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Thursday, 28 October 2021

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*Te Hui o Te Kaunihera ā-Rohe o Heretaunga*  
**Hastings District Council**  
**Council Meeting**

*Kaupapataka*

# Attachments – Volume 1

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*Te Rā Hui:*  
Meeting date: **Thursday, 28 October 2021**

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*Te Wā:*  
Time: **1.00pm**

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

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**HASTINGS DISTRICT COUNCIL**  
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**TE KAUNIHERA Ā-ROHE O HERETAUNGA**

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6.	<b>ADOPTION OF THE ANNUAL REPORT AND SUMMARY 2020/21</b>	
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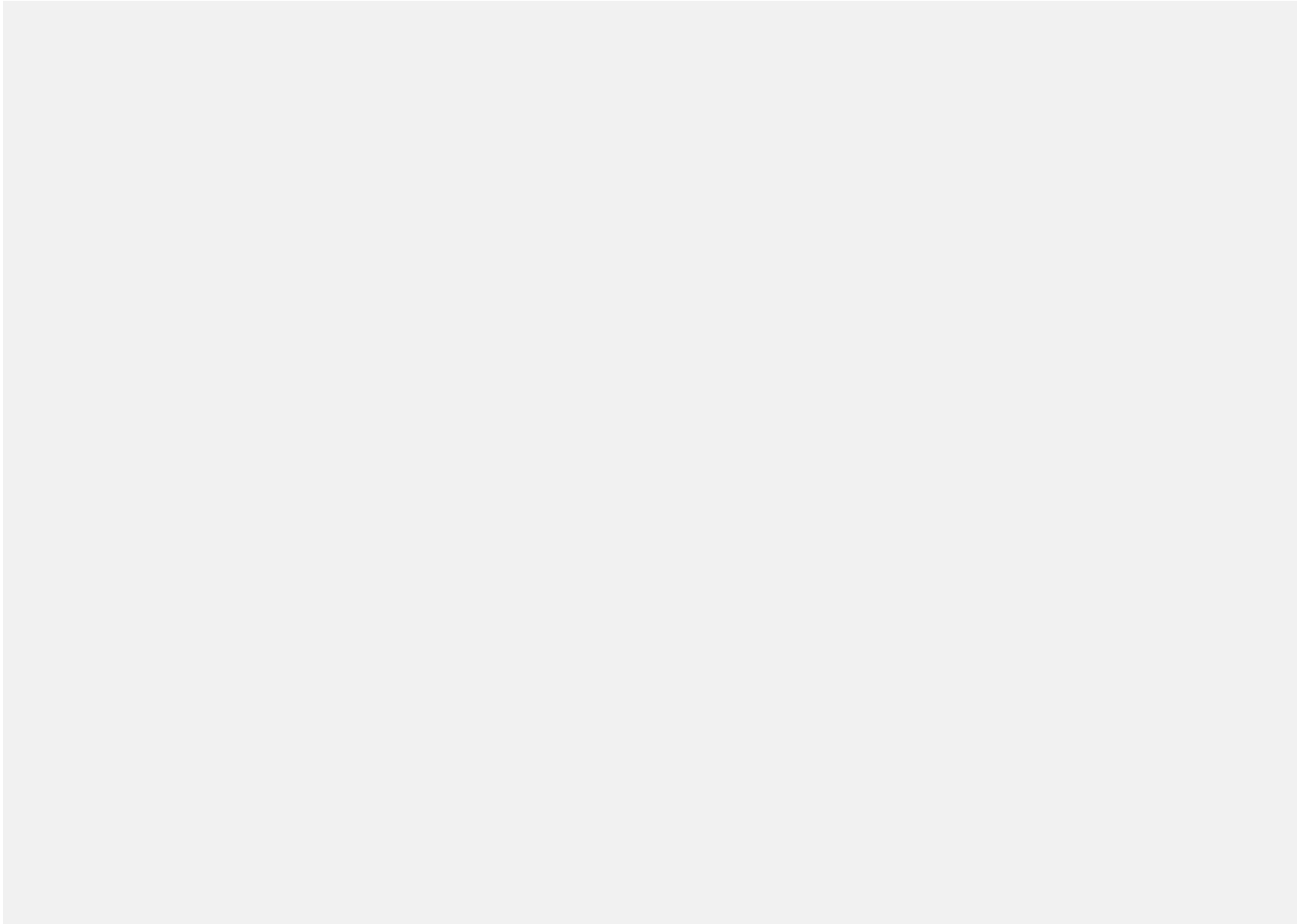






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## Introduction from the Mayor and the Chief Executive

Hastings is on a roll and we are proud to present the 2020/2021 Annual Report.

Despite the challenges of COVID-19, our council and community have worked together this year to continue building a proud, positive and sustainable district.

Our district has performed well over the last year, with record levels of spending, and with hard work around \$100m of Central Government funding was secured to build roads, housing, pool facilities, water infrastructure, cycleways and to upgrade rural halls and marae and more.

This funding assisted Council in a number of projects, including \$9.3m for safety upgrades on SH51 at Waipatu and other footpath improvement work across the district, \$11.5m to go towards building the water and roading infrastructure to support more than 150 affordable, quality homes on council-owned land in Flaxmere, and \$15m to support council's drinking water upgrades programme.

Significant commercial investments have contributed to our district's success, such as the \$20m petfood line at Wattie's and the new Rockit Global cool store and packhouse, and visitor spend reached an all-time high for Hawke's Bay.

This activity and growth has put pressure on the labour supply, and Council responded by facilitating and supporting recruitment events across multiple sectors – horticulture, hospitality and construction. We also worked closely with our horticulture sector to develop a labour plan that secured RSE workers.

In addition, the activities of the Mayors Taskforce for Jobs, comprising council, industry leaders and the community have helped ensure Hastings is well positioned to recover.

Supporting local employment is at the heart of Council's procurement policy that has been implemented this year through many projects. This includes the Jobs for Heretaunga initiative, which has supported local business to grow, and placed people in jobs on shovel-ready funded roading and footpath projects across the district.

Key priorities this year were our ongoing efforts to deliver a safe and resilient drinking water supply and working to provide homes for our people.

Our drinking water strategy milestones included the near completion of the 8,000 cubic metre water storage tank at Frimley Park, with work underway on the treatment plant. The other major component of the strategy, the water storage and treatment facility on the corner of Southampton St East and Hastings St South, received resource consents and site preparation works began.

Our small communities' water treatment and storage facility upgrades also happened at pace, with Haumoana/Te Awanga/ Parkhill, Te Pōhue, and Waimārama completed, Clive, Waipātiki and Whirināki being built, and community discussions being held at Whakatū and Waipatu.

Over the year the government introduced its proposal for the management of the country's drinking, waste and storm water networks – creating four organisations to manage three waters infrastructure across the country.

Hastings District Council, along with Central Hawke's Bay District Council, Wairoa District Council and Napier City Council agreed to work together to analyse the proposal, building on the work we did the previous year with our iwi representatives, which reviewed future costs of three waters management across Hawke's Bay.

We also went out to our communities to get feedback on the proposal to help inform the best way forward.

Across our district, there's a huge amount of construction activity as we all work to bring a variety of houses to the market as soon as possible. This is at a level we have never seen before. Through our Hastings Place Based Housing Plan – a combined effort from council, government agencies, mana whenua, private developers and community support groups – we are working to address the housing needs in our community.

Additionally, the private sector has spent circa \$30m to date providing accommodation for more than 1,500 seasonal employees, enabled through a District Plan change. Council is also actively encouraging the conversion of upper storeys in the central city into apartments, and in-fill housing in existing suburbs.

We know Hastings is beautiful and now the nation knows it too, with our winning the 2020 Keep NZ Beautiful Large Town Award, and the Supreme Award, and we were named a finalist in the 2021 Awards.

This is thanks to the amazing efforts of all of our people, from our volunteers, staff and contractors, to our councillors and everyone in all of our communities.

From widening footpaths and creating outdoor dining areas to adding plants and reducing waste to landfill our city centre is becoming a more attractive and enjoyable place to spend time in.

We are also revitalising our city centre through the revamped Landmarks Square that's created another inviting space for people to relax while they are enjoying all that the city has to offer.

Beyond the city, other highlights were completing the 100m limestone rockwall at Cape View Corner, protecting the roads and infrastructure on this coastline from erosion, as well as ensuring access for residents and visitors, and we also opened the fantastic off-road cycle trail on Waimārama Rd – reinstating the scenic Tukituki loop as part of the wider Hawke's Bay Trails' Landscapes Ride.

Along with the re-opening of Toitū – Hawke's Bay Arts and Events Centre, work continued on the strengthening and redevelopment of the Municipal Building, which by year end was really taking shape and attracting interest from potential tenants.

And, we secured Lotteries funding to help develop a purpose-built facility for our treasured regional museum collection of taonga, right here in the heart of Heretaunga.

Hastings is a fantastic place to do business and this year we showcased all it has to offer, and the strength of our primary production sector, with the launch of our Big City Economic Development campaign.

We also worked hard to facilitate a varied programme of events, ranging from hosting the National Māori Housing Conference, to the New Zealand Pipe Band Championships, the Jennian Homes NZ Track & Field Championships and the country's hottest band, Six60, who played to about 20,000 fans at Tōmoana Showgrounds Hawke's Bay.

Added to that, our fabulous Splash Planet had one of its best years ever – with 135,721 visitors flocking to enjoy our renowned attraction.

As well as the Keep New Zealand Beautiful Award wins, council's efforts were also recognised in other areas over the year:

#### LGNZ National EXCELLENCE Awards

Kāinga Ora Homes and Communities EXCELLENCE Award category for Social Well-being for two programmes of work – the Hastings Place Based housing plan, and the Mahi for Youth programme.

Creative New Zealand EXCELLENCE Award for Cultural Well-being for the work done to revitalise and regenerate the Hawke's Bay Opera House.

#### Taituarā – Local Government Professionals Aotearoa awards

BERL Award for Collaborative Government Action for its Place Based Housing Solution.

#### International Green Flag status

Green Flags for Cornwall Park, Flaxmere Park and Havelock North Village Green are renewed for another year.

#### Recreation Aotearoa Awards

Flaxmere Park named New Zealand's 2020 Active Park of the Year for the huge range of opportunities for physical and social activity that is provided. Flaxmere Park was also named a finalist for the 2021 award.

We would like to acknowledge all of our staff at the Council for their continuing commitment and hard work through another very busy year. Together with our elected members, we are all striving to make Hastings the best it can be, both now and for the future.



Sandra Hazlehurst  
Mayor



To'osavili Nigel Bickle  
Chief Executive





# Our reporting framework

In this section you will find a summary of performance followed by detailed performance statements as follows:

## Level One

Future Aspirations

## Level Two

Levels of Service

Customer Experience Measures

Key Actions

## Level Three

Asset Improvement Plans

The Council has a three level reporting framework.

**Level One Future Aspirations** – has a future-looking focus and measures desired trends over time.

**Level Two Today's Commitments** – is about the commitments made in the short term to our community.

**Level Three Smart Business** – is more internally focused and is about the Council being the best organisation it can be.



Monitoring progress

Year-end progress report  
on Council’s Long Term  
Plan Commitments –  
as at June 2021



# Summary non-financial performance

## Introduction

The pages which follow outline in detail how the Council has progressed against its performance management framework within its 2018-2028 Long Term Plan. This report marks the third and last year of reporting against the 2018-2028 Long Term Plan. A summary of our progress at the end of Year Three is as follows:

### Level One: Future Aspirations

The information on progress toward future aspirations is best measured by shifts over time. These measures are largely on track.

### Level Two: Today's Commitments

#### Key actions

There are 27 key actions contained within the Long-Term Plan 2018-2028. All actions are on track or completed.

#### Levels of service and customer experience

There are 72 measures focused on the annual commitments made to the community. They relate both to the things Council provides (Levels of Service) and to how the customer interacts with Council's services (Customer Experience). The aim of Council is to fully achieve/substantially achieve these. For reporting purposes, we group our activities into the following groups:

- Water and Roads
- Safe, Healthy and Liveable Communities
- Economic and Community Development
- Governance and Support Services

In brief the Council's achievements are as follows:

#### Levels of Service (65 measures)

Group of activities	Fully achieved	Substantially achieved (98.5%-99%)	Not achieved
Water & Roads	17 (77%)	-	5 (23%)
Safe, Healthy & Liveable Communities (Note i)	15 (68%)	2 (9%)	5 (22%)
Economic & Community Development (Note ii)	7 (70%)	-	3 (30%)
Governance & Support Services	7 (88%)	1 (12%)	-

#### Notes:

- The Tairāwhiti Hawke's Bay Arts & Events Centre is not applicable at this time due to the closure of the Theatre and Municipal Building during part of 2020/21. The Food Safety measure has been superseded by the introduction of the Food Act 2014.
- The level of service measure in relation to the Tairāwhiti Hawke's Bay Arts & Events Centre is not applicable at this time due to the partial closure of the Theatre and Municipal Building during 2020/21.

#### Customer Experience (7 measures)

Group of activities	Fully achieved	Substantially achieved (98.5%-99%)	Not achieved
Governance and Support Services (Note i)	1 (100%)	-	-
Safe, Healthy & Liveable Communities (Note ii)	3 (50%)	-	3 (50%)

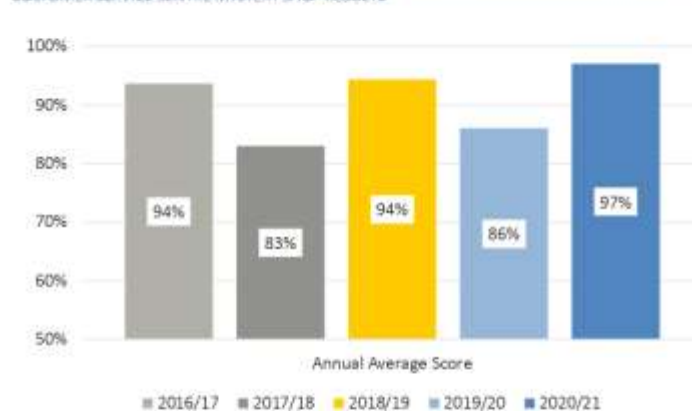
#### Notes:

- Mystery Shopper satisfaction survey not undertaken at the Call Centre in 2020/21.
- Parks user satisfaction was not measured in 2020/21.

#### Customer Service Centre: Mystery Shopping

A mystery shopper programme continues with 'shoppers' visiting Council to measure the service delivered against a set of pre-determined criteria. The assessment focuses on the surroundings in the centre, wait times, interaction with the customer and subject knowledge. The standards are high, staff strive to create a welcoming environment and ensure all customers are able to easily access the services or information required.

#### Yearly Comparative Performance – Customer Service Centre Mystery Shopper Results

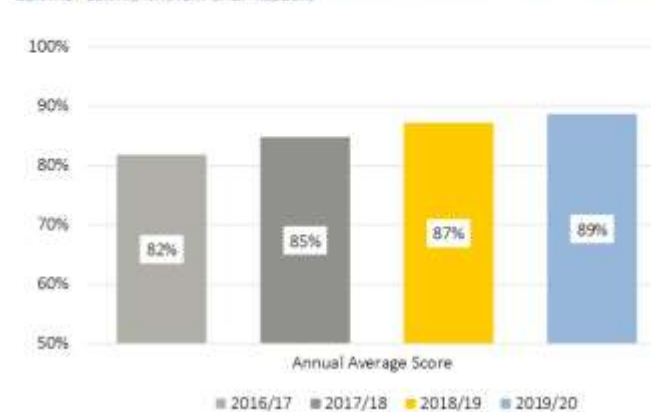


Note: The 2017/18 result is skewed by an isolated mystery shop issue which has been resolved

#### Contact Centre: Mystery Shopping

The Mystery Shop calling partnership with the Palmerston North City Council was put on hold in 2020/21 due to operational pressures at both Council. Internal call assessments and staff coaching continued to ensure a consistent high quality customer experience is provided.

#### Yearly Comparative Performance – Contact Centre Mystery Shopper Results



#### Level Three: Smart Business

##### Asset improvement plans

A significant amount of Council's expenditure is allocated to maintaining the core assets for the community. The Council's detailed Asset Management Plans set out what we know about our assets and the future needs in terms of renewal, maintenance and new capital requirements.

The focus during 2020/21 was to complete enhanced Asset Management Plans across all our asset groups to inform the development of the 2021-2031 Long Term Plan.

These plans have had both internal and external review and have been assessed as fit for purpose. More details in respect of the key matters contained within these plans can be found in the Infrastructure Strategy within the Long-Term Plan.

Level One – Future Aspirations

Water & Roads																
Future aspirations		Baseline performance	Future target	Progress												
FG01	Modal shift to walking/cycling.	Under Development <i>(to be measured by new census question).</i>	Under Development <i>(incremental increase over census periods).</i>	<ul style="list-style-type: none"><li>• <b>Not Measured</b> – Next Census will be in 2023 and we will report on progress at that time.</li></ul>												
FG02	Annual shift to walking and cycling.	Under Development <i>(now measured from nine permanent count sites).</i>	Under Development <i>(incremental increase over previous periods).</i>	<ul style="list-style-type: none"><li>• <b>Not Measured</b> – Next Census will be in 2023 and we will report on progress at that time.</li></ul>												
FG03	Street lighting efficiency.	Installed wattage (2.6kw/km).	20% reduction by 2022.	<ul style="list-style-type: none"><li>• <b>Achieved</b></li></ul> <p>7100 streetlights converted to LED – conversion now completed</p> <ul style="list-style-type: none"><li>• Pre LED install power consumption was 3255 MWh/year</li><li>• Post install of LED predicted power consumption estimated at 2200 MWh/year</li><li>• Overall power reduction of 31%</li></ul> <div><p>Electricity consumption(MWh)</p><table><caption>Electricity consumption(MWh)</caption><tr><th>Year</th><th>Consumption (MWh)</th></tr><tr><td>2017</td><td>3,255,000</td></tr><tr><td>2018</td><td>2,800,000</td></tr><tr><td>2019</td><td>2,500,000</td></tr><tr><td>2020</td><td>2,200,000</td></tr><tr><td>2021</td><td>1,100,000</td></tr></table><p>Power consumption (note 2021 is 6 months to June)</p></div>	Year	Consumption (MWh)	2017	3,255,000	2018	2,800,000	2019	2,500,000	2020	2,200,000	2021	1,100,000
Year	Consumption (MWh)															
2017	3,255,000															
2018	2,800,000															
2019	2,500,000															
2020	2,200,000															
2021	1,100,000															

Safe, Healthy & Liveable Communities

Future aspirations	Baseline performance	Future target	Progress
<b>FG04</b> Public buildings meet minimum earthquake standards (34% of new building standard).	62.04%	100% by 2033 meeting future legislative standards.	<ul style="list-style-type: none"> <li>• <b>On Track</b> 93% (Note: the legislative timeframe for completion of assessments and any remediation that may be required does not end until 1 July 2037, the remaining 7% of building owners may elect to use all this time). New legislation <i>Subpart 6A—Special provisions for earthquake-prone buildings</i> captures buildings in the Hastings district that need profiling against the new EPB methodology.</li> <li>• 1599 buildings constructed prior to 1976 have been profiled to date; of these buildings 334 currently fall within the profile categories of the EPB methodology and are/were therefore potentially earthquake-prone.</li> <li>• 1302 buildings constructed between 1935 and 1975 fall outside the scope of any requirements for assessment/strengthening (under the Act).</li> <li>• Of the 334 buildings, 232 are excluded because they have been assessed or strengthened to ≥34% NBS or are timber frame buildings.</li> <li>• Of the 334 buildings, 68 buildings have been identified as potentially earthquake prone (building owners are required to have seismic assessments completed following notification by Council).</li> <li>• Of the 334 buildings, 44 buildings have been confirmed as earthquake-prone (of which there are currently 8 building consents for strengthening at various stages).</li> </ul> <p><b>Note:</b> the legislation also includes provisions for buildings that are outside scope or post 1976 being identified as potentially earthquake-prone or earthquake-prone at any time (for example, an owner may send an engineering assessment).</p> <ul style="list-style-type: none"> <li>• Of buildings which are outside scope or post 1976, there are currently 4 earthquake-prone buildings and 8 potentially earthquake-prone buildings (this is in addition to the data above).</li> </ul>
<b>FG05</b> Increased recyclables diverted from landfill.	9,800 tonnes diverted	≥ 11,760 tonnes per annum by 2024 (20%).	<ul style="list-style-type: none"> <li>• <b>On Track</b> – 5403.68 tonnes diverted via Hastings District Council services (50% share of 9,800 is 4,900 tonnes per annum).</li> <li>• The recycling tonnage collected by HDC services had increased in the two years following the adoption of the Joint Waste Management and Minimisation Plan by 12.5%. However, due to the COVID-19 lockdown (with recycling not being collected during this time), at the end of the 2019/2020 year, tonnages fell below the baseline rate. There has been a slight increase in tonnage for the 2020/2021 year.</li> </ul>
<b>FG06</b> Decreased organic waste going to landfill.	28,580 tonnes	≤ 19,150 to landfill by 2024 (30%).	<ul style="list-style-type: none"> <li>• <b>On Track</b> – 25,431 indicative tonnes (28.4%) – Solid Waste Analysis Protocol Survey undertaken March to May 2019. The organic waste reduction target is monitored through the Solid Waste Analysis Protocol surveys. These surveys are completed every three years and the next survey will be completed between March and May 2022.</li> </ul>

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## Level Two – Today's Commitments

### (A) LEVELS OF SERVICE

#### Water Services

Detailed Mandatory Non-Financial Performance Measures (Department of Internal Affairs)

The performance measures in the tables below are required to be reported in accordance with section 2618 of the Local Government Act 2002.

The baseline performance is based on 2019/20 actual information (unless otherwise stated).

#### Stormwater

Community Outcomes	Level of Service Statement	Performance Measure	Baseline Performance	2020/21 Target	2020/21 Achievement
<b>LOCAL INFRASTRUCTURE</b>  To provide local infrastructure which contributes to public health and safety, supports growth, connects communities, activates communities and helps protect the natural environment.	Council will provide a safe and reliable stormwater service and ensure that service interruptions are kept to a minimum.	<b>DIA Non-Financial Performance Measure 1 – System Adequacy</b>  The number of flooding events that occur in the Council's district. For each flooding event, the number of habitable floors affected (expressed per 1,000 properties connected to the Council network).	0 (zero)	0 (zero) floors affected per 1,000 connections up to a 1 in 50 year ARI storm event.	<b>Achieved</b> – There were 18 reports of surface and stormwater flooding. No reported incidents of flooding affecting dwellings within the HDC stormwater network.
		<b>DIA Non-Financial Performance Measure 2 – Discharge Compliance</b>  Compliance with Council's resource consents for discharge from its stormwater system measured by the number of:	1		<b>Not Achieved</b> – The following Abatement Notice EAC-20365 was issued during 2020/21. Heinz Wattie onsite discharge to HDC system via the Ruahapia Drain.
		a) Abatement notices	0	0 (zero) Abatement notices	
		b) Infringement notices	1	0 (zero) Infringement notices	
		c) Enforcement orders	0	0 (zero) Enforcement orders	
		d) Convictions	0	0 (zero) Convictions	

Stormwater					
Community Outcomes	Level of Service Statement	Performance Measure	Baseline Performance	2020/21 Target	2020/21 Achievement
		<b>DIA Non-Financial Performance Measure 3 – Response Times</b> The median response time to attend a flooding event, measured from the time that the Council receives notification to the time that service personnel reach the site.	33 mins	1 hour	<b>Achieved</b> – Median time to respond to flooding events was 41 minutes.
		<b>DIA Non-Financial Performance Measure 4 – Customer Satisfaction</b> The number of complaints received by Council about the performance of its stormwater system, expressed per 1,000 properties connected to the Council's stormwater system.	10.1	15 complaints per 1,000 connections.  NB: This is a baseline figure for stormwater-related complaints received in the past 8 years.	<b>Achieved:</b> 8.18 complaints per 1000 connections. The Council received 158 complaints in relation to stormwater blockages, surface flooding, inspections and investigations.**  **Refer to page 34 for further disclosure.
Sewerage and the Treatment and Disposal of Sewage					
Community Outcomes	Level of Service Statement	Performance Measure	Baseline Performance	2020/21 Target	2020/21 Achievement
<b>LOCAL INFRASTRUCTURE</b> Council Objectives to which the wastewater activity relates: <ul style="list-style-type: none"> <li>Healthy drinking water and sanitary services.</li> <li>Sustainable use of water resources.</li> </ul>	Council will provide a safe and reliable wastewater service and ensure that service interruptions are kept to a minimum.	<b>DIA Non-Financial Performance Measure 1 –</b> Number of dry weather sewerage overflows from the Council's wastewater system, expressed per 1000 sewerage connections to that sewerage system.	0.79	5 per 1,000 connections per annum	<b>Achieved</b> – 0.6 dry weather sewage overflows per 1000 connections.
		<b>DIA Non-Financial Performance Measure 2 –</b> Compliance with Council's resource consents for discharge from its sewerage system measured by the number of:	3		<b>Achieved</b> – no abatement notice, infringement notices, enforcement orders or convictions in 2020/21.
		(a) Abatement notices	1	0 (zero) Abatement notices	
		(b) Infringement notices	2	0 (zero) Infringement notices	

Sewerage and the Treatment and Disposal of Sewage

Community Outcomes	Level of Service Statement	Performance Measure	Baseline Performance	2020/21 Target	2020/21 Achievement
<ul style="list-style-type: none"> <li>Infrastructure supporting economic growth.</li> <li>Resilience to hazards and shocks.</li> </ul>		(c) Enforcement orders	0	0 (zero) Enforcement orders	
		(d) Convictions	0	0 (zero) Convictions	
		<b>DIA Non-Financial Performance Measure 3 –</b> Where the Council attends to sewerage overflows resulting from a blockage or fault in the Council's sewerage system, the following median response times are measured:			
		(a) Attendance time: From the time that the Council receives notification to the time that service personnel reach the site, and	36 minutes	1 hour response time to site (attendance time)	<b>Achieved</b> – a median response time of 40 minutes.
		(b) Resolution time: From the time that the Council receives notification to the time that service personnel confirm resolution of the blockage or other fault reach the site.	2.45 hours	1 day permanent repair completed (resolution time)	<b>Achieved</b> – Resolution time of 193 minutes or 3.22 hours per complaint/notification.
		<b>DIA Non-Financial Performance Measure 4 –</b> Total number of complaints received by the Council about any of the following: (a) Sewage odour (b) Sewerage system faults (c) Sewerage system blockages (d) The Council's response to issues with its sewerage system  Expressed per 1,000 connections to the Council's sewerage system.	20.43	30 complaints – Count expressed per 1,000 connections per annum	<b>Achieved</b> – There were 28.01 complaints received about wastewater per every 1000 connections.**  **Refer to page 34 for further disclosure.

Water Supply					
Community Outcomes	Level of Service Statement	Performance Measure	Baseline Performance	2020/21 Target	2020/21 Achievement
<p><b>LOCAL INFRASTRUCTURE</b></p> <p>Council Objectives to which the water supply activity relates:</p> <ul style="list-style-type: none"> <li>Sustainable use of land and water resources.</li> <li>Healthy drinking water and sanitary services.</li> <li>Infrastructure supporting economic growth.</li> <li>Resilience to hazards and shocks.</li> <li>Serviced land for industrial development.</li> </ul>	Water Supply – Ensuring healthy drinking water through the provision and effective management of water services.	<p><b>DIA Non-financial performance Measure 1 – (safety of drinking water)</b></p> <p>The extent to which the local authority's drinking water supply complies with:</p> <p>(a) Part 4 of the drinking-water standards (bacteria compliance criteria), and</p> <p>(b) Part 5 of the drinking-water standards (protozoal compliance criteria).</p>	<p>Part A – 100%</p> <p>Part B – Not Achieved</p>	<p>Percentage Compliance 100%</p> <p>Target 100%</p>	<p>NZ drinking water standards</p> <p><b>A: Part 4 Bacteria compliance criteria Achieved –</b> All Hastings District Council water supplies were assessed as compliant with Section 4 (Bacteriological compliance criteria) of the DWSNZ 2005 (Revised 2018)</p> <p><b>B: Part 5 Protozoal compliance criteria Not Achieved –</b> <i>Compliant with Secure bore water criteria:</i> Portsmouth Rd (Flaxmere), Whakatū, Clive and Haumoana/Te Awanga (Changed from compliance with Secure Groundwater to U.V disinfection criteria within period following commissioning of new WTP). <i>Compliant with Cartridge Filtration and U.V disinfection criteria where applicable:</i> Omāhu, Brookvale Rd (Havelock North), Wilson Rd (Flaxmere), Waimārama (Only compliant since April 2021 following the completion of a new WTP).</p>

Water Supply					
Community Outcomes	Level of Service Statement	Performance Measure	Baseline Performance	2020/21 Target	2020/21 Achievement
					<p>Detailed investigations and risk assessments of the Hastings groundwater sources in 2017 and 2018 resulted in the reclassification of many of Hastings District Council's water sources to a non-secure status. This now necessitates treatment to fully meet the protozoal compliance criteria in the DWSNZ.</p> <p>The HDC Drinking Water Strategy will deliver new compliant treatment systems to all supplies within the 21/22 reporting period.</p> <p>Waipātiki, Parkhill, Waipatu, Eastbourne and Frimley are all now deemed non-secure groundwater sources and therefore require protozoa treatment to comply.</p> <p>Parkhill was connected to the Haumoana water supply in July 2021 and is now compliant as a zone of this supply.</p> <p>Whirināki &amp; Esk have existing filtration and UV disinfection systems in place but require upgrades to meet the technical requirements of the DWSNZ.</p> <p>HDC took ownership of the Te Pōhue water supply in March 2020 which was previously operated by the community. This supply requires protozoa treatment to comply. A new WTP was installed in 2021 and is completing commissioning to demonstrate compliance with the DWSNZ.</p>



Water Supply					
Community Outcomes	Level of Service Statement	Performance Measure	Baseline Performance	2020/21 Target	2020/21 Achievement
		<b>DIA Non-Financial performance Measure 2 – (maintenance of the reticulation network)</b> The percentage of real water loss from the local authority's networked reticulation system. (including a description of the methodology used to calculate this) *Baseline performance has been updated from improved data accuracy	26.6% *	20% Percentage real losses or other recognised industry standard as specified in the Hastings District Council's 'Water Conservation and Demand Management Strategy'.	<b>Not Achieved</b> 29.8% The NZWWA Water Loss Performance "Benchloss" spreadsheet tool was used to evaluate water loss for the Hastings Urban Water Supply (accounts for 94% by population and 93% by volume). Further work on improving data accuracy to inform our water loss assessments and evaluate further opportunities to reduce network water losses is being investigated. (At 95% confidence limits, the water loss result has a level of uncertainty of +/-36.5%)
		<b>DIA Non-Financial performance Measure 3 – (fault response times)</b> Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times are measured:		95% achievement rate.	
		(a) attendance for urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site, and	41 minutes	Urgent – 1 hour response time to site (Note i).	<b>Achieved</b> – The median time to respond to urgent call-outs was 42 minutes.
		(b) resolution of urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption	2.32 hours	Urgent – 2 hour restoration of service.	<b>Achieved</b> – The median restoration time was 3.09 hours.
		(c) attendance for non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site, and	18.5 hours	Non-urgent – 3 days response time to site (Note i).	<b>Achieved</b> – The median time to respond to non-urgent call-outs was 23.95 hours.
		(d) resolution of non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption.	2.24 days	Non-urgent – 7 days call resolution	<b>Achieved</b> – The median restoration time was 2.90 days.

Water Supply					
Community Outcomes	Level of Service Statement	Performance Measure	Baseline Performance	2020/21 Target	2020/21 Achievement
		<b>DIA Non-Financial performance Measure 4 – (customer satisfaction)</b> The total number of complaints received by the local authority about any of the following: (a) drinking water clarity (b) drinking water taste (c) drinking water odour (d) drinking water pressure or flow (e) continuity of supply, and (f) the local authority's response to any of these issues expressed per 1,000 connections to the local authority's networked reticulation system.	9.22	3 Count expressed per 1,000 connections per annum	<b>Not Achieved</b> – There were 11.87 complaints per 1,000 connections. ** **Refer to page 34 for further disclosure.
		<b>DIA Non-performance Measure 5 – (demand management)</b> The average consumption of drinking water per day per resident within the territorial authority district.	420	410 litres per day per resident.	<b>Not Achieved</b> 611.9 This value reflects district wide usage and includes usage, network losses and customer side losses. This figure is significantly higher than the reported baseline performance as this measure has been incorrectly calculated previously whereby calculated leakage was removed. Pressure reduction to reduce network leakage is being implemented as part of the Drinking Water Strategy in 2022/23 as well as targeted leak detection. Our water conservation practices are in place each year to educate and monitor household usage. An extended summer left many parts of the district suffering from drought which has influenced water consumption figures in the reporting period. Water restrictions were implemented in December and removed at the end of March.

## Roads and Footpaths

Detailed Mandatory Non-Financial Performance Measures (Department of Internal Affairs)

The performance measures in the tables below are required to be reported in accordance with section 261B of the Local Government Act 2002.

The baseline performance is based on 2019/20 actual information unless otherwise stated.

Community Outcomes	Performance Measure	Baseline Performance	2020/21 Target	Achievement 2020/21
<b>LOCAL INFRASTRUCTURE</b> Council Objectives to which the transportation activity relates: <ul style="list-style-type: none"> <li>• Accessible range of safe transport options</li> <li>• Safe walking and cycling facilities</li> <li>• Infrastructure supporting economic growth</li> <li>• Efficient movement of goods</li> </ul>	<b>DIA Non-Financial Performance Measure 1 – Road safety</b> The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number.	39	Reducing trend of fatality and serious injury from previous year. (Base level for 2017/18 = 40 fatalities and serious crash injuries on the local road network)	<b>Achieved</b> – 36 total. 4 fatalities and 32 serious injuries
	<b>DIA Non-Financial Performance Measure 2 – Condition of the sealed road network</b> The average quality of ride on a sealed local road network, measured by smooth travel exposure.	91%	90% smooth travel exposure. (Average quality of ride)	<b>Achieved</b> – 93% smooth travel exposure.
	<b>DIA Non-Financial Performance Measure 3 – Maintenance of a sealed local road network</b> The percentage of the sealed local road network that is resurfaced.	3.23%	5.5% of sealed local road network is resurfaced per annum.	<b>Achieved</b> – 6.5% of local road network resurfaced.
	<b>DIA Non-Financial Performance Measure 4 – Condition of footpaths within the local road network</b> The percentage of footpaths within a territorial authority district that fall within the level of service or service standard for the condition of footpaths that is set out in the territorial authority's relevant document (such as its annual plan, activity management plan, asset management plan, annual works programme or Long Term Plan).	1.93%	No more than 1.5% of footpaths classified poor or worse as measured by Council's condition rating system.	<b>Achieved</b> – 0.33% based on 2020 rating survey.
	<b>DIA Non-Financial Performance Measure 5 – Response to Service Requests</b> The percentage of customer service requests relating to roads and footpaths to which the territorial authority responds within the timeframe specified in the Long Term Plan.	94.7%	95% of customer service requests relating to roads and footpaths responded to within 28 days.	<b>Achieved</b> – 99% response rate within 28 days.

Safe, Healthy and Liveable Communities				
Council Outcomes	Performance Measure	Baseline Performance 2019/20	Target 2020/21	Achievement 2020/21
COUNCIL OBJECTIVE: Reducing public nuisance and threats to public safety.	Hours of operation at refuse transfer station.	7 days per week.	7 days per week.	<b>Achieved</b> – there were no closures to the Henderson Road Refuse Transfer or Blackbridge Refuse Stations during the year.
	Hours of operation at recycling depots.	7 days per week (Not achieved)	7 days per week. (24 hour operation at Martin Place)	<b>Not Achieved</b> – All rural recycling depots were fully operational during the year, with a 12-month trial service undertaken at Waipātiki. Martin Place did not operate as it was closed due to the cessation of the licence to occupy by the current landowner
	Hours of operation at landfill.	1 landfill (limited weekend opening)	1 landfill (limited weekend opening)	<b>Substantially Achieved</b> – Operations at the landfill were temporarily stopped on the afternoon of Tuesday 18 May due to the high winds that made the site unsafe and created a litter problem. The site remained closed on Wednesday 19 May as the wind had not abated sufficiently to permit safe operation. On Thursday 20 May, the site was able to open as normal at 8.00am. The landfill was again temporarily closed on 28 June from 2.00-4.00pm due to high winds. The landfill was open 100% of its scheduled opening hours outside of these periods. Ōmarunui Landfill also operates on Saturday mornings.
	% of urban dwellings serviced by kerbside refuse and recycling services.	Weekly collection to 100% of dwellings within collection zones.	Weekly collection to 92% of urban dwellings.	<b>Achieved</b> – All properties in the collection zones were serviced throughout the year (representing 92% of urban dwellings). A three-crate recycling service and 120L rubbish wheelie bin services was introduced to serviced properties on 1 July 2020.

Safe, Healthy and Liveable Communities

Council Outcomes	Performance Measure	Baseline Performance 2019/20	Target 2020/21	Achievement 2020/21
	% compliance with landfill conditions.	100%	100%	<b>Not Achieved</b> – Two odour complaints were upheld against Ōmarunui Landfill. All other consent conditions were met.
	% of food premises having an excellent or very good grading.	Not measured	95%	<b>Not Measured</b> – Has been superseded by the Food Act 2014.
	% compliance with swimming pool fencing regulations.	99%	98%	<b>Achieved</b> – 99.89%
	Number of public cemeteries.	Four cemeteries at Hastings, Havelock North, Puketapu, Mangaroa.	4	<b>Achieved</b> – 4 cemeteries provided with ongoing expansion at Mangaroa.
	Compliance level with crematorium consent conditions.	34 out of 34	All conditions met.	<b>Not Achieved</b> – 32 out of 34 consent conditions met. One condition was impacted by Covid-19 and unable to be met. The other condition not met was a minor breach of discharge particulates. The Hastings District Council is working actively with the Regional Council on resolving this condition and how it is measured.
	% of public buildings with current warrant of fitness.	100%	95%	<b>Achieved</b> – 100% of public buildings held a current warrant of fitness as at 30 June 2021.
<b>COUNCIL OBJECTIVE:</b> Reduce public nuisance and threats to public safety.	% of dog registrations of known dogs.	93.5%	98%	<b>Achieved</b> – 97.99%. NB: the remaining 2.1% were processed for non-compliance.
	% release rate of impounded dogs	69% – all dogs suitable were home placed	80%	<b>Not Achieved</b> – 73% overall release rate. NB: All dogs deemed suitable for adoption were found a new home.
	Number of night time compliance operations on licensed premises per year.	4	4	<b>Achieved</b> – 4 night time compliance operations undertaken (includes after hours monitoring).
	Number of CCTV camera locations.	210 (72 locations)	32	<b>Achieved</b> – Inclusive of upgraded cameras at HDC facilities, there are 278 camera feeds at 76 locations strategically located to monitor and prevent crime and to promote public safety.

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Safe, Healthy and Liveable Communities

Council Outcomes	Performance Measure	Baseline Performance 2019/20	Target 2020/21	Achievement 2020/21
<b>COUNCIL OBJECTIVE:</b> <ul style="list-style-type: none"> <li>Sustainable use of land and water resources</li> <li>A more compact urban form.</li> </ul>	A District Plan current at all times within statutory timeframes.	Achieved	Achieved	<b>Achieved</b> – The District Plan was made partially operative in March 2020. It will be fully operative upon the outcome of one last appeal decision. A change has been made to enable Marae development in the Plains and Rural zones.
<b>COUNCIL OBJECTIVE:</b> <ul style="list-style-type: none"> <li>Places and spaces for recreation</li> <li>Places and spaces for arts, culture, learning</li> <li>Fostering recreational participation</li> <li>Fostering the arts and cultural experience</li> </ul>	Number of public swimming pools that meet Pool Safe water quality standards.	4	4	<b>Achieved</b> – All 4 pools achieved Pool Safe standards.
	Days of operation of public libraries.	3 public libraries (not achieved)	3 public libraries (6 day service Flaxmere/ Havelock North, 7 days Hastings)	<b>Achieved</b> – 3 public libraries. (6 day service Flaxmere/ Havelock North, 7 days Hastings)
	% of urban properties within 500m radius (walking distance) of a park.	85%	89%	<b>Achieved</b> – 93% of urban properties within walking distance of a park.
	% of urban properties within 500m radius (walking distance of a playground).	58%	60%	<b>Substantially Achieved</b> – 58% of properties within walking distance of a playground. Note: this measure may not be achieved in any one year dependant on new house builds in new growth areas and the timing of playground development to support it.
	Number of elderly housing units and average occupancy.	220 units with occupancy of 97.79%.	95% average occupancy.	<b>Achieved</b> – 98.01% average occupancy.
	Number of Art Gallery exhibitions per annum.	12	12	<b>Achieved</b> – 18 held at Hastings City Art Gallery plus 3 in Hastings District Council Chamber Foyer.
	Opera House Qualmark Rating. (subject to current review)	Not measured	Facility is closed	<b>Not Measured</b> – Awaiting completion of Municipal Building upgrade.
	% of Indoor Sports Centre available booking hours booked.	69%	50%	<b>Achieved</b> – 65% available booking hours booked.
	Days of operation of Splash Planet.	Mid November to Waitangi Day. (Achieved – closed 2 weeks early due to COVID-19 pandemic)	Mid November to Waitangi Day. (7 days a week)	<b>Achieved</b> – Splash Planet open Mid November to Waitangi Day. (7 days a week)

Economic and Community Development

Council Outcomes	Performance Measure	Baseline Performance 2019/20	Target 2020/21	Achievement 2020/21
<p><b>COUNCIL OBJECTIVE:</b></p> <ul style="list-style-type: none"> <li>Residential development opportunities</li> <li>Industrial development opportunities</li> </ul>	% of vacant industrial land.	<b>Achieved</b> Industrial land vacancy: Omāhu 33.5 ha Irongate 54.7 ha Whakatū 29.1 ha Tōmoana 8.7 ha	A minimum of 20% of industrial land is vacant.	<b>Achieved</b> – Vacant land Omāhu North – 44 ha with 16 ha tightly held Omāhu South – 33 ha Irongate – 62 ha with 32 ha tightly held Whakatū – 49 ha with 30 ha tightly held Food Industry Zone – 7 ha with 2.4 ha tightly held The total area of general industrial zoned land within the district is 645 ha and with 195 ha vacant, this is 30% of the total.
	Number of hectares of vacant greenfield land.	<b>Achieved</b> – 30 ha vacant land remaining at (Lyndhurst, Northwood and Arataki and Waingākau). 55 ha of vacant land at Iona and 21 ha of vacant land at Howard St.	A minimum of 20 hectares vacant greenfield land.	<b>Achieved</b> – The total vacant <u>zoned</u> greenfield residential land is: 55 ha at Iona 21 ha at Howard St 13.1 ha at Brookvale (area A) Area These figures are significantly in excess of the 20 ha of vacant greenfield land required.
	Number of significant strategies completed per annum.	0	1	<b>Achieved</b> – No significant strategies completed but the Intensive Residential Design Guide which was one of the implementation actions from the Medium Density Strategy was completed. With the National Policy Statement on Urban Development requiring 3/6 year update / reviews of "Future Development Strategies" for residential and business land (commercial and industrial), the relevance of this measure needs to be reconsidered.
	Number of structure plans completed per annum.	1	1	<b>Not Achieved</b> – Currently working on Irongate/ York structure plan.

