

Thursday, 8 December 2022

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

Kaupapataka

Agenda Item 12

ADOPTION OF THE ANNUAL REPORT AND SUMMARY 2021/22

Attachment 3: Annual Report 2021/22

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TE KAUNIHERA Ā-ROHE O HERETAUNGA

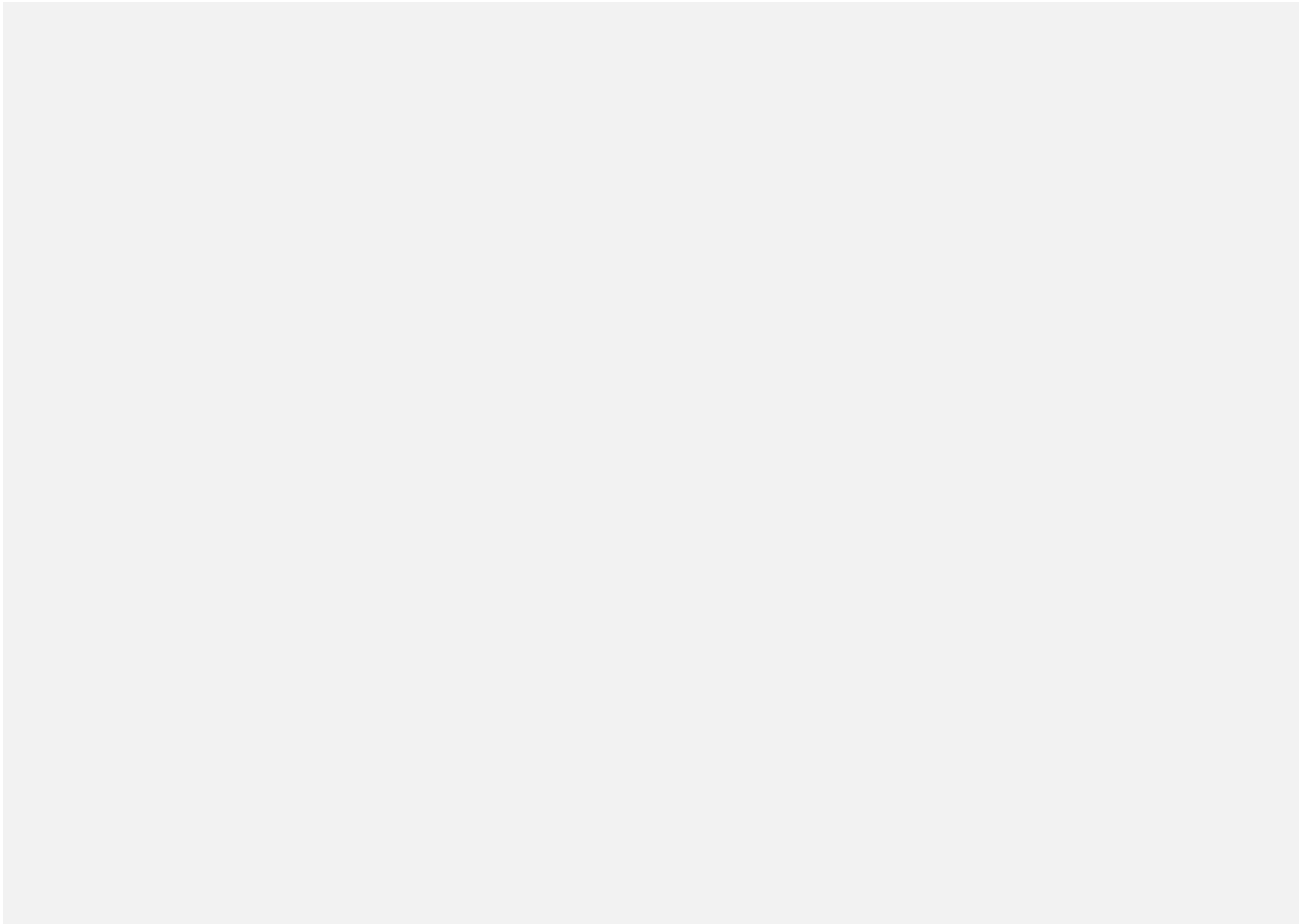
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Introduction from the Mayor and the Chief Executive

Over the past year we celebrated many successes in Hastings and continued with a large programme of work aimed at supporting our community to build on its strengths and thrive.

A highlight of the year was the preparations for the reopening of the Municipal Building – the last piece of the puzzle of the wider Toitōi – Hawke’s Bay Arts and Events Centre project.

This was the realisation of our community’s desire to honour and restore this important piece of our region’s heritage, and what’s been created is a multi-purpose venue that opens up many opportunities to build on our city centre’s increasing vibrancy and appeal.

The revitalisation of the city centre is an ongoing project that continued this year with further streetscape enhancements, including outdoor hospitality areas along Heretaunga St, and the recent art installation The Big Apple Project has helped showcase our beautiful spaces even further.

This project was supported by our COVID Recovery Action Plan that we launched to help bring people back into the city centre and another fantastic initiative to arise from this was the Matariki Festival – a very special way to come together and celebrate the first year of this new public holiday.

Our revitalisation efforts are not only about making our city more appealing for locals and visitors, they’re about attracting investment. It was exciting to see the Tribune development completed this year, adding to our city’s vibrancy, and good progress being made on the Quest Hotel, due to be finished in the next few months. We also saw redevelopment in Queen St, welcoming the Hastings Health Centre, Westpac and Ask Your Team to this area.

This confidence in our city is appreciated in these tough economic times, but despite the challenges Hawke’s Bay, and Hastings in particular, has been weathering the storm well. In the year to March 2022, Infometrics data showed the Hastings economy grew 6.1 per cent and consumer spending was up 8.6 per cent, and the district was the leading driver for overall growth in Hawke’s Bay.

Industrial and commercial development activity is at an all-time high in Hastings – highlighting the district’s strategic advantages and the level of confidence companies feel about establishing their business here.

Significant commercial activity over the past year included the opening of the new \$20m pet food line at Watties Tomoana and Rockit Global’s new HQ and 21,000sqm cool store and packhouse. There was the opening of new health facilities – packhouse, the Royston Day Surgery, and Turners & Growers’ new \$100m automated packhouse. Continued strong demand for industrial land and new roundabouts such as that completed at the Ōmāhu/ Chatham Rd intersection will help provide the connectivity needed to support providing high-value jobs for our people.

Hastings’ ongoing growth, however, has led to challenges, not least housing, and we have continued to address this along with our Hastings Place Based Housing Plan partners.

With the aid of Central Government funding, infrastructure work continued to enable 150 new houses on council-owned land in Flaxmere, alongside Te Taiwhenua o Heretaunga, Kāinga Ora, and private developments in Flaxmere and across the district.

This year Council also established a Future Growth Unit to ensure that planning for residential and industrial sites is well integrated, protects our precious growing soils, and that we are equipped to respond to future growth pressures.

It's Flaxmere's Time! Along with bringing new housing to the area, work has started on a brand new skate plaza in Flaxmere Park and civil works have started for the building of Foodstuff North Island's new generation New World that will provide employment and career opportunities for up to 80 locals.

As part of the Hoops in Parks programme new full-sized basketball courts were installed at Ron Georgi 3 and Flaxmere Parks, and Flaxmere Park was named a finalist in Recreation Aotearoa's New Zealand's Active Park of the Year awards and it received international Green Flag Status for the third year running.

Our parks and natural spaces are a pride and joy of Hastings, and Cornwall Park and Havelock North Village Green also had their Green Flag status renewed for the third year in a row.

A major initiative this year was Council's agreement to purchase the Tōmoana Showgrounds. Our consultation showed overwhelming community support for this highly-regarded site to be protected as a reserve.

As well as continuing to host iconic events such as the Hawke's Bay A&P Show, the weekly Farmers' Market, numerous rural field days, the Hawke's Bay Fiesta of Lights, live concerts, and the Horse of the Year, we will be looking at what other events this venue could attract, with LAB, UB40 and Nest Fest scheduled to appear there in January next year.

Getting out and about and enjoying our natural environment was made safer and more enjoyable this year with the completion of the Waimārama Road off-road cycle trail, reinstating the beautiful Tukituki Loop as part of the Hawke's Bay Trails' Landscapes Ride, and the Tauroa Reserve Boardwalk.

Another important ongoing work programme this year has been the continuation of our drinking water network upgrades to ensure our communities have access to safe, reliable drinking water.

It's been amazing to see the large drinking water reservoirs installed at Frimley Park and alongside the Council buildings on the corner of Southampton St and Hastings St (Waiaroha). With their new enhanced treatment facilities, they will provide water storage and a drinking water supply with a reduced risk of contamination.

These, along with upgrades to smaller community drinking water supplies, including that at Whakatū, are critical to ensure our three waters infrastructure is as resilient as possible. We are on track to complete our drinking water improvement programme when Waiaroha, including its education centre, is complete in mid-2023.

The Government's proposed three waters reform has been a key consideration this year. Our council's view is that while the status quo for three waters management and delivery is not viable and needs to change, our preference is for a Hawke's Bay three waters service delivery and asset owning entity rather than a large entity incorporating 21 territorial authorities.

The make-up of our council was also a focus this year as we conducted a Representation Review to determine the structure of our wards in light of introducing the Takitimu Māori Ward. The new arrangement will ensure we have councillors that reflect the diverse communities in our district and are enabled to have an effective voice around the council table.

As we approach summer, we are looking forward to welcoming people back to Splash Planet after its closure last season due to COVID traffic light setting restrictions.

We would like to acknowledge all of our staff at the Council, and our partner organisations, 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.

Awards

LGNZ Excellence Awards 2022

- Kāinga Ora Homes and Communities EXCELLENCE Award for Social Well-being – Highly commended, It’s Flaxmere’s Time

Taituara Awards 2022

- Datacom Award for Transforming Service Delivery – Winner, Toitoti – Hawke’s Bay Arts and Events Centre
- Beca Award for Placemaking – Winner, It’s Flaxmere’s Time

LGNZ Excellence Awards 2021

- Kāinga Ora Homes and Communities EXCELLENCE Award for Social Well-being – Winner, Hastings Place-Based Housing Plan
- Creative New Zealand EXCELLENCE Award for Cultural Well-being – Winner, Toitoti – Hawke’s Bay Arts and Events Centre
- Kāinga Ora Homes and Communities EXCELLENCE Award category for Social Well-being – Highly commended, Mahi for Youth

2021 Keep NZ Beautiful Awards

- Winner – Most Beautiful Small City.



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 2022.



Summary non-financial performance

Introduction

The pages which follow outline in detail how the Council has progressed against its performance management framework within its 2021-2031 Long Term Plan. This report marks the first year of reporting against the 2021-2031 Long Term Plan. A summary of our progress at the end of Year One 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 36 key actions contained within the Long Term Plan 2021-2031. 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 (64 measures)

Group of activities	Fully achieved	Substantially achieved (98.5%-99%)	Not achieved
Water & Roads	17 (74%)	-	6 (26%)
Safe, Healthy & Liveable Communities (Note i)	19 (83%)	1(4%)	3 (13%)
Economic & Community Development (Note ii)	5 (56%)	-	4 (44%)
Governance & Support Services	7 (100%)	-	-

Notes:

i and ii. The Toitot Hawke's Bay Arts & Events Centre measures are not applicable at this time due to it needing to be fully operational for a period to be able to be measured.

Customer Experience (8 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)	2 (40%)	-	3 (60%)

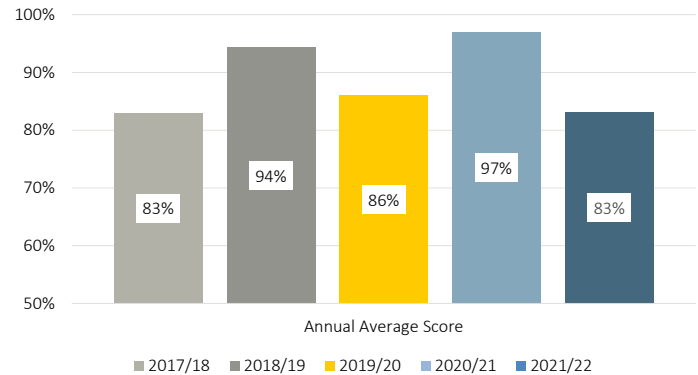
Notes:

- i. Mystery Shopper satisfaction survey not undertaken at the Call Centre due to impact of COVID-19.
- ii. Parks user satisfaction was not measured in 2021/22 due to impact of COVID-19.

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
CUSTOMER SERVICE CENTRE MYSTERY SHOP RESULTS



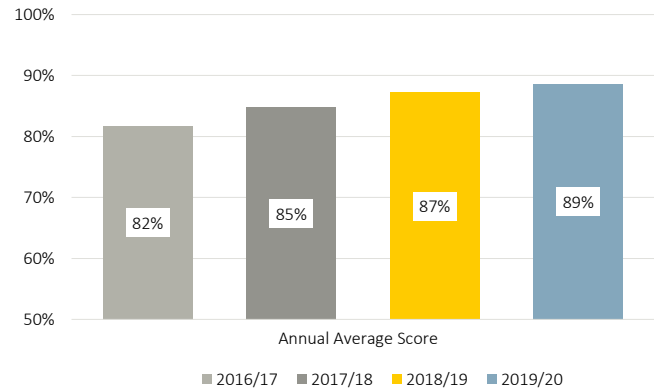
Note: The 2017/18 result is skewed by an isolated mystery shop issue which has been resolved.
The 2021/22 result contains a few instances where the customer did not rate it as a negative experience but expected more detailed information. This is being followed through.

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 Councils. Internal call assessments and staff coaching continued to ensure a consistent high quality customer experience is provided.

Note: The table opposite therefore shows historical performance only.

Yearly Comparative Performance – Contact Centre Mystery Shopper Results
CONTACT CENTRE MYSTERY SHOP 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 2021/22 was the ongoing implementation of improvement items as identified within those plans which were adopted as part 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

Roads & Footpaths

Future aspirations	Baseline performance	Future target	Progress
FG01 Modal shift to walking/cycling.	11% predicted 20/21.	7% annual increase over 20/21 baseline – more than 12% in 2021/22.	<ul style="list-style-type: none"> Not Measured – National reporting against this measure commences in 2023.
FG02 Walking and cycling trips.	5,500 (2018 baseline).	10% annual increase – more than 6,000 in 2021/22.	<ul style="list-style-type: none"> Not Measured – National reporting against this measure commences in 2023.
FG03 Greenhouse gas emissions from transport.	313,500 tonnes carbon dioxide equivalent (predicted 20/21).	Less than 295,800 in 2021/22.	<ul style="list-style-type: none"> Substantially on Track – 331,326 tonnes in the 2021 calendar year based on fuel sales data in the Hastings District.
FG04 Network inaccessibility	% of network inaccessible to Class 1 and 50 Max vehicles. 11.18% (predicted 20/21).	3.21% in 2021/22.	<ul style="list-style-type: none"> On Track – 0.53% in 2021/22.
FG05 Network availability	% of network available to HPMV vehicles. 17.5% (predicted 20/21)	22.9% in 2021/22.	<ul style="list-style-type: none"> Substantially on Track – 20.96% of network available to HPMV vehicles.
FG06 Unplanned road closures	Journeys affected due to unplanned road closures. Not more than 500,000 pa.	Less than 500,000.	<ul style="list-style-type: none"> Not Measured – Will be tracked via new maintenance contracts.

Safe, Healthy & Liveable Communities

Future aspirations	Baseline performance	Future target	Progress
FG07 Public buildings meet minimum earthquake standards (34% of new building standard).	62.04%	100% by 2033 meeting future legislative standards.	<p>Percentage of current compliance with requirements set by EPB Methodology</p> <ul style="list-style-type: none"> • On Track – 93.3% (Note; the legislation sets specific timeframes for remediation of earthquake-prone buildings. All earthquake-prone buildings in Hastings District must be remediated by 1 July 2037. <p>The Building Act 2004, Subpart 6A—Special provisions for earthquake-prone buildings regulates which buildings in the Hastings District are captured and profiled using the new EPB methodology.</p> <ul style="list-style-type: none"> • 344 buildings have been profiled within the profile categories of the EPB Methodology and are/were therefore potentially earthquake-prone. • Of the 344 buildings, 237 are now excluded because they have been assessed or strengthened to ≥34% NBS, or are timber frame buildings. • Of the remaining 107 buildings: <ul style="list-style-type: none"> • 54 buildings have been identified as potentially earthquake prone (building owners are required to have seismic assessments completed), and • 53 buildings have been determined as earthquake-prone and owners must remediate the buildings within a specified timeframe. • Of the buildings currently identified as earthquake-prone, there are 7 building consents for strengthening with work at various stages. • Note, to date within Hastings District there have been a total of 568 buildings assessed or strengthened >34% NBS.
FG08 Increased recyclables diverted from landfill.	9,800 tonnes diverted.	≥ 11,760 tonnes per annum by 2024 (20%).	<ul style="list-style-type: none"> • Substantially On Track – 5,451 tonnes diverted via Hastings District Council services, NCC to report their tonnages separately. • The recycling tonnage collected by HDC services had previously increased in the two years following the adoption of the Joint Waste Management and Minimisation Plan by 12.5%. However, due to the impact of COVID-19 and associated level of service disruptions, recycling tonnages fell below the baseline rate, they have since increased slightly but remained static over the past two years.

Safe, Healthy & Liveable Communities			
Future aspirations	Baseline performance	Future target	Progress
FGO9 Decreased organic waste going to landfill.	28,580 tonnes	≤ 19,150 to landfill by 2024 (30%).	<ul style="list-style-type: none">• On Track – 25,431 indicative tonnes (28.4%) – estimated in the Solid Waste Analysis Protocol Survey 2019. The organic waste reduction target is monitored through the Solid Waste Analysis Protocol surveys. These surveys are completed every three years and the survey was undertaken over May and June 2022. At the time of finalising this report the information was still being analysed and documented into a report to be presented to Council in the first half of the 2022/23 year.• The total waste to Ōmarunui landfill decreased from 107,792 tonnes to 91,903 tonnes from the 2021/22 year. This decrease of 15,889 tonnes is significant and very pleasing.• Diversion services at the Henderson Road Refuse Transfer Station saw 2,111 tonnes of green (garden) waste and 347 tonnes of timber diverted to reuse.

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 261B of the Local Government Act 2002.

The baseline performance is based on 2020/21 actual information (unless otherwise stated).

Stormwater

Community Outcomes	Level of Service Statement	Performance Measure	Baseline Performance	2021/22 Target	2021/22 Achievement
COUNCIL OBJECTIVE <ul style="list-style-type: none"> The natural environment is enhanced and protected Council services are green and healthy 	Council will provide a safe and reliable stormwater service and ensure that service interruptions are kept to a minimum.	DIA Non-Financial Performance Measure 1 – System Adequacy 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.	Achieved – 0 (zero) floors affected per 1,000 connections up to a 1 in 50 year ARI storm event.
		DIA Non-Financial Performance Measure 2 – Discharge Compliance Compliance with Council's resource consents for discharge from its stormwater system measured by the number of:	1		Achieved – as per below:
		a) Abatement notices	1	0 (zero) Abatement notices	0 (zero) Abatement notices
		b) Infringement notices	0	0 (zero) Infringement notices	0 (zero) Infringement notices
		c) Enforcement orders	0	0 (zero) Enforcement orders	0 (zero) Enforcement orders
		d) Convictions	0	0 (zero) Convictions	0 (zero) Convictions

Stormwater					
Community Outcomes	Level of Service Statement	Performance Measure	Baseline Performance	2021/22 Target	2021/22 Achievement
		DIA Non-Financial Performance Measure 3 – Response Times 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.	41 mins	1 hour	Achieved – 58 mins response time.
		DIA Non-Financial Performance Measure 4 – Customer Satisfaction 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.	8.18	15 complaints per 1,000 connections. NB: This is a baseline figure for stormwater-related complaints received in the past 8 years.	Achieved – 8.97 complaints received per 1,000 connections.** **Refer to page 35 for further disclosure

Sewerage and the Treatment and Disposal of Sewage

Community Outcomes	Level of Service Statement	Performance Measure	Baseline Performance	2021/22 Target	2021/22 Achievement
COUNCIL OBJECTIVE <ul style="list-style-type: none"> The natural environment is enhanced and protected Council services are green and healthy 	Council will provide a safe and reliable wastewater service and ensure that service interruptions are kept to a minimum.	DIA Non-Financial Performance Measure 1 – Number of dry weather sewerage overflows from the Council's wastewater system, expressed per 1000 sewerage connections to that sewerage system. DIA Non-Financial Performance Measure 2 – Compliance with Council's resource consents for discharge from its sewerage system measured by the number of:	0.28	5 per 1,000 connections per annum	Achieved – 0.46 per 1,000 connections Waiting on official outcome from HBRC following Whakatū wastewater spill 23 June 2022 which resulted in a non-compliance at the WWTP . Expecting an abatement and/or infringement notice.

Sewerage and the Treatment and Disposal of Sewage

Community Outcomes	Level of Service Statement	Performance Measure	Baseline Performance	2021/22 Target	2021/22 Achievement
		(a) Abatement notices	0	0 (zero) Abatement notices	0 (zero) Abatement notices
		(b) Infringement notices	0	0 (zero) Infringement notices	0 (zero) Infringement notices
		(c) Enforcement orders	0	0 (zero) Enforcement orders	0 (zero) Enforcement orders
		(d) Convictions	0	0 (zero) Convictions	0 (zero) Convictions
		DIA Non-Financial Performance Measure 3 – 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	40 minutes	1 hour response time to site (attendance time)	Achieved – 41 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.	3.22 hours	1 day permanent repair completed (resolution time)	Achieved – 3.08 hours
		DIA Non-Financial Performance Measure 4 – Total number of complaints received by the Council about any of the flowing: (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.	28.01	30 complaints – Count expressed per 1,000 connections per annum.	Achieved – 20.81 complaints received per 1,000 connections.** **Refer to page 35 for further disclosure

Water Supply				
Community Outcomes	Level of Service Statement			
<p>COUNCIL OBJECTIVE</p> <ul style="list-style-type: none">Water and land resources are used wiselyThe natural environment is enhanced and protectedCouncil services are green and healthy	<p>Water Supply – Ensuring healthy drinking water through the provision and effective management of water services.</p>	<p>DIA Non-financial performance Measure 1 (safety of drinking water)</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>Baseline performance</p>	<p>Part A – 100%</p>	<p>Part B – Not Achieved</p>
		<p>2021/22 Target</p>	<p>Percentage compliance – 100%</p>	<p>Target 100%</p>
		<p>2021/22 Achievement (Key: Green – compliant. Orange – partially compliant. Red – Non-compliant)</p>		
		<p>Water Supply Area</p>	<p>Part 4 – Bacterial Compliance</p>	<p>Part 5 – Protozoal Compliance</p>
		<p>Waimārama</p>	<p>Compliant</p>	<p>Compliant U.V and Cartridge Filtration</p>
		<p>Haumoana/Te Awanga</p>		<p>Compliant U.V</p>
		<p>Ōmāhu</p>		<p>Compliant U.V and Cartridge Filtration</p>
		<p>Whakatū</p>		<p>Compliant Secure under DWSNZ. A new WTP (U.V) is programmed to be operational in the 22/23 compliance year.</p>
		<p>Clive</p>		<p>Compliant Ferry Road WTP – secure under current DWSNZ Clive WTP – U.V</p>
	<p>Hastings Urban Supply (Hastings, Havelock North, Flaxmere, Bridge Pa, Paki Paki)</p>	<p>Partially Compliant</p> <p>Compliant:</p> <ul style="list-style-type: none">Wilson WTP – U.VBrookvale WTP – U.V and Cartridge FiltrationPortsmouth WTP – Secure under current DWSNZ <p>Non-compliant:</p> <ul style="list-style-type: none">Frimley WTP – non compliant due to insufficient treatment infrastructure. A new WTP is due to be operational in the 22/23 compliance year.Eastbourne WTP – non compliant due to insufficient treatment infrastructure. Waiaroha WTP is due to be operational in the 22/23 compliance year.		

Water Supply

Community Outcomes	Level of Service Statement	2021/22 Achievement (Key: Green – compliant. Orange – partially compliant. Red – Non-compliant)			
		Part 5 – Protozoal Compliance	Part 5 – Protozoal Compliance	Part 5 – Protozoal Compliance	
		Te Pōhue	Compliant	Non-Compliant	Non-compliant due to new WTP (U.V and Cartridge Filtration) being fully commissioned part way through the compliance period. The new WTP became fully commissioned and compliant from December 2021.
		Whirināki/Esk		Non-Compliant	Non-compliant due to treatment infrastructure not recognised by DWSNZ. However, a new WTP (U.V and Cartridge Filtration) was fully operational and compliant from August 2022.
		Waipātiki		Non-Compliant	Non-compliant due to insufficient treatment infrastructure. A new WTP is programmed to be operational in the 22/23 compliance year.
		Waipatu		Non-Compliant	Non-compliant due to not meeting monitoring requirements. Will be compliant under the new DWQAR. Council plan to connect to the Hastings Urban supply in the future.

