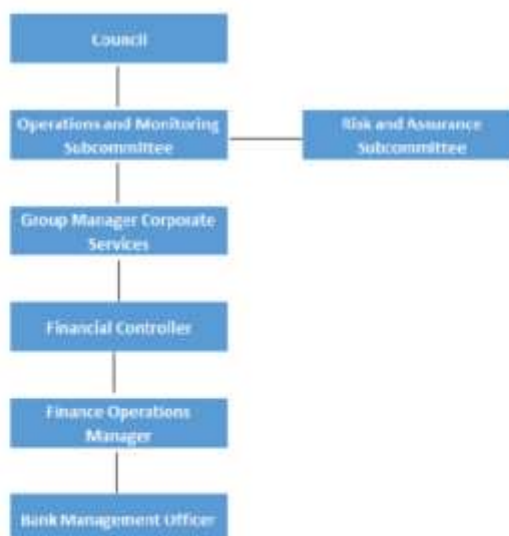
Notwithstanding clause 32 (1) (c), schedule 7 the power to borrow money, or purchase or dispose of assets, other than in accordance with the Long Term Plan remains the sole responsibility of the Council. This responsibility cannot be delegated.

The limits of approved delegation to Officers are contained within the Council's Delegations Register.

## 2.2. Treasury Organisational Structure

The council will operate the treasury management function as a cost centre.

The following diagram illustrates those individuals and bodies who have treasury responsibilities. Authority levels, reporting lines and treasury duties and responsibilities are outlined in the following section.



## 2.3. Treasury Responsibilities

The key responsibilities of the above positions are as follows:

### 2.3.1 Council

The Council has ultimate responsibility for ensuring that there is an effective policy for the management of its risks. In this respect the Council decides the level and nature of risks that are acceptable, given the underlying objectives of the Council.

In this respect, the Council has responsibility for:

- Approving the long-term financial position of the Council through the 10-year Long Term Plan (LTP) and Financial Strategy, along with the adopted annual plan.
- Approving the Treasury Management Policy incorporating all relevant delegated authorities.
- Evaluating and approving amendments to Policy.
- Approving budgets and high level performance reporting.
- Approving acquisition/disposal of assets and non-financial instruments.



- Approving the appointment of the Trustee to any Debenture/ Debenture Trust Deed.
- Delegating authority to the Chief Executive and other officers
- Approving one-off transactions falling outside Policy.

The Council, through the Risk and Assurance Subcommittee, must also ensure that:

- It receives regular information from management on funding and interest rate risk exposures and financial instruments..
- Issues raised by auditors (both internal and external) in respect of any significant weaknesses in the treasury function are resolved immediately.
- Submissions are received from management requesting approval for one-off transactions falling outside policy guidelines.

### 2.3.2 Chief Executive Officer (CEO)

While the Council has final responsibility for the policy governing the management of the Council's risks, it delegates overall responsibility for the day-to-day management of such risks to the CEO.

The CEO's responsibilities include:

- Ensuring the Council's Policies comply with existing and new legislation.
- Approving the register of authorised signatories.
- Approving new counterparties and counterparty limits.
- Approving opening and closing of bank accounts.
- Approving daily transactions in excess of \$30 million
- Receiving and reviewing the monthly treasury report.

### 2.3.3 Risk and Assurance Subcommittee (RASC)

The RASC will oversee the implementation of the Council's treasury management strategies and monitor and review the effective management of the treasury function.

The RASC will discuss treasury matters on a quarterly basis (and informally as required).

Responsibilities are as follows:

- Recommending the Treasury Policy (or changes to existing policy) to the Council.
- Receiving recommendations from the General Manager Corporate Services and make submissions to the Council on all treasury matters requiring Council approval.
- Recommending performance measurement criteria for all treasury activity.
- Monitoring quarterly performance against benchmarks.
- Approving allowable financial instruments.

### 2.3.4 General Manager Corporate Services (GMCS)

The GMCS's responsibilities are as follows:

- Management responsibility for borrowing, investment and cash management activities.
- Recommend Policy changes to the Risk and Assurance Subcommittee for evaluation.
- Ongoing risk assessment of borrowing and investment activity including procedures and controls.
- Liaise with S&P Global Ratings ("S&P") in regards to obtaining/maintaining the Council's external credit rating.
- Oversee relationships with financial institutions.
- Approve new borrowing undertaken in line with Council resolution and approved borrowing strategy.

- Approve re-financing of existing debt.
- Approve treasury transactions in accordance with policy parameters outside of the Financial Controller's delegated authority.
- Authorise the use of Risk and Assurance Subcommittee approved interest rate risk management instruments within discretionary authority.
- Negotiate new and maturing borrowing facilities.
- Approve all amendments to the Council's records arising from checks to counterparty confirmations.
- Authorise all interest rate hedging transactions (swaps, FRAs and options) with bank counterparties to change the fixed: floating mix to re-profile the Council's interest rate risk.
- Decide on the mix of fixed and floating rate debt. Recommend authorised signatories and delegated authorities in respect of all treasury dealing and banking activities.
- Propose new funding requirements to the Risk and Assurance Subcommittee for consideration and submission to the Council.
- Review and make recommendations on all aspects of the Treasury Policy to the Risk and Assurance Subcommittee.
- Oversee the annual review of the Treasury Policy, treasury procedures and all dealing and counterparty limits.
- Ensure that all borrowing and financing covenants to lenders are adhered to.
- Analyse the most cost effective financing options to minimise borrowing costs..
- Negotiate all new or rollover funding facilities.
- Monitor and review the overall performance of the treasury function.
- Monitor treasury exposure on a regular basis, including current and forecast cash position, interest rate exposures and borrowings.
- Approve deal tickets for treasury transactions.
- Review Treasury reports to Risk and Assurance Subcommittee and Finance and Monitoring Committee.

### 2.3.5 Financial Controller (FC)

The FC's responsibilities are as follows:

- Provide regular short term and long-term cash flow and debt projections to the GMCS.
- Review month end variance analysis to ensure reasonableness of borrowing and investment accounts.
- Review and approve borrowing and investment system/spreadsheet reconciliation to general ledger.
- Account for all treasury transactions in accordance with legislation and generally accepted accounting principles and the Council's accounting policy.
- Update treasury spreadsheets for all new, re-negotiated and maturing transactions.
- Monitor borrowing and investment settlements and arrange for approval by authorised signatories.
- Prepare short term cash flow forecasts.
- Reconcile monthly summaries of outstanding financial contracts from banking counterparties to internal records.
- Check compliance against limits and prepare report on an exceptions basis.
- Monitor credit rating of approved counterparties.
- Ensure all financial instruments are valued and accounted for correctly in accordance with current best practice standards.
- Manage all administrative aspects of bank counterparty agreements and documentation such as loan agreements and ISDA swap documents.

- Check all treasury deal confirmations against deal documentation and report any irregularities immediately to the CEO.

#### 2.3.6 Finance Operations Manager (FOM)

- Deliver daily and weekly reports to the GMCS covering cash/liquidity, interest rate risk position, transaction activity and performance.
- Execute treasury transactions in accordance with set limits and GMCS authority.
- Manage the operation of all bank accounts and other account features.
- Monitor all treasury exposures daily.
- Manage daily cash management.

### 2.4. Delegation of Authority and Authority Limits

Treasury transactions entered into by the Council without the proper authority are difficult to cancel given the legal doctrine of "apparent authority". Also, insufficient authorities for a given bank account or facility may prevent the execution of certain transactions (or at least cause unnecessary delays).

To prevent these types of situations, the following procedures must be complied with:

- All delegated authorities and signatories must be reviewed at least every six months to ensure that they are still appropriate and current.
- A comprehensive letter must be sent to all bank counterparties at least every year that details all relevant current delegated authorities of the Council and contracted personnel empowered to bind the Council.

Whenever a person with delegated authority on any account or facility leaves the Council, all relevant banks and other counterparties must be advised in writing immediately to ensure that no unauthorised instructions are to be accepted from such persons.

Clear Policy breaches should be reported to the CEO and tabled with action points to the Council.

The Council has the following responsibilities, either directly itself, or via the following stated delegated authorities.

Activity	Delegated Authority	Limit
Approving and changing policy	The Council	Unlimited
Borrowing new debt	The Council	Unlimited (subject to legislative and other regulatory limitations)
Acquisition and disposition of investments other than financial investments	The Council	Unlimited
Approval for charging assets as security over borrowing	The Council	Unlimited
Overall day-to-day risk management	CEO (delegated by Council) GMCS	Subject to policy
Re-financing existing debt	CEO (delegated by Council) GMCS	Subject to policy
Approving transactions outside Policy	The Council	Unlimited



Activity	Delegated Authority	Limit
Approving allowable risk management instruments	The Council	N/A
Adjust interest rate risk profile	GMCS	Per risk control limits Fixed rate maturity profile limit as per risk control limits
Managing funding maturities in accordance with Council approved facilities	GMCS	Per risk control limits
Maximum daily transaction amount (borrowing, investing, interest rate risk management)	The Council CEO GMCS FC	Unlimited \$40 million \$30 million \$10 million
Authorising lists of signatories	CEO	Unlimited
Opening/closing bank accounts	CEO	Unlimited
Annual review of policy	GMCS	N/A
Ensuring compliance with policy	GMCS	N/A

### 3. Liability Management Policy

Council's liabilities comprise borrowings and various other liabilities. Council's Liability management policy focuses on borrowings as this is the most significant component and exposes the Council to the most significant risks. Other liabilities are generally non-interest bearing. Cash flows associated with other liabilities are incorporated in cash flow forecasts for liquidity management purposes and determining future borrowing requirements.

#### 3.1. External Debt Ratios and Limits

External debt will be managed within the following macro limits.

Ratio	HDC Policy limits
Net external debt as a percentage of income	<150%
Net Interest on external debt as a percentage of income	<15%
Net Interest on external debt as a percentage of annual rates income	<20%
Liquidity range (liquid funds and committed bank facilities as a proportion of external debt)	110% - 170%

Income is defined as earnings from rates, government grants and subsidies, user charges, interest and other revenue and excludes non-government capital contributions (e.g. developer contributions and vested assets).

Net external debt is defined as total external debt less liquid financial assets/investments

Liquidity funds are defined as:

- Overnight Bank cash deposits at 100% of value
- Wholesale / retail bank term deposits no greater than 30 days at 100% of value
- NZ government bonds, Kauri bonds and LGFA bonds at 100% of market value
- Bank deposits less than 181 days at 100% market value
- Bank term deposits linked to pre-funding of term debt maturing in the next 365 days.

The liquidity ratio excludes encumbered cash investments, such as cash held within special/reserve funds.

Annual Rates Income is defined as the amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 (including volumetric water charges levied) together with any revenue received from other local authorities for services provided (and for which the other local authorities rate). 'Rates' exclude regional levies.

External debt will be repaid as it falls due in accordance with the applicable loan agreement. Subject to the debt limits, a loan may be rolled over or re-negotiated as and when appropriate. Disaster recovery requirements are met through the liquidity ratio.

### 3.2. Borrowing Mechanisms

The Council is able to externally borrow through a variety of market mechanisms including direct bank borrowing or accessing the short and long-term New Zealand capital markets directly or through the LGFA. In evaluating strategies for new borrowing (in relation to source, term, size and pricing) the GMCS takes into account the following:

- Available terms from banks, the LGFA and the wider capital markets..
- The Council's overall debt maturity profile, to ensure concentration of debt is avoided at reissue/rollover time.
- Prevailing interest rates and margins of the available funding alternatives.
- The market's outlook on future credit margin and interest rate movements as well as its own.
- Ensuring that the implied finance terms within the specific debt (e.g. project finance) are at least as favourable as the Council could achieve in its own right.
- Legal documentation and financial covenants together with security and credit rating considerations.

The Council's ability to readily attract cost effective borrowing is largely driven by its ability to rate, maintain a strong financial standing and manage its relationships with its investors, the LGFA, financial institutions and S&P. To this end it is the Council's intention to seek and maintain a strong balance sheet position.

The Council may use a mixture of short-term facilities (which generally have lower credit margins) as well as longer term facilities to achieve an effective borrowing mix, balancing the requirements of liquidity and cost.

### 3.3. Security

All the Council's external borrowings and interest-rate risk management instruments will generally be secured by way of a charge over the Council's rates and rates revenue offered through a Debenture Trust Deed. Under a Debenture Trust Deed, Council's borrowing is secured by a floating charge over all Council rates levied under the Rating Act. The security offered by Council ranks equally or *pari passu* with other lenders.

The Council offers deemed rates as security for general borrowing programs. From time to time, with prior Council approval, security may be offered by providing a charge over one or more of the Council's assets.

Physical assets will be charged only where:



- There is a direct relationship between the debt and the purchase or construction of the asset, which it funds (e.g. an operating lease, or project finance).
- The Council considers a charge over physical assets to be appropriate.
- The GMCS ensures that the required register of charges and any associated documents are provided, filed and kept in accordance with the provisions of the Local Government Act 2002 and any other relevant legislation.

### 3.4. Debt Repayment

The funds from all asset sales, operating surpluses, grants and subsidies will be applied to specific projects or the reduction of debt and/or a reduction in borrowing requirements, unless the Council specifically directs that the funds will be put to another use.

Debt will be repaid as it falls due in accordance with the applicable loan agreement. Subject to the debt limits, a loan may be rolled over or re-negotiated as and when appropriate.

The Council will manage debt on a net portfolio basis at all times

### 3.5. Guarantees/contingent liabilities and other financial arrangements

Council may act as guarantor to financial institutions on loans or enter into incidental arrangements for organisations, clubs, Trusts, or Business Units, when the purposes of the loan are in line with Council's strategic objectives.

Council is not allowed to guarantee loans to Council-Controlled Trading Organisations under Section 62 of the Local Government Act.

Council will ensure that sufficient funds or lines of credit exist to meet amounts guaranteed. Guarantees given will not exceed any amount agreed by Council or an appropriate Council Committee in aggregate or attached to a property.

### 3.6. New Zealand Local Government Funding Agency Limited Investment

Despite anything earlier in this Liability Management Policy, the Council may borrow from the LGFA and, in connection with that borrowing, may enter into the following related transactions to the extent it considers necessary or desirable:

- Contribute a portion of its borrowing back to the LGFA as an equity contribution to the LGFA;
- Provide guarantees of the indebtedness of other local authorities to the LGFA and of the indebtedness of the LGFA itself;
- Commit to contributing additional equity (or subordinated debt) to the LGFA if required;
- Subscribe for shares and uncalled capital in the LGFA; and
- Secure its borrowing from the LGFA and the performance of other obligations to the LGFA or its creditors with a charge over the Council's rates and rates revenue.

## 4. INVESTMENT POLICY AND LIMITS

### 4.1. General Policy

As Council is a net borrower of funds and applies surplus funds to debt repayment. Investments are only maintained to meet specified business reasons. Such reasons can be:

- For strategic purposes consistent with the Council's long term strategic plan
- The retention of vested land

- Holding short term investments for working capital and liquidity requirements
- Holding investments that are necessary to carry out the Council's operations consistent with annual long term plans, to implement strategic initiatives, or to support inter-generational allocations
- Pre-funding forecast capital expenditure.
- To reduce the current ratepayer burden.
- Holding assets (such as property) for commercial returns.
- Provide ready cash in the event of a natural disaster. The use of which is intended to bridge the gap between the disaster and the reinstatement of normal income streams and assets (including insurance recoveries).

The Council recognises that as a responsible public authority any investments that it does hold should be low risk. It also recognises that lower risk generally means lower returns.

The Council does not hold financial investments other than those involving special funds, sinking funds and cash management balances. In its financial investment activity, the Council's primary objective when investing is the protection of its investment. Accordingly, only credit worthy counterparties are acceptable.

## 4.2. Investment Mix

The Council maintains investments in the following assets from time to time:

- Equity investments and advances
- Property investments including vendor financing through deferred payment licences
- Financial investments incorporating longer term and liquidity investments
- Forestry investments

Council needs to take into consideration its obligations and duties to the community when making investment decisions. Council's investment decisions are guided by the goals and objectives of the Council as expressed in the Long Term Plan (LTP) and Annual Plan and are not made purely on commercial considerations.