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Economic and Community Development

Council Outcomes	Performance Measure	Baseline Performance 2019/20	Target 2020/21	Achievement 2020/21
COUNCIL OBJECTIVE: Appealing visitor destination.	Opera House Qualmark Rating. (subject to current review)	Not measured	Facility is closed.	<b>Not Measured</b> – Awaiting completion of Municipal Building upgrade.
	Number of visitors to i-Site visitor centres per annum.	46,416	73,000	<b>Not Achieved</b> – 28,266 total visitors to Hastings and Havelock North i-SITES combined. Numbers impacted by COVID travel restrictions and reduced opening hours.
	Total financial support to events.	\$459,193	\$125,000	<b>Achieved</b> – \$843,949 in total events support during 2020/21. Note: the LTP target is understated and only reflected one component of the total events activity. 2020/21 also includes two additional events funded outside the events activity for the Six60 concert and Art Deco Festival.
	Total visitors to Splash Planet.	116,494 total 64,712 from outside Hastings (56%).	100,000 total 45% from outside Hastings.	<b>Achieved</b> – 135,721 visitors total, 82,065 from outside Hastings (60%)
COUNCIL OBJECTIVE: Supporting and attracting business.	Total financial support to Business Hawke's Bay.	\$100,000	\$100,000 per annum funding support to Business Hawke's Bay.	<b>Achieved</b> – \$110k funding support provided in 2020/21 for the H.B. Business Hub to deliver support for H.B. Businesses, provide information to relocating businesses and deliver the Businesses Hub in Ahuriri where business support agencies are located.
COUNCIL OBJECTIVE: <ul style="list-style-type: none"> <li>Putting people at the centre of planning and service</li> <li>Effective working relationships with mana whenua</li> </ul>	Number of completed Place Based Plans.	1	1 Place Based plan completed per annum.	<b>Achieved</b> – Camberley Community Plan endorsed on 4 July 2021.
	Number of Social Development Reviews completed.	1	1 Social Development Review completed per annum.	<b>Not Achieved</b> – Commenced the Homeless Discovery Study in 2020/21.

Governance and Support Services

Council Outcomes	Performance Measure	Baseline Performance 2019/20	Target 2020/21	Achievement 2020/21
COUNCIL OBJECTIVE: Putting people at the centre of planning and service. (Make open, inclusive and effective decisions)	% Compliance with statutory planning processes.	100%	100%	<b>Achieved</b> – 100% compliance with statutory planning processes.
	Council and Committee agendas are available within statutory timeframes.	100%	100%	<b>Achieved</b> – All agendas met statutory timeframes.
COUNCIL OBJECTIVE: Ensure prudent financial management.	Complete Annual Report and audit within statutory timeframes.	Achieved	Achieved	<b>Achieved</b> – 2019/20 Annual Report adopted 8 December prior to the 31 December legislative date amended due to Covid-19.
	Budgets are set within Financial Strategy limits.	Achieved	Achieved	<b>Achieved</b> – No breach of financial strategy limits within budgets.
COUNCIL OBJECTIVE: Putting people at the centre of planning and service. (Ensure easy access to Council knowledge and services)	Calls to Council's main number are always answered by a person rather than an answer phone service.	Achieved (90% of calls answered within 60 seconds)	90% of calls answered within 60 seconds.	<b>Achieved</b> – 90% of calls answered within 60 seconds.
	Customer service centre open from Monday to Friday 8am to 5pm.	Substantially achieved	Achieved	<b>Substantively Achieved</b> – Tuesday opening hours have been reduced to 9am to 5pm.
	% of calls to Council's main number answered within 20 seconds.	84%	80%	<b>Achieved</b> – 82% of calls to Council's main number answered within 20 seconds.
	Usage of Council website.	21,052 unique visitors per month.	15,000 unique visitors per month.	<b>Achieved</b> – 48,281 unique visitors per month.

(B) CUSTOMER EXPERIENCE

Customer Experience – Safe, Healthy and Liveable Communities

Council Outcomes	Performance Measure	Baseline Performance 2019/20	Target 2020/21	Achievement 2020/21
<b>COUNCIL OBJECTIVE:</b> <ul style="list-style-type: none"> <li>Reduce public nuisance and threats to public safety.</li> <li>Putting people at the centre of planning and service.</li> </ul>	Time taken to process a building consent.	87.2% within 20 working days.	100% within 20 working days.	<b>Not Achieved</b> – 78.7% within 20 working days.
	Time taken to process code of compliance.	95% within 10 days.	100% within 10 days.	<b>Not Achieved</b> – 96.1% within 10 days
	Time taken to process a resource consent.	85% within statutory timeframe. (20 working days)	97% within statutory timeframe. (20 working days)	<b>Achieved</b> – 97.06% within statutory timeframe. (20 working days)
	Time taken to respond to noise complaints.	Zone 1 (20-30 minutes) – 99.9% Zone 2 (< 45 minutes) – 100%	Zone 1 (20-30 minutes) – 95% Zone 2 (< 45 minutes) – 90%	<b>Achieved</b> – Zone 1 (20-30 minutes) – 99% <b>Achieved</b> – Zone 2 (< 45 minutes) – 96%
	Parks user satisfaction.	Not measured 19/20	97%	<b>Not Measured</b>

Customer Experience – Governance and Support Services

Council Outcomes	Performance Measure	Baseline Performance 2019/20	Target 2020/21	Achievement 2020/21
<b>COUNCIL OBJECTIVE:</b> Putting people at the centre of planning and service. (Ensure easy access to Council knowledge and services)	Quality of customer service. (contact centre)	Average score of 89% in mystery shopper phone calls.	85%	<b>Not Measured</b> – the assessment of call quality was not formally measured. Internal call quality monitoring continues to take place.
	Quality of customer service. (customer service centre)	Average score of 86% in mystery shopper visits.	85%	<b>Achieved</b> – 97% in 2020/21.



Level Two – Today's Commitments

(C) KEY ACTIONS

Water & Roads

Key action	Achievement
Water Services	
KA01 / KA02 Implement water security and optimisation programme Rollout of stages 1a, 1b and 1c of drinking water compliance and investment programme.	<ul style="list-style-type: none"> <li>On Track</li> <li>Commissioning and bringing into service the new trunk watermain between Hastings and Havelock North and construction of the Havelock North booster pump station.</li> <li>Progression of conceptual designs for the Frimley and Eastbourne water treatment plants, reservoirs and pump stations, site selection and commencement of detailed design for construction and completion by the end of 2021.</li> <li>Haumoana water treatment plant, reservoir and pump station completed.</li> <li>Modular water treatment plants designed and under construction for all small community supplies.</li> <li>Reservoir investigations and upgrades underway at Havelock North, Tauroa and Whirināki reservoirs.</li> <li>SCADA, telemetry and data acquisition project underway.</li> <li>Infrastructure Data (ID) enhancements to automate compliance reporting.</li> </ul>
KA03 Enhancements to Havelock North streams.	<ul style="list-style-type: none"> <li>On Track</li> <li>Further assessment of stream erosion, capacity and flood analysis to inform a strategy for future enhancements.</li> <li>Commencement of a vegetation removal programme for drainage reserves and adjacent public space areas. Tree removal continues via requests and assessments.</li> <li>Investigation of historic dump site on the Karituwhenua Stream.</li> </ul>
KA04 Rollout stormwater quality improvement programme.	<ul style="list-style-type: none"> <li>On Track</li> <li>Strategy developed for Lowes Pit stormwater catchment to improve stormwater quality from the industrial catchment and to mitigate any water quality risks associated with the receiving environment. Work has advanced to include detailed investigations and options for treatment devices. Construction commencing 2<sup>nd</sup> half of 2021.</li> <li>Onsite flood mitigation and stormwater quality treatment solutions for new development areas (Howard St, Brookvale, Iona).</li> <li>Moving to investigations and concept design options for the Caroline Rd catchment and discharge to the Ruahāpia Stream.</li> <li>Discreet monitoring deployed in Omāhu industrial area and Ruahāpia Stream to monitor pollution events.</li> </ul>
KA05 Rollout of wastewater rising main and trunk main renewal programme.	<ul style="list-style-type: none"> <li>On Track</li> <li>Evaluation of the options for the replacement of the Eastern Interceptor trunkmain has been completed and construction is underway.</li> <li>Renewal of the inland and urban trunkmains are underway.</li> <li>Renewal of the groyne (revetment structure that protects the wastewater outfall into Hawke Bay and emergency beach outfall) has been completed.</li> <li>Investigations are underway to determine the renewal pathway of a small section of the East Clive wastewater treatment plant's outfall (land-based section and steel manifold section).</li> </ul>

Water & Roads		
Key action		Achievement
Roads and Footpaths		
KA06	Strengthen key bridges to allow continued heavy vehicle access.	<ul style="list-style-type: none"><li>On Track – Completion of Moeangiangi, Kuripapango and Mangatahi Low Level Bridges. 87% of the bridge evaluation of the whole programme is complete. Design of Rissington Vertical Clearance is complete.</li></ul>
KA07	Completion of approved walking and cycling projects within the iWay network.	<ul style="list-style-type: none"><li>On Track – Shared pathway on SH51 (Waipatu) completed:<ul style="list-style-type: none"><li>Shared pathway on Bennett Rd completed</li><li>Shared pathway on School Rd Clive completed</li><li>Footpath in Tōmoana Rd (Williams to Coventry) completed</li><li>Footpath in Murdoch Rd West completed</li><li>Footpath in Southampton St W (Lascelles St to Townshend St) completed</li><li>Footpath in Ada St completed</li><li>Napier Rd Cycleway nearing completion</li><li>Lyndhurst Rd (Nottingley to Percival) nearing completion</li><li>Tauroa Rd shared pathway/boardwalk in progress</li></ul></li></ul>
KA08	Implement safety treatments on high risk rural routes and urban intersections.	<ul style="list-style-type: none"><li>On Track – Programmed safety interventions have been completed, and new interventions have been identified and designed for the upcoming LTP.</li></ul>
KA09	Completion of road pavement renewal programme in both urban and rural areas.	<ul style="list-style-type: none"><li>On Track – Warwick Rd under construction. Kereru Rd 520m section (km 12872 to 13392) completed.</li></ul>
KA10	Completion of the Whakatū arterial route.	<ul style="list-style-type: none"><li>Completed – The Whakatū arterial link route is completed and named Te Ara Kahikatea.</li></ul>
Safe, Healthy & Liveable Communities		
Key action		Achievement
KA11	Advance the Hastings Central City Plan.	<ul style="list-style-type: none"><li>On Track – Hastings City Centre Revitalisation Plan adopted. Construction of first five initiatives completed and next initiatives underway.</li></ul>
KA12	Advance future cemetery space capacity.	<ul style="list-style-type: none"><li>On Track – The undeveloped land at Mangaroa cemetery has been approved by Council to be extended and redeveloped. Some initial beam work completed.</li></ul>
KA13	Complete earthquake strengthening on programme of identified public buildings.	<ul style="list-style-type: none"><li>On Track – Design and engineering work progressing on Town Clock, Duart House, Hastings City Art Gallery and Splash Planet castle.</li></ul>

#### Safe, Healthy & Liveable Communities

Key action	Achievement
KA14 Complete Opera House strengthening project.	<ul style="list-style-type: none"> <li>On Track – Toitot Hawke's Bay Arts &amp; Events Centre opened in March 2020 then closed due to COVID19 and re-opened in July 2020. The Opera House and Functions On Hastings are fully operational and bookings are coming in for the use of both spaces.</li> </ul>
KA15 Finalise business case for future use and investment in Municipal Building.	<ul style="list-style-type: none"> <li>On Track – Business Case for future use presented to Council and final investment decisions made by Council in 2021.</li> </ul>
KA16 Enhancements on key reserves (Cornwall, Windsor, and other RMPs).	<ul style="list-style-type: none"> <li>On Track – Ebbett Park upgrade of carpark, playground and toilet complete. New playgrounds at St Aubyn St and Laurie Cooke Reserves in planning phase. Refurbishment of Cornwall Park Kiosk and Keirunga Homestead in planning phase</li> </ul>
KA17 Continued rollout of pop-up irrigation programme.	<ul style="list-style-type: none"> <li>On Track – Pop up irrigation on Akina Park complete.</li> </ul>
KA18 Complete planned toilet enhancements from Sanitary Services Assessment.	<ul style="list-style-type: none"> <li>On Track – New toilet at Landmarks Square complete, toilet extensions at Evers – Swindell Reserve underway and new Te Awanga toilet in design phase.</li> </ul>
KA19 Provision of community education programmes on waste minimisation.	<ul style="list-style-type: none"> <li>Achieved – A number of waste minimisation programmes have been delivered over the year including; an education campaign on the new kerbside collection services, Again Again Reusable Coffee Cup Scheme and a local contestable waste minimisation fund</li> </ul>
KA20 Complete landfill valley development.	<ul style="list-style-type: none"> <li>On Track – Development work required to maintain available workspace at the landfill was completed. Area D development work will continue each year until 2025 when the area estimated to be full (i.e. no remaining airspace).</li> </ul>
KA21 Consult on and implement new waste collection regime.	<ul style="list-style-type: none"> <li>Achieved – Completed</li> <li>Council consulted on, and adopted, a new joint Waste Management &amp; Minimisation Plan (WMMP). Over 6,000 submissions were received by the Hastings District Council and Napier City Council during the consultation period. The plan included new methodologies for kerbside collections for both refuse and recycling. The new services started on 1 July 2020. The services involve a 120 litre wheelie bin collection service (weekly) for rubbish and a 3 crate (council supplied) system for kerbside recycling collection (weekly).</li> </ul>

#### Economic & Community Development

Key action	Achievement
KA22 Support industrial land uptake at Irongate, Omāhu and Whakatū.	<ul style="list-style-type: none"> <li>On Track – Subdivision of land in Irongate and Omāhu continues, providing parcels for development. Development activity in Omāhu and Irongate are ongoing. (i.e. Bbi Wood Products, Foodstuffs, etc.). Works on roundabout at Irongate Rd recently completed with the Henderson Rd roundabout at Omāhu Rd nearing completion. Design for the new roundabout at Chatham and Omāhu Rd are scheduled to begin in Q1 2022.</li> </ul>
KA23 Advance Hastings CBD hotel proposal.	<ul style="list-style-type: none"> <li>On Track – Hotel construction in progress, scheduled for completion August 2022.</li> </ul>
KA24 Progress of various youth futures programmes.	<ul style="list-style-type: none"> <li>On Track – The Youth Employment team have engaged with 152 rangatahi in the last financial year and, of that, 79 have been placed into work for 30 hours or more, and 21 have returned to education or training.</li> </ul>

#### Economic & Community Development

Key action	Achievement
KA25 Implementation of Heretaunga Plains Urban Development Strategy (HPUDS) sub strategies.	<ul style="list-style-type: none"> <li><b>On Track</b> – A Medium Density Housing Strategy and Implementation Plan was adopted in November 2017 and in March 2018 Implementation Actions were assigned to Council Groups to action on the following timescales 2018-2021, 2021 + and ‘Ongoing’. Actual implementation has not yet been monitored.</li> <li>Focus has been on implementing the quarterly property market indicator monitoring required by the National Policy Statement on Urban Development Capacity and the first of the three yearly Housing and Business Capacity Assessments. Four quarterly reports were produced over the last year and the Capacity Assessment report is due to be published by the end of July.</li> </ul>
KA26 Development of various place based plans.	<ul style="list-style-type: none"> <li><b>On Track</b> – Waipatu place based plan added to the suite of place based plans for various communities. The Camberley Community Plan has been endorsed, with 4 new plans underway; Mahora, Raureka, Te Pōhue, Flaxmere.</li> </ul>
KA27 Advance business attraction and job creation initiatives.	<ul style="list-style-type: none"> <li><b>On Track</b> – The Centre of Vocational Excellence (COVE) for Food &amp; Fibre is located in Hawke’s Bay. Call centres to support State Services and COVID-19 recovery have been located in Hastings District. Foodeast Ltd has purchased 1 hectare of land, and a resource consent has been approved. Application for the Building consent has been made with construction to be completed by late 2022 at the Tōmoana Food Hub site.</li> </ul>

#### Performance Measure Disclosure

The following notes relate to the mandatory DIA performance measures noted with a double asterisk (\*\*) on pages 17 to 22.

The Council has received a qualified opinion for the 2020/21 audit relating to three customer complaint/customer satisfaction related performance measures within the Water Services activity group, covering water supply, stormwater and sewerage and the treatment and disposal of sewage.

#### Verifiable Complaints

These performance measures include only verified complaints per 1,000 connections. It is acknowledged that not all complaints have been captured for the full financial year.

The total number of complaints received are not verifiable due to the following reasons:

- Some calls were not categorised into water supply, stormwater or wastewater;
- Some calls have not been recorded as they were subsequent calls to the original complaint and the caller did not request for their complaint to be recorded;
- Insufficient details to assess what the nature of the call was for. In particular, if the call should be classified as a complaint or request for information.

#### Improvements and Opportunities

During the financial year Council implemented measures to ensure calls are being correctly categorised in water supply, stormwater or wastewater and correctly classified as a complaint or request for information.

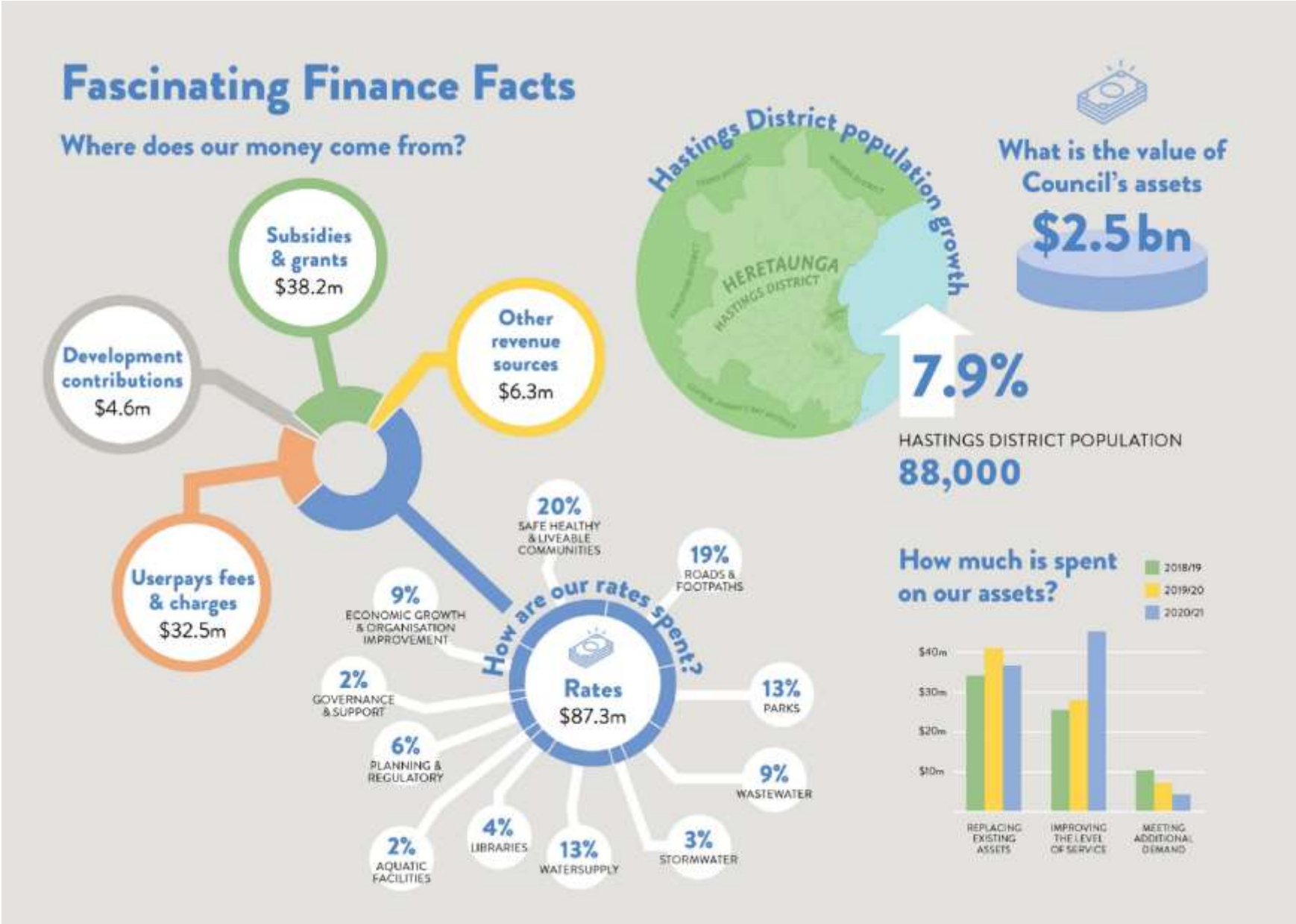
To resolve the remaining issues identified above, the Council will work with its call centre, water services team, contractor and after-hours provider to ensure integrity of the data received is compliant with DIA mandatory performance reporting and will make system changes to allow all subsequent complaints to be captured.

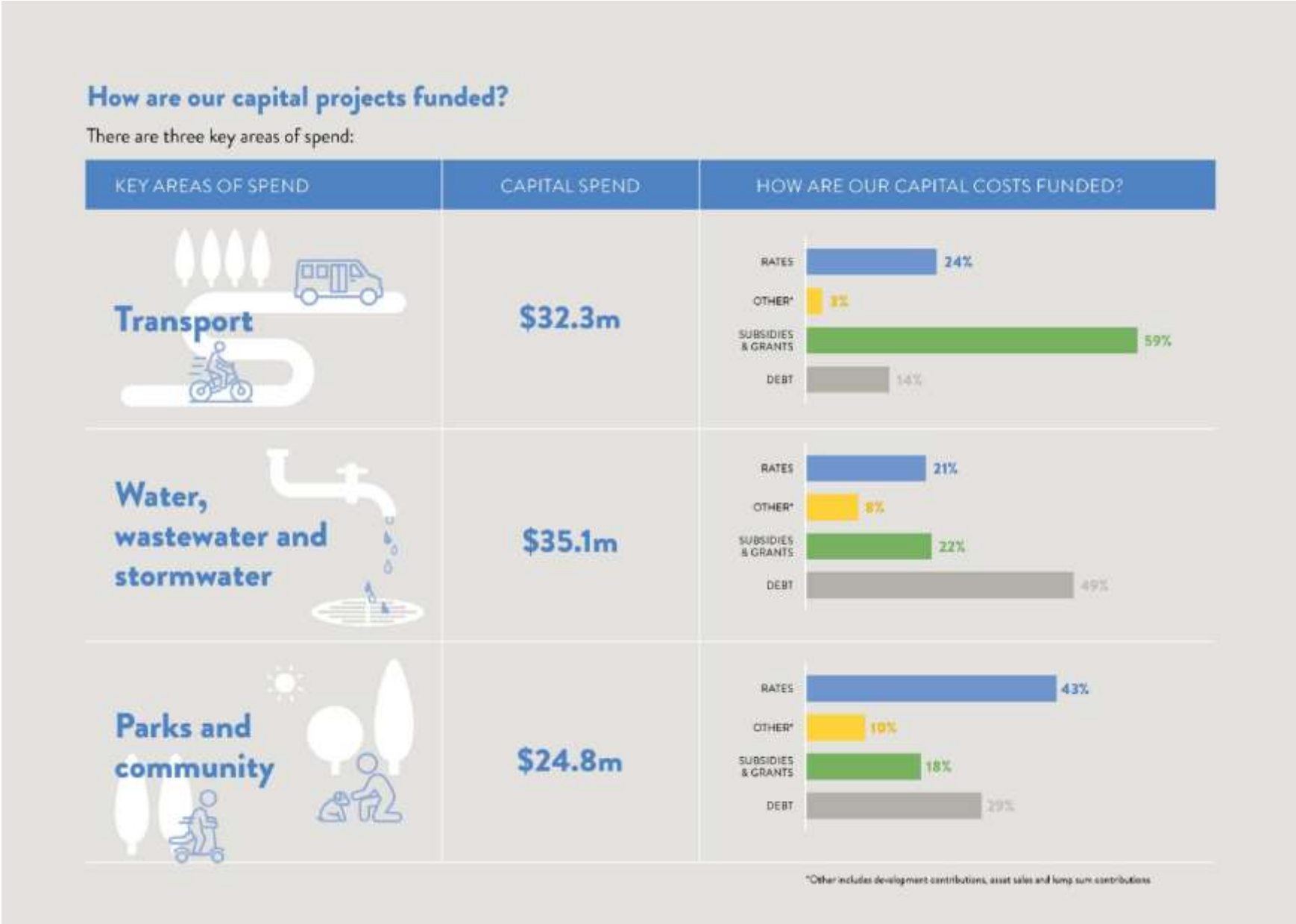
Hastings District Council is aware that these issues are being experienced among other Council’s and that some modification to the DIA regulations may be implemented to enable more appropriate reporting in the future. The Council will adapt its approach to any new guidance that may eventuate in respect of the mandatory performance framework.











# Annual financial overview

Council has consistently worked to deliver services whilst continuing to look to add best value for money.

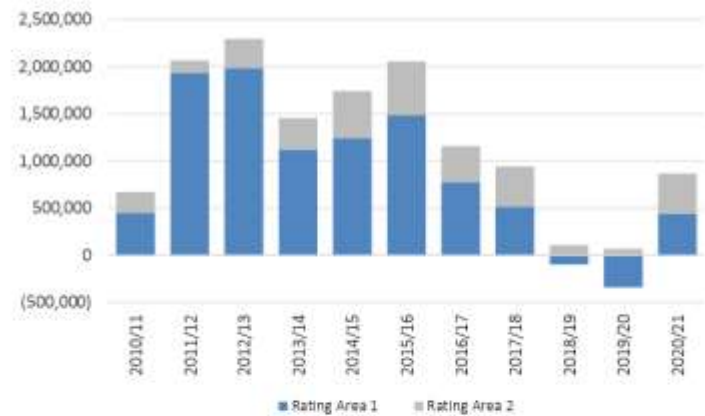
Council has reported a rating surplus, of \$866,021, which considering the challenges faced with the impacts of COVID-19 along with high demand being felt across the district for resources, the result is a strong one.

Given the uncertainties that the current financial year presents, \$554,201 of the rating surplus has been allocated to Council's contingency reserve to help meet any potential costs that may unexpectedly arise. The balance of the Rating Area 2 surplus (\$311,814) will be set aside in the Rate Area 2 Flood and Emergency Event Reserve.

The rating surplus is the difference between rates collected and spending from those rates, including the funding of capital renewal projects and debt repayment.

## Rating surplus

Rating result

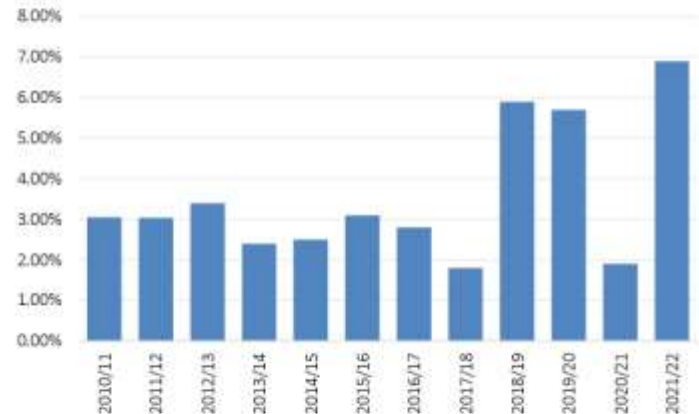


Rates

Council’s Financial Strategy, updated in the 2018-28 LTP, set out that rates will only increase by the Local Government Cost Index +/- 4%, while acknowledging that sometimes events happen that Council needs to react to.

The 2020/21 rates increase of 6.99% is in line with Year 1 of the 2021-31 Long Term Plan and was a result of significant investment required in infrastructure and community projects.

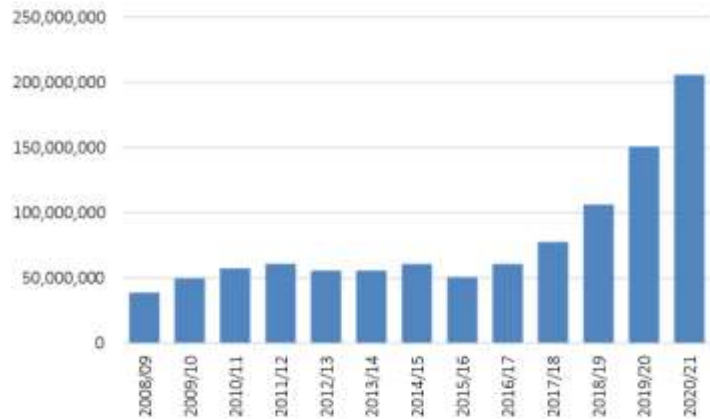
Rate increase



Debt

Core external debt increased this year by \$55m to \$205.7m. Council’s external debt continues to increase as it works through the delivery of the capital programme in line with in the 2018-28 Long Term Plan budgets. Projects including the major water supply upgrade programme are contributing to this increase.

External debt



### Capital projects

Council invested \$94.3m (\$76.5m last year) on capital projects during the year.

### Capital expenditure

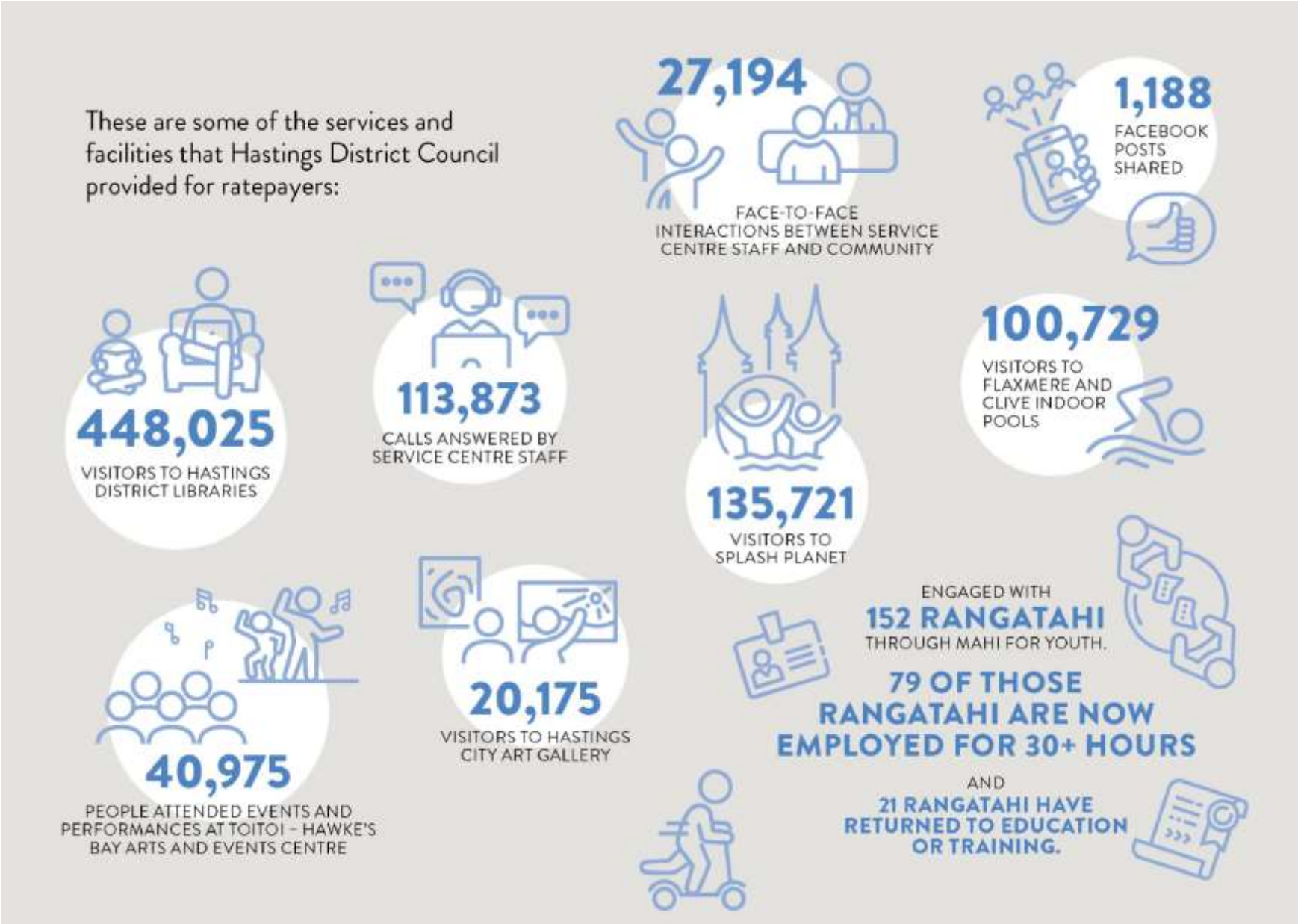
Of the capital expenditure incurred in the 2020/21 year, \$37m was spent on replacing existing assets (renewals), \$53.2m on improving the level of service offered to the community, and \$4.4m meeting additional demands being put on the community through growth.

The capital expenditure delivered was below that budgeted due to a number of factors including the reprioritisation of capital projects due to the additional funding received from government sources, along with constraints on resources and materials.

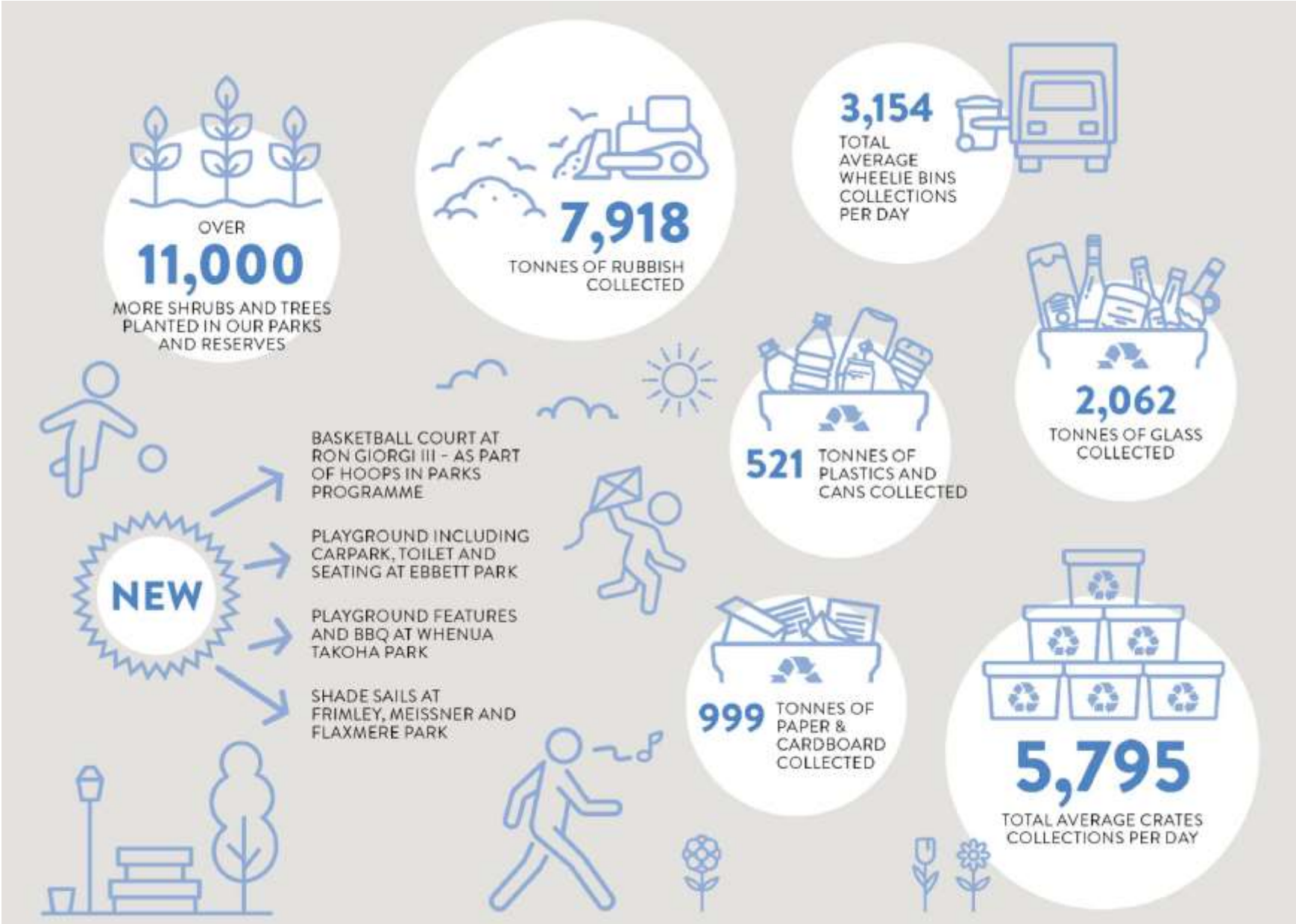




**Key initiatives  
and projects**









# Water

There's been significant progress made over the past year as we continue to deliver our Drinking Water Strategy, with all projects targeted for completion in 2022:

This year three of the eight small community treatment and storage facility upgrades were completed and are now supplying drinking water to properties in Te Pōhue, Haumoana/Te Awanga and Waimārama.

The construction of new facilities at Waipātiki, Clive and Whirināki/Esk are under construction, and discussions with the Whakatū and Waipatu communities about their upgrades are ongoing.

The Eastbourne project, titled Waiaroha, on the corner of Southampton St East and Hastings St South, received its consents. Site preparation works have commenced and the installation of pipes that will connect it to the existing pipe network are underway. The detailed design work for the water education centre on this site (funded externally) continued, with the vision that the centre will host community groups and schools, and enable activities, discussions and raised cultural awareness related to water.



The Frimley Park project has been progressing concurrently with the above work with the pipes that connect the new water treatment plant to the existing network being installed, and two of four new bores drilled. Building of the 8,000 cubic metre water storage tank was well advanced during the year and work commenced on the construction of the treatment plant.

As part of the facility's Resource Consent, Council committed to removing the maintenance sheds and works area on another part of the park, an area equivalent in size to that needed for the water facility; returning it to public use. This work is programmed for completion in late 2021/early 2022.



## Range of housing options being delivered

Over the last year, a key focus has been on facilitating and enabling the provision of homes for our people, and this has been supported by central government investment towards more housing in Hastings.

After being created in 2019, this was the second year of the Hastings Place Based Housing Plan with partner agencies, including Kāinga Ora, Te Puni Kōkiri and Te Taiwhenua o Heretaunga, Ngāti Kahungunu Iwi, Heretaunga Tamatea Settlement Trust, Ministry of Housing and Urban Development, Ministry of Social Development, Hawke's Bay District Health Board and the Department of Corrections joining Hastings District Council to deliver much-needed homes.

As a follow-up to the Hastings Place Based housing plan, a medium to long-term housing strategy was developed this year and, with the aid of government funding, a development at Taret St in Flaxmere was completed and opened bringing lots for 17 first homes and 18 public homes to market.



Also, in Flaxmere, design work began on the roading and water infrastructure for council-owned land at 244 Flaxmere Avenue, the Flaxmere Town Centre and 72 Caernarvon Drive – in total facilitating about 150 houses intended to be a mix of first home, public and affordable.

During the year construction began on the Te Taiwhenua o Heretaunga Waingākau housing project in Flaxmere, an initiative that is a collaborative partnership with Council.

Although activity slowed down during the COVID-19 crisis, work has continued on freeing up appropriate land for greenfield residential subdivisions and infill development across the district. A change to the district plan also occurred to provide for the increasing accommodation needs of seasonal workers in the district, allowing for worker accommodation to be built in the light industrial and general industrial zones at Ōmahu and Irongate.

Hastings District Council's ground-breaking collaborative approach to addressing the district's critical housing shortage was recognised with a national award.