Water Supply

Community Outcomes	Level of Service Statement	Performance Measure	Baseline Performance	2021/22 Target	2021/22 Achievement
COUNCIL OBJECTIVE <ul style="list-style-type: none"> Water and land resources are used wisely The natural environment is enhanced and protected 	Water Supply – Ensuring healthy drinking water through the provision and effective management of water services.	DIA Non-Financial performance Measure 2 – (maintenance of the reticulation network) The percentage of real water loss from the local authority's networked reticulation system. (including a description of the methodology used to calculate this).	29.8% (At 95% confidence limits, this has a level of uncertainty of +/- 36.5%)	20% Percentage real losses or other recognised industry standard as specified in the Hastings District Council's 'Water Conservation and Demand	Not achieved Council have been unable to produce a statistically reliable result for this measure due to insufficient water meters across the network. Council currently have 2,000 smart meters due for installation by the end of 2022. This will improve the reliability of this measure for future reporting.

Water Supply

Community Outcomes	Level of Service Statement	Performance Measure	Baseline Performance	2021/22 Target	2021/22 Achievement
<ul style="list-style-type: none"> Council services are green and healthy 				Management Strategy'.	
		DIA Non-Financial performance Measure 3 – (fault response times) 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	42 minutes	Urgent – 1 hour response time to site.	Achieved – The median time to respond to urgent call-outs was 52 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	3.09 hours	Urgent – 2 hour restoration of service.	Achieved – The median restoration time was 1.43 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	23.95 hours	Non-urgent – 3 days response time to site (Note i).	Achieved – The median time to respond to non-urgent call-outs was 2.15 days.
		(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.	2.90 days	Non-urgent – 7 days call resolution.	Achieved – The median restoration time was 3.97 days.
		DIA Non-Financial performance Measure 4 – (customer satisfaction) 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	11.87	3 Count expressed per 1,000 connections per annum.*	Not Achieved – 186 complaints per 1,000 connections. ** **Refer to page 35 for further disclosure *A new baseline has been established this year which is now out of alignment with the Long Term Plan target.

Water Supply					
Community Outcomes	Level of Service Statement	Performance Measure	Baseline Performance	2021/22 Target	2021/22 Achievement
		(f) the local authority's response to any of these issues expressed per 1,000 connections to the local authority's networked reticulation system.			
		DIA Non-performance Measure 5 – (demand management) The average consumption of drinking water per day per resident within the territorial authority district.	479	410 litres per day per resident.	Not achieved – 633.6 litres per day per resident 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 prior to this whereby calculated leakage was removed. As part of the Drinking Water Strategy, pressure reduction to reduce network leakage will be implemented. Targeted leak detection is underway. A comprehensive re-write of the Demand Water restrictions were implemented during the peak summer demand period.

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 2020/21 actual information unless otherwise stated.

Community Outcomes	Performance Measure	Baseline Performance	2021/22 Target	Achievement 2021/22
COUNCIL OBJECTIVE The transport network links people, goods and opportunities.	DIA Non-Financial Performance Measure 1 – Road safety 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.	36	Reducing trend of fatality and serious injury from previous year. (Base level = 40 fatalities and serious crash injuries on the local road network) based on 2017-19 average. 2021/22 target 38.	Not Achieved – 39 fatalities and serious crash injuries in 2021/22.
	DIA Non-Financial Performance Measure 2 – Condition of the sealed road network The average quality of ride on a sealed local road network, measured by smooth travel exposure.	93%	90% smooth travel exposure. (Average quality of ride)	Achieved – 91% in 2021/22.
	DIA Non-Financial Performance Measure 3 – Maintenance of a sealed local road network The percentage of the sealed local road network that is resurfaced.	6.5%	6.0% of sealed local road network is resurfaced per annum.	Achieved – 6.4% of local road network resurfaced.
	DIA Non-Financial Performance Measure 4 – Condition of footpaths within the local road network 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).	0.33%	No more than 1.5% of footpaths classified poor or worse as measured by Council's condition rating system.	Achieved – 0.26% of footpaths classified poor or worse.
	DIA Non-Financial Performance Measure 5 – Response to Service Requests 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.	99%	95% of customer service requests relating to roads and footpaths responded to within 28 days.	Achieved – 99% responded to within 28 days.

Safe, Healthy and Liveable Communities

Council Outcomes	Performance Measure	Baseline Performance 2020/21	Target 2021/22	Achievement 2021/22
COUNCIL OBJECTIVE: Council services are green and healthy.	Hours of operation at refuse transfer station.	Achieved	7 days per week.	Achieved – 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.	Achieved – All rural recycling depots were fully operational during the year. Following a 12-month trial period a new permanent recycling depot established was at Waipātiki. The recycling depot in Martin Place has closed permanently and is no longer included in Council’s reporting. The depot was on leased land which is no longer available for use.
	Hours of operation at landfill.	Substantially Achieved	1 landfill (limited weekend opening)	Substantially Achieved – Operations at the landfill were temporarily paused on the afternoons of Tuesday 14 June and Wednesday 15 June (2 hours on each occasion) due to high winds that made the site unsafe and created a litter problem. 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.	Achieved 92% urban collection	Weekly collection to 98% of urban dwellings within the collection areas.	Achieved – 100% of properties in the collection zones were serviced throughout the year. Due to COVID-19 related issues, kerbside recycling was limited to just fibre (paper and cardboard) for a 3-week period.
	% compliance with Landfill conditions	100%	100%	Not Achieved – The landfill was graded as Fully Compliant for two of its four consents with the other two receiving a low risk non-compliance and moderate non-compliance respectively. The moderate non-compliance related to an odour complaint that was upheld by the Hawke’s Bay Regional Council.

Safe, Healthy and Liveable Communities

Council Outcomes	Performance Measure	Baseline Performance 2020/21	Target 2021/22	Achievement 2021/22
COUNCIL OBJECTIVE: <ul style="list-style-type: none"> Sustainable development is encouraged and carbon emissions are reduced The natural environment is enhanced and protected Water and land resources are used wisely. 	A District Plan current at all times within statutory timeframes.	Achieved	Achieved	Achieved – The district plan is largely operative bar one outstanding appeal and it conforms with all legislative changes. A certificate has been received from Ministry for the Environment to confirm that we are meeting the requirements for an electronic district plan set down in the National Planning Standards.
COUNCIL OBJECTIVE: Communities are safe and resilient	% compliance with swimming pool fencing regulations.	99.9%	98%	Achieved – 99.9% compliance. 2,688 pools total with 2 non-complying.
	Number of public cemeteries.	4 cemeteries at Hastings, Havelock North, Puketapu, Mangaroa.	4	Achieved – 4 cemeteries operational.
	Compliance level with crematorium consent conditions.	32 out of 34 met.	All conditions met.	Not Achieved – 32 out of 34 consent conditions met.
	% of public buildings with current warrant of fitness.	100%	95%	Achieved – 100% compliance.
	% of dog registrations of known dogs.	97.99%	98%	Achieved – 98.3% dog registration rate.
	% release rate of impounded dogs suitable for release.	73% – all dogs suitable were home placed.	100%	Achieved – 100% of all dogs suitable were home placed (79% release rate).
	Number of after hour compliance operations on licensed premises per year.	4	4	Achieved – 4 undertaken (100%).
	CCTV camera downtime.	<5%	<5%	Achieved – CCTV camera downtime 2%.
	CCTV live monitoring.	>70% of running time	>70% of running time.	Achieved – 83% live monitoring achieved. Note: Impacted by COVID Policy – was running at 89%.

Safe, Healthy and Liveable Communities

Council Outcomes	Performance Measure	Baseline Performance 2020/21	Target 2021/22	Achievement 2021/22
COUNCIL OBJECTIVE: There are great spaces for all people.	Number of public swimming pools that meet Pool Safe water quality standards.	4	4	Achieved – 4 pools meet Pool Safe water standards.
	Days of operation of public libraries.	3 public libraries	3 public libraries (6 day service Flaxmere/ Havelock North, 7 days Hastings)	Achieved – 3 Public Libraries (6 day service Flaxmere/ Havelock North, 7 days Hastings)
	% of urban properties within 500m radius (walking distance) of a park.	93%	87%	Achieved – 93% of urban properties within walking distance of a park.
	% of urban properties within 500m radius (walking distance of a playground).	58%	60%	Achieved – 61% of urban properties within walking distance of a playground.
	Number of elderly housing units and average occupancy.	220 units with occupancy of 98.01%.	95% average occupancy.	Achieved – 95% occupancy rate maintained with a wait list of over 240.
	Number of Art Gallery exhibitions per annum.	18	12	Achieved – 14 exhibitions in 2021/22.
	Opera House Qualmark Rating.	Not measured	No measure	Not Measured – Due to the closure of the facility. Facility recently reopened.
	% of Indoor Sports Centre available booking hours booked.	65%	50%	Achieved – 66% of available booking hours booked.
	Days of operation of Splash Planet.	Mid November to Waitangi Day. Achieved	Mid November to Waitangi Day. (7 days a week)	Not Achieved – Closed due to COVID-19 pandemic.

Economic and Community Development

Council Outcomes	Performance Measure	Baseline Performance 2020/21	Target 2021/22	Achievement 2021/22
COUNCIL OBJECTIVE: <ul style="list-style-type: none"> We enable employment and growth Housing supply matches need 	% of vacant industrial land.	Achieved Industrial land vacancy 30%.	A minimum of 20% of industrial land is vacant.	Achieved – 32.5% vacant Industrial Land Vacancy Survey (as at 1 January 2022): <ul style="list-style-type: none"> Ōmāhu 83 ha Irongate 65 ha Whakatū 47 ha Tōmoana 12 ha Other 1 ha Total Zoned Land 640ha
	Number of hectares of vacant greenfield land.	Achieved – total zoned greenfield land 89 ha.	A minimum of 20% vacant greenfield land.	Achieved – 30% (56.4/190) (AS aerial photography date 1-22 January 2022). 56.4 ha vacant zoned land remaining at Lyndhurst 13.2 ha, Waingākau 7.2 ha and Brookvale 36 and a further 85 ha of vacant land at Iona and 18 ha at Howard Street. Total 141.5 ha out 284ha or 50% (base includes complete Arataki and Northwood Growth Areas (66 ha and 28 ha). Excluding Iona and Howard Street (not yet serviced).
	Number of significant strategies completed per annum.	1	1	Achieved – Medium Density Strategy review completed and reported to Council.
	Number of structure plans completed per annum.	0	1	Not Achieved – Irongate/York structure plan in progress.
COUNCIL OBJECTIVE: There are great spaces for all people.	Opera House Qualmark Rating.	Not measured	Five star	Not Measured – Due to the closure of the facility. Facility recently reopened.
	Number of visitors to i-Site visitor centres per annum.	28,266	73,000	Not Achieved – 19,906 visitors during 2021/22. The Havelock North site was closed for 3 months after the August lockdown and only open for 3 days a week until May 22, when a 6 day operation resumed.
	Total financial support to events.	\$843,949	\$832,000	Not Achieved – A total of \$652,047 was distributed in events support. COVID-19 impacted on the full events calendar for the year.

Economic and Community Development

Council Outcomes	Performance Measure	Baseline Performance 2020/21	Target 2021/22	Achievement 2021/22
	Total visitors to Splash Planet.	135,721 total 82,065 from outside Hastings (56%).	100,000 total 45% from outside Hastings.	Not Achieved – Zero visitors due to closure of facility because of COVID-19.
COUNCIL OBJECTIVE: • Communities are safe and resilient • There are pathways for youth	Number of completed Place Based Plans.	1	1 Place Based plan completed per annum.	Achieved – Development of the Te Pōhue Community Plan
	Number of Social Development Reviews completed.	0	1 Social Development Review completed per annum.	Achieved – Review of the Youth Strategy completed.

Governance and Support Services

Council Outcomes	Performance Measure	Baseline Performance 2020/21	Target 2021/22	Achievement 2021/22
COUNCIL OBJECTIVE: Smart innovation connects citizens and services.	% Compliance with statutory planning processes.	100%	100%	Achieved – All statutory planning processes met.
	Council and Committee agendas are available within statutory timeframes.	100%	100%	Achieved – All Council and Committee agendas available within statutory timeframes.
	Complete Annual Report and audit within statutory timeframes.	Achieved	Achieved	Achieved – Statutory reporting requirements met.
	Budgets are set within Financial Strategy limits.	Achieved	Achieved	Achieved – 2021/22 Annual Plan budget set within Financial Strategy limits.
	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.	Achieved – 94% of calls answered within 60 seconds.
	% of calls to Council's main number answered within 20 seconds.	82%	80%	Achieved – 87%
	Usage of Council website.	48,281 unique visitors per month.	15,000 unique visitors per month.	Achieved – 45,845 unique visitors per month.

(B) CUSTOMER EXPERIENCE

Customer Experience – Safe, Healthy and Liveable Communities

Council Outcomes	Performance Measure	Baseline Performance 2020/21	Target 2021/22	Achievement 2021/22
COUNCIL OBJECTIVE: <ul style="list-style-type: none"> Communities are safe and resilient There are great spaces for all people 	Time taken to process a building consent.	78.7% within 20 working days.	100% within 20 working days.	Not Achieved – 72% within 20 working days.
	Time taken to process code of compliance.	96.1% within 10 days.	100% within 20 days.	Not Achieved – 95% within 20 working days.
	Time taken to process a resource consent.	97.06% within statutory timeframe. (20 working days)	97% within statutory timeframe. (20 working days)	Not Achieved – 84% within 20 working days.
	Time taken to respond to noise complaints.	New Measure in 21/22.	Zone 1 (<30 minutes) – 80% (<40 minutes) – 20%	Achieved – 100%
			Zone 2 (<1 hour) – 100%	Achieved – 100%
	Parks user satisfaction.	Not measured 20/21	97%	Not Measured – Due to COVID-19 impacts on parks use.

Customer Experience – Governance and Support Services

Council Outcomes	Performance Measure	Baseline Performance 2020/21	Target 2021/22	Achievement 2021/22
COUNCIL OBJECTIVE: Smart innovation connects citizens and services.	Quality of customer service. (contact centre)	Not measured 20/21.	85%	Not Measured – Due to COVID operational impacts.
	Quality of customer service. (customer service centre)	Average score of 97% in mystery shopper visits.	85%	Not Achieved – Average score of 83% in mystery shopper visits.

Level Two – Today's Commitments

(C) KEY ACTIONS

Water & Roads

Key action	Achievement
Water Services	
KA01 Implement final stages of water security and optimisation programme.	<ul style="list-style-type: none"> Frimley and Eastbourne treatment sites supporting pipeline upgrades complete. Frimley Water treatment facility substantively complete and Waiaroha water treatment facility under construction. Both projects currently programmed for completion in the 22/23 year. Haumoana, Waimārama, Te Pōhue, Whirināki and Clive water treatment facilities completed. Waipātiki and Whakatū currently programmed to be completed in the 22/23 year. Reservoir investigations and upgrades underway at Hastings, Whirināki and Waimārama reservoirs.
KA02 Enhancements to Havelock North streams.	<ul style="list-style-type: none"> Remediation of historical issues within the Karituwhenua stream are ongoing. Local community care groups have been working hard with Council assistance on weeding, planting and maintenance within the stream areas.
KA03 Rollout stormwater quality improvement programme.	<ul style="list-style-type: none"> Stormwater quality improvement works are being rolled out in the Ōmāhu industrial area with catch-pit inserts to collect sediment and two treatment devices at "Lowes Pit".
KA04 Rollout of wastewater rising main and trunk main renewal programme.	<ul style="list-style-type: none"> 5 year term contract for trunk sewer investigations and renewals to be awarded early next year. This 5 year term contract will ensure work will continue on our critical assets through the 3Waters reform. Rising main renewals planning in progress.
KA05 Implement critical Wastewater Treatment Plant renewals.	<ul style="list-style-type: none"> Implementation of the Critical Works Programme at the East Clive WWTP is underway. This programme of works will improve resilience and decrease risk at the WWTP.
Roads and Footpaths	
KA06 Strengthen key bridges to allow continued heavy vehicle access.	<ul style="list-style-type: none"> On Track – Rissington Vertical Clearance is complete. Currently completing Heays Gorge and Tawa Bridges. 100% of the bridge evaluation of the whole programme is complete. Designs for Kaiwaka, Peach Gully, Arapaoanui, Lambs Hill No.2, Black and Awanui is underway.
KA07 Completion of approved walking and cycling projects within the iWay network.	<ul style="list-style-type: none"> On Track – the following projects were completed: <ul style="list-style-type: none"> Napier Road cycleway – completed Lyndhurst Road footpath (Nottingley to Percival) – completed Tauroa Road shared pathway/boardwalk – Stage 1 completed Middle Road shared pathway (Iona to Endsleigh South) – completed
KA08 Implement safety treatments on high risk rural routes and urban intersections.	<ul style="list-style-type: none"> On Track – Programmed safety interventions have been completed, and new interventions have been identified and designed for the upcoming LTP.
KA09 Road pavement renewal programme in both urban and rural areas.	<ul style="list-style-type: none"> On Track – Mount Erin Road under construction. Kahuranaki 11250-16800 roads completed.

Safe, Healthy & Liveable Communities

Key action	Achievement
KA10 Advance actions within Hastings City Centre revitalisation plan.	<ul style="list-style-type: none"> On Track – Karamū Road North 100 completed, Heretaunga Street East 300 including Pocket Park completed, and Hastings Street Opera House precinct upgrade completed, Hospitality improvements in Heretaunga Street West 200 and 300 blocks.
KA11 Complete Civic Square and Central Mall flagship projects.	<ul style="list-style-type: none"> Delayed – Deferred until completion of Opera House/Municipal works.
KA12 Rollout 10 year streetscape strategy.	<ul style="list-style-type: none"> On Track – Queen Street 200 East and Karamū Rd 100 North upgrades completed.
KA13 Advance future cemetery space capacity.	<ul style="list-style-type: none"> On Track – First stage of Mangaroa Cemetery extension complete.
KA14 Complete earthquake strengthening on remaining identified public buildings.	<ul style="list-style-type: none"> On Track – Splash Planet tower strengthen completed. Duart House, Hastings Clocktower and Flaxmere Park Changing Rooms are in design phase.
KA15 Complete strategic assessment on future of Heretaunga House.	<ul style="list-style-type: none"> On Track – Expression of Interest has been submitted to the market ahead of stage two RFP.
KA16 Enhancements on key reserves (Cornwall, Windsor, Havelock North Village Green and other various reserves).	<ul style="list-style-type: none"> On Track – Two new basketball courts completed in Ron Giorgi and Flaxmere Parks. New Playground completed at St Aubyn Street Reserve.
KA17 Complete strategic review into elder housing provision.	<ul style="list-style-type: none"> On Track – Review of strategic housing provision ongoing.
KA18 Advance remaining Reserve Management Plans.	<ul style="list-style-type: none"> On Track – Draft RMPs for Havelock North Reserves, Eskdale Park and Frimley Park completed and out for final submissions.
KA19 Complete planned toilet enhancements from Sanitary Services Assessment.	<ul style="list-style-type: none"> On Track – Extension of Evers Swindell toilet completed.
KA20 Provision of community education programmes on waste minimisation.	<ul style="list-style-type: none"> On Track – A number of waste minimisation programmes have been delivered over the year including; the local contestable waste minimisation fund, compost workshops attended by over 150 people, promotion of Plastic Free July and supporting the Sustainable is Attainable project for business. <p>Additional to this work, detailed submissions were made to the Central Government regarding the following consultations:</p> <ul style="list-style-type: none"> Te hau mārohi ki anamata, Transitioning to a low-emissions and climate-resilient future (Emission Reductions Plan), Te kawe i te haepapa para, Taking responsibility for our waste (Proposals for a new waste strategy and issues and options for new waste legislation – Waste Minimisation Act Review, New Zealand Waste Strategy Review and Litter Act Review), Tyre and Large Battery Product Stewardship Schemes and Te Panoni i te Hangarua, Transforming Recycling (Three proposals; Container Return Scheme, Improvements to household kerbside recycling & Separation of business food waste).

Safe, Healthy & Liveable Communities

Key action	Achievement
KA21 Complete landfill valley development.	<ul style="list-style-type: none"> On Track – Development work required to maintain available workspace at the landfill is ongoing. Area D development work will continue each year until 2025 when the area is estimated to be full (i.e. no remaining airspace). During the course of the 2021-22 year resource consents were granted to extend the Ōmarunui Landfill into Area B of the site. This area is scheduled to accept waste from 2025 and will last approximately 30 years at current filling rates.
KA22 Implement remaining actions within the Waste Management and Minimisation Plan.	<ul style="list-style-type: none"> Achieved – Completed and operational. The services provide a 120 litre wheelie bin collection service (weekly) for rubbish and a 3 crate system for kerbside recycling collection (weekly) for urban households. Overall this services is working well and the RFID technology has allowed Council to provide rates remission to low waste producing households as indicated in the Joint Waste Management and Minimisation Plan.
KA23 Complete Hastings and Havelock North strategic parking acquisition and development.	<ul style="list-style-type: none"> On Track – In Hastings, the Council have continued work on the concept plan for 206 Queen Street which will provide an additional 13 public parking spaces when complete. In Havelock North, attempts to secure a portion of the Havelock North New World carpark are ongoing.
KA24 Complete strategic review into aquatics provision (including Splash Planet).	<ul style="list-style-type: none"> On Track – This work has been delayed to follow a wider review into Regional Sports Fields and Facilities.
KA25 Advance actions to meet National Policy statement on Indigenous Biodiversity.	<ul style="list-style-type: none"> Delayed – The National Policy Statement on Indigenous Biodiversity is still only in draft format and it is unwise to commence work until the NPS is gazetted. The budget to allow the ecological assessment to begin is not available until 2023 and this is likely to work in well with the release of the NPS.

Economic & Community Development

Key action	Achievement
KA26 Support industrial land uptake at Irongate, Omāhu and Whakatū.	<ul style="list-style-type: none"> On Track – Key account service provides on-going active support to facilitate industrial land uptake at Irongate, Omāhu and Whakatū. Development activity at Ōmāhu and Irongate remains strong, with a number of larger scale developments in construction or detailed planning. Significant capital works also occurring in Whakatū across the T&G site.
KA27 Promote inner city living opportunities.	<ul style="list-style-type: none"> On Track – The resource consent application for 206 Queen St to showcase inner city living has been lodged.
KA28 Advance various HDC housing initiatives and housing partnership agreements.	<ul style="list-style-type: none"> On Track – Flaxmere affordable housing developments progressing to plan, with civil works in progress for two sites and the 3rd scheduled to start Q3/4 of 2022. On track to commence staged home construction from Q2 2023 onwards. Waingākau development progressing to plan, and HTST structure planning in progress.
KA29 Progress of various youth futures programmes.	<ul style="list-style-type: none"> On Track – Annie Aranui Scholarship launched.

Economic & Community Development

Key action	Achievement
KA30 Implementation of Heretaunga Plains Urban Development Strategy (HPUDs) sub strategies.	<ul style="list-style-type: none"> On Track – HPUDS continues to be implemented through Greenfield structure plan implementation at Howard Street and Brookvale, with ongoing implementation of the Medium Density Housing Strategy including the production of the Intensification Density Guide.
KA31 Advance business attraction and job creation initiatives.	<ul style="list-style-type: none"> On Track – Delivered “Hastings Like a big city but better” https://www.hastingsdc.govt.nz/economic-development/; Showcasing Hawke’s Bay to global change makers to attract global entrepreneurs and investors to our region-The Hastings Opportunity.
KA32 Economic Development delivery model review.	<ul style="list-style-type: none"> On Track – Regional Economic Development Agency in the process of establishment.
KA33 Rollout the Heretaunga Ararau action plan.	<ul style="list-style-type: none"> On-going – The actions across the five planning goals / domains of Heretaunga Ararau are being met across the district including both our urban and rural settings.
KA34 Undertake HPUD’s review (explore spatial plan creation).	<ul style="list-style-type: none"> On Track – Forward Development Strategy (FDS) – Growth unit established and forward programme underway. Regional Spatial Strategy – scoping report underway.
KA35 Development of various place based plans.	<ul style="list-style-type: none"> On Track – Development of the Te Pōhue community plan was completed in 2021/22.
KA36 Explore Rangatahi co-lab initiative.	<ul style="list-style-type: none"> On Track – This project is in a preliminary scoping phase.

Performance Measure Disclosure

*The following notes relate to the mandatory DIA performance measures noted with a double asterisk (**) on pages 18 to 22.*

The Council has received a qualified opinion for the 2021/22 audit relating to the completeness of data for after hour calls for the three customer complaint/customer satisfaction performance measures within the Water Services activity group. This covers complaints relating to water supply, stormwater and the treatment and disposal of sewage.