### 4.2.1. Acquisition of New Investments

New investments will be acquired to meet the Council's long term objectives including the diversification of Council income streams. This may include the purchase of land or equity investments that the Council considers appropriate to meet an identified current or future need. Subject to the limits in the Council's significance policy the Council may invest in a new investment that is identified and is not in the Long Term Plan (LTP). When purchasing an investment that is not provided for in the LTP the Council will identify the risks and benefits associated with the purchase.

### 4.2.2. Use of Sale Proceeds

Any proceeds from the sale of investments (except for forestry assets) are used firstly to repay any debt related to the investment and then the use of any remaining funds will be determined by Council at the time of sale. Preference is to be given to either further debt reduction, the purchase of investments or the funding of capital expenditure.

### 4.2.3. Equity Investments and Loan Advances

Investments include shareholdings in CCTOs and trading and service enterprises. Advances are made to CCTOs and community organisations, such as Trusts managing Council facilities for financing purposes.

The GMCS, reviews performance of these investments and advances on a regular basis to ensure strategic and economic objectives are being achieved. Council ensures that interest and principal repayments are being made in accordance with the loan agreement.

All dividend and interest income is included in the consolidated revenue account.

Any disposition of these investments, other than the repayment of loans and advances requires Council approval.

#### 4.2.4. Property Investments

Council's overall objective is to only own property that is necessary to achieve its strategic objectives. This includes property investment not essential to the delivery of relevant services, acquired to achieve commercial returns and to diversify Council income streams. Council reviews property ownership through assessing the benefits of continued ownership in comparison to other arrangements which could deliver the same results. This assessment is based on the most financially viable method of achieving the delivery of Council services. Council generally follows similar assessment criteria in relation to new property investments.

The GMCS reviews the performance of property investments on a regular basis and reports to the Chief Executive on any underperforming assets. Council periodically undertakes a strategic review of its property investments.

All income, including rentals and ground rent from property investments is included in the consolidated revenue account.

Council approves the sale of property.

#### 4.2.5. Other Property Investments -Quarries

Council also maintains quarries for the extraction of metal for roading. These are held for their strategic importance in relation to the roading asset and they are leased to the roading maintenance contractor who must pay the Council royalties based on the quantity of metal extracted.

All royalties are included in the consolidated revenue account.

Any disposition of these assets requires Council approval.

#### 4.2.6. Forestry Investments

Council is not in the business of investing in forestry assets to be held as a long term investment. Council will only invest in forestry assets where the Forest also serves another purpose such as plantings associated with the joint Landfill. A specific fund is allocated to meet annual maintenance and cutting costs of the Landfill forestry block.

Council approves the sale of forestry. Sale proceeds of the Landfill forestry block are to be used for future landfill development and the Waste Futures project unless otherwise authorised by Council.

#### 4.2.7. Financial Investments

For the foreseeable future, the Council will have a permanent net debt/borrowing position and will use flexible short-term working capital money market funding lines. Accordingly, it does not



have any requirement to be in surplus cash. Circumstances where Council may have surplus funds other than for cash management purposes are listed below.

- Specific Bequests & Donations

Any liquid investments must be restricted to a term that meets future cash flow projections.

Interest income from financial investments is credited to general funds, except for income from investments for special funds and sinking funds where interest is credited to the particular fund.

The Council's primary objective when investing is the protection of its investment and maximise returns. Accordingly, only creditworthy counterparties are acceptable. Creditworthy counterparties covered in section 5.3. Credit ratings are monitored on a quarterly basis by the RM.

#### Council Created and Other Reserves

Liquid assets will not be required to be held against Council reserves (sometimes referred to as "special funds"). Instead Council should internally utilise these funds.

Through adopting this Treasury Policy, Council supersedes any previous Council resolutions pertaining to the funding of specific Council reserves.

Unless the Council specifically determines, by resolution, that interest should be credited to a specific reserve for a specified purpose, no interest shall be credited to reserves.

Where the Council has determined that interest shall be credited to specific reserves accounting entries representing monthly interest accrual allocations will be made using the rate prescribed by the Council. If no interest rate is prescribed the calculation shall be based on the average of the 90 day bank bill bid rate and the 3 year Government Stock rate.

#### 4.2.8. New Zealand Local Government Funding Agency Limited Investment

Despite anything earlier in this Investment Policy, the Council may invest in shares and other financial instruments of the LGFA, and may borrow to fund that investment. The Council's objective in making any such investment will be to:

- Obtain a return on the investment; and
- Ensure that the LGFA has sufficient capital to become and remain viable, meaning that it continues as a source of debt funding for the Council.

Because of this dual objective, the Council may invest in LGFA shares in circumstances in which the return on that investment is potentially lower than the return it could achieve with alternative investments.

Council may invest in financial instrument issues by the LGFA up to a maximum of \$50m.

If required in connection with the investment, the Council may also subscribe for uncalled capital in the LGFA.

## 5. RISK RECOGNITION/IDENTIFICATION/ MANAGEMENT

The definition and recognition of interest rate, liquidity, funding, counterparty credit, market, operational and legal risk of the Council will be as detailed below and applies to both the Liability Management Policy and Investment policy.

### 5.1. Interest Rate Risk

#### 5.1.1 Risk Recognition

Interest rate risk is the risk that funding costs (due to adverse movements in market interest rates) will materially exceed adopted annual plans and LTP interest cost projections, so as to adversely impact cost control, capital investment decisions/returns/and feasibilities.

The primary objective of interest rate risk management is to reduce uncertainty to interest rate movements through fixing of funding costs. However, a secondary objective is to minimise the net funding costs for the Council within acceptable risk parameters. Both objectives are to be achieved through the active management of underlying interest rate exposures.

#### 5.1.2 Approved Financial Instruments

Dealing in interest rate products must be limited to financial instruments approved by the Council.

Current approved interest rate instruments are as follows:

Category	Instrument
Cash management and external borrowing	Bank overdraft  Committed bank facilities Uncommitted money market facilities Bond issuance
Investments	Commercial paper (CP)/ Short term bank deposits  Registered Bank certificates of deposit (RCD's)  Local Authority stock or State Owned Enterprise (SOE) bonds LGFA borrower notes Corporate bonds Promissory notes/Commercial paper Bank term deposits linked to pre-funding maturing debt up to 18 months
Interest rate risk management	- Forward rate agreements Interest rate swaps Interest rate options Interest rate swaptions



Any other financial instrument must be specifically approved by the Council on a case-by-case basis and only be applied to the one singular transaction being approved. Credit exposure on these financial instruments is restricted by specified counterparty credit limits.

### 5.1.3 Interest Rate Risk Control Limits

#### External Core Debt/Borrowings

The Council external core debt/borrowings must be within the following fixed/floating interest rate risk control limit (calculated on a rolling monthly basis):

Fixed/Floating Interest Rate Risk Control Limits		
	Minimum Fixed Rate	Maximum Fixed Rate
0 – 2 years	40%	100%
2 – 5 years	25%	80%
5 – 10 years	0%	60%

- Floating rate debt may be spread over any maturity out to 12 months.
- Interest rate options must not be sold outright. However, 1:1 collar option structures are allowable whereby the sold option is matched precisely by amount and maturity to the simultaneously purchased option. Purchased borrower swaptions maturing within 12 months.
- Interest rate options with a maturity date beyond 12 months that have a strike rate (exercise rate) higher than 2.00% above the appropriate swap rate, cannot be counted as part of the fixed rate cover percentage calculation.

Any fixed rate debt or interest rate swap beyond 10 years requires the approval from the Risk and Assurance Subcommittee.

#### Liquid Investments

For the foreseeable future, the Council will have a permanent net debt/borrowing position and will use flexible short-term working capital money market funding lines. Accordingly, it would not have any requirement to be in a term surplus cash situation.

Therefore, outside of the above mentioned exceptions, any liquid investments must be restricted to a term that meets future cash flow projections.

### 5.1.4 Council Reserves

- Liquid assets will not be required to be held against special funds, instead Council will manage these funds using internal borrowing facilities.

#### Foreign Currency

The Council has minor foreign exchange exposure through the occasional purchase of foreign exchange denominated services, plant and equipment and the on-going purchase of library books. Generally, all significant commitments for foreign exchange are hedged by the Council. Significant foreign exchange commitments are defined as individual currency amounts exceeding NZD50,000.

The following foreign exchange risk management instruments may be used for foreign exchange risk management activity:

- Spot and Forward Exchange Contracts.
- Purchase of foreign exchange options, and collar-type instruments (1:1 only).

Independent external advice would be sought before the use of such instruments.

- The Council shall not borrow or enter into incidental arrangements, within or outside New Zealand, in currency other than New Zealand currency.
- Contingent Liabilities
- Unless the possibility of an outflow is remote, contingent liabilities must be identified and reported within the Council's financial statements. Such liabilities will be valued based on an accepted basis, and such a valuation will be provided for within the financial statements
- Contingent liabilities include but are not limited to the following:
  - Staff Gratuities
  - Guarantees

#### 5.1.5 Disaster Recovery

- Council recognises that events of an unforeseen or un-forecasted nature may result in financial loss to the Council. Such events are provided for through undrawn committed bank facilities.

## 5.2. Liquidity Risk/Funding Risk

### 5.2.1 Risk Recognition

Cash flow deficits in various future periods based on long term financial forecasts are reliant on the maturity structure of loans and facilities. Liquidity risk management focuses on the ability to borrow at that future time to fund the gaps. Funding risk management centres on the ability to re-finance or raise new debt at a future time at or better than current market pricing.

A key factor of funding risk management is to spread and control the risk to reduce the concentration of risk at one point in time.

### 5.2.2 Liquidity/Funding Risk Control Limits

- The Council must approve all new loans and borrowing facilities.
- Alternative funding mechanisms such as leasing should be evaluated with financial analysis in conjunction with traditional on-balance sheet funding. The evaluation should take into consideration, ownership, redemption value and effective cost of funds.
- Liquid funds, committed bank and capital markets facilities must be maintained at a minimum of 110% over forecast external debt levels over the next 12 months.
- Treasury provides daily and weekly cash management reporting, together with monthly (rolling 12 month forecast) and annual cash/debt forecasting and that long-term debt forecasts out to ten years are made available.
- The GMCS has the discretionary authority to re-finance existing debt on more favourable terms. Such action is to be ratified and approved by the Council at the earliest opportunity.
- Council has the ability to pre-fund up to 18 months forecast debt requirements including re-financings providing there is a high level of confidence in the forecast debt levels.
- The maturity profile of the total committed funding in respect to all loans and committed facilities, is to be controlled by the following system:

To minimise concentration risk no more than the greater of NZD 100 million, or 33% of a council's borrowings will mature in any rolling 12-month period.

### 5.3. Counterparty Credit Risk

Counterparty credit risk is the risk of losses (realised or unrealised) arising from a counterparty defaulting on a financial instrument where the Council is a party. The credit risk to the Council in a default event will be weighted differently depending on the type of instrument entered into. Credit risk will be regularly reviewed by the Council. Treasury related transactions would only be entered into with organisations specifically approved by the Council.

Counterparties and limits can only be approved on the basis of long-term credit ratings S&P or equivalent Fitch or Moody's) being A- and above.

Limits should be spread amongst a number of counterparties to avoid concentrations of credit exposure.

The following matrix guide will determine limits (with the exception of externally managed funds which are governed by the appropriate SIPO).

Counterparty/ Issuer	Minimum long term credit rating – stated and possible	Investments maximum per counterparty (\$m)	Interest rate risk management instrument maximum per counterparty (\$m)	Total maximum per counterparty (\$m)
NZ Government	N/A	unlimited	none	unlimited
Local Government Funding Agency	A-	50.0	None	50.0
State Owned Enterprises [name]	A-	5.0	none	5.0
NZ Registered Bank	A-	20.0	20.0	30.0
Corporate Bonds	A-	2.0*	none	2.0
Local Government Stock	A- (if rated) Unrated	2.0** 0.5**	none none	2.0 0.5

\* Subject to a maximum of \$5.0m investment in corporate/securitised bonds at any one point in time.

\*\* Subject to a maximum of \$15.0m investment in Local Government stock at any point in time.

In determining the usage of the above gross limits, the following product weightings will be used:

- Investments (e.g. Bank Deposits) – Transaction Notional ☐ Weighting 100%.
- Interest Rate Risk Management (e.g. swaps, FRAs) – Transaction Notional ☐ Maturity (years) ☐ 3%.

Each transaction should be entered into a reporting spreadsheet and a monthly report prepared to show assessed counterparty actual exposure versus limits.

Credit ratings should be reviewed by the ACC on an ongoing basis and in the event of material credit downgrades, below the minimum long term credit rating, the investment will cease. Future investments assessed against exposure limits. Counterparties exceeding limits should be reported to the Council.



#### 5.4. Risk Management

To avoid undue concentration of exposures, a range of financial instruments must be used with as wide a range of counterparties as practical. The approval process to allow the use of individual financial instruments must take into account the liquidity of the market the instrument is traded in and repriced from.

#### 5.5. Operational Risk

Operational risk is the risk of loss as a result of human error (or fraud), system failures and inadequate procedures and controls.

Operational risk is very relevant when dealing with financial instruments given that:

- Financial instruments may not be fully understood.
- Too much reliance is often placed on the specialised skills of one or two people.
- Most treasury instruments are executed over the phone or email.
- Operational risk is minimised through the adoption of all requirements of this policy

##### 5.5.1 Dealing Authorities and Limits

Transactions will only be executed by those persons and within limits approved by the Council. These limits are detailed in the schedule of delegated authorities table in section 2.4 of this policy.

##### 5.5.2 Segregation of Duties

Adequate segregation of duties among the core borrowing and investment functions of deal execution, confirmation, settling and accounting/reporting. There are a small number of people involved in borrowing and investment activity. Accordingly, strict segregation of duties is not always achievable. The risk will be minimised by the following process:

##### 5.5.3 Procedures

All treasury products must be recorded and diarised on a spreadsheet system, with appropriate controls and checks over journal entries into the general ledger. Deal capture and reporting must be done immediately following execution/confirmation. Details of procedures including templates of deal tickets should be compiled in a treasury procedures manual separate to this policy. The Council should capture the percentage of deals transacted with banks to determine competitiveness and reconcile the summary to the Council records.

Procedures should include:

- Regular management reporting
- Regular risk assessment, including review of procedures and controls as directed by the committee.
- Organisational, systems, procedural and reconciliation controls to ensure:
  - All borrowing and investment activity is bona fide and properly authorised
  - Checks are in place to ensure the Council's accounts and records are updated promptly, accurately and completely
  - All outstanding transactions are revalued regularly and independently of the execution function to ensure accurate reporting and accounting of outstanding exposures and hedging activity

##### 5.5.4 Organisational Controls

- The GMCS has responsibility for establishing appropriate structures, procedures and controls to support borrowing and investment activity.

- All borrowing, investment, cash management and risk management activity is undertaken in accordance with approved delegations authorised by the Council.

#### 5.5.5 Cheque/Electronic Banking Signatories

- Positions approved by the CEO as per register.
- Dual signatures are required for all cheques and electronic transfers.

#### 5.5.6 Authorised Personnel

- All counterparties are provided with a list of personnel approved to undertake transactions, standard settlement instructions and details of personnel able to receive confirmations.

#### 5.5.7 Recording of Deals

- All deals are recorded on properly formatted deal tickets by the FOM and approved by the GMCS. Market quotes for deals (other than cash management transactions) are perused by the FOM before the transaction is executed. Deal summary records for borrowing (on the Debt Management System) investments, interest rate risk management and cash management transactions (on spreadsheets) are maintained and updated promptly following completion of transaction.

#### 5.5.8 Confirmations

- All inward letter confirmations including registry confirmations are received and checked by the FC against completed deal tickets and summary spreadsheets records to ensure accuracy.
- Deals, once confirmed, are filed (deal ticket and attached confirmation) in deal date/number order.
- Any discrepancies arising during deal confirmation checks which require amendment to the Council records are signed off by the CEO.

#### Settlement

- The majority of borrowing and investment payments are settled by direct debit authority.
- For electronic payments, batches are set up electronically by Accounts Payable and the Bank Management Officer. These batches are checked by an Accountant to ensure settlement details are correct. Payment details are authorised by two approved signatories as per Council registers.