In May, the council received the BERL Award for Collaborative Government Action for its Place Based Housing Solution at the Taituarā – Local Government Professionals Aotearoa Awards.

The award recognised the outstanding results that have been achieved through the combined efforts of council, government agencies, mana whenua and community support groups working on the coalface to address housing needs in the community.





# City Centre revitalisation

There was major progress with the City Centre Revitalisation plan this year, steadily transforming the city centre into a vibrant, people-friendly, dynamic place to spend time relaxing and shopping.

The upgrade and beautification of Landmarks Square was completed and opened. This was the 10th of 23 projects in the plan to be completed.

Thanks to a \$300,000 Waka Kotahi New Zealand Transport Agency Innovating Streets grant, work continued on Heretaunga St East – including raised and widened pedestrian paving areas, planter boxes and outside furniture – all making for convivial outdoor dining in this, the home of hospitality in Hastings.

Work also got underway in preparing to install decorative gates to enable the 200 block to be closed off for events.

Planting and footpath work to upgrade Karamu Rd was completed, and the Warren St carpark was transformed into an outdoor dining zone, that quickly proved popular, even in the cooler months.

A street upgrade on Queen St East, between Karamu Rd and Warren St, was also completed, and we celebrated the completion of the Landmarks Square upgrade, another beautiful addition to the city centre.





## City Centre Cultural Precinct

Toitoti re-opened properly after the COVID-19 lockdown and has been pumping ever since. The Hawke's Bay Opera House was named the heritage category winner in the New Zealand Architecture Awards for its stunning restoration. It also won the Resene Total Colour Heritage Commercial Award and the Resene Total Colour – Colour Master Nightingale Colour Maestro Award.

The Municipal Building project, the final part of the Toitoti – Hawke's Bay Arts & Event Centre work programme, is well underway and earlier this year the call went out for tenants, ahead of its expected opening early to mid-2022.

The development of the Municipal Building will bring economic and social benefits to Hastings. It will be a centre for activities the whole community can enjoy, it will be a place we can all be a part of with a shared sense of belonging.

The ground floor will include a mix of retail tenants, alongside a newly created flexible space for arts and performance. Meanwhile, the first floor will be restored to its former glory, offering a selection of spaces for hire, suitable for groups from 10 to 250 – in a fully refurbished, category one historic building with modern technology options.

Also this year, work began on the new 34-room Quest Apartment Hotel being built behind the Municipal Building and Opera Kitchen café.



Adding to the arts and culture precinct on Heretaunga St, in November 2020, Hastings District and Napier City Councils purchased 307 Queen St East (the former Briscoes site) in Hastings, with the plan to upgrade it into a fit-for-purpose storage and research facility, and are contributing \$1.8m each through their respective 2021-2031 Long Term Plans.

This year, an application for contestable New Zealand Lotteries Commission funding was successful, with \$1m received from the Lottery Environment & Heritage Fund and \$4.47m from the Lottery Significant Projects Fund to go towards the \$12.5m project.

Once redeveloped the site will provide a modern, fit-for-purpose building providing community access and research facilities, alongside storage and preservation of the collection.





## Relaxing in our Reserves

In recognition of the community and council's sustainable practices and environmental excellence, Hastings took out the Most Beautiful Large Town and was named the Supreme Winner of the Keep New Zealand Beautiful Awards 2020.

The awards kept coming for our parks with Flaxmere Park named New Zealand's Active Park of the Year in Recreation Aotearoa's 2020 NZ Park Awards, also a finalist for this award in 2021.

This accolade acknowledged the physical and social opportunities offered at the park, and the community input that went into its development.

Flaxmere Park was also one of three HDC parks to be recognised under the Green Flag Awards alongside Cornwall Park and the Havelock North Village Green.

A new playground was opened at Ebbett Park as well as a new toilet block, new seating and landscaping, and community consultation got underway on two new 10-year Reserve Management Plans for Eskdale Park and Frimley Park.

At the same time, feedback was sought for a review of the current Tainui, Tanner, Tauroa and Hikanui Reserves Management Plan, with a focus on cycling and walking tracks.



Work began in February 2021 on a boardwalk adjacent to Tauroa Reserve to improve safety for people cycling and walking in the area, and accessing Te Mata Park – this project was co-funded by Council and the Government's former Provincial Growth Fund.

A pilot programme to give people more places to shoot hoops in Flaxmere got on a roll with a new court built in Ron Giorgi III Park in May and planning starting for one in Flaxmere Park.

Consultation and planning also got underway to relocate the Flaxmere Skate Park to Flaxmere Park.



# Waste

A year since the introduction of our new kerbside rubbish and recycling collection contracts, our residents have been working with us to ensure the service is efficient and effective. A survey conducted this year showed people were 89 per cent confident they knew what should go in the wheelie bins and 81 per cent about what goes in the crates. A rate remission policy was introduced to reward low waste producing households and 34 per cent of serviced properties qualified.

Council's waste minimisation team has been busy over the past 12 months producing resources and providing guidance on how to divert waste from landfill.

Waste education talks were held at local schools and with local groups, and work began on a new waste minimisation guide for people holding events.

At the end of the year the Again Again reusable cup scheme was introduced to Hastings and has been enthusiastically embraced by cafés keen to help people avoid single-use coffee cups.

The Ōmarunui Landfill (jointly owned by the HDC and NCC) is planning to develop Area B of the site so that waste can continue to be accepted once Area D reaches full capacity in 2025. The landfill has lodged resource consent and alteration of designation applications with the Hawke's Bay Regional Council and Hastings District Council respectively and these applications have been publicly notified.



Submissions to the Regional Council concerning the necessary resource consents closed on February 17 and submissions to the Hastings District Council concerning the alteration of the designation closed on February 22. Consultation has continued in the interim and a hearing has been scheduled for mid-September.

The Henderson Road Refuse Transfer Station and rural recycling facilities were operational throughout the year. The Pukehamoamo Rural Recycling facility was closed for three months between September and December 2020 because of misuse by users; illegal dumping on site and rubbish/non-recyclable material put into the recycling bins. Unfortunately, the Martin Place Recycling facility was closed due to the cessation of the licence to occupy by the current landowner.



# COVID-19 Recovery

Unite  
against  
COVID-19

Two Pick the Bay employment expos were held at Functions on Hastings at Toitōi – Hawke's Bay Arts and Events Centre to showcase job opportunities and career pathways in the horticulture and viticulture sectors that were struggling to find workers. These were well-attended events that resulted in long-term employment for some.

Council secured \$9.3m in shovel-ready funding from the government to undertake roading projects across the district including safety, footpath, lighting, and iWay walking and cycling improvements.

The key focus was on Council contractors employing local people who had lost their jobs due to the impact of COVID-19 through the Jobs for Heretaunga scheme – a partnership between Council and MSD.

In June this year, most of these projects were complete and 48 people had secured permanent jobs.

This year, Council helped secure \$290,394 in Provincial Growth Fund investment to maintain and renovate seven of the district's halls. These improvements helped breathe more life into these halls including some becoming venues for the Small Hall Sessions live music series where artists went out to perform to communities.

Council supported a successful regional submission to the Provincial Growth Fund for \$9.6m to renovate up to 51 marae in Heretaunga and Ahuriri.

As part of the COVID-19 recovery, council created the Hastings Arts, Culture & Events Recovery Plan and, as a result, many free community arts events and installations were held and presented. Artists and performers were supported, and the community was encouraged to participate in arts recovery. The district was also home to one of only two arts festivals to take place in 2020. The Hawke's Bay Arts Festival featured New Zealand talent and was centred at Toitōi.

A \$150,000 urban centre recovery fund was established by Council for the Flaxmere, Havelock North and Hastings centres to help drive activity and support businesses, and Council allocated \$70,000 from the COVID-19 recovery contingency fund to support the establishment of a pilot Hawke's Bay Business Hub in Hastings to provide enhanced business support services to Hastings businesses.

On top of COVID-19, our district's farmers faced a devastating drought in the summer of 2019/20. Hastings District Council contributed \$200,000 to a mayoral drought relief fund to support the farming sector to assist with the costs of sourcing stock feed from other parts of New Zealand.







## Water and Roads

The section titled 'Our Reporting Framework' outlines the detailed achievement for the year for this activity group. Summary information on the key matters within this activity group can also be found within the section titled 'Key Initiatives and Projects'.

This group of activities primarily contributes to the following community outcomes:

- healthy drinking water and wise water use
- management of negative impacts on people, air, land and water
- a community that wastes less
- an environment where people can move around safely
- an attractive and safe walking and cycling environment
- accessible transport options
- efficient movement of goods.

A snapshot of the key aspects of performance for this group of activities during the year is as follows:

### Water and Wastewater Services

- 2020/21 represents the sixth year of reporting against mandatory performance measures, with most measures achieved against target. The Council continues to work on reducing average water consumption, and the continued installation of water treatment on our supplies is positioning the Council for full compliance with drinking water standards.
- The provision of safe drinking water is the Council's number one priority. A variety of projects were commenced during the year as detailed in the 'Key Initiatives and Projects' section in this document. In 2020/21, three of the eight small community treatment and storage facility upgrades were completed and are now supplying drinking water to properties in Te Pōhue, Haumoana/Te Awanga and Waimārama.
- A significant renewal programme in the wastewater area relating to rising mains and trunk main infrastructure is also being rolled out. This programme is over 20% complete and is ongoing in future years.

### Negative effects

Any potential negative effects from the water supply, wastewater disposal and stormwater disposal activities are mitigated via a programme of environmental monitoring and compliance with consent conditions. No significant breaches of any consent conditions occurred during 2020/21, however, an abatement notice was issued in the stormwater area for an isolated incidence as outlined in the 'Our Reporting Framework' section of this document.

### Roads

- The Council achieved good progress against the mandatory performance measures for roads and footpaths with all measures being achieved against target.
- 2020/21 saw the completion of the Council's LED streetlight conversion programme.
- A number of further walking and cycling projects were completed as outlined within the key actions section of Council's performance framework titled 'Our Reporting Framework'.
- The Council's bridge strengthening project is on track with a number of additional bridges strengthened in 2020/21.

### Negative effects

Any potential negative effects from transportation activities are mitigated by complying with resource consents, adhering to a maintenance programme for the roading network and by investing in walking and cycling infrastructure that has less environmental impact. The negative effects of road accidents are being mitigated through increased investment in safety enhancements throughout the district. The Council's high-risk safety programme has been approved by Waka Kotahi New Zealand Transport Agency and physical works are continuing throughout the district.

The funding impact statements on the following pages include internal interest but exclude non-cash items such as vested infrastructural assets and depreciation.

FUNDING IMPACT STATEMENT:	LTP Council 2020 \$'000	LTP Council 2021 \$'000	Actual Council 2021 \$'000	Variance \$'000
Water & Roads				
Notes				
<b>SOURCES OF OPERATING FUNDING</b>				
General Rates, uniform annual general charge, rates penalties	20,625	21,304	19,231	(2,073)
Targeted Rates	18,936	20,270	18,554	(1,716)
Subsidies and grants for operating purposes	5,872	5,873	6,178	305
Fees and charges	3,433	3,500	5,562	2,062
Internal charges and overheads recovered	9,779	9,986	10,622	636
Local Authorities fuel tax, fines, infringement fees and other receipts	199	204	772	568
<b>Total operating funding (A)</b>	<b>58,844</b>	<b>61,137</b>	<b>60,919</b>	<b>(218)</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>				
Payments to staff and suppliers	23,550	24,055	27,145	(3,090)
Finance costs	5,317	5,899	3,582	2,317
Internal charges and overheads applied	14,624	14,971	15,203	(232)
Other operating funding applications	44	46	46	-
<b>Total applications of operating funding (B)</b>	<b>43,536</b>	<b>44,970</b>	<b>45,976</b>	<b>(1,006)</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>15,308</b>	<b>16,167</b>	<b>14,943</b>	<b>(1,224)</b>
<b>SOURCES OF CAPITAL FUNDING</b>				
Subsidies and grants for capital expenditure	8,380	8,293	26,688	18,395
Development and financial contributions	4,305	4,327	3,072	(1,255)
Increase (decrease) in debt	16,826	2,090	21,813	19,723
Gross proceeds from sale of assets	38	242	20	(222)
Lump sum contributions	307	314	797	483
Other dedicated capital funding	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>29,857</b>	<b>15,266</b>	<b>52,390</b>	<b>37,124</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>				
Capital expenditure				
To meet additional demand	4,336	1,407	4,393	(2,986)
To improve the level of service	19,265	9,193	41,212	(32,019)
To replace existing assets	21,565	20,833	22,894	(2,061)
Increase (decrease) in reserves	-	-	(1,165)	1,164
Increase (decrease) of investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>45,166</b>	<b>31,433</b>	<b>67,333</b>	<b>(35,902)</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(15,308)</b>	<b>(16,167)</b>	<b>(14,944)</b>	<b>(1,224)</b>
<b>Total funding balance (A-B) + (C-D)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Group depreciation and amortisation	26,172	26,977	29,108	(2,131)

FUNDING IMPACT STATEMENT:		LTP Council 2020 \$'000	LTP Council 2021 \$'000	Actual Council 2021 \$'000	Variance \$'000	
Water Supply	Notes					
SOURCES OF OPERATING FUNDING						
General Rates, uniform annual general charge, rates penalties		83	84	489	405	Key financial variances
Targeted Rates	1	10,938	12,008	10,808	(1,200)	Significant operating variances
Subsidies and grants for operating purposes		-	-	-	-	1. Offsetting LTP variance between targeted rates and water meter charges
Fees and charges	2	310	318	1,675	1,357	2. Water meter charges are higher than LTP (especially industrial & irrigation) offsetting the targeted rates variance
Internal charges and overheads recovered		4,276	4,354	4,852	498	
Local Authorities fuel tax, fines, infringement fees and other receipts		-	-	143	143	
<b>Total operating funding (A)</b>		<b>15,607</b>	<b>16,764</b>	<b>17,967</b>	<b>1,203</b>	3. Payments to staff and suppliers are higher than LTP due to increased water quality monitoring, investigations, maintenance & impact of the water charge programme. Offsetting this is lower than planned pump station electricity costs.
APPLICATIONS OF OPERATING FUNDING						
Payments to staff and suppliers	3	7,226	7,584	8,674	(1,090)	Significant asset acquisitions or replacements and other variances
Finance costs		2,177	2,608	1,441	1,167	
Internal charges and overheads applied		3,143	3,212	3,634	(422)	
Other operating funding applications		5	5	88	(33)	
<b>Total applications of operating funding (B)</b>		<b>12,551</b>	<b>13,409</b>	<b>13,787</b>	<b>(378)</b>	
<b>Surplus (deficit) of operating funding (A-B)</b>		<b>3,056</b>	<b>3,355</b>	<b>4,180</b>	<b>825</b>	
SOURCES OF CAPITAL FUNDING						
Subsidies and grants for capital expenditure	4	-	-	7,681	7,681	4. Additional government funding received outside of annual plan to support capital water projects.
Development and financial contributions	5	1,277	1,282	654	(628)	5. Development Contributions revenue is less than LTP due to timing of Hastings/Havelock North development projects.
Increase (decrease) in debt	6	11,538	1,840	15,343	13,503	6. Debt is much higher than LTP due to timing of capital projects (Frimley & Eastbourne).
Gross proceeds from sale of assets		20	142	20	(122)	
Lump sum contributions	7	-	-	772	772	7. Private contribution to Te Aute Rd water main.
Other dedicated capital funding		-	-	-	-	
<b>Total sources of capital funding (C)</b>		<b>12,835</b>	<b>3,264</b>	<b>24,470</b>	<b>21,206</b>	
APPLICATIONS OF CAPITAL FUNDING						
Capital expenditure						
To meet additional demand	8	564	215	1,504	(1,289)	8. Growth expenditure is greater than LTP due to the timing of subdivision growth projects
To improve the level of service	9	13,622	4,741	22,936	(18,195)	9. Capital Expenditure to improve the level of service is much higher than LTP due to the timing of Frimley & Eastbourne water treatment projects (new source, reticulation & treatment).
To replace existing assets	10	1,706	1,664	3,581	(1,917)	
Increase (decrease) in reserves		-	-	629	(629)	10. Capital Expenditure to replace additional assets is higher than LTP due to a variety of network improvements and reservoir upgrades.
Increase (decrease) of investments		-	-	-	-	
<b>Total applications of capital funding (D)</b>		<b>15,891</b>	<b>6,620</b>	<b>28,650</b>	<b>(22,030)</b>	
<b>Surplus (deficit) of capital funding (C-D)</b>		<b>(3,056)</b>	<b>(3,355)</b>	<b>(4,180)</b>	<b>(825)</b>	
<b>Total funding balance (A-B) + (C-D)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Group depreciation and amortisation		2,967	3,245	3,302	(57)	



FORECAST STATEMENT OF PLANNED CAPITAL WORKS:		LTP 2020/21 \$'000	Actual Council 2021 \$'000	Variance \$'000
Water Supply	Notes			
CAPITAL EXPENDITURE				
Meet additional demand		215	1,504	(1,289)
Improve level of service		4,741	22,936	(18,195)
To replace existing assets		1,664	3,581	(1,917)
<b>Total capital expenditure</b>		<b>6,620</b>	<b>28,021</b>	<b>(21,401)</b>

FORECAST STATEMENT OF MAJOR CAPITAL PROJECTS:		Revised Budget* 2020/21 \$'000	Actual Council 2021 \$'000	Variance \$'000
Water Supply	Notes			
Drinking water strategy implementation	1	4,196	15,158	(10,962)
Planned Renewals		860	98	762
Other Projects	2	327	1,851	(1,524)
Backflow prevention		270	386	(116)
Water Services – Ops related Capital		226	549	(323)
New Connections		222	318	(96)
Iona / Middle	5	189	1,415	(1,226)
Howard St – Internal	5	-	38	(38)
Small Supplies	3	-	5,770	(5,770)
Rymans Health Care	4	-	744	(744)
Reservoir Upgrades		-	758	(758)

\*This does not match the LTP due to a change in project budgets. A comparison with the revised budget has been provided.

1. Timing of water supply and water treatment projects (Frimley & Eastbourne)
2. Other Projects include Florence Place, Montgomery Place, Olive Tucker Lane, Omaha roundabouts.
3. Small supplies including: Haumoana, Waimārama, Te Pōhue, Whirināki, Clive.
4. Havelock North Retirement village.
5. New subdivision projects.



FUNDING IMPACT STATEMENT:		LTP Council 2020 \$'000	LTP Council 2021 \$'000	Actual Council 2021 \$'000	Variance \$'000	
Stormwater Drainage	Notes					
SOURCES OF OPERATING FUNDING						
General Rates, uniform annual general charge, rates penalties		2,960	3,106	2,426	(680)	Key financial variances
Targeted Rates		16	16	23	7	Significant operating variances
Subsidies and grants for operating purposes		-	-	-	-	
Fees and charges		42	43	174	131	1. Finance Costs & Debt vary from the LTP due to capital projects timing
Internal charges and overheads recovered		14	15	14	(1)	2. Higher than expected external debt requirement.
Local Authorities fuel tax, fines, infringement fees and other receipts		-	-	30	30	
<b>Total operating funding (A)</b>		<b>3,032</b>	<b>3,180</b>	<b>2,667</b>	<b>(513)</b>	Significant asset acquisitions or replacements and other variances
APPLICATIONS OF OPERATING FUNDING						
Payments to staff and suppliers		692	710	974	264	
Finance costs	1	736	794	306	(488)	3. Capital costs and LTP plans vary due to timing, projects include: Lowes pk, Maraekāia Rd and Warwick Rd.
Internal charges and overheads applied		1,033	1,056	1,121	65	
Other operating funding applications		12	13	1	(12)	4. Capital costs were higher than LTP due to timing of Network renewal
<b>Total applications of operating funding (B)</b>		<b>2,474</b>	<b>2,573</b>	<b>2,402</b>	<b>(171)</b>	
<b>Surplus (deficit) of operating funding (A-B)</b>		<b>559</b>	<b>607</b>	<b>265</b>	<b>(342)</b>	5. Some reserve funding has been utilised for infrastructure projects
SOURCES OF CAPITAL FUNDING						
Subsidies and grants for capital expenditure		-	-	-	-	
Development and financial contributions		694	696	150	(546)	
Increase (decrease) in debt	2	1,602	620	1,232	612	
Gross proceeds from sale of assets		-	-	-	-	
Lump sum contributions		-	-	-	-	
Other dedicated capital funding		-	-	-	-	
<b>Total sources of capital funding (C)</b>		<b>2,296</b>	<b>1,315</b>	<b>1,382</b>	<b>67</b>	
APPLICATIONS OF CAPITAL FUNDING						
Capital expenditure						
To meet additional demand		1,450	271	266	(5)	
To improve the level of service	3	953	1,321	986	(335)	
To replace existing assets	4	451	330	877	547	
Increase (decrease) in reserves	5	-	-	(482)	(482)	
Increase (decrease) of investments		-	-	-	-	
<b>Total applications of capital funding (D)</b>		<b>2,854</b>	<b>1,922</b>	<b>1,647</b>	<b>(275)</b>	
<b>Surplus (deficit) of capital funding (C-D)</b>		<b>(559)</b>	<b>(607)</b>	<b>(265)</b>	<b>342</b>	
<b>Total funding balance (A-B) + (C-D)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Group depreciation and amortisation		2,942	3,021	3,808	787	

FORECAST STATEMENT OF PLANNED CAPITAL WORKS:		LTP 2020/21 \$'000	Actual Council 2021 \$'000	Variance \$'000
Stormwater Disposal	Notes			
CAPITAL EXPENDITURE				
Meet additional demand		271	266	5
Improve level of service		1,321	986	335
To replace existing assets		380	877	(547)
<b>Total capital expenditure</b>		<b>1,922</b>	<b>2,129</b>	<b>(207)</b>

FORECAST STATEMENT OF MAJOR CAPITAL PROJECTS:		Revised Budget* 2020/21 \$'000	Actual Council 2021 \$'000	Variance \$'000
Stormwater Disposal	Notes			
Nelson Park Linkages & Greenspace	1	525	66	459
Other Projects	2	476	548	(72)
Medium Density Housing Strategy	3	271	103	168
Network Modelling		126	70	56
Pumpstation Projects		110	28	82
Reactive Renewals		110	89	21
New Connections		105	190	(85)
Planned Renewals		105	151	(46)
Havelock North Streams	2	52	1	51
Water Services Quality Improvements		21	140	(119)
Arataki Development	3	-	41	(41)
Brookvale Rd	3	-	22	(22)
Lyndhurst Development Stage II	3	-	19	(19)
Maraekākaho Stormwater	1	-	114	(114)
Warwick Rd	1	-	191	(191)
Coastal Protection	1	-	197	(197)

\*This does not match the LTP, due to a change in project budgets. A comparison with the revised budget has been provided.

1. Reprioritisation of project timings across years.
2. Other projects include Kopanga Rd Storage, Quart-iona, and Middle Rd projects.
3. New Subdivision projects

FUNDING IMPACT STATEMENT		LTP Council 2020 \$'000	LTP Council 2021 \$'000	Actual Council 2021 \$'000	Variance \$'000	
Sewerage and the treatment and disposal of sewerage	Notes					
SOURCES OF OPERATING FUNDING						
General Rates, uniform annual general charge, rates penalties		472	470	368	(102)	Key Financial variances
Targeted Rates (other than a targeted rate for water supply)		7,548	7,793	7,293	(500)	Significant operating variances
Subsidies and grants for operating purposes		-	-	-	-	
Fees and charges	1	1,762	1,803	2,201	398	1. Industrial Wastewater & connection fee revenue is higher than planned in LTP.
Internal charges and overheads recovered		2,648	2,710	2,630	(80)	2. Sewer & Effluent Disposal Contracted Services costs (especially preventative & reactive maintenance) are higher than planned in LTP.
Local Authorities fuel tax, fines, infringement fees and other receipts		-	-	100	100	
<b>Total operating funding (A)</b>		<b>12,430</b>	<b>12,776</b>	<b>12,592</b>	<b>(184)</b>	
APPLICATIONS OF OPERATING FUNDING						
Payments to staff and suppliers	2	2,561	2,620	3,476	(856)	3. Timing of capital projects including Trunk Sewers, Wastewater treatment facilities.
Finance costs	3	1,465	1,534	1,007	527	
Internal charges and overheads applied		5,076	5,191	5,281	(90)	Significant asset acquisitions or replacements and other variances
Other operating funding applications		15	15	1	14	
<b>Total applications of operating funding (B)</b>		<b>9,116</b>	<b>9,361</b>	<b>9,765</b>	<b>(404)</b>	4. Debt has increased by less than planned in the LTP due to timing of capital projects (Lyell St, Park Rd Rth, Oliphant, Warwick).
<b>Surplus (deficit) of operating funding (A-B)</b>		<b>3,314</b>	<b>3,415</b>	<b>2,827</b>	<b>(588)</b>	5. Timing of private works contributions.
SOURCES OF CAPITAL FUNDING						
Subsidies and grants for capital expenditure		-	-	-	-	6. Capital Expenditure to meet additional demand is lower than LTP due to timing of Iona-Middle growth developments.
Development and financial contributions		1,255	1,261	1,251	(10)	
Increase (decrease) in debt	4	1,233	927	666	(261)	7. Capital Expenditure to improve the level of service is higher than LTP due to Wastewater Treatment Facilities and Connections work.
Gross proceeds from sale of assets		-	-	-	-	
Lump sum contributions	5	250	256	25	(230)	
Other dedicated capital funding		-	-	-	-	
<b>Total sources of capital funding (C)</b>		<b>2,739</b>	<b>2,445</b>	<b>1,942</b>	<b>(503)</b>	8. Capital Expenditure is similar to LTP and includes Pakowhai Rd, Eastern Interceptor, Warwick Rd & Trunk Sewer projects.
APPLICATIONS OF CAPITAL FUNDING						
Capital expenditure						9. Funding from the Effluent Disposal reserve was used to fund capital infrastructure projects.
To meet additional demand	6	-	839	234	605	
To improve the level of service	7	179	184	710	(526)	
To replace existing assets	8	5,873	4,837	4,765	72	
Increase (decrease) in reserves	9	-	-	(940)	940	
Increase (decrease) of investments		-	-	-	-	
<b>Total applications of capital funding (D)</b>		<b>6,053</b>	<b>5,860</b>	<b>4,769</b>	<b>1,091</b>	
<b>Surplus (deficit) of capital funding (C-D)</b>		<b>(3,314)</b>	<b>(3,415)</b>	<b>(2,827)</b>	<b>588</b>	
<b>Total funding balance (A-B) + (C-D)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Group depreciation and amortisation		6,395	6,519	7,262	(743)	

FORECAST STATEMENT OF PLANNED CAPITAL WORKS: Sewerage and the treatment and disposal of sewerage	Notes	LTP 2020/21 \$'000	Actual Council 2021 \$'000	Variance \$'000
<b>CAPITAL EXPENDITURE</b>				
Meet additional demand		839	234	605
Improve level of service		184	710	(526)
To replace existing assets		4,837	4,765	72
<b>Total capital expenditure</b>		<b>5,860</b>	<b>5,709</b>	<b>151</b>

FORECAST STATEMENT OF MAJOR CAPITAL PROJECTS: Sewerage and the treatment and disposal of sewerage	Notes	Revised Budget* 2020/21 \$'000	Actual Council 2021 \$'000	Variance \$'000
Trunk Sewers	1	2,255	571	1,684
Other Projects	2	998	1,210	(212)
Iona / Middle	3	839	161	678
Park Rd System Upgrade	4	420	968	(548)
Planned Renewals		399	266	133
Reactive Renewals		325	247	78
Pumpstation Projects	5	241	-	241
Wastewater Treatment Plant		157	318	(161)
Wastewater – Operations related Capital		147	194	(47)
New Connections		79	474	(395)
Lyndhurst Development Stage II	3	-	16	(16)
Outfall	5	-	870	(870)
Wastewater Network Model		-	46	(46)
Howard St – Internal	3	-	38	(38)
Princes-Victoria-Ellison	5	-	27	(27)
Warwick Rd	5	-	160	(160)

\*This does not match the LTP due to a change in project budgets. A comparison with the revised budget has been provided.

1. Trunk sewer project timing has changed since LTP.
2. Other projects include sewer renewals, effluent disposal plant, wastewater treatment facilities projects
3. New Subdivision projects.
4. Park Rd rising main was deferred into 2019-20 from previous years. Budget was carried forward.
5. Reproritisation of various project timings across years.

FUNDING IMPACT STATEMENT:		LTP Council	LTP Council	Actual Council	Variance	
Roads and Footpaths		2020	2021	2021		
	Notes	\$'000	\$'000	\$'000	\$'000	
<b>SOURCES OF OPERATING FUNDING</b>						
General Rates, uniform annual general charge, rates penalties		17,111	17,644	15,948	(1,697)	Key Financial variances
Targeted Rates		434	452	430	(22)	Significant operating variances
Subsidies and grants for operating purposes	1	5,872	5,873	6,178	305	1. Subsidies revenue is higher than LTP due to the timing of NZTA subsidies for road maintenance and sealed pavements.
Fees and charges	2	1,318	1,336	1,511	175	2. Fees revenue is higher than LTP due to higher parking and WOF infringements.
Internal charges and overheads recovered		2,841	2,908	3,126	218	3. Payments to staff and suppliers are higher than LTP due to environmental maintenance, pavement and drainage maintenance.
Local Authorities fuel tax, fines, infringement fees and other receipts	2	199	204	499	295	
<b>Total operating funding (A)</b>		<b>27,775</b>	<b>28,417</b>	<b>27,692</b>	<b>(725)</b>	
<b>APPLICATIONS OF OPERATING FUNDING</b>						
Payments to staff and suppliers	3	13,071	13,141	14,021	(880)	4. Capital Subsidies are higher than LTP due to jobs for Heretaunga initiative and the timing of Maintenance and Minor Safety projects.
Finance costs		939	963	827	135	5. Development contributions are lower than LTP due to the timing of Irongate and Omahu growth projects.
Internal charges and overheads applied		5,372	5,512	5,166	346	6. Debt is much higher than planned in LTP due to timing of capital projects (Irongate, Community Wide Growth, Queen St CBD, Omahu Rd Roundabouts, Bridge Strengthening).
Other operating funding applications		12	12	6	6	7. Capital expenditure includes previously deferred projects (Irongate & Iona-Middle).
<b>Total applications of operating funding (B)</b>		<b>19,395</b>	<b>19,628</b>	<b>20,020</b>	<b>(392)</b>	8. Capital expenditure is much higher than LTP due to "Jobs for Heretaunga" roading projects & Queen St CBD project.
<b>Surplus (deficit) of operating funding (A-B)</b>		<b>8,380</b>	<b>8,789</b>	<b>7,672</b>	<b>(1,117)</b>	9. Capital Works to replace existing assets is similar to LTP including bridge strengthening, maintenance seals, pavement rehabilitation.
<b>SOURCES OF CAPITAL FUNDING</b>						
Subsidies and grants for capital expenditure	4	8,380	8,293	19,007	10,714	10. Some funding was released from Waka Kotahi NZTA funds reserves.
Development and financial contributions	5	1,078	1,087	1,016	(71)	
Increase (decrease) in debt	6	2,453	(1,297)	4,572	5,869	
Gross proceeds from sale of assets		18	100	-	(100)	
Lump sum contributions		57	59	-	(59)	
Other dedicated capital funding		-	-	-	-	
<b>Total sources of capital funding (C)</b>		<b>11,987</b>	<b>8,242</b>	<b>24,595</b>	<b>16,353</b>	
<b>APPLICATIONS OF CAPITAL FUNDING</b>						
Capital expenditure						
To meet additional demand	7	2,321	81	2,388	(2,307)	
To improve the level of service	8	4,511	2,948	16,580	(13,632)	
To replace existing assets	9	13,535	14,002	13,670	332	
Increase (decrease) in reserves	10	-	-	(371)	371	
Increase (decrease) of investments		-	-	-	-	
<b>Total applications of capital funding (D)</b>		<b>20,367</b>	<b>17,031</b>	<b>32,267</b>	<b>(15,236)</b>	
<b>Surplus (deficit) of capital funding (C-D)</b>		<b>(8,380)</b>	<b>(8,789)</b>	<b>(7,672)</b>	<b>1,117</b>	
<b>Total funding balance (A-B) + (C-D)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Group depreciation and amortisation		13,858	14,192	14,736	(544)	



FORECAST STATEMENT OF PLANNED CAPITAL WORKS: Roads and Footpaths	Notes	LTP 2020/21 \$'000	Actual Council 2021 \$'000	Variance \$'000
<b>CAPITAL EXPENDITURE</b>				
Meet additional demand		81	2,388	(2,307)
Improve level of service		2,948	16,580	(13,632)
To replace existing assets		14,002	13,670	332
<b>Total capital expenditure</b>		<b>17,031</b>	<b>32,638</b>	<b>(15,607)</b>

FORECAST STATEMENT OF MAJOR CAPITAL PROJECTS: Roads and Footpaths	Notes	Revised Budget* 2020/21 \$'000	Actual Council 2021 \$'000	Variance \$'000
Other Miscellaneous Projects	1	10,532	6,581	3,951
Other Projects	2	5,090	12,407	(7,317)
Footpath renewals		735	163	572
Model Communities	3	555	1,228	(673)
Omahu Rd Industrial		-	361	(361)
Irongate Industrial Development		-	1,445	(1,445)
Iona / Middle Subdivision		-	643	(643)
Princes-Victoria-Ellison		-	777	(777)
Jobs for Heretaunga	4	-	7,860	(7,860)
Coastal Protection		-	479	(479)

\*This does not match the LTP due to a change in project budgets. A comparison with the revised budget has been provided.

1. Other Miscellaneous Projects: including Maintenance seals, Drainage renewals, Pavement Rehabilitation and Network maintenance.  
2. Other Projects: including Kuripango & Mangatahi bridge strengthening, Tauroa boardwalk, and Waimarama Rd safety projects (mad mile).  
3. Various projects including Napier Rd Cycleway.  
4. Jobs for Heretaunga initiative pursuant to COVID-19 impacts including Waipatu safety improvements & Kahurangi Rd.

# Safe, Healthy and Liveable Communities

The section titled 'Our Reporting Framework' outlines the detailed achievement for the year for this activity group. Summary information on the key matters within this activity group can also be found within the section titled 'Key Initiatives and Projects'.

In summary this group of activities primarily contributes to the following community outcomes:

- best use of productive land
- managing negative effects on people, air, land and water
- a community that wastes less
- energy efficiency
- an attractive location to live
- diversity in housing choice
- attractive and usable public spaces
- safe, multi-functional urban centres
- safe neighbourhoods for people
- connected open space
- urban areas resilient to hazards and shocks
- places and space for learning and interaction
- places and space for recreation and fun
- a strong district identity
- putting people at the centre of planning and service
- effective working relationships with mana whenua
- assisting our people to succeed.

A snapshot of the key aspects of performance for this group of activities during the year is as follows:

- This activity group contains a broad range of services and facilities. The majority (82%) of the levels of service for this group of activities which were measured, were achieved or substantially achieved.
- The Splash Planet facility exceeded its visitor number target for the year.
- The Landfill development programme continues through to 2025 and made further progress during 2020/21.
- Earthquake strengthening of the Municipal Building made further progress during the year and the Council endorsed the development and investment plan for the building.
- Further playground upgrades were completed at a number of the districts parks as did earthquake strengthening work on a number of public buildings and facilities.

## Negative effects

The only significant negative effect identified for this group of activities is the potential discharge of contaminants from the landfill. The Council mitigates these potential adverse effects through adherence with resource consent conditions. No significant breaches were recorded in 2020/21 other than two separate odour complaints. The Council is also accredited under the ISO9000:2001 standard which is adhered to.

FUNDING IMPACT STATEMENT:		LTP Council 2020 \$'000	LTP Council 2021 \$'000	Actual Council 2021 \$'000	Variance \$'000	Key Financial variances
Safe, Healthy and Usable Communities	Notes					Significant operating variances
<b>SOURCES OF OPERATING FUNDING</b>						
General Rates, uniform annual general charge, rates penalties		31,060	32,626	34,905	2,279	1. Increase in Refuse & Kerbside collection targeted rates as a result of new wheeler bin collection service.
Targeted Rates	1	1,807	1,953	4,726	2,773	2. Fees and Charges are higher than LTP due to: Building Consent volumes, Splash Planet admissions and Solid Waste volumes (Transfer Stations & Landfill).
Subsidies and grants for operating purposes		105	123	189	66	
Fees and charges	2	20,321	21,296	25,065	3,769	
Internal charges and overheads recovered	3	27,177	27,798	15,679	(12,119)	3. Internal recoveries are less than planned in the LTP due to the outsourcing of Council's Parks Works Division to a private provider.
Local Authorities fuel tax, fines, infringement fees and other receipts		91	93	236	143	
<b>Total operating funding (A)</b>		<b>80,561</b>	<b>83,890</b>	<b>80,800</b>	<b>(3,090)</b>	4. Payments to Suppliers are high due to Parks Maintenance outsourcing (offsetting internal charges above). Kerbside Collection, High Landfill volumes, High Building Control, Environmental Consents & Policy costs, Toitot & Community Facilities costs.
<b>APPLICATIONS OF OPERATING FUNDING</b>						
Payments to staff and suppliers	4	36,921	37,968	44,644	(6,676)	
Finance costs		1,663	1,945	1,607	338	
Internal charges and overheads applied		30,453	31,235	20,505	10,730	
Other operating funding applications	5	2,138	2,352	3,407	(1,055)	5. Higher Landfill Emission Trading Scheme (ETS) costs, Timing of grants to Regional Sports Park.
<b>Total applications of operating funding (B)</b>		<b>71,175</b>	<b>73,500</b>	<b>70,163</b>	<b>3,337</b>	
<b>Surplus (deficit) of operating funding (A-B)</b>		<b>9,386</b>	<b>10,390</b>	<b>10,637</b>	<b>248</b>	
<b>SOURCES OF CAPITAL FUNDING</b>						Significant asset acquisitions or replacements and other variances
Subsidies and grants for capital expenditure	6	1,134	814	4,459	3,645	6. Capital funding is higher than LTP from Flaxmere Housing, HB Museum Storage, and Waka Kotahi NZTA CBD projects.
Development and financial contributions		800	800	699	(101)	
Increase (decrease) in debt	7	10,845	6,438	7,192	754	
Gross proceeds from sale of assets	8	240	276	1,771	1,495	7. Debt has increased by slightly less than planned in LTP due to deferred Landfill extension \$2.7m offset mostly by debt requirement for Toitot development (\$2.4m).
Lump sum contributions		-	-	-	-	
Other dedicated capital funding		-	-	-	-	
<b>Total sources of capital funding (C)</b>		<b>13,018</b>	<b>8,328</b>	<b>14,121</b>	<b>5,793</b>	8. Asset sale proceeds are higher than LTP due to sale of sections in Tarbet St, Flaxmere, for development of housing.
<b>APPLICATIONS OF CAPITAL FUNDING</b>						
Capital expenditure						
To meet additional demand	9	373	950	23	927	9. Capital costs are higher than LTP due to timing of subdivision reserves projects.
To improve the level of service	10	9,458	9,006	11,948	(2,942)	10. Capital costs are higher than LTP due to Museum Storage project, Tarbet Flaxmere Housing development and CBD public spaces developments. Offsetting these costs has been the delayed timing of the Landfill extension project.
To replace existing assets	11	12,573	8,762	12,812	(4,050)	
Increase (decrease) in reserves	12	-	-	(25)	25	
Increase (decrease) of investments		-	-	-	-	
<b>Total applications of capital funding (D)</b>		<b>22,404</b>	<b>18,718</b>	<b>24,758</b>	<b>(6,040)</b>	
<b>Surplus (deficit) of capital funding (C-D)</b>		<b>(9,386)</b>	<b>(10,390)</b>	<b>(10,637)</b>	<b>(248)</b>	11. Capital costs are higher than LTP due to Toitot development & Municipal Building strengthening.
<b>Total funding balance (A-B) + (C-D)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	12. Reserve funding has been utilised to fund building maintenance projects, Toitot, Refuse & Recycling development.
Group depreciation and amortisation		5,119	5,327	7,379	(1,452)	

FORECAST STATEMENT OF PLANNED CAPITAL WORKS: Safe Healthy and Livable Communities		LTP 2020/21 \$'000	Actual Council 2021 \$'000	Variance \$'000
Notes				
<b>CAPITAL EXPENDITURE</b>				
Meet additional demand		950	23	927
Improve level of service		9,006	11,948	(2,942)
To replace existing assets		8,762	12,812	(4,050)
<b>Total capital expenditure</b>		<b>18,718</b>	<b>24,783</b>	<b>(6,065)</b>

FORECAST STATEMENT OF MAJOR CAPITAL PROJECTS: Safe Healthy and Livable Communities		Revised Budget* 2020/21 \$'000	Actual Council 2021 \$'000	Variance \$'000	
Notes					
Landfill Valley Development		3,198	1,479	1,719	1 Timing of Landfill Valley D life extension / development of Valley C.
Municipal Strengthen		4,176	7,033	(2,857)	2 Municipal Building strengthening is being completed using national funding granted since 18/19 LTP was set.
CBD & Suburban Re-Development-Miscellaneous Parks		1,227	1,620	(393)	3 Hastings City Centre Revitalisation.
Windsor Park RMP Implementation		705	-	705	4 Timing & prioritisation of reserve management plans.
Howard St Subdivision – Reserve Purchase		626	-	626	5 Project work with budgets carried forward from previous years.
Civic Square		522	-	522	6 Project work deferred into 21/22.
Various New Toilets		293	437	(144)	7 Regional Museum storage project previously unbudgeted.
Waste Minimisation Projects		261	-	261	8 Hastings Art Gallery Roof replacement (budget carried forward from previous years).
Library Books		235	75	160	9 Splash Planet slide & tower stabilisation & strengthening work.
All Parks Irrigation Upgrading		230	313	(83)	
Raureka local Parks RMP		104	237	(133)	
Tarbet St Subdivision		-	1,235	(1,235)	
Hawkes Bay Museum Storage development		-	3,095	(3,095)	
Kerbside Refuse Collection reserve		-	1,130	(1,130)	
Recreation Services Tree Renewal		-	348	(348)	
Waka Kotahi NZTA – CBD		-	356	(356)	
Waterworld		-	278	(278)	
Hastings Art Gallery		-	865	(865)	
Splash Planet		-	445	(445)	

\*This does not match the LTP due to a change in project budgets. A comparison with the revised budget has been provided.