Council acknowledges that not all after hour complaints have been captured for the full financial year. This is due to the manner in which after hour calls are recorded by the service provider as their system doesn't capture all calls. Only calls that result in a request for service are captured and retained for reporting by the after-hours service provider. Subsequent calls for the same issue are not retained.

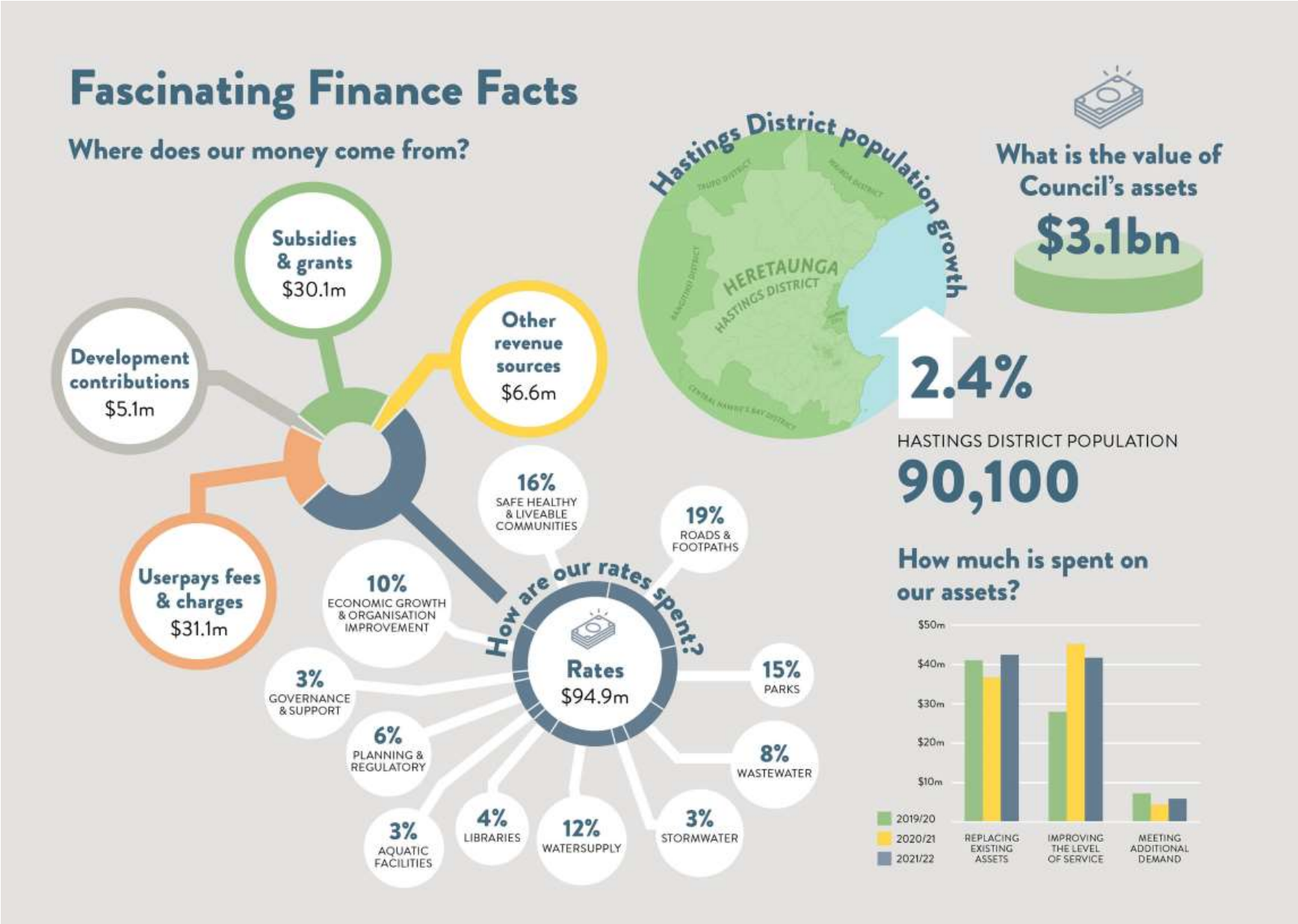
To resolve this remaining matter, the Council will work with its after-hours provider to ensure integrity of the data received is compliant with DIA mandatory performance reporting and that all subsequent complaints are captured in year-end reporting.

In 2020/21 Council also received a qualified opinion in relation to how Council's internal processes were capturing call data. A change in measurement methodology has been applied for the 2021/22 year to address the internal prior year qualification issues. Council have implemented measures to ensure all calls are now being correctly captured within Council systems.

For example, where a single issue is identified and multiple calls are received for that issue, all calls received during operational hours are now recorded against this measure – previously it would have been recorded as 1 single complaint.


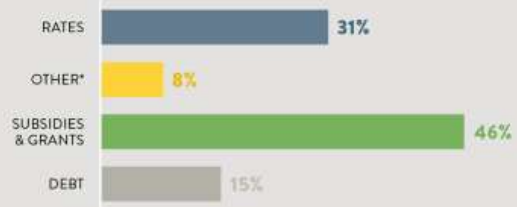






Finance at a glance



How are our capital projects funded?

There are three key areas of spend:

KEY AREAS OF SPEND	CAPITAL SPEND	HOW ARE OUR CAPITAL COSTS FUNDED?								
 Transport	\$24.4m	 <table><tr><td>RATES</td><td>31%</td></tr><tr><td>OTHER*</td><td>8%</td></tr><tr><td>SUBSIDIES & GRANTS</td><td>46%</td></tr><tr><td>DEBT</td><td>15%</td></tr></table>	RATES	31%	OTHER*	8%	SUBSIDIES & GRANTS	46%	DEBT	15%
RATES	31%									
OTHER*	8%									
SUBSIDIES & GRANTS	46%									
DEBT	15%									
 Water, wastewater and stormwater	\$37.2m	 <table><tr><td>RATES</td><td>11%</td></tr><tr><td>OTHER*</td><td>7%</td></tr><tr><td>SUBSIDIES & GRANTS</td><td>29%</td></tr><tr><td>DEBT</td><td>53%</td></tr></table>	RATES	11%	OTHER*	7%	SUBSIDIES & GRANTS	29%	DEBT	53%
RATES	11%									
OTHER*	7%									
SUBSIDIES & GRANTS	29%									
DEBT	53%									
 Parks and community	\$26.2m	 <table><tr><td>RATES</td><td>65%</td></tr><tr><td>OTHER*</td><td>7%</td></tr><tr><td>SUBSIDIES & GRANTS</td><td>6%</td></tr><tr><td>DEBT</td><td>23%</td></tr></table>	RATES	65%	OTHER*	7%	SUBSIDIES & GRANTS	6%	DEBT	23%
RATES	65%									
OTHER*	7%									
SUBSIDIES & GRANTS	6%									
DEBT	23%									

*Other includes development contributions, asset sales and lump sum contributions

Annual financial overview

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

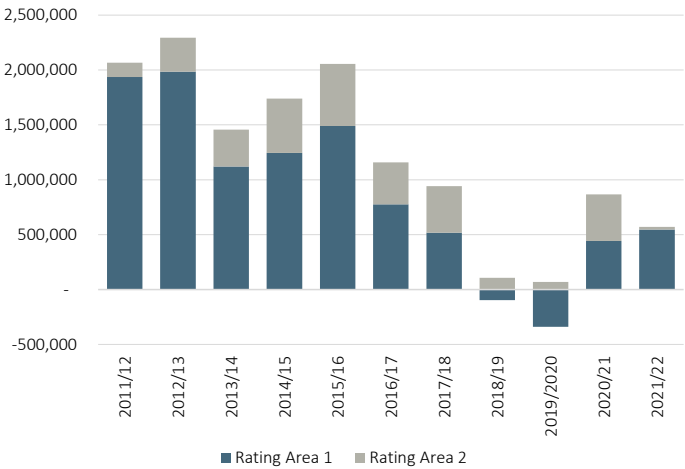
Council has reported a rating surplus, of \$571,693 which, considering the challenges faced with the impacts of COVID-19 along with high demand being felt across the district for resources, is a solid result compared to budget.

Given the uncertainties that the current financial year presents, the rating surplus has been allocated to Council's contingency reserve to help meet any potential costs that may unexpectedly arise.

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

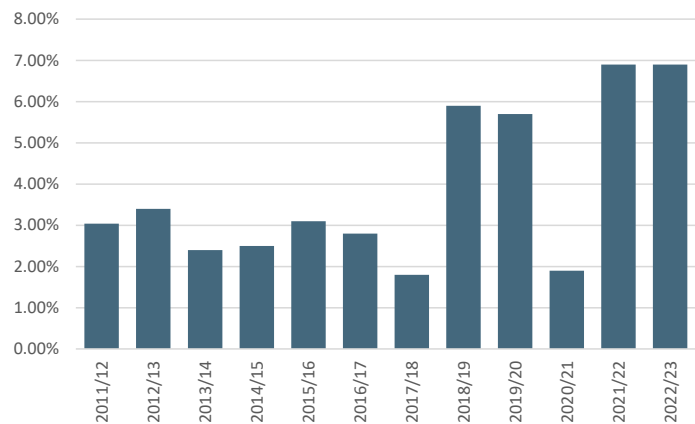


Rates

Council’s Financial Strategy, updated in the 2021-31 LTP, sets 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 2022/23 rates increase of 6.9% is slightly above Year 2 of the 2021-31 Long Term Plan at 6.4%, largely due to the decision to purchase the Tomoana Showgrounds.

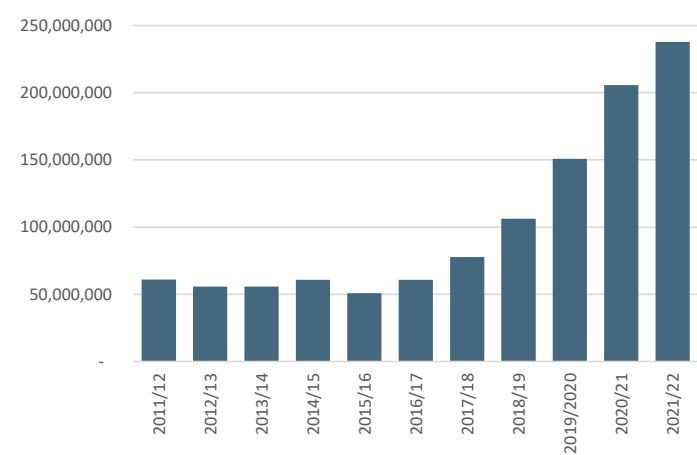
Rate increase



Debt

Core external debt increased this year by \$32m to \$237.7m. Council’s external debt continues to increase as it works through the delivery of the capital programme in line with the 2021-s31 Long Term Plan budgets. Projects including the major water supply upgrade programme are a significant contributor to this increase.

External debt



Capital projects

Council invested \$90.7m (\$94.3m last year) on capital projects during the year.

Capital expenditure

Of the capital expenditure incurred in the 2021/22 year, \$42m was spent on replacing existing assets (renewals), \$42m on improving the level of service offered to the community, and \$6.7m 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 COVID-19 related impacts on supply of materials along with constraints on resources.





**Key initiatives
and projects**

Despite the impact of COVID-19 alert levels, these are some of the services and facilities that Hastings District Council provided for ratepayers:

AQUATICS HASTINGS



201,728

VISITORS TO AQUATICS
HASTINGS POOLS

2,712

ENROLMENTS IN AQUATICS
HASTINGS LEARN-TO-SWIM
PROGRAMME

HASTINGS DISTRICT LIBRARIES

398,742

VISITORS TO
HASTINGS
DISTRICT
LIBRARIES



459,024

PHYSICAL ISSUES
FROM HASTINGS
DISTRICT LIBRARIES

93,461

VISITORS TO THE HASTINGS
DISTRICT LIBRARIES WEBSITE

37,198

DIGITAL ISSUES
(DOWNLOADS) FROM
HASTINGS DISTRICT
LIBRARIES WEBSITE

HDC CUSTOMER SERVICE

94,898

PHONE CALLS
ANSWERED
BY CUSTOMER
SERVICE
CENTRE STAFF



33,862

EMAIL AND WEB
ENQUIRIES RECEIVED
BY CUSTOMER SERVICE
CENTRE STAFF

20,616 FACE-TO-FACE INTERACTIONS BETWEEN
SERVICE CENTRE STAFF AND COMMUNITY

TOITOI - HAWKE'S BAY ARTS & EVENTS CENTRE

21,371

PEOPLE ATTENDED EVENTS AND
PERFORMANCES AT TOITOI - HAWKE'S
BAY ARTS AND EVENTS CENTRE



HASTINGS CITY ART GALLERY



34,641

VISITORS TO THE HASTINGS
CITY ART GALLERY

HDC SOCIAL MEDIA

1,105 FACEBOOK POSTS PUBLISHED

9,738,106 FACEBOOK IMPRESSIONS



MAHI FOR YOUTH

121 RANGITAHİ ENGAGED WITH THROUGH MAHI FOR YOUTH



48 OF THOSE RANGITAHİ ARE NOW EMPLOYED FOR 30+ HOURS

19 OF THOSE RANGITAHİ HAVE RETURNED TO EDUCATION OR TRAINING

PARKS AND RESERVES

12,000+

SHRUBS AND TREES PLANTED IN OUR PARKS AND RESERVES



WASTE

9,366 TONNES OF RUBBISH COLLECTED

3,440 TOTAL AVERAGE WHEELIE BIN COLLECTIONS PER DAY



575 TONNES OF PLASTICS AND CANS COLLECTED



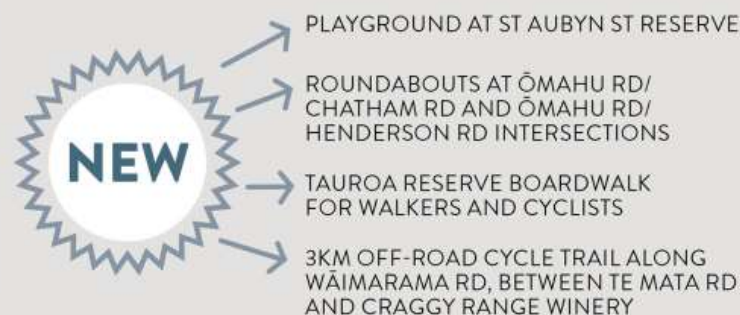
1,901 TONNES OF PAPER AND CARDBOARD COLLECTED



914 TONNES OF GLASS COLLECTED



5,832 TOTAL AVERAGE CRATE COLLECTIONS PER DAY





In the year to March 2022, the Hastings economy grew 6.1 per cent, consumer spending was up 8.6 per cent, and the district was the leading driver for overall growth in Hawke's Bay.

Over the past year new and existing developments have been built or expanded on industrial zoned land at Irongate, Whakatū and Ōmāhu Road, and others are being planned.

Despite the pressures of COVID, non-residential investment increased throughout the year driven by the construction and horticulture industries.

Council's agreement to purchase the Tōmoana Showgrounds this year, following consultation with the community that showed overwhelming support for the proposal, was a strategic decision to not only preserve this green space as a reserve, but also leverage on its potential as a venue for more large events that bring economic benefits to the district and the region.

In Hastings city centre, the Municipal Building earthquake strengthening and refurbishment was near completion, bringing to life the long-held vision to develop the Toitū-Hawke's Bay Arts & Events Centre as the leading arts and culture precinct in New Zealand.

An attraction in itself for locals and visitors, it's complemented by the relocation of the i-Site into the Municipal Building to leverage opportunities for the district and local businesses, and further support the work being done at a national level by Hawke's Bay Tourism.



Over the last year, a key focus has continued to be facilitating and enabling the provision of homes for our people, supported by the Hastings Place Based Housing Plan partners, including central government and iwi.

In Flaxmere, construction 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.

Progress has continued at Te Taiwhenua o Heretaunga's Waingakau housing development in Flaxmere and the organisation also celebrated the completion of the first public homes in Tarbet St.

Planning for the future was also a priority with an assessment conducted into the district's housing capacity and needs over the next 10 years, while protecting its fertile growing soils.

This was followed by the establishment of a Future Growth Unit to manage future development and infrastructure planning.

Residential resource and building consent applications and infrastructure works to enable new lots continued to be steady on greenfield subdivisions at Lyndhurst, Brookvale, Te Awanga Downs, Keirunga, Howard St and Iona.

This year Council's work with the Hastings Place Based Housing Plan was recognised in the LGNZ Excellence Awards where it won the LGNZ Kāinga Ora Homes and Communities Excellence Award category for social wellbeing.



Getting around

A major project that was enabled to be fast-tracked, thanks to the government Provincial Growth Fund shovel-ready project funding, was the Tauroa Reserve boardwalk, providing safe access up Te Mata Peak for walkers and cyclists.

Government funding was also received to undertake a major roading safety upgrade on SH51 at Waipatu, which was completed at the end of June 2022, along with a number of other improvements to footpaths, and the iWay walking and cycling network. A key component of the funding was the commitment by both Government and Council to address the potential for rising unemployment numbers due to the COVID-19 crisis.

As such, Council partnered with MSD to create local employment opportunities for people who had been displaced, either temporarily or permanently, due to their place of employment being impacted by COVID-19 and/or the Government's pandemic response.

Also completed this year was the 2.5km limestone Waimārama Road off-road cycle trail aimed at improving safety for cyclists and motorists on this busy stretch of road. Another safety initiative saw two additional pedestrian crossings built on Te Mata Rd and Napier Rd to help slow traffic coming into Havelock North Village centre and making it safer to access the Village Green.

A shared footpath for cyclists and walkers along Middle Rd was 99 per cent complete by year's end and there was a steady programme of other road safety improvements and renewals, both urban and rural, over the year.

Improving traffic flow and access to industrial zones, the construction of new roundabouts was completed at the Ōmāhu/Henderson Rd intersection, the Ōmāhu/Chatham Rd intersection and work began on a new roundabout at the Napier Rd/Crosses Rd intersection in Havelock North.



As part of the ongoing bridge strengthening programme, works to allow Rissington Bridge to accommodate heavier and taller vehicles was completed and work was well advanced on strengthening Heays Gorge and Tawa bridges.

A programme to evaluate all bridges was completed and designs for Kaiwaka, Peach Gully, Arapaoanui, Lambs Hill No.2, Black and Awanui bridges got underway.

As proposed during consultation in September 2020, Hastings District Council began significant road renewal works on Mount Erin Road. Stage one of these works, from Crystall Road to about 69 Mount Erin Road, have been completed and the second stage completing the project to Te Aute Rd was programmed to start in September.

Several rural halls received Council and Government funding support for ongoing maintenance and repairs, and networking events were held to assist communities wanting to access council or other support to maintain and upgrade their halls.

Protecting the district's fertile growing soils was a key focus over the year in planning for the future and catering for ongoing housing needs. To help the community gain a better understanding on the value and protection of these soils a Soils Symposium featuring soil scientists, growers, planners and more was held.



Our natural treasures

Work continued on our drinking water network upgrades this year in line with Council's Drinking Water strategy, with significant progress made on building new water storage and treatment facilities at Frimley, Eastbourne St (Waiaroha) and small community supplies.

At Frimley, the construction of the new eight million litre water storage reservoir, and the water treatment facility was completed, and the installation of the pumps and equipment within the treatment facility were well advanced. Two of the new bores were drilled and tested and were being connected to the treatment building, and work on a third bore had begun.

The Waiaroha water storage and treatment facility build got underway with one of the five million litre reservoirs almost complete and the other underway, and foundation excavation and placement of underground pipes carried out for the treatment plant building.

The pipes and connections that will link the Waiaroha site to the existing network within the Hastings CBD were installed and the facility's accompanying education building neared the end of the building consent phase with construction due to start.

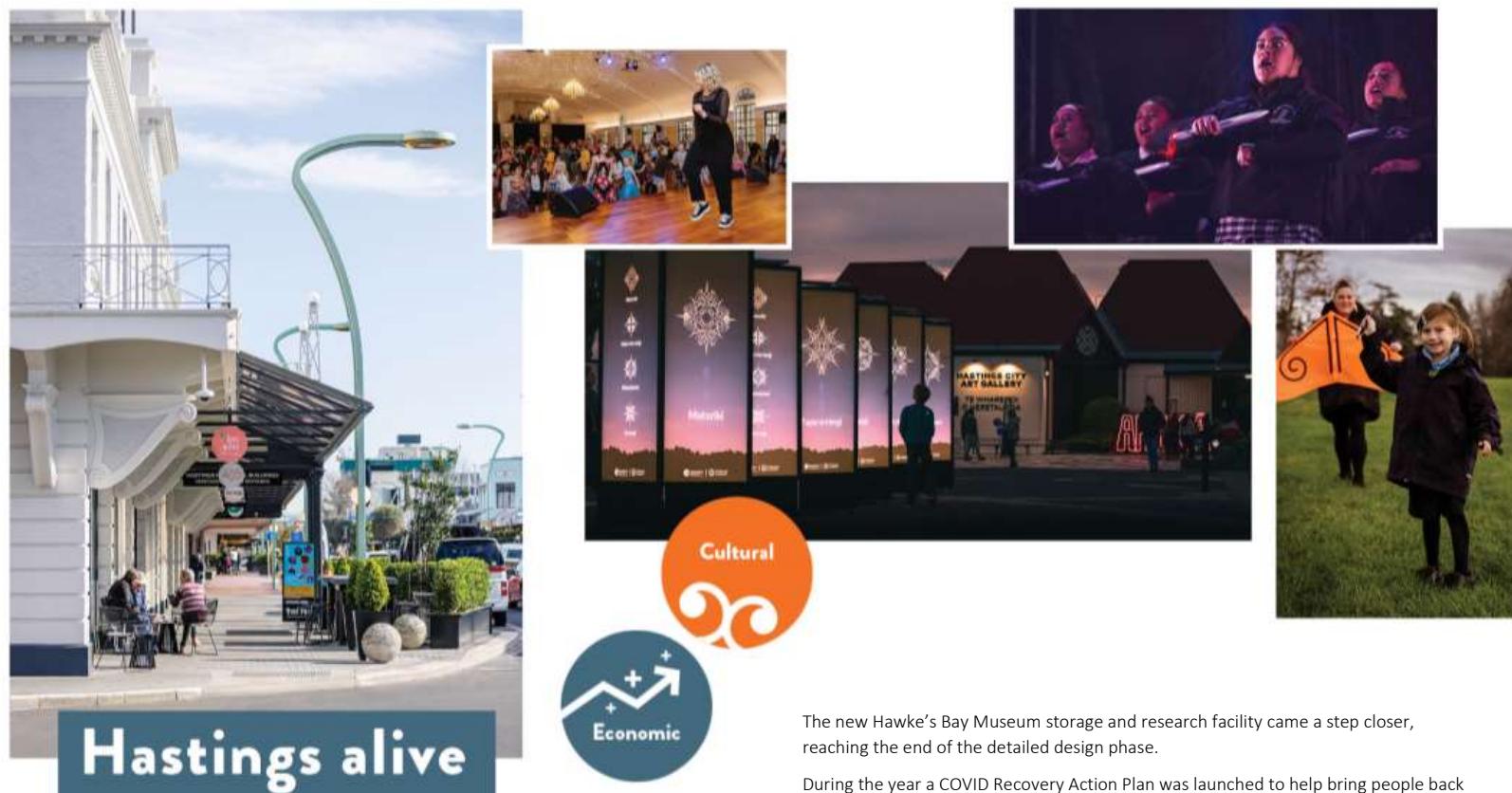
Five small community water treatment plants were in full production with another two underway.

The remediation of Lowes Pit to prevent contaminated stormwater entering the natural environment started with filters being installed in roadside sumps. Preparations began to construct first flush devices to divert the first 5-10% of stormwater from rainfall events (which typically hold the highest contaminant load) to wastewater, and to install two bioscape systems at the discharge points into the lake.

Watermain and wastewater main upgrades continued throughout the year.

Over 2021/22 waste going to the Ōmarunui Landfill decreased by 15,800 tonnes, with waste management and minimisation initiatives progressed throughout the year.

A new environmentally friendly takeaway coffee cup, Again Again, was launched with growing numbers of cafes taking up the sustainable offering.



The Hastings City Centre revitalisation project reached a huge milestone this year as the finishing touches got underway to reopen the Municipal Building, completing the overall \$40m Toitū – Hawke’s Bay Arts and Events Centre complex.