#### Reconciliations

- Bank reconciliations are performed monthly by the Bank Management Officer. Any material unresolved unreconciled items arising during bank statement reconciliation which require amendment to the Council's records are signed off by the CEO.
- A monthly reconciliation of borrowing and investment spreadsheets to the general ledger is carried out by the FC and reviewed by the FC.

### 5.6. Legal Risk

Legal and regulatory risks relate to the unenforceability of a transaction due to an organisation not having the legal capacity or power to enter into the transaction usually because of prohibitions contained in legislation. While legal risks are more relevant for banks, the Council may be exposed to such risks. In the event that the Council is unable to enforce its rights due to deficient or inaccurate documentation.



The Council will seek to minimise this risk by adopting policy regarding:

- The use of standing dealing and settlement instructions (including bank accounts, authorised persons, standard deal confirmations, contacts for disputed transactions) to be sent to counterparties.
- The matching of third party confirmations and the immediate follow-up of anomalies.
- The use of expert advice for any non-standardised transactions

#### 5.6.1 Agreements

Financial instruments can only be entered into with banks that have in place an executed ISDA Master Agreement with the Council. All ISDA Master Agreements for financial instruments must be signed under seal by the Council.

The Council's internal/appointed legal counsel must sign off on all documentation for new loan borrowings, re-financings and investment structures.

Currently the Council has, ISDA agreements with the following banks:

- Westpac Banking Corporation NZ Ltd
- Australia and New Zealand Banking Group
- ASB Bank Limited
- Bank of New Zealand
- Kiwibank

#### 5.6.3 Financial Covenants and Other Obligations

The Council must not enter into any transactions where it would cause a breach of financial covenants under existing contractual arrangements.

The Council must comply with all obligations and reporting requirements under existing funding facilities and legislative requirements.

The Council must maintain a register of charges relating to any commitment which is specifically relating to any asset.

## 6. MEASURING TREASURY PERFORMANCE

In order to determine the success of the Council's treasury management function, the following benchmarks and performance measures have been prescribed.

Those performance measures that provide a direct measure of the performance of treasury staff (operational performance and management of debt and interest rate risk) are to be reported to the committee on a monthly basis.

### 6.1. Operational Performance

All treasury limits must be complied with including (but not limited to) counterparty credit limits, dealing limits and exposure limits.

All treasury deadlines are to be met, including reporting deadlines.

## 6.2. Management of Debt and Interest Rate Risk

The actual funding cost for the Council taking into consideration the entering into of interest rate risk management transactions should be below the budgeted interest cost. When budgeting forecast interest costs, the actual physical position of existing loans and swaps / swaptions / FRAs must be incorporated together with all fees.

Since senior management is granted discretion by the Council to manage debt and interest rate risk within specified limits of this policy, the actual funding rate achieved must be compared against an appropriate external benchmark interest rate that assumes a risk neutral position within existing policy. In this respect, a risk neutral position is always precisely at the mid-point of the minimum and maximum percentage control limits specified within the policy.

Given current fixed/floating risk control limits and fixed rate maturity profile limits as defined in Section 5.1.3 of this policy, the market benchmark (composite) indicator rate will be calculated as follows:

- 30% Average 90 day bill rate for reporting month.
- 8.75% 2 year swap rate at end of reporting month.
- 8.75% 2 year swap rate, 2 year ago.
- 11.25% 5 year swap rate at end of reporting month.
- 11.25% 5 year swap rate, 5 years ago.
- 15% 7 year swap rate at end of reporting month.
- 15% 7 year swap rate, 7 years ago.

The actual reporting benchmark is the 12 month rolling average of the monthly calculated benchmarks using the above parameters. This is compared to actual cost of funds, excluding all credit margins and fees.

## 7. CASH MANAGEMENT

The FOM has the responsibility to carry out the day-to-day cash and short-term debt management activities.

- The FOM will calculate and maintain comprehensive cash flow projections on a daily (two weeks forward), and weekly (four weeks forward), monthly (12 months forward) and annual (five years) basis. These cash flow forecasts determine Council's borrowing requirements and surpluses for investment.
- On a daily basis, electronically download all the Council bank account information.
- Co-ordinate the Council's operating units to determine daily cash inflows and outflows with the objective of managing the cash position within approved parameters.
- Undertake short term borrowing functions as required, minimising overdraft costs.
- Ensuring efficient cash management through improvement to accurate forecasting using spreadsheet modelling.
- Minimise fees and bank/Government charges by optimising bank account/facility structures.
- Monitor the Council's usage of cash advance facilities.
- Match future cash flows to smooth overall timeline.
- Provide reports detailing actual cash flows during the month compared with those budgeted.

- Maximise the return from available funds by ensuring significant payments are made within the vendor's payment terms, but no earlier than required, unless there is a financial benefit from doing so.

The FOM will calculate and maintain cash flow projections monthly (twelve months forward) and annual (five years) basis.

## 8. REPORTING – PERFORMANCE MEASUREMENT

When budgeting forecast interest costs, the actual physical position of existing loans and swaps/swaptions/FRA's must be incorporated.

### 8.1. Treasury Reporting

#### 8.1.1 Reporting

The following reports are produced:

Report Name	Frequency	Prepared by	Recipient
Daily Cash Position	Daily	FOM	GMCS
Treasury Exceptions Report	Daily	FC	CEO
Risk Management performance	Quarterly	FC	GMCS
Policy Compliance	Quarterly	FC	GMCS
Interest rate exposure report	Quarterly	FC	GMCS
Cost of funds & funding facility report	Quarterly	FC	GMCS
Cash flow forecast report	Monthly	FOM/FC	GMCS
Summary Treasury Report	Quarterly	FOM/FC	Council CEO
Quarterly Treasury Strategy Paper	Quarterly	GMCS	Risk and Assurance Subcommittee CEO
Limits Report	Daily, reported on an exceptions basis Quarterly	FOM	GMCS Council
Debt Maturity Profile	Quarterly	GMCS	Council

Report Name	Frequency	Prepared by	Recipient
Revaluation of financial instruments	Quarterly	FC	GMCS

Quarterly the RASC approves borrowing, investment and risk management strategies and reviews the preceding quarters results amending if appropriate. Tactics for the following quarter are agreed with operating guidelines and provided to the GMCS for implementation. The GMCS is responsible for preparing the agenda for the quarterly meeting as well as documenting the actions required by the committee.

## 8.2. Valuation of Treasury Instruments

Council uses financial arrangements ("derivatives") for the primary purpose of reducing its financial risk to fluctuations in interest rates. The purpose of this section is to articulate Council's accounting treatment of derivatives in a broad sense. Further detail of accounting treatment is contained within the appropriate operations and procedures manual.

Under New Zealand Public Benefit Entity (PBE) International Public Sector Accounting Standards (IPSAS) changes in the fair value of derivatives go through the Income Statement of Comprehensive Revenue and Expenditure unless derivatives are designated in an effective hedge relationship.

Council's principal objective is to actively manage the Council's interest rate risks within approved limits and chooses not to hedge account. Council accepts that the marked-to-market gains and losses on the revaluation of derivatives can create potential volatility in Council's annual accounts.

The GMCS is responsible for advising the CEO of any changes to relevant New Zealand Public Sector PBE Standards which may result in a change to the accounting treatment of any financial derivative product.

All treasury financial instruments must be revalued (marked-to-market) at least every three months for risk management purposes.

Note: For management accounting purposes, financial instruments used for hedging will not be marked-to-market but will be shown in the annual statutory accounts.

Underlying rates to be used to value treasury instruments are as follows:

- Official daily settlement prices for established markets.
- Official daily market rates for short term treasury instruments (e.g. FRA settlement rates calculated by Reuters from price maker quotations as displayed on the BKBM page).
- Relevant market mid-rates provided by the company's bankers at the end of the business day (5.00pm) for other over-the-counter treasury instruments.
- For markets that are illiquid, or where market prices are not readily available, rates calculated in accordance with procedures approved by the GMCS.

## 9. POLICY REVIEW



This Treasury Policy is to be formally reviewed on an annual basis.

The GMCS has the responsibility to prepare an annual treasury report (following the preparation of annual financial statements) that is presented to the Committee. The report will include:

- Recommendation as to any proposed changes, deletions and additions to the policy.
  - Any amendment to this policy requires the adoption of the special consultative procedures as outlined in the Local Government Act 2002.
    - Overview of the treasury management function in achieving the stated treasury objectives, including performance trends in actual interest cost against budget (multi-year comparisons).
    - Summary of breaches of policy and one-off approvals outside policy to highlight areas of policy tension.
    - Analysis of bank and lender service provision, share of financial instrument transactions etc.
    - Comments and recommendations from the Council's external auditors on the treasury function, particularly internal controls, accounting treatment and reporting.
    - An annual audit of the treasury systems and procedures must be undertaken.
    - Total net debt servicing costs and debt should not exceed limits specified in the covenants of lenders to the Council.
- 

The Council receives the report, approves policy changes for consultation with the community and/or reject recommendations for policy changes.

The policy review must be completed and presented to the Council within five months of the financial year-end.



Item 11

Attachment 1





## HEALTH AND SAFETY POLICY 2020

*Proposed changes are highlighted in yellow*

### OUR COMMITMENT:

Hastings District Council is committed to keeping workers (employees, volunteers and contractors) and the community safe through living a strong Health and Safety culture.

### TO ACHIEVE THIS, HASTINGS DISTRICT COUNCIL MANAGERS WILL:

- Maintain and continuously improve our Health and Safety management system.
- Set targets for improvement and measure, appraise and report on our Health and Safety performance.
- Take a proactive approach to managing Health and Safety risk by actively identifying hazards and unsafe behaviour within the workplace, and take steps to reduce the risks to an acceptable level.
- Build and maintain a workplace environment and culture that supports good health and Wellbeing.
- Increase awareness, participation and learning through active communication consultation, training and collaboration with workers with regard to Health, Safety and Wellbeing matters.
- Assess and recognise the Health and Safety performance of employees and contractors.
- Accurately report and learn from our incidents (including near misses).
- Support the safe and early return to work of injured employees.
- Ensure that we design, construct, operate and maintain our assets so that they safeguard the community.
- Require our contractors to demonstrate a strong Health and Safety culture within their organisations.
- Comply with all relevant legislation, regulations, and codes of practice and industry standards.

### EVERYONE'S RESPONSIBILITIES:

We believe that whilst senior management have ultimate accountability, we all have responsibility for Health and Safety. All workers (employees, volunteers and contractors) must observe our safety rules, policies, procedures and instructions. They shall ensure their own Health and Safety at work and ensure that no action or inaction on their part causes harm to others. This includes the responsibility to stop any work that they believe is unsafe or cannot be conducted in a safe manner.







## PROPOSED Hastings District Council Risk Appetite Statement

*The Council's over-arching risk appetite statement is as follows:*

The Hastings District Council is responsible to the rate payers of the district to enable democratic local decision-making and action by, and on behalf of, communities to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future.

To achieve these outcomes Council has a **conservative** appetite toward risk that would adversely affect core services. In contrast, there is a desire to leverage opportunities that enhance outcomes for the community. As a result there is a more open approach to considering innovation or solutions that create long term benefits.

Whilst the overarching risk appetite may be conservative, Council recognises that it is not possible, or necessarily desirable, to eliminate all of the risks inherent in its activities. In some instances acceptance of risk within the public sector is necessary due to the nature of services, constraints within operating environment and a limited ability to directly influence where risks are shared across sectors.

Therefore, in relation to the Long Term Plan strategic objectives Council's risk appetite may vary depending on the circumstances and tradeoffs implicit in the specific context. Resources are aligned to priority outcomes based on the specific risk appetite, and arrangements are in place to monitor and mitigate risks to acceptable levels.

The risk appetite for each of the key focus areas in the current Long Term Plan is stated in the following sections.

### Risk Appetite Terminology

Rating	Philosophy	Tolerance for Uncertainty Willingness to accept uncertain outcomes or variations.	Choice Willingness to select an option puts objectives at risk	Trade-off Willingness to trade off against achievement of other objectives.
5 <b>Flexible</b>	Will take justified risks	Fully anticipated	Will choose option with highest return; accepting possibility of failure.	Willing
4 <b>Justified</b>	Will take strongly justified risks	Expect some	Will choose to put at risk, but will manage impact	Willing under right conditions
3 <b>Measured</b>	Preference for delivering expected outcome.	Limited	Will accept if limited and heavily out-weighted by benefits	Prefer to avoid
2 <b>Conservative</b>	Extremely conservative	Low	Will accept only if essential, and limited possibility/extent of failure	With extreme reluctance
1 <b>Averse</b>	Avoidance of risk is a core objective	Extremely low	Will always select the lowest risk option.	Never



## Key Areas of Focus and Investment – Long Term Plan 18/28

### 1. Our Environment

#### Context

LTP18/19 focus is to invest significantly in drinking water infrastructure as our first priority to meet community expectation and new national standards around safe drinking water.

- Safe drinking water: \$47.8M
- Demand management: \$1.5M
- Environmental enhancement: \$1.7M



**Risk Appetite** Averse **Conservative** Measured Justified Flexible

Council intends to take a **Conservative** approach to risk in order to achieve this outcome as Council has a statutory obligation to deliver the services, which means it is not possible to limit or cease service provision. This means that risks will be accepted only when essential to the core outcome, and limited possibility/extent of failure exists particularly with regard to Safety or Compliance.

#### Tolerance & Measures

To ensure progress toward the desired outcome remains within an acceptable range the following tolerances and measures will be applied and monitored:

Risk Category	Extremely Low	Low	Limited	Expect Some	Anticipated
<b>Safety</b>	●				
<i>Outcomes</i>	Drinking Water Monitoring Plan Hastings Urban Supply (WAT-20-54-19-1) requirements met. Fewer than 5 dry weather sewerage overflow events per 1000 connections per annum ( <i>LTP measure</i> )				
<b>Financial</b>			●		
<i>Variation</i>	Spend between \$38.25M (-25%) and \$56.1M (+10%) for all projects.				
<b>Service Delivery</b>		●			
<i>Standard</i>	No more than 20 unplanned water supply outages or waste water system restrictions per month. No habitable floors affected by storm water for up to a 1 in 50 year ARI storm event ( <i>LTP Measure</i> ).				
<b>Compliance</b>		●			
<i>Outcomes</i>	Compliant Water Safety Plan for each Council water supply. Full compliance with Hawkes Bay Regional Council consent requirements. No material non-compliance raised by Water Assessors against a Council water supply.				
<b>Reputation</b>		●			
<i>Outcomes</i>	Regional public interest or media attention is expected, but events should not result in adverse national media coverage. There is support for being recognised as national leaders in water supply ( <i>Aligns with Water Services Business Plan</i> ).				



## Key Areas of Focus and Investment – Long Term Plan 18/28

### 2. Moving Around

#### Context

LTP18/19 focus is to invest in our infrastructure to look after our assets prudently and to meet new challenges in bridge strengthening, increasing environmental standards and climate change.

- Renewals & Safety upgrades: \$4.4
- Walking & Cycling: \$1.1M
- Better Bridges: \$1.8M



**Appetite** Averse **Conservative** Measured Justified Flexible

Council intends to take a **Conservative** approach to risk in order to achieve this outcome due to the potential adverse impacts on public safety and economic prosperity as a result of failing to provide a transportation network and bridges that are able to cope with current and future demands. This means that risks will be accepted only when essential to the core outcome, and limited possibility/extent of failure exists. In practice, the result is that assets will be prioritised based on sound research and data, and upgraded using the most suitable certified construction solution. In other words, Council is not looking to apply untested innovative solutions.