# Economic and Community Development

The section titled 'Our Reporting Framework' outlines the detailed achievement for the year for this activity group. Summary information on the key matters within this activity group can also be found within the section titled 'Key Initiatives and Projects'.

This group of activities primarily contributes to the following community outcomes:

- an enhanced traditional economic base
- new and diversified business investment
- an appealing visitor destination
- skilled and enterprising people
- an attractive location to live
- diversity in housing choice
- attractive and useable public spaces
- safe, multi-functional urban centres and neighbourhoods
- a strong district identity
- putting people at the centre of planning and service
- effective working relationships with mana whenua
- young people connect and develop positively within the community
- appropriate services and facilities for an ageing population.

A snapshot of the key aspects of performance for this group of activities during the year is as follows:

- A focus was placed on commencing housing and business capacity assessments as required via National Policy Statements on urban development. The Hastings Housing Plan also commenced its rollout, particularly in Flaxmere and attracted considerable external funding support.
- Key performance metrics in respect of residential land supply and serviced industrial land availability are on track.
- Economic development activity was focused particularly on business attraction through a range of initiatives during the year. Foodeast (a new food innovation hub) is in the implementation phase.
- Significant progress was made within the Hastings CBD via a range of investment initiatives, including the Heretaunga East entertainment precinct.
- A range of social programmes with particular focus on helping young people into jobs continued during the year.
- In terms of tourism and visitor attraction, Splash Planet exceeded its visitor number target for the year with a total of 135,721 visitors, of which 82,064 (60%) were from outside the district.

## Negative effects

Negative effects can result in the form of environmental issues associated with increased development. The recent Council adoption of a new Infrastructure Code of Practice developed on sustainability principles and best practice sets out infrastructure guidelines for new developments.



FUNDING IMPACT STATEMENT		LTP Council 2020 \$'000	LTP Council 2021 \$'000	Actual Council 2021 \$'000	Variance \$'000	
Economic and Community Development	Notes					
SOURCES OF OPERATING FUNDING						
General Rates, uniform annual general charge, rates penalties		6,832	7,026	7,996	970	Key Financial variances
Targeted Rates		341	341	346	5	Significant operating variances
Subsidies and grants for operating purposes	1	51	52	549	497	1. Grant revenue is higher than LTP due to Government funding for He Poutama Rangatahi (Youth Employment Pathways) funding
Fees and charges	2	452	461	841	380	2. Fee revenue is higher than LTP from Hawke's Bay Food Hub development.
Internal charges and overheads recovered		26	26	-	(26)	3. Staff & Suppliers are high due to Communications costs now charged here (instead of Governance & Support and planned in LTP), Papakāinga (Housing developments), HB Food Hub development, He Poutama Rangatahi programme.
Local Authorities fuel tax, fines, infringement fees and other receipts		-	-	2	2	4. Other funding applications are higher than LTP from HB Food Hub project.
<b>Total operating funding (A)</b>		<b>7,702</b>	<b>7,907</b>	<b>9,734</b>	<b>1,827</b>	
APPLICATIONS OF OPERATING FUNDING						
Payments to staff and suppliers	3	5,207	5,319	7,799	(2,480)	5. Significant asset acquisitions or replacements and other variances
Finance costs		19	18	14	4	
Internal charges and overheads applied		1,447	1,487	1,665	(178)	
Other operating funding applications	4	1,031	1,040	1,402	(362)	
<b>Total applications of operating funding (B)</b>		<b>7,704</b>	<b>7,864</b>	<b>10,880</b>	<b>(3,016)</b>	
<b>Surplus (deficit) of operating funding (A-B)</b>		<b>(2)</b>	<b>44</b>	<b>(1,146)</b>	<b>(1,189)</b>	
SOURCES OF CAPITAL FUNDING						
Subsidies and grants for capital expenditure		-	-	400	400	
Development and financial contributions		-	-	-	-	
Increase (decrease) in debt		116	(25)	(13)	12	
Gross proceeds from sale of assets		54	18	22	4	
Lump sum contributions		-	-	-	-	
Other dedicated capital funding		-	-	-	-	
<b>Total sources of capital funding (C)</b>		<b>171</b>	<b>(7)</b>	<b>409</b>	<b>416</b>	
APPLICATIONS OF CAPITAL FUNDING						
Capital expenditure		-	-	-	-	
To meet additional demand		-	-	-	-	
To improve the level of service		-	-	24	(24)	
To replace existing assets		169	37	37	()	
Increase (decrease) in reserves	5	-	-	(798)	798	
Increase (decrease) of investments		-	-	-	-	
<b>Total applications of capital funding (D)</b>		<b>169</b>	<b>37</b>	<b>(737)</b>	<b>773</b>	
<b>Surplus (deficit) of capital funding (C-D)</b>		<b>2</b>	<b>(44)</b>	<b>1,146</b>	<b>1,189</b>	
<b>Total funding balance (A-B) + (C-D)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Group depreciation and amortisation		51	65	64	1	

FORECAST STATEMENT OF PLANNED CAPITAL WORKS:		LTP	Actual Council	
Economic and Community Development	Notes	2020/21	2021	Variance
		\$'000	\$'000	\$'000
CAPITAL EXPENDITURE				
Meet additional demand			-	-
Improve level of service		-	24	(24)
To replace existing assets		37	37	
<b>Total capital expenditure</b>		<b>37</b>	<b>61</b>	<b>(24)</b>

FORECAST STATEMENT OF MAJOR CAPITAL PROJECTS:		Revised Budget*	Actual Council	
Economic and Community Development	Notes	2020/21	2021	Variance
		\$'000	\$'000	\$'000
He Poutama Rangatahi	1	-	19	(19)
Plant Machinery & Vehicles Renewals		-	30	(30)
Cultural Assets	2	-	6	(6)

\*This does not match the LTP due to a change in project budgets. A comparison with the revised budget has been provided.

- 1. Youth Employment Caravan
- 2. Council Chamber Feature Wall

## Governance and Support Services

The section titled 'Our Reporting Framework' outlines the detailed achievement for the year for this activity group. Summary information on the key matters within this activity group can also be found within the section titled 'Key Initiatives and Projects'.

This group of activities primarily contributes to the following community outcomes:

- putting people at the centre of planning and service
- effective working relationships with mana whenua
- a future we can fund.

A snapshot of the key aspects of performance for this group of activities during the year is as follows:

- Customer feedback for the Customer Service Centre is very positive with the continuation of high customer satisfaction, as measured through mystery shopper visits (97% satisfaction) and phone calls.
- The Council's targets for website usage were exceeded with an average of 48,281 unique visitors per month, well in excess of the target of 15,000. Service levels within the customer service and contact centre areas of Council were achieved.
- No breaches of statutory planning processes were recorded during the year.
- The section titled 'Exercising Partnership – Council, Tangata Whenua, Mana Whenua' outlines the activities undertaken during 2020/21 to establish and maintain processes to provide opportunities for mana whenua to exercise partnership in decision making.



FUNDING IMPACT STATEMENT:		LTP Council	LTP Council	Actual Council	Variance	
Governance and Support		2020	2021	2021		
	Notes	\$'000	\$'000	\$'000	\$'000	
<b>SOURCES OF OPERATING FUNDING</b>						
General Rates, uniform annual general charge, rates penalties		3,294	3,411	1,545	(1,866)	Key Financial variances
Targeted Rates		(925)	(930)	-	930	Significant operating variances
Subsidies and grants for operating purposes		-	-	-	-	
Fees and charges	1	140	101	496	395	1. Fees & Charges income for IT, Procurement support provided to other Councils and Cultural Landscape Services provided to NZ Māori Tourism.
Internal charges and overheads recovered	2	14,976	15,450	15,648	198	
Local Authorities fuel tax, fines, infringement fees and other receipts		660	674	618	(56)	2. Government & Support operating costs are recovered by internal charge across Council.
<b>Total Operating Funding (A)</b>		<b>18,145</b>	<b>18,706</b>	<b>18,307</b>	<b>(399)</b>	
<b>APPLICATIONS OF OPERATING FUNDING</b>						
Payments to staff and suppliers	3	12,804	13,122	13,158	(36)	3. Communications costs are now charged to Marketing (instead of Governance & Support) offset by higher IT & People/ recruitment costs.
Finance costs		56	55	45	10	
Internal charges and overheads applied		4,374	4,480	4,073	407	
Other operating funding applications		1,144	1,169	1,142	27	4. Debt did not increase as much as planned in the LTP due to Capital programme timing.
<b>Total applications of operating funding (B)</b>		<b>18,378</b>	<b>18,826</b>	<b>18,418</b>	<b>408</b>	
<b>Surplus (deficit) of operating funding (A-B)</b>		<b>(233)</b>	<b>(121)</b>	<b>(111)</b>	<b>10</b>	5. Sale of Orchard Rd (ex-works division site).
<b>SOURCES OF CAPITAL FUNDING</b>						
Subsidies and grants for capital expenditure		-	-	19	19	Significant asset acquisitions or replacements and other variances
Development and financial contributions		-	-	-	-	
Increase (decrease) in debt	4	612	1,674	903	(771)	6. Reserve funding has been utilised to fund infrastructure projects (e.g. new Document Management System, Heretaunga House decamp, IT projects), some LTP projects did not proceed in the year as planned (MDF, CRM projects).
Gross proceeds from sale of assets	5	76	76	1,768	1,692	
Lump sum contributions		-	-	-	-	
Other dedicated capital funding		-	-	-	-	
<b>Total sources of capital funding (C)</b>		<b>688</b>	<b>1,750</b>	<b>2,690</b>	<b>940</b>	7. Higher debt requires additional investment in LGFA.
<b>APPLICATIONS OF CAPITAL FUNDING</b>						
Capital expenditure		-	-	-	-	
To meet additional demand		-	-	-	-	
To improve the level of service		-	-	37	(37)	
To replace existing assets		572	1,707	1,428	279	
Increase (decrease) in reserves	6	(500)	(200)	(441)	241	
Increase (decrease) of investments	7	383	123	1,555	(1,432)	
<b>Total applications of capital funding (D)</b>		<b>455</b>	<b>1,629</b>	<b>2,579</b>	<b>(950)</b>	
<b>Surplus (deficit) of capital funding (C-D)</b>		<b>233</b>	<b>121</b>	<b>111</b>	<b>(10)</b>	
<b>Total funding balance (A-B) + (C-D)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Group depreciation and amortisation		886	941	951	(10)	



FORECAST STATEMENT OF PLANNED CAPITAL WORKS:		LTP	Actual Council	
Governance and Support Services		2020/21	2021	Variance
Notes		\$'000	\$'000	\$'000
CAPITAL EXPENDITURE				
Meet additional demand		-	-	-
Improve level of service		-	37	(37)
To replace existing assets		1,707	1,428	279
<b>Total capital expenditure</b>		<b>1,707</b>	<b>1,465</b>	<b>242</b>

FORECAST STATEMENT OF MAJOR CAPITAL PROJECTS:		Revised Budget*	Actual Council	
Governance and Support Services		2020/21	2021	Variance
Notes		\$'000	\$'000	\$'000
CRM	1	365	67	298
MFD Replacements	1	354	-	354
Hastings Library	2	235	232	3
PC / Laptop Replacements	3	165	3	162
GIS Orthophotography		157	37	120
Vrm Licensing		68	35	33
Mobile Device Replacements		52	4	48
Laptop Replacements	3	50	164	(114)
Document Management System (DMS)	4	-	587	(587)
Plant Machinery & Vehicles Renewals		140	129	11

\*This does not match the LTP due to a change in project budgets. A comparison with the revised budget has been provided.

1. Timing of Customer Relationship Management System & Multi-function Device projects.
2. RFD barcode scanning system.
3. Increased transition from PC to Laptop due to COVID-19 lockdown (prior financial year).
4. Timing of Document Management System project (budget was carried forward).



## Exercising partnership – Council, Tangata Whenua, Mana Whenua

Tūtira mai ngā iwi, tātau tātau e. Whāia te māramatanga me te aroha e ngā iwi kia tapatahi, kia kotahi rā tātau tātau! Hastings District Council remains unwavering in its commitment to nurturing and strengthening partnership relationships with tangata whenua and mana whenua to ensure equitable decision making across a range of contexts here at Council and in the wider Hastings

Tiroti ake au ki te hāro o te kāhu e tui, tui, tui, tui. E tui te rangi e tū nei, e tui te papa e takoto nei. E tui tātau ko te here tangata kua rangitāmiringia e Heretaunga takoto noa, ka rongo te pō, ka rongo te ao. E tui tātau ko te muka tangata ko ngā uri ā ngā mātua tūpuna i ekenga Te Moana-nui-a-Kiwa, i takea anōtia i Hawaiki-nui, Hawaiki-roa, Hawaiki-pāmaomao. Te hono i wairua ki te whai-ao ki te ao mārama, tihei mauriora!

Kei ngā mana, kei ngā reo, kei ngā pari kārangananga o tēnā pito, o tēnā marae, o tēnā hapū o te rohe whānui o Heretaunga, anei ngā kupu whakamihi ki a koutou katoa.

E tika ana kia tukuna atu ngā whakaaro ki a rātau mā ko ngā taumata rau o Heretaunga kua haere atu ki tua o te ārai, kua whetūrangitia. Kāti, rātau te tira mātai pō ki a rātau, waiho ake ko tātau te tira mātai ao ki a tātau.

Tēnā rā tātau katoa kei te kāinga o Heretaunga i raro i te āhua o ngā kupu kōrero ā kui mā, ā koro mā me ngā tāhuhu kōrero o te rohe whānui o Heretaunga; tō tēnā whānau, tō tēnā hapū, tō tēnā marae.

Kei ngā marae rua tekau mā whā o Te Kaunihera ā-Rohe o Heretaunga, kei ngā hapū kārangananga, kei ngā Taiwhenua o te takiwā nei, kei ngā Rōpū Tiriti o Waitangi, nei anō te maiohia ki a koutou, ā nō mātau hoki te whakamihiaro ki te tukua nei ngā mihi ki a koutou oirā, ki a tātau katoa.

Kāti rā e hika mā, Heretaunga-ara-rau, Heretaunga-haukū-nui, Heretaunga-hāro-o-te-kāhu, Heretaunga-raorao-haumako, Heretaunga-ringahora, Heretaunga takoto noa; tihei Heretaunga!

The 2020 / 2021 year has been a hugely significant year of continued growth and learning for the Hastings District Council with respect to exercising partnership and engaging relationships with tangata whenua and mana whenua across the district. The significance of the year was made that much more momentous because of the COVID-19 pandemic that not only impacts us here in Heretaunga and Aotearoa, but that continues to impact the whole world. Consequently, we have undertaken key learnings these last 12 months here at Council and especially concerning engagement and partnership relationships with tangata whenua and mana whenua that have become that much more special because of what COVID-19 has meant for our community moving forward.

This last year has seen Hastings District Council contribute to and or participate in a range of opportunities with tangata whenua and mana whenua, and or partner up with tangata whenua and mana whenua entities to continue to grow and exercise partnership in decision making on important local community initiatives. The following narrative, provides a summary of key highlights across the 2020 / 2021 year:

- **Pou Ahurea roles** – The Pou Ahurea: Relationships, Responsiveness and Heritage Advisors have continued to engage with multiple layers and contexts across our wide and diverse community. Relationship building with mana whenua and community to enhance strategic relationships between whānau, marae, hapū, Taiwhenua, Post Settlement Governance Entities (PSGEs) including Ngāti Pāhauwera Development Trust, Maungaharuru Tangitū Trust, Hineuru Iwi Trust, Mana Ahuriri Trust, Heretaunga Tamatea Settlement Trust, and Ngāti Kahungunu Iwi Incorporated alongside Te Taiwhenua o Heretaunga and Te Taiwhenua o Te Whanganui-a-Orotū, and the Hastings District Council is ongoing. The Pou Ahurea



Team have also doubled in size going from two persons to now being a group of four, and with increased capacity to ensure that Council exercises integrity and equity in its partnership relationships with tangata whenua and mana whenua across Heretaunga. Joining Dr James Graham – Pou Ahurea Matua / Principal Advisor and Rosemary Smith – Pou Ahurea, are Charles Ropitini who joined the team in March 2021 as another Pou Ahurea and Wilson Pearce who joined the team in January 2021 as a student planner but who progressed into a the permanent Kaitātaki Whakamahere Taiao / Environmental Policy Analyst

- The Hastings District Council Heretaunga Takoto Noa Māori Standing Committee maintains its focus on strategic priorities for tangata whenua in the district. The committee at present comprises five tangata whenua appointments and six councillors. The committee's tangata whenua membership is made up of Robin Hape – Chair (Ngāti Pāhauwera Development Trust), Ngaio Tiuka (Ngāti Kahungunu Iwi Incorporated), Tania Eden (Te Taiwhenua o Te Whanganui-a-Orotū), Mike Paku (Te Taiwhenua o Heretaunga) and Marei Apatu (Heretaunga Tamatea Settlement Trust). The committee's terms of reference include:
  - To provide governance-level advice to the Council on matters of strategy and policy development across the scope of Council's activities;
  - To support the implementation and monitoring of Te Kura Nui, the policy framework and work programme at Council, called the Māori Relationships Framework;
  - To provide input and advice into the Long-Term Plan and the Annual Plan in order to assist Council to effectively consider Māori perspectives and address issues of importance to mana whenua and tangata whenua; and
  - To assist the Council as appropriate in conducting and maintaining effective, good faith working relationships with mana whenua and tangata whenua, including advice on governance arrangements.
- Council continues with its aspirations and intent to nurture and provide opportunities for PSGEs within the Hastings district, to be engaged in district planning, economic development, social growth, cultural initiatives and environmental wellbeing, to benefit tangata whenua and the community as a whole. The PSGEs that fall within the Hastings District Council's territorial land authority are: Heretaunga Tamatea Settlement Trust, Mana Ahuriri Trust, Maungaharuru Tangitū Trust, Hineuru Iwi Trust, Ngāti Pāhauwera Development Trust and Ngāti Kahungunu Iwi Incorporated.

- Housing remains a priority for Council across the district and Council continues to encourage the development of Papakāinga housing through effective cross-sectoral engagement with whānau and hapū, Te Puni Kōkiri, the Māori Land Court, and project consultants. As other organisations including Te Taiwhenua o Heretaunga and the PSGEs, ramp up their own aspirations around housing for Māori, Council are also at various stages of engagement in supporting our respective statutory partners' aspirations, strategies and or visions moving forward. The Waingākau housing development in West Flaxmere exemplifies the role that Council can play and support its partners like Te Taiwhenua o Heretaunga. Council shares Te Taiwhenua o Heretaunga's aim of working hard for the betterment of the community, and so was proud to continue to support and work alongside the organisation on some of their initiatives this last year. Waingākau Village, for example, was a unique development that council was proud to be a partner in, potentially the first of more such partnerships.
- The Tangata Whenua Wastewater Committee continues to provide sound governance to Council through the development of wastewater solutions integrating tikanga Māori (customary values) alongside the provisions of the Resource Management Act. Accordingly, the biological trickling filter system for the wastewater treatment plant at East Clive has a consent to operate (granted by the Hawke's Bay Regional Council) for a period of 35 years. A condition of the consent is that the Committee meets once a year to monitor the performance of the treatment plant. The tangata whenua members on this committee are Tania Huata Kupa, Evelyn Ratima, Marei Apatu and Beverley Te Huia.
- The refreshed Te Kura Nui – Māori Relationships Framework and its implementation allows the Pou Ahurea Team, Council and the Heretaunga Takoto Noa Māori Standing Committee to monitor the organisation's cultural responsiveness to Māori; to mana whenua, to tangata whenua. The key focus moving forward will be the continuous journey towards Council's goal for all staff to grow their cultural responsiveness to kaupapa Māori (Māori position and or viewpoint on issues concerning Māori) and to 'te ao Māori', a Māori worldview. The four key pillars and areas of Te Kura Nui are:
  - Governance and relationships;
  - Culture and identity;
  - Prosperity and Wellbeing; and,
  - Resources and Infrastructure.



- This last year has also seen the start of the implementation by Council of Heretaunga Ararau, the Hastings District Council Te Reo Māori Policy and the development of the Heretaunga Ararau Te Reo Māori Action Plan to support the place and use of te reo Māori across the whole Council and its facilities. Aligned with this work is the direction from Council's Lead Team for staff to have cultural indicators included in performance objectives, Māori Language Planning elements included in the Heretaunga Ararau Te Reo Māori Action Plan and are:
  - Te Mārama Pū / Critical Awareness – When people accept the need for language revitalisation and understand the ambitious role that Council has in achieving the goal to be a te reo city in the not too distant future.
  - Mana / Status – When people understand the value of te reo Māori and accept it as an integral part of our city and national identity.
  - Te Whakamahi / Use – People can speak, listen to, read, write and comprehend te reo Māori at a level that supports their use and have access to reo-rich environments and domains.
  - Ako / Acquisition – Council supports people to have increased opportunities to acquire te reo Māori at a level that supports their use.
  - Te Puna / Corpus – Quality new words, terms and standards are developed and available to support the use of te reo Māori.
- The start of the year saw Council forge a greater connection with its statutory partners as we as a community as a whole have had to work collaboratively to undertake the appropriate response and recovery to COVID-19, which remains ongoing. History has shown that the unskilled and least paid are the most vulnerable to job losses and community dislocation and without a doubt, Māori are disproportionately represented amongst Whānau Pounamu (at risk families). If COVID-19 looks to repeat history, the impact on Māori will be severely felt now and into the future by the currently young and large Māori population. Accordingly, if our actions that form the basis of Council's response and recovery to COVID-19 fail to take cognisance of our community social networks, our community facilities, and our diverse local cultural capital, Whānau Pounamu will be disproportionately impacted.
 

Ngāti Kahungunu Iwi Incorporated were quick to move in March 2020 with the onset of the Level 4 lockdown and with its partners including Council and established the Tihei Mauri Ora Hub. Across the Ngāti Kahungunu region that encompasses the Hastings District, and under the Tihei Mauri Ora Centre mantle,

the Heretaunga and Te Whanganui-a-Orotū Taiwhenua had food hubs set up alongside 'Community Champions' that responded to food requests across the district. Community champions were the key link between these community hubs and Whānau Pounamu. Thousands of food / hauora (care) packages were provided for Whānau Pounamu through these hubs on top of all of the other good will taking place across the district. Community Champions were established and networks set up under each Taiwhenua and who connected with and checked in on Whānau Pounamu. There were Māori, Pasifika and Migrant Community champions out across the district working tirelessly and side by side to ensure that no one was missed or left behind; including Māori, Pasifika, Pākehā and all ethnic minorities.

Our commitment to the social infrastructure of our community is critical to ensuring the confidence and trust of the wider community in future opportunities that enable the community to flourish moving forward in this current COVID-19 context, *Mauri noho, mauri mate, mauri tū, mauri ora – doing nothing will see us languish, by being proactive in this space, our community will flourish!*

- Te Tū Marae ki Te Matau-a-Māui: As COVID-19 hit our shores and country in March 2020, around \$600m of PGF money was targeted in the last quarter of the year to support regional economies to recover from COVID-19. The funding was repurposed Provincial Growth Fund money and unallocated funding from the Regional Investment Opportunities Contingency. Of the range of new projects to be funded was an allocation by Government of up to \$70m for upgrades of marae across the country. Council collaborated with Te Puni Kōkiri to support Te Taiwhenua o Heretaunga and Te Taiwhenua o Te Whanganui-a-Orotū to implement Te Tū Marae ki Te Matau-a-Māui for the Marae Renovation under the PGF for 20 marae across the Hastings district. The collaborative project was successfully awarded \$6m and is three-quarters of the way through the project. While these opportunities have presented themselves for the likes of Council, marae, organisations and community to seek COVID-19 related funding, for Māori and our marae communities here across Heretaunga, it is critical that we respond to these opportunities.

A social procurement approach will be a compulsory requirement when awarding contracts. It will be a condition of any contract that a specified number of employees must be persons redeployed from COVID-19 affected employment. A further contract condition will be the recruitment of apprentices to enable unemployed Māori to upskill or re-skill in a new trade. We have had to work more closely with our iwi and tangata whenua partners this past year to ensure the

inclusive vitality of cultural life across the district; to strengthen partnership relationships and to reinforce Council's responsiveness to issues important to tangata whenua.

Te Kupenga Digital App: This is the result of collaboration between the Māori specialist teams across the councils here in Hawke's Bay. The information and content in the App will improve understanding of Te Reo Māori and Tikanga, as well as local knowledge about Treaty settlement entities and tangata whenua of Te Matau a Māui. The aim of the App is to help staff and councillors be more responsive and proactive in regard to Treaty principles across our business. We want to support our staff to have absolute comfort and confidence in their engagement with tangata whenua. The name Te Kupenga comes from Te Kupenga a Te Huki, Te Huki being a celebrated ancestor of Ngāti Kahungunu, whose greatest achievement was to create unity through networking. Te Kupenga will be a valuable cultural tool for council staff and elected representatives across Te Matau a Māui, the Hawke's Bay region as well as to the wider community too; schools, public sector, private sector, business and tourism for example. The App as a tool is an exciting step forward in councils' commitment to building cultural capability, understanding, appreciation, respect and confidence in te reo, me ōna tikanga Māori. For instance, here at Council, the App will also support the Heretaunga Ararau Te Reo Māori Policy and Action Plan, which aims to raise cultural awareness and promote the use of te reo not only within our organisation but also throughout our wider community," he says.

- Māori Wards: Perhaps the most significant achievement within the exercising partnership relationships construct this last year has been the establishment of Māori Wards by the Hastings District Council in May 2021.

In 2014, the previously named HDC: Māori Joint Committee made a recommendation to Council to consider a Māori Ward with the Council eventually passing a resolution regarding Māori Wards at its Extraordinary meeting held on 18 November 2014. The Council resolved: "That the Council not undertake any action to introduce a Māori Ward for the 2016 triennial election, but it confirm that if the local government reorganisation of Hawke's Bay does not proceed it will, as soon as the matter has been concluded, initiate the appropriate process with a view to ensuring, subject to the poll provisions of the Local Electoral Act 2001, that a Māori Ward can be put in place for the 2019 triennial election".

The matter was reconsidered by the HDC: Māori Joint Committee and Council in 2017. Council's position at the time was that it considered it unfair that Māori Wards are the only part of the representation process which is subject to poll provisions as this effectively prevents, in most communities, Māori from pursuing the representation arrangements that best suit them. In April 2017 the HDC: Māori Joint Committee made a majority decision to recommend to the Council that it resolve not to introduce a Māori Ward at the 2019 election. In reaching a decision not to adopt Māori Wards in April 2017, a significant concern for both Council and its Māori Joint Committee was that the outcome of a poll would not achieve Māori Wards and could potentially cause conflict, create divisions and harm relationships with Māori.

The Committee also recommended that the Chief Executive be asked to report back to the HDC: Māori Joint Committee and Council on options for increasing Māori participation in Council governance and decision-making. On 1 March 2021 the Local Electoral (Māori Wards and Māori Constituencies) Amendment Act 2021 received Royal assent, making amendments to the Local Electoral Act (LEA) and changing the process for councils establishing Māori Wards. Specifically, the LEA was amended to remove electors' abilities to demand a binding poll on establishing Māori Wards, to remove the ability for Council to resolve to conduct a binding poll, and to provide for a 'transition period' ending on 21 May 2021 for councils to consider or reconsider establishing Māori Wards for the 2022 local elections. The Government indicated further legislative changes would be introduced at a later date to change the way Māori Wards work more broadly, and that this initial amendment was primarily to allow councils to make decisions ahead of the 2022 local elections. At this stage, there are no details of what the further legislative changes might entail. Under the amended LEA, Council could resolve to establish Māori Wards for the 2022 local elections at any time before 21 May 2021. Any resolution to establish Māori Wards applies for at least the next two local triennial elections. After that, Council would continue to have Māori Wards unless the Council resolved to disestablish them.

Now that the requirement for a binding poll has been removed, the Heretaunga Takoto Noa Māori Standing Committee (HTNMSC) at its retreat on 7 April 2021 expressed a strong desire for the Council to explore the introduction of Māori Wards in time for the 2022 election. On 21 April 2021, the Heretaunga Takoto Noa Māori Standing Committee unanimously recommended to Council the establishment of Māori Wards in time for the 2022 local authority elections. On 22 April 2021, an Emergency Council meeting was convened to consider the next steps in the light of the recommendation from the Heretaunga Takoto Noa Māori Standing Committee.

The results of the community engagement, comments of Māori and the broader community in the period between 22 April and 15 May were considered at an extraordinary meeting held by Council on May 18 where Council voted to establish Māori Wards in the Hastings District for the 2022 triennial election. As the Annual Report is being presented, Council are undertaking a Representation Review and the requirement to determine:

- The total number of Councillors.
- Whether all Councillors will be elected from wards, or from a mixture of wards and at large.
- The names and boundaries of any wards.
- The number of Councillors elected in each ward, and the number elected at large (if any).

As Council has made the decision to establish Māori wards for the next two terms, this is a significant milestone for local government, for Hastings District Council, and our partnership relationships with tangata whenua including mana whenua, iwi, hapū, whānau, marae and PSGEs. *Ko koutou ki tēnā kiwai o te kete, ko mātau ki tēnei kiwai, ka anga whakamua tātau – with you the community at that handle of the basket, and us the Council at this handle of the basket, we can and will move forward together as partners.* The metaphor of the 'kete' while singular in the whakataukī (proverb), refers to a number of kete, and kete that are held together, by Council, marae, hapū, iwi, Taiwhenua, PSGEs and other entities; there isn't just one kete. Consequently, the capacity to exercise partnership in decision-making processes must recognise equitable contribution where Council remains committed to pursuing partnership with tangata whenua and mana whenua.



*Nō reira, e kīia nei te kōrero, 'ko Kahungunū he tangata ahiowhenua, mōhio ki te whakahaere i ngā mahi o uta, o tarī'. Nā ko tātau tēnei i nāia tonu nei, arā, e whai ana i ngā tapuwae a kōi mā, a koro mā kia anga whakamua i te ao hurihuri nei; tihēi Haretaunga!*







## Financial statements

Actual Council 2020 \$'000	Actual Group 2020 \$'000	Statement of comprehensive revenue and expense for the year ended 30 June 2020	Notes	Budget Council 2021 \$'000	Actual Council 2021 \$'000	Actual Group 2021 \$'000
<b>REVENUE</b>						
81,814	81,814	Rates, excluding metered water supply charges	3	87,919	87,303	87,303
28,198	28,354	Fees, charges and metered water supply charges (i)		28,620	32,472	32,522
21,772	22,418	Subsidies and Grants (ii)		27,702	38,187	38,942
4,281	4,281	Development and financial contributions		5,408	4,567	4,567
90	90	Donations		3	295	295
478	489	Interest revenue	4	-	519	527
746	1,276	Other revenue (iii)	5	537	2,852	3,412
5,098	5,098	Vested infrastructural assets (iv)		1,000	2,662	2,662
<b>142,477</b>	<b>143,819</b>	<b>Total revenue</b>		<b>151,190</b>	<b>168,857</b>	<b>170,230</b>
<b>EXPENSES</b>						
96,113	96,873	Operational costs (v)	6	94,691	99,656	100,228
34,944	35,491	Depreciation and amortisation expense	7	34,936	37,502	38,055
4,991	4,391	Finance costs (vi)		6,703	5,106	5,106
<b>136,048</b>	<b>137,355</b>	<b>Total expenses</b>		<b>136,330</b>	<b>142,264</b>	<b>143,389</b>
5,196	5,196	Unrealised Loss/(Gain) on Swaps (vii)		-	(8,010)	(8,010)
	(214)	Share of associate surplus/(deficit)		-	-	(136)
<b>1,232</b>	<b>1,054</b>	<b>Surplus/(deficit) before tax</b>		<b>14,860</b>	<b>34,603</b>	<b>34,987</b>
-	-	Income Tax expense	8	-	-	-
<b>1,232</b>	<b>1,054</b>	<b>Surplus/(deficit) after tax</b>		<b>14,860</b>	<b>34,603</b>	<b>34,987</b>
<b>Other comprehensive revenue and expense</b>						
41,152	41,152	Gain/loss on infrastructural revaluations		49,224	(20,524)	(20,524)
(5,223)	(5,222)	Gain/Loss on land and building revaluations		-	121,257	121,257
(30)	(115)	Gain/Loss on other revaluations		-	598	514
<b>35,899</b>	<b>35,815</b>	<b>Total other comprehensive revenue and expense</b>		<b>49,224</b>	<b>101,331</b>	<b>101,247</b>
<b>37,131</b>	<b>36,869</b>	<b>Total comprehensive revenue and expense</b>		<b>64,084</b>	<b>135,934</b>	<b>136,234</b>

The accompanying notes form part of these financial statements.

The major reasons for the variance between actual and budgeted surplus on operations were:

- (i) Fees and charges revenue was strong across a number of activities driven mainly by higher volumes in Landfill and a successful Splash Planet season
- (ii) Council received a number of unbudgeted grants from the government. This included grants for the drinking water infrastructure projects.
- (iii) Other revenue includes gains on sale of assets.
- (iv) Vested Assets are a result of higher than budgeted infrastructure assets constructed and vested to Council as developers complete development.
- (v) Operational costs are higher due to increased contracted services and expert advice in relation to approved but unbudgeted projects along with increased activity on infrastructure projects.
- (vi) Finance Costs are lower than budgeted as a consequence of lower than budgeted capital spend and favourable interest rates.
- (vii) Unrealised gain on swaps – see Note 16

Actual Council 2020 \$'000	Actual Group 2020 \$'000	Statement of comprehensive revenue and expense for the year ended 30 June 2020	Notes	Budget Council 2021 \$'000	Actual Council 2021 \$'000	Actual Group 2021 \$'000
Net Surplus / (Deficit) attributable to:						
1,232	1,054	Hastings District Council		14,860	34,603	34,987
-	-	Minority Interest		-	-	-
<b>1,232</b>	<b>1,054</b>			<b>14,860</b>	<b>34,603</b>	<b>34,987</b>
Total comprehensive revenue and expense attributable to:						
37,131	36,869	Hastings District Council		64,084	135,934	136,234
-	-	Minority Interest		-	-	-
<b>37,131</b>	<b>36,869</b>			<b>64,084</b>	<b>135,934</b>	<b>136,234</b>

Actual Council 2020 \$'000	Actual Group 2020 \$'000	Statement of changes in equity for the year ended 30 June 2020	Budget Council 2021 \$'000	Actual Council 2021 \$'000	Actual Group 2021 \$'000
2,065,626	2,090,432	Balance at 1 July	1,932,827	2,102,757	2,127,302
1,232	1,054	Surplus/Deficit	14,860	34,603	34,987
35,899	35,815	Other comprehensive revenue and expense for the year	49,224	101,331	101,247
37,131	36,869	Total comprehensive revenue and expense for the year	64,084	135,934	136,234
<b>2,102,757</b>	<b>2,127,302</b>	<b>Balance at 30 June</b>	<b>1,996,911</b>	<b>2,238,691</b>	<b>2,263,536</b>
Total comprehensive revenue and expense attributable to:					
37,131	36,869	Hastings District Council	64,084	135,934	136,234
<b>37,131</b>	<b>36,869</b>	<b>Total comprehensive revenue and expense</b>	<b>64,084</b>	<b>135,934</b>	<b>136,234</b>

Actual Council 2020 \$'000	Actual Group 2020 \$'000	Statement of financial position as at 30 June 2020	Notes	Budget Council 2021 \$'000	Actual Council 2021 \$'000	Actual Group 2021 \$'000
<b>CURRENT ASSETS</b>						
-	536	Cash & cash equivalents (i)		1,265	38,675	39,884
13,241	13,699	Receivables (ii)	9	12,095	15,839	16,158
106	106	Inventory	10	108	76	76
1,693	1,693	Non-current assets held for sale		-	956	956
14,180	14,607	Short Term Investments		-	-	395
<b>29,220</b>	<b>30,641</b>	<b>Total current assets</b>		<b>13,468</b>	<b>55,546</b>	<b>57,469</b>
<b>NON-CURRENT ASSETS</b>						
<b>Other financial assets</b>						
-	-	Derivative financial instruments	16	-	-	-
1,063	7,912	Investments in associates	11 (a)	1,066	1,063	7,975
15	-	Investments in CCOs and similar entities	11 (b)	1,063	15	-
3,172	3,172	Investment in other entities	11 (b)	1,568	4,727	4,727
-	4	Other non-current assets		-	388	388
<b>4,251</b>	<b>11,089</b>	<b>Total other financial assets</b>		<b>3,697</b>	<b>6,199</b>	<b>13,090</b>
250,837	268,133	Plant, property and equipment	12	242,116	384,494	401,940
2,019,005	2,019,005	Infrastructural assets	12	1,941,999	2,044,471	2,044,471
60	60	Biological Assets	12	-	60	60
294	294	Intangible assets	12	205	604	608
<b>2,274,447</b>	<b>2,298,580</b>	<b>Total non-current assets</b>		<b>2,188,017</b>	<b>2,435,822</b>	<b>2,460,169</b>
<b>2,303,667</b>	<b>2,329,222</b>	<b>Total assets</b>		<b>2,201,485</b>	<b>2,491,368</b>	<b>2,517,638</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
254	254	Bank Overdraft		-	-	-
23,710	24,558	Payables and deferred revenue (iii)	13	17,991	30,180	31,436
3,398	3,425	Employee entitlements	14	2,241	3,761	3,799
699	699	Derivative financial instruments	16	-	501	501
20,000	20,000	Borrowings and other financial liabilities (iv)	15	16,970	20,000	20,000
<b>48,060</b>	<b>48,936</b>	<b>Total current liabilities</b>		<b>37,202</b>	<b>54,442</b>	<b>55,736</b>
<b>Non-current liabilities</b>						
1,640	1,772	Provisions and other non-current liabilities	13	659	1,559	1,690
333	333	Employee entitlements	14	480	684	684
18,063	18,063	Derivative financial instruments	16	13,500	10,251	10,251
132,815	132,815	Borrowings and other financial liabilities (ii)	15	152,732	185,741	185,741
<b>152,851</b>	<b>152,983</b>	<b>Total non-current liabilities</b>		<b>167,371</b>	<b>198,235</b>	<b>198,366</b>
<b>200,911</b>	<b>201,919</b>	<b>Total liabilities</b>		<b>204,573</b>	<b>252,677</b>	<b>254,102</b>
<b>2,102,756</b>	<b>2,127,302</b>	<b>Net assets (assets minus liabilities)</b>		<b>1,996,912</b>	<b>2,238,691</b>	<b>2,263,536</b>
<b>Equity</b>						
1,239,788	1,261,679	Accumulated funds	17	1,148,483	1,274,751	1,297,027
3,935	3,935	Restricted Reserves	18	2,615	3,577	3,577
859,033	861,689	Revaluation Reserves	19	845,814	960,363	962,932
<b>2,102,756</b>	<b>2,127,302</b>	<b>Total equity</b>		<b>1,996,912</b>	<b>2,238,691</b>	<b>2,263,536</b>

The accompanying notes form part of these financial statements.

The major reasons for the variance between actual and budgeted balances at 30 June 21 were:

- (i) Cash is higher than budgeted as Council have prefunded for upcoming capital spend.
- (ii) Receivables are higher than budget due to significant GST return received from a high capital spend in June 2021.
- (iii) The increase in payable and deferred revenue on budget is due to the timing of major infrastructure projects underway at 30 June 2021.
- (iv) Secured loan levels were higher than budgeted due to the prefunding obtained at year end for upcoming capital spend.