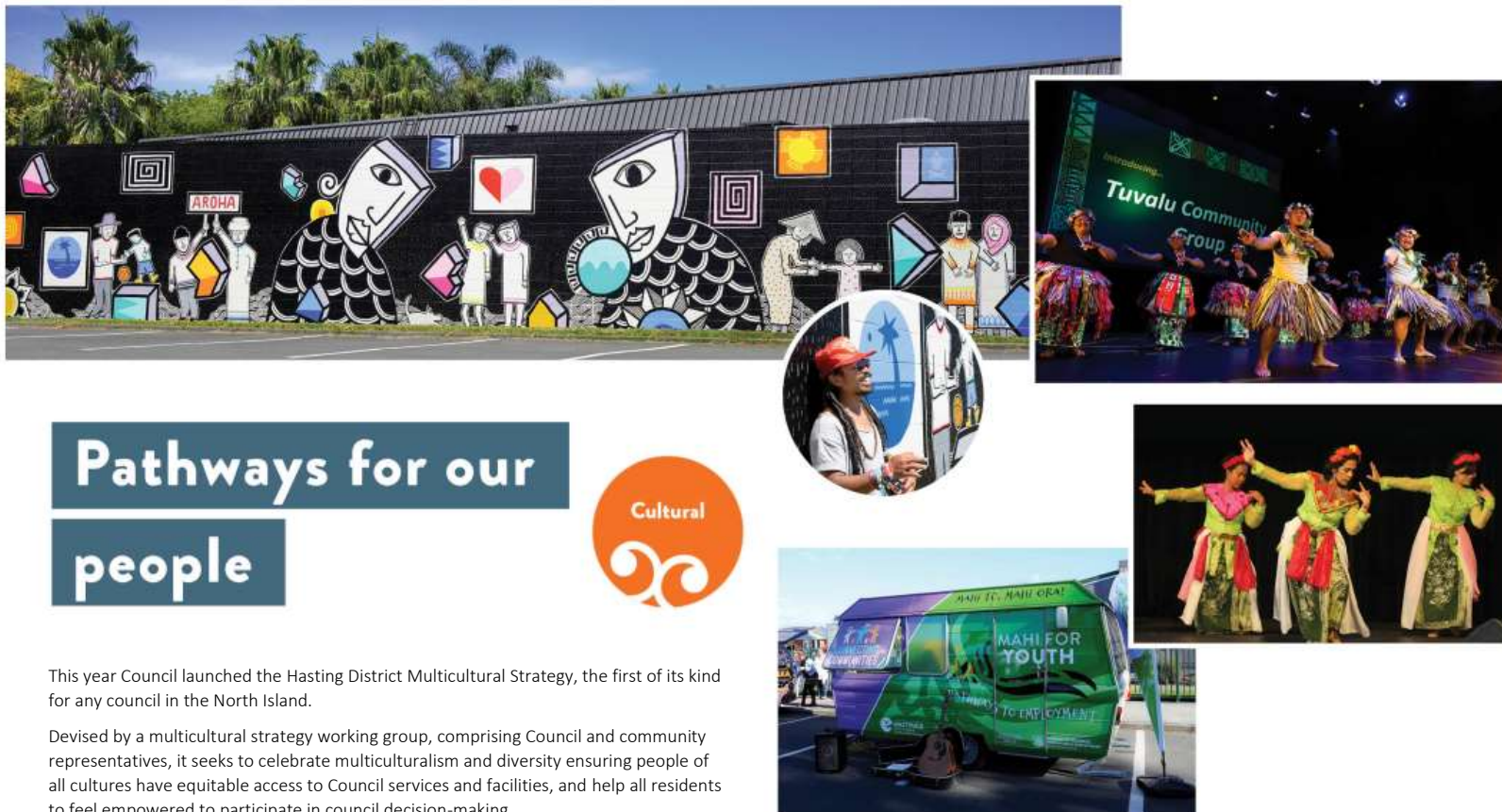
Complementing this, work continued on the new privately owned Quest Hotel behind the Municipal Building that is estimated to be completed in March next year.

The new Hawke’s Bay Museum storage and research facility came a step closer, reaching the end of the detailed design phase.

During the year a COVID Recovery Action Plan was launched to help bring people back into the city centre and was used to support such events as the Matariki Festival and the upcoming initiative, The Big Apple Project.

Throughout the year there were other events and activities to encourage vibrancy including installations, activations and performances.

Streetscape upgrade works continued throughout the year with Heretaunga St 300 East completed, along with hospitality areas on the East 100 and West 300 blocks.



This year Council launched the Hastings District Multicultural Strategy, the first of its kind for any council in the North Island.

Devised by a multicultural strategy working group, comprising Council and community representatives, it seeks to celebrate multiculturalism and diversity ensuring people of all cultures have equitable access to Council services and facilities, and help all residents to feel empowered to participate in council decision-making.

A new mural at the Hastings Sports Centre was commissioned to reflect the diversity of the Hastings community and its different cultures.

This year also saw Council preparing a Youth Strategy, representing a joint commitment by Council and the Hastings Youth Council, and informed through workshops and conversations with local rangatahi.

The Mahi for Youth programme extended to include a caravan, Te Waka Eke Noa, to enable the team to reach out and connect to young people across the district, including smaller villages and rural communities.

Single and multi-year grants totalling circa \$300,000 were allocated to a wide spectrum of community groups.



Council's agreement to purchase the Tōmoana Showgrounds this year was a significant investment that will preserve this area, with it being vested as a reserve to protect it for the community.

Reserve management came under the spotlight with new Draft Reserve Management Plans created for Frimley and Eskdale parks, and a review of the Tainui, Tanner, Tauroa and Hikanui Reserves Management Plan. At year's end, all three plans were open for public submissions.

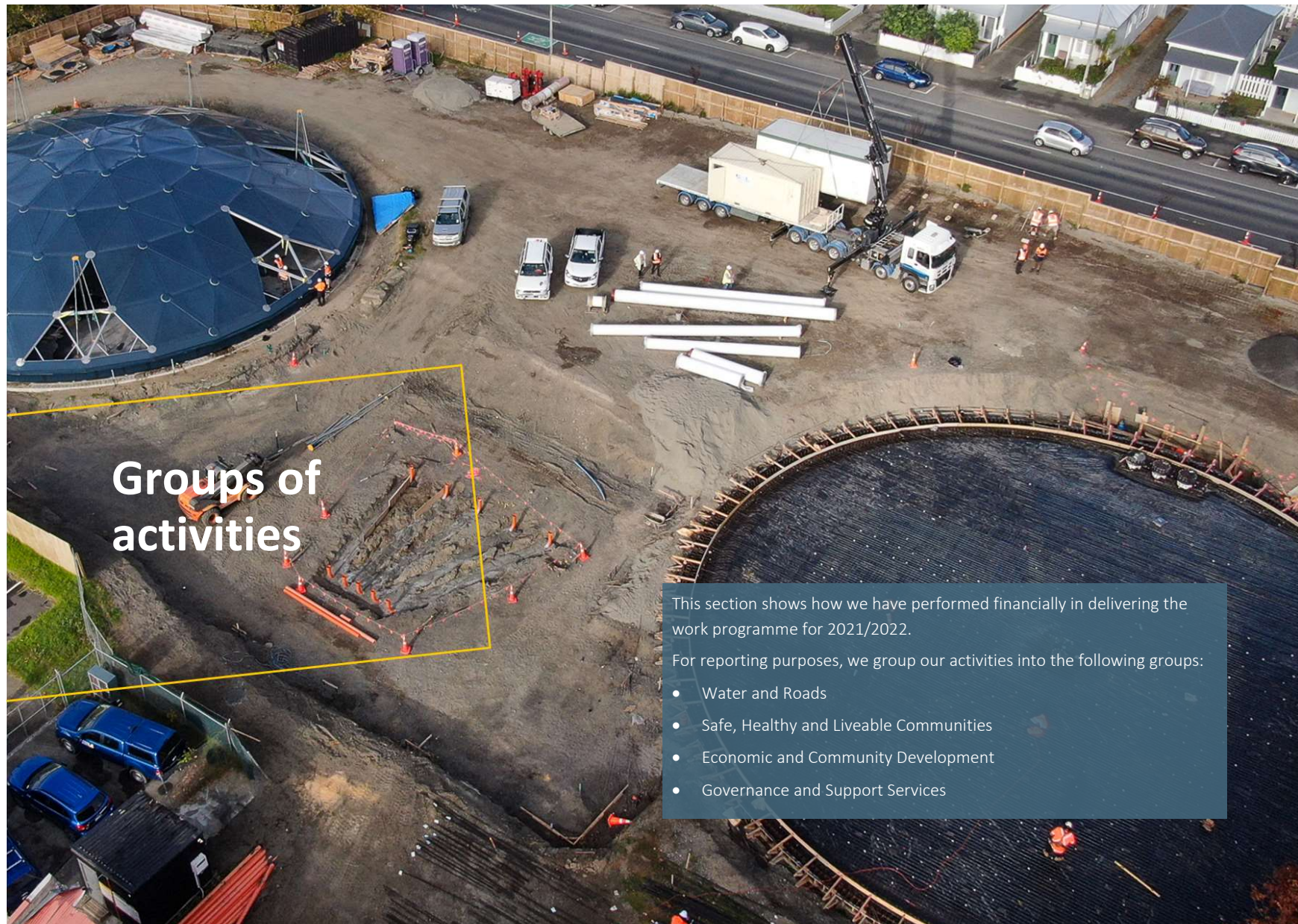
This year the Te Pōhue Community Plan was adopted reflecting the aspirations of this community, and a review of the Flaxmere Community Plan was underway.

There was a lot of activity around playgrounds with multiple upgrades in the planning or underway and new full basketball courts were completed at Ron Georgi III and Flaxmere Parks as part of the Hoops in Parks programme.

The portable pump track was a hit with children as it travelled around various city parks, and a Te Waka Tākaro Play Trailer was launched, full of play equipment and available for community events.

Splash Planet was closed for the 2021/22 summer season due to COVID restrictions and these also had an impact on Toitōi – Hawke's Bay Arts and Events Centre. Splash Planet will reopen for summer this year, and as well as planning for upgrades to this and other pools getting underway work began on building the new skate plaza in Flaxmere Park.

In response to inner city safety concerns, extra CCTV cameras were installed and two more City Assist personnel employed.



Groups of activities

This section shows how we have performed financially in delivering the work programme for 2021/2022.

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

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

- 2021/22 represents the seventh 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. The 2022/23 financial year will see the completion of this significant programme of work.
- A significant renewal programme in the wastewater area relating to rising mains and trunk main infrastructure is also being rolled out. This programme 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. One breach of a consent condition occurred in June which related to a wastewater incident (more detail can be found in the ‘Our Reporting Framework’ section).

Roads

- The Council achieved good progress against the mandatory performance measures for roads and footpaths with 4 of the 5 measures being achieved against target.
- A number of further walking and cycling projects were completed on Napier Road, Lyndhurst Road, Tauroa Road and Middle Road.
- The Council’s bridge strengthening project is on track with a number of additional bridges strengthened in 2021/22, in particular the vertical clearance on Rissington Bridge.

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: Water & Roads	Notes	LTP Council 2021 \$'000	LTP Council 2022 \$'000	Actual Council 2022 \$'000	Variance \$'000
SOURCES OF OPERATING FUNDING					
General Rates, uniform annual general charge, rates penalties		21,304	21,676	21,204	(472)
Targeted Rates		20,270	20,713	19,312	(1,401)
Subsidies and grants for operating purposes		5,873	7,106	6,302	(804)
Fees and charges		3,500	4,857	10,500	1,904
Internal charges and overheads recovered		9,986	10,768	6,761	(268)
Local Authorities fuel tax, fines , infringement fees and other receipts		204	302	430	128
Total operating funding (A)		61,137	65,422	64,509	(913)
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers		24,055	29,254	29,745	(491)
Finance costs		5,899	5,378	4,190	1,188
Internal charges and overheads applied		14,971	15,214	15,032	182
Other operating funding applications		46	28	95	(67)
Total applications of operating funding (B)		44,970	49,874	49,062	812
Surplus (deficit) of operating funding (A-B)		16,167	15,548	15,447	(101)
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure		8,293	21,699	18,059	(3,640)
Development and financial contributions		4,327	4,895	4,469	(426)
Increase (decrease) in debt		2,090	50,261	23,299	(26,962)
Gross proceeds from sale of assets		242	152	211	59
Lump sum contributions		314	271	45	(226)
Other dedicated capital funding		-	-	-	-
Total sources of capital funding (C)		15,266	77,278	46,083	(31,195)
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure					
To meet additional demand		1,407	20,019	6,488	13,531
To improve the level of service		9,193	44,051	30,061	13,990
To replace existing assets		20,833	28,756	25,051	3,705
Increase (decrease) in reserves		-	-	(70)	70
Increase (decrease) of investments		-	-	-	-
Total applications of capital funding (D)		31,433	92,826	61,530	31,296
Surplus (deficit) of capital funding (C-D)		(16,167)	(15,548)	(15,447)	101
Total funding balance (A-B) + (C-D)		-	-	-	-
Group depreciation and amortisation		26,977	29,378	29,861	(483)

FUNDING IMPACT STATEMENT:		LTP Council	LTP Council	Actual Council	
Water Supply		2021	2022	2022	Variance
		\$'000	\$'000	\$'000	\$'000
SOURCES OF OPERATING FUNDING					
General Rates, uniform annual general charge, rates penalties		84	154	151	(3)
Targeted Rates	1	12,008	12,530	11,200	(1,330)
Subsidies and grants for operating purposes		-	-	-	-
Fees and charges	2	318	317	2,455	2,138
Internal charges and overheads recovered		4,354	5,004	4,801	(203)
Local Authorities fuel tax, fines, infringement fees and other receipts		-	-	32	32
Total operating funding (A)		16,764	18,005	18,639	634
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers		7,584	9,219	8,935	284
Finance costs		2,608	2,395	1,839	556
Internal charges and overheads applied		3,212	3,862	3,766	96
Other operating funding applications		5	3	71	(68)
Total applications of operating funding (B)		13,409	15,479	14,611	868
Surplus (deficit) of operating funding (A-B)		3,355	2,526	4,028	1,502
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure		-	7,679	10,862	3,183
Development and financial contributions		1,282	1,021	1,241	220
Increase (decrease) in debt	3	1,840	26,108	13,788	(12,320)
Gross proceeds from sale of assets		142	104	94	(10)
Lump sum contributions		-	-	22	22
Other dedicated capital funding		-	-	-	-
Total sources of capital funding (C)		3,264	34,912	26,007	(8,905)
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure					
To meet additional demand	4	215	3,330	1,241	2,089
To improve the level of service	5	4,741	30,243	20,804	9,439
To replace existing assets		1,664	3,865	3,927	(62)
Increase (decrease) in reserves		-	-	4,063	(4,063)
Increase (decrease) of investments		-	-	-	-
Total applications of capital funding (D)		6,620	37,438	30,035	7,403
Surplus (deficit) of capital funding (C-D)		(3,355)	(2,526)	(4,028)	(1,502)
Total funding balance (A-B) + (C-D)		-	-	-	-
Group depreciation and amortisation		3,245	3,047	3,877	830

- Key Financial variances**
Significant operating variances
1. LTP incorrectly overstates the targeted rates for water supply and understates the targeted rates for Governance and Support. Offsetting variance is within the Governance and Support FIS.
 2. Water meter charges and connection fees (industrial & irrigation) are higher than LTP.
 3. Debt is much lower than LTP due to timing of capital projects (Hastings/Havelock growth, DIA funded projects).
 4. Capital Growth expenditure to meet additional demand is lower than LTP due to the timing of Iona/Middle & Havelock Hills growth projects.
 5. Capital expenditure to improve the level of service is lower than LTP due to the timing of Eastbourne water treatment & storage project (new source, reticulation & treatment).

FORECAST STATEMENT OF PLANNED CAPITAL WORKS:		LTP 2021/22 \$'000	Actual Council 2022 \$'000	Variance \$'000
Water Supply	Notes			
CAPITAL EXPENDITURE				
Meet additional demand		3,330	1,241	2,089
Improve level of service		30,243	20,804	9,439
To replace existing assets		3,865	3,927	(62)
Total capital expenditure		37,438	25,972	(11,466)

FORECAST STATEMENT OF MAJOR CAPITAL PROJECTS:		Revised Budget* 2021/22 \$'000	Actual Council 2022 \$'000	Variance \$'000
Water Supply	Notes			
Stage 1B&C Eastbourne and Frimley Treatment	1	26,591	16,539	10,052
Iona-Middle Road	2	1,665	18	1,647
Establishment – All Connections	-	212	1,124	(912)
Treatment Upgrades – Waipātaki	-	707	446	261
Backflow Preventers & New Water Meter	-	600	547	53
Toby Replacements	-	600	523	77
Collection Network Planned Renewals	3	1,000	-	1,000
Treatment Upgrades – Whakatū	-	515	430	85
Havelock Hills: New Reservoir and Pumpstation	2	915	-	915
Replace Connection	-	400	399	1
Reservoir Upgrades	-	700	57	643
Major Capital projects delivery	-	290	260	31
Havelock Hills – Tauroa link to Burbury	-	450	-	450
Replace defective Hydrant	-	75	75	-
Advanced Investigations	-	50	84	(34)
Replace defective Valve	-	75	56	19
Flow and Pressure monitoring equipment	-	50	53	(3)
Backflow preventer replacements	-	20	52	(32)

*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. New Subdivision projects are dependent on timing of developers' activities.
3. Renewals budget was re-allocated to specific other capital projects. Mainly Warwick Road, Belmont, Everest and Ashford Streets.

FUNDING IMPACT STATEMENT:		LTP Council 2021 \$'000	LTP Council 2022 \$'000	Actual Council 2022 \$'000	Variance \$'000
Stormwater Drainage	Notes	\$'000	\$'000	\$'000	\$'000
SOURCES OF OPERATING FUNDING					
General Rates, uniform annual general charge, rates penalties		3,106	2,852	2,807	(45)
Targeted Rates		16	23	23	-
Subsidies and grants for operating purposes		-	-	-	-
Fees and charges		43	43	175	132
Internal charges and overheads recovered		15	14	14	-
Local Authorities fuel tax, fines, infringement fees and other receipts		-	-	9	9
Total operating funding (A)		3,180	2,932	3,028	96
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers		710	875	1,199	(324)
Finance costs		794	666	510	156
Internal charges and overheads applied		1,056	1,088	1,066	22
Other operating funding applications		13	5	2	3
Total applications of operating funding (B)		2,573	2,634	2,777	(143)
Surplus (deficit) of operating funding (A-B)		607	298	251	(47)
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure		-	-	-	-
Development and financial contributions		696	710	164	(546)
Increase (decrease) in debt		620	3,397	2,628	(769)
Gross proceeds from sale of assets		-	-	-	-
Lump sum contributions		-	-	-	-
Other dedicated capital funding		-	-	-	-
Total sources of capital funding (C)		1,315	4,107	2,792	(1,315)
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure					
To meet additional demand	1	271	2,955	1,043	1,912
To improve the level of service	2	1,321	561	1,462	(901)
To replace existing assets		330	889	767	122
Increase (decrease) in reserves		-	-	(229)	229
Increase (decrease) of investments		-	-	-	-
Total applications of capital funding (D)		1,922	4,405	3,043	1,362
Surplus (deficit) of capital funding (C-D)		(607)	(298)	(251)	47
Total funding balance (A-B) + (C-D)		-	-	-	-
Group depreciation and amortisation		3,021	3,912	3,883	29

Key Financial variances

Significant asset acquisitions or replacements and other variances

1. Capital Expenditure to meet additional demand is lower than the LTP due to project delays. The carry forward of these projects (Whakatū West Industrial and Iona-Middle Residential developments) has been taken into 2022/23.
2. Capital expenditure to improve the level of service is overbudget with the delivery of projects budgeted in prior years.

FORECAST STATEMENT OF PLANNED CAPITAL WORKS: Stormwater Disposal	Notes	LTP 2021/22 \$'000	Actual Council 2022 \$'000	Variance \$'000
CAPITAL EXPENDITURE				
Meet additional demand		2,955	1,043	1,912
Improve level of service		561	1,462	(901)
To replace existing assets		889	767	122
Total capital expenditure		4,405	3,272	1,133

FORECAST STATEMENT OF MAJOR CAPITAL PROJECTS: Stormwater Disposal	Notes	Revised Budget* 2021/22 \$'000	Actual Council 2022 \$'000	Variance \$'000
Whakatū West Industrial Development	1	1,200	10	1,190
Caroline Road Extension	1	800	-	800
Iona-Middle Road	2	697	-	697
Howard Street – External		50	511	(461)
Lyndhurst – Cooke Stormwater Detention Pond		437	-	437
Collection Network Planned Renewals		300	86	214
Lyndhurst Bulk Services – Portion 3		-	366	(366)
Havelock North – Medium Density Housing strategy		325	-	325
Charlton Rd – Te Awanga Detention dam an		300	20	280
Collection Network Reactive Renewals		115	200	(85)
Network Modelling and Analysis		190	1	189
Hastings – Medium Density Housing Strategy		160	-	160
Parkvale – Medium Density Housing Strategy		86	-	86
Stormwater quality – Improvements		60	2	58
Havelock North Streams		50	10	40

1. Reprioritisation of project timings across years.
2. New subdivision projects are dependent on timing of developers' activities.

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

FUNDING IMPACT STATEMENT:		LTP Council 2021 \$'000	LTP Council 2022 \$'000	Actual Council 2022 \$'000	Variance \$'000	
Sewerage and the treatment and disposal of sewerage	Notes	\$'000	\$'000	\$'000	\$'000	
SOURCES OF OPERATING FUNDING						
General Rates, uniform annual general charge, rates penalties		470	379	370	(9)	Key Financial variances
Targeted Rates (other than a targeted rate for water supply)		7,793	7,596	7,520	(76)	Significant operating variances
Subsidies and grants for operating purposes		-	-	-	-	1. Sewer & Effluent Disposal Contracted
Fees and charges		1,803	2,115	2,506	391	Services costs (especially preventative &
Internal charges and overheads recovered		2,710	2,631	2,630	-	reactive maintenance) are higher than
Local Authorities fuel tax, fines, infringement fees and other receipts		-	-	20	20	planned in LTP.
Total operating funding (A)		12,776	12,720	13,046	326	Significant asset acquisitions or replacements
APPLICATIONS OF OPERATING FUNDING						
Payments to staff and suppliers	1	2,620	3,144	4,992	(1,848)	2. Debt has increased by less than planned in
Finance costs		1,534	1,467	1,138	329	the LTP due to timing of capital projects
Internal charges and overheads applied		5,191	4,944	4,901	43	(Lyell St, Park Rd Nth, Oliphant, Warwick).
Other operating funding applications		15	7	1	6	3. Capital Expenditure to meet additional
Total applications of operating funding (B)		9,361	9,562	11,032	(1,470)	demand is lower than LTP due to timing of
Surplus (deficit) of operating funding (A-B)		3,415	3,158	2,014	(1,144)	Iona-Middle growth developments.
SOURCES OF CAPITAL FUNDING						
Subsidies and grants for capital expenditure		-	-	-	-	4. Capital Expenditure is similar to LTP and
Development and financial contributions		1,261	1,343	1,026	(317)	includes Pākōwhai Rd, Eastern Interceptor,
Increase (decrease) in debt	2	927	5,602	3,184	(2,418)	Warwick Rd & Trunk Sewer projects.
Gross proceeds from sale of assets		-	-	11	11	5. Funding from the Effluent Disposal reserve
Lump sum contributions		256	244	23	(221)	was used to fund capital infrastructure
Other dedicated capital funding		-	-	-	-	projects.
Total sources of capital funding (C)		2,445	7,189	4,244	(2,945)	
APPLICATIONS OF CAPITAL FUNDING						
Capital expenditure						
To meet additional demand	3	839	2,200	357	1,843	
To improve the level of service		184	199	1,021	(822)	
To replace existing assets	4	4,837	7,948	6,567	1,381	
Increase (decrease) in reserves	5	-	-	(1,687)	1,687	
Increase (decrease) of investments		-	-	-	-	
Total applications of capital funding (D)		5,860	10,347	6,258	4,089	
Surplus (deficit) of capital funding (C-D)		(3,415)	(3,158)	(2,014)	1,144	
Total funding balance (A-B) + (C-D)		-	-	-	-	
Group depreciation and amortisation		6,519	8,426	7,610	(816)	

FORECAST STATEMENT OF PLANNED CAPITAL WORKS: Sewerage and the treatment and disposal of sewerage	Notes	LTP 2021/22 \$'000	Actual Council 2022 \$'000	Variance \$'000
CAPITAL EXPENDITURE				
Meet additional demand		2,200	357	1,843
Improve level of service		199	1,021	(822)
To replace existing assets		7,948	6,567	1,381
Total capital expenditure		10,347	7,945	2,402

FORECAST STATEMENT OF MAJOR CAPITAL PROJECTS: Sewerage and the treatment and disposal of sewerage	Notes	Revised Budget* 2021/22 \$'000	Actual Council 2022 \$'000	Variance \$'000
Outfall PS Manifold	1	3,000	4	2,996
Eastern Interceptor Upper Section Upgrade	1	2,000	391	1,609
Trunk Sewers	3	-	2,091	(2,091)
Inland Trunk Sewer Renewals	3	1,700	18	1,682
Iona – Middle Road	2	1,375	77	1,298
Outfall – Land-based Section	1	1,000	382	618
Collection Network Reactive Renewals		250	688	(438)
Urban Trunk Sewer Renewals – Industrial		200	608	(408)
Flaxmere Urban Development		500	-	500
Frimley Interceptor		400	-	400
Consent Review		300	35	265
Collection Network Planned Renewals		300	8	292
Pumpstation Renewal		200	21	179
Rising Main Renewals		200	3	197
Advanced Investigations		80	74	6
Flow Monitoring Improvements		50	30	20
Various resulting from CCTV		60	-	60

1. Reprioritisation of project timings across years.
2. New Subdivision projects are dependent on timing of developers' activities.
3. Trunk sewer project timing has changed since LTP.