#### Tolerance & Measures

To ensure progress toward the desired outcome remains within an acceptable range the following tolerances and measures will be applied and monitored:

Risk Category	Extremely Low	Low	Limited	Expect Some	Anticipated
<b>Safety</b> <i>Outcomes</i>		●			
	Reducing trend of fatality and serious injury from previous year ( <i>LTP measure</i> ). All bridges meet requirements for safe carriage.				
<b>Financial</b> <i>Variation</i>			●		
	Spend between \$5.5M (-25%) and \$8M (+10%) for all projects.				
<b>Service Delivery</b> <i>Standard</i>		●			
	5.5% of sealed local road network is resurfaced per annum ( <i>LTP measure</i> ). No more than 1.5 % of footpaths classified poor or worse as measured by Council's condition rating system ( <i>LTP measure</i> ). Maximum of 27 (10%) weight and/or speed restricted bridges on the network.				
<b>Compliance</b> <i>Outcomes</i>	●				
	Full compliance with NZTA funding requirements Full compliance with NZ Bridge Design Manual and Regulatory requirements.				
<b>Reputation</b> <i>Outcomes</i>	●				
	Interest of local groups or individuals is expected, but events should not result in adverse regional or national media coverage. Some desire to be recognised for best practice asset management and renewal planning.				





## Key Areas of Focus and Investment – Long Term Plan 18/28

### 3. Our Economy

#### Context

Invest in the Hasting City Centre to increase its vibrancy and to meet the challenges of changing retail patterns and how people use the central city.

Ensure industrial development opportunities are easily accessible in Omahu, Irongate and Whakatu/Tomoana to meet our target of increased jobs and investment.

- Industrial Zone Investment: \$19M
- Economic Development: \$3.5M
- CBD Development: \$3.4M



**Appetite** Averse Conservative **Measured** Justified Flexible

Council is prepared to take a **Measured** approach to achieving this outcome on the basis that there is a desire try innovative ideas that may increase development of industrial land and improve the utility of the City Centre. This means that risk will be accepted if limited and heavily out-weighted by benefits.

#### Tolerance & Measures

To ensure progress toward the desired outcome remains within an acceptable range the following tolerances and measures will be applied and monitored:

Risk Category	Extremely Low	Low	Limited	Expect Some	Anticipated
<b>Safety</b>					
<i>Outcomes</i>	No notifiable injuries or illness from infrastructure projects due to poor health & safety practices by Council or a contractor. No serious assaults in the CBD resulting from failure of community safety services (including; CPTED design, CCTV, City Assist).				
<b>Financial</b>					
<i>Variation</i>	Spend between \$12.9M (-50%) and \$32.4M (+25%) for all projects.				
<b>Service Delivery</b>					
<i>Standard</i>	A minimum of 20% and a target of 30% of vacant industrial land ( <i>LTP measure</i> ). Less than 10% of retail spaces vacant on a quarter basis.				
<b>Compliance</b>					
<i>Outcomes</i>	No material failures to comply with the life safety goals of planning and building act and regulations.				
<b>Reputation</b>					
<i>Outcomes</i>	Positive regional public interest or media attention is expected for creating liveable spaces, but outcomes should not result in adverse media coverage.				

#### Example:

- Council invested \$3.8M installing water infrastructure for the Irongate industrial area to stimulate development after receiving only 20% of development contributions.





## Key Areas of Focus and Investment – Long Term Plan 18/28

### 4. Where We Live

#### Context

Ensure a range of housing options are available to meet the needs of changing community while protecting our valuable soils.

- Residential infrastructure spend: \$20.5M

**Appetite** Averse Conservative Measured **Justified** Flexible

Council is prepared to take a **Justified** approach to achieving this outcome in order to meet the need in the community for sufficient liveable spaces. This means that strongly justified risks may be taken, as long as the potential impact is managed.

#### Tolerance & Measures

To ensure progress toward the desired outcome remains within an acceptable range the following tolerances and measures will be applied and monitored:

Risk Category	Extremely Low	Low	Limited	Expect Some	Anticipated
<b>Safety</b> <i>Outcomes</i>		●			
	No new houses constructed in at risk areas (i.e. natural hazard zones) without mitigation. All new houses meet safe and sanitary requirements (e.g. weather tightness).				
<b>Financial</b> <i>Variation</i>				●	
	Spend between \$10.25M (-50%) and \$25.6M (+25%) for all projects.				
<b>Service Delivery</b> <i>Standard</i>			●		
	A minimum 20% residential greenfields land available ( <i>LTP measure</i> ) Less than 0.2% of plan zone land (valuable soils) used for new housing per annum ( <i>Note: this is equivalent to 62Ha or two times Lyndhurst Stage 1 &amp; 2</i> ).				
<b>Compliance</b> <i>Outcomes</i>		●			
	No legal challenges upheld for unsound Resource Consents or Building Consents decisions.				
<b>Reputation</b> <i>Outcomes</i>				●	
	Positive regional public interest or media attention is expected, but events within Council's control should not result in adverse national media coverage. There is support for national recognition of successful innovation in provision of housing.				

#### Example:

- Council is looking to invest around \$11M installing road and water infrastructure for Howard Street residential area to make the development more appealing to the market.



## Key Areas of Focus and Investment – Long Term Plan 18/28

### 5. Things To Do

#### Context

Continue enhancing our parks, recreational and cultural facilities to make the Hastings District a place where people want to work, live and play.

- Opera House: \$39.6M
- Enjoyable reserves: \$5.9M
- Regional Sports Park Grant: \$4.9M



#### Scope

This strategic outcome covers the approach taken to enhancing the playgrounds, sports fields, parks, reserves, swimming pools and aquatic facilities, Skate Park and mountain bike trails in the District.

**Appetite** Averse Conservative Measured **Justified** Flexible

Council is prepared to take a **Justified** approach to achieving this outcome on the basis that there is a desire to provide spaces that allow people to enjoy the natural environment and seek adventure. This means that risk may be accepted as long as the impact is managed.

#### Tolerance & Measures

To ensure progress toward the desired outcome remains within an acceptable range the following tolerances and measures will be applied and monitored:

Risk Category	Extremely Low	Low	Limited	Expect Some	Anticipated
<b>Safety Outcomes</b>				●	
It is expected that injuries will occur within parks, recreational and cultural facilities as a result of the actions of individuals. However, no notifiable injuries or illness should be caused by the condition of the physical infrastructure provided by Council. <i>Note: Injuries resulting from an individual's actions not caused or influenced by Council equipment or infrastructure are excluded from this measure.</i>					
<b>Financial Variation</b>			●		
Spend between \$37.8M (-25%) and \$55.4M (+10%) for all projects.					
<b>Service Delivery Standard</b>			●		
Opera House Qualmark rating – Five star ( <i>LTP measure</i> ) Greater than 97% parks user satisfaction ( <i>LTP measure</i> ). Less than 3 non-weather related unplanned park closures per year.					
<b>Compliance Outcomes</b>		●			
Only compliant equipment is use or installed in play grounds. No fines or prosecutions for non-compliant equipment or facilities.					
<b>Reputation Outcomes</b>				●	
Positive regional public interest or media attention is expected for creating liveable spaces, but outcomes should not result in adverse media coverage.					

#### Example:

- Work on the Opera House, plaza and municipal building was started before all funding sources were confirmed.
- A covered slide tower was installed in Cornwall Park to provide an adventure opportunity.

Ref: PMD-03-81-19-187

V3.7



## Key Areas of Focus and Investment – Long Term Plan 18/28

### 6. Our People

#### Context

Work together with communities and other to build civic pride, develop our youth and uplift people and communities.

- Youth, Hapu and Community Development: \$2.2M
- City Assist & Kaitiaki: \$3.1M
- Community Grants: \$3.2M



**Appetite** Averse Conservative **Measured** Justified Flexible

Council is prepared to take a **Measured** approach to achieving community uplift due to the need to work collaboratively with local Hapu, community and other agencies. This means that risk will be accepted if limited and heavily out-weighted by benefits.

#### Tolerance & Measures

To ensure progress toward the desired outcome remains within an acceptable range the following tolerances and measures will be applied and monitored:

Risk Category	Extremely Low	Low	Limited	Expect Some	Anticipated
<b>Safety</b>					
<i>Outcomes</i>	No programmes or placements put youth in potentially harmful situations.				
<b>Financial</b>					
<i>Variation</i>	Spend between \$7.6M (-10%) and \$9.3M (+10%) for all projects.				
<b>Service Delivery</b>					
<i>Standard</i>	No unplanned outages for CCTV, City Assist or Kaitiaki services. At least 3 place based plans completed ( <i>LTP measure</i> ) At least 1 social development review completed ( <i>LTP measure</i> )				
<b>Compliance</b>					
<i>Outcomes</i>	No challenges against community programmes for lack of engagement or consultation that can be upheld.				
<b>Reputation</b>					
<i>Outcomes</i>	Positive regional public interest or media attention is expected for community lead plans and pathways for youth, but outcomes within Council's control should not result in adverse national media coverage.				





## Core Council Service Standards – Long Term Plan 18/28

### Our Service Delivery

#### Context:

Local Infrastructure which contributes to public health and safety, supports growth, connects communities, activates communities and helps to protect the natural environment

Local public services which help meet the needs of young and old, people in need, visitors and locals, businesses and households.

Regulatory functions which help to prevent harm and help create a safe and healthy environment for people, which promote the best use of natural resources and which are responsive to community needs.

- Operating budget: \$88M

**Appetite** Averse **Conservative** Measured Justified Flexible

Council intends to take a **Conservative** approach to delivery of core services as the community expects Council to provide safe, compliant and reliable services that reflect the needs of the community in a cost effective and efficient way. This means that risks will be accepted only when essential to the core outcome, and limited possibility/extent of failure exists particularly with regard to Safety or Compliance.

#### Tolerance & Measures

To ensure progress toward the desired outcome remains within an acceptable range the following tolerances and measures will be applied and monitored:

Risk Category	Extremely Low	Low	Limited	Expect Some	Anticipated
<b>Safety Outcomes</b>		●			
	Fewer than 10 medical attention or lost time injuries to Council workers (staff and contractors) per month (refer Health & Safety Reports).				
<b>Financial Variation</b>	●				
	Spend between \$83.6M (-5%) and \$92.4M (+5%) for all operations (Aligns with Chief Executive Objectives).				
<b>Service Delivery Standard</b>		●			
	No more than 10% variation from the LTP target levels of service. No decision reversed upon review.				
<b>Compliance Outcomes</b>		●			
	No legal challenges upheld for unsound Resource Consent or Building Consent decisions. All services provided meet regulatory requirements for safe operation.				
<b>Reputation Outcomes</b>			●		
	Interest of local groups or individuals may occur, but events within Council's control should not result in adverse regional or national media coverage. Positive media attention up to national level is desirable for innovative service.				

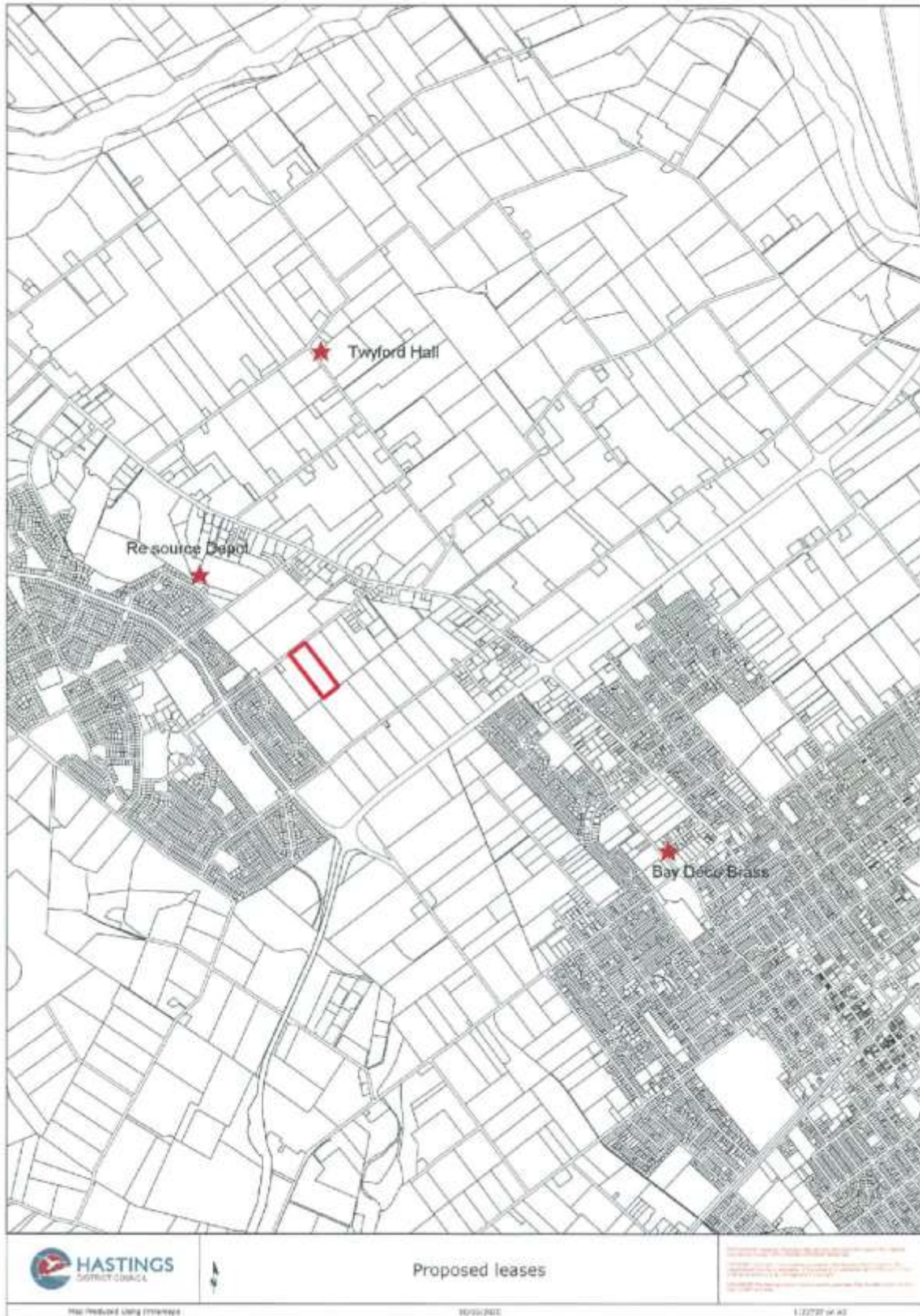
#### Example:

- It is important that the decisions made when issuing a consent, permit or licence are technically correct, even if that means there is a slight delay in issuing the decision.

Ref: PMD-03-81-19-187

V3.7





Item 13

Attachment 1



## **GROUND LEASE**

Date of Lease: 17th March 2020.

Lessor: **THE HASTINGS DISTRICT COUNCIL (“the Council”)**

Lessee: **DECO BAY BRASS INCORPORATED (“the Leasee”)**

Leased Premises: All the land located at 109 Orchard Road, being LOT 2 DP 20508, as outlined in red on the attached plan. The site contains the clubrooms (the “premises”).

Background: The Orchard Road is a Council owned property that contains the clubrooms that are owned by the Deco Bay Brass Band Incorporated. The club manages this facility and the grounds.

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The Council leases the land to the Leasee on the terms and conditions set out below.

**1. Commencement Date**

17<sup>th</sup> March 2020

**2. Term**

18 years.

**3. Rental**

- (a) The annual rental for the first three years of the lease shall be \$1040.00 (plus GST) payable annually in advance.
- (b) The annual rental shall be reviewed on 18 March 2020 to the current rate for ground leases on the Council’s parks and reserves, and thereafter 3 yearly during the term.
- (c) The Lessee shall pay the rental on time and free of exchange or any other deductions.

**4. Maintenance**

- (a) The Leasee shall maintain the exterior and interior of the premises, including all windows, fixtures and fittings, in good condition and will at the end of early termination of the lease immediately give the premises to the Council in such good condition.
- (b) The Leasee shall use all drains, water closets, effluent systems and piping in a fit and proper manner and will at its own cost make good any damage or obstructions thereto.
- (c) The Leasee shall remove all refuse on a regular basis.

**5. Structural Alterations**

The Leasee shall not make any structural alterations to the premises without the prior written consent of the Council.