Actual Council 2020 \$'000	Actual Group 2020 Statement of cash flows \$'000 for the year ended 30 June 2020	Budget Council 2021 \$'000	Actual Council 2021 \$'000	Actual Group 2021 \$'000
Notes				
<b>CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES</b>				
Cash was provided from:				
81,548	81,548 Receipts from rates revenue	87,915	87,547	87,547
43,033	45,358 Receipts from customers	34,565	37,046	37,776
477	490 Interest received	-	512	520
126	126 Dividends and commissions received	-	-	-
21,772	22,731 Subsidies and grants received	27,706	38,187	40,859
	GST (net)	-	-	-
<b>146,955</b>	<b>150,253</b>	<b>150,190</b>	<b>163,292</b>	<b>166,702</b>
Cash was applied to:				
102,443	104,499 Payments to suppliers and employees	94,691	95,581	97,674
5,009	5,009 Interest paid	6,703	5,058	5,058
394	275 GST (net)	-	544	511
107,846	109,783	101,394	101,183	103,243
<b>39,109</b>	<b>40,470 Net cash flows from operating activities (A)</b>	<b>48,796</b>	<b>62,109</b>	<b>63,459</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Cash was provided from:				
1,811	1,811 Receipts from sale of property, plant and equipment (i)	2,055	2,642	2,687
-	- Maturing/sale of investments	-	14,000	14,033
-	- Losses and impairment/revaluation prior year and investments withdrawn	-	-	-
<b>1,811</b>	<b>1,811</b>	<b>2,055</b>	<b>16,642</b>	<b>16,720</b>
Cash was applied to:				
72,915	75,015 Purchase of property, plant & equipment and infrastructural assets	110,855	91,194	91,949
14,149	14,281 Purchase of investments	383	-	-
87,064	89,296	111,238	91,194	91,949
<b>(88,876)</b>	<b>(91,106) Net cash flows to investing activities (B)</b>	<b>(109,183)</b>	<b>(74,552)</b>	<b>(75,229)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Cash was provided from:				
46,574	46,574 Proceeds from borrowings	66,016	71,372	71,372
Cash was applied to:				
-	- Repayment of borrowings	5,629	20,000	20,000
<b>46,574</b>	<b>46,574 Net cash flows from financing activities</b>	<b>60,387</b>	<b>51,372</b>	<b>51,372</b>
<b>(3,192)</b>	<b>(4,062) Net increase (decrease) in cash, cash equivalents and bank overdraft (A+B+C)</b>	<b>-</b>	<b>38,929</b>	<b>39,602</b>
2,939	4,342 Cash, cash equivalents and bank overdraft at the beginning of the year	1,265	(254)	282
(254)	282 Cash, cash equivalents and bank overdraft at the end of the year	<b>1,265</b>	<b>38,675</b>	<b>39,884</b>
<b>CASH AT END OF YEAR COMPRISES</b>				
(254)	282 Cash and cash equivalents	1,265	38,675	39,884



# Notes to financial statements

## 1. Statement of accounting policies

### Reporting entity

Hastings District Council ('the Council') is a territorial authority within the definition of the Local Government Act 2002 and domiciled in New Zealand.

The operations of the Council are divided into the following activity groups:

- Water and Roads
- Safe Healthy and Liveable Communities
- Economic and Community Development
- Governance and Support Services.

The Hastings District Council Group consists of the ultimate parent, the Council, and the following subsidiaries (the Group):

Tai Mata Park Trust Board	HB Regional Sports Park Trust	Hastings District Holdings Ltd
100%	100%	100%

The Council also has the following investments in associates:

- Hawke's Bay Airport Limited, a Council Controlled Organisation, is an equity-accounted associate in which the Council holds a 24% shareholding.
- Horse of the Year (Hawke's Bay) Limited is an equity-accounted associate in which the Council holds a 33% shareholding.

The Council has a 1.7% interest in the Local Government Funding Agency.

The Ōmarunui Refuse Landfill is a jointly controlled asset. The Council includes only its 63.68% share of all revenue, expenditure, assets and liabilities of the landfill facility.

The primary objective of the Council and Group is to provide goods and services for the community or social benefit rather than making a financial return. Accordingly the Group is a public benefit entity (PBE) for the purposes of financial reporting.

The financial statements of the Council and Group are for the year ended 30 June 2021. The financial statements were authorised for issue by Council on 28 October 2021.

### Basis of preparation

#### Statement of compliance

The financial statements of the Council and Group have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP).

The financial statements comply with PBE Standards. The financial statements have been prepared in accordance with Tier 1 PBE Standards. There are no material adjustments arising on transition to the new PBE accounting standards. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The Council and Group financial statements presented in this Annual Report include a statement of comprehensive revenue and expense, a statement of cash flows, a statement of financial position and a statement of changes in equity, with supporting notes, encompassing all activities of the Council.

In order to meet its obligations of public accountability, the Council has also included for each group of activity funding impact statements for the whole of Council.

#### Measurement base

The measurement base adopted is that of historical cost, modified by the revaluation of certain classes of property, plant and equipment, and financial instruments (including derivative instruments).

#### Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000). The functional currency of the Council is New Zealand dollars.

#### Changes in accounting policies

There have been no changes in the Council and Group's accounting policies since the date of the last audited financial statements.

#### Standards issued and not yet effective and not early adopted

Standards and amendments, issued but not yet effective that have not been early adopted, and which are relevant to the group are:

##### Amendment to PBE IPSAS 2 Cash Flow Statement

An amendment to PBE IPSAS 2 requires entities to provide disclosures that enable users of financial statement to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. This amendment is effective for the annual periods beginning on or after 1 January 2021, with early application permitted.

The Council plans to apply this standard in preparing its 30 June 2022 financial statements. The Council and group has not yet assessed the effects of the new standard.

##### PBE FRS 48 Service Performance Reporting

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 Presentation of Financial Statements and is effective for reporting periods beginning on or after 1 January 2022, with earlier adoption permitted. The Council does not expect the application of PBE FRS 48 to affect its statement of service performance.

The Council plans to apply this standard in preparing its 30 June 2023 financial statements.

#### PBE IPSAS 41 Financial instruments

PBE IPSAS 41 replaces PBE IFRS 9 Financial Instruments: Recognition and Measurement and PBE IFRS 9 Financial Instruments and is effective for reporting periods beginning on or after 1 January 2022, with earlier adoption permitted. The main changes compared to PBE IPSAS 29 that are relevant to the Council are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost; and
- A new impairment model for financial assets based on expected losses, which might result in earlier recognition of impairment losses.

The Council intends to early adopt PBE IPSAS 41 and apply this standard in preparing its 30 June 2022 financial statements.

#### Significant accounting policies

##### Basis of consolidation

The consolidated financial statements are prepared adding together like items of assets, liabilities, equity, revenue and expenses on a line-by-line basis. All significant intragroup balances, transactions, revenue and expenses have been eliminated on consolidation.

##### Subsidiaries

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

Investments in subsidiaries are carried at cost in the Council's separate financial statements.

The interest in the Te Mata Park Trust Board has been reflected in the consolidated financial statements and accounted for using the purchase method. This involves adding corresponding assets, liabilities, revenues and expenses on a line-by-line basis.

The interest in the Hawke's Bay Regional Sports Park Trust has been reflected in the consolidated financial statements and accounted for using the purchase method. This involves adding corresponding assets, liabilities, revenues and expenses on a line-by-line basis.

Hastings District Holdings Limited is 100% owned by the Council and provides Council with an extra layer of governance and a monitoring structure for Council's other CCOs which include Hawke's Bay Opera House Limited and Hastings District Properties Limited.

#### Associate

The Council's associate investment is accounted for in the Group financial statements using the equity method. An associate is an entity over which the Council has significant influence and that is neither a subsidiary nor an interest in a joint venture. The investment in an associate is initially recognised at cost and the carrying amount in the Group financial statements is increased or decreased to recognise the Group's share of the surplus or deficit of the associate after the date of acquisition. Distributions received from an associate reduce the carrying amount of the investment.

If the share of deficits of an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further deficits. After the Group's interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that the Council has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports surpluses, the Group will resume recognising its share of those surpluses only after its share of the surpluses equals the share of deficits not recognised.

The Council's 24% share of the profit of Hawke's Bay Airport Limited is recognised in the period which matches the reporting period of the Airport Authority. The investment has been equity accounted.

The Council's 33% share of the profit of Horse of the Year (Hawke's Bay) Limited is recognised in the period which matches the reporting period ending 31 May 2021. The investment has been equity accounted.

#### Joint Arrangements

The Council is a party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Council and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

#### Joint Operation

The Council has an interest in a joint arrangement that is a jointly controlled asset. The Council recognises its share of the asset, classified as plant and equipment. In addition, the Council recognises its share of liabilities, expenses and income from the use and output of the jointly controlled asset.

The Ōmarunui Refuse Landfill is a jointly controlled asset and the Council's proportionate interests (63.68%) in the assets, liabilities, revenue and expenses have been incorporated in Council's financial statements under the appropriate headings.

#### Revenue

Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to the Group and the revenue can be reliably measured, regardless of when payment is made. Revenue is measured at the fair value of consideration received or receivable.

The specific recognition criteria described below must also be met before revenue is recognised.

#### Revenue from non-exchange transactions

##### General and targeted rates (excluding user charge water rates)

Rates are set annually by a resolution from Council and relate to a financial year.

All ratepayers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised at the start of the financial year to which the rates resolution relates.

Rates collected on behalf of the Hawke's Bay Regional Council (HBRC) are not recognised in the financial statements, as the Council is acting as an agent for the HBRC.



#### Fees and charges

Revenue from the provision of services in a non-exchange transaction is recognised when the Group obtains control of the transferred asset and when the transfer is free from conditions that require the asset to be refunded or returned if the conditions are not met. To the extent there is a condition attached that gives rise to a liability to return the asset, a deferred-revenue liability is recognised. Revenue is then recognised when the Group has satisfied the conditions. Fees and charges that are non-exchange transactions include parking fines and infringements and dog licences.

#### Government grants

Government grants are received from Waka Kotahi New Zealand Transport Agency, which subsidises part of the costs of maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

Other Government grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

#### Vested assets

Assets vested in the Council are recognised when control over the asset is obtained and as revenue when the transferred asset is free from conditions that require the asset to be returned if the conditions are not met. Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised.

#### Revenue from exchange transactions

##### Development contributions

Development and financial contributions are recognised as revenue when the Council provides, or is able to provide, the service for which the contribution was charged. Otherwise development and financial contributions are recognised as liabilities until such time as the Council provides, or is able to provide, the service.

#### User pays water rates

Revenue from water rates by meter is recognised on an accrual basis. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.

#### Fees and charges

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided. Fees and charges that are exchange transactions include consent fees and permits.

Revenue from the sale of goods is recognised when the risks and rewards of ownership pass to the buyer.

#### Other revenue

Investment revenue in the form of interest is recognised using the effective interest method.

Dividend revenue is recognised when the right to receive payment has been established.

#### Cost allocation

The cost of service for each significant activity of Council has been derived using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific significant activity.

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers and floor area.

#### Goods and Services Tax (GST)

All items in the financial statements are stated exclusive of goods and services tax (GST), except for debtors and other receivables and creditors and other payables, which are presented on a GST-inclusive basis. GST not recoverable as input tax is recognised as part of the related asset or expense.



The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

#### Income tax

The Council is exempt from income tax except on income received from Council Controlled Trading Organisations.

Income tax expense includes current tax and deferred tax.

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

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

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

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

Deferred tax is neither recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the company can control the reversal of the temporary difference and the temporary difference will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been

enacted or substantively enacted at balance day. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the group expects to recover or settle the current amount of its assets and liabilities.

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive revenue and expenses or directly in equity.

Future tax benefits attributable to tax losses or timing differences are only recognised when there is virtual certainty of realisation.

#### Leases

##### Operating leases

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

##### Finance leases

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

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

The finance charge is charged to the surplus or deficit over the lease period so as to procure a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the Council will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

#### Grant expenditure

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

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

#### Borrowing costs

All borrowing costs are recognised as an expense in the period in which they are incurred.

#### Statement of cash flows

The year-end cash balance in the Statement of Cash Flows consists of cash on hand; bank account balances, plus call deposits that form part of the day-to-day cash management of the Council.

The cash flows are classified into three sources:

- 1) **Operating activities** – includes cash received from all revenue sources of Council and cash paid for the supply of goods and services, including interest on debt
- 2) **Investing activities** – includes the purchase and sale of long-term assets and investments such as land and buildings, term investments, infrastructural and other operational assets
- 3) **Financing activities** – includes movements in the Council's public debt from loans raised and loans repaid

#### Financial assets

PBE Standards classify financial assets into four categories; financial assets at fair value through surplus or deficit, held-to-maturity investments, loans and receivables, and financial assets at fair value through other comprehensive revenue and expenses. The Council does not have held-to-maturity investments.

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

Financial assets and liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the statement of comprehensive revenue and expenses.

The three categories of financial assets are:

##### (a) Financial assets at fair value through surplus or deficit

This category has two sub categories; financial assets held for trading, and those designated at fair value through surplus or deficit at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so, designated by management.

Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

After initial recognition they are measured at their fair values with gains or losses on re-measurement recognised in the statement of comprehensive revenue and expenses. Financial Assets in this category include Interest Rate Swaps.

##### (b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial recognition they are measured at amortised cost using the effective interest method less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit. Loans and receivables are classified as 'Debtors and other receivables' in the statement of financial position.

##### (c) Financial assets at fair value through other comprehensive revenue and expenses

Financial assets at fair value through other comprehensive revenue and expenses are those that are designated into the category at initial recognition or are not classified in any of the other categories above. After initial recognition, these investments are measured at their fair value.

Gains and losses are recognised in other comprehensive revenue and expenses except for impairment losses, which are recognised in the statement of comprehensive revenue and expenses. On de-recognition, the cumulative gain or loss previously recognised in other comprehensive revenue and expenses is re-classified from equity to the statement of comprehensive revenue and expenses.

##### Accounting for derivative financial instruments and hedging activities

Council uses derivative financial instruments to economically hedge exposure to interest rate risk arising from financing activities. Council's derivative financial instruments are not designated as hedging instruments for accounting purposes. Accordingly, derivative financial instruments are reported as financial instruments at fair value through surplus or deficit.

#### Impairment of financial assets

Financial assets are assessed for objective evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit.

#### Loans and other receivables

Impairment is established when there is objective evidence that the Council and Group will not be able to collect the amount due according to the original terms of the debt. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy and default in payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written-off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). Impairment of term deposits, local authority stock, government stock, and community loans are recognised directly against the instrument's carrying amount.

#### Financial assets at fair value through other comprehensive revenue and expenses

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment.

For debt investments, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered objective indicators that the asset is impaired.

If impairment evidence exists for investments at fair value through other comprehensive revenue and expenses, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive revenue and expenses is reclassified from equity to the surplus or deficit.

Equity instrument impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit. If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed in the surplus or deficit.

#### Property, Plant & Equipment

Property, plant and equipment consist of:

- **Operational assets** – these include land, buildings, landfill post closure, library books, plant and equipment, and motor vehicles.
- **Restricted assets** – restricted assets are parks and reserves owned by the Council and Group that provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.
- **Infrastructural assets** – infrastructure assets are the fixed utility systems owned by the Council and Group. Each asset class includes all items that are required for the network to function. For example, sewer reticulation includes reticulation piping and sewer pump stations.

Property, plant and equipment are shown at cost or valuation, less accumulated depreciation and impairment losses.

#### (a) Revaluation

Land and Buildings (operational and restricted), library books, and infrastructural assets (except land under roads) are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years with the exception of heritage assets which are valued every five years. All other asset classes are carried at depreciated historical cost.

The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued.

Revaluations of property, plant, and equipment are accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to other comprehensive revenue and expenses and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expenses but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expressed, and then recognised in other comprehensive revenue and expenses.



Land and Buildings were revalued in June 2021 by Mr John Reid (M Property Studies, B Com, ANZIV, SNZPI) of Added Valuation Ltd. Wherever possible, land and buildings are valued at net current value. Those buildings which cannot be easily sold are valued at depreciated replacement cost. Future revaluations will take place at three yearly intervals. The Te Mata Park Trust Board assets are recorded at cost less accumulated depreciation to date.

Library Collections are valued at depreciated replacement cost in accordance with guidelines established by the New Zealand Libraries Association. Library valuations are performed through a model created by an independent valuer, Dr Robin Watt MA (Hons.) PhD of R.J. Watt & Associates. The last valuation was performed as at June 2021.

Plant, Machinery and Vehicles are recorded at cost less accumulated depreciation to date.

The Council's 63.68% share of all assets of the Ōmarunui Refuse Landfill has been included at cost less accumulated depreciation.

Kate Szich of Webb's valued the heritage assets in June 2018, with the valuation being based on images and descriptions provided. The assets were valued on the basis of net current replacement costs. Future revaluations will take place at five yearly intervals.

Infrastructure assets for Roading were valued at June 2021 by Kevin Dunn of Beca, using the depreciated replacement cost method. Infrastructure assets for water (excluding land) were valued at June 2020 at depreciated replacement cost by the Council's engineers and independently reviewed by Ms Jennifer Fox of Waugh Infrastructure Management Ltd. These values were determined by calculation of the current cost of replacement adjusted by the estimated remaining useful life of the asset. Future revaluations (excluding land) will take place at two yearly intervals.

Parks assets replacement cost values were completed by Council's staff in June 2021 and independently reviewed by Pauline True (BE Civil) of Stantec. The values were determined by calculation at the current cost of replacement adjusted by the estimated remaining useful life of the asset. Future revaluations (excluding land) will take place at two yearly intervals.

#### (b) Additions

The cost of an item of property, plant, and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Council and Group and the cost of the item can be measured reliably.

Infrastructural asset additions between valuations are recorded at cost, except for assets which are vested in the Council as part of the sub-divisional consent process. Vested infrastructure assets are valued based on the Council's standard unit cost rate.

Work-in-progress is recognised at cost less impairment and is not depreciated.

Property, plant, and equipment are recognised at cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

#### (c) Disposals

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluations reserves in respect of those assets are transferred to accumulated funds.

#### (d) Depreciation

Land is not depreciated.

All other assets with the exception of Plant, Machinery and Vehicles are depreciated on a straight-line basis at rates estimated to write off their cost over the expected useful economic life. Plant, Machinery and Vehicles are depreciated using a combination of straight line and diminishing value. The expected lives of major classes of assets are as follows:



Expected life (years)		Expected life (years)	
<b>BUILDINGS</b>		Furniture and Fittings	4 – 14
Structure/Envelope	20 – 65	Computer and Office Equipment	2 – 5
Building Services	15 – 35	Library Collections	5 – 10
Building Fit Out	30 – 50	<b>LANDFILL</b>	
Heavy Plant and Machinery	7 – 10	Permanent Facilities	42
Other Plant and Machinery	2 – 15	Valley A & D Development	12 – 15
Motor Vehicles	4 – 15	Other	5
<b>WATER SUPPLY</b>		<b>ROADING NETWORK</b>	
Pipes	27 – 120	Top Surface (seal)	13
Valves, hydrants	50 – 80	Pavement (including kerbs)	30 – 85
Pump Stations	15 – 80	Formation	Not depreciated
Bores	50	Footpaths	20 – 75
Reservoirs	100	Street Lights (poles)	50
Treatment Plant	5 – 20	Traffic Signals	15
<b>STORMWATER DISPOSAL</b>		Signs	10 – 15
Pipes	100	Unsealed Roads	Not depreciated
Manholes	100	Roading Land	Not depreciated
Detention Dams	100	Bridges & Culverts	85
Open Channels	50		
Service Laterals	80		
<b>PARKS</b>		<b>WASTEWATER</b>	
Soft Landscaping	38 – 75	Pipes	25 – 100
Hard Landscaping	6 – 100	Manholes	80
Playgrounds	7 – 50	Pump Stations	15 – 80
Services	30 – 80	Treatment Plant	20
Structures	6 – 100	Submarine Outfall	50
Buildings	6 – 100		

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

#### (e) Subsequent costs

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

The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

#### Intangible assets

##### Software acquisition and development

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

Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised in the surplus or deficit when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

#### Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit. The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Computer software	3 years	33.3%
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#### Impairment of property plant and equipment and intangible assets measured at depreciated cost

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The indicators of impairment depend on whether the asset is cash generating or non-cash generating. Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return. The majority of the Council and Groups assets that are not revalued are non-cash generating. For non-cash-generating assets, value in use is determined based on a depreciated replacement cost approach.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

The value in use for cash-generating assets is the present value of expected future cash flows.

If the asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit. For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit. For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the surplus or deficit.

#### Inventories

Inventory held for use in the production of goods and services on a commercial basis is valued at the lower of cost and net realisable value. The cost of purchased inventory is determined using the first in first out basis.

#### Cash and cash equivalents

Cash and Cash Equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments, original maturities of three months or less, and bank overdrafts.

#### Debtors and other receivables

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using face value, less any provision for impairment.

A provision for impairment of receivables is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of receivables. The amount of provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

#### Employee entitlements

##### Short-term employee entitlements

Employee benefits expected to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken, at balance date.

##### Long-term employee entitlements

Employee benefits which are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave, have been calculated on an actuarial basis. The calculation is based on:

- Likely future entitlements accruing to staff, based on years of service, years of entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information; and
- The present value of the estimated future cash flows.

Expected future payments are discounted using market yields on government bonds at balance date with terms of maturity that match, as closely as possible, the estimated future cash outflows for entitlements. The inflation factor is based on the expected long term increase in remuneration for employees.

#### Superannuation schemes

##### Defined contribution schemes

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the surplus or deficit as incurred.

##### Defined benefit schemes

The Council belongs to the Defined Benefit Plan Contributors Scheme, which is managed by the National Provident Fund. The scheme is a multi-employer defined benefit scheme. Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the scheme, the extent to which the surplus/deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme.

#### Landfill post-closure costs

The Council, as operator and 63.68% owner of the Ōmarunui landfill, has a legal obligation under the resource consent to provide ongoing maintenance and monitoring services at the landfill site after closure. The Council's 63.68% share of a provision for post-closure costs is recognised as a liability when the obligation for post-closure arises.

The provision is measured based on the present value of future cash flows expected to be incurred, taking into account future events including new legal requirements and known improvements in technology. The provision includes all costs associated with landfill post-closure.

Amounts provided for landfill post-closure are capitalised to the landfill asset where they give rise to future economic benefits to be obtained. Components of the capitalised landfill asset are depreciated over their useful lives.

The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the Council.

#### Investment properties

Investment Properties are valued at fair value which is measured annually. Revaluation increments and decrements are recognised in the surplus or deficit. Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation. Council currently has no properties classified as investment properties. Properties owned to provide housing for pensioners are held as part of the Council's social housing policy and are accounted for as property, plant and equipment.

#### Borrowings

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

#### Non-current assets held for sale

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

Any impairment losses for write downs of non-current assets held for sale are recognised in the surplus or deficit.

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

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

#### Provisions

Council recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in 'finance costs.'

#### Equity

Equity is the community's interest in Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves.

The components of equity are: retained earnings, restricted reserves and asset revaluation reserves.

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by Council. Restricted reserves are those subjected to specific conditions accepted as binding by the Council and which may not be revised by Council without reference to the Courts or a third party. Transfers from these reserves may only be made for certain specified purposes or when certain specified conditions are met.

Council-created reserves are reserves established by Council decision. The Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of Council.

Property revaluation reserves relates to the revaluation of property, plant and equipment to fair value.



#### Budget figures

The budget figures are those approved by the Council in its 2020/21 Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Council for the preparation of the financial statements.

#### Comparative figures

Comparative figures disclosed in the accounts may have minor changes to those presented in the 2019/20 Annual Report. This has only been done in cases where the changes result in more meaningful comparisons, or to comply with the new presentation requirements of the Local Government (Financial Reporting and Prudence) Regulations 2014.

#### Critical accounting estimates and assumptions

In preparing these financial statements, Council has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

#### Landfill aftercare provision

Note 24 discloses an analysis of the exposure of Council in relation to the estimates surrounding the landfill aftercare provision.

#### Infrastructural assets

There are a number of assumptions and estimates used when performing depreciated replacement cost valuations over infrastructural assets. These include:

- The physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets which are not visible, for example storm water, wastewater and water supply pipes which are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets;
- Estimating any obsolescence or surplus capacity of an asset; and

- Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then Council could be over or under estimating the annual depreciation charge recognised as an expense in the statement of comprehensive revenue and expenses. To minimise this risk, Council's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the Council's asset management planning activities, which gives Council further assurance over its useful life estimates.

Experienced independent valuers peer review the Council's infrastructural asset valuations.

#### Creditors and other payables

Short-term creditors and other payables are recorded at their face value.

#### Critical judgements in applying Council's accounting policies

Management has exercised the following critical judgements in applying accounting policies for the year ended 30 June 2021:

#### Classification of property

The Council owns a number of properties held to provide housing to pensioners. The receipt of market-based rental from these properties is incidental to holding them. The properties are held for service delivery objectives as part of the Council's social housing policy. The properties are therefore accounted for as property, plant and equipment. See Note 12.

#### Foreign currency transactions

Foreign currency transactions (including those for which forward foreign exchange contracts are held) are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit. See Note 25.

#### Other investments

The carrying amount of term deposits approximates their fair value. See Note 11(b).



## 2. Funding impact statement for the whole of Council as at 30 June 2021

	Budget Council 2020 £'000	Actual Council 2020 £'000	Budget Council 2021 £'000	Actual Council 2021 £'000	Variance £'000	
Notes						
<b>SOURCES OF OPERATING FUNDING</b>						
General rates, uniform annual general charge, rates penalties	61,123	61,712	63,976	63,677	(299)	Reconciliation of statement of comprehensive revenue and expense to funding impact statement for the whole of Council for the year ended 30 June 2021
Targeted rates	20,042	20,102	23,943	23,626	(317)	
Subsidies and grants for operating purposes	6,539	6,615	6,362	6,916	554	Total revenue from statement of comprehensive revenue and expense
Fees and charges	24,439	27,897	28,229	31,964	3,735	
Interest and dividends from investments	126	604	17	532	515	Less total funding from funding impact statement
Local authorities fuel tax, fines, infringement fees and other receipts	920	839	911	1,096	185	
<b>Total operating funding (A)</b>	<b>114,188</b>	<b>117,769</b>	<b>123,439</b>	<b>127,811</b>	<b>4,372</b>	<b>Variance</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>						
Payments to staff and suppliers	81,088	86,015	87,710	92,747	(5,037)	Variance is made up of:
Finance costs	6,833	5,147	6,703	5,247	1,456	Capital subsidies
Other operating funding applications	5,570	7,196	5,982	5,996	(14)	Development and financial contributions
<b>Total applications of operating funding (B)</b>	<b>93,490</b>	<b>98,357</b>	<b>100,396</b>	<b>103,990</b>	<b>(3,594)</b>	
Surplus (deficit) of operating funding (A-B)	20,699	19,411	23,043	23,821	778	Vested infrastructural assets
<b>SOURCES OF CAPITAL FUNDING</b>						
Subsidies and grants for capital expenditure	9,829	15,246	21,343	31,566	10,223	Profit on sale of property, plant & equipment
Development and financial contributions	5,138	4,201	5,138	3,771	(1,367)	
Increase (decrease) in debt	36,401	31,193	60,387	29,895	(30,492)	Total operating expenditure from statement of comprehensive revenue
Gross proceeds from sale of assets	422	786	2,055	3,581	1,526	Less total applications of funding from funding impact statement
Lump sum contributions	270	81	270	796	526	
Other dedicated capital funding	-	-	-	-	-	
<b>Total sources of capital funding (C)</b>	<b>52,059</b>	<b>51,506</b>	<b>89,193</b>	<b>69,609</b>	<b>(19,584)</b>	<b>Variance</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>						
Capital expenditure						Variance is made up of:
To meet additional demand	4,311	7,237	11,876	4,416	7,460	Depreciation and amortisation
To improve the level of service	30,681	28,111	55,689	53,221	2,468	Payments made to suppliers
To replace existing assets	37,382	40,945	44,288	36,667	7,621	Finance costs
Increase (decrease) in reserves	-	(5,342)	-	(2,429)	2,429	
Increase (decrease) of investments	383	(33)	383	1,555	(1,172)	
<b>Total applications of capital funding (D)</b>	<b>72,758</b>	<b>70,911</b>	<b>112,296</b>	<b>99,430</b>	<b>18,806</b>	
Surplus (deficit) of capital funding (C-D)	(20,699)	(19,411)	(23,043)	(23,821)	(778)	
<b>Total funding balance (A-B) + (C-D)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Group depreciation and amortisation	32,150	34,944	34,936	37,502	(2,566)	

### 3. Rates revenue excluding metered water supply charges

Actual Council 2020 \$'000	Budget Council 2021 \$'000	Actual Council 2021 \$'000
44,144 General Rate	45,818	45,383
11,623 Community & Resource Rate	12,247	12,219
6,009 Uniform Annual General Charge	5,926	5,901
<b>TARGETED RATES</b>		
53 Havelock North Business Association	53	53
129 Swimming Pools	144	135
125 Havelock North Parking	139	128
289 Hastings City Marketing	293	293
306 Security Patrols	370	370
244 CBD Hastings	244	244
58 CBD Havelock North	58	58
- Rural Seal Extension	-	-
- Whakatū Stormwater	-	-
16 Waimārama Seawall	23	23
5,514 Wastewater	6,088	5,478
25 Waipātiki Wastewater Operational	34	27
1 Waipātiki Wastewater Capital	-	1
1,877 Wastewater Levy (80%)	1,821	1,786
10,210 Water supply	10,425	10,788
851 Kerbside Recycling	1,618	1,402
384 Refuse Collection	2,985	2,819
- Waimārama Refuse Collection	30	-
21 Whirināki Water Supply – Capital	-	21
(65) Change in Targeted Rates Reserve	(881)	174
<b>81,814</b>	<b>86,895</b>	<b>87,303</b>

The Council is required by the LGFA Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates revenue. That Deed defines annual rates revenue as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating Act) 2002 together with any revenue received by the Council from other local authorities for services provided by that Council for which those other Local Authorities rate. The annual rates revenue of the Council for the year ended 30 June 2021 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown below:

Actual Council 2020 \$'000		Budget Council 2021 \$'000	Actual Council 2021 \$'000
81,814	Rates excluding metered water supply charges	86,896	87,303
1,266	Metered Water Supply Charges	1,024	1,348
<b>83,080</b>		<b>87,919</b>	<b>88,651</b>

#### 4. Finance revenue

Actual Council 2020 \$'000	Actual Group 2020 \$'000	Actual Council 2021 \$'000	Actual Group 2021 \$'000
109	109	37	37
478	489	519	527
<b>587</b>	<b>598</b>	<b>556</b>	<b>564</b>
(109)	(109)	(37)	(37)
<b>478</b>	<b>489</b>	<b>519</b>	<b>527</b>

#### 5. Other revenue

Actual Council 2020 \$'000	Actual Group 2020 \$'000	Actual Council 2021 \$'000	Actual Group 2021 \$'000
538	538	588	588
83	83	2,250	2,250
-	529	-	560
126	126	14	14
<b>746</b>	<b>1,276</b>	<b>2,852</b>	<b>3,412</b>

#### 6. Operational costs

Actual Council 2020 \$'000	Actual Group 2020 \$'000		Actual Council 2021 \$'000	Actual Group 2021 \$'000
986	986	Councillors remuneration	1,022	1,022
30,728	30,728	Contractors	33,310	33,863
4,723	4,723	Consultants and legal fees	6,317	6,317
244	244	Operating lease expense	459	459
105	111	Fees to Audit New Zealand for audit of financial statements	125	141
0	0	Fees to Audit New Zealand for audit of Long Term Plan	77	77
6	6	Fees to Audit New Zealand for other services (Debenture Trust Deed audit)	6	6
97	97	Total bad debts written off	45	45
(10)	(10)	Change in provision for doubtful debts	(12)	(12)
2,788	2,788	Loss on sale of property, plant and equipment	1,311	1,311
6,184	6,184	Maintenance and asset costs	6,382	6,382
2,968	2,968	Energy costs	3,103	3,103
34,426	34,426	Salary and wages	35,345	35,537
1,129	1,129	Defined contribution plan – employer contributions	1,188	1,188
645	645	Increase/(decrease) in employee entitlements/liabilities	477	477
1,298	1,298	Administration costs	1,657	1,657
2,645	2,645	Sponsorships and grants	2,418	1,841
7,151	7,905	Other costs	6,426	6,813
-	-	Impairment loss non fixed asset	-	-
<b>96,113</b>	<b>96,873</b>		<b>99,656</b>	<b>100,227</b>

## 7. Depreciation and amortisation expense

Actual Council 2020 \$'000	Actual Group 2020 \$'000		Actual Council 2021 \$'000	Actual Group 2021 \$'000
979	1,309	Operational buildings	879	879
1,408	1,408	Restricted buildings	1,846	2,196
216	216	Library collection	214	214
714	929	Plant, equipment and motor vehicles	1,239	1,442
109	112	Furniture and fittings	116	116
878	878	Landfill	954	954
983	983	Computers and office equipment	1,010	1,010
<b>5,287</b>	<b>5,835</b>	<b>Total property, plant and equipment</b>	<b>6,258</b>	<b>6,811</b>
2,753	2,753	Water supply network	3,254	3,254
7,029	7,029	Wastewater disposal network	7,247	7,247
3,756	3,756	Stormwater disposal network	3,806	3,806
13,943	13,943	Roading foundations and bridges	14,642	14,642
1,948	1,948	Parks	2,145	2,145
<b>29,429</b>	<b>29,429</b>	<b>Total infrastructural assets</b>	<b>31,094</b>	<b>31,094</b>
<b>AMORTISATION</b>				
228	228	Intangible assets – computer software	150	150
<b>34,944</b>	<b>35,491</b>		<b>37,502</b>	<b>38,055</b>

## 8. Taxation

Actual Council 2020 \$'000	Actual Group 2020 \$'000		Actual Council 2020 \$'000	Actual Group 2020 \$'000
1,232	1,054	Net operating surplus before taxation	34,603	34,987
	214	Share of associate's retained surplus		(136)
<b>1,232</b>	<b>1,267</b>		<b>34,603</b>	<b>34,851</b>
345	355	Tax at 28%	9,689	9,758
<b>PLUS (LESS) TAX EFFECT OF:</b>				
(345)	(355)	Permanent differences	(9,689)	(9,758)
-	-	Imputation credits	-	-
-	-	Residual taxation payable	-	-
<b>COMPRISING:</b>				
-	-	Current tax	-	-
-	-	Future income tax benefit	-	-
<b>FUTURE TAX BENEFIT:</b>				
-	-	Opening balance	-	-
-	-	Movement	-	-
-	-	Closing balance	-	-

The following entities unused tax losses are available to carry forward and offset against future taxable income:

<b>Unused Tax Losses</b>		
Hastings District Holdings Limited	\$839,898	(2020: \$839,898)
Hastings District Properties Limited	\$129,629	(2020: \$129,629)
Hawke's Bay Opera House Limited	\$86,911	(2020: \$86,911)
Hastings District Council	\$1,173,617	(2020: \$830,718)



## 9. Receivables

Actual Council 2020 \$'000	Actual Group 2020 \$'000		Actual Council 2021 \$'000	Actual Group 2021 \$'000
2,098	2,098	Rates receivables	1,894	1,894
8,900	9,358	Other receivables	10,381	10,700
2,332	2,332	GST receivables	3,484	3,484
138	138	Other current assets	295	295
<b>13,468</b>	<b>13,926</b>		<b>16,054</b>	<b>16,373</b>
(227)	(227)	Less Impairment of receivables	(215)	(215)
<b>13,241</b>	<b>13,699</b>		<b>15,839</b>	<b>16,158</b>
There are no material exchange transactions				

### Fair value

Debtors and other receivables are non-interest bearing and receipt is normally on 30-day terms, therefore the carrying value of debtors and other receivables approximates their fair value.

### Impairment

The Council does not provide for any impairment on rates receivable, with the exception of Māori land arrears, as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. These powers allow the Council to commence legal proceedings to recover any rates that remain unpaid four (4) months after the due date for payment. If payment has not been made within three (3) months of the Court's judgment, then the Council can apply to the Registrar of the High Court to have the judgment enforced by sale or lease of the rating unit.

Ratepayers can apply for payment plan options in special circumstances. Where such repayment plans are in place, debts are discounted to their present value of future payments if the impact of discounting is material.

The ageing profile of receivables at year end is detailed below:

Council Gross 2020 \$'000	Impairment 2020 \$'000	The status of receivables are detailed below:	Gross 2021 \$'000	Impairment 2021 \$'000
DEBTORS				
11,841	-	Not past due	13,177	
695	-	Past due 1-60 days	964	
186	-	Past due 61-90 days	29	
746	(227)	Past due > 90 days	1,884	(215)
<b>13,468</b>	<b>(227)</b>		<b>16,054</b>	<b>(215)</b>
Group Gross				
2020 \$'000	2020 \$'000	The status of receivables are detailed below:	2021 \$'000	2021 \$'000
DEBTORS				
12,299		Not past due	13,496	
695		Past due 1-60 days	964	
186		Past due 61-90 days	29	
746	(227)	Past due > 90 days	1,884	(215)
<b>13,926</b>	<b>(227)</b>		<b>16,373</b>	<b>(215)</b>

All receipts greater than 30 days in age are considered to be past due.

The impairment provision has been calculated based on a review of specific overdue receivables and a collective assessment. The collective impairment provision is based on an analysis of past collection history and debt write-offs.

Actual Council 2020 \$'000	Actual Group 2020 \$'000		Actual Council 2021 \$'000	Actual Group 2021 \$'000
66	66	Individual impairment	154	154
161	161	Collective impairment	61	61
<b>227</b>	<b>227</b>		<b>215</b>	<b>215</b>

Individually impaired receivables have been determined to be impaired because of the significant financial difficulties being experienced by the debtor. An analysis of these individually impaired debtors is as follows:

Actual Council 2020 \$'000	Actual Group 2020 \$'000		Actual Council 2021 \$'000	Actual Group 2021 \$'000
-	-	Past due 1-60 days	-	-
-	-	Past due 61-90 days	-	-
66	66	Past due > 90 days	154	154
<b>66</b>	<b>66</b>		<b>154</b>	<b>154</b>

Movements in the provision for impairment of receivables are as follows:

Actual Council 2020 \$'000	Actual Group 2020 \$'000		Actual Council 2021 \$'000	Actual Group 2021 \$'000
237	237	As at 1 July	227	227
-	-	Additional provisions made during the year	87	87
(10)	(10)	Provisions reversed during the year	(99)	(99)
-	-	Receivables written-off during the year	-	-
<b>227</b>	<b>227</b>		<b>215</b>	<b>215</b>

## 10. Inventory

Actual Council 2020 \$'000	Actual Group 2020 \$'000		Actual Council 2021 \$'000	Actual Group 2021 \$'000
106	106	Inventory held for distribution	76	76
<b>106</b>	<b>106</b>	<b>Total inventory</b>	<b>76</b>	<b>76</b>

No inventories are pledged as security for liabilities (2020: \$nil).

The carrying amount of inventory held for distribution that is measured at current replacement cost as at 30 June 2021 amounted to \$nil (2020: \$nil).

### 11.(a) Investment in associates

Actual Council 2020 \$'000	Actual Group 2020 \$'000		Actual Council 2021 \$'000	Actual Group 2021 \$'000
1,063	7,858	Hawke's Bay Airport Limited	1,063	7,906
-	54	Horse of the Year (Hawke's Bay) Limited	-	69
<b>1,063</b>	<b>7,912</b>	<b>Total investments in associates</b>	<b>1,063</b>	<b>7,975</b>
<b>HAWKE'S BAY AIRPORT LIMITED</b>				
Name of entity: Hawke's Bay Airport Limited				
Principal activities: Airport				
Ownership: 24% (2020: 24%)				
Owner: Hawke's Bay Airport Limited				
Balance date: 30 June				
Movements in the carrying amount of investments in associate				
	1,063	Hastings District Council Investment in Hawke's Bay Airport Limited		1,063
	7,122	Retained Earnings at the beginning of year		6,795
	<b>8,185</b>	<b>Carrying amount at beginning of year</b>		<b>7,858</b>
Council's share of the results of Hawke's Bay Airport Limited				
	(243)	Share of Surplus		133
	-	Share of other recognised revenues and expenses		33
	(243)	<b>Share of total recognised revenues and expenses</b>		<b>166</b>
Carrying Amount of Investment in Hawke's Bay Airport Limited				
	8,185	Carrying amount at beginning of year		7,858
	(243)	Share of total recognised revenues and expenses		166
	(84)	Revaluation reserves		(118)
	-	Prior year adjustment		-
	<b>7,858</b>	<b>Carrying amount at end of year</b>		<b>7,906</b>
There are no contingent liabilities at 30 June 2021				
<b>Summarised Financial Information</b>				
	247	Current Assets		329
	13,802	Non-Current Assets		15,192
	4,711	Current Liabilities		572
	1,364	Non-Current Liabilities		6,802
	1,506	Revenues		1,599
	(8)	Tax Expense		(103)
	(243)	Surplus/(deficit)		166
	24%	Group's interest		24%
<b>HORSE OF THE YEAR (HAWKE'S BAY) LIMITED</b>				
Name of Entity: Horse of the Year (Hawke's Bay) Limited				
Principal activities: Equestrian Show				
Ownership: 33% (2020: 33%)				
Owner: Horse of the Year (Hawke's Bay) Limited				
Balance date: 31 May				

The summary financial information for associates only shows the Group's interest.

### 11.(a) Investment in associates

Actual Council 2020 \$'000	Actual Group 2020 \$'000	Actual Council 2021 \$'000	Actual Group 2021 \$'000
Movements in the carrying amount of investments in associate		The summary financial information for associates only shows the Group's interest.	
- Hastings District Council Investment in Horse of the Year (Hawke's Bay) Limited		-	
24 Retained earnings at the beginning of year		53	
24 Carrying amount at beginning of year		53	
Council's share of the results of Horse of the Year (Hawke's Bay) Limited			
29 Share of Surplus		16	
- Share of other recognised revenues and expenses		-	
29 Share of total recognised revenues and expenses		16	
Carrying Amount of Investment in Horse of the Year (Hawke's Bay) Limited			
24 Carrying amount at beginning of year		53	
29 Share of total recognised revenues and expenses		16	
- Revaluation reserves		-	
54 Carrying amount at end of year		69	
There are no contingent liabilities at 30 June 2021			
Summarised Financial Information			
63 Current Assets		191	
7 Non-Current Assets		26	
17 Current Liabilities		147	
- Non-Current Liabilities		-	
865 Revenues		272	
- Tax Expense (exempt)		-	
29 Surplus/(deficit)		16	
33% Group's interest		33%	



## 11.(b) Other financial assets

Actual Council 2020 \$'000	Actual Group 2020 \$'000		Actual Council 2021 \$'000	Actual Group 2021 \$'000
<b>CURRENT PORTION</b>				
14,180	14,607	Term deposits	-	-
14,180	14,607	Total current portion	-	-
<b>NON-CURRENT PORTION</b>				
Investment in CCOs and similar entities				
-	-	- HB LASS Limited	-	-
15	-	- Subsidiary Hastings District Holdings Limited	15	-
15	-	Total investment in CCOs and similar entities	15	-
Investment in other entities				
-	-	- Term deposits	-	-
615	615	Unlisted shares in LGFA	615	615
2,400	2,400	Borrower notes in LGFA	3,955	3,955
157	157	New Zealand Local Government Insurance Association	157	157
3,172	3,172	Total investment in other entities	4,727	4,727
3,188	3,172	Total non-current portion	4,742	4,727
17,368	17,779	Total other financial assets	4,742	4,727

### Fair value

#### Term deposits

The carrying amount of term deposits approximates their fair value.