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

FUNDING IMPACT STATEMENT:		LTP Council 2021 \$'000	LTP Council 2022 \$'000	Actual Council 2022 \$'000	Variance \$'000	
Roads and Footpaths	Notes					
SOURCES OF OPERATING FUNDING						
General Rates, uniform annual general charge, rates penalties		17,644	18,291	17,876	(415)	Key Financial variances 5 Significant operating variances 1. Payments to staff and suppliers are lower than LTP due to pavements & maintenance, offset by capital renewals. 2. Capital subsidies are lower than LTP due to the decision by Waka Kotahi to fund less than required to fund renewals and maintain the asset base. 3. Finance costs & debt vary from the LTP due to the timing of Major Safety and Community wide growth projects. 4. Capital expenditure to meet additional demand is lower than LTP due to timing of Iona-Middle, Irongate, Howard St & Ōmāhu industrial growth projects. 5. Capital expenditure to improve the level of service is lower than LTP due to timing of Major & Minor safety improvements, Te Mata roading, Tauroa Cycleway & Hanui extension. 6. Capital works to replace existing assets is lower than LTP due to timing of pavement rehabilitation projects, HPMV structural improvements and Taihape Road project. 7. Some funding from NZTA was transferred to the Transportation Reserve.
Targeted Rates		452	564	569		
Subsidies and grants for operating purposes		5,873	7,106	6,302	(804)	
Fees and charges		1,336	2,382	1,625	(757)	
Internal charges and overheads recovered		2,908	3,119	3,055	(64)	
Local Authorities fuel tax, fines, infringement fees and other receipts		204	302	369	67	Significant asset acquisitions or replacements and other variances
Total operating funding (A)		28,417	31,764	29,796	(1,968)	
APPLICATIONS OF OPERATING FUNDING						
Payments to staff and suppliers	1	13,141	16,016	14,619	1,397	
Finance costs		963	850	703	147	
Internal charges and overheads applied		5,512	5,320	5,299	21	
Other operating funding applications		12	13	21	(8)	
Total applications of operating funding (B)		19,628	22,199	20,642	1,557	
Surplus (deficit) of operating funding (A-B)		8,789	9,566	9,154	(411)	
SOURCES OF CAPITAL FUNDING						
Subsidies and grants for capital expenditure	2	8,293	14,020	11,148	(2,872)	
Development and financial contributions		1,087	1,821	2,038	217	
Increase (decrease) in debt	3	(1,297)	15,154	3,699	(11,455)	
Gross proceeds from sale of assets		100	48	106	58	
Lump sum contributions		59	27	-	(27)	
Other dedicated capital funding		-	-	-	-	
Total sources of capital funding (C)		8,242	31,069	16,991	(14,079)	
APPLICATIONS OF CAPITAL FUNDING						
Capital expenditure						
To meet additional demand	4	81	11,534	3,847	7,687	
To improve the level of service	5	2,948	13,048	6,774	6,274	
To replace existing assets	6	14,002	16,053	13,790	2,263	
Increase (decrease) in reserves	7	-	-	1,734	(1,734)	
Increase (decrease) of investments		-	-	-	-	
Total applications of capital funding (D)		17,031	40,635	26,145	14,490	
Surplus (deficit) of capital funding (C-D)		(8,789)	(9,566)	(9,154)	411	
Total funding balance (A-B) + (C-D)		-	-	-	-	
Group depreciation and amortisation		14,192	13,890	14,491	(601)	

FORECAST STATEMENT OF PLANNED CAPITAL WORKS: Roads and Footpaths	Notes	LTP 2021/22 \$'000	Actual Council 2022 \$'000	Variance \$'000
CAPITAL EXPENDITURE				
Meet additional demand		11,534	3,847	7,687
Improve level of service		13,048	6,774	6,274
To replace existing assets		16,053	13,790	2,263
Total capital expenditure		40,635	24,411	16,224

FORECAST STATEMENT OF MAJOR CAPITAL PROJECTS: Roads and Footpaths	Notes	Revised Budget* 2021/22 \$'000	Actual Council 2022 \$'000	Variance \$'000
Te Mata Peak road stage 1+2 (0-1250)	2	3,429	204	3,225
Iona – Middle Road	1	2,745	50	2,695
Iona – Iona Intersection	1	2,330	74	2,256
Iona – Iona Road	1	2,325	31	2,294
Ōmāhu Road roundabout – Chatham	2	300	1,825	(1,525)
206 Queen Street West	2	1,700	112	1,588
Mt Erin Road	2	-	1,668	(1,668)
Warwick Road	2	-	1,208	(1,208)
Howard Street	1	982	55	927
Footpath Renewals – Maintenance		823	211	612
Ōmāhu Industrial Development		912	19	893
Hanui Extension		605	-	605
Irongate Road	1	550	1	549
Irongate / York	1	550	-	550
MC – Collector		300	62	238
Brookvale Road Development	1	140	25	115
Subdivision Support – Development Response		50	62	(12)
Mahora – Medium Density housing Strategy		5	-	5

1. Residential & industrial growth projects are lower than LTP due to project delays and/or reprioritising capital funds.
2. Prioritisation/timing of capital projects is different to LTP.

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

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 (86%) of the levels of service for this group of activities which were measured, were achieved or substantially achieved.
- Unfortunately the Splash Planet facility had to be closed over the summer period due to the impacts of the COVID-19 pandemic.
- The Landfill development programme continues through to 2025 and made further progress during 2021/22.
- The final elements of the Toitū facility were opened to the public including a number of new entertainment offerings within the earthquake strengthened Municipal Building.
- Further enhancements were completed at a number of the district's parks, including two new basketball courts completed in Ron Giorgi and Flaxmere Parks, along with a new playground completed at St Aubyn Street Reserve.

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 2021/22. The Council is also accredited under the ISO9000:2001 standard which is adhered to.

FUNDING IMPACT STATEMENT: Safe, Healthy and Liveable Communities	Notes	LTP Council 2021 \$'000	LTP Council 2022 \$'000	Actual Council 2022 \$'000	Variance \$'000
SOURCES OF OPERATING FUNDING					
General Rates, uniform annual general charge, rates penalties		32,626	37,171	37,654	483
Targeted Rates		1,953	5,297	4,595	(702)
Subsidies and grants for operating purposes	1	123	2,073	124	(1,949)
Fees and charges	2	21,296	28,340	22,944	(5,396)
Internal charges and overheads recovered	3	27,798	13,796	15,899	2,103
Local Authorities fuel tax, fines, infringement fees and other receipts		93	89	101	12
Total operating funding (A)		83,890	86,764	81,317	(5,447)
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	4	37,968	45,781	44,034	1,747
Finance costs		1,945	2,228	1,915	313
Internal charges and overheads applied		31,235	20,932	21,563	(631)
Other operating funding applications		2,352	4,513	4,666	153
Total applications of operating funding (B)		73,500	73,454	72,178	1,276
Surplus (deficit) of operating funding (A-B)		10,390	13,311	9,139	(4,172)
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	6	814	9,990	1,611	(8,379)
Development and financial contributions		800	620	611	(9)
Increase (decrease) in debt	7	6,438	8,778	5,944	(2,834)
Gross proceeds from sale of assets		276	225	1,133	908
Lump sum contributions		-	-	-	-
Other dedicated capital funding		-	-	-	-
Total sources of capital funding (C)		8,328	19,613	9,299	(10,314)
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure					
To meet additional demand	8	950	1,690	168	1,522
To improve the level of service	9	9,006	19,726	11,895	7,831
To replace existing assets	10	8,762	11,508	14,132	(2,626)
Increase (decrease) in reserves	11	-	-	(7,757)	7,757
Increase (decrease) of investments		-	-	-	-
Total applications of capital funding (D)		18,718	32,924	18,438	14,486
Surplus (deficit) of capital funding (C-D)		(10,390)	(13,311)	(9,139)	4,172
Total funding balance (A-B) + (C-D)		-	-	-	-
Group depreciation and amortisation		5,927	6,317	7,859	(1,542)

- Key Financial variances**
- Significant operating variances
1. Grants are lower than LTP due to the timing of the Hawkes Bay Museum Storage project.
 2. Fees and charges are lower than LTP due to: Splash Planet closure over last summer season, Solid waste volumes (transfer stations and landfill) and building consent volumes being lower than budget.
 3. Internal charges are higher than LTP due to Landfill revenue charged to council owned transfer stations (note offset in application of operating funding below).
 4. Payments to suppliers are lower than LTP due to the summer closure of Splash Planet and Building Control volumes/costs.
- Significant asset acquisitions or replacements and other variances
5. Capital subsidies & grants are lower than LTP for Flaxmere Housing & HB Museum storage projects.
 6. Debt has increased by less than LTP due to deferred Landfill extension \$1.1m, timing of the Museum storage project and Martin place recycling depot project.
 7. Additional demand capital costs are lower than LTP due to timing of subdivision reserves projects.
 8. Level of service capital costs are lower than LTP due to timing of Museum storage project, Tarbet St Flaxmere housing development and the delayed timing of the Landfill extension project.
 9. Asset replacement capital costs are higher than LTP due to the timing of the Toitoto Municipal Building Project which had been budgeted in prior years.
 10. Reserve funding has been utilised to fund Flaxmere land subdivision and Toitoto Municipal building projects.

FORECAST STATEMENT OF PLANNED CAPITAL WORKS: Safe Healthy and Liveable Communities		LTP 2021/22 \$'000	Actual Council 2022 \$'000	Variance \$'000	
Notes					
CAPITAL EXPENDITURE					
Meet additional demand		1,690	168	1,522	
Improve level of service		19,726	11,895	7,831	
To replace existing assets		11,508	14,132	(2,626)	
Total capital expenditure		32,924	26,195	6,729	
FORECAST STATEMENT OF MAJOR CAPITAL PROJECTS: Safe Healthy and Liveable Communities		Revised Budget* 2021/22 \$'000	Actual Council 2022 \$'000	Variance \$'000	
Notes					
Municipal Strengthening & Redevelopment	1	5,500	6,457	(957)	1. Municipal building project in the final stages of completion and had been budgeted in the prior years.
Hawke's Bay Museum Storage development	2	7,200	666	6,534	
Landfill Valley Development	3	3,300	1,915	1,385	
244 Flaxmere Avenue		2,100	1,637	463	2. Timing of Regional Museum storage project (deferred to 2022-24).
Flaxmere Town Centre	5	2,080	1,350	730	
72 Caernarvon Drive	4	1,920	525	1,395	3. Timing of Landfill Valley D life extension/ Development of Valley C.
CBD & Suburban Re-Development – Misc Parks	5	475	1,640	(1,165)	4. Timing of Flaxmere housing projects (multi-year).
Martin Place Recycling	6	1,000	-	1,000	
Te Awanga Downs	7	720	123	597	5. Hastings & Flaxmere City Centre Revitalisation prioritisation (multi-year)
Municipal HDC Sundry Work	1	-	794	(794)	
Recreation Services Tree Renewal	8	-	749	(749)	6. Timing of Martin Place recycling project (pending completion of commercial construction in Martin Pl).
Iona-Middle Road – Reserve Purchase	7	560	-	560	
Cornwall Park RMP Implementation		430	129	301	7. Timing of residential growth projects.
Various New Toilets		460	99	361	8. Prioritisation on Tree work (versus general maintenance).
Splash Planet		94	415	(321)	
Flaxmere Skate park		-	471	(471)	
Toitoti Lx/Sx & Av Fitout		-	431	(431)	
Tainui RMP Implementation		160	262	(102)	
Duart House		405	16	389	
Havelock North Domain RMP Implementation		345	53	292	

*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:

- Significant progress was made on various housing developments within the Flaxmere area.
- Council provided on-going active support to facilitate industrial land uptake at Irongate, Ōmāhu and Whakatū. Development activity at Ōmāhu and Irongate remains strong, with a number of larger scale developments in construction or planning. Significant capital works also occurring in Whakatū across the T&G site.
- Significant progress was made within the Hastings CBD via a range of investment initiatives, including the Karamū Road North 100 block, Heretaunga Street East 300 (including Pocket Park completed), and Hastings Street Opera House precinct upgrade completed, along with hospitality improvements in Heretaunga Street West 200 and 300 blocks.
- A range of social programmes with particular focus on helping young people into jobs continued during the year. The review of the Youth Strategy was also completed.
- The Te Pōhue Community Plan (outlining aspirations for the Te Pōhue community) was adopted by Council in 2021/22.

Negative effects

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

FUNDING IMPACT STATEMENT: Economic and Community Development	Notes	LTP Council 2021 \$'000	LTP Council 2022 \$'000	Actual Council 2022 \$'000	Variance \$'000
SOURCES OF OPERATING FUNDING					
General Rates, uniform annual general charge, rates penalties		7,026	9,109	9,210	101
Targeted Rates		341	346	346	(216)
Subsidies and grants for operating purposes		52	544	328	(214)
Fees and charges		461	347	275	(72)
Internal charges and overheads recovered		26	-	(1)	(1)
Local Authorities fuel tax, fines, infringement fees and other receipts		-	-	1	1
Total operating funding (A)		7,907	10,346	10,159	(187)
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers		5,319	7,367	7,692	(325)
Finance costs		18	46	37	9
Internal charges and overheads applied		1,487	1,594	1,616	(22)
Other operating funding applications	1	1,040	1,258	837	421
Total applications of operating funding (B)		7,864	10,265	10,182	83
Surplus (deficit) of operating funding (A-B)		44	81	(23)	(104)
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure		-	-	-	-
Development and financial contributions		-	-	-	-
Increase (decrease) in debt		(25)	(36)	132	168
Gross proceeds from sale of assets		18	20	-	(20)
Lump sum contributions		-	-	-	-
Other dedicated capital funding		-	-	-	-
Total sources of capital funding (C)		(7)	(16)	132	148
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure					
To meet additional demand		-	-	-	-
To improve the level of service		-	-	11	(11)
To replace existing assets		37	65	206	(141)
Increase (decrease) in reserves		-	-	(108)	108
Increase (decrease) of investments		-	-	-	-
Total applications of capital funding (D)		37	65	109	(44)
Surplus (deficit) of capital funding (C-D)		(44)	(81)	23	104
Total funding balance (A-B) + (C-D)		-	-	-	-
Group depreciation and amortisation		65	63	78	(15)

Key Financial variances
Significant operating variances
1. Other operating funding is lower than LTP due to the timing of housing intensification and commercial developments.

FORECAST STATEMENT OF PLANNED CAPITAL WORKS: Economic and Community Development	Notes	LTP 2021/22 \$'000	Actual Council 2022 \$'000	Variance \$'000
CAPITAL EXPENDITURE				
Meet additional demand		-	-	-
Improve level of service		-	11	(11)
To replace existing assets		65	206	(141)
Total capital expenditure		65	217	(152)

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 remains positive despite the difficult operating conditions brought about by the COVID-19 pandemic.
- The Council's targets for website usage were exceeded with an average of 45,845 unique visitors per month.
- 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 2021/22 to establish and maintain processes to provide opportunities for mana whenua to exercise partnership in decision making.



FUNDING IMPACT STATEMENT: Governance and Support		LTP Council 2021 \$'000	LTP Council 2022 \$'000	Actual Council 2022 \$'000	Variance \$'000		
Notes							
SOURCES OF OPERATING FUNDING							
General Rates, uniform annual general charge, rates penalties		3,411	2,924	2,652	(272)	Key Financial variances Significant operating variances	
Targeted Rates	1	(930)	(1,957)	-	1,957		
Subsidies and grants for operating purposes			-	-	-		
Fees and charges		101	504	684	180		
Internal charges and overheads recovered		15,450	16,810	17,012	202		
Local Authorities fuel tax, fines, infringement fees and other receipts		674	537	570	33	1. LTP incorrectly overstates the targeted rates for water supply and understates the targeted rates for Governance and Support. Offsetting variance is within the Water Supply FIS.	
Total Operating Funding (A)		18,706	18,817	20,918	2,101		
APPLICATIONS OF OPERATING FUNDING							
Payments to staff and suppliers		13,122	13,624	13,542	82	Significant asset acquisitions or replacements and other variances	
Finance costs		55	94	93	1		
Internal charges and overheads applied		4,480	4,929	4,941	(12)		
Other operating funding applications		1,169	1,169	1,050	119		
Total applications of operating funding (B)		18,826	19,816	19,626	190		
Surplus (deficit) of operating funding (A-B)		(121)	(999)	1,292	2,291	2. Debt did not increase as much as planned in the LTP due to capital programme timing. 3. Reserve funding has been utilised to fund infrastructure projects. 4. Increased debt mandates further investment in the LGFA. HDC also invested in FoodEast (CCO).	
SOURCES OF CAPITAL FUNDING							
Subsidies and grants for capital expenditure		-	-	(1)	(1)		
Development and financial contributions		-	-	-	-		
Increase (decrease) in debt	2	1,674	3,292	1,514	(1,778)		
Gross proceeds from sale of assets		76	70	119	49		
Lump sum contributions		-	-	-	-		
Other dedicated capital funding		-	-	-	-		
Total sources of capital funding (C)		1,750	3,362	1,632	(1,730)		
APPLICATIONS OF CAPITAL FUNDING							
Capital expenditure							
To meet additional demand		-	-	-	-		
To improve the level of service		-	-	-	-		
To replace existing assets		1,707	2,135	2,857	(722)		
Increase (decrease) in reserves	3	(200)	-	(1,591)	1,591		
Increase (decrease) of investments	4	123	228	1,658	(1,430)		
Total applications of capital funding (D)		1,629	2,363	2,924	(561)		
Surplus (deficit) of capital funding (C-D)		121	999	(1,292)	2,291		
Total funding balance (A-B) + (C-D)		-	-	-	-		
Group depreciation and amortisation		941	910	984	74		

FORECAST STATEMENT OF PLANNED CAPITAL WORKS: Governance and Support Services	Notes	LTP 2021/22 \$'000	Actual Council 2022 \$'000	Variance \$'000
CAPITAL EXPENDITURE				
Meet additional demand		-	-	-
Improve level of service		-	-	-
To replace existing assets		2,135	2,857	(722)
Total capital expenditure		2,135	2,857	(722)

FORECAST STATEMENT OF MAJOR CAPITAL PROJECTS: Governance and Support Services	Notes	Revised Budget* 2021/22 \$'000	Actual Council 2022 \$'000	Variance \$'000
Server Infrastructure		1,200	1,563	(363)
PC / Laptop Replacements		200	237	(37)
Wireless solution		200	123	77
Corporate Firewall	1	-	201	(201)
Hastings Library		85	80	5
Council AV equipment & screens	2	-	123	(123)
CRM	3	-	122	(122)
Technology One systems		30	-	30

1. Timing of IMBT firewall project.
2. Timing of Council AV equipment & screens (budget was carried over from prior year).
3. Timing of Customer Relationship Management System (CRM) project (budget was carried over from prior year).

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

Exercising partnership – Council and Mana Whenua



Exercising partnership – Council, Tangata Whenua, Mana Whenua

Nāu te rourou, nāku te rourou; ka ora ai te iwi! Hastings District Council continues its intent to nurture its commitment to growing and strengthening partnership relationships with mana whenua across the various hapū precincts of Hastings district, as well as to ensure equitable decision-making across a range of contexts for tangata whenua here at Council and across the wider Hastings district.

Titiro ake au ki te hāro o te kāhu e tui, tui, tui, tui. E tuia tātau ki te rangi e tū nei, e tuia tātau ki te papa e takoto nei. E tuia tātau ko te here tangata kua herea nei e Heretaunga takoto noa, ka rongo te pō, ka rongo te ao. E tuia tātau te muka tangata arā, ko ngā moko ā ngā mātua tūpuna i ekengia 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!

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

E tika ana kia tukuna atu ngā whakaaro rangatira ki a rātau mā ko ngā taumata rau o Heretaunga whānui kua haere atu ki tua o te ārai, a kua whetūrangitia i te tau kua taha ake nei. Kāti, ko rātau te tira mātāi pō ki a rātau, waiho ake ko tātau te tira mātāi 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 taurikura o Heretaunga tō tēnā whānau, tō tēnā hapū, tō tēnā marae.

Kei ngā marae katoa e noho mai nei i raro i te rohenga o Te Kaunihera ā-Rohe o Heretaunga, kei ngā hapū kārangaranga, kei ngā Taiwhenua o te takiwā, kei ngā Rōpū Whakataunga ā-Tiriti o Waitangi, nei anō te maioha ki a koutou, ā nō mātua o te Kaunihera hoki te whakamīharo ki te tukua nei ngā mihi ki a koutou otirā, ki a tātau katoa.

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

The 2021/2022 year has seen another year governed by COVID-19 implications but that has simultaneously seen another significant year of continued learning, growth, and development for the Hastings District Council with respect to exercising partnership and engaging relationships with mana whenua and indeed tangata whenua, across the district. The significance of the year was made that much more momentous because of the COVID-19 pandemic that not only impacted us here in Heretaunga but across the whole of Aotearoa, and the whole world where supply chains continued to be disrupted. Consequently, the key learnings we had in the previous 12 months set us up for the year that has just passed in terms of the resilience that had been strengthened, the greater sense of connectedness as a community, and the greater confidence that we had as an organisation and community to be brave, be bold and importantly too, be patient. Here at Council with respect to Māori engagement and partnership relationships with mana whenua and tangata whenua, these have become increasingly special because of what COVID-19 has taught us and that has ironically created new opportunities for our community to move forward as individual entities; as a collective.

The 2021 / 2022 year has seen Hastings District Council contribute to and or participate in a range of opportunities with Māori entities, and or partner up with Māori entities to continue to grow and exercise partnership in decision-making on important kaupapa. This is especially true and real for all of the reforms that are taking place at present including Three-waters, Resource Management Act, and the health sector, as well as a range of issues to impact the socio-economic position of a range of communities be it in housing, education, and or justice. The following narrative, provides a summary of key highlights across the 2021/2022 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 Hastings District Council Heretaunga Takoto Noa Māori Standing Committee maintains its focus on strategic priorities for mana whenua and tangata whenua in the district. As we near the end of the current triennium, arrangements moving forward and that will be agreed to by the incoming Mayor post the elections, are supportive of the current governance structure. The committee at present comprises mana whenua appointments and an equal number of Councillor appointments. 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 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. With a range of reforms coming out of Central Government, our partnership relationships with our Tiriti partners are critical and not only include these high level entities but also our hapū, marae and Taiwhenua. Three Waters and Resource Management Act reforms are well underway and we (local government) are having to drive these out at the regional level where we are and have been engaging with mana whenua across the district; indeed the region when it comes to looking at Three Waters and or a Regional Spatial Strategy.
- Housing remains a priority for Council across the district and Council continues to encourage and support 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. Council have supported our partners with their respective and or our collective applications to Central Government for funding to supporting infrastructure development to support housing. The Waingākau housing development in West Flaxmere exemplifies the role that Council can play and support its partners like Te Taiwhenua o Heretaunga. 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 [current] 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 committee though meets more regularly than once are year.
- **The Te Kura Nui** - Māori Relationships Framework is currently being revised and refreshed in order to be fit for purpose given a wealth of recent changes be these nationally, regionally and or locally. Its implementation will allow 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. A 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.

- This last year has also seen the continued implementation by Council of Heretaunga Ararau, the Hastings District Council Te Reo Māori Policy and of Heretaunga Ararau Te Reo Māori Action Plan, to support the place and use of te reo Māori across the whole Council and its facilities; including new facilities that have been revamped and or built anew. 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 2022 year saw Council continue to support and partner up mana whenua where we as a community and as a whole, have had to work collaboratively to undertake the continued response to COVID-19 and our whānau pounamu. 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. We have continued to work with Ngāti Kahungunu Iwi Incorporated who were quick to mobilise the Tihei Mauriora Hub in March 2020 with the onset of the Level 4 lockdown. Across Hastings district, this has also included the Tamatea, Heretaunga and Te Whanganui-a-Orotū Taiwhenua. 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 and remains resolute to ensuring the confidence and trust of the wider community in future opportunities that enable the community to flourish moving forward in this post-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 continued to impact our community this last year and into the beginning of 2022. The marae renovation kaupapa that began the previous year with funding from the Provincial Growth Fund. Council continued to collaborate with Te Puni Kōkiri, Te Taiwhenua o Heretaunga and Te Taiwhenua o Te Whanganui-a-Orotū to complete Te Tū Marae ki Te Matau-a-Māui for 20 marae across the Hastings district. The collaborative project was successfully awarded \$6 million and has only recently been completed in mid-2022. 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 has been a great opportunity and learning experience for Council, marae, hapū and communities.
- **The Te Kupenga Digital App:** An initiative of collaboration between the Māori specialist teams across the councils here in Hawke's Bay has been refreshed following reflection and feedback and is available on digital platforms including Apple, Android and Microsoft applications. 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, indeed the wider community (it's accessible to anyone) 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 also supports the Heretaunga Ararau Te Reo Māori Policy and Action Plan that aim to raise cultural awareness and promote the use of te reo Māori not only within our organisation but also throughout our wider community.