**6. No Assignment, Etc**

The Leasee shall not assign possession of the premises, the carpark or any part of them without first obtaining the written consent of the Council which the Council shall not unreasonably withhold or delay if the following conditions are fulfilled:

- (a) The Leasee proves to the reasonable satisfaction of the Council that the proposed assignee or subleasee is respectable, responsible and has the financial resources to meet the Leasee's commitments under this lease and is an assignee who the Council might grant a lease of land of this type. The Leasee shall give the Council any additional information reasonably required by the Council.
- (b) All rent and other moneys payable have been paid and there is not any subsisting breach of any of the Leasee's covenants.
- (c) A deed of covenant in customary form approved or prepared by the Council is duly executed and delivered to the Council.
- (d) The Leasee pays the Council's reasonable costs and disbursements in respect of the approval and the preparation of the deed of covenant and (if appropriate) all fees and charges payable in respect of any reasonable inquiries made by or on behalf of the Council concerning any proposed assignee. All such costs shall be payable whether or not the assignment proceeds.

**7. Subletting**

- (a) The Leasee will not sublet any part of the premises without the prior written consent of the Council.
- (b) A withholding of consent by the Council shall not be deemed to be unreasonable or arbitrary if the proposed sublease is to a person or body other than a duly incorporated body or if the Council considers that the term or rental of the proposed sublease is excessive or if the Council considers the proposed use is inconsistent with the use of the Orchard Road Reserve.

**8. Use**

- (a) The Leasee shall use the premises to house their building.
- (b) The Leasee shall use the premises only as a bandroom and headquarters for itself and any approved affiliated group and for the holding of social functions sanctioned by the executive of the Leasee
- (c) The Leasee shall not use the premises or permit the premises to be used for any purpose before 8.00am and after 11.30pm Monday to Sunday inclusive.



- (d) The Leasee may, with the prior written consent of the Council in each case, allow the premises to be used until 12.30am.
- (e) The Leasee shall not cause or allow to be caused a disturbance or nuisance to the Council or to the owners or occupiers of nearby properties.
- (f) The Leasee shall comply with all relevant Acts, Regulations, Bylaws, District Plans and other legal requirements including (but not limited to)
  - The Fire Service Act 1975
  - The Sale and Supply of Alcohol Act 2012
  - The Resource Management Act 1991
  - The Building Act 2004
  - The Health & Safety at Work Act 2015
  - The Food Hygiene Regulations 1974
  - The Food Act 2014
- (g) The Leasee shall at all times operate within the terms of any liquor licence issued to it. Such licence shall not provide for hours of use greater than those contained in this lease.
- (h) No relocated buildings will be permitted without the prior written consent of the Council.

## 9. Inspection & Repairs

- (a) The Leasee shall permit the Council's Group Manager: Asset Management, (or his nominee), the Council's Building Assets Manager (or his nominee), Police Officers, and Council Inspectors at all reasonable times to enter the premises to inspect and view the condition thereof or the conduct of persons on the premises. The Council shall inspect the condition of the premises at least once every two years and preferably annually.
- (b) The Leasee shall, within 14 days of receiving written notice from the Council to do so, properly carry out all renovations and repairs required by such notice.

## 10. Advertising

The Leasee shall obtain the prior written consent of the Council to any exterior advertising on the premises. Such advertising shall be properly removed before the end or sooner determination of the lease.

## 11. Utilities & Rates

- (a) The Leasee shall pay all electricity, gas, telephone, or other utility charges in respect of the premises.

## 12. Insurance

- (a) The Leasee will at the sole expense of the Leasee insure and keep insured to the full insurable value the buildings against all material damage in the names of both the Leasee and the Council.
- (b) The Club shall separately insure its chattels.
- (c) The Leasee shall take out a public liability insurance policy for an amount insured of at least \$500,000.

### 13. Termination

- (a) The Council may terminate the lease and enter the premises if the Leasee has not paid the rental for more than 2 months after the due date (whether an account has been issued or not).
- (b) The Council may terminate the lease and enter the premises if the Leasee has breached its obligations under this lease and has not remedied such breach within 14 days of receiving written notice to do so.
- (c) The Council may require the Leasee to sublet the premises if the Council considers that the leasee is making insufficient use of the premises.
- (d) The Leasee may terminate the lease at any time by giving 3 months' written notice to the Council.
- (e) As all buildings on the premises are owned by the Lessee, the Lessee shall have the right to sell the building to a new lessee provided that the Lessee has first discussed the sale with the Council and provided that the new Lessee is acceptable to the Council. If no such new lessee can be found, the Council and the Lessee shall enter into negotiations regarding the future of the building(s). If a new use cannot be found, the lessee shall remove the building(s) at its expense and leave the grounds in a clean and tidy condition with all services properly disconnected.

### 14. Disputes

If any disputes shall arise on any matter connected with this lease, other than a matter for which a remedy is specifically provided under this lease, such dispute shall be referred to arbitration under the provisions of the Arbitration Act 1996, if the Council and the Leasee cannot themselves resolve it.

### 15. Delegation

Where provision is made for any consent or approval to be given by the Council, such consent or approval may be given by the Chief Executive of the Council to whom such authority has been given.

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**Hastings District Council**

Chief Executive

.....

The Common Seal of  
**DECO BAY BRASS INCORPORATED** (“the Leasee”)

Was affixed in the presence of:

.....  
**President**

.....  
**Secretary**

Item 13

Attachment 2





## GROUND LEASE

Date of Lease:	18 <sup>th</sup> March 2020
Lessor:	<b>HASTINGS DISTRICT COUNCIL (“THE COUNCIL”)</b>
Lessee:	<b>RE-SOURCE INCORPORATED (“THE LEASEE”)</b>
Leased Premises:	That part of 22 Chatham Road, Hastings, Chatham Park (LOT 1 DP 1904 LOT 2 DP 2850) outlined in red as per the attached plan (“the premises”).
Background:	The Leasee requires storage and workshop facilities for the upcycling and repurposing of goods for needy families.

---

The Council leases the premises to the Leasee on the terms and conditions set out below:

1. **Commencement Date**

18<sup>th</sup> March 2020

2. **Term**

3 years

3. **RENTAL**

(a) The annual rental for the first three years of the lease shall be \$ 1040.00 (plus GST) payable by equal monthly payments of \$86.66 (plus GST).

(b) The annual rental shall be reviewed on 18<sup>th</sup> March 2023 to the current rate for ground leases on the Council's parks and reserves, and thereafter 3 yearly during the term.

(c) The Leasee shall pay the rental on time and free of exchange or any or any other deductions.

4. **MAINTENANCE**

(d) The Leasee shall maintain the immediate grounds (parking area) and interior of the premises, including all doors, windows, fixtures and fittings, in good condition (fair wear and tear excluded) and will at the end or early termination of the lease return the premises to the Council in good condition, for the area as shown in the attached plan.

(e) The Lessee shall use all drains, water closets and piping in a fit and proper manner and will at its own expense make good any damage or obstructions thereto

(f) The Lessee shall remove all refuse on a regular basis.

**5. NO ASSIGNMENT, ETC**

(a) The Lessee shall not assign or part with possession of the Premises during the lease without the prior written consent of the Council which consent will not be unreasonable refused.

(b) Any use of the Premises by a group affiliated to the Lessee is not a breach of this clause.

**6. SUBLETTING**

(a) The Lessee will not sublet the Premises without the prior written consent of Council, which consent will not unreasonably be refused.

(b) A withholding of consent by the Council shall not be deemed to be unreasonable or arbitrary if the proposed sublease is to a person or body other than a duly incorporated body or if the Council considers that the term or rental of the proposed sublease is excessive or if the Council considers the proposed use is inconsistent with the surrounding land.

**7. USE**

(a) The Lessee shall use the premises only as a recycle centre, workshop, display and showcase goods space, and storage.

(b) The Lessee shall not use the premises or permit the premises to be used for any purpose before 8.00am and after 4.00pm Monday through Sunday.

(c) The Lessee shall not cause a disturbance or nuisance to the Council or to the owners or occupiers of nearby properties.

(d) The Lessee shall comply with all relevant acts, regulations, bylaws, district plan and any other legal requirement including but not limited to:

- The Fire Service Act 1975
- The Sale of Liquor Act 1989
- The Resource Management Act 1991
- The Building Act 2004
- The Health & Safety in Employment Act 1992
- The Food Hygiene Regulations 1974

- (e) No new buildings or alterations will be permitted without the prior written consent of the Council.

#### 8. INSPECTION & REPAIRS

- (a) The Leasee shall permit the Council's Asset Management Group Manager (or their nominee), Police Officers, and Council Inspectors at all reasonable times to enter the premises to inspect and view the condition thereof or the conduct of persons on the premises. The Council shall inspect the property at least once every years.
- (b) The Leasee shall within 14 days of receiving notice from the Council to do so, properly carry out all renovation and repairs required by such notice, to ensure the building is in a safe condition.

#### 9. ADVERTISING

- (a) The Leasee shall obtain the prior written consent of the Council to erect any advertising on the premises. Any advertising erected during the lease shall be removed at end of the lease or sooner.

#### 10. UTILITIES & RATES

- (a) The Leasee shall pay all electricity, gas, telephone, or other utility charges in respect to the premises.
- (b) The Leasee shall pay as a component of the rental a contribution towards rates.

#### 11. INSURANCE

- (a) The Council will insure the building against damage
- (b) The Leasee shall separately insure its chattels.
- (c) The Leasee will have taken out a public liability insurance policy for an amount insured of at least \$500,000

#### 12. TERMINATION

- (d) The Council may terminate the lease at any time by giving 6 months written notice.
- (e) The Council may terminate the lease and enter the premises if the Leasee have not paid the rental for more than 2 months after the due date shown on the latest account.
- (f) The Council may terminate the lease and enter the premises if the Leasee have breached its obligations under this ease and has not remedied such breach within 14 days of receiving written notice to do so.

- (g) The Leasee may terminate the lease at any time by giving 3 months written notice to the Council.
- (h) Upon termination, the premises (including alteration and improvements) revert to Council without payment or compensation to the Leasee.

### 13. DISPUTES

- (a) If any dispute shall arise on any matter connected with this lease, other than a matter for which a remedy is specifically provided under this lease, such dispute shall be referred to arbitration under the provisions of the Arbitration Act 1996, if the Council and the Leasee cannot themselves resolve it.

### 14. DELEGATION

- (a) Where the provision's made for any consent or approval to be given by the Council, such consent or approval may be given by the Chief Executive of the Council to whom such authority has been given.

The Common Seal of

**HASTINGS DISTRICT COUNCIL**

was affixed in the presence of:

\_\_\_\_\_ Mayor

\_\_\_\_\_ Chief Executive

The Common Seal of

**RE-SOURCE INCORPORATED ("THE Leasee")**

was affixed in the presence of:



Item 13

Attachment 3



## **GROUND LEASE**

Date of Lease:	18 <sup>th</sup> March 2020
Lessor:	<b>THE HASTINGS DISTRICT COUNCIL (“the Council”)</b>
Lessee:	TWYFORD AND RAUPARE MEMORIAL RECREATION CENTRE TRUST (“the Trust”)
Leased Premises:	The part of the 160 Thompson Road, Hastings being Lot 1 DP 320348, outlined in red on the attached plan, which the Community Hall is located (the “premises”)
Background:	The Twyford and Raupare Memorial Recreation Centre is located on a Council owned land that contains the community hall that is a community owned facility. The local community manages this facility and the grounds. Council grants assists from time to time through the Rural Halls’ fund and incidental funding allocations on a case by case basis.

---

The Council leases the land to the Committee on the terms and conditions set out below.

**1. Commencement Date**

18th March 2020

**2. Term**

18 years.

**3. Rental**

(a) The annual rental shall be \$1.00 (incl GST) payable annually if requested.

**4. Maintenance**

(a) The Trust shall maintain the exterior and interior of the premises, including all windows, fixtures and fittings, in good condition and will at the end of early termination of the lease immediately give the premises to the Council in such good condition.

(b) The Trust shall use all drains, water closets, effluent systems and piping in a fit and proper manner and will at its own cost make good any damage or obstructions thereto.

(c) The Committee shall remove all refuse on a regular basis.

**5. Structural Alterations**

The Trust shall not make any structural alterations to the premises without the prior written consent of the Council.

**6. No Assignment, Etc**

The Trust shall not assign possession of the premises, the carpark or any part of them without first obtaining the written consent of the Council which the Council shall not unreasonably withhold or delay if the following conditions are fulfilled:

- (a) The Trust proves to the reasonable satisfaction of the Council that the proposed assignee or subtenant is respectable, responsible and has the financial resources to meet the Committee's commitments under this lease and is an assignee who the Council might grant a lease of land of this type. The Trust shall give the Council any additional information reasonably required by the Council.
- (b) All rent and other moneys payable have been paid and there is not any subsisting breach of any of the Committee's covenants.
- (c) A deed of covenant in customary form approved or prepared by the Council is duly executed and delivered to the Council.
- (d) The Trust pays the Council's reasonable costs and disbursements in respect of the approval and the preparation of the deed of covenant and (if appropriate) all fees and charges payable in respect of any reasonable inquiries made by or on behalf of the Council concerning any proposed assignee. All such costs shall be payable whether or not the assignment proceeds.

**7. Subletting**

- (a) The Trust will not sublet the premises without the prior written consent of the Council. Council acknowledges that the Trust sublets the premises from time to time to the neighbouring school, and no written consent is necessary for that to continue.
- (b) A withholding of consent by the Council shall not be deemed to be unreasonable or arbitrary if the proposed sublease is to a person or body other than a duly incorporated body or if the Council considers that the term or rental of the proposed sublease is excessive or if the Council considers the proposed use is inconsistent with the use of the Twyford and Raupare Memorial Recreation Centre.

**8. Use**

- (a) The Trust shall use the premises only as a community hall.
- (b) The Trust shall not use the premises or permit the premises to be used for any purpose before 8.00am and after 11.30pm Monday to Sunday inclusive.
- (c) The Trust may, with the prior written consent of the Council in each case, allow the premises to be used until 12.30am.
- (d) The Trust shall not cause or allow to be caused a disturbance or nuisance to the Council or to the owners or occupiers of nearby properties.



(e) The Trust shall comply with all relevant Acts, Regulations, Bylaws, District Plans and other legal requirements including (but not limited to)

- The Fire Service Act 1975
- The Sale and Supply of Alcohol Act 2012
- The Resource Management Act 1991
- The Building Act 2004
- The Health & Safety at Work Act 2015
- The Food Hygiene Regulations 1974
- The Food Act 2014

(f) The Trust shall at all times operate within the terms of any liquor licence issued to it. Such licence shall not provide for hours of use greater than those contained in this lease.

(g) No relocated buildings will be permitted without the prior written consent of the Council.

## 9. Inspection & Repairs

(a) The Trust shall permit the Council's Group Manager: Asset Management, (or his nominee), the Council's Building Assets Manager (or his nominee), Police Officers, and Council Inspectors at all reasonable times to enter the premises to inspect and view the condition thereof or the conduct of persons on the premises. The Council shall inspect the condition of the premises at least once every two years and preferably annually.

(b) The Trust shall, within 14 days of receiving written notice from the Council to do so, properly carry out all renovations and repairs required by such notice.

## 10. Advertising

The Committee shall obtain the prior written consent of the Council to any exterior advertising on the premises. Such advertising shall be properly removed before the end or sooner determination of the lease.

## 11. Utilities & Rates

(a) The Trust shall pay all electricity, gas, telephone, or other utility charges in respect of the premises.

## 12. Insurance

(a) The Committee will at the sole expense of the Committee insure and keep insured to the full insurable value the buildings against all material damage in the names of both the Committee and the Council.

(b) The Trust shall take out a public liability insurance policy for an amount insured of at least \$500,000.

### 13. Fencing

The Trust shall not fence off the premises from the balance of Reserve.

Item 13

Attachment 4

**14. Termination**

- (a) The Council may terminate the lease and enter the premises if the Trust has not paid the rental for more than 2 months after the due date (whether an account has been issued or not).
- (b) The Council may terminate the lease and enter the premises if the Trust has breached its obligations under this lease and has not remedied such breach within 14 days of receiving written notice to do so.
- (c) The Council may require the Trust to sublet the premises if the Council considers that the Committee is making insufficient use of the premises.
- (d) The Trust may terminate the lease at any time by giving 3 months' written notice to the Council.
- (e) As all buildings on the premises are owned by the Lessee, the Lessee shall have the right to sell the building to a new lessee provided that the Lessee has first discussed the sale with the Council and provided that the new Lessee is acceptable to the Council. If no such new lessee can be found, the Council and the Lessee shall enter into negotiations regarding the future of the building(s). If a new use cannot be found, the lessee shall remove the building(s) at its expense and leave the grounds in a clean and tidy condition with all services properly disconnected.