#### Unlisted shares and borrower notes

The fair value of the unlisted shares has been determined as follows:

- If an active market is present for unlisted shares, the fair value of such shares is determined by their market value.
- If an active market is absent for unlisted shares, the fair value of such shares is determined by their redemption value.

#### Impairment

At balance date, the subsidiary Hastings District Holdings was impaired as follows:

Actual 2020 \$'000	Actual 2021 \$'000
317	317
(302)	(302)
15	15

## 12. Property, plant and equipment: 2021

	1 Jul 2020	1 Jul 2020	1 Jul 2020									30 Jun 2021	30 Jun 2021	30 Jun 2021
	Cost/ Revaluation	Accumulated depreciation and impairment charges	Carrying amount	Additions	Disposals	Impairment charges	Amortisation charges	Depreciation	Revaluation Depreciation write back	Replacment/ Other Movements		Cost/ Revaluation	Accumulated depreciation and impairment charges	Carrying amount
<b>\$'000</b>														
<b>COUNCIL OPERATIONAL ASSETS</b>														
Operational Buildings	37,708	(1,872)	35,836	3,970	(214)	-	-	(879)	2,752	7,424		48,889	-	48,889
Operational Land	37,771	-	37,771	629	(333)	-	-	-	-	28,009		66,076	-	66,076
Heritage	521	-	521	6	-	-	-	-	-	-		527	-	527
Library Books	1,998	-	1,998	365	-	-	-	(214)	214	384		2,747	-	2,747
Computers & Office Equipment	11,749	(8,573)	3,176	993	-	-	-	(1,010)	-	-		12,742	(9,583)	3,159
Furniture & Fittings	3,047	(2,200)	846	160	-	-	-	(116)	-	-		3,207	(2,317)	890
Plant, Equipment & Vehicles	14,103	(6,602)	7,500	2,685	(425)	-	-	(1,239)	-	-		16,362	(7,841)	8,521
Landfill	22,509	(16,670)	5,839	1,393	-	-	-	(954)	-	-		23,902	(17,624)	6,278
<b>Total Operational Assets</b>	<b>129,407</b>	<b>(35,919)</b>	<b>93,487</b>	<b>10,201</b>	<b>(972)</b>	<b>-</b>	<b>-</b>	<b>(4,412)</b>	<b>2,966</b>	<b>35,817</b>		<b>174,452</b>	<b>(37,365)</b>	<b>137,087</b>
<b>COUNCIL RESTRICTED ASSETS</b>														
Restricted Buildings	76,324	(2,740)	73,585	10,024	(286)	-	-	(1,846)	4,586	13,246		99,309	-	99,309
Restricted Land	83,765	-	83,765	83	(2)	-	-	-	-	64,252		148,098	-	148,098
<b>Total Restricted Assets</b>	<b>160,089</b>	<b>(2,740)</b>	<b>157,350</b>	<b>10,107</b>	<b>(288)</b>	<b>-</b>	<b>-</b>	<b>(1,846)</b>	<b>4,586</b>	<b>77,498</b>		<b>247,407</b>	<b>-</b>	<b>247,407</b>
<b>Total Operational &amp; Restricted Assets</b>	<b>289,496</b>	<b>(38,658)</b>	<b>250,837</b>	<b>20,308</b>	<b>(1,260)</b>	<b>-</b>	<b>-</b>	<b>(6,258)</b>	<b>7,552</b>	<b>113,315</b>		<b>421,859</b>	<b>(37,365)</b>	<b>384,494</b>
<b>SUBSIDIARIES PROPERTY, PLANT AND EQUIPMENT</b>														
Plant & Equipment	4,047	(1,747)	2,300	25	-	-	-	(203)	-	-		4,072	(1,950)	2,122
Restricted Buildings	17,817	(2,951)	14,866	487	-	-	-	(350)	-	-		18,304	(3,301)	15,003
Restricted Land	130	-	130	188	-	-	-	-	-	-		318	-	318
Office Equipment	28	(28)	-	3	-	-	-	-	-	-		31	(28)	3
<b>Total Subsidiary Assets</b>	<b>22,022</b>	<b>(4,726)</b>	<b>17,296</b>	<b>703</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(553)</b>	<b>-</b>	<b>-</b>		<b>22,725</b>	<b>(5,279)</b>	<b>17,446</b>
<b>Total Group</b>	<b>311,518</b>	<b>(43,384)</b>	<b>268,133</b>	<b>21,011</b>	<b>(1,260)</b>	<b>-</b>	<b>-</b>	<b>(6,812)</b>	<b>7,552</b>	<b>113,314</b>		<b>444,584</b>	<b>(42,644)</b>	<b>401,940</b>
<b>BIOLOGICAL ASSETS</b>														
Landfill Forestry	60	-	60	-	-	-	-	-	-	-		60	-	60
<b>Total Biological Assets</b>	<b>60</b>	<b>-</b>	<b>60</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>60</b>	<b>-</b>	<b>60</b>
<b>INTANGIBLE ASSETS</b>														
Computer Software	5,737	(5,442)	294	460	-	-	-	(150)	-	-		6,196	(5,592)	604
<b>Total Intangible Assets</b>	<b>5,737</b>	<b>(5,442)</b>	<b>294</b>	<b>460</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(150)</b>	<b>-</b>	<b>-</b>		<b>6,196</b>	<b>(5,592)</b>	<b>604</b>
<b>COUNCIL INFRASTRUCTURAL ASSETS</b>														
Bridges	74,183	(1,329)	72,854	2,571	-	-	-	(1,367)	2,696	(3,593)		73,161	-	73,161
Roading – Land	129,124	-	129,124	-	-	-	-	-	-	-		129,124	-	129,124
Roading – Other	1,105,427	(12,614)	1,092,813	32,209	-	-	-	(13,275)	25,889	(34,594)		1,103,042	-	1,103,042
Stormwater Disposal Network	234,185	( )	234,185	2,962	(36)	-	-	(3,806)	-	-		237,111	(3,806)	233,305
Wastewater Disposal Network	276,031	-	276,031	6,602	(415)	-	-	(7,247)	-	42		282,260	(7,247)	275,013
Water Supply Network	167,245	( )	167,245	28,461	(143)	-	-	(3,254)	-	-		195,564	(3,254)	192,309
Parks	48,701	(1,948)	46,753	4,832	-	-	-	(2,145)	4,071	(14,994)		38,539	(22)	38,517
<b>Total Infrastructural Assets</b>	<b>2,034,895</b>	<b>(15,891)</b>	<b>2,019,005</b>	<b>77,637</b>	<b>(594)</b>	<b>-</b>	<b>-</b>	<b>(31,094)</b>	<b>32,656</b>	<b>(53,139)</b>		<b>2,058,801</b>	<b>(14,329)</b>	<b>2,044,471</b>

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Property, Plant & Equipment consists of:

- **Operational assets** – these include land, buildings, landfill, library books, plant, equipment and motor vehicles.
- **Restricted assets** – restricted assets are parks and reserves, sportsgrounds, theatre and historical buildings owned by Council which provide a benefit or service to the community and cannot be disposed because of legal or other restrictions; Not all restricted assets have legislative impediments to disposal.
- **Infrastructure assets** – infrastructure assets are the fixed utility systems owned by Council. Each asset class includes all items that are required for the network to function, for example sewer reticulation includes reticulation piping and sewer pump stations.

Capitalised finance leases

The net carrying amount of plant and equipment held under finance leases is \$nil (2020: \$nil). There is no class of the Property, Plant or Equipment that has been pledged as security for liabilities.

Work in progress

The total amount per class is as listed below:

Class	Actual Council 2021
Buildings	14,856
Computers & Office Equipment	762
Furniture & Fittings	3
Plant, Equipment & Vehicles	268
Heritage	6
Parks	-
Roads	-
Stormwater	4,745
Wastewater	13,475
Water Supply	32,957
<b>Total</b>	<b>67,072</b>

2021 core assets	Assets constructed	Assets transferred	Closing value	Replacement cost
<b>WATER SUPPLY</b>				
Treatment Plants and Facilities	2,471		8,083	9,623
Other Assets	25,905	308	184,227	219,323
<b>Total</b>	<b>28,377</b>	<b>308</b>	<b>192,310</b>	<b>228,946</b>
<b>SEWERAGE</b>				
Treatment Plants and Facilities	1,736		46,243	85,205
Other Assets	7,692	731	228,770	421,521
<b>Total</b>	<b>9,427</b>	<b>731</b>	<b>275,013</b>	<b>506,726</b>
Stormwater drainage	4,096	753	233,305	378,408
Flood protection and control works	-	-	-	-
<b>ROADS</b>				
Roads & Footpaths	33,909	870	1,305,327	1,523,324

## 12. Property, plant and equipment: 2020

	1 Jul 2019	1 Jul 2019	1 Jul 2019								30 Jun 2020	30 Jun 2020	30 Jun 2020
	Cost/	Accumulated	Carrying	Additions	Disposals	Impairment	Amortisation	Depreciation	Revaluation	Revaluation/	Cost/	Accumulated	Carrying
\$'000	Revaluation	depreciation	amount			charges	charges		Designation	Other	Revaluation	depreciation	amount
		and impairment							write back	Movements		and impairment	
		charges										charges	
<b>COUNCIL OPERATIONAL ASSETS</b>													
Operational Buildings	42,177	(905)	41,272	1,373	-	-	-	(979)	12	(5,842)	37,708	(1,872)	35,836
Operational Land	38,493	-	38,493	(5)	(267)	-	-	-	-	(450)	37,771	-	37,771
Heritage	521	-	521	-	-	-	-	-	-	-	521	-	521
Library Books	2,035	-	2,035	310	-	-	-	(216)	216	(346)	1,998	-	1,998
Computers & Office Equipment	10,820	(7,583)	3,237	958	(29)	-	-	(983)	(7)	-	11,749	(8,573)	3,176
Furniture & Fittings	2,808	(2,092)	715	239	-	-	-	(109)	-	-	3,047	(2,200)	846
Plant, Equipment & Vehicles	11,916	(6,436)	5,479	3,060	(873)	-	-	(714)	547	-	14,103	(6,602)	7,500
Landfill	21,314	(15,792)	5,522	1,195	-	-	-	(878)	-	-	22,509	(16,670)	5,839
<b>Total Operational Assets</b>	<b>130,085</b>	<b>(32,808)</b>	<b>97,275</b>	<b>7,129</b>	<b>(1,169)</b>	<b>-</b>	<b>-</b>	<b>(3,880)</b>	<b>769</b>	<b>(6,638)</b>	<b>129,407</b>	<b>(35,919)</b>	<b>93,487</b>
<b>COUNCIL RESTRICTED ASSETS</b>													
Restricted Buildings	64,045	(1,351)	62,693	10,796	(401)	-	-	(1,408)	20	1,885	76,324	(2,740)	73,585
Restricted Land	77,655	-	77,655	987	-	-	-	-	-	5,123	83,765	-	83,765
Total Restricted Assets	141,700	(1,351)	140,348	11,783	(401)	-	-	(1,408)	20	7,008	160,089	(2,740)	157,350
<b>Total Operational &amp; Restricted Assets</b>	<b>271,784</b>	<b>(34,160)</b>	<b>237,623</b>	<b>18,912</b>	<b>(1,570)</b>	<b>-</b>	<b>-</b>	<b>(5,287)</b>	<b>789</b>	<b>370</b>	<b>289,496</b>	<b>(38,658)</b>	<b>250,837</b>
<b>SUBSIDIARIES PROPERTY, PLANT AND EQUIPMENT</b>													
Plant & Equipment	4,033	(1,535)	2,498	13	-	-	-	(212)	-	-	4,047	(1,747)	2,300
Restricted Buildings	15,811	(2,621)	13,199	2,007	-	-	-	(330)	-	-	17,817	(2,951)	14,866
Restricted Land	130	-	130	-	-	-	-	-	-	-	130	-	130
Office Equipment	28	(28)	-	-	-	-	-	-	-	-	28	(28)	-
Total Subsidiary Assets	20,002	(4,185)	15,817	2,020	-	-	-	(541)	-	-	22,022	(4,726)	17,296
<b>Total Group</b>	<b>291,786</b>	<b>(38,345)</b>	<b>253,441</b>	<b>20,932</b>	<b>(1,570)</b>	<b>-</b>	<b>-</b>	<b>(5,828)</b>	<b>789</b>	<b>370</b>	<b>311,518</b>	<b>(43,384)</b>	<b>268,133</b>
<b>BIOLOGICAL ASSETS</b>													
Landfill Forestry	60	-	60	-	-	-	-	-	-	-	60	-	60
Total Biological Assets	60	-	60	-	-	-	-	-	-	-	60	-	60
<b>INTANGIBLE ASSETS</b>													
Computer Software	5,369	(5,214)	155	367	-	-	-	(228)	-	-	5,737	(5,442)	294
<b>Total Intangible Assets</b>	<b>5,369</b>	<b>(5,214)</b>	<b>155</b>	<b>367</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(228)</b>	<b>-</b>	<b>-</b>	<b>5,737</b>	<b>(5,442)</b>	<b>294</b>
<b>COUNCIL INFRASTRUCTURAL ASSETS</b>													
Bridges	72,331	-	72,331	1,852	-	-	-	(1,329)	-	-	74,183	(1,329)	72,854
Roading – Land	129,124	-	129,124	-	-	-	-	-	-	-	129,124	-	129,124
Roading – Other	1,083,285	-	1,083,285	22,766	-	-	-	(12,614)	-	(624)	1,105,427	(12,614)	1,092,813
Stormwater Disposal Network	228,801	(3,714)	225,087	2,921	(72)	-	-	(3,756)	7,470	2,535	234,185	-	234,185
Wastewater Disposal Network	264,566	(7,015)	257,551	12,407	(1,687)	-	-	(7,029)	14,044	746	276,031	-	276,031
Water Supply Network	146,056	(2,582)	143,474	17,755	(565)	-	-	(2,753)	5,335	3,999	167,245	-	167,245
Parks	44,209	-	44,209	4,492	-	-	-	(1,948)	-	-	48,701	(1,948)	46,753
<b>Total Infrastructural Assets</b>	<b>1,968,972</b>	<b>(13,311)</b>	<b>1,955,661</b>	<b>62,193</b>	<b>(2,324)</b>	<b>-</b>	<b>-</b>	<b>(29,429)</b>	<b>26,848</b>	<b>6,655</b>	<b>2,034,895</b>	<b>(15,891)</b>	<b>2,019,005</b>

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Historical movements in fair value and impairment for Land and Buildings

Class	2012 revaluation loss to reserves \$'000	2012 revaluation loss to statement of comprehensive revenue and expense \$'000	2014 impairment of Opera House to statement of comprehensive revenue and expense \$'000	Reversal of revaluation and impairment losses \$'000	Revaluation and impairment losses yet to be reversed \$'000	2018 reversal of revaluation and impairment losses \$'000	Balance of impairment \$'000
Land and Buildings	77	3,650	5,968	9,094	524	524	*

#### Impairment

**Land and buildings** – impairment losses of \$5,968,000 were recognised in the statement of comprehensive revenue and expense in the 2014 financial year, as an expense. These losses were due to the recognition of the impairment in value of the Hawke's Bay Opera House and the Municipal Building, Hastings St South due to their seismic limitations. Due to an upward movement in the revaluation reserve of Land and Buildings in the 2015 year, this impairment has been reversed and offset against the revaluation reserve.

The remaining impairment of \$524,000 has been reversed and offset against the revaluation reserve due to an upward movement in Land and Buildings valuations in the 2018 year.

Property, Plant & Equipment consists of:

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- **Restricted assets** – restricted assets are parks and reserves, sportsgrounds, theatre and historical buildings owned by Council which provide a benefit or service to the community and cannot be disposed because of legal or other restrictions; Not all restricted assets have legislative impediments to disposal.
- **Infrastructure assets** – infrastructure assets are the fixed utility systems owned by Council. Each asset class includes all items that are required for the network to function, for example sewer reticulation includes reticulation piping and sewer pump stations.

Capitalised finance leases

The net carrying amount of plant and equipment held under finance leases is \$nil (2019: \$nil). There is no class of the Property, Plant or Equipment that has been pledged as security for liabilities.

Work in progress

The total amount per class is as listed below:

Class	Actual Council 2020
Buildings	7,552
Computers & Office Equipment	528
Furniture & Fittings	-
Plant, Equipment & Vehicles	23
Properties sold but not settled	-
Parks	-
Roading	-
Stormwater	6,713
Wastewater	17,196
Water Supply	33,343
<b>Total</b>	<b>65,355</b>

13. Payables and deferred revenue

Actual Council 2020 \$'000	Actual Group 2020 \$'000		Actual Council 2021 \$'000	Actual Group 2021 \$'000
<b>CURRENT</b>				
15,457	16,305	Trade payables and accrued expenses	21,013	22,269
687	687	Interest on public debt	735	735
2,443	2,443	Revenue received in advance	2,918	2,918
912	912	ETS Levy Provision (Note 24)	1,652	1,652
4,210	4,210	Other current liabilities	3,862	3,862
<b>23,710</b>	<b>24,558</b>		<b>30,180</b>	<b>31,436</b>
<b>NON-CURRENT</b>				
1,319	1,319	Provision for Landfill Aftercare (Note 24)	1,239	1,239
321	453	Other non-current liabilities	320	451
<b>1,640</b>	<b>1,772</b>		<b>1,559</b>	<b>1,690</b>
Payables and deferred revenue comprise of:				
1,352	1,352	Payables from non-exchange transactions – rates and dog registrations	2,918	2,918
23,998	24,978	Payables from exchange transactions – commercial payables	28,820	30,207

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms. Therefore, the carrying value of creditors and other payables approximates their fair value.

#### 14. Employee entitlements

Actual Council 2020 \$'000	Actual Group 2020 \$'000		Actual Council 2021 \$'000	Actual Group 2021 \$'000
2,793	2,793	Opening balance	3,731	3,758
939	965	Entitlements paid or relinquished	714	726
<b>3,731</b>	<b>3,758</b>		<b>4,445</b>	<b>4,484</b>
3,398	3,425	Current	3,761	3,799
333	333	Non-current	684	684
<b>3,731</b>	<b>3,758</b>		<b>4,445</b>	<b>4,484</b>
<b>CURRENT</b>				
305	305	Accrued pay	602	602
2,980	3,007	Annual leave and other benefits	3,044	2,480
112	112	Retirement and long service leave	115	115
<b>3,398</b>	<b>3,425</b>		<b>3,761</b>	<b>3,197</b>
<b>NON-CURRENT</b>				
333	333	Retirement and long service leave	684	684
<b>333</b>	<b>333</b>		<b>684</b>	<b>684</b>

The present value of retirement and long service leave obligations depends on a number of factors that are determined on an actuarial basis. Two key assumptions used in calculating this liability include the discount rate and the salary inflation factor. Any changes in these assumptions will affect the carrying amount of the liability.

Expected future payments are discounted using forward discount rates derived from the yield curve of New Zealand government bonds. The discount rates used have maturities that match, as closely as possible, the estimated future cash outflows. The salary inflation factor has been determined after considering historical salary inflation patterns. A weighted average discount rate of 6.0% (2020: 6.0%) and an inflation factor of 2.0% (2020: 2.0%) were used.

#### 15. Borrowings and other financial liabilities

Actual Council 2020 \$'000	Actual Group 2020 \$'000		Actual Council 2021 \$'000	Actual Group 2021 \$'000
105,240	106,240	Opening total of external public debt	152,815	152,815
56,575	56,575	Debt raised during year	72,926	72,926
(10,000)	(10,000)	Amounts repaid	(20,000)	(20,000)
<b>152,815</b>	<b>152,815</b>	<b>Total gross public debt</b>	<b>205,741</b>	<b>205,741</b>
<b>Comprises</b>				
<b>CURRENT</b>				
20,000	20,000	Secured loans	20,000	20,000
<b>NON-CURRENT</b>				
132,815	132,815	Secured loans	185,741	185,741
<b>152,815</b>	<b>152,815</b>	<b>Total borrowings and other financial liabilities</b>	<b>205,741</b>	<b>205,741</b>

#### Secured loans

The Council's secured debt of \$205.7m (2020: \$152.8m) is mostly issued at floating rates of interest. For floating rate debt, the interest rate is reset quarterly based on the 90-day bank bill rate plus a margin for credit risk. The overdraft is unsecured. The maximum amount that can be drawn down against the overdraft facility is \$0.5m (2020: \$0.5m). There are no restrictions on the use of the facility. The Council's loans are secured over either separate or general rates of the Council.

The Council has a multi-option credit facility of \$15m that can be drawn down on. The balance was not drawn down as at 30 June 2021 (2020: \$2.082m).

Actual Council 2020 \$'000	Actual Group 2020 \$'000		Actual Council 2021 \$'000	Actual Group 2021 \$'000
REPAYMENT TERMS – TERM DEBT				
20,000	20,000	Payable in less than 1 year	23,000	23,000
23,000	23,000	Payable between 1 and 2 years	21,000	21,000
68,075	68,075	Payable between 2 and 5 years	70,000	70,000
41,740	41,740	Later than 5 years	91,741	91,741
<b>152,815</b>	<b>152,815</b>		<b>205,741</b>	<b>205,741</b>
3.68%	3.68%	Weighted Average Interest Rate	3.13%	3.13%
4.07	4.07	Weighted Average Term (Years)	4.59	4.59

#### Summary of total public debt

The statement of financial position and Note 15 (above) records the total amount of Council's external debt as at 30 June 2021.

In addition to the external debt, the Council also utilises funds which are held for other purposes (Council-created and restricted reserves) to reduce the amount of external funding required.

Actual Council 2020 \$'000	Actual Group 2020 \$'000		Actual Council 2021 \$'000	Actual Group 2021 \$'000
152,815	152,815	External secured loans	205,741	205,741
26,422	26,422	Plus amount funded by internal loans	696	696
<b>179,237</b>	<b>179,237</b>	Gross borrowings for activities	<b>206,437</b>	<b>206,437</b>



## Internal borrowings

Information about internal borrowings is provided below. Internal borrowings are eliminated on consolidation of activities in the Council's financial statements.

2020 closing balance	Activity Group	2021 opening balance	Prior year carry forwards	CR transfer to	Interest	DR transfer from	Carry forward	2021 closing balance
(13,676)	Safe Healthy and Liveable Communities	(13,676)	238	(4,322)	(11)	7,977	1,358	(8,437)
(12,744)	Governance and Support Services	(12,744)	-	(3,704)	(5)	2,976	-	(13,477)
1,759	Economic and Community Development	1,759	187	(188)	-	592	315	2,665
(2,732)	Roads and Footpaths	(2,732)	509	(15,730)	(4)	15,644	-	(2,313)
1,318	Stormwater Disposal	1,318	20	(3,758)	-	3,758	20	1,358
7,800	Wastewater Disposal	7,800	8	(6,137)	(8)	6,608	-	8,271
4,726	Water Supply	4,726	380	(5,793)	-	5,498	-	4,811
(12,872)	Working Capital	(12,872)	-	-	-	-	-	6,426
(26,422)	<b>Total</b>	(26,422)	<b>1,343</b>	<b>(39,632)</b>	<b>(29)</b>	<b>43,053</b>	<b>1,693</b>	<b>(696)</b>

The fair values are based on cash flows discounted using a rate based on the average rates 4.59% (2020: 4.07%).

The carry forward column in the above table is the rating carry forward from rates collected in 2020/21 and carried forward to 2021/22.

16. Derivative financial instruments

Actual Council 2020 \$'000	Actual Group 2020 \$'000		Actual Council 2021 \$'000	Actual Group 2021 \$'000
NON-CURRENT ASSET PORTION				
-	-	Interest rate swaps – held for trading	-	-
CURRENT LIABILITY PORTION				
(699)	(699)	Interest rate swaps – held for trading	(501)	
NON-CURRENT LIABILITY PORTION				
(18,063)	(18,063)	Interest rate swaps – held for trading	(10,251)	
(18,762)	(18,762)		(10,752)	

Fair value

The fair values of interest rate swaps have been determined by calculating the expected cash flows under the terms of the swaps and discounting these values to present value. The inputs into the valuation model are from independently sourced market parameters such as interest rate yield curves. Most market parameters are implied from instrument prices.

Interest rate swaps

The notional principal amounts of the outstanding interest rate swap contracts for the Council were \$88.5m (2020: \$80.5m) and for the Group were \$88.5m (2020: \$80.5m). At 30 June 2021, the fixed interest rates for the interest rate swaps varied from 2.7% to 5.8% (2020: 2.8% to 5.9%).

The notional principal amounts of the forward starting interest rate swap contracts for the Council were \$27.5m (2020: \$53.5m) and for the Group were \$27.5m (2020: \$53.5m). At 30 June 2021, the fixed interest rates for the interest rate swaps varied from 3.8% to 4.5% (2020: 2.8% to 4.6%).

Council manages its interest rate risk through the use of interest rate swaps. At the end of each financial year, Council revalues its interest rate swap portfolio to the current market value. The movement in this valuation reflects what has happened to the floating interest rate during the year. As floating rates rise, the cost to Council to hold these interest rate swaps to maturity decreases, as floating rates fall, the Council's cost to maturity increases. During 2020/21 historical live contracted interest rate swap rates have fallen due to those maturing contracts, with new swap contracts at a lower rate cost than the preceding contracts and relative to the floating rate which has increased over the previous financial year. This year's recognised but unrealised gain of \$8m on revaluation reflects this change in interest rates and essentially means that over the next 10 years, assuming interest rates continue to rise or at least remain at today's current rates, Council will continue to benefit from the reduced interest costs.

## 17. Retained earnings

This component of equity comprises the accumulated retained earnings and Council-Created Reserves.

Actual Council 2020 \$'000	Actual Group 2020 \$'000		Actual Council 2021 \$'000	Actual Group 2021 \$'000
1,215,860	1,237,927	Balance at 1 July	1,222,004	1,243,896
1,232	1,054	Net surplus (deficit) for the year	34,603	34,987
<b>1,217,092</b>	<b>1,238,981</b>		<b>1,256,607</b>	<b>1,278,883</b>
ADD/(LESS) NET APPROPRIATIONS OF NET SURPLUS				
5,198	5,201	(To) from council created reserves	1,476	1,476
(286)	(286)	(To) from restricted reserves	358	358
<b>1,222,004</b>	<b>1,243,896</b>	<b>Balance at 30 June</b>	<b>1,258,441</b>	<b>1,280,717</b>
1,222,004	1,243,896	Accumulated surplus	1,258,441	1,280,717
17,784	17,784	Council created reserves	16,310	16,310
<b>1,239,788</b>	<b>1,261,680</b>	<b>Total accumulated funds</b>	<b>1,274,751</b>	<b>1,297,027</b>

### a) Council-created reserves

The Council has created a number of reserves, commonly referred to as special funds, to set aside funds for various purposes (e.g. asset replacements, emergency funds, etc.). The Council sets aside and invests funds for these reserves with any interest earned on the investments being credited to the reserves.

The major categories of Council-created reserves are:

#### Plant, Equipment and Vehicle Replacement

Funds are set aside to provide for the ongoing replacement of operational assets such as essential plant, vehicles and equipment.

#### Property Maintenance and Improvements

Funds are set aside to maintain and enhance existing Council assets and also to provide funds for new projects such as motorway linkages.

#### General Purpose Reserves

Each of the Council's rating groups has a general purpose reserve. Any year-end balance for the rating group is placed into the general purpose reserves to enable the use of those funds to be debated at the next budget round.

It has been the practice of Council to use the general purpose reserves to either reduce debt or to reduce the rating requirement in subsequent years.

#### Emergency Funds

Council has set aside funds to assist in the event of an emergency. Purposes for which funds are currently set aside are flood damage and rural fire.

#### Effluent Disposal

Council operates an effluent disposal scheme together with major users. Each year, funds are placed into a reserve for the maintenance of the scheme with funds withdrawn to fund major works.

#### Sundry Reserves

This represents a number of other reserves set aside for various purposes.

#### Separate Rates Reserves

This represents the balance of funds collected from various targeted rates which have not yet been spent.

#### Other

This represents reserves to be used for the Leachate Treatment Disposal System project. The balances of Council-created reserves are:

Balance 2020 Activity \$'000 Group		Deposits \$'000	Interest \$'000	Withdrawals \$'000	Balance 2021 \$'000
4,497 All activities	Plant, equipment and vehicle replacement fund	1,545	15	(1,334)	4,123
6,097 All activities	Property maintenance and improvements	4,402	9	(3,500)	7,008
5,887 All activities	General purpose reserves	1,533	-	(2,395)	5,025
5 Water and roads	Wastewater treatment (HDC funds)	-	2	-	6
2,395 Safe healthy and liveable communities	Emergency funds	2,650	6	(1,958)	3,093
2,247 All activities	Sundry reserves	29,237	-	(29,187)	2,296
(1,658) All activities	Separate reserves	3,205	-	(4,492)	(2,944)
381 Economic and community development	Other	216	2	-	598
<b>19,852</b>		<b>42,789</b>	<b>34</b>	<b>(43,466)</b>	<b>19,205</b>
(2,068)	Less: NCC share of landfill reserves	(863)	(7)	43	(2,895)
<b>17,784</b>		<b>41,926</b>	<b>27</b>	<b>(43,423)</b>	<b>16,310</b>

18. Restricted Reserves (Council only)

These are reserves, the use of which is restricted by some external force, e.g. trust deeds or legislation.

**Trusts and bequests** are funds which have been bequeathed to Council for specific purposes. Funds are separately invested with the interest earned on these investments added to the balance of the various special funds.

**Reserve purchase and development funds** are funds which have been levied on subdivisions under Section 274 of the Local Government Act 1974.

**Loan redemption reserves** reflect the balance of funds held in sinking fund investments, which are funds set aside for the repayment of debt.

Balance 2020 \$'000	Activity Group		Deposits \$'000	Interest \$'000	Withdrawals \$'000	Balance 2021 \$'000
1,529	Economic and community development	Trusts and bequests	-	4	(125)	1,408
1,837	Economic and community development	Development reserves	256	6	(500)	1,598
569	Economic and community development	Reserve purchase and development funds	-	2	-	571
3,935			256	12	(625)	3,577





## 19. Revaluation Reserves

Asset revaluation reserves consist of:

Balance 2020 \$'000		Revaluation movement \$'000	Transfer to retained earnings on disposal of property \$'000	Balance 2021 \$'000
<b>COUNCIL</b>				
<b>Operational Assets</b>				
41,029	Land and buildings	121,257	-	162,286
-	Library books	598	-	598
-	Forestry	-	-	-
<b>41,029</b>		<b>121,855</b>	<b>-</b>	<b>162,884</b>
<b>Infrastructural Assets</b>				
37,643	Bridges	(897)	-	36,746
375,852	Roading	(8,705)	-	367,147
153,075	Stormwater disposal	-	-	153,075
147,278	Wastewater disposal	-	-	147,278
76,385	Water supply	-	-	76,385
27,773	Park assets	(10,922)	-	16,851
<b>818,006</b>		<b>(20,524)</b>	<b>-</b>	<b>797,482</b>
(3)	Fair value through comprehensive revenue	-	-	(3)
<b>859,033</b>		<b>101,331</b>	<b>-</b>	<b>960,363</b>
<b>GROUP</b>				
2,656	Hawke's Bay Airport	(84)	-	2,569
<b>861,689</b>		<b>101,247</b>	<b>-</b>	<b>962,932</b>

## 20. Reconciliation of net surplus/(deficit) after tax to net cash flows from operating activities

Actual Council 2020 \$'000	Actual Group 2020 \$'000		Actual Council 2021 \$'000	Actual Group 2021 \$'000
1,233	1,054	Net surplus/(deficit) on operations	34,603	34,987
ADD/(LESS): NON-CASH ITEMS				
34,944	35,491	Depreciation and amortisation expense	37,502	38,055
684	(214)	Share of associates retained surplus	-	136
(5,098)	(5,098)	Vested infrastructure	(2,662)	(2,662)
-	33	Devaluation of Property, Plant & Equipment	-	-
2,791	2,791	Unrealised gains/losses on derivative financial instruments	(8,010)	(8,010)
33,321	33,003	Total non-cash items	26,830	27,519
ADD/(LESS): NET MOVEMENTS IN WORKING CAPITAL				
(786)	(898)	(Increase) decrease in debtors and other receivables	(2,448)	(2,609)
1,862	3,882	Increase (decrease) in creditors and other payables	3,400	3,829
(51)	(52)	(Increase) decrease in inventories	30	30
825	775	Increase (decrease) in provisions and employee entitlements (non-current)	633	643
1,849	3,707	Total net movements in working capital	1,615	1,893
ADD/(LESS): ITEMS CLASSIFIED AS INVESTING OR FINANCING ACTIVITIES				
2,706	2,706	(Gains)/Losses on sale of Property, Plant & Equipment and investments	(940)	(940)
2,706	2,706	Total non-operating activities	(940)	(940)
39,109	40,470	Total net cash inflow (outflow) from operating activities	62,108	63,459

## 21. Remuneration

The Council incurred the following expenditure for the year ended 30 June 2021:

### Chief Executive Remuneration

The Chief Executive of the Council is appointed under section 42 of the Local Government Act 2002.

Total Chief Executive remuneration for the year ending 30 June 2021 is \$364,794 (2020: \$365,676\*).

In terms of the contract, the Chief Executive received the following additional benefits:

Actual Council 2020 \$	Actual Council 2021 \$
3,747 Fringe Benefit Tax	3,833
10,454 Motor Vehicle	10,454
10,573 Superannuation	10,209
341,238 Salary	340,297

\*2020 salary and superannuation figures have been restated. The original figures did not adjust for an extra pay period in 2020.

### Remuneration of Elected Representatives

Actual Council 2020 \$		Remuneration \$	Allowance \$	Actual Council 2021 \$
<b>MAYOR AND COUNCILLORS</b>				
147,654	S Hazlehurst (Mayor)	145,930	-	145,930
88,768	T Kerr (Deputy Mayor)	78,067	18,046	96,113
35,662	A Corban	51,499	4,652	56,151
57,647	A Redstone	55,756	3,479	59,235
63,770	B Barber	64,720	4,819	69,539
51,025	D Harvey	51,277	923	52,200
54,090	E Lawson	55,761	1,677	57,438
29,749	G Lyons	-	-	-
59,446	G Travers	64,700	790	65,490
50,726	H O'Keefe	51,282	907	52,189
14,401	J Poulain	-	-	-
54,503	K Watkins	55,742	790	56,532
54,768	M Dixon	55,742	1,228	56,970
31,752	P Oli	47,020	790	47,810
17,274	R Heaps	-	-	-
50,689	S Nixon	51,282	790	52,072
36,898	S Siers	51,499	7,142	58,641
51,840	W Schollum	51,602	790	52,392
14,357	N Dawson (Rural Community Board – Chair)	14,960	2,253	17,213
13,353	S Maxwell (Rural Community Board)	7,427	1,967	9,394
-	M Buddo (Rural Community Board)	7,493	790	8,283
-	J Stockley (Rural Community Board)	7,433	790	8,223
2,296	P Kay (Rural Community Board)	-	-	-
2,679	L Wilson (Rural Community Board)	-	-	-
2,679	M Lester (Rural Community Board)	-	-	-
986,026	<b>Total elected representatives remuneration</b>	969,192	52,623	1,021,815

#### Total annual remuneration by band for employees as at 30 June

Actual Council 2020		Actual Council 2021
196	<\$60,000	198
97	\$60,000-\$79,999	93
77	\$80,000-\$99,999	83
49	\$100,000-\$119,999	41
24	\$120,000-\$139,999	32
9	\$140,000-\$159,999	7
7	\$160,000-\$199,999	8
7	\$200,000-\$239,999	8
1	\$240,000-\$379,999	1
<b>467</b>	<b>Total employees</b>	<b>471</b>

At balance date, the Council employed 329 (2020: 336) full-time employees, with the balance of staff equivalent representing 84 (2020: 75) full-time employees. A full-time employee is determined on the basis of a 40-hour working week.

#### Severance payments

Severance payments include any consideration (monetary or non-monetary) provided to any employee in respect of the employee's agreement to the termination of their employment with Council.

For the year ended 30 June 2021 Hastings District Council made two severance payments to employees totalling \$49,745 and \$1,006, (2020: \$109,874, \$71,752, \$32,340, \$20,987, \$18,629, \$14,410, \$11,485, \$3,446 and \$2,633).

## 22. Capital commitments and operating leases

### Capital commitments

Capital commitments are capital expenditure contracted for at balance date but not yet incurred for property, plant and equipment.

Actual Council 2020 \$'000	Actual Group 2020 \$'000		Actual Council 2021 \$'000	Actual Group 2021 \$'000
4,739	4,739	Building	6,868	6,868
13,638	13,638	Water System	32,518	32,518
3,354	3,354	Roading Network	816	816
-	-	Investment	-	-
<b>21,731</b>	<b>21,731</b>	<b>Commitments approved and contracted</b>	<b>40,202</b>	<b>40,202</b>

### Operating leases as lessee

The Council and Group lease property, plant and equipment in the normal course of its business. The majority of these have a non-cancellable term of 36 months. The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

Actual Council 2020 \$'000	Actual Group 2020 \$'000		Actual Council 2021 \$'000	Actual Group 2021 \$'000
<b>NON-CANCELLABLE OPERATING LEASE COMMITMENTS</b>				
34	34	Not later than one year	400	400
50	50	Later than one year and not later than five years	712	712
-	-	Later than five years	7	7
<b>84</b>	<b>84</b>	<b>Total non-cancellable operating leases</b>	<b>1,119</b>	<b>1,119</b>



### 23. Ōmarunui joint landfill (63.68% owned by Hastings District Council)

The Council's interest in Ōmarunui Refuse Landfill joint committee is accounted for as a jointly controlled asset. The financial accounts only include Hastings District Council's 63.68% share. There are no capital commitments and contingent liabilities arising from involvement in the joint venture.

Actual Council 2020 \$'000	Actual Council 2021 \$'000
3,686	3,865
Current assets	
6,010	6,622
Non-current assets	
1,900	2,291
Non-current liabilities	
7,525	8,937
Revenue	
5,173	6,486
Expenses	
1,282	2,060
Surplus	

#### Forestry assets

Actual Council 2020 \$'000	Actual Group 2020 \$'000	Actual Council 2021 \$'000	Actual Group 2021 \$'000
FORESTRY ASSETS			
60	60	60	60
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
60	60	60	60

The Ōmarunui Refuse Landfill is owned jointly by the Council (63.68%) and Napier City Council (36.32%). The Ōmarunui Refuse Landfill is operated by the Council on behalf of a joint committee (comprising elected representatives from the two councils). The Ōmarunui Refuse Landfill joint venture owns 46.1 hectares of pinus radiata forest in two blocks. The larger of which is 43.2 hectares which was replanted in 2018/19. The smaller block is 2.9 hectares and was planted in 2003. The forestry asset reported is for Hastings District Council's share only (63.68%).

There are no restrictions over the title of forestry assets. No forestry assets are pledged as security for liabilities.

#### Valuation assumptions

Independent registered valuers, Woodlands Pacific Consulting Limited, have valued forestry assets as at 30 June 2018.

#### Financial risk management strategies

The Ōmarunui Refuse Landfill joint venture is exposed to financial risks arising from changes in timber prices. The Ōmarunui Refuse Landfill joint venture is a long-term forestry investor and does not expect timber prices to decline significantly in the foreseeable future. Therefore, no measures have been taken to manage the risks of a decline in timber prices. The Ōmarunui Refuse Landfill joint venture reviews its outlook for timber prices regularly in considering the need for active financial risk management.

## 24. Provisions

### Landfill aftercare provision

The Ōmarunui Refuse Landfill is owned jointly by the Council (63.68%) and Napier City Council (36.32%). The Ōmarunui Refuse Landfill is operated by the Council on behalf of a joint committee (comprising elected representatives from the two councils). The joint Landfill Committee gained a resource consent in 1985 to operate the Ōmarunui Landfill. The Councils have responsibility under the resource consent to provide ongoing maintenance and monitoring of the landfill after the site is closed. There are closure and post-closure responsibilities such as the following:

#### Closure responsibilities:

- Final cover application and vegetation.
- Incremental drainage control features.
- Completing facilities for leachate collection and monitoring.
- Completing facilities for monitoring and recovery of gas.

#### Post-closure responsibilities:

- Treatment and monitoring of leachate.
- Ground water and surface monitoring.
- Gas monitoring and recovery.
- Implementation of remedial measures such as needed for cover and control systems.
- Ongoing site maintenance for drainage systems, final cover and vegetation.

The management of the landfill will influence the timing of recognition of some liabilities – for example, the current landfill will operate in four stages. A liability relating to stages three and four will only be created when the stage is commissioned and when refuse begins to accumulate in these stages.

#### Capacity of the site

The Landfill is divided into four valleys as below:

	Total capacity	Useful life of valley	Remaining useful life
Valley A: opened in December 1988 and reached capacity in 2006	2,600,000m <sup>3</sup>	17 years	0
Valley D: opened in December 2006 and in operation	2,099,521m <sup>3</sup>	18 years	3.89 years
Valley B & C: not in operation yet	Estimated		

Estimates of the life have been made by the Council's engineers based on historical volume information. These estimates can change from year to year dependant on the amount of tonnages entering the landfill.