- **Te Aranga Design:** These principles adopted by Council in the last year have been applied and continue to be across multiple council projects and initiatives from housing projects through to reserve management plans, city-scapes, parks and reserves, urban landscape and design, new builds and or refits in the CBD such as the Municipal Buildings, Waiaroha (due to be open at Matariki 2023), new CBD Laneways, and or to the Hawke’s Bay Collection and Museum Storage facility being retrofitted and designed. The embedding of these principles in Council’s work is also occurring across our district and not just in the CBD – Havelock North, Flaxmere, our parks and reserves, and supporting our communities’ aspirations for celebrating notions of place, history and whakapapa. The latter for instance, includes recently unveiled pou whenua at Waimārama, supporting the Ātea-a-rangi at Waitangi Regional Park in Awatoto, and a suite of toi Māori installations across the district that will keep increasing in number, that will unite and empower communities, and that will celebrate our connection to place – *Heretaunga haukū-nui, ara-rau, hāro-o-te-kāhu, ringa-hora, raorao-haumako, takoto noa!*
- **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, and that have manifest as 3 Māori seats in the ‘at large’ Māori Ward that has been established in Hastings district. The new triennium will see at least three new Māori Councillors who will fill the three Māori Wards seats. 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, ehara i te mea ko tēnei te katoa o ngā kaupapa Māori i kōkiringia e te Kaunihera heoi anō, he momo whakaahua tēnei o ngā mahi kua mahia, me ngā mahi ki te toe. *Mā pango, mā whero, ka oti ai te mahi*, nā ko tātau tahi tēnā i naia tonu nei, arā, e whai ana i ngā tapuwae a kui mā, a koro mā me te mahi ngātahi kia anga whakamua i te ao hurihuri nei; tihei Heretaunga!



Financial statements

Actual Council 2021 \$'000	Actual Group 2021 \$'000	Statement of comprehensive revenue and expense for the year ended 30 June 2022	Notes	Budget Council 2022 \$'000	Actual Council 2022 \$'000	Actual Group 2022 \$'000	
REVENUE							
87,303	87,303	Rates, excluding metered water supply charges	3(a)	94,008	94,974	94,974	The accompanying notes form part of these financial statements. The major reasons for the variance between actual and budgeted surplus on operations were:
32,472	32,522	Fees, charges and metered water supply charges (i)		35,709	31,091	31,154	
38,187	38,942	Subsidies and Grants (ii)		37,808	30,131	31,994	
4,567	4,567	Development and financial contributions		5,785	5,125	5,125	(i) Fees and charges revenue across Council were unfavourable due to the closure of Splash Planet, lower parking revenues reflective of the impact of COVID-19 and lower building consent fees.
295	295	Donations (iii)		3,603	243	243	(ii) Subsidies and grants were under budget partly due to lower Waka Kotahi (NZTA) subsidies of \$3.2m, along with budgeted subsidies not yet received for Flaxmere development.
519	527	Interest revenue	3(b)	-	99	104	(iii) Donations were anticipated from the Lotteries Commission for the Hawke's Bay Museum Storage development project. This project was delayed and this funding is now expected in 2022/23 financial year.
2,852	3,412	Other revenue	3(c)	537	786	1,527	(iv) Vested Assets are up as a result of higher than budgeted infrastructure assets constructed and vested to Council as developers complete development.
2,662	2,662	Vested infrastructural assets (iv)		1,000	5,462	5,462	(v) Operational costs are lower due to increased staff vacancies across Council activities as well as lower other operating costs. Other operating costs such as expert advice and legal advice are lower than anticipated as Council activities were decreased, e.g., closure of Splash Planet.
168,857	170,230	Total revenue		178,450	167,911	170,583	(vi) Finance costs were favourable due to lower levels of debt than phased in the budget.
EXPENSES							(vii) Unrealised gain on swaps – see Note 12.
99,656	100,228	Operational costs (v)	4	104,289	102,247	102,997	
37,502	38,055	Depreciation and amortisation expense	8	36,566	38,782	39,318	
5,106	5,106	Finance costs (vi)		7,747	5,932	5,932	
142,264	143,389	Total expenses		148,602	146,961	148,247	
(8,010)	(8,010)	Unrealised Loss/(Gain) on Swaps (vii)		-	(11,974)	(11,974)	
-	-	- Fair value loss on other revaluations		-	411	411	
-	(136)	Share of associate surplus/(deficit)		-	-	(314)	
34,603	34,987	Surplus/(deficit) before tax		29,848	32,513	34,213	
-	-	- Income Tax expense	5	-	-	-	
34,603	34,987	Surplus/(deficit) after tax		29,848	32,513	34,213	
Other comprehensive revenue and expense:							
(20,524)	(20,524)	Gain/loss on infrastructural revaluations		52,259	550,786	550,786	
121,257	121,257	Gain/Loss on land and building revaluations		-	-	-	
598	514	Gain/Loss on other revaluations		-	(598)	(670)	
-	-	- Financial assets at fair value through other comprehensive revenue and expense		-	252	333	
101,331	101,247	Total other comprehensive revenue and expense		52,259	550,440	551,789	
135,934	136,234	Total comprehensive revenue and expense		82,107	582,953	586,002	

Actual Council 2021 \$'000	Actual Group 2021 \$'000	Statement of comprehensive revenue and expense for the year ended 30 June 2022	Notes	Budget Council 2022 \$'000	Actual Council 2022 \$'000	Actual Group 2022 \$'000
Net Surplus /(Deficit) attributable to:						
34,603	34,987	Hastings District Council		29,848	32,513	34,213
-		Minority Interest		-	-	-
34,603	34,987			29,848	32,513	34,213
Total comprehensive revenue and expense attributable to:						
135,934	136,234	Hastings District Council		82,107	582,953	586,002
-		Minority Interest		-	-	-
135,934	136,234			82,107	582,953	586,002
Actual Council 2021 \$'000	Actual Group 2021 \$'000	Statement of changes in equity for the year ended 30 June 2022		Budget Council 2022 \$'000	Actual Council 2022 \$'000	Actual Group 2022 \$'000
2,102,757	2,127,302	Balance at 1 July		2,150,000	2,238,691	2,263,536
-	-	Prior year corrections and adjustments on adoption of PBE IPSAS 41*		-	125	2,294
2,102,757	2,127,302	Adjusted balance at 1 July		2,150,000	2,238,816	2,265,830
34,603	34,987	Surplus/Deficit		29,848	32,513	34,213
101,331	101,247	Other comprehensive revenue and expense for the year		52,259	550,440	551,789
135,934	136,234	Total comprehensive revenue and expense for the year		82,107	582,953	586,002
2,238,691	2,263,536	Balance at 30 June		2,232,107	2,821,769	2,851,832
Total comprehensive revenue and expense attributable to:						
135,934	136,234	Hastings District Council		82,107	582,953	586,002
135,934	136,234	Total comprehensive revenue and expense		82,107	582,953	586,002

*Remeasurements as a result of the Council's adoption of PBE IPSAS 41 have been recognised directly in accumulated funds – for more details refer to note 19.

Actual Council 2021 \$'000	Actual Group 2021 \$'000	Statement of financial position as at 30 June 2022	Notes	Budget Council 2022 \$'000	Actual Council 2022 \$'000	Actual Group 2022 \$'000
CURRENT ASSETS						
38,675	39,884	Cash & cash equivalents (i)		1,265	31,439	32,622
15,839	16,158	Receivables (ii)	6	16,060	21,528	21,795
76	76	Inventory		108	39	39
956	956	Non-current assets held for sale	8	-	3,392	3,392
-	395	Short Term Investments		-	-	395
55,546	57,469	Total current assets		17,433	56,398	58,243
NON-CURRENT ASSETS						
Other financial assets						
		Derivative financial instruments	12	-	1,714	1,714
1,063	7,975	Investments in associates	7(a)	1,063	1,063	11,815
15	-	Investments in CCOs and similar entities	7(b)	15	15	-
4,727	4,727	Investment in other entities (ii)	7(b)	3,400	5,987	5,987
388	388	Other non-current assets			913	913
6,193	13,090	Total other financial assets		4,478	9,692	20,429
384,494	401,940	Plant, property and equipment (iii)	8	313,236	391,191	409,859
2,044,471	2,044,471	Infrastructural assets (iii)	8	2,166,977	2,639,814	2,639,814
60	60	Biological Assets	8	-	60	60
604	608	Intangible assets	8	1,161	1,419	1,423
2,435,822	2,460,169	Total non-current assets		2,485,852	3,042,176	3,071,585
2,491,368	2,517,638	Total assets		2,503,285	3,098,574	3,129,828
LIABILITIES						
Current liabilities						
30,180	31,436	Payables and deferred revenue (iv)	9	25,029	31,181	32,255
3,761	3,799	Employee entitlements	10	3,398	4,517	4,524
501	501	Derivative financial instruments	12	-	-	-
23,000	23,000	Borrowings and other financial liabilities (v)	11	23,328	21,000	21,000
57,442	58,736	Total current liabilities		51,755	56,698	57,779
Non-current liabilities						
1,559	1,690	Provisions and other non-current liabilities	9,18	1,640	2,091	2,201
684	684	Employee entitlements	10	333	783	783
10,251	10,251	Derivative financial instruments	12	7,500	492	492
182,741	182,741	Borrowings and other financial liabilities (v)	11	209,949	216,741	216,741
195,235	195,366	Total non-current liabilities		219,422	220,107	220,217
252,677	254,102	Total liabilities		271,177	276,805	277,996
2,238,691	2,263,536	Net assets (assets minus liabilities)		2,232,107	2,821,769	2,851,832
Equity						
1,274,751	1,297,027	Accumulated funds	13	1,234,342	1,306,958	1,333,103
3,577	3,577	Restricted Reserves	13(a)	2,785	4,007	4,007
960,363	962,932	Revaluation and other reserves	13(b)	994,980	1,510,804	1,514,722
2,238,691	2,263,536	Total equity		2,232,107	2,821,769	2,851,832

The accompanying notes form part of these financial statements.

The major reasons for the variance between actual and budgeted balances at 30 June 22 were:

- (i) Cash is higher than budgeted as Council have prefunded for upcoming capital spend.
- (ii) Investment in other entities is higher than anticipated due to increased borrower notes from the LGFA as a result of higher debt borrowings.
- (iii) Both infrastructure assets and plant, property and equipment assets have had much larger than anticipated valuation increases.
- (iv) The increase in payable and deferred revenue on budget is due to the timing of major infrastructure projects underway at 30 June 2022.
- (v) Secured loan levels were higher than budgeted due to the prefunding obtained at year end for upcoming capital spend.

Actual Council 2021 \$'000	Actual Group 2021 \$'000	Statement of cash flows for the year ended 30 June 2022	Notes	Budget Council 2022 \$'000	Actual Council 2022 \$'000	Actual Group 2022 \$'000
CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES						
Cash was provided from:						
87,547	87,547	Receipts from rates revenue		95,280	94,807	94,807
37,046	37,776	Receipts from customers		40,759	36,489	37,077
512	520	Interest received		-	263	267
-	-	Dividends and commissions received		-	-	-
38,187	40,859	Subsidies and grants received		41,411	25,060	27,960
-	-	GST (net)		-	-	-
163,292	166,702			177,450	156,619	160,111
Cash was applied to:						
95,581	97,674	Payments to suppliers and employees		104,289	99,269	101,514
5,058	5,058	Interest paid		7,747	5,529	5,529
544	511	GST (net)		-	(40)	49
101,183	103,243			112,036	104,758	107,092
62,109	63,459	Net cash flows from operating activities (A)	14	65,415	51,861	53,019
CASH FLOWS FROM INVESTING ACTIVITIES						
Cash was provided from:						
2,642	2,687	Receipts from sale of property, plant and equipment (i)		467	1,481	1,481
14,000	14,033	Maturing/sale of investments		-	-	-
-	-	- Losses and impairment/revaluation prior year and investments withdrawn		-	-	-
16,642	16,720			467	1,481	1,481
Cash was applied to:						
91,194	91,949	Purchase of property, plant & equipment and infrastructural assets		127,948	91,048	92,627
-	-	- Purchase of investments		228	524	125
91,194	91,949			128,176	91,572	92,752
(74,552)	(75,229)	Net cash flows to investing activities (B)		(127,709)	(90,091)	(91,271)
CASH FLOWS FROM FINANCING ACTIVITIES						
Cash was provided from:						
71,372	71,372	Proceeds from borrowings		69,228	53,626	53,626
Cash was applied to:						
20,000	20,000	Repayment of borrowings		6,933	22,632	22,636
51,372	51,372	Net cash flows from financing activities		62,295	30,994	30,990
38,929	39,602	Net increase (decrease) in cash, cash equivalents and bank overdraft (A+B+C)		-	(7,236)	(7,262)
(254)	282	Cash, cash equivalents and bank overdraft at the beginning of the year		1,265	38,675	39,884
38,675	39,884	Cash, cash equivalents and bank overdraft at the end of the year		1,265	31,439	32,622
CASH AT END OF YEAR COMPRISES						
38,675	39,884	Cash and cash equivalents		1,265	31,439	32,622

Notes to financial statements

1. Statement of accounting policies

Reporting entity

Hastings District Council ('the Council') is a territorial local authority established under the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002.

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):

Te 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 2022. The financial statements were authorised for issue by Council on 8 December 2022.

Basis of preparation

Statement of compliance

The financial statements of the Council and Group have been prepared in accordance with the requirements of the LGA and the Local Government (Financial Reporting and Prudence) Regulations 2014 (LG(FRP)R), which include the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP).

The financial statements have been prepared in accordance with and comply with PBE Accounting Standards.

Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000), other than the remuneration and the severance payment disclosures in Note 15, and the related party transaction disclosures in Note 21. The functional currency of the Council is New Zealand dollars.

Standards issued and not yet effective that have been early adopted

Standards and amendments issued but not yet effective that have been early adopted are:

PBE IPSAS 41 Financial Instruments

In March 2019, the External Reporting Board (XRB) issued PBE IPSAS 41 *Financial Instruments*, which supersedes both PBE IFRS 9 *Financial Instruments* and PBE IPSAS 29 *Financial Instruments: Recognition and Measurement*. The Council has early adopted PBE IPSAS 41 and the main changes between PBE IPSAS 29 and PBE IPSAS 41 that are relevant for 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 may result in earlier recognition of impairment losses.

Information about the transition to PBE IPSAS 41 is disclosed in Note 19.

Other changes in accounting policies

One new standard and one amendment to an existing standard are effective for the first time for periods beginning on 1 July 2021 and have been adopted in these financial statements. The nature and effect of each new standard, interpretation or amendment adopted by the Council is detailed below.

PBE IPSAS 40 PBE Combinations

The XRB issued PBE IPSAS 40 *PBE Combinations* in July 2019. PBE IPSAS 40 replaces PBE IFRS 3 *Business Combinations*. PBE IFRS 3 excluded from its scope combinations under common control and combinations arising from local authority reorganisations. These are now included within the scope of PBE IPSAS 40, through the inclusion of both acquisition and amalgamation accounting.

PBE's were required to adopt the standard from 1 January 2021. The Council and its controlled entities adopted the standard for the year ended 30 June 2022. This adoption had no impact on the presentation of Council's financial statements as Council have not undergone any reorganisations in the financial period ending 30 June 2022.

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. The Council and its controlled entities adopted the standard for the year ended 30 June 2022. The new information required by this amendment has been disclosed in Note 19d.

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:

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 plans to apply this standard in preparing its 30 June 2023 financial statements. The Council has not yet determined how application of PBE FRS 48 will affect its statement of service performance.

Summary of significant accounting policies

Significant accounting policies are included in the notes to which they relate. Significant accounting policies that do not relate to a specific note are outlined below.

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.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. The consolidation of an entity begins from the date when the Council obtains control of the entity and ceases when the Council loses control of the entity.

Control over an entity is determined when the Council has exposure, or rights, to variable benefits from its involvement with the entity and has the ability to affect the nature or amount of those benefits through its power over the other entity. The Council considers all relevant facts and circumstances in assessing whether it has power over another entity. For example, the ability to appoint or remove a majority of the entity's governance and management, binding arrangements the Council enters into, group voting rights, and pre-determination mechanisms. The Council reassesses whether or not it controls another entity if facts and circumstances change.

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 19.

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.

Budget figures

The budget figures are those approved by the Council in year 1 of the 2021-2031 LTP. 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.

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

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.

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.

Comparative figures

Comparative figures disclosed in the accounts may have minor changes to those presented in the 2020/21 Annual Report. This has only been done in cases where the changes result in more meaningful comparisons, or to comply with any new standards, interpretations or amendments that have been adopted in these financial statements for the first time (see above for detail on these).

Critical accounting estimates and assumptions

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results.

Estimates and assumptions 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:

- Estimating the fair value of land, buildings, and infrastructure assets – see Note 8
- Land fill aftercare provision – see Note 18

Critical judgements in applying Council's accounting policies

Management has exercised the following critical judgements in applying accounting policies:

- Classification of property – see Note 8
- Other investments – see Note 7b
- Estimating retirement and long service leave obligations – see Note 10

2. Funding impact statement for the whole of Council as at 30 June 2022

	Notes	Budget Council 2021 \$'000	Actual Council 2021 \$'000	Budget Council 2022 \$'000	Actual Council 2022 \$'000	Variance \$'000	
SOURCES OF OPERATING FUNDING							
General rates, uniform annual general charge, rates penalties		63,976	63,677	70,880	70,720	(160)	Reconciliation of statement of comprehensive revenue and expense to funding impact statement for the whole of Council for the year ended 30 June 2022
Targeted rates		23,943	23,626	24,399	24,253	(146)	
Subsidies and grants for operating purposes		6,362	6,916	9,722	6,754	(2,968)	
Fees and charges		28,229	31,964	34,046	30,664	(3,382)	
Interest and dividends from investments		17	532	17	113	96	Total revenue from statement of comprehensive revenue and expense
Local authorities fuel tax, fines, infringement fees and other receipts		911	1,096	911	989	77	
Total operating funding (A)		123,439	127,811	139,976	133,493	(6,483)	Less total funding from funding impact statement
APPLICATIONS OF OPERATING FUNDING							
Payments to staff and suppliers		87,710	92,747	96,026	95,013	(1,013)	Variance
Finance costs		6,703	5,247	7,747	6,235	(1,512)	
Other operating funding applications		5,982	5,996	6,968	6,648	(320)	Variance is made up of:
Total applications of operating funding (B)		100,396	103,990	110,739	107,896	(2,843)	Capital subsidies
Surplus (deficit) of operating funding (A-B)		23,043	23,821	29,237	25,597	(3,640)	Development and financial contributions
SOURCES OF CAPITAL FUNDING							
Subsidies and grants for capital expenditure		21,343	31,566	31,689	23,620	(8,069)	Vested infrastructural assets
Development and financial contributions		5,138	3,771	5,515	5,080	(435)	
Increase (decrease) in debt		60,387	29,895	62,295	30,889	(31,406)	Profit on sale of property, plant & equipment
Gross proceeds from sale of assets		2,055	3,581	467	1,463	996	Total operating expenditure from statement of comprehensive revenue
Lump sum contributions		270	796	270	45	(225)	
Other dedicated capital funding		-	-	-	-	-	Less total applications of funding from funding impact statement
Total sources of capital funding (C)		89,193	69,609	100,235	61,097	(39,138)	
APPLICATIONS OF CAPITAL FUNDING							
Capital expenditure							Variance
To meet additional demand		11,876	4,416	21,709	6,656	(15,053)	Variance is made up of:
To improve the level of service		55,689	53,221	63,777	41,968	(21,809)	Depreciation and amortisation
To replace existing assets		44,288	36,667	43,758	41,986	(1,772)	Payments made to suppliers
Increase (decrease) in reserves		-	(2,429)	-	(5,574)	(5,574)	Finance costs
Increase (decrease) of investments		383	1,555	228	1,658	1,430	
Total applications of capital funding (D)		112,236	93,430	129,472	86,694	(42,778)	
Surplus (deficit) of capital funding (C-D)		(23,043)	(23,821)	(29,237)	(27,088)	2,149	
Total funding balance (A-B) + (C-D)		-	-	-	-	-	
Group depreciation and amortisation		34,936	37,502	36,566	38,782	2,216	

3. Revenue

Accounting policy

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.

3(a). Rates revenue excluding metered water supply charges

Actual Council 2021 \$'000		Budget Council 2022 \$'000	Actual Council 2022 \$'000
45,383	General Rate	50,710	50,490
12,219	Community & Resource Rate	13,513	13,541
5,901	Uniform Annual General Charge	6,298	6,287
TARGETED RATES			
53	Havelock North Business Association	53	53
135	Swimming Pools	143	141
128	Havelock North Parking	164	169
293	Hastings City Marketing	293	293
370	Security Patrols	399	399
244	CBD Hastings	320	320
58	CBD Havelock North	80	80
23	Waimārama Seawall	23	23
5,478	Wastewater	6,374	5,679
27	Waipātiki Wastewater Operational	44	27
1	Waipātiki Wastewater Capital	-	1
1,786	Wastewater Levy (80%)	1,178	1,813
10,788	Water supply	11,259	11,179
1,402	Kerbside Recycling	3,064	1,421
2,819	Refuse Collection	1,787	2,634
-	Waimārama Refuse Collection	46	-
21	Whirināki Water Supply – Capital	-	21
174	Change in Targeted Rates Reserve	(1,742)	403
87,303		94,008	94,974

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 2022 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown below:

Actual Council 2021 \$'000		Budget Council 2022 \$'000	Actual Council 2022 \$'000
87,303	Rates excluding metered water supply charges	94,008	94,974
1,348	Metered Water Supply Charges	1,272	1,391
88,651		95,280	96,365

3(b). Finance revenue

Actual Council 2021 \$'000	Actual Group 2021 \$'000		Actual Council 2022 \$'000	Actual Group 2022 \$'000
37	37	Special Fund Investment	145	145
519	527	Other Investments	99	104
556	564		244	249
(37)	(37)	Less Interest on internal borrowings	(145)	(145)
519	527		99	104

3(c). Other revenue

Actual Council 2021 \$'000	Actual Group 2021 \$'000		Actual Council 2022 \$'000	Actual Group 2022 \$'000
588	588	Petrol tax	561	561
2,250	2,250	Property, plant and equipment gains on disposals	212	212
-	560	Other Revenue	-	741
14	14	Dividends revenue	13	13
2,852	3,412		786	1,527

4. Operational costs

Accounting policy

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.

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.

Breakdown of operating expenses and further information

Actual Council 2021 \$'000	Actual Group 2021 \$'000		Actual Council 2022 \$'000	Actual Group 2022 \$'000
1,022	1,022	Councillors remuneration	1,036	1,036
33,310	33,863	Contractors	36,076	36,076
6,317	6,317	Consultants and legal fees	3,841	3,946
459	459	Operating lease expense	639	639
125	141	Fees to auditors for audit of financial statements	136	154
77	77	Fees to Audit New Zealand for audit of Long Term Plan	-	-
6	6	Fees to auditors for other services (Debenture Trust Deed audit)	6	6
45	45	Total bad debts written off	76	76
(12)	(12)	Change in provision for doubtful debts	(12)	(12)
1,311	1,311	Loss on sale of property, plant and equipment	562	562
-	-	Assets written off	3	3
6,382	6,382	Maintenance and asset costs	6,475	6,475
3,103	3,103	Energy costs	3,438	3,438
35,345	35,537	Salary and wages	36,669	37,119
1,188	1,188	Defined contribution plan – employer contributions	1,231	1,231
477	477	Increase/(decrease) in employee entitlements/liabilities	593	593
1,657	1,657	Administration costs	1,273	1,273
2,418	1,841	Sponsorships and grants	2,668	2,735
6,426	6,813	Other costs	7,537	7,647
99,656	100,227		102,247	102,997

5. Taxation

Accounting policy

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.