**15. Disputes**

If any disputes shall arise on any matter connected with this lease, other than a matter for which a remedy is specifically provided under this lease, such dispute shall be referred to arbitration under the provisions of the Arbitration Act 1996, if the Council and the Committee cannot themselves resolve it.

**16. Delegation**

Where provision is made for any consent or approval to be given by the Council, such consent or approval may be given by the Chief Executive of the Council to whom such authority has been given.

---

The Common Seal of  
**THE HASTINGS DISTRICT COUNCIL**  
 Was affixed in the presence of:

.....  
**Mayor**

.....  
**Chief Executive**

The Common Seal of the **TWYFORD AND RAUPARE MEMORIAL RECREATION  
CENTRE TRUST (“the Trust”)**  
Was affixed in the presence of:

.....  
**President**

.....  
**Secretary**

**Item 13**

**Attachment 4**





# Hastings District Council Quarterly Health and Safety Report: Quarter 2 - 2019/2020 1 October – 31 December 2019

This report contains information that was reported during the period 1 October to 31 December 2019 and is current as at 30 January 2020.

## GLOSSARY OF TERMS

### Leading Indicators

- **Hazards Reported** – reports of newly identified hazards (in HDC facilities/worksites).
- **Health and Safety Risk Assessments** – documented risk assessments for HDC tasks/projects.
- **Health and Safety Observations** - documented conversations/ or task observations undertaken by Managers/Supervisors with HDC employees or Contractors.
- **Health and Safety Inspections** - documented inspections (usually a check of a site or facility using set criteria) undertaken by Managers/Supervisors with HDC employees or Contractors.
- **Health and Safety Audits** - documented health and safety system or contract audits undertaken by Managers/Supervisors with HDC employees or Contractors.
- **Health and Safety Discussions** – documented meetings in which health and safety matters are discussed with HDC employees in attendance (e.g. Monthly team meetings).
- **Health and Safety Training** - documented records of employees who have undertaken safety training for the month (both internal and external training).
- **Health and Safety Recognition** - documented recognition of excellence by HDC in regards Health and Safety.
- **Toolbox Briefings** – job planning / start-up meetings held daily or weekly at a job site before work begins where health and safety hazards and control measures are discussed.

### Lagging Indicators

- **Near Misses** - Close call events - i.e. no injury or property damage sustained.
- **Property Damages** – reported damage to HDC property/plant/equipment.
- **First Aid Injuries** - Injuries treated onsite by HDC Employees and no further treatment required.
- **Medical Treatment Injuries** - Injuries treated by Registered Medical Professionals e.g. nurse, doctor, physiotherapist, dentist.
- **Lost Time Injuries** - Injuries resulting in time off work.
- **WorkSafe Notifiable Events** - Any incidents which were legally required to be reported to WorkSafe NZ.

## A. EXECUTIVE SUMMARY

Organisational Health and Safety objectives were set at the beginning of 2019 and carry through until the end of the 2019/2020 financial year. These objectives have a strong focus on the promotion of Health and Safety through greater active leadership and engaging with contractors to further develop a Health and Safety culture that encompasses all workers whom undertake work for Council. These objectives provide useful measures for reporting of leading indicators. Good progress has been made towards these objectives as indicated on page four and progress to completion will continue to be tracked through the quarterly reports in 2019/2020.

This is the fourth quarterly report which provides information on the tracking of Health and Safety observations by target and group (see pages 7-8). As a whole Council achieved the target for Health and Safety Observations in this quarter with three groups (Asset Management, Human Resources and Economic Growth and Organisation Improvement) achieving their individual group targets. This is a good indication that the objectives set for Managers and Team Leaders to drive safety leadership within their teams are well underway. Additionally, of those observations completed, it is pleasing to see that 86% of employees and 89% of contractors were observed undertaking tasks to a Good or Excellent standard.

In regards to lagging indicators reported during this quarter, results remain steady, with similar numbers to the previous quarter. Interactions with the public continue to remain the most prolific hazard type reported by employees, however manual handling was the cause of the majority of injuries. Strains and sprains continue to be the most common type of injury reported, followed by bruising and open wounds (minor cuts and lacerations).

Contractor incident reporting remains lower than expected, however as part of the organisational Health and Safety objectives there is a targeted campaign underway to increase safety engagement with these workers.

In regards to incidents relating to public, results remain steady, with similar numbers to the previous quarter. The vast majority of incidents were minor in nature, treated with first aid on-site. All in all, when considering that there were approximately 270,674 visitors to Council's community facilities during quarter two, the public injury frequency rates remain very low (less than 0.1%).

Work is currently underway to review the information provided and the format of these quarterly reports with a view to providing an updated report format from 1 July 2019 onwards.

B. ORGANISATIONAL OBJECTIVES

Organisational Objectives for the period 1 January 2019 – 30 June 2020 are as follows:

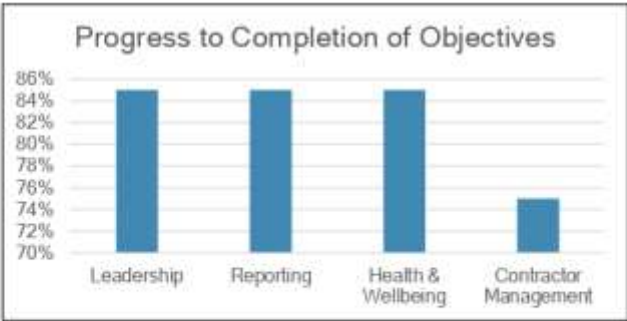
1. Promote Health & Safety through active leadership

  - Develop a Health & Safety orientation programme for Team Leaders and Managers aimed at ensuring people in leadership roles have sufficient knowledge and resources to lead Health and Safety within their teams.
  - Set targets for staff engagement activities (observations, conversations, inspections) and track the % of Managers meeting these targets.
  - Utilising the recognition reward system, track the number of recognition awards given to staff by Senior Managers (LMT & Third Tier) for excellence in Health and Safety.
2. Continue to drive a culture of early reporting in order to prevent workplace injuries and illnesses

  - Track non-injury incident (hazard identification, near miss and property damage) rates across the year.
  - Report on the % of non-injury incidents compared to total incidents reported.
  - Analyse non-injury incidents by hazard category.
3. Establish a wellbeing programme for Council staff in order to proactively manage the Mental Health and wellbeing risks associated with work tasks, activities and pressures.

  - Develop a Mental Health and Wellbeing Policy and Guidance material for staff.
  - Develop a Wellbeing Programme that has a monthly focus topic.
  - Undertake staff engagement surveys at 6 months and 12 months to gauge effectiveness of the programme.
4. Engage with contractors to development a Health and Safety culture that encompasses all workers whom undertake work for Council

  - Identify ten term contracts (minimum 6 months duration) which have significant health and safety risk to council (i.e. those involving critical health and safety risks), and track the Health and Safety Performance on these contracts.
  - Set targets for contractor engagement activities (observations, inspections, audits) and track the % of Staff completing these targets
  - Track the % of corrective actions arising from contractor observations, inspections and audits that are completed on time.
  - Provide a 6 monthly newsletter for contractors





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## C. LEADING INDICATORS

### 1. Indicator Measures – Quarter 2 – 2019/2020

Leading Indicator	October 2019	November 2019	December 2019	Quarter 2 (2019/2020) Total	Quarter 1 (2019/2020) Total
Hazards reported	41	32	13	86	75
Health and Safety Discussions held	12	20	15	47	57
Toolbox Health and Safety Briefings held	85	64	49	198	183
Health and Safety Risk Assessments undertaken	207	199	233	639	663
Health and Safety Observations completed	117	159	133	409	595
Number of staff attending Health and Safety training	65	295	75	453	298
Health and Safety subcommittee/committee meetings held	2	1	3	6	4

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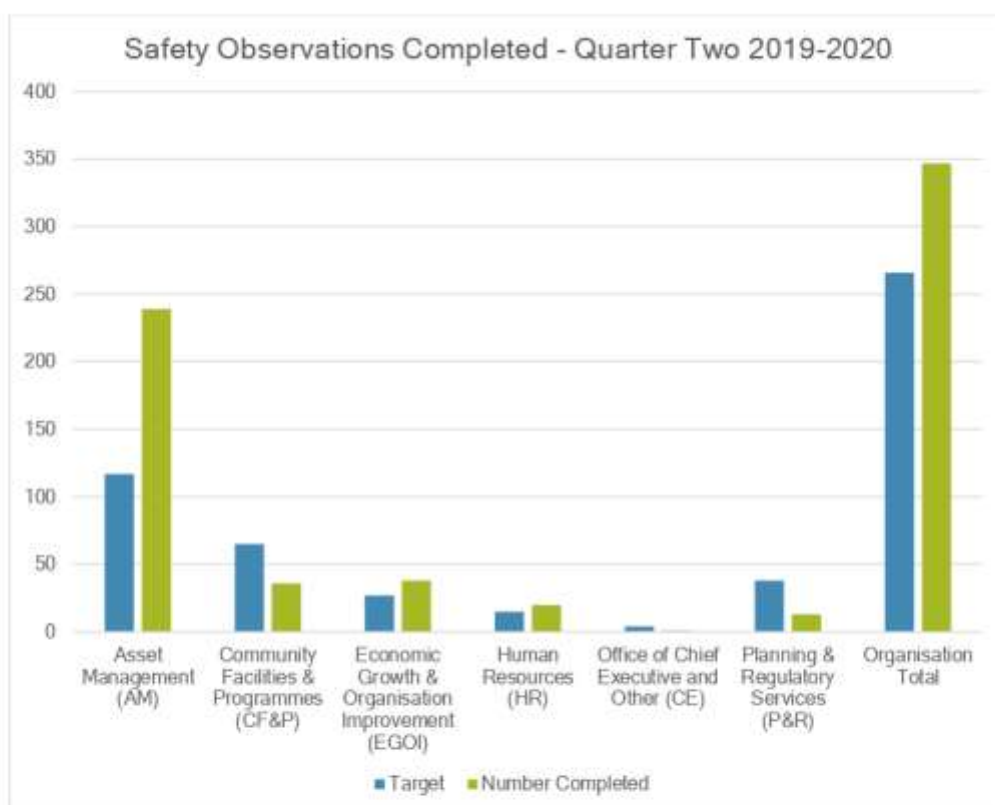
## 2. Visitor Numbers at Community Facilities - Quarter 2 – 2019/2020

Facility	Visitor Numbers – Quarter 2 1 October – 31 December 2019	Visitor Numbers – Quarter 1 1 July – 30 September 2019
Camberley Community Centre	6,148	6,642
Clive Pool	Estimate 12,000	Estimate: 15,000
Flaxmere Community Centre	28,779	23,051
Flaxmere Waterworld	8,122	Estimate: 7,000
Frimley Pool	5,354	Closed
Hastings City Art Gallery	Estimate 6,000	6,485
Hastings District Libraries: <ul style="list-style-type: none"> <li>• Flaxmere</li> <li>• Hastings</li> <li>• Havelock North</li> </ul> Total	Estimates: <ul style="list-style-type: none"> <li>• 25,000</li> <li>• 84,000</li> <li>• 30,000</li> </ul> Total estimate 139,000	<ul style="list-style-type: none"> <li>• 25,233</li> <li>• 84,807</li> <li>• 31,589</li> </ul> Total 141,629
Hastings Sports Centre	13,153	14,125
Havelock North Village Pool	Estimate 5,000	Closed
Splash Planet	47,118	Closed
TOTAL	Approx. 270,674	Approx. 213,932

### 3. Health & Safety Observation Analysis

#### Health & Safety Observations Completed - Quarter 2 - 2019/2020

Group	Target	Number Completed	% Target Completed
Asset Management (AM)	117	239	204%
Community Facilities & Programmes (CF&P)	65	36	55%
Economic Growth & Organisation Improvement (EGOI)	27	38	140%
Human Resources (HR)	15	20	133%
Office of Chief Executive and Other (CE)	4	1	25%
Planning & Regulatory Services (P&R)	38	13	34%
<b>Organisation Total</b>	<b>266</b>	<b>347</b>	<b>130%</b>







#### RESULTS CRITERIA

- Excellent (All work being performed safely and safety leadership being demonstrated)
- Good (Work generally being performed safely. Only minor improvement opportunities identified)
- Fair (A couple of unsafe practices and/or conditions were observed)
- Poor (Many unsafe practices and/or conditions were observed)

## D. LAGGING INDICATORS

### 1. Reported Incidents – Quarter 2 – 2019/2020

#### 1.1 Employee Incidents

Lagging Indicator	October 2019	November 2019	December 2019	Quarter 2 Total
Near Miss	11	25	8	43
Property Damage	5	7	3	15
Injuries	6	5	3	14
• First Aid Treatment	1	5	2	8
• Medical Treatment	5	0	1	6
• Lost Time	0	0	0	0
WorkSafe Notifiable Events	0	0	0	0

#### 1.2 Contractor Incidents

Lagging Indicator	October 2019	November 2019	December 2019	Quarter 2 Total
Near Miss	21	13	2	36
Property Damage	0	1	0	1
Injuries	0	2	1	3
• First Aid Treatment	0	1	0	1
• Medical Treatment	0	1	0	1
• Lost Time	0	0	1	1
WorkSafe Notifiable Events	0	0	0	0

#### 1.3 Public Incidents

Lagging Indicator	October 2019	November 2019	December 2019	Quarter 2 Total
Near Miss	8	15	16	39
Property Damage	2	4	0	6
Injuries	2	8	11	21
• First Aid Treatment	2	6	11	19
• Medical Treatment	0	2	0	2
WorkSafe Notifiable Events	0	0	0	0

#### 1.4 Significant Incident Summary – Quarter 2 2019/2020

'Significant Incidents' refer to any incidents which required medical treatment or resulted in significant property damage or WorkSafe notifiable events. Below is a summary of incidents which were reported during Quarter 2 – 1 October to 31 December 2019

Incident Month	Type	Relationship	Group	Incident Description
October	Medical Treatment Injury	Employee	CF&P	An employee slipped in unseen puddle, hurt right hip, leg and arm. First Aid and Medical treatment was provided.
	Medical Treatment Injury	Employee	CF&P	An employee knocked their elbow on door while carrying material through it. Medical treatment was required.
	Medical Treatment Injury	Employee	CF&P	An employee strained their wrist whilst shelving books. Medical treatment was required.
November	Medical Treatment Injury	Employee	CF&P	An employee was moving chairs and slipped, injuring their knee. Medical treatment was required.
	Medical Treatment Injury	Employee	CF&P	An employee missed the step walking down the stairs landing heavily on their heel. Medical treatment was required.
	Medical Treatment Injury	Public	CF&P	A child was injured whilst operating a go-kart at Splash Planet, the child's head hit the wheel when the kart hit the wall. The child received immediate first-aid treatment onsite and an ambulance transported them to the hospital for further assessment. An investigation is currently underway.
	Medical Treatment Injury	Public	CF&P	A person using the Flaxmere skate bowl fell off their skateboard and sustained a head injury. Staff provided immediate first aid and an ambulance transported them to the hospital for further assessment.
	Medical Treatment Injury	Public	AM	A person injured themselves when undertaking recycling, as the platform of the green bin failed and dropped to the ground under them. Medical treatment was required. This incident has been investigated and corrective actions implemented.
	Medical Treatment Injury	Public	CF&P	A child using the Flaxmere skate bowl fell off their skateboard and sustained a head injury. Staff provided immediate first aid and ambulance staff also assessed the child on-site.
December	Lost time injury	Employee	P&R	An employee was moving a dangerous dog when it dragged on the leash causing an injury to the employee's leg. Subsequently this was diagnosed as an Achilles tear and the employee is currently off work and receiving medical treatment for the injury.
	Medical Treatment Injury	Employee	CF&P	An employee was putting in a pool net and got their finger caught between wall and chain, causing a fracture to the finger. The employee received first-aid treatment onsite and further medical treatment. An investigation is currently underway.
	Lost time injury	Contractor	AM	Whilst delivering a recycling bin to a rural recycling depot, the driver was lowering the bin platform "cat walk" which was extremely heavy and it dropped catching them between the steps and the Green Bin platform. The driver sustained bruising requiring medical treatment. This incident has been investigated and corrective actions implemented.