The cash outflows for landfill post-closure are expected to occur in 2025 for Valley D and began in 2007 for Valley A. The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and is discounted using a discount rate of 0.00%.

The following major assumptions have been made in the calculation of the provision:

- Aftercare will be required for 30 years after the closure of each stage.
- The annual cost of aftercare for Valley A and D is \$201,500.
- The provision reported is for Hastings District Council's share only (63.68%).

Actual Council 2020 \$'000	Actual Council 2021 \$'000
<b>LANDFILL AFTERCARE LIABILITY</b>	
541 Opening balance	1,319
463 Provision written back during the year	10
315 Amounts charged to provision during the year	(90)
<b>1,319 Closing balance</b>	<b>1,239</b>

The estimated aftercare costs for 2021 were \$179,500 (2020: \$201,500). These estimates are based on information received from Tonkin & Taylor and result in an adjustment in the aftercare liability estimate of (\$126,396).

#### ETS levy provision

Actual Council 2020 \$'000	Actual Council 2021 \$'000
<b>ETS LEVY PROVISION</b>	
453 Opening balance	912
3,015 Additional provisions made	8,204
(2,557) Amounts used	(7,463)
<b>912 Closing balance</b>	<b>1,653</b>

## 25. Financial instruments

Actual Council 2020 \$'000	Actual Group 2020 \$'000		Actual Council 2021 \$'000	Actual Group 2021 \$'000
FINANCIAL INSTRUMENT CATEGORIES				
Loans and receivables				
(254)	536	Cash and cash equivalents	38,675	39,884
13,241	13,699	Receivables	15,839	16,158
2,400	2,400	NZ LGFA Borrower notes	3,955	3,955
14,180	14,607	Short term investments	-	395
Fair value through surplus or deficit – held for trading				
-	-	Derivative financial instrument	-	-
Fair value through Other comprehensive revenue				
157	157	Civic Financial Services Limited	157	157
615	615	NZ LGFA Unlisted shares	615	615
<b>30,340</b>	<b>32,015</b>	<b>Total loans and receivables</b>	<b>59,241</b>	<b>61,164</b>
FINANCIAL LIABILITIES				
Financial liabilities at amortised cost				
254	254	Bank Overdraft	-	-
23,710	24,558	Payables	30,180	31,436
152,815	152,815	Secured loans	205,741	205,741
Fair value through surplus or deficit – held for trading				
18,762	18,762	Derivative financial instrument	10,752	10,752
<b>195,541</b>	<b>196,389</b>	<b>Total financial liabilities at amortised cost</b>	<b>246,673</b>	<b>247,929</b>

The Council (including Group) is risk averse and seeks to minimise exposure arising from its Treasury activities. The Council has established a Treasury Policy specifying what transactions can be entered into.

## Fair value hierarchy

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- **Level 1** – Quoted market price – financial instruments with quoted prices for identical instruments in active markets.
- **Level 2** – Valuation technique using observable inputs – financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- **Level 3** – Valuation techniques with significant non-observable inputs – financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position:

Total 2020 \$'000	Total 2021 \$'000	Quoted market price	Valuation technique observable inputs	Significant non-observable inputs
<b>COUNCIL</b>				
Financial assets				
-	-	-	-	-
157	157	-	-	157
615	615	-	-	615
Financial liabilities				
18,762	10,752	-	10,752	-
<b>GROUP</b>				
Financial assets				
-	-	-	-	-
157	157	-	-	157
615	615	-	-	615
Financial liabilities				
18,762	10,752	-	10,752	-

There were no transfers between the different levels of the fair value hierarchy:

Level 3 – Valuation techniques with significant non-observable inputs.

The table below provides reconciliation from the opening balance to the closing balance for the Level 3 fair value movements.

2020 \$'000	2021 \$'000
<b>NZ LGFA UNLISTED SHARES</b>	
<b>615 Balance at 1 July</b>	<b>615</b>
- Purchases	-
- Sales	-
- Fair value adjustment on initial recognition	-
- Transfers into level 3	-
- Transfers out of level 3	-
<b>615 Balance at 30 June</b>	<b>615</b>
2020 \$'000	2021 \$'000
<b>CIVIC FINANCIAL SERVICES LIMITED</b>	
<b>157 Balance at 1 July</b>	<b>157</b>
- Purchases	-
- Sales	-
- Transfers into level 3	-
- Transfers out of level 3	-
<b>157 Balance at 30 June</b>	<b>157</b>

#### Financial instrument risks

The Council's activities expose it to a variety of financial instrument risks, including market risk, credit risk, and liquidity risk. The Council and Group have a series of policies to manage the risks associated with financial instruments and seek to minimise exposure from their treasury activities. The Council has established Council-approved Liability Management and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

#### Market risk

##### Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

Council had no exposure to currency risk as at 30 June 2021.

##### Interest rate risk

Council is exposed to interest rate risk and seeks to minimise this exposure through adopted treasury policies. This includes entering into interest rate options or interest rate swap agreements. As at 30 June 2021, the Council had entered into interest rate swap agreements to a value of \$88.5m at interest rates between 2.7% and 5.8%. (2020: \$80.5m at interest rates between 2.8% and 5.9%).

##### Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowing and investments issued at variable interest rates expose the Council and Group to cash flow interest rate risk.

Generally, the Council and Group raise long-term borrowing at floating rates and swap them into fixed rates using interest rate swaps in order to manage the cash flow interest rate risk. Such interest rate swaps have the economic effect of converting borrowings at floating rates into fixed rates that are generally lower than those available to the Council or Group borrowed at fixed rates directly. Under the interest rate swaps, the Council and Group agree with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

##### Credit risk

Credit risk is the risk that a third party will default on its obligations to the Council, causing Council to incur a loss. Due to the timing of its cash inflows and outflows, the Council invests surplus cash into term deposits which gives rise to credit risk. As at 30 June 2021, Council had \$nil (2020: \$14,180,000) on term deposit. The Group, at 30 June 2020, had \$395,000 (2020: \$14,607,000) on term deposit. The Council is exposed to credit risk as a guarantor of all of LGFA's borrowings. Information about this exposure is explained in Note 28.

The Council's treasury policy limits the amount of credit exposure to any one financial institution or organisation. 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 (Standard & Poor's or Moody's) being A- and above.



#### Maximum exposure to credit risk

The Council's maximum credit exposure for each class of financial instrument is as follows:

Actual Council 2020 \$'000	Actual Group 2020 \$'000		Actual Council 2021 \$'000	Actual Group 2021 \$'000
(254)	536	Cash at bank and term deposits	38,675	39,884
13,241	13,699	Receivables	15,839	16,158
157	157	NZ Local Govt Insurance Corporation Limited	157	157
2,400	2,400	NZ LGFA Borrower notes	3,955	3,955
615	615	NZ LGFA Unlisted shares	615	615
14,180	14,607	Short term investments	-	395
<b>30,340</b>	<b>32,015</b>	<b>Total Credit Risk</b>	<b>59,241</b>	<b>61,164</b>

#### Credit quality of financial assets

The Council's maximum credit exposure for each class of financial instrument is as follows:

Actual Council 2020 \$'000	Actual Group 2020 \$'000	Counterparties with Credit Ratings	Actual Council 2021 \$'000	Actual Group 2021 \$'000
<b>CASH AT BANK AND TERM DEPOSITS</b>				
(254)	536	Credit Rating B+	38,675	39,884
<b>CIVIC FINANCIAL SERVICES LIMITED</b>				
157	157	Credit Rating B+	157	157
<b>DERIVATIVE FINANCIAL INSTRUMENT ASSETS</b>				
-	-	Credit Rating AA	-	-
<b>NZ LGFA BORROWER NOTES</b>				
2,400	2,400	Credit Rating AA+	3,955	3,955
<b>NZ LGFA UNLISTED SHARES</b>				
615	615	Credit rating AA+	615	615

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates.

Receivables mainly arise from the Council's statutory functions, therefore, there are no procedures in place to monitor or report the credit quality of receivables with reference to internal or external credit ratings. The Council has no significant concentrations of credit risk in relation to receivables, as it has a large number of credit customers, mainly ratepayers, and the Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

#### Liquidity risk

##### Management of liquidity risk

Liquidity risk is the risk that the Council will encounter difficulty raising liquid funds to meet commitments as they fall due. The Council's treasury policy requires that sufficient facilities must be in place to ensure the Council can borrow enough to meet its projected funding requirements plus a further 10% to cover any unexpected events. The Council is exposed to liquidity risk and seeks to minimise this exposure by being able to realise various short-term investments and by being able to draw on committed and uncommitted bank facilities totalling \$220m (2020: \$121m). Included in the committed facilities is a bank overdraft limit of \$0.5m at an interest rate of 5.85%. The Council is exposed to liquidity risk as a guarantor of all of LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in Note 28.

The table below analyses the Council and Group's financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate on the instrument at balance date. The amounts disclosed are the contractual undiscounted cash flows and include interest payments.

Carrying amount \$'000	Contractual cash flows \$'000	Contractual maturity analysis	Less than 1 year \$'000	1-2 years \$'000	2-5 years \$'000	More than 5 years \$'000
<b>2021</b>						
<b>Contractual maturity analysis of financial liabilities</b>						
30,180	30,180	Payables	30,180	-	-	-
10,752	12,433	Derivative financial instruments liabilities	2,873	2,468	5,068	2,024
205,741	217,336	Secured loans	25,416	23,234	75,169	93,518
<b>246,673</b>	<b>259,949</b>	<b>Total</b>	<b>58,469</b>	<b>25,702</b>	<b>80,237</b>	<b>95,542</b>
<b>Contractual maturity analysis of financial assets</b>						
38,675	38,675	Cash and cash equivalents	38,675	-	-	-
15,839	15,839	Debtors and other receivables	15,839	-	-	-
-	-	Derivative financial instruments assets	-	-	-	-
<b>54,515</b>	<b>54,515</b>	<b>Total</b>	<b>54,515</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2020</b>						
<b>Contractual maturity analysis of financial liabilities</b>						
23,627	23,627	Payables	23,627	-	-	-
18,762	11,143	Derivative financial instruments liabilities	2,849	2,000	4,261	2,033
152,822	158,071	Secured loans	21,483	24,255	70,593	41,740
<b>195,465</b>	<b>193,096</b>	<b>Total</b>	<b>47,959</b>	<b>26,256</b>	<b>74,853</b>	<b>43,773</b>
<b>Contractual maturity analysis of financial assets</b>						
(254)	(254)	Cash and cash equivalents	(254)	-	-	-
12,853	12,853	Receivables	12,853	-	-	-
-	-	Derivative financial instruments assets	-	-	-	-
<b>12,599</b>	<b>12,599</b>	<b>Total</b>	<b>12,599</b>	<b>-</b>	<b>-</b>	<b>-</b>

Group figures are the same as the Council figures except for payables that increase by \$1,256,000 (2020: \$848,000), receivables that increase by \$319,000 (2020: \$458,000) and cash and cash equivalents increased by \$1,209,000 (2020: \$536,000) Please note Group prior year comparatives have been adjusted to allow for correct comparison to current year due to HB Regional Sports Park Trust now consolidated into the Group accounts.

#### Sensitivity analysis

The tables below illustrate the potential effect on the surplus or deficit and equity (excluding accumulated funds) for reasonably possible market movements, with all other variables held constant, based on the Council and Group's financial instrument exposure at balance date.

Actual Council 2020 \$'000 -100bps Surplus	Actual Council 2020 \$'000 +100bps Surplus		Actual Council 2021 \$'000 -100bps Surplus	Actual Council 2021 \$'000 +100bps Surplus
<b>FINANCIAL ASSETS</b>				
3	(3)	Cash and cash equivalents	(387)	387
-	-	Derivative financial instruments assets	-	-
3	(3)	<b>Total sensitivity on financial assets</b>	<b>(387)</b>	<b>387</b>
<b>FINANCIAL LIABILITIES</b>				
-	-	Bank Overdraft	-	-
(25,252)	(12,771)	Derivative financial instruments assets	(5,028)	4,675
(1,528)	1,528	Secured loans (floating interest rate) <sup>1</sup>	(1,531)	1,670
(26,779)	(11,244)	<b>Total sensitivity on financial liabilities</b>	<b>(6,558)</b>	<b>6,344</b>

1. The Council has floating rate debt with a principal amount totalling \$167.0m (2020: \$150.74m). A movement in interest rates of plus 1% has an effect on interest expense of \$1,670,000 (2020: \$1,507,000). A movement in market interest rates of minus 1% has an effect on interest expense of \$1,531,000 (2020: \$1,507,000). A movement in market interest rates on fixed rate debt does not have any impact because secured loans are accounted for and amortised using the effective interest method.

#### Explanation of interest rate risk sensitivity

The interest rate sensitivity is based on a reasonable possible movement in interest rates, with all other variables held constant, measured as a basis points (bps) movement. For example, a decrease in 100bps is equivalent to a decrease in interest rates of 1.0%.

The sensitivity for derivatives (interest rate swaps) has been calculated using a derivative valuation model based on a parallel shift in interest rates of -100bps/+100bps. (2020 -100bps/+100bps).

26. Post balance date events

On 1 July 2021, FoodEast Limited was incorporated as a company. FoodEast has been established to be a centre of excellence for food, beverage and agri-tech innovation. The Council has a 16.64% shareholding in FoodEast Limited and Council will account for it as an associate in the financial year ending 30 June 2022.

On the 17 August 2021 the New Zealand Government announced a nationwide COVID-19 Level 4 lockdown. At the time of signing these financial statements, Auckland, Northland and parts of Waikato are in Level 3 restrictions, with the rest of New Zealand operating under COVID-19 Level 2 restrictions. As was the case in 2020, the Council expects there will be claims from contractors relating to the impact of COVID-19 on their business.

Three Waters Reform

In July 2020, the Government launched the Three Waters Reform Programme – a three-year programme to reform three waters service delivery arrangements. The Reform programme proposes the establishment of four new multi-regional entities who will own and operate drinking water, wastewater and stormwater (three waters) services across New Zealand. On 30 June 2021 the Government announced the proposed regional boundaries of the four water providers, governance arrangements, the role of iwi, and how the providers would be regulated.

The Council is proposed to fall within 'Entity C', together with 12 other Councils across the Gisborne, Hawke's Bay, lower Manawatu-Whanganui, Wellington, Tasman, Nelson and Marlborough regions.

The Council's three waters are currently owned and operated by Council. At the date this report was approved for issue, the reforms were still at early stages, so impacts on the Council were unknown.





## 27. Related party transactions

### Related party transactions

No related party debts have been written off or forgiven during the year (2020: nil).

All related party transactions were conducted on terms equivalent to those prevailing in an arms-length transaction.

The Council made grants to Hawke's Bay Museum Trust \$603,365 (2020: \$598,760) which is a Council Controlled Organisation.

The Council disposed of refuse at the Ōmarunui Landfill and receipts amounted to \$1,479,297 (2020: \$940,364). The Ōmarunui Landfill is jointly owned by the Council (63.68% share) and the Napier City Council (36.32% share). The Council manages the operations of the Landfill.

The Council has a 100% ownership of the Hastings District Holdings Limited company. The Holding company provides Council and the community with an extra layer of governance and a monitoring structure for Council's other CCOs which include the Hawke's Bay Opera House Limited and Hastings District Properties Limited.

Hawke's Bay Opera House Limited and Hastings District Properties Limited are dormant entities. The Council did not enter into any transactions with these subsidiaries for the year ending 30 June 2021 (2020: nil transactions).

The Council paid to the Hawke's Bay Regional Sports Park Trust operational grants and services to the value of \$305,800 (2020: \$382,425) and Capital funding grants of \$257,880 (2020: \$250,000). The balance outstanding to the Hawke's Bay Regional Sports Park Trust at 30 June 2021 was nil (2020: \$76,450).

The Council provided a number of services to the Trust during the year including parks maintenance, building consents and other services totalling \$94,160 (2020: \$65,172). The balance outstanding to the Council at 30 June 2021 was \$50,789 (2020: \$35,561).

### Key management personnel

During the year, Councillors and key management, as part of a normal customer relationship, were involved in minor transactions with the Council (such as payment of rates, purchase of rubbish bags and purchase of dog licences).

Councillor/Key Management Personnel	Organisation	Position/Relationship to Organisation		\$ Amount Service Received/Provided 2020/21	\$ Amount Service Received/Provided 2019/20	\$ Amount Balance Year End
Mayor Hazlehurst	Central Building Surveyors Tainui Reserve	Director Trustee	Services Received Receipts	Nil \$139	\$1,950 \$135	Nil Nil
Councillor Kerr	HB Regional Sports Park HB Regional Sports Park	Trustee Trustee	Receipts Operating Grant/Funding	\$94,160 \$563,680	\$65,172 \$632,425	\$50,789 Nil
Councillor Cortan	HB Regional Sports Park HB Regional Sports Park Waipureku Waitangi Trust HB Wine Growers Inc	Trustee Trustee Trustee Executive Officer	Receipts Operating Grant/Funding Operating Grant/Funding Funding	\$94,160 \$563,680 \$6,000 \$10,659	\$65,172 \$632,425 Nil Nil	\$50,789 Nil Nil Nil
Councillor Harvey	Havelock North Business Association Havelock North Business Association Hastings Business Association Hastings Business Association Attention Communication Limited Sport Hawke's Bay Sport Hawke's Bay	Council appointed representative Council appointed representative Council appointed representative Council appointed representative Director/Shareholder Chairman Chairman	Subscription & Contract for Events Receipts Receipts Funding for Night Markets and Community Grant Advertising in The Profit Funding Receipts	Nil \$3,815 \$4,285 \$309,793 \$3,350 \$263,801 \$67,415	\$60,000 Nil \$6,736 \$319,314 \$8,798 \$203,400 \$10,821	Nil Nil (\$183) Nil Nil \$26,446 \$2,429
Councillor Schollum	Hastings Business Association Hastings Business Association	Council appointed representative Council appointed representative	Receipts Funding for Night Markets and Community Grant	\$4,285 \$309,793	\$6,736 \$319,314	(\$183) Nil
Councillor Barber	Te Mata Park Trust Board Te Mata Park Trust Board Ipurangi Development Ltd	Trustee Trustee Director/Shareholder	Funding Receipts Payments	\$80,000 Nil \$1,000	\$360,000 \$135 Nil	Nil Nil Nil
Councillor Dixon	Te Mata Park Trust Board Te Mata Park Trust Board	Trustee Trustee	Funding Receipts	\$80,000 Nil	\$360,000 \$135	Nil Nil
Councillor Redstone	Waipureku Waitangi Trust	Chair	Operating Grant/Funding	\$6,000	Nil	Nil
Bronwyn Bayliss	Manufacturing Suppliers Ltd	Employee of Hastings District Council and husband Manager of Supplier	Purchasing of product by different department	Nil	\$201	Nil
Naomi Fergusson	Sport Hawke's Bay Sport Hawke's Bay Sport Hawke's Bay	Trustee Trustee Partner is employee	Funding Receipts Receipts	\$265,801 \$67,415 \$55,979	\$203,400 \$10,821 Nil	\$26,446 \$2,429 Nil
Rebekah Dinwoodie	Family VIP Services	Chair	Payments	\$20,000	Nil	\$20,000

The Council as part of their core business which is providing services to the Hastings District has provided the same services to organisations that are related parties by virtue of having a director or shareholder that is part of the Council's key management personnel.

There were close family members of key management personnel employed by the Council. The terms and conditions of those arrangements were no more favourable than HDC would have adopted if there were no relationship to key management personnel.

Key Management Personnel include the Mayor, Councillors, Chief Executive and other senior management.

Actual Council 2020 \$'000	Actual Council 2021 \$'000
<b>COUNCILLORS</b>	
986 Remuneration	1,022
19* Full-time equivalent members	18*
<b>SENIOR MANAGEMENT TEAM, INCLUDING CHIEF EXECUTIVE</b>	
2,243 Remuneration	2,423
11 Full-time equivalent members	11
<b>3,229 Total key management personnel compensation</b>	<b>3,445</b>
<b>30 Total full-time equivalent personnel</b>	<b>29</b>

\* Due to the difficulty in determining the full-time equivalent for the Elected Members, the full-time equivalent is taken as the number of the Mayor, Councillors and Rural Committee Board.

## 28. Contingencies

### Unquantified claims

#### RiskPool

RiskPool provides public liability and professional indemnity insurance for its members. The Council is a member of RiskPool. The trust deed of RiskPool provides that, if there is shortfall (whereby claims exceed contributions of members and reinsurance recoveries) in any Fund year, then the Board may make a call on members for that Fund year. RiskPool advised in 2009 that three calls of a similar amount may be required over the following three years. In 2012/13 financial year, a call of \$88,300 was advised and paid. A further call was made in 2019/20 for \$55,805.57. There have been no further calls or payments in the 2020/21 financial period.

#### Provision for building claims under Financial Assistance Package (FAP)

The Government's Weathertight Homes Financial Assistance Package aims to help people get their non-weathertight homes fixed faster, and centres on the Government and local authorities each contributing 25% of agreed repair costs and affected homeowners funding the remaining 50% backed by a Government loan guarantee.

The impact and cost of future and unknown claims cannot be measured reliably and therefore the Council and Group have an unquantified contingent liability.

On 11 October 2012, the Supreme Court of New Zealand released a decision clarifying that councils owe a duty of care when approving plans and inspecting construction of a building that was not purely a residential building. The Court held that there was no principled basis for distinguishing between the liability of those who played a role in the construction of residential buildings as against the construction of non-residential buildings. This extends the scope of the potential liability for the Council to include non-residential buildings consented under the Building Act 1991.

#### New Zealand Local Government Funding Agency

The Council is a shareholder of the New Zealand Local Government Funding Agency Limited (NZLGFA). The NZLGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a current credit rating from Standard and Poor's of AA+.

The Council is one of 31 shareholders of the NZLGFA. In that regard it has uncalled capital of \$373,196 (2020 \$373,196). When aggregated with the uncalled capital of other shareholders, \$20m is available in the event that an imminent default is identified. Also, together with the other shareholders, the Council is a guarantor of all of NZLGFA's borrowings. At 30 June 2021, NZLGFA had borrowings totalling \$13.610bn (2020: \$12.438bn).

Financial reporting standards require the Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Council considers the risk of NZLGFA defaulting on repayment of interest or capital to be very low on the basis that:

- We are not aware of any local authority debt default events in New Zealand; and
- Local Government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

#### Legal proceedings and disputes

There were no personal grievances against the Council as at 30 June 2021.

Council are aware of two potential claims relating to building services provided by Council. The impact and cost of these claims cannot be reliably measured and therefore the Council has an unquantified contingent liability.

## 29. Rate remissions

Rates revenue is shown net of rate remissions. The Council allowed for rate remissions under the Local Government Rating Act 2002 in six broad categories. During the year, the Council allowed remission of \$379,989 (2020: \$415,897) excluding GST. In terms of the Act, certain properties are designated as non-rateable. The Council does not rate such properties and they are not included in the following remission figures.

Actual Council 2020 \$'000	Actual Council 2021 \$'000
23 Special Rateable Value	18
68 Community & Sporting Organisations	66
20 Covenant	18
23 Voluntarily Protected Land	21
8 Swimming Pool Safety	9
122 Penalties	78
52 Unutilised Māori Land	56
99 Sundry	114
<b>416</b>	<b>380</b>

## 30. Capital management

The Council's capital is its equity (or ratepayers' funds), which comprise accumulated funds and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the LGA) requires the Council to manage its revenues, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the LGA and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long-term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure that ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The LGA requires the Council to make adequate and effective provision in its Long-Term Plan (LTP) and in its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. The LGA also sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's LTP.

The Council has the following Council-created reserves:

- Reserves for different areas of benefit;
- Self-insurance reserves; and
- Trust and bequest reserves.

Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from payers of general rates. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves.

Self-insurance reserves are built up annually from general rates and are made available for specific unforeseen events. The release of these funds can generally be approved only by the Council.

Trust and bequest reserves are set up where the Council has been donated funds that are restricted for particular purposes. Interest is added to trust and bequest reserves where applicable and deductions are made where funds have been used for the purpose they were donated.



### 31. Asset insurance

The total value of all assets of the Council that are covered by insurance contracts and the maximum amount to which they are insured:

#### Insurance contracts

Actual Council 2020 \$'000	Policy type (maximum amount insured)	Actual Council 2021 \$'000
388,202	Material Damage (mainly buildings and contents)	419,773
5,344	Motor Vehicles (includes mobile plant and equipment)	4,202

Assets (mainly buildings and contents) with a replacement value of \$419,772,647 (2020: \$388,201,501) are insured under Council's Material Damage Policy. The cover is for replacement value plus an allowance for inflation and the cost of demolition.

The Council's vehicles, mobile plant and equipment are insured under a Motor Vehicle Policy that covers all such equipment which is owned or otherwise the responsibility of the insured. Cover provides for cost of replacement for vehicles under twelve months old and market value for vehicles over twelve months old. The original purchase price of vehicles, plant and equipment insured under this policy is \$4,201,930 (2020: \$5,343,546).

Claims under both the Material Damage and Motor Vehicle Policies are subject to various excesses dependant on the particulars of the claim.

**The total value of all assets of the Hastings District Council that are covered by financial risk-sharing arrangements and the maximum amount available to the local authority under those arrangements:**

In the event of a major disaster or catastrophe, the cost of replacing water, sewage and other essential services (not roads and bridges) is shared with 60% of the cost met by central government and 40% met by the local authority. Hastings District Council is a member of the Local Authority Protection Programme (LAPP). The LAPP fund is a cash accumulation mutual pool established to help local authorities meet their 40% share in the event of such a disaster; it does this by maintaining cash reserves and also purchasing infrastructure reinsurance.

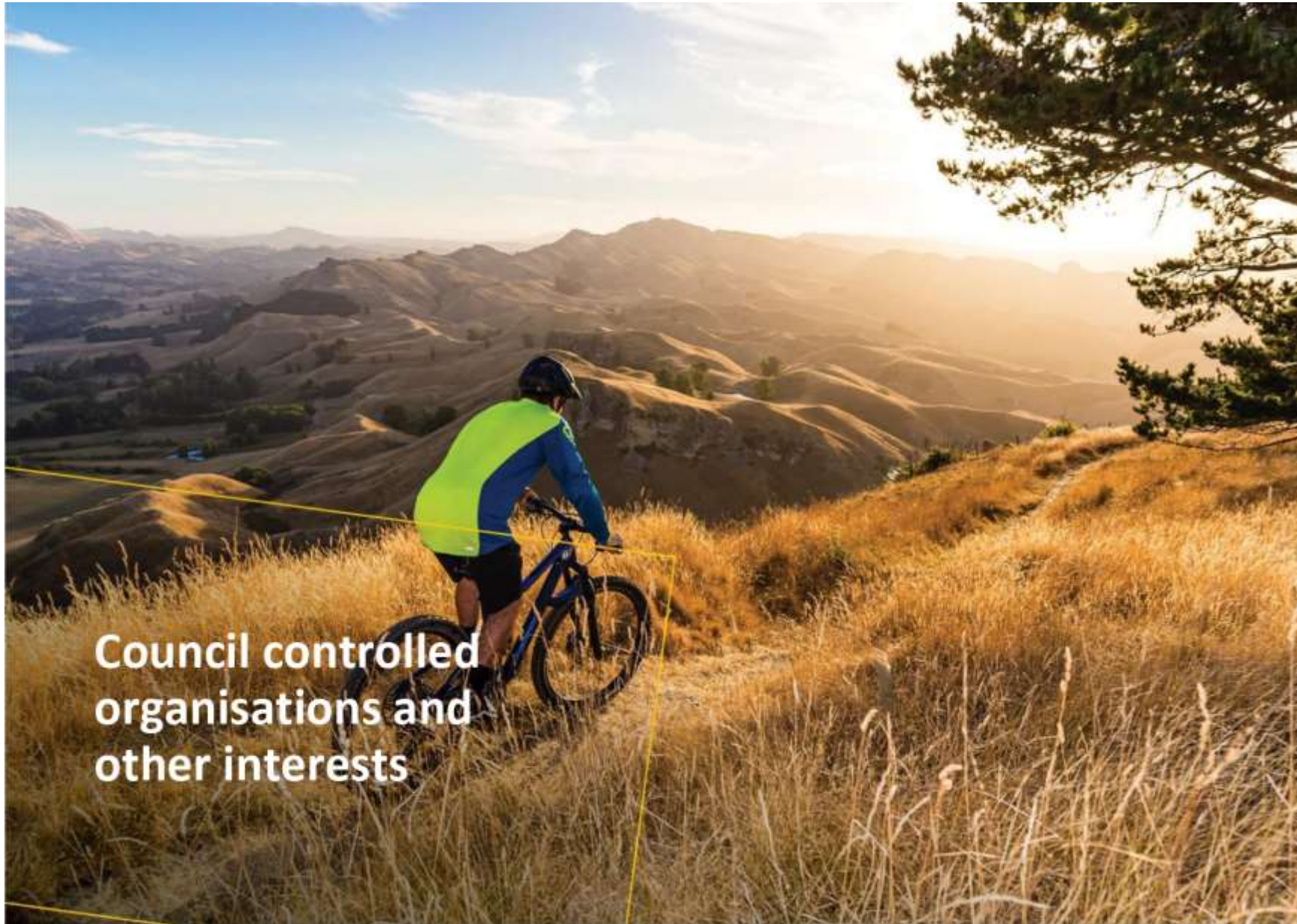
For 2020/21, the maximum payable by LAPP was up to a limit of \$140m per event for all member councils (being 40% of \$350m). The central government share is unlimited.

The value of infrastructural assets declared by the Council to be covered by the LAPP fund is \$1,094,285,152 (2020: \$913,077,042). Payments from both LAPP and central government are subject to various thresholds and excesses.

The value of bridge assets declared by the Council to be covered for insurance is \$117,055,259 (2020: \$125,836,732). Payments from both LAPP and central government are subject to various thresholds and excesses.

**The total value of all assets of the Hastings District Council that are self-insured and the value of any fund maintained by the local authority for that purpose:**

Hastings District Council has a number of other assets not covered by insurance contract or risk-sharing arrangements and are therefore self-insured. The major category in this group would be roads valued at 30 June 2021 \$1,112,231,288 (excluding land), (2020: \$1,102,596,885). There would also be a number of other sundry items that would fall into this group.



**Council controlled  
organisations and  
other interests**

## Hawke's Bay Museums Trust

### Policies and objectives regarding ownership and control

The Trust is a Council Controlled Organisation as three of the five-member Board are nominated jointly by Hastings District Council and Napier City Council. This is in accordance with the revised Constitution and Rules adopted on 30 October 2006. The Trust's Constitution and Rules have been amended to reflect the change in role to that of owner and guardian of the regional collection. The Hawke's Bay Museums Trust is classified as an associate entity for financial reporting purposes.

### Scope and nature of activities

The objectives of the Trust are:

- To hold and protect its collection, known as 'The Regional Collection' for the people of Hawke's Bay
- To encourage the development of quality cultural facilities capable of accessing or drawing upon the collection within Hawke's Bay
- To advance and promote cultural heritage and arts through the use of the collection
- To oversee collection management through the development of collection policy, conservation and risk management strategies via a contract for services with the Napier City Council
- To oversee collection development through the regulation of the acquisition and disposal of collection items
- To manage the bequests vested in the Trust in a way which maximises benefit to the collection
- There has been no change between the intended and actual nature and scope of activities delivered.

The Scope and Nature of Activities to be undertaken by the Napier City Council are outlined below. These activities will be achieved in accordance with agreed Museum Industry Standards and consistent with HBMT policies and procedures.

#### 4) Protection:

- Storage including pest control, storage media, shelving and air quality
- Security including alarm and access systems and monitoring, and insurance
- Records management including Vernon database and other records

#### 5) Quality including conservation, accessioning and de-accessioning.

#### 6) Access including exhibitions, research and archives.

#### 7) Development including fundraising, reserves management and relationship development.



### Performance targets

Key result area	Performance indicator	2020/21 target	2020/21 actual
Protection	Full insurance cover is provided for the collection	Yes	Yes
	Collections are stored in an acceptable environment	No items reported to have suffered deterioration due to the environment	One item damaged
Quality	Every item accessioned into the collection has undergone a detailed selection process within the framework of the Collection Strategy	Yes	Yes
	De-accessions are managed in accordance with the Collection Strategy and reported to the Board	Yes	Yes
Access	HBMt collections are used for academic and personal research	1,500 enquiries	40,560 online catalogue sessions 475 enquiries
	Collections are made available to the public through quality exhibitions	2-5 collection-based exhibitions	On Art and Activism Lewis Evans A Bloody Business
Development	Bequests fund income is used in the manner determined by the donor	Yes	Yes
	Conservation funds income is used solely for collection care	Yes	Yes
	Joint HBMt/Te Rōpū Kaiāwhina Taonga meeting held	1 per annum	0

### Development

Unspent bequest fund incomes allocated for acquisitions and collection care are kept in special funds and carried forward to the next financial year for future spending.

### Financial performance

(\$)	2020/21 budget	2020/21 actual
Total revenue	1,214,429	1,347,322
Total expenses	1,214,429	1,238,581
Surplus/(deficit)	-	108,741



## Hawke's Bay Airport Limited

### Policies and objectives regarding ownership and control

Hawke's Bay Airport Limited (HBAL) is a company incorporated in New Zealand under the Companies Act 1993 and is owned by the Crown: 50%, Napier City Council: 26%, Hastings District Council: 24%. HBAL is defined as a Council Controlled Organisation pursuant to Part 5 of the Local Government Act 2002.

HBAL is classified as an associate entity for financial reporting purposes.

### Scope and nature of activity

- To provide safe, convenient and appealing services and facilities for airlines, air travellers, employees and all other visitors to the airport.
- To support regional economic development through strategic infrastructure.
- To generate appropriate returns on assets employed and shareholder's equity.
- To position the airport for aviation growth over the long term.

### Performance

The following is a statement of service performance relating to key specific objectives listed in the Company's Statement of Intent for the year ending 30 June 2020.

(\$)	2020/21 target	2020/21 actual
<b>Total revenue</b>	<b>4,178,546</b>	<b>6,661,208</b>
Profit before income tax	(2,176,312)	982,833
Profit after tax	(1,566,945)	555,315
Return on Equity	(5.1%)	1.6%

Net dividend declared in December 2020 was \$Nil in line with NIL target set in the company's Statement of Intent for the year ending 30 June 2021.

Activity	Measure	Status
COVID-19 Recovery	Monthly review of Covid-19 management plan, risk and business recovery	●
	Monthly review of aeronautical recovery forecasts and resource allocation	●
	HBAL presence at all relevant forums. Regular meetings with relevant aviation stakeholders including Air NZ, Airways and other Airports	●
	Develop Regional Air Services Strategy in consultation with HB Tourism	●
	Review complete and implemented	●
	Aeronautical pricing consultation complete and agreed with key parties	●
	Segmented propositions implemented	●
	Monthly meetings with retail operator to review passenger feedback and performance	●
	Enhanced Customer Satisfaction/ASQ	●
	Internal welfare survey completed	●
Operations	SOI FY2020-21 with a focus on reducing cost and optimising revenues	●
	Internal SMS tracker updated monthly	●
	Stage 3 completed of Terminal Redevelopment	●
	Bi-annual Strategic Risk/Compliance Review Implemented	●
	Second phase plan implemented (Wildlife Management Plan)	●
Commercial	Achieve Level 2 Airport Carbon Accreditation (ACA)	●
	Implement research based product segmentation of carpark	●
	Develop and implement revised aeronautical conditions of use	●
	Complete review of General Aviation Charges in line with industry benchmarks	●
	>10% of transactions are ticketless/improved ASQ Scores	●
	Transport Strategy Review Complete	●
	Network with private and public stakeholders to identify opportunities for collaboration	●
	Procure new retail operator/s. Strong focus on non-price attributes. Maximise Returns from Digital Advertising Assets	●

Activity	Measure	Status
Property	Completed RMA Framework	●
	Property Strategy and Marketing Plan in Place	●
	Proactive engagement and collaboration with key strategic partners	●
	HBAI, development guidelines approved	●
	Feasibility complete for Land Based Renewable Project	●
Partners	Supportive environment for wider airport	●
	Ensure airport presence/voice at regional forums	●
	Community to work as one team	●
	Regular meetings/engagement/Property Partnerships	●
	Regular meetings with Airways and partner airports	●
	Develop Regional Air Services Strategy in partnership with HB Tourism and other stakeholders	●
People	Training and Development Program	●
	Resources/Expense in line with financial Forecast	●
	Staff engagement and culture survey completed	●
	>85% of existing Ambassadors complete two years of service	●

KEY: ● Meets or Exceeds target ● Within 10% of target ● 10% or more below target

## NZ Local Government Funding Agency Limited

### Policies and objectives regarding ownership and control

The New Zealand Local Government Funding Agency Limited (LGFA) is owned by 30 Local Authority Councils and the Crown. The LGFA is enabled under the Local Government Borrowing Act 2011 and is a Council-Controlled Organisation (CCO) for the purposes of the Local Government Act 2002. Hastings District Council's shareholding is 1.7%.

### Scope and nature of activity

LGFA will raise debt funding either domestically and/or offshore in either New Zealand dollars or foreign currency and provide debt funding to New Zealand local authorities, and may undertake any other activities considered by the Board of LGFA to be reasonably related or incidentally to, or in connection with, that business.

In lending to Participating Local Authorities, LGFA will:

- Operate in a manner to ensure LGFA is successful and sustainable in the long term.
- Educate and inform participating local authorities on matters within the scope of LGFA's operations.
- Provide excellent service to Participating Local Authorities.
- Ensure excellent communication exists and be professional in its dealings with all its stakeholders.
- Ensure its products and services are delivered in a cost effective manner.

### Performance indicators

LGFA has the following performance targets:

Financials	Target	Result	Outcome (target met?)
Net interest income	>\$18.8m	\$19.54m	Yes
Issuance and operating expenses	<\$6.8m	\$6.66m	Yes
Total lending to participating local authorities	>\$9.79b	\$12.039b	Yes
Performance measure		Result	Outcome (target met?)
Conduct an annual survey of councils who borrow from LGFA – aiming to achieve at least an 80% satisfaction score for the value added by LGFA		98.8%	Yes
Meet all lending requests from Participating Local Authorities, where those requests meet LGFA operational and covenant requirements		100%	Yes
Achieve 75% market share of all council borrowing in New Zealand		79%	No
Review each Participating Local Authority's financial position, its headroom under LGFA policies and arrange to meet each Participating Local Authority at least annually		All councils visited	Yes
No breaches of Treasury Policy, any regulatory or legislative requirements including the Health and Safety at Work Act 2015		No breaches	Yes
Successfully refinance of existing loans to councils and LGFA bond maturities as they fall due		100%	Yes
Maintain a credit rating equal to the New Zealand Government rating where both entities are rated by the same credit rating agency		AA+/AAA	Yes

## Other Council Controlled Organisations

### Hastings District Holdings Limited

HDHL is a Limited Liability Company incorporated under the Companies Act 1993. HDHL is exempted from being a Council Controlled Organisation (CCO) as defined by Section 7(3) of the Local Government Act 2002 and is a 100% wholly owned subsidiary of the Hastings District Council.

HDHL holds the shares in:

#### Hawke's Bay Opera House Ltd

Due to the closure of the Hawke's Bay Opera House for earthquake strengthening, Hawke's Bay Opera House Ltd has ceased trading and as at 30 June 2014 has been exempted by Council from being a CCO under section 7(3) of the Local Government Act 2002. Hawke's Bay Opera House Ltd (Toitoti) has now been reopened but this activity is now operating as a business unit of Hastings District Council and not in a separate entity.

#### Hastings District Properties Ltd

Due to the lack of new developments coming on stream the property company was put into recession in December 2016. As at 30 June 2018 it has been exempted by Council from being a CCO under section 7(3) of the Local Government Act 2002.

### Te Mata Park Trust Board

The Te Mata Park Trust Board has been exempted by Council under section 7(3) of the Local Government Act 2002 from being a CCO.

### Hawke's Bay Regional Sports Park Trust

The Hawke's Bay Regional Sports Park Trust is incorporated under the Charitable Trusts Act 1957 and is comprised of a Board of Five Trustees who oversee the governance of the Trust.

#### Scope and Nature of Activities

Their mission is to create an environment that drives outstanding performances from sportspeople and contributes strongly to the wellbeing of the people of Hawke's Bay. The purposes of the Trust, as set out in the Trust Deeds, specifically identify the following:

- a) Establish, promote and administer a regional sports and recreational park in Hastings (the 'Regional Sports Park') and to develop and to maintain its land and facilities,
- b) Encourage the use of the Regional Sports Park by the public in general, through recreation or other leisure-time activities, in order to improve public health, fitness and wellbeing,
- c) By promoting use of the Regional Sports Park to enhance economic growth, employment and development opportunities in the Hawke's Bay region, and
- d) Provide facilities for organised and informal sporting and recreational activities.

The Hastings District Council has significant influence over the Trust through two Council appointments on the appointments panel, and the Trust receives a significant operating grant from Hastings District Council. Council also receives benefits from the complementary activities of the Trust.

The Trust is still identified as an associate given the Council's level of influence and financial support and has been consolidated in the Group financial statements.





## 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.

### a) 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.

#### External debt ratios and limits

Debt will be managed within the following macro limits:

Ratio	Target	30 Jun 2021
Net external debt as a percentage of equity	<20%	7.46%
Net external debt as a percentage of income	<150%	103.4%
Net interest as a percentage of income	<15%	3.16%
Net interest as a percentage of annual rates income	<20%	5.85%
Liquidity (Term Debt, Cash & Equivalents + Committed Loan Facilities v Existing Debt)	110%-170%	125.76%

There were no breaches of the Treasury Policy during the year.