Breakdown of taxes and further information

Actual Council 2021 \$'000	Actual Group 2021 \$'000		Actual Council 2022 \$'000	Actual Group 2022 \$'000
34,603	34,987	Net operating surplus before taxation	32,513	34,213
	(136)	Share of associate's retained surplus		(314)
34,603	34,851		32,513	33,899
9,689	9,758	Tax at 28%	9,104	9,492
PLUS (LESS) TAX EFFECT OF:				
(9,689)	(9,758)	Permanent differences	(9,104)	(9,492)
-	-	Imputation credits	-	-
-	-	Residual taxation payable	-	-
COMPRISING:				
-	-	Current tax	-	-
-	-	Future income tax benefit	-	-
FUTURE TAX BENEFIT:				
-	-	Opening balance	-	-
-	-	Movement	-	-
-	-	Closing balance	-	-

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

Unused Tax Losses		
Hastings District Holdings Limited	\$839,898	(2021: \$839,898)
Hastings District Properties Limited	\$129,629	(2021: \$129,629)
Hawke's Bay Opera House Limited	\$86,911	(2021: \$86,911)
Hastings District Council	\$1,176,997	(2021: \$1,173,617)

6. Receivables

Accounting policy

Short-term receivables are recorded at the amount due, less an allowance for Expected Credit Losses (ECL).

The Council and group apply the simplified ECL model of recognising lifetime ECL for short-term receivables.

In measuring ECLs, receivables have been grouped into rates receivables, and other receivables, and assessed on a collective basis as they possess shared credit risk characteristics. They have then been grouped based on the days past due. A provision matrix is then established based on historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

Rates are 'written-off':

- When remitted in accordance with the Council's rates remission policy; and
- In accordance with the write off criteria of sections 90A (where rates cannot be reasonably recovered) and 90B (in relation to Māori freehold land) of the Local Government (Rating) Act 2002.

Previous accounting policy

In the previous year, debtors and other receivables were 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 was established when there was objective evidence that the Council would not be able to collect all amounts due according to the original terms of receivables. The amount of provision was the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

Breakdown of receivables and further information

Actual Council 2021 \$'000	Actual Group 2021 \$'000		Actual Council 2022 \$'000	Actual Group 2022 \$'000
1,894	1,894	Rates receivables	2,328	2,328
10,381	10,700	Other receivables	14,524	14,791
3,484	3,484	GST receivables	3,492	3,492
295	295	Other current assets	1,200	1,200
16,054	16,373		21,544	21,811
(215)	(215)	Less: allowance for credit losses	(16)	(16)
15,839	16,158		21,528	21,795
There are no material exchange transactions				

Rates receivables

The Council does not provide for ECL 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.

Other receivables

The ECL rates for other receivables at 30 June 2022 and 1 July 2021 are based on the payment profile of revenue on credit over the prior two years at the measurement date and the corresponding historical credit losses experienced for that period. The historical loss rates are adjusted for current and forward-looking macroeconomic factors that might affect the expected recoverability of receivables. Given the short period of credit risk exposure, the effects of macroeconomic factors are not considered significant.

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

Council Gross 2021 \$'000	Expected Credit Loss Rate 2021	Lifetime ECL 2021 \$'000	The status of other receivables are detailed below:	Gross 2022 \$'000	Expected Credit Loss Rate 2022	Lifetime ECL 2022 \$'000
DEBTORS						
9,398	0.28%	26	Not past due	13,667	0.15%	15
261	1.41%	4	Past due 1-60 days	512	0.05%	
29	1.48%		Past due 61-90 days	230	0.59%	1
693	0.21%	1	Past due > 90 days	115	0.10%	
10,381		31		14,524		16
DEBTORS						
9,717	0.28%	26	Not past due	13,934	0.15%	15
261	1.41%	4	Past due 1-60 days	512	0.05%	
29	1.48%		Past due 61-90 days	230	0.59%	1
693	0.21%	1	Past due > 90 days	115	0.10%	
10,700		31		14,791		16

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

Movements in the allowance for credit losses are as follows:

Actual Council 2021 \$'000	Actual Group 2021 \$'000		Actual Council 2022 \$'000	Actual Group 2022 \$'000
227	227	Balance at 1 July measured under PBE IPSAS 29	215	215
0	0	ECL adjustment due to adoption of PBE IPSAS 41*	(184)	(184)
227	227	Opening balance for credit losses at 1 July	31	31
87	87	Additional provisions made during the year		
(99)	(99)	Provisions reversed during the year	(8)	(8)
0	0	Other receivables written off during the year	(7)	(7)
215	215	Balance at 30 June	16	16

*Remeasurements as a result of the Council's adoption of PBE IPSAS 41 have been recognised directly in accumulated funds – for more details refer to Note 19

7(a). Investment in associates

Accounting policy

Associate

An associate is an entity over which the Council has significant influence and that is neither a subsidiary nor an interest in a joint arrangement. The Council's associate investment is accounted for in the Group financial statements using the equity method. 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.

Where the group transacts with an associate, surpluses or deficits are eliminated to the extent of the group's interest in the associate.

The investment in the associate is carried at cost in the Council's parent entity financial statements.

Breakdown of investment in associates

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 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 2022.

The Council's 16.64% share of the profit of FoodEast Limited Partnership is recognised in the period which matches the reporting period ending 30 June 2022.

7(a). Investment in associates

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

Actual Council 2021 \$'000	Actual Group 2021 \$'000		Actual Council 2022 \$'000	Actual Group 2022 \$'000
1,063	7,906	Hawke's Bay Airport Limited	1,063	11,709
-	69	Horse of the Year (Hawke's Bay) Limited	-	106
1,063	7,975	Total investments in associates	1,063	11,815
HAWKE'S BAY AIRPORT LIMITED				
Name of entity: Hawke's Bay Airport Limited				
Principal activities: Airport				
Ownership: 24% (2021: 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
6,795		Retained Earnings at the beginning of year		6,843
7,858		Carrying amount at beginning of year		7,906
Council's share of the results of Hawke's Bay Airport Limited				
133		Share of Surplus		192
33		Share of other recognised revenues and expenses		85
166		Share of total recognised revenues and expenses		277
Carrying Amount of Investment in Hawke's Bay Airport Limited				
7,858		Carrying amount at beginning of year		7,906
166		Share of total recognised revenues and expenses		277
(118)		Revaluation reserves		1,268
		Other reserves		81
-		Prior year adjustment		2,177
7,906		Carrying amount at end of year		11,709
There are no contingent liabilities at 30 June 2022				
Summarised Financial Information				
323		Current Assets		465
15,192		Non-Current Assets		19,594
572		Current Liabilities		398
6,802		Non-Current Liabilities		7,952
1,599		Revenues		1,616
(103)		Tax Expense		(4)
166		Surplus/(deficit)		277
24%		Group's interest		24%

7(a). Investment in associates

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

Actual Council 2021 \$'000	Actual Group 2021 \$'000	Actual Council 2022 \$'000	Actual Group 2022 \$'000
HORSE OF THE YEAR (HAWKE'S BAY) LIMITED			
Name of Entity: Horse of the Year (Hawke's Bay) Limited			
Principal activities: Equestrian Show			
Ownership: 33% (2021: 33%)			
Owner: Horse of the Year (Hawke's Bay) Limited			
Balance date: 31 May			
Movements in the carrying amount of investments in associate			
	-		-
	Hastings District Council Investment in Horse of the Year (Hawke's Bay) Limited		
53	Retained earnings at the beginning of year		69
53	Carrying amount at beginning of year		69
Council's share of the results of Horse of the Year (Hawke's Bay) Limited			
16	Share of Surplus		37
	- Share of other recognised revenues and expenses		
16	Share of total recognised revenues and expenses		37
Carrying Amount of Investment in Horse of the Year (Hawke's Bay) Limited			
53	Carrying amount at beginning of year		69
16	Share of total recognised revenues and expenses		37
	- Revaluation reserves		-
69	Carrying amount at end of year		106
There are no contingent liabilities at 30 June 2022			
Summarised Financial Information			
191	Current Assets		254
26	Non-Current Assets		21
147	Current Liabilities		168
	- Non-Current Liabilities		30
272	Revenues		312
	- Tax Expense (exempt)		-
16	Surplus/(deficit)		37
33%	Group's interest		33%

7(b). Other financial assets

Accounting policy

Other financial assets (other than shares in subsidiaries) are initially recognised at fair value. They are then classified as, and subsequently measured under, the following categories:

- Amortised cost;
- Fair value through other comprehensive revenue and expense (FVTOCRE); and
- Fair value through surplus and deficit (FVTSD).

Transaction costs are included in the value of the financial asset at initial recognition unless the asset has been designated at FVTSD, in which case it is recognised in surplus or deficit.

The classification of a financial asset depends on its cash flow characteristics and the Council and group's management model for managing them.

A financial asset is classified and subsequently measured at amortised cost if it gives rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal outstanding and is held within a management model whose objective is to collect the contractual cash flows of the asset.

A financial asset is classified and subsequently measured at FVTOCRE if it gives rise to cash flows that are SPPI and held within a management model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Financial assets that do not meet the criteria to be measured at amortised cost of FVTOCRE are subsequently measured at FVTSD. However, the Council and group may elect at initial recognition to designate an equity investment not held for trading as subsequently measured at FVTOCRE.

Subsequent measurement of financial assets at amortised cost

Financial assets classified at amortised cost are subsequently measured at amortised cost using the effective interest method, less any expected credit losses (ECL). Where applicable, interest accrued is added to the investment balance. Instruments in this category include term deposits and LGFA Borrower notes.

Subsequent measurement of financial assets at FVTOCRE

Financial assets in this category that are debt instruments are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense, except ECL and foreign exchange gains and losses are recognised in surplus or deficit. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified to surplus and deficit. The Council has no instruments in this category.

Financial assets in this category that are equity instruments designated as FVTOCRE are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense. There is no assessment for impairment when fair value falls below the cost of the investment. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to accumulated funds within equity. The Council and group designate into this category all equity investments that are not held for trading as they are strategic investments that are intended to be held for the medium to long-term.

Subsequent measurement of financial assets at FVTSD

Financial assets in this category are subsequently measured at fair value with fair value gains and losses recognised in surplus or deficit.

Interest revenue and dividends recognised from these financial assets are separately presented within revenue.

Other than for derivatives, the Council and group has no instruments in this category.

Expected Credit Loss allowance (ECL)

The Council and group recognise an allowance for ECLs for all debt instruments not classified as FVTSD. ECLs are the probability-weighted estimate of credit losses, measured at the present value of cash shortfalls, which is the difference between the cash flows due to Council and group in accordance with the contract and the cash flows it expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

ECLs are recognised in two stages. ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). However, if there has been a significant increase in credit risk since initial recognition, the loss allowance is based on losses possible for the remaining life of the financial asset (Lifetime ECL).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Council and group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Council and group's historical experience an informed credit assessment and including forward-looking information.

The Council and group consider a financial asset (excluding receivables, refer to Note 6) to be in default when the financial asset is more than 90 days past due. The Council and group may determine a default occurs prior to this if internal or external information indicates the entity is unlikely to pay its credit obligations in full.

Council measure ECLs on loan commitments at the date the commitment becomes irrevocable. If the ECL measured exceeds the gross carrying amount of the financial asset, the ECL is recognised as a provision.

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 parent entity 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.

Previous accounting policy (summarised)

In the previous year, other financial assets were classified into the following categories:

- Financial assets at fair value through surplus or deficit (included interest rate swaps);
- Loans and receivables at amortised cost (included debtors and other receivables, term deposits and LGFA borrower notes)
- Fair value through other comprehensive revenue and expenses (included unlisted shares)

The main differences for the prior year policies are:

- Impairment was recorded only when there was objective evidence of impairment. For equity instruments, a significant or prolonged decline in the fair value of the investment below its cost was considered objective evidence of impairment. For debt investments, significant financial difficulties of the debtor, probability the debtor would enter into bankruptcy, receivership or liquidation, and default in payments were indicators the asset was impaired.
- Impairment losses in shares were recognised in the surplus or deficit.
- For shares, the cumulative gain or loss previously recognised in other comprehensive revenue and expense was transferred from equity to surplus or deficit on disposal of the investment.

Breakdown of other financial assets and further information

Actual Council 2021 \$'000	Actual Group 2021 \$'000		Actual Council 2022 \$'000	Actual Group 2022 \$'000
CURRENT PORTION				
-	-	- Term deposits	-	-
-	-	- Total current portion	-	-
NON-CURRENT PORTION				
Investment in CCOs				
HB LASS Limited				
15	-	- Subsidiary Hastings District Holdings Limited	15	-
15	-	Total Investment in CCOs	15	-
Investment in other entities				
-	-	- Term deposits	-	-
615	615	Unlisted shares in LGFA	867	867
3,955	3,955	Borrower notes in LGFA	4,963	4,963
157	157	New Zealand Local Government Insurance Association	157	157
4,727	4,727	Total investment in other entities	5,987	5,987
4,742	4,727	Total non-current portion	6,002	5,987
4,742	4,727	Total other financial assets	6,002	5,987

Critical judgements in applying accounting policies

Other investments – 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.

Investment in other entities (other than shares in subsidiaries)

The Council has designated all of its equity investments at FVTOCRE, other than shares in subsidiaries. This measurement basis is considered more appropriate than through surplus or deficit because the investments have been made for long-term strategic purposes rather than to generate a financial return through trading.

Equity investments designated at FVTOCRE comprise of:

- Unlisted shares in LGFA; and
- Investment in NZ Local Government Insurance Association.



8. Property, plant and equipment

Accounting policy

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.

(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)	
BUILDINGS		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	LANDFILL	
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
WATER SUPPLY		ROADING NETWORK	
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
STORMWATER DISPOSAL		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		
PARKS		WASTERWATER	
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.

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.

8. Property, plant and equipment: 2022

	1 Jul 2021	1 Jul 2021	1 Jul 2021								30 Jun 2022	30 Jun 2022	30 Jun 2022
	Cost/ Revaluation	Accumulated depreciation and impairment charges	Carrying amount	Additions	Disposals	Impairment charges	Amortisation charges	Depreciation	Revaluation Depreciation write back	Revaluation/ Other Movements	Cost/ Revaluation	Accumulated depreciation and impairment charges	Carrying amount
\$'000													
COUNCIL OPERATIONAL ASSETS													
Operational Buildings	48,889	-	48,889	1,965				(1,144)		6	50,860	(1,144)	49,716
Operational Land	66,076	-	66,076	-	(867)					(7,265)	57,944	-	57,944
Heritage	527	-	527	-						(6)	521	-	521
Library Books	2,747	-	2,747	342				(295)	295	(1,304)	1,785	-	1,785
Computers & Office Equipment	12,742	(9,583)	3,159	2,073	(48)			(988)	48		14,767	(10,523)	4,244
Furniture & Fittings	3,207	(2,317)	890	520	(4)			(134)	1		3,722	(2,449)	1,273
Plant, Equipment & Vehicles	16,362	(7,841)	8,521	1,972	(910)			(1,417)	385		17,425	(8,874)	8,550
Landfill	23,902	(17,624)	6,278	2,143				(1,038)			26,045	(18,662)	7,383
Total Operational Assets	174,452	(37,365)	137,087	9,016	(1,830)	-	-	(5,017)	729	(8,568)	173,071	(41,652)	131,416
COUNCIL RESTRICTED ASSETS													
Restricted Buildings	99,309		99,309	9,750				(2,240)			109,058	(2,240)	106,819
Restricted Land	148,098	-	148,098	30						4,828	152,956	-	152,956
Total Restricted Assets	247,407		247,407	9,780	-	-	-	(2,240)	-	4,828	262,015	(2,240)	259,775
Total Operational & Restricted Assets	421,859	(37,365)	384,494	18,795	(1,830)	-	-	(7,256)	729	(3,740)	435,085	(43,892)	391,191
SUBSIDIARIES PROPERTY, PLANT AND EQUIPMENT													
Plant & Equipment	4,072	(1,950)	2,122	-	1			(169)			4,073	(2,119)	1,954
Restricted Buildings	18,304	(3,301)	15,003	1,732	(55)			(349)			19,981	(3,650)	16,331
Restricted Land	318	-	318	77	-			(14)			395	(15)	380
Office Equipment	31	(28)	3	4	(2)			(3)			34	(32)	2
Total Subsidiary Assets	22,725	(5,279)	17,446	1,813	(56)	-	-	(536)	-	-	24,483	(5,813)	18,668
Total Group	444,584	(42,644)	401,940	20,608	(1,885)	-	-	(7,793)	729	(3,740)	459,568	(49,707)	409,859
BIOLOGICAL ASSETS													
Landfill Forestry	60	-	60								60	-	60
Total Biological Assets	60	-	60	-	-	-	-	-	-	-	60	-	60
INTANGIBLE ASSETS													
Computer Software	6,196	(5,592)	604	1,006			(191)	-			7,202	(5,783)	1,419
Total Intangible Assets	6,196	(5,592)	604	1,006	-	-	(191)	-	-	-	7,202	(5,783)	1,419
COUNCIL INFRASTRUCTURAL ASSETS													
Bridges	73,161	-	73,161	1,303				(1,341)	1,341	8,851	83,315		83,315
Roading – Land	129,124	-	129,124	-							129,124	-	129,124
Roading – Other	1,103,042	-	1,103,042	28,133				(13,058)	13,058	139,802	1,270,978	-	1,270,978
Stormwater Disposal Network	237,111	(3,806)	233,305	4,880	(1)			(3,880)	7,686	113,083	355,072	-	355,072
Wastewater Disposal Network	282,260	(7,247)	275,013	9,104	(71)			(7,534)	14,781	198,220	489,515	-	489,515
Water Supply Network	195,564	(3,254)	192,309	26,581	(400)			(3,824)	7,078	46,884	268,629	-	268,629
Parks	38,539	(22)	38,517	6,363				(1,697)			44,900	(1,719)	43,181
Total Infrastructural Assets	2,058,801	(14,329)	2,044,471	76,364	(472)	-	-	(31,334)	43,944	506,841	2,641,534	(1,719)	2,639,814

8. 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	Revaluation/ Other Movements	Cost/ Revaluation	Accumulated depreciation and impairment charges	Carrying amount
\$'000													
COUNCIL OPERATIONAL ASSETS													
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
Total Operational Assets	129,407	(35,919)	93,487	10,201	(972)	-	-	(4,412)	2,966	35,817	174,452	(37,365)	137,087
COUNCIL RESTRICTED ASSETS													
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
Total Restricted Assets	160,089	(2,740)	157,350	10,107	(288)	-	-	(1,846)	4,586	77,498	247,407	-	247,407
Total Operational & Restricted Assets	289,496	(38,658)	250,837	20,308	(1,260)	-	-	(6,258)	7,552	113,315	421,859	(37,365)	384,494
SUBSIDIARIES PROPERTY, PLANT AND EQUIPMENT													
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	3	-	-	-	-	-	-	31	(28)	3
Total Subsidiary Assets	22,022	(4,726)	17,296	703	-	-	-	(553)	-	-	22,725	(5,279)	17,446
Total Group	311,518	(43,384)	268,133	21,011	(1,260)	-	-	(6,812)	7,552	113,314	444,584	(42,644)	401,940
BIOLOGICAL ASSETS													
Landfill Forestry	60	-	60	-	-	-	-	-	-	-	60	-	60
Total Biological Assets	60	-	60	-	-	-	-	-	-	-	60	-	60
INTANGIBLE ASSETS													
Computer Software	5,737	(5,442)	294	460	-	-	-	(150)	-	-	6,196	(5,592)	604
Total Intangible Assets	5,737	(5,442)	294	460	-	-	-	(150)	-	-	6,196	(5,592)	604
COUNCIL INFRASTRUCTURAL ASSETS													
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
Total Infrastructural Assets	2,034,895	(15,891)	2,019,005	77,637	(594)	-	-	(31,094)	32,656	(53,139)	2,058,801	(14,329)	2,044,471

Impairment

Historical movements in fair value and impairment for Land and Buildings

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

Critical accounting estimates and assumptions

Estimating the fair value of 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.

Buildings (operational and restricted)

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.

Infrastructural asset classes: water supply, wastewater, stormwater, parks and roading.

Infrastructure assets for Roading were valued at June 2022 by Kevin Dunn of Beca, using the depreciated replacement cost method. Infrastructure assets for water (excluding land) were valued at June 2022 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.

Other property, plant, and equipment

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 2022.

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 Szrlich 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.

Critical judgements in applying accounting policies

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.

Capitalised finance leases

The net carrying amount of plant and equipment held under finance leases is \$nil (2021: \$nil). There is no class of the Property, Plant or Equipment that has been pledged as security for liabilities.

Non-current assets held for sale

This relates to the following land lots which are due to be sold within the next financial year for social and affordable housing development as part of the Flaxmere Land Development project:

- One remaining land plot at Korowai St;
- Two lots from the town centre; and
- Land at 244 Flaxmere Ave.

Work in progress

The total amount per class is as listed below:

Actual Council 2021	Class	Actual Council 2022
14,856	Buildings	1,597
762	Computers & Office Equipment	70
3	Furniture & Fittings	24
268	Plant, Equipment & Vehicles	61
6	Heritage	-
4,745	Stormwater	6,334
13,475	Wastewater	3,612
32,957	Water Supply	44,532
67,072	Total	56,231

2022 core assets	Assets constructed	Assets transferred	Closing value	Replacement cost
WATER SUPPLY				
Treatment Plants and Facilities	5,615		46,869	39,099
Other Assets	8,956	435	221,760	184,998
Total	14,571	435	268,629	224,097
SEWERAGE				
Treatment Plants and Facilities	547		54,939	54,534
Other Assets	17,921	502	434,574	431,369
Total	18,468	502	489,513	485,903
STORMWATER				
Stormwater drainage	2,835	457	355,072	348,738
ROADING				
Roads & Footpaths	25,368	4,068	1,483,417	1,483,417

Three Waters Reform Programme

In October 2021, the Government confirmed that it will introduce legislation to create four publicly owned water entities, and that the group’s participation in the proposed reform will be mandatory.

These entities will own and operate drinking water, wastewater and stormwater (three waters) services across New Zealand. The Department of Internal Affairs is tasked with the successful implementation of these reforms, and will work with the local government sector, iwi, water industry and other stakeholders to ensure a smooth transition to the new arrangements.

Subsequently, on 2 June 2022, the government introduced the Water Services Entities Bill in the House of Representatives. After the first reading on 9 June 2022 the Bill was referred to the Finance and Expenditure Committee which reported back to the House of Representatives on 11 November 2022.

The Water Services Entities Bill proposes to create four publicly owned water services entities that would take on responsibility for delivering water services to a specific geographical area, from 1 July 2024.

Further clarification of the transition to the new water services entities is expected to be released in legislation later in 2022 and 2023.

Hastings drinking water, stormwater and wastewater networks are currently owned and operated by Hastings Council. High level guidance has been issued that outlines which assets would transfer to the new entity, however there is not yet enough clarity to be able to quantify the financial impacts on asset values, revenue and associated debt with any certainty. As at 30 June 2022, the total 3waters infrastructure assets were valued at \$1,113 million (2021: \$701 million). Other non-infrastructure assets may also transfer. The fair values of these assets have not been adjusted to reflect the transfer of assets. Once the transfer has been legislated and details around the mechanism for the transfer of the water assets and any compensation has been established, the values of these assets may require adjustment.



9. Payables and deferred revenue

Accounting policy

Creditors and other payables

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

Breakdown of payables and other information

Actual Council 2021 \$'000	Actual Group 2021 \$'000		Actual Council 2022 \$'000	Actual Group 2022 \$'000
CURRENT				
21,013	22,269	Trade payables and accrued expenses	20,029	21,103
735	735	Interest on public debt	1,139	1,139
2,918	2,918	Revenue received in advance	1,647	1,647
1,652	1,652	ETS Levy Provision (Note 18)	2,182	2,182
3,862	3,862	Other current liabilities	6,184	6,184
30,180	31,436		31,181	32,255
NON-CURRENT				
1,239	1,239	Provision for Landfill Aftercare (Note 24)	1,814	1,814
320	451	Other non-current liabilities	277	387
1,559	1,690		2,091	2,201
Payables and deferred revenue comprise of:				
2,918	2,918	Payables from non-exchange transactions – rates and dog registrations	1,647	1,647
28,820	30,207	Payables from exchange transactions – commercial payables	31,625	32,809

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.

10. Employee entitlements

Accounting policy

Employee entitlements

Short-term employee entitlements

Employee benefits that are expected to be settled wholly within twelve months after the end of the year in which the employee provides the related service are measured 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, and sick leave.

Long-term employee entitlements

Employee benefits that are not expected to be settled wholly before twelve months after the end of the reporting period in which the employee provides the related service, such as long service leave, have been calculated on an actuarial basis. The calculations are based on:

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

Long-term employee entitlements

Sick leave, annual leave, and vested long service leave are classified as a current liability. Non-vested retirement and long service leave expected to be settled within 12 months of balance date are also classified as a current liability. All other employee entitlements are classified as a non-current liability.

Critical accounting estimates and assumptions

Estimating retirement and long service leave obligations

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% (2021: 6.0%) and an inflation factor of 2.0% (2021: 2.0%) were used.