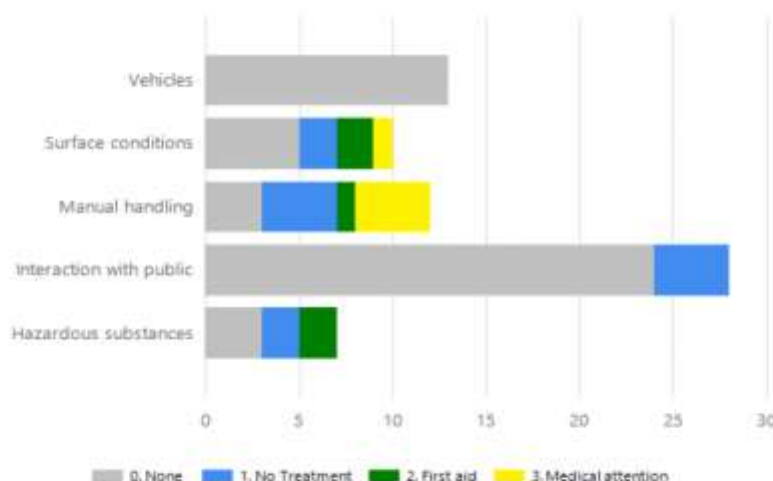
## 2. Incident Analysis

### 2.1 Incident Analysis by Hazard Source - Quarter 2 - 2019/2020

Note: 'No Consequence' refers to no physical injury occurring as a result of the incident

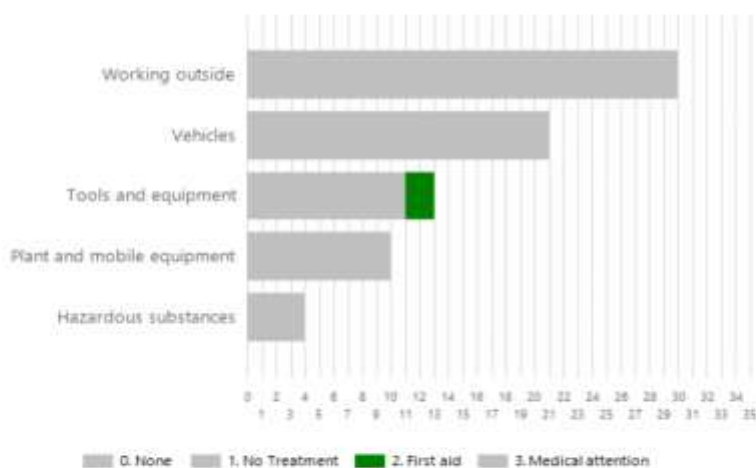
#### 2.1.1 Employee Incidents - Quarter 2 - 2019/2020

Actual Severity by Hazard Source (Employee)

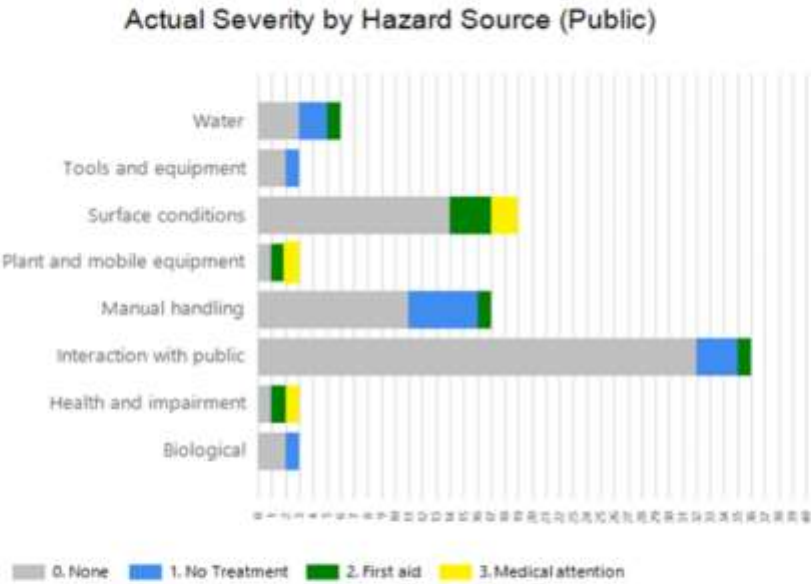


#### 2.1.2 Contractor Incidents - Quarter 2 - 2019/2020

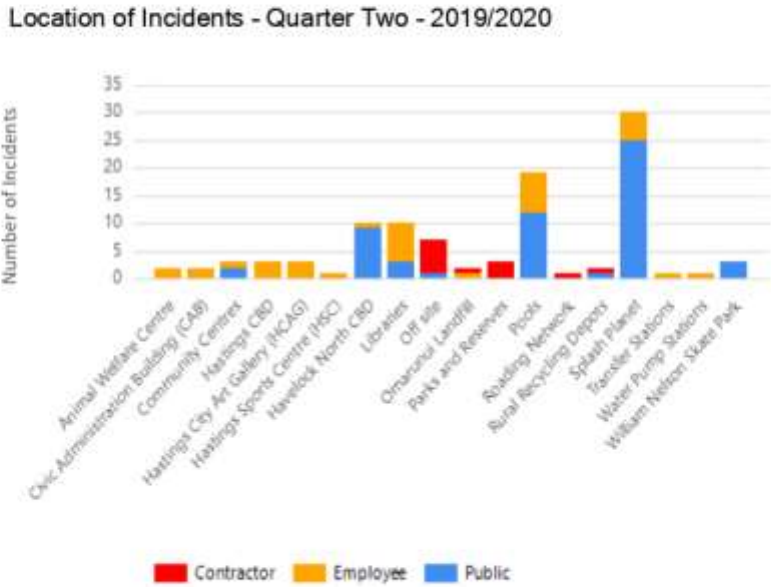
Actual Severity by Hazard Source (Contractor)



2.1.2 Public Incidents - Quarter 2 - 2019/2020



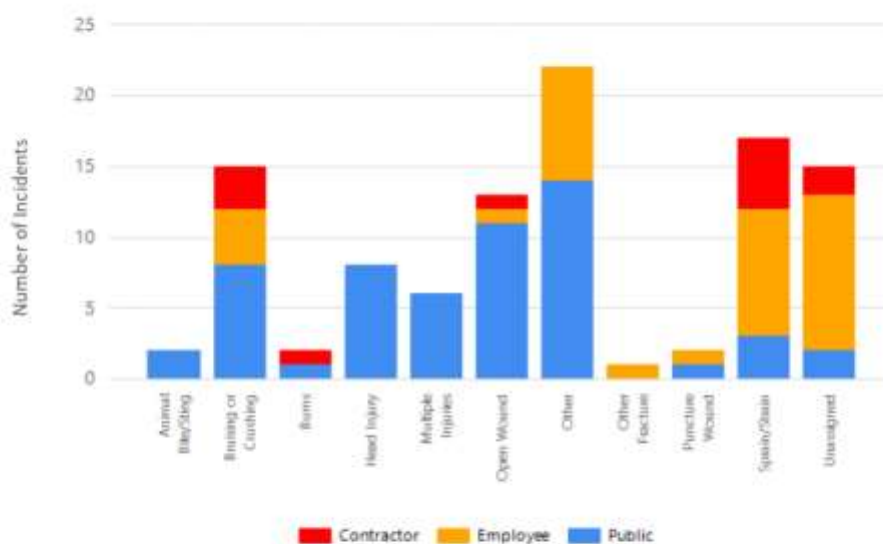
2.2 Location of Incidents - Quarter 2- 2019/2020



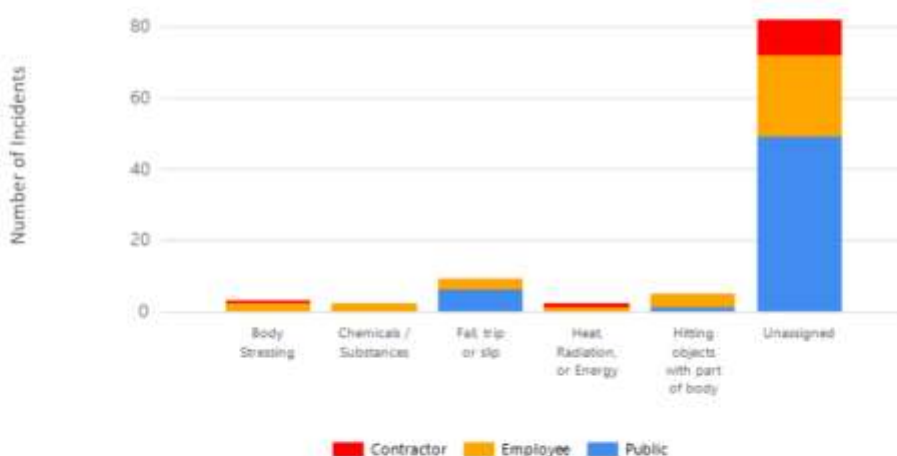


## 2.3 Injury Analysis - Quarter 2 - 2019/2020

### 2.3.1 Injury Analysis by Type - Quarter 2 - 2019/2020



### 2.3.2 Injury Analysis by Mechanism - Quarter 2 - 2019/2020







**HASTINGS**  
HEART OF HAWKE'S BAY

# CONTESTABLE GRANTS AND FUNDING FRAMEWORK 2020 - 2023

February 2020



**HASTINGS**  
DISTRICT COUNCIL

Item 19

Attachment 1





## CONTESTABLE GRANTS AND FUNDING

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## CONTESTABLE GRANTS AND FUNDING

### INTRODUCTION

Hastings District depends on having a strong community and voluntary sector to support vulnerable communities and activate the district. The Hastings District Council (Council) has supported organisations in many ways in the past. There is a constant desire to make sure the Council is contributing appropriately to the sector, that the funding helps achieve positive outcomes and the systems in place are relevant and easy-to-use.

This Contestable Grants and Funding Framework aims to provide a clear framework for how the Council will fund community and voluntary organisations to contribute to the vision of the District as outlined in the Long Term Plan. The word 'community' is used here in its broadest sense: it signals that our community funding

Framework will support the broader outcomes such as the social, cultural, economic and environmental wellbeing of all our people and places.

Hastings District Council has many different sources of funding to empower organisations to meet their shared goals including, but not limited to:

- Community Grants
- Creative Communities funding
- Waste minimisation fund
- Youth Fund
- Mayor Fund
- Operational contracts for service
- Events Funding

### FUNDING CURRENTLY COVERED BY THIS FRAMEWORK

Acknowledging that there are many different avenues for groups to gain council support including funding, this framework is currently only covering the following, but can be used as a framework for new grants in the future.

#### COMMUNITY

- Single-Year Community Grant (*formally Seed Funding / Community Grants*)
- Multi-year Strategic Community Partnership Fund (*formally Discretionary & Establishment Fund*)

#### EVENTS AND ACTIVATIONS

- Single-Year Community Event Fund (*newly contestable*)
- City Vibrancy Fund (*new /date tbc*)
- Council Facility Fee Assistance (*formally Service Wavier*)

#### ARTS

- Creative Communities

#### ENVIRONMENTAL

- Waste Minimisation Contestable Fund (*newly contestable*)

#### FACILITY DEVELOPMENT

- Marae Development Fund
- Rural Halls Maintenance Fund

## STRATEGIC CONTEXT

The following Hastings District Council Strategies, plans and policies are critical to this Contestable Grants and Funding Framework

- Long Term Plan 2018-2028
- HDC Event Strategy
- Toi-Tu- Regional Arts and Culture Strategy
- Local Community Plans
- Social Wellbeing Framework
- Joint Waste Management and Minimisation Plan

Council's vision of Great Living, Today and Tomorrow will be fulfilled through the following 6 Broad Areas of focus:

- **Our Environment**
- **Moving Around**
- **Our Economy**
- **Where We Live**
- **Things To Do**
- **Our People**

This Contestable Grants and Funding Framework was developed to contribute to achieving focus areas 5 and 6

- **Focus area 1** – our Environment
  - Environmental Enhancement
- **Focus area 5** – Things To Do
  - Relaxing into our reserves
  - City Centre Cultural Precinct
- **Focus area 6** – Our People
  - Uplifting Communities
  - Youth Development

This Contestable Grants and Funding Framework also contributes to Council's community outcomes and specific Council objectives as set out in the Long Term Plan 2018-2028 by:

### Local Infrastructure:

- Places and Spaces for Recreation
- Appealing Visitor Destination
- Places and spaces for arts, culture, learning
- A community that wastes less
- Sustainable use of land and water resources

## CONTESTABLE GRANTS AND FUNDING

### Local Public Services:

- People safe from crime
- Fostering recreational participation
- Assisting youth in education, skill development and jobs
- Building a resilient and job rich local economy
- Appealing visitor destination
- Assistance for people in need
- Fostering the arts and cultural experience
- District heritage is conserved for future generations
- A community which wastes less
- Putting people at the centre of planning and service

### FRAMEWORK OBJECTIVES AND GOALS

The objective of the Contestable Grants and Funding Framework is to provide a clear direction for financial support for the development of the areas voluntary and community sector, while also ensuring that the Council's resources are targeted at meeting its strategic outcomes.

This Framework describes the grant types that are created by Council to support the voluntary and community sector. This will make it easier for Council staff to be equitable and transparent in their treatment of organisations, and for organisations to understand how Council provides support to the sector.

### GRANTS BUDGET

The funding available for each of the grants programmes is generally determined through the Long Term Plan process and adjusted for inflation annually through the budget process.

Council can elect to earmark amounts to grant for particular purposes during the annual budget process. The overall amount available per grants programme, and any amounts earmarked for particular purposes, will be published in advance of funding rounds opening for each new financial year.

The budget for the Creative Communities Grants comes directly from Creative New Zealand

The budget for the Waste Minimisation Fund comes from Council's Waste Disposal Levy Funds



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## COMMUNITY GRANTS PRINCIPALS

To ensure equity across the different types of funding support covered by this framework a number of principles will be applied.

### TRANSPARENCY

Grants programmes will operate transparently in all respects and all stages of the process, while protecting confidentiality.

Clear information about the opportunities to apply for funding, and Council's expectations of applicants and recipients, will be provided in a timely manner. Information about all the grants Council provides, who has received them and for what purpose, will be published annually. Council will also provide feedback to unsuccessful grant applicants about why they have been declined, so they will know what they can do to increase their chances of success next time.

### EQUITY

All communities will have an equal opportunity to be considered for grants, and Council will ensure applicants are treated fairly, regardless of their size, location (within the Hastings District Council boundary) or circumstances, and provide any support they may reasonably require in applying for grants. The organisational status of an agency (registered charity, unincorporated society, social enterprise and so on) will not be a barrier to funding, so long as the organisation can demonstrate that it is established and operating as a not-for-profit agency.

### ACCOUNTABILITY

Staff and decision-makers will work together to deliver good value for residents, by supporting initiatives that are cost effective and which can produce clear benefits for our communities. Assessment will be based on individual proposals, their merits and how well they align with Council's funding priorities.

Council may take into account an applicant's previous track record, their current capability and their future potential when awarding grants.

Council expects all grant applicants to give advance thought to how they will know their project, activity or service has been a success. For larger grants and partnerships, applicants will be asked to propose appropriate outcome measures, and a plan for how these will be monitored and reported back.

All grant recipients will be required to account for how they have spent funds and share what they have achieved and learnt.

### RESPECT

Council shares many interests, values and goals with the not-for-profit sector, but also recognises that the sector is made up of self-determining and independent organisations.

Like the Council, each has its own mission, and is accountable to its own community.

Council's relationships with these organisations will be characterised by mutual respect and an acknowledgement that delivering positive outcomes is a shared responsibility.

## CONTESTABLE GRANTS AND FUNDING

### COMMUNITY LEAD

Grants are a means of financially supporting community-led initiatives, and in this respect they are fundamentally different from other procurement arrangements. When Council procures from a third party, it is purchasing a service to meet a specific need or requirement, and that service is delivered to Council's specifications.