### b) Investment policies

As Council is a net borrower of funds and applies surplus funds to debt repayment, investments are only maintained to meet specified business reasons.





# Financial Reporting and Prudence Benchmarks

## Annual Report Disclosure Statement for the year ended 30 June 2021. What is the purpose of this statement?

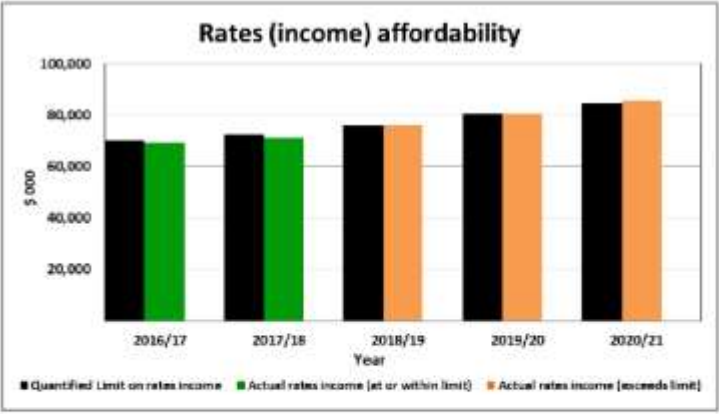
The purpose of this statement is to disclose the Council's financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The Council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014. Refer to the regulations for more information, including definitions of some of the terms used in this statement.

Rates (income) affordability benchmark

The following graph compares the Council's actual rates income with a quantifiable limit on rates income contained in the financial strategy included in the Council's Long-Term Plan. The quantifiable limit is the rates as forecast in the 2015-2025 and 2018-2028 Long Term Plans. The Council's actual rates income excludes location-specific targeted rates but includes projects dependant on external funding support. This is now consistent with the calculation of the quantifiable limit on rates.

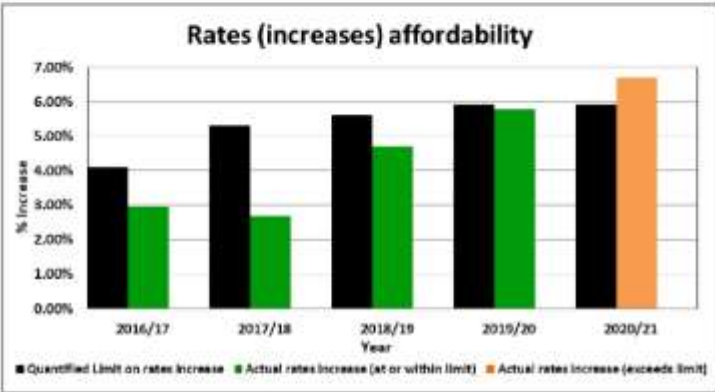
Whilst this shows rates income affordability is not met, this is the result of a one-off impact of transferring to a new system of funding refuse/recycling.





Rates (increases) affordability benchmark

The following graph compares the Council's actual rates increases with a quantifiable limit on rates increases contained in the financial strategy included in the Council's 2015-2025 and 2018-2028 Long Term Plans. Whilst this shows rates income affordability is not met, this is the result of a one-off impact of transferring to a new system of funding refuse/recycling.



Debt affordability benchmark

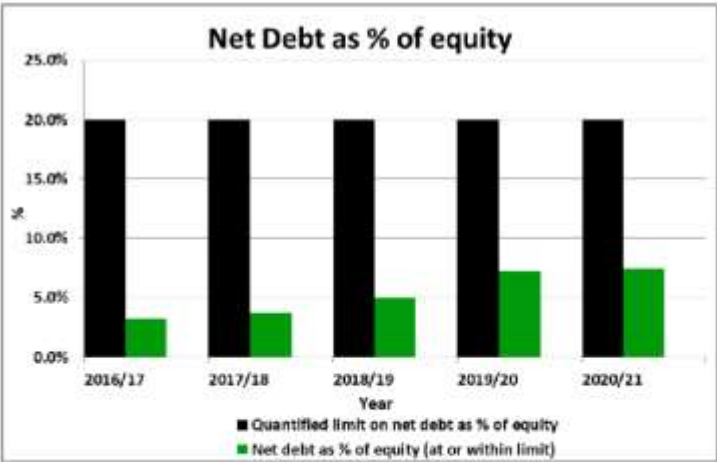
The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

The following graphs compares the Council's borrowing with the quantified limits on borrowing stated in the financial strategy included in the 2015-2025 and 2018-2028 Long Term Plans.

Net debt as a percentage of equity

The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the 2015-2025 and 2018-2028 Long Term Plans.

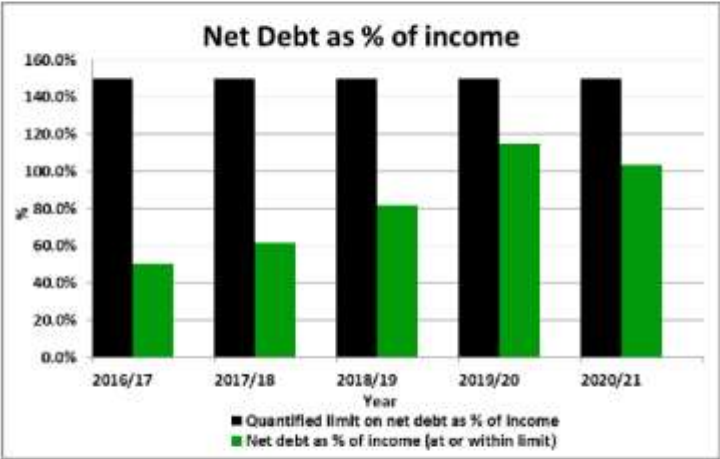
The quantified limit is net debt as a % of equity. A value of less than the quantified limit of 20% indicates compliance with the prudential limit.



Net debt as a percentage of income

The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the 2015-2025 and 2018-2028 Long Term Plans.

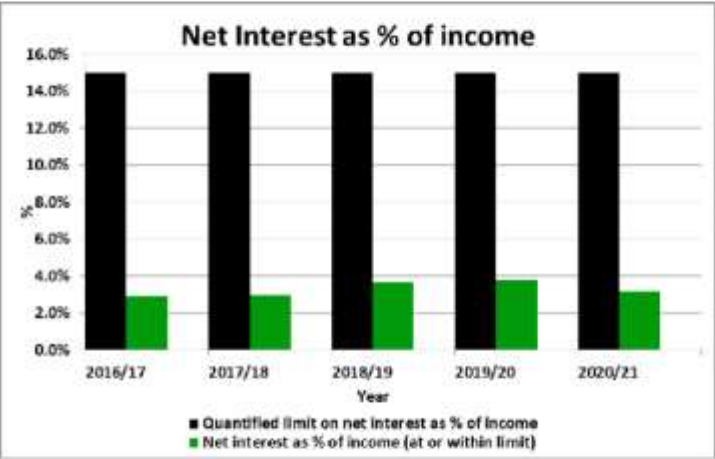
The quantified limit is net debt as a % of income. A value of less than 150% indicates compliance with the prudential limit.



Net interest as a percentage of income

The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the 2015-2025 and 2018-2028 Long Term Plans.

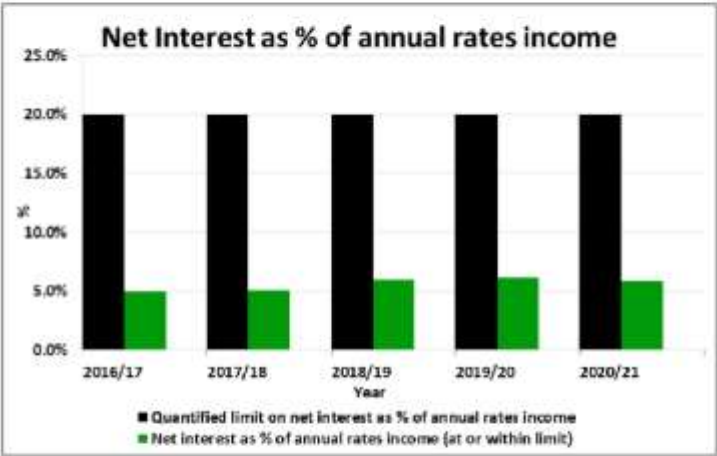
The quantified limit is net interest as a % of income. A value of less than the quantified limit of 15% indicates compliance with the prudential limit.



Net interest as a percentage of annual rates income

The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the 2015-2025 and 2018-2028 Long Term Plans.

The quantified limit of 20% indicates compliance with the prudential limit.



Liquidity

The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the 2015-2025 and 2018-2028 Long Term Plans.

The quantified limit is term debt + committed loan facilities to existing debt. Prior to 2015/16 a value of greater than the quantified limit of 110% indicated compliance with this prudential limit. The 2018-28 Long Term Plan implemented a new range for this quantified limit of between 110% and 170%.

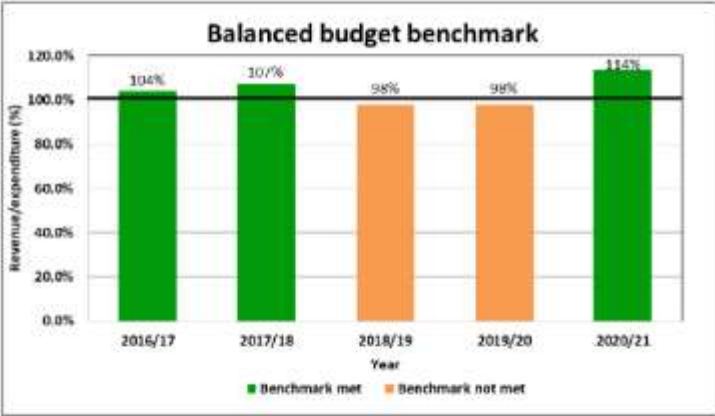


Prior periods have been restated to align with Council's Treasury Policy.

Balanced budget benchmark

The following graph displays the Council's revenue (excluding development contributions, financial contributions vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a percentage of operating expenses (excluding losses on derivative financial instruments, and revaluations of property, plant, or equipment).

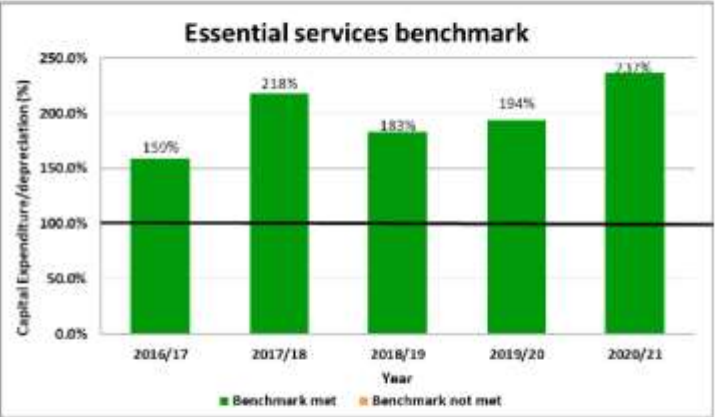
The Council meets this benchmark if its revenue exceeds its operating expenses. In the 2021 financial year, Council received significant additional government funding for large infrastructure projects.



Essential services benchmark

The following graph displays the capital expenditure on network services as a percentage of depreciation on network services.

The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services. In 2021, Council had the highest ever capital spend for a single financial year, with water services spend being a major driver.

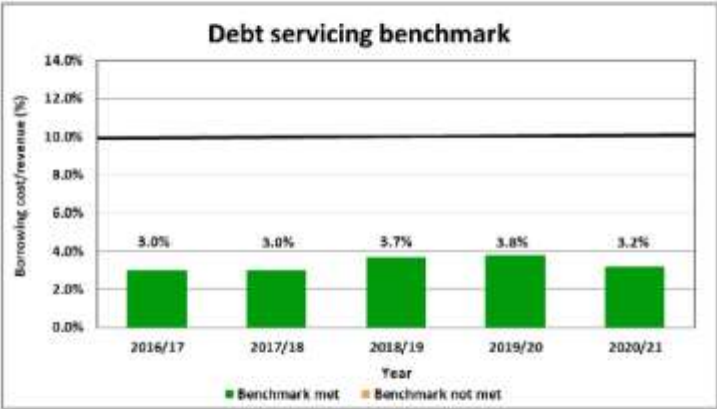




Debt servicing benchmark

The following graph displays the Council's borrowing costs as a percentage of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant, or equipment).

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

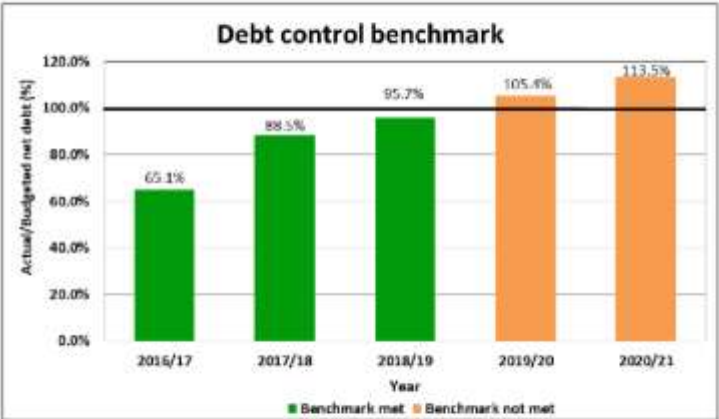


Debt control benchmark

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

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

As a result of the increased capital spend, the funding of this spend has seen debt levels increase.



Operations control benchmark

The following graph displays the Council's net cash flow from operations as a percentage of its planned net cash flow from operations.

The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations. Prudent focus on prefunding of both capital spend and maturing debt has seen a strong cash flow position at year end,





## Independent Auditor's Report

To the readers of the Hastings District Council's annual report for the year ended []

[]









**Statement of  
Compliance and  
Responsibility**

## Statement of Compliance and Responsibility

### Compliance

The Council and Management of Hastings District Council confirm that all the statutory requirements of the Local Government Act 2002 have been complied with.

### Responsibility

- 8) The Council and Management of Hastings District Council accept responsibility for the preparation of the annual Financial Statements and the judgements used in them.
- 9) The Council and Management of Hastings District Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.
- 10) In the opinion of the Council and Management of Hastings District Council, the annual Financial Statements for the year ended 30 June 2021 fairly reflect the financial position and operations of Hastings District Council.

Sandra Hazlehurst  
Mayor

To'osavili Nigel Bickle  
Chief Executive

Dated: xx (month) 2021





## Equal Employment Opportunity Policy

The Hastings District Council is committed to the principle of equal opportunity in the recruitment, employment, training and promotion of its employees.

The organisation has continued to provide a welcoming, positive environment for its staff and focused on ensuring that its activities and services were carried out with an awareness of, and intent to eliminate discrimination in the areas of race and colour, ethnicity and national origins, sex (including pregnancy or childbirth), religious and ethical beliefs, marital and family status, sexual orientation, employment status, political opinion, involvement in union activities, being affected by domestic violence, age, and disability.

The Council will continue to ensure that the principles of Equal Employment Opportunity are developed, implemented, and regularly reviewed.







Your Council

## Directory of Council as at 30 June 2021



**SANDRA  
HAZLEHURST**  
Mayor

027 418 6602  
sandra.hazlehurst@hdc.govt.nz



**TANIA  
KERR**  
Deputy Mayor

027 241 4758  
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Mohaka Ward



**BAYDEN  
BARBER**

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Hastings – Havelock North Ward



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CORBAN**

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Heretaunga Ward



**MALCOLM  
DIXON**

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**DAMON  
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LAWSON**

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Hastings – Havelock North Ward



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NIXON**

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OTI**

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Flaxmere Ward



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Kahurangi Ward



**GERALDINE  
TRAVERS**

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Hastings – Havelock North Ward



**KEVIN  
WATKINS**

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Hastings – Havelock North Ward

### Heretaunga Takoto Nos Māori Standing Committee

Mr Jerry Hapuku (Kaumātua)  
Mr Robin Hape (Chair)  
Ms Marei Apatu

Ms Tania Eden  
Mr Mike Palu  
Ms Ngaio Tiuka

**Council representatives:**  
Cr Bayden Barber (Deputy Chair)  
Mayor Sandra Hazlehurst

Cr Henare O'Keefe  
Cr Peleti Oti

Cr Ann Redstone  
Cr Geraldine Travers



## Directory of Rural Community Board as at 30 June 2021



NICK  
DAWSON  
(CHAIR)

027 354 5562  
nick.nicky@xtra.co.nz  
Kawera subdivision



SUE  
MAXWELL

021 131 5925  
suemaxwell@gisborne.net.nz  
Titira subdivision



JONATHAN  
STOCKLEY

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jonathan.kereru425@xtra.co.nz  
Maraekakaho subdivision



MARCUS  
BUDDO

021 352 424  
marcusbuddo@gmail.com  
Poukawa subdivision

Council appointees:  
Cr Tania Kerr  
Cr Sophie Siers

## Directory of Senior Management



TO'O'SAVILI  
NIGEL BICKLE

06 871 5002  
nigelb@hdc.govt.nz  
Chief Executive



BRUCE  
ALLAN

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Group Manager  
Corporate



BRONWYN  
BAYLISS

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Group Manager  
People and Capability



CRAIG  
CAMERON

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Group Manager  
Economic Growth & Organization Improvement



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DINWOODIE

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Acting Group Manager  
Community Facilities & Programmes



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FERGUSON

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Group Manager  
Marketing and Communications



JOHN  
O'SHAUGHNESSY

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johnno@hdc.govt.nz  
Group Manager  
Planning & Regulatory Services



CRAIG  
THEW

06 871 5041  
craigt@hdc.govt.nz  
Group Manager  
Asset Management

### ADVISORS

Dr James Graham, Pou Ahurea Matua  
Principal Advisor: Relationships, Responsiveness & Heritage

Graeme Hansen, Director  
Major Capital Projects Delivery

Scott Smith, General Counsel

## Statistical information (Council only)

		2020	2021	
Land Area		522,893ha	522,893ha	
Population (2018 Census)	Source – Statistics NZ	81,537	88,000	
Valuations (Net)	Land Value	\$14,389,770,900	\$14,427,468,000	
	Improvements	\$12,024,481,850	\$12,202,826,600	
	Capital Value	\$26,414,252,750	\$26,630,294,600	
Employee Numbers as at 30 June	Permanent Staff	393	395	
Total Salary & Wages		\$34,223,282	\$36,638,779	
Gross Public Debt		\$150,740,000	\$205,741,000	
Gross Debt per Rateable Assessment		\$4,777	\$6,498	
Roading (km)	Sealed Road	1,319.10	1307	
	Unsealed Roads	332.70	333	
	State Highways	198.40	202	
Rateable Assessments		31,554	31,660	
Rates Levied (incl GST)		\$94,547,237	\$100,777,028	
Analysis by Differential Category	Average Rate	Average Land Value	Average Rate	Average Land Value
Rating Area 1 (Urban)				
Residential	\$2,552	\$154,962	\$2,736	\$240,006
Residential Non Urban	\$2,221	\$257,767	\$2,223	\$364,978
Residential Clive	\$2,094	\$179,016	\$2,100	\$229,161
Horticulture / Farming	\$3,317	\$634,174	\$3,826	\$1,140,651
Chartered Clubs	\$18,852	\$1,140,000	\$22,647	\$2,000,000
Commercial (CBD)	\$12,853	\$493,509	\$11,774	\$637,274
Other Commercial	\$9,327	\$415,477	\$10,239	\$698,468
Commercial Non Urban	\$8,671	\$493,369	\$11,788	\$1,079,759
Rating Area 2 (Rural)				
Residential	\$1,389	\$249,612	\$1,469	\$356,672
Commercial	\$2,005	\$282,953	\$2,060	\$387,042
Lifestyle / Horticulture / Farming	\$3,089	\$878,147	\$3,203	\$1,212,860

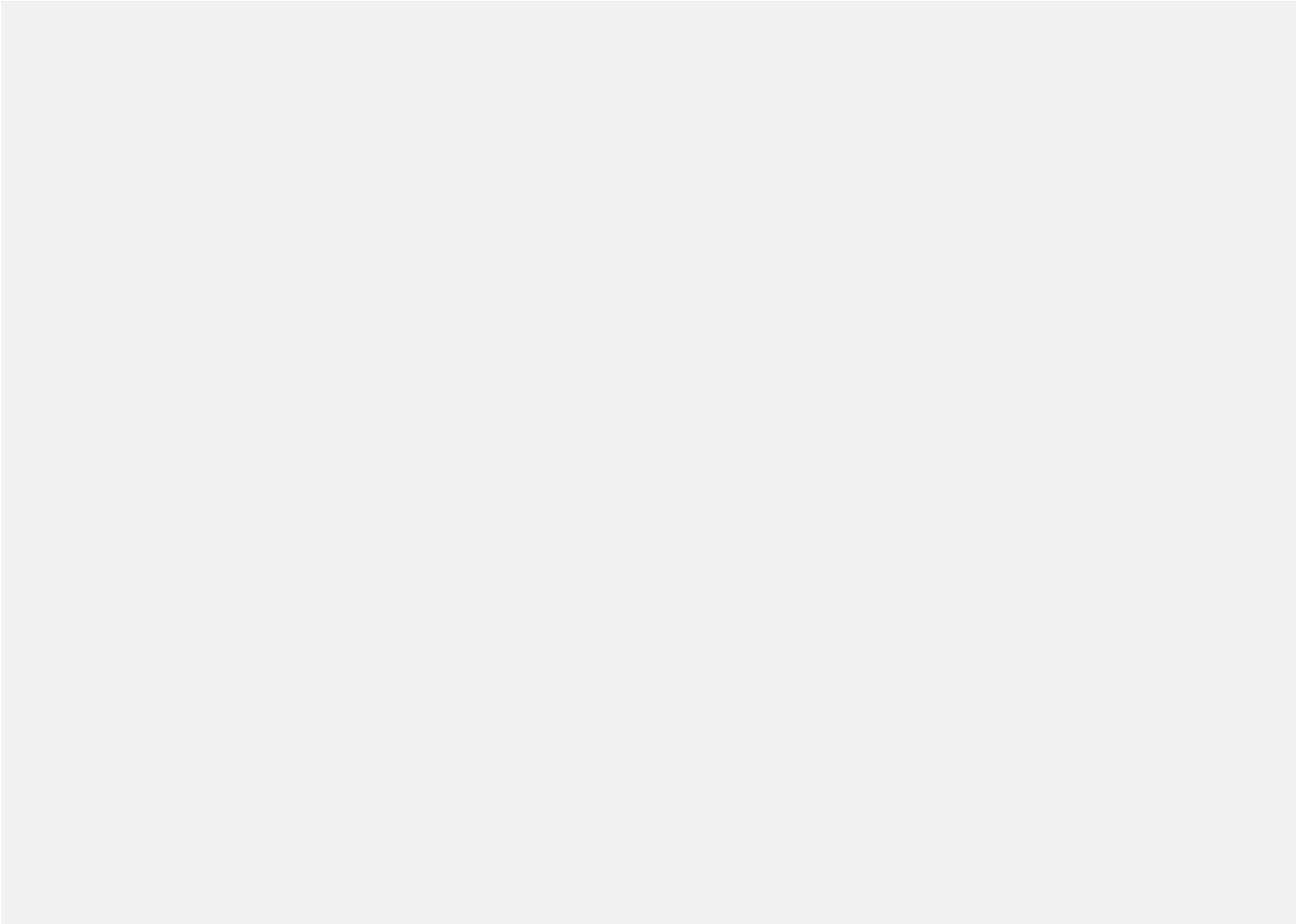
## Glossary of terms

Budget	Refers collectively to the figures in the Annual Plan or Ten year Plan (LTP), including forecasts and projections.
Capital Expenditure	Relates to the creation or enhancement of assets for the purpose of improving existing or providing new services to the community.
Carry Forwards	Are projects which, for various reasons, are unable to be completed during the year in which they were budgeted and will be undertaken in the next plan year (e.g. projects not completed in 2017/18 will be 'carried forward' to 2018/19). Funding allocated to each project will also be carried forward.
Depreciation	Is a value, which represents the wearing out of an asset over time.
Objectives	Identify short-term targets relating to the plan period.
Operating Expenditure	Is expenditure, which is used for the operation and maintenance of Council assets that are used in the provision of services to the community.
Overheads	Are defined as administrative costs incurred for the common benefit of more than one centre of activity. The Council has attempted to show the true cost of providing services and amenities by adding overheads to the basic cost components.
Performance Indicators	Are measures by which the Council's performance is to be measured.
Rating Area 1	Includes all of the Urban Areas, all of the former Plains Areas, and 10.27% of the former Rural Areas.
Rating Area 2	Covers the remaining 89.73% of the Rural Area.
Significant Activity	Identifies a grouping of Council activities or functions into a major category for the purpose of reporting in the Annual Plan and Annual Report.

## Abbreviations

AWPT	Area Wide Pavement Treatment	IFRS	International Financial Reporting Standards
BPS	Bass Points	LATM	Local Area Traffic Management
CBD	Central Business District	LGA	Local Government Act 2002
CCO	Council Controlled Organisation This is a term for an organisation where local authorities hold a controlling interest.	LTP	Long Term Plan or Ten-Year Plan
CR	Councillor	LDS	Level of Service
DRA 1	District Rating Area One (Urban Area)	NBS	National Building Standard
DRA 2	District Rating Area Two (Rural Area)	NCC	Napier City Council
DWSNZ	Drinking Water Standards New Zealand	NZGAAP	New Zealand Generally Accepted Accounting Principles
EERST	Environmental Education for Resource Sustainability	NZTA	New Zealand Transport Agency
EPB	Earthquake-Prone Building	PA	Per Annum
FRS	Financial Reporting Standard	PSGE	Post Settlement Governance Entities
GST	Goods and Services Tax	PTSG	Post Treaty Settlement Groups
HBRC	Hawke's Bay Regional Council	QRA	Quantitative Risk Assessment
HCAG	Hastings City Art Gallery	SHET	Sustaining Hawke's Bay Trust
HDC	Hastings District Council	UAGC	Uniform Annual General Charge
HPMV	High Productivity Motor Vehicle	VDAM	Vehicle Dimension and Mass
HPUDS	Heretaunga Plains Urban Development Strategy		













Summary of Non-Financial Performance

Introduction

The following outlines how the Council has progressed against its performance management framework within its 2018-2028 Long Term Plan. This report marks the second year of reporting against the 2018-2028 Long Term Plan. A summary of our progress at the end of Year Two is as follows:

Key Actions

There are 27 key actions contained within the Long Term Plan 2018-2028. All actions are on track or completed.

Levels of Service and Customer Experience

There are 72 measures focused on our service levels to the community. They relate both to the things Council provides (Levels of Service) and to how the customer interacts with Council's services (Customer Experience). The aim of Council is to fully achieve/substantially achieve these. For reporting purposes we group our activities into the following groups:

- Water and Roads
- Economic and Community Development
- Safe, Healthy and Liveable Communities
- Governance and Support Services

In brief, the Council's achievements are:

LEVELS OF SERVICE (65 MEASURES)

Group of activities	Notes	Fully achieved	Substantially achieved	Not achieved
Water & Roads		17 (77%)	-	5 (23%)
Safe, Healthy & Liveable Communities	(i)	15 (68%)	2 (9%)	5 (23%)
Economic & Community Development	(ii)	7 (70%)	-	3 (30%)
Governance & Support Services		7 (88%)	1 (12%)	-

Notes:

- (i) The Toitū Hawke's Bay Arts & Events Centre is not applicable at this time due to the partial closure of the Theatre and Municipal Building during part of 2020/21. The Food Safety measure has been superseded by the introduction of the Food Act 2014.
- (ii) The level of service measure in relation to the Toitū Hawke's Bay Arts & Events Centre is not applicable at this time due to the partial closure of the Theatre and Municipal Building during 2019/20.

CUSTOMER EXPERIENCE (7 MEASURES)

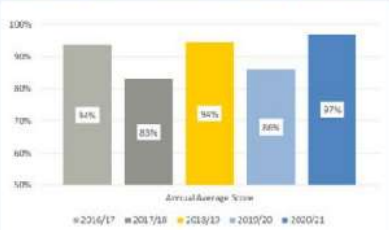
Group of activities	Fully achieved	Substantially achieved	Not achieved
Governance and Support Services	1 (100%)	-	-
Safe, Healthy & Liveable Communities	3 (50%)	-	3 (50%)

Customer Service Centre: Mystery Shopping

A mystery shopper programme continues with 'shoppers' visiting Council to measure the service delivered against a set of pre-determined criteria. The assessment focuses on the surroundings in the centre, wait times, interaction with the customer and subject knowledge. The standards are high, staff strive to create a welcoming environment and ensure all customers are able to easily access the services or information required.

Yearly Comparative Performance –

Customer Service Centre Mystery Shopper Results



Note: The 2017/18 result is skewed by an isolated mystery shop issue which has been resolved.

Publication of Annual Report

A full copy of the annual report may be obtained from Council's offices, public libraries and the website [www.hastingsdc.govt.nz](http://www.hastingsdc.govt.nz). This summary annual report has been examined by the independent auditor for consistency with the full financial report. A modified independent auditor's report is included within this summary.

Independent Auditor's Report



Welcome from the Mayor and the Chief Executive

Hastings is on a roll and we are proud to present the 2020/2021 Annual Report.

Despite the challenges of COVID-19, our council and community have worked together this year to continue building a proud, positive and sustainable district.

Our district has performed well over the last year, with record levels of spending, and with hard work around \$100m of Central Government funding was secured to build roads, housing, pool facilities, water infrastructure, cycleways and to upgrade rural halls and marae and more.

Key priorities this year were our ongoing efforts to deliver a safe and resilient drinking water supply and working to provide homes for our people.

Our drinking water strategy milestones included three of eight small community treatment and storage facility upgrades completed, and building started on another three, and work got underway on water storage and treatment at Frimley, and on the corner of Southampton St East and Hastings St South.

Across our district, there's a huge amount of construction activity as we all work to bring a variety of houses to the market as soon as possible.

Through our Hastings Place Based Housing Plan - a combined effort from council, government agencies, mana whenua, private developers and community support groups - we are working to address the housing needs in our community.

Along with the re-opening of Toitū - Hawke's Bay Arts and Events Centre, work continued on the strengthening and redevelopment of the Municipal Building, and our city centre upgrades continued at pace.

We know Hastings is beautiful and now the nation knows it too, with our winning the 2020 Keep NZ Beautiful Large Town Award, and the Supreme Award, and we were named a finalist in the 2021 Awards.

Council's efforts were also recognised in other areas over the year, receiving national awards for our Hastings Place Based housing plan, Mahi for Youth programme, the Toitū - Hawke's Bay Arts and Events Centre renovation and our parks.

We would like to acknowledge all of our staff at the Council for their continuing commitment and hard work through another very busy year. Together with our elected members, we are all striving to make Hastings the best it can be, both now and for the future.



*Sandra Hazlehurst*

Sandra Hazlehurst  
Mayor | Hastings District Council

*To'osavili Nigel Bickle*

To'osavili Nigel Bickle  
Chief Executive | Hastings District Council





Key Initiatives and Projects



Relaxing in Our Reserves

In recognition of the community and council's sustainable practices and environmental excellence, Hastings took out the Most Beautiful Large Town and was named the Supreme Winner of the Keep New Zealand Beautiful Awards 2020.

In addition, Flaxmere Park named New Zealand's Active Park of the Year in Recreation Aotearoa's 2020 NZ Park Awards and was a finalist for this award in 2021.

Flaxmere Park was also one of three HDC parks to be recognised under the Green Flag Awards, alongside Cornwall Park and the Havelock North Village Green.

At Ebbett Park a new playground and toilet block was opened and, and at Taurua Reserve work began on a boardwalk to improve safety for people cycling and walking.

Community consultation began on two new 10-year Reserve Management Plans for Eskdale Park and Frimley Park, and feedback was sought for a review of the current Tainui, Tanner, Taurua and Hikanui Reserves Management Plan, with a focus on cycling and walking tracks.



Water and Waste

Significant progress has been made to deliver our Drinking Water Strategy this year with three of eight small community treatment and storage facility upgrades completed, and building started on another three.

Work got underway on water storage and treatment at Frimley and on the corner of Southampton St East and Hastings St South.

All this work was programmed for completion in late 2021/early 2022.

A year since the introduction of our new kerbside rubbish and recycling collection contracts, our residents have been working with us to ensure the service is efficient and effective.

Council's waste minimisation team has been busy over the past 12 months producing resources and providing guidance on how to divert waste from landfill.



Range of Housing Options Being Delivered

This was the second year of Council's Hastings Place Based housing plan with its central government, iwi and community provider partners, and a follow-up medium to long-term housing strategy has been produced.

In Flaxmere, with government funding support, lots for 17 first-homes and 18 public homes were brought to market – work also began designing roading and water infrastructure to facilitate about 150 houses on council-owned land at 244 Flaxmere Ave, part of the Flaxmere Town Centre and 72 Caernarvon Drive.

Work continued freeing up appropriate land for greenfield residential subdivisions and infill development and a change in the district plan enabled RSE accommodation to be built in the Ōmahu and Irongate industrial zones.

The Hastings Place Based housing plan earned Hastings District Council a BERL Award for Collaborative Government Action at the Taituarā – Local Government Professionals Aotearoa Awards.



City Centre Revitalisation

The transformation of the city centre continued this year as part of the City Centre Revitalisation Plan.

Landmarks Square was upgraded and beautified and work continued on upgrades to Heretaunga St East with raised and widened pedestrian paving areas, planter boxes and outdoor furniture.

Planting and footpath work to upgrade Karamu Road was completed, and the Warren Street carpark was transformed into an outdoor dining zone, that quickly proved popular, even in the cooler months.

A street upgrade on Queen St East, between Karamu Rd and Warren St, was also completed.



City Centre Cultural Precinct

Toitō – Hawke's Bay Arts and Events Centre re-opened after the COVID-19 lockdown to play host to numerous events and performances.

The Hawke's Bay Opera House was named the heritage category winner in the New Zealand Architecture Awards for its stunning restoration. It also won the Resene Total Colour Heritage Commercial Award and the Resene Total Colour - Colour Master Nightingale Colour Maestro Award.

The Municipal Building project is well underway and earlier this year the call went out for tenants, ahead of its expected opening early to mid-2022.

Also this year, work began on the new 34-room Quest Apartment Hotel being built behind the Municipal Building and Opera Kitchen café.

Hastings district and Napier city councils bought the building at 307 Queen St East to develop into a purpose-built storage and research facility for the region's museum collection, supported by Lottery funding.



COVID-19 Response

Supporting our community to recover from the COVID-19 lockdowns was a key focus this year.

Two Pick the Bay employment expos were held to showcase job opportunities and career pathways in the horticulture and viticulture sectors, and similar events were run for the hospitality and construction sectors.

Council secured \$9.3m in shovel-ready funding from the government to undertake roading projects across the district, where contractors employed local people through the Jobs for Heretaunga scheme jointly operated by Council and MSD.

This year Council helped secure \$290,394 in Provincial Growth Fund investment to maintain and renovate seven of the district's halls, and \$9.6m to renovate up to 51 marae in Heretaunga and Ahuriri.

Funds and plans were established to support the arts sector and our urban centres of Flaxmere, Havelock North and Hastings, as well as other local businesses through the pilot Hawke's Bay Business Hub in Hastings.

On top of COVID-19, our district's farmers faced a devastating drought in the summer of 2019/20 and contributed \$200,000 to a mayoral drought relief fund to support the farming sector.

Financial Statements for the Year Ended 30 June 2021

Statement of Comprehensive Revenue and Expense

Actual Council 2020 \$'000	Actual Group 2020 \$'000	Notes	Budget Council 2021 \$'000	Actual Council 2021 \$'000	Actual Group 2021 \$'000
142,477	143,819	Total revenue	(i) 151,190	168,857	170,230
-	(214)	Share of associate surplus/(deficit)	-	-	(136)
131,057	132,364	Expenses	(ii) 129,627	137,158	138,283
4,991	4,991	Finance costs	(iii) 6,703	5,106	5,106
5,196	5,196	Unrealised Loss on Swaps	-	(8,010)	(8,010)
1,232	1,054	Surplus before tax	14,860	34,603	34,987
-	-	Income tax expense	-	-	-
1,232	1,054	Surplus (deficit) after tax	14,860	34,603	34,987
35,899	35,815	Other comprehensive revenue:	(iv) 49,224	101,331	101,247
37,131	36,869	Total comprehensive revenue and expense	64,084	135,934	136,234
Surplus (deficit) attributable to:					
1,232	1,054	Hastings District Council	14,860	34,603	34,987
1,232	1,054		14,860	34,603	34,987
Total comprehensive revenue and expense attributable to:					
37,131	36,869	Hastings District Council	64,084	135,934	136,234
37,131	36,869		64,084	135,934	136,234

Statement of Financial Position

\$'000	\$'000	Notes	\$'000	\$'000	\$'000
29,220	30,641	Current assets	(i) 13,468	55,546	57,469
2,274,447	2,298,580	Non-current assets	2,188,017	2,435,822	2,460,169
2,303,667	2,329,222	Total assets	2,201,485	2,491,368	2,517,638
48,060	48,936	Current liabilities	(ii) 37,202	54,442	55,736
152,851	152,983	Non-current liabilities	(i) 167,371	198,235	198,366
200,911	201,919	Total liabilities	204,573	252,677	254,102
2,102,756	2,127,302	Net assets (assets minus liabilities)	1,996,912	2,238,691	2,263,536
2,102,756	2,127,302	Equity	1,996,912	2,238,691	2,263,536
2,102,756	2,127,302	Total equity	1,996,912	2,238,691	2,263,536

Statement of Changes in Equity

\$'000	\$'000	Notes	\$'000	\$'000	\$'000
2,065,626	2,090,432	Balance at 1 July	1,932,827	2,102,757	2,127,302
1,232	1,054	Surplus/ (deficit) for the year	14,860	34,603	34,987
35,899	35,815	Other comprehensive revenue and expense for the year	49,224	101,331	101,247
37,131	36,869	Total comprehensive revenue and expense	64,084	135,934	136,234
2,102,756	2,127,302	Total Equity	1,996,911	2,238,691	2,263,536
Total equity is made up of:					
1,239,788	1,261,679	Accumulated funds	1,148,483	1,274,751	1,297,027
3,935	3,935	Restricted Reserves	2,615	3,577	3,577
859,033	861,689	Revaluation Reserves	845,814	960,363	962,932
2,102,756	2,127,302	Total Equity	1,996,912	2,238,691	2,263,536

Statement of Cash Flows

\$'000	\$'000	Notes	\$'000	\$'000	\$'000
39,109	40,470	Net cash flows from operating activities	48,796	62,109	63,459
(88,876)	(91,106)	Net cash flows to investing activities	(109,183)	(74,552)	(75,229)
46,574	46,574	Net cash flows from financing activities	60,387	51,372	51,372
(3,192)	(4,060)	Net increase (decrease) in cash held	-	38,929	39,602
2,939	4,342	Add cash at start of year	1,265	(254)	282
(254)	282	Cash at end of year	1,265	38,675	39,884

Notes to Financial Statements:

Part 6 s 98 of the Local Government Act 2002 requires Council to make publicly available a summary of the information contained in its Annual Report.

The Council has complied with PBE standards tier 1 reporting as applicable for public benefit entities.

The information contained in this summary financial statements and full financial statements is prepared in accordance with all measurements and recognition requirements under NZ GAAP.

The major reasons for the variance between actual and budgeted surplus on operations were:

- (i) Total income is higher than budget due to a number of unbudgeted grants from the government, increase revenue at Landfill and Splash Planet with a higher level of vested assets than expected.
- (ii) Expenses are higher due to increased contracted services and expert advice in relation to approved but unbudgeted projects along with increased activity on infrastructure projects.
- (iii) Lower than budgeted capital spend and favourable interest rates resulted in lower finance costs.
- (iv) Other comprehensive income includes gains on the revaluation of land and building assets offset by a loss on infrastructure asset revaluations.

The major reason for the variance between actual and budgeted balances at 30 June 2021 was:

- (i) Secured loans levels and cash were higher than budgeted at the end of the financial year due to pre-funding obtained for upcoming capital spend.
- (ii) Current liabilities were higher than budget due to the timing of major infrastructure projects underway at year end.

Post balance date events:

On 1 July 2021, FoodEast Limited was incorporated as a company. FoodEast has been established to be a centre of excellence for food, beverage and agri-tech innovation. The Council has a 16.64% shareholding in FoodEast Limited and Council will account for it as an associate in the financial year ending 30 June 2022.

On 17 August 2021, the New Zealand Government announced a nationwide COVID-19 Level 4 lockdown. At the time of signing these financial statements, Auckland, Northland and parts of Waikato are in Level 3 restrictions, with the rest of New Zealand operating under COVID-19 Level 2 restrictions. As was the case in 2020, the Council expects there will be claims from contractors relating to the impact of COVID-19 on their business.

In July 2020, the Government launched the Three Waters Reform Programme – a three-year programme to reform three waters service delivery arrangements. The Reform Programme proposes the establishment of four new multi-regional entities who will own and operate drinking water, wastewater and stormwater (three waters) services across New Zealand. On 30 June 2021, the Government announced the proposed regional boundaries of the four water providers, governance arrangements, the role of iwi, and how the providers would be regulated. The Council is proposed to fall within 'Entity C' together with 12 other Councils across the Gisborne, Hawke's Bay, lower Manawatu-Whanganui, Wellington, Tasman, Nelson and Marlborough regions. The Council's three waters are currently owned and operated by Council. At the date this report was approved for issue, the reforms were still at early stages, so impacts on the Council were unknown.