Breakdown of employee entitlements

Actual Council 2021 \$'000	Actual Group 2021 \$'000		Actual Council 2022 \$'000	Actual Group 2022 \$'000
3,731	3,758	Opening balance	4,445	4,484
714	726	Entitlements paid or relinquished	856	824
4,445	4,484		5,300	5,307
3,761	3,799	Current	4,517	4,524
684	684	Non-current	783	783
4,445	4,484		5,300	5,307
CURRENT				
602	602	Accrued pay	859	859
3,044	3,083	Annual leave and other benefits	3,520	3,527
115	115	Retirement and long service leave	138	138
3,761	3,800		4,517	4,524
NON-CURRENT				
684	684	Retirement and long service leave	783	783
684	684		783	783

11. Borrowings and other financial liabilities

Accounting policy

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.

Breakdown of borrowings

Actual Council 2021 \$'000	Actual Group 2021 \$'000		Actual Council 2022 \$'000	Actual Group 2022 \$'000
152,815	152,815	Opening total of external public debt	205,741	205,741
72,926	72,926	Debt raised during year	55,000	55,000
(20,000)	(20,000)	Amounts repaid	(23,000)	(23,000)
205,741	205,741	Total gross public debt	237,741	237,741
Comprises				
CURRENT				
23,000	23,000	Secured loans	21,000	21,000
NON-CURRENT				
182,741	182,741	Secured loans	216,741	216,741
205,741	205,741	Total borrowings and other financial liabilities	237,741	237,741

Secured loans

The Council's secured debt of \$237.7m (2021: \$205.7m) 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 (2021: \$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 2022 (2021: nil).

Actual Council 2021 \$'000	Actual Group 2021 \$'000		Actual Council 2022 \$'000	Actual Group 2022 \$'000
REPAYMENT TERMS – TERM DEBT				
23,000	23,000	Payable in less than 1 year	21,000	21,000
21,000	21,000	Payable between 1 and 2 years	29,000	29,000
70,000	70,000	Payable between 2 and 5 years	105,000	105,000
91,741	91,741	Later than 5 years	82,741	82,741
205,741	205,741		237,741	237,741
3.13%	3.13%	Weighted Average Interest Rate	3.24%	3.24%
4.59	4.59	Weighted Average Term (Years)	4.26	4.26

Summary of total public debt

The statement of financial position and Note 11 (above) records the total amount of Council's external debt as at 30 June 2022.

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 2021 \$'000	Actual Group 2021 \$'000		Actual Council 2022 \$'000	Actual Group 2022 \$'000
205,741	205,741	External secured loans	237,741	237,741
5,179	5,179	Plus amount funded by internal loans	4,068	4,068
210,920	210,920	Gross borrowings for activities	241,809	241,809

Internal borrowings

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

2021 closing balance	Activity Group	2022 opening balance	Prior year carry forwards opening balance	CR transfer to	Interest	DR transfer from	Carry forward	2022 closing balance
(8,351)	Safe Healthy and Liveable Communities	(9,709)	1,358	-	-	-	120	(8,231)
(13,415)	Governance and Support Services	(13,415)	-	(4,570)	(5)	2,976	68	(14,945)
2,825	Economic and Community Development	2,510	315	(188)	-	592	376	3,606
(2,121)	Roads and Footpaths	(2,121)	-	(15,730)	(4)	15,644	518	(1,694)
1,338	Stormwater Disposal	1,318	20	(3,808)		3,808		1,338
8,262	Wastewater Disposal	8,263	-	(6,255)	(3)	7,479		9,483
4,431	Water Supply	4,431	-	(5,793)	-	5,498		4,136
1,850	Working Capital	6,850				389		2,239
(5,179)	Total	(6,872)	1,693	(36,344)	(12)	36,385	1,082	(4,068)

The fair values are based on cash flows discounted using a rate based on the average rates 4.59% (2021: 4.59%).

The carry forward column in the above table is the rating carry forward from rates collected in 2021/22 and carried forward to 2022/23.

12. Derivative financial instruments

Accounting policy

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.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance date. Council's derivative financial instruments are not designated as hedging instruments for accounting purposes. Accordingly, the associated gains or losses on derivatives are recognised in surplus or deficit.

Actual Council 2021 \$'000	Actual Group 2021 \$'000		Actual Council 2022 \$'000	Actual Group 2022 \$'000
NON-CURRENT ASSET PORTION				
-	-	Interest rate swaps – held for trading	1,714	1,714
CURRENT LIABILITY PORTION				
(501)	(501)	Interest rate swaps – held for trading	-	-
NON-CURRENT LIABILITY PORTION				
(10,251)	(10,251)	Interest rate swaps – held for trading	(492)	(492)
(10,752)	(10,752)		1,222	1,222

Fair value

The fair values of interest rate swaps have been determined by calculating the expected future 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 \$85.5m (2021: \$88.5m) and for the Group were \$85.5m (2021: \$88.5m). At 30 June 2022, the fixed interest rates for the interest rate swaps varied from 2.7% to 4.9% (2021: 2.7% to 5.8%).

The notional principal amounts of the forward starting interest rate swap contracts for the Council were \$15m (2021: \$27.5m) and for the Group were \$15m (2021: \$27.5m). At 30 June 2022, the fixed interest rates for the interest rate swaps varied from 3.9% to 4.0% (2021: 3.8% to 4.5%).

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 2021/22 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 \$12m 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.

13. Equity

Accounting policy

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: accumulated funds, restricted reserves and property revaluation reserves.

Restricted 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

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

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

Breakdown of accumulated funds and further information

Actual Council 2021 \$'000	Actual Group 2021 \$'000		Actual Council 2022 \$'000	Actual Group 2022 \$'000
1,222,004	1,243,896	Balance at 1 July	1,258,441	1,280,717
-	-	Adjustments on adoption of PBE IPSAS 41	125	2,294
34,603	34,987	Net surplus (deficit) for the year	32,513	34,213
1,256,607	1,278,883		1,291,079	1,317,224
ADD/(LESS) NET APPROPRIATIONS OF NET SURPLUS				
1,476	1,476	(To) from council created reserves	6,306	6,306
358	358	(To) from restricted reserves	(430)	(430)
1,258,441	1,280,717	Balance at 30 June	1,296,955	1,323,100
1,258,441	1,280,717	Accumulated funds	1,296,955	1,323,100
16,310	16,310	Council created reserves	10,003	10,003
1,274,751	1,297,027	Total accumulated funds	1,306,958	1,333,103

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 2021 \$'000	Activity Group		Deposits \$'000	Interest \$'000	Withdrawals \$'000	Balance 2022 \$'000
4,123	All activities	Plant, equipment and vehicle replacement fund	1,665	58	(4,313)	1,533
7,008	All activities	Property maintenance and improvements	1,652	35	(7,306)	1,389
5,025	All activities	General purpose reserves	1,683	-	(866)	5,842
6	Water and roads	Wastewater treatment (HDC funds)	1,001	6	(1,001)	12
3,093	Safe healthy and liveable communities	Emergency funds	898	22	(1,636)	2,378
2,296	All activities	Sundry reserves	31,272	-	(28,735)	4,834
(2,944)	All activities	Separate reserves	873	-	(2,727)	(4,798)
598	Economic and community development	Other	184	6	-	788
19,205			39,228	127	(46,584)	11,978
(2,895)		Less: NCC share of landfill reserves	(162)	(29)	1,112	(1,975)
16,310			39,066	98	(45,472)	10,003

13(a). 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 2021 \$'000	Activity Group		Deposits \$'000	Interest \$'000	Withdrawals \$'000	Balance 2022 \$'000
1,408	Economic and community development	Trusts and bequests	20	15	(75)	1,368
1,598	Economic and community development	Development reserves	491	23	(52)	2,060
571	Economic and community development	Reserve purchase and development funds	-	8	-	579
3,577			511	46	(127)	4,007

13 (b). Revaluation and Other Reserves

Asset revaluation reserves consist of:

Balance 2021 \$'000		Revaluation movement \$'000	Transfer to retained earnings on disposal of property \$'000	Balance 2022 \$'000
COUNCIL				
Operational Assets				
162,286	Land and buildings	-		162,286
598	Library books	(598)		-
-	- Forestry	-		-
162,884		(598)	-	162,286
Infrastructural Assets				
36,746	Bridges	10,192		46,938
367,147	Roading	152,860		520,007
153,075	Stormwater disposal	120,769		273,844
147,278	Wastewater disposal	213,001		360,279
76,385	Water supply	53,964		130,349
16,851	Park assets	-		16,851
797,482		550,786	-	1,348,268
(3)	Fair value through comprehensive revenue	252		250
960,363		550,440	-	1,510,804
GROUP				
2,569	Hawke's Bay Airport Revaluation Reserve	1,268	-	3,837
-	- Hawke's Bay Airport Cash Flow Hedge Reserve	81	-	81
962,932		551,788	-	1,514,721

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

Actual Council 2021 \$'000	Actual Group 2021 \$'000		Actual Council 2022 \$'000	Actual Group 2022 \$'000
34,603	34,987	Net surplus/(deficit) on operations	32,513	34,213
ADD/(LESS): NON-CASH ITEMS				
37,502	38,055	Depreciation and amortisation expense	38,782	39,318
-	136	Share of associates retained surplus		314
(2,662)	(2,662)	Vested infrastructure	(5,462)	(5,462)
-	-	Devaluation of Property, Plant & Equipment	411	411
(8,010)	(8,010)	Unrealised gains/losses on derivative financial instruments	(11,974)	(11,974)
26,830	27,519	Total non-cash items	21,757	22,607
ADD/(LESS): NET MOVEMENTS IN WORKING CAPITAL				
(2,448)	(2,609)	(Increase) decrease in debtors and other receivables	(5,507)	(5,637)
3,400	3,829	Increase (decrease) in creditors and other payables	820	(390)
30	30	(Increase) decrease in inventories	541	541
634	643	Increase (decrease) in provisions and employee entitlements (non-current)	1,387	1,335
1,616	1,893	Total net movements in working capital	(2,759)	(4,151)
ADD/(LESS): ITEMS CLASSIFIED AS INVESTING OR FINANCING ACTIVITIES				
(940)	(940)	(Gains)/Losses on sale of Property, Plant & Equipment and investments	350	350
(940)	(940)	Total non-operating activities	350	350
62,109	63,459	Total net cash inflow (outflow) from operating activities	51,861	53,019

15. Remuneration

The Council incurred the following expenditure for the year ended 30 June 2022:

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 2022 is \$409,060 (2021: \$364,794).

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

Actual Council 2021 \$	Actual Council 2022 \$
3,833	4,257
Fringe Benefit Tax	
10,454	11,195
Motor Vehicle	
10,209	11,464
Superannuation	
340,297	382,144
Salary*	

*Salary includes three weeks of annual leave paid out instead of taken.

Remuneration of Elected Representatives

Actual Council 2021 \$		Remuneration \$	Allowance \$	Actual Council 2022 \$
MAYOR AND COUNCILLORS				
145,930	S Hazlehurst (Mayor)	149,445	0	149,445
96,113	T Kerr (Deputy Mayor)	78,904	7,586	86,491
56,151	A Corban	51,847	4,893	56,740
59,235	A Redstone	56,360	4,801	61,161
69,539	B Barber	65,377	5,133	70,510
52,200	D Harvey	51,851	1,492	53,343
57,438	E Lawson	56,360	2,978	59,338
65,490	G Travers	65,377	1,459	66,836
52,189	H O'Keefe	51,851	1,459	53,310
56,532	K Watkins	56,360	1,459	57,819
56,970	M Dixon	56,360	1,459	57,819
47,810	P Oli	47,339	1,448	48,787
52,072	S Nixon	51,851	1,459	53,310
58,641	S Siers	51,847	5,625	57,472
52,392	W Schollum	56,271	2,213	58,483
17,213	N Dawson (Rural Community Board – Chair)	15,256	1,465	16,721
9,394	S Maxwell (Rural Community Board)	7,631	2,391	10,022
8,283	M Buddo (Rural Community Board)	7,631	1,449	9,080
8,223	J Stockley (Rural Community Board)	7,631	1,449	9,080
1,021,815	Total elected representatives' remuneration	985,549	50,218	1,035,767

Total annual remuneration by band for employees as at 30 June

Actual Council 2021	Actual Council 2022
198 <\$60,000	<\$60,000 154
93 \$60,000-\$79,999	\$60,000-\$79,999 120
85 \$80,000-\$99,000	\$80,000-\$99,000 83
41 \$100,000-\$119,999	\$100,000-\$119,999 46
31 \$120,000-\$139,999	\$120,000-\$139,999 32
7 \$140,000-\$159,999	\$140,000-\$159,999 13
9 \$160,000-\$199,999	\$160,000-\$199,999 6
9 \$200,000-\$239,999	\$180,000-\$219,999 7
2 \$240,000-\$379,999	\$220,000-\$419,999 6
471 Total employees	Total employees 467

At balance date, the Council employed 352 (2021: 329) full-time employees, with the balance of staff equivalent representing 70 (2021: 84) 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 2022 Hastings District Council made three severance payments to employees totalling \$17,925, \$12,764 and \$9,000 (2021: \$49,745 and \$1,006).

16. 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 2021 \$'000	Actual Group 2021 \$'000		Actual Council 2022 \$'000	Actual Group 2022 \$'000
6,868	6,868	Building	2,533	3,088
32,518	32,518	Water System	29,413	29,413
816	816	Roading Network	3,856	3,856
40,202	40,202	Commitments approved and contracted	35,802	36,357

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 2021 \$'000	Actual Group 2021 \$'000		Actual Council 2022 \$'000	Actual Group 2022 \$'000
NON-CANCELLABLE OPERATING LEASE COMMITMENTS				
400	400	Not later than one year	394	394
712	712	Later than one year and not later than five years	331	331
7	7	Later than five years	7	7
1,119	1,119	Total non-cancellable operating leases	732	732

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

Accounting policy

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 the agreed sharing of control where decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as a joint operation or a joint venture. The classification depends on the rights and obligations of each party under the joint arrangement. The Council reviews the legal form, terms of the binding agreement, and other facts and circumstances relevant to its interest in determining the classification of the joint arrangement.

Joint Operation

For joint operations, the Council and group recognises its direct right to the assets, liabilities, revenues and expense of joint operations and its share of any jointly held or incurred assets, liabilities, revenue and expenses. Assets, liabilities, revenue and expenses relating to Council's interest in a joint operation are accounted for in line with Council's accounting policies and included in the relevant line items of the Council and group financial statements.

Further information about the joint operation

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.

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 operation.

The Council's interests in the joint operation are as follows:

Actual Council 2021 \$'000	Actual Council 2022 \$'000
Ōmarunui Refuse Landfill	
3,865 Current assets	3,522
6,622 Non-current assets	8,128
2,291 Non-current liabilities	3,204
8,937 Revenue	9,441
6,486 Expenses	8,568
2,060 Surplus	873

Forestry assets

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%).

Actual Council 2021 \$'000	Actual Group 2021 \$'000		Actual Council 2022 \$'000	Actual Group 2022 \$'000
FORESTRY ASSETS				
60	60	Balance at 1 July	60	60
-	-	Increases due to purchases	-	-
-	-	Gains/(losses) arising from changes attributable to physical changes	-	-
-	-	Gains/(losses) arising from changes attributable to price changes	-	-
-	-	Decreases due to sales	-	-
-	-	Decreases due to harvest	-	-
60	60	Balance at 30 June	60	60

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.

18. Provisions

Accounting policy

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.'

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.

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 ³	17 years	0
Valley D: opened in December 2006 and in operation	2,099,521m ³	18 years	3.56 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 an average discount rate of 4.42%.

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 \$36,000.
- The provision reported is for Hastings District Council's share only (63.68%).

Actual Council 2021 \$'000	Actual Council 2022 \$'000
LANDFILL AFTERCARE LIABILITY	
1,319 Opening balance	1,239
10 Provision written back during the year	(120)
(90) Amounts charged to provision during the year	695
1,239 Closing balance	1,814

The estimated aftercare costs for 2022 were \$36,000 (2021: \$179,500). These estimates are based on information received from Tonkin & Taylor and result in an adjustment in the aftercare liability estimate of \$695,494.

ETS levy provision

Actual Council 2021 \$'000	Actual Council 2022 \$'000
ETS LEVY PROVISION	
912 Opening balance	1,653
8,204 Additional provisions made	4,227
(7,463) Amounts used	(3,698)
1,653 Closing balance	2,182

19. Financial instruments – Early adoption of PBE IPSAS 41

The Council and group have elected to early adopt PBE IPSAS 41.

In accordance with the transitional provisions in PBE IPSAS 41, the Council and group have elected not to restate the comparative information. The comparative information continues to be reported under PBE IPSAS 29. Adjustments arising from the adoption of PBE IPSAS 41 are recognised in opening equity at 1 July 2021 (the date of initial application).

The accounting policies for the year ended 30 June 2022 have been updated to comply with PBE IPSAS 41. The main changes to the Council and group's accounting policies are:

- Note 6 – Receivables – this policy has been updated to reflect that the impairment of short-term receivables is now determined by applying the simplified expected credit loss model.
- Note 7 – Financial assets – this policy has been updated to reflect:
 - The new classification categories;
 - The measurement and recognition of loss allowances based on the new expected credit loss (ECL) model; and
 - The removal of impairment loss considerations for equity investments at fair value through other comprehensive revenue and expenses (FVTOCRE).

The derivatives accounting policies in Note 12 – Derivatives remain unchanged as Council has no hedged instruments and therefore do not need to apply the hedging requirements of PBE IPSAS 41.

PBE IPSAS 41 also significantly amended the financial instruments disclosures of PBE IPSAS 30. This has resulted in new or amended disclosures, mostly in relation to hedge accounting and credit risk.

On the date of initial application of PBE IPSAS 41, the classification and carrying amounts of financial assets under PBE IPSAS 41 and PBE IPSAS 29 is outlined in the following table.

	Measurement classification		30 Jun 2021 PBE IPSAS 29	1 Jul 2021 PBE IPSAS 41	Adoption adjustment
COUNCIL	PBE IPSAS 29	PBE IPSAS 41	\$000	\$000	\$000
FINANCIAL ASSETS					
Cash and cash equivalents	Loans and receivables	Amortised cost	38,675	38,675	0
Receivables	Loans and receivables	Amortised cost	15,839	16,023	184
NZ LGFA Borrower notes	Loans and receivables	Amortised cost	3,955	3,955	0
Short term investments	Loans and receivables	Amortised cost	-	-	-
Derivatives	FVTSD	FVTSD	-	-	-
Civic Financial Services Limited	FVTOCRE	FVTOCRE	157	157	0
NZ LGFA Unlisted shares	FVTOCRE	FVTOCRE	615	615	0

FVTOCRE = Fair value through other comprehensive revenue and expense

FVTSD = Fair value through surplus or deficit

	Measurement classification		30 Jun 2021 PBE IPSAS 29	1 Jul 2021 PBE IPSAS 41	Adoption adjustment
GROUP	PBE IPSAS 29	PBE IPSAS 41	\$000	\$000	\$000
FINANCIAL ASSETS					
Cash and cash equivalents	Loans and receivables	Amortised cost	39,884	39,884	0
Receivables	Loans and receivables	Amortised cost	16,158	16,342	184
NZ LGFA Borrower notes	Loans and receivables	Amortised cost	3,955	3,955	0
Short term investments	Loans and receivables	Amortised cost	-	-	-
Derivatives	FVTSD	FVTSD	-	-	-
Civic Financial Services Limited	FVTOCRE	FVTOCRE	157	157	0
NZ LGFA Unlisted shares	FVTOCRE	FVTOCRE	615	615	0

The measurement categories and carrying amounts for financial liabilities have not changed on transition to PBE IPSAS 41.

Additional information in relation to subsequent measurement classification assessment

PBE IPSAS 41 requires debt instruments to be subsequently measured at FVTSD, amortised cost, or FVTOCRE. This classification is based on the business model for managing the debt instruments, and whether the payments are for solely payments of principal or interest on the principal amount outstanding.

Council assessed the business model for its classes of financial assets at the date of initial application. Council's debt instruments are held to collect (as opposed to held to collect and sell).

Council's debt instruments are solely comprised of contractual cash flows solely for payments of principal and interest, in line with basic lending arrangements. This assessment was based on the facts and circumstances as at the initial recognition of the assets.

PBE IPSAS 41 requires equity instruments to be classified at FVTSD. However, it permits entities to make an irrevocable election on transition to PBE IPSAS 41 to subsequently measure at FVTOCRE if the shares are not held for trading. The Council has elected to subsequently measure all of its shares at FVTOCRE.

19(a). Financial instrument categories

The following tables are comparisons of carrying amounts of the Group's financial assets and liabilities in each of the financial instrument categories:

Actual Council 2021 \$'000	Actual Group 2021 \$'000	Financial instruments	Actual Council 2022 \$'000	Actual Group 2022 \$'000
FINANCIAL ASSETS				
		Amortised cost (2021: Loans and receivables)		
38,675	39,884	Cash and cash equivalents	31,439	32,622
15,839	16,158	Receivables	21,528	21,795
3,955	3,955	NZ LGFA Borrower notes	4,963	4,963
-	395	Short term investments	-	395
58,469	60,392	Total at amortised cost	57,931	55,319
		Mandatorily measured at FVTSD (2021: Held for trading)		
-	-	Derivative financial instrument	1,714	1,714
		FVTOCRE		
157	157	Civic Financial Services Limited	157	157
615	615	NZ LGFA Unlisted shares	867	867
772	772	Total at FVTOCRE	1,024	1,024
59,241	61,164	Total Financial Assets	60,668	62,513
FINANCIAL LIABILITIES				
		Amortised cost		
30,180	31,436	Payables	31,181	32,255
205,741	205,741	Secured loans	237,741	237,741
235,921	237,177	Total financial liabilities at amortised cost	268,922	269,996
		Mandatorily measured at FVTSD (2021: Held for trading)		
10,752	10,752	Derivative financial instrument	492	492
246,673	247,929	Total Financial Liabilities	269,414	270,488

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.

19(b). 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 2021 \$'000	Total 2022 \$'000	Quoted market price	Valuation technique observable inputs	Significant non-observable inputs
COUNCIL				
Financial assets				
- Derivative financial instrument	1,714		1,714	
157 Civic Financial Services Limited	157			157
615 NZLGFA Unlisted shares	867			867
Financial liabilities				
10,752 Derivative financial instrument	492		492	
GROUP				
Financial assets				
- Derivative financial instrument	1,714		1,714	
157 Civic Financial Services Limited	157			157
615 NZLGFA Unlisted shares	867			867
Financial liabilities				
10,752 Derivative financial instrument	492		492	

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.

2021 \$'000	2022 \$'000
NZ LGFA UNLISTED SHARES	
615 Balance at 1 July	615
- Purchases	-
- Sales	-
- Fair value adjustment on initial recognition	252
- Transfers into level 3	-
- Transfers out of level 3	-
615 Balance at 30 June	867
2021 \$'000	2022 \$'000
CIVIC FINANCIAL SERVICES LIMITED	
157 Balance at 1 July	157
- Purchases	-
- Sales	-
- Transfers into level 3	-
- Transfers out of level 3	-
157 Balance at 30 June	157

19(c). 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.

The Council purchases plant and equipment for various activities from overseas, which require it to enter into transactions denominated in foreign currencies. As a result of these activities, exposure to currency risk arises.

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 2022, the Council had entered into interest rate swap agreements to a value of \$85.5m at interest rates between 2.7% and 4.9% (2021: \$88.5m at interest rates between 2.7% and 5.8%).

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 and group, 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 2022, Council had \$nil (2021: \$nil) on term deposit. The Group, at 30 June 2022, had \$395,000 (2021: \$395,000) 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 22.

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 2021 \$'000	Actual Group 2021 \$'000		Actual Council 2022 \$'000	Actual Group 2022 \$'000
38,675	39,884	Cash at bank and term deposits	31,439	32,622
15,839	16,158	Receivables	21,528	21,795
157	157	NZ Local Govt Insurance Corporation Limited	157	157
3,955	3,955	NZ LGFA Borrower notes	4,962	4,962
615	615	NZ LGFA Unlisted shares	867	867
-	395	Short term investments	-	395
-	-	Derivative financial instrument assets	1,714	1,714
59,241	61,164	Total Credit Risk	60,668	62,513

Credit risk exposure by credit risk rating grades, excluding receivables

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

Actual Council 2021 \$'000	Actual Group 2021 \$'000	Counterparties with Credit Ratings	Actual Council 2022 \$'000	Actual Group 2022 \$'000
CASH AT BANK AND TERM DEPOSITS				
38,675	39,884	Credit Rating AA-	31,349	32,622
CIVIC FINANCIAL SERVICES LIMITED				
157	157	Credit Rating B+	157	157
DERIVATIVE FINANCIAL INSTRUMENT ASSETS				
-	-	Credit Rating AA-	1,714	1,714
NZ LGFA BORROWER NOTES				
3,955	3,955	Credit