In contrast, the initiatives Council supports through grants are conceived and delivered by the community, for the community. This distinction will be reflected in the grants programme, in the language that is used, the process that is designed and the relationships that Council enters into with grant recipients.

### PROPORTIONALITY

Council will strive to balance its statutory responsibility to ensure the lawful and prudent expenditure of public funds, with a commitment to work in a way that acknowledges integrity of community organisations, and recognises the impact of its requirements on their limited time and resources. The information Council collects, and its expectations of grant applicants/recipients, should always be proportionate to the scale of what is being proposed or funded. The processes and documentation that organisations are asked to complete should be appropriate to the size of the grant, the situation of the applicant and the level of risk presented to the council.

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## CONTESTABLE GRANTS AND FUNDING

### RULES FOR CONTESTABLE GRANTS

#### FUNDING AGREEMENT & CONTRACTS FOR SERVICE

Any form of funding will be described in a Funding Agreement or a Contract for Service and may include key performance indicators and agreed upon deliverables.

The agreement will contain the responsibilities that both the Council and the organisation receiving support agree upon, and the project, activity or service that the organisation will provide to the community. The contract will vary depending on the amount of support provided and the type of support.

#### ELIGIBLE APPLICANTS

The primary beneficiaries of community grants will be not-for-profit, charitable and voluntary organisations operating in the Hastings District for Hastings District residents. These groups are often referred to collectively as 'community organisations' because they are established with the primary purpose of providing a benefit to the wider community. There are three main groups that can apply for Community Grants:

- Community organisations; Most community organisations have a formal legal structure and founding documents (e.g. a constitution) which set out governance and management arrangements consistent with their charitable mission. Having a recognised structure enables Council to enter into a formal legal agreement with the organisation, and ensures appropriate accountability for how grant funds will be managed.
- Groups with no formal legal structure; Groups with no formal legal structure may apply for funding, provided they are able to nominate an 'umbrella' organisation which has agreed to receive and administer the grant on their behalf – the umbrella organisation will be legally accountable to Council for the expenditure of the funding.
- Social innovation and social enterprise; Council welcomes funding applications from social enterprises delivering outcomes for our communities. Social enterprises exist in a hybrid space, where social, environmental or cultural goals and commercial objectives come together. To be classed as a social enterprise for the purposes of grant applications an organisation needs to demonstrate the majority of its profits/surplus is reinvested in the fulfilment of its mission.

#### INELIGIBLE APPLICANTS

Community grants as covered by this framework are not available to:

- Political parties
- Schools\*
- Commercial entities\*\*
- Internal applicants (for example to fund projects, programmes or facilities run by Council or its employees)
- Hastings District Council CCOs (Council Controlled Organisations)
- Other local authorities, government agencies or public sector entities

\* Schools may apply to for a grant for non-curriculum projects

\*\*Commercial Entities may apply for a waste minimisation fund



### ELIGIBLE EXPENSES FOR GRANT FUNDING

Applicants will be asked to provide an overall budget for the project, activity or service that will deliver those outcomes. In most cases Council will be one of several sources of funding for the project, activity or service rather than the sole funder, and this should be reflected in the budget.

The budget for the project, activity or service is likely to include a range of costs. Examples include:

- Project wages\*, professional fees (e.g. artists' fees) and volunteer expenses
- Administration and office expenses
- Accommodation expenses including rent, leases, maintenance, insurances and utilities
- Costs integral to service delivery (e.g. vehicle expenses for a mobile social service)
- Marketing, advertising, website and printing costs
- Programme expenses such as materials, equipment hire, venue hire and tutor's fees.

Applicants will need to indicate how they plan to spend their council grant including details of the project, activity or services and how it will be used to fund specific components of the budget, or to help offset the overall cost. Appropriate outcomes for the level of funding Council provides will be negotiated with recipients, and any special conditions for how the grant can be spent will be reflected in the funding agreement.

*\*Wages need to be connected to an outcome and be project based.*

### INELIGIBLE EXPENSES FOR GRANT FUNDING

The Contestable Grants and Funding Framework provides decision-makers with considerable flexibility to determine how best to support their communities to deliver positive outcomes, as outlined above. However, there are some purposes that will not be funded.

**The following activities will not be funded:**

- Debt servicing or repayment
- Legal expenses
- Activities that promote religious ministry or political purposes and causes
- Medical expenses
- Public services that are the responsibility of central government (e.g. core education, primary health care)
- Large physical works – e.g. improvement to community buildings – that require consents or permits, prior to the necessary consents or permits being obtained (grants may be awarded in principle but funds will not be released until all conditions are satisfied)
- Purchase of alcohol
- Retrospective costs (where the activity has already taken place), unless this is necessary as a condition of the grant or Council is satisfied there are other mitigating circumstances
- Groups who's services are delivered outside the district

## CONTESTABLE GRANTS AND FUNDING

### LOWER PRIORITIES

In a competitive funding environment, the following may be a lower priority for funding:

- Ongoing Salaries and administration costs
- Travel and accommodation outside the area, unless Council is convinced there will be a tangible benefit for local communities
- Fundraising events or activities, especially where the beneficiary is a third party (e.g. charity events, sponsored walks), unless we determine the event has a wider community benefit beyond its primary purpose as a fundraiser
- National organisations
- Health based organisations that could be funded by the DHB
- Education based organisations that could be funded by the MOE
- Groups whose services are not located in the district
- Council may specify additional exclusions for funding to those set out above. Refer to the relevant grants programme for more information about specific exclusions

### CONFLICTS OF INTEREST

Organisations affiliated in some way to elected members or employees of Council can still be considered for grant funding. However, organisations in this category should note any possible conflict of interest (or perception of a conflict of interest) in their application to ensure any necessary steps can be taken to mitigate this.

Elected members or council employees involved in funding decisions are also required to note any possible conflict of interest (or perception of a conflict of interest), and will not be involved in any assessment or decision-making related to these applications.





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## CONTESTABLE GRANTS AND FUNDING

### ASSESSMENT AND PRIORITISATION

This section explains the factors Council will consider when assessing proposals, to determine their relative merit, and assist decision-makers to prioritise between proposals of similar merit.

#### PROPOSAL ASSESSMENT

Each funding proposal should be assessed by at least three different people, discussed and then allocated according to the groups' recommendation. When assessing the strength of an individual proposal, and which proposals should be considered a priority for funding, decision makers will consider whether the applicant has:

- Made a compelling case for how their proposal aligns to the funding priorities established
  - Clearly defined the purpose and expected community outcomes of their project, activity, or service, for example the need they are meeting and why this is important
  - Clearly described their project, activity or service, what will be delivered and have satisfied Council that it is viable
  - The capability, capacity and experience to deliver their project, activity or service to an appropriate standard, evidenced by a relevant track record of successful delivery
  - Presented a realistic, evidenced-based budget for their project, activity or service, and identified exactly how the grant would be spent
  - Given thought to how they will show the grant has positively impacted the community (or for larger grants and partnerships, identifying how they will evaluate the success of their project, activity or service)
  - Understands who their project, activity or service will benefit and where in the Hastings District Council area these people are likely to come from
  - The necessary experience, networks or profile to give them credible access to the people who will benefit
  - Provided evidence of community support for, and/or involvement in the project, activity or service and/or evidence of support from their recognised regional or national body (where relevant)
  - Shown that their project, activity or service will support multiple funding priorities (this is not required, but may lend additional weight to the application)
  - Outlined all Council funding (financial or otherwise) it has currently received at the time of applying
- Council will apply the 'proportionality principle' in evaluating the applications. Applicants seeking larger grants will be expected to answer in more detail and provide additional evidence compared with applicants seeking smaller grants.

## FINANCIAL CONSIDERATIONS

Council grant programmes are consistently oversubscribed, and it is not possible for Council to meet all requests for funding. In making decisions Council will take applicants' overall financial situation into consideration.

Council will ask all grant applicants what they (or others) will contribute to the cost of their proposed project, activity, or service. An applicant's own contribution may include volunteer labour, donated materials, donated professional services and/or their own cash reserves.

When assessing and prioritising applications, Council may take into account any or all of the following:

- The applicant's overall financial position, including their ability to support the project, activity or service from their own resources and/or to access grants from other sources.
- Whether the applicant has accessed, or made reasonable attempts to access, other sources of financial support for their project, activity or service, including grants from other funders, or fundraising within their community.
- Whether the applicant has received, or is receiving, any other grants, contracts, subsidised accommodation or other financial assistance from Council.

## FUNDING PRIORITIES

The aim of funding priorities is to provide a clear guidance to potential applicants on what the Council would particularly like to fund to achieve community outcomes that contribute to its strategic direction. As part of setting the funding priorities, Council may specify additional exclusions for funding to those set out in this Framework – such as setting a minimum or maximum grant size, or excluding certain types of expenditure (for example international travel). It may also highlight factors they consider would significantly impact on their decision making. These additional exclusions will be communicated to applicants prior to applying.

## FUNDING ALLOCATION PANELS

Funding allocation panels will be appointed for various funding programmes to ensure the right mix of relevant expertise and knowledge are involved in assessing grant applications. Allocation panels will be appointed before the commencement of each funding round for a duration of three years to align with councillor appointments. This is to ensure that there is a broad mix of expertise on the panels on an on-going basis and to ensure other people have the opportunity to experience being a panel member.

Some smaller funds will be assessed by council staff, for these funds an internal funding assessment group will be established based on the skill set needed. Funding Assessment groups should be made up of at least three people to ensure fairness and transparency across all applications and funding rounds





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## CONTESTABLE GRANTS AND FUNDING

### TYPES OF COMMUNITY GRANT PROGRAMMES AND PRIORITIES

#### SINGLE YEAR COMMUNITY GRANT

This fund provides funding up to 20k for new ideas that meet a key priority area

**Priority areas for the Single Year Community Grant are:**

1. Uplifting our communities' wellbeing by providing access to help and advice.
2. Fostering a sense of pride within our district and across our diverse communities
3. Promoting happy, healthy and active communities.

#### MULTI-YEAR STRATEGIC COMMUNITY PARTNERSHIP FUND

These funds are for community initiatives that are already up and running, meet our vision and are clearly making a big difference in our communities, these are three year partnership agreements

**Priority areas for the Strategic Community Partnership Fund are:**

1. Assisting youth in education, skill development and jobs
2. Assistance for people in need
3. Fostering the arts and cultural experience
4. People are safe from crime
5. A community which wastes less
6. District heritage is conserved for future generations

#### COUNCIL FACILITY FEE ASSISTANCE

This fund helps charitable or not-for-profit organisation in Hastings with the cost of Council Parks, Reserves and Venues for Community Events

**Priority areas for the Council Facility Fee Assistance Fund are:**

1. Diversity, The event for which the grant is sought must benefit significant numbers of Hastings residents
2. Accessibility, The event must be accessible to the wider community

#### SINGLE-YEAR COMMUNITY EVENT GRANT

Hastings District Council Single-year Event Grant supports not-for-profit community organisations that support small community led events that are aligned with Council plans and strategies and contribute to the social or economic wellbeing of the district.

The Community Events Fund is available to not-for-profit community organisations planning community events in the Hastings District that are in line with Council's Event Strategy

#### CITY VIBRANCY FUND

Hastings District Council City Vibrancy Fund supports community organisations to run activations, events and projects that add to the vibrancy of the Hastings CBD. These small community led events that are aligned with Council plans and strategies and contribute to the City Vibrancy and Hastings Alive Plans.



## CONTESTABLE GRANTS AND FUNDING

### CREATIVE COMMUNITIES SCHEME

These grants are available for arts projects. The funds are supplied by Creative New Zealand, applicants to this fund must show how their project fits with criteria set by the Creative Communities Scheme and Hastings District Council.

**Creative New Zealand has three funding criteria for this scheme. They are:**

1. Broad community involvement, The project will create opportunities for local communities to engage with and participate in arts activities
2. Diversity, The project will support the diverse arts and cultural traditions of local communities, enriching and promoting their uniqueness and cultural diversity
3. Young people, The project will enable and encourage young people (under 18 years) to engage with and actively participate in the arts

### WASTE MINIMISATION CONTESTABLE FUND

The Waste Minimisation Contestable Fund aims to support waste minimisation projects that result in a new waste minimisation activity, either by implementing new initiatives or expanding on existing activities. To contribute to building a community that values our resources, re-uses, re-purposes and recycles what it can.

Achieved through education, engagement and the development of new technology and ways of working.

Priority areas for the grant for Waste Minimisation Fund are

1. Minimisation / avoidance / reduction of waste creation
2. Reuse of waste materials
3. Recycling of waste materials
4. Recovery of waste resource (the selective extraction of disposed materials for a specific next use, such as recycling, composting or generating energy).

### MARAE DEVELOPMENT FUND

The Marae Development Fund assists with marae preservation and development, with projects assessed against eligibility criteria set out in Hastings District Council's Marae Development Fund Policy.

### RURAL HALLS MAINTENANCE FUND

Councils rural halls maintenance funding scheme is designed to assist with the building maintenance of halls in the rural and plains areas of Hastings. It does not cover ongoing operational costs or capital development.





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### FURTHER INFORMATION

Further Information around Hastings District Council's grants schemes can be found at

[www.hastingsdc.govt.nz/grants](http://www.hastingsdc.govt.nz/grants)

Or by contacting

**Community Grants Advisor**

[communitygrants@hdc.govt.nz](mailto:communitygrants@hdc.govt.nz)



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### *The way we give out community grants has changed...*

There are some key changes that may affect your group and the funding you can access from Hastings District Council, key changes include:

- New online application process
- New names for community grants
- There are now more contestable grants scheme to apply for
- New priority areas for Council Community Funding

#### **New online application process**

All of our contestable grants are now available via a new fully online grants management system called **Smarty Grants** correctly, this system is widely used across local and central council departments across both New Zealand and Australia. This online system enables you to manage all your Hastings District Council grant applications and accountability reports in one place. Support and workshops will be available for new users of the system. .

#### **New names for community grants**

To better differentiate funding available to our community organisations we have changed the name of our grants round, previously called 'Community Grants' we have changed the name to '**Single Year Community Grants**'. This name better explains the timeframes connected with this round. A cap of \$20,000 per application has also been applied to ensure we can support as many organisations and projects as possible each year.

For organisations wishing to apply for over \$20,000 they will need to approach council via the annual planning process, we can support your group to do this. Groups can apply via the annual planning process to be considered for Multi-year Strategic Community Partnership Funding.

#### **There are now more contestable grants schemes to apply for**

We now have more contestable grants schemes that your group might be eligible to apply for, and may better fit your project:

- Single-Year Community Grant
- Single-Year Community Event Fund

- Council Facility Fee Assistance
- Creative Communities
- Waste Minimisation Contestable Fund
- Marae Development Fund
- Rural Halls Maintenance Fund

More information around the different grants available can be found at <https://www.hastingsdc.govt.nz/grants/>

### New priority areas for Single-Year Community Grant

Single Year Community Grants are for the development and delivery of community services or projects. Hastings District Council encourages local community groups and organisations to work with Council towards meeting the current and future needs of our community. If your organisation is delivering projects or services that fit with one or more the priorities set out below, we invite you to apply to our annual Single Year Community Grant.

Each year Council contributes funds to a diverse range of groups delivering community services or projects across the district. Organisations are able to apply for up to \$20,000 per year. For larger projects its unlikely Council will provide the total amount of funding required so groups will need to show how they can attract funding from other agencies and charities outside of Council or have the ability to put in significant amount of money into the project themselves. Council is looking for new and innovative ways to help support the current and future needs of our communities

To be eligible for funding, groups need to show how their project fits with one or more of the priorities below.

- Uplifting our communities' wellbeing by providing access to help and advice.
- Fostering a sense of pride within our district and across our diverse communities
- Promoting happy, healthy and active communities.

### Applications for the Single-Year Community Grants open on the 6th April

**HASTINGS DISTRICT COUNCIL**  
207 Lyndon Road East, Hastings 4122 | Private Bag 9002, Hastings 4156  
Telephone 06 871 5000 | [www.hastingsdc.govt.nz](http://www.hastingsdc.govt.nz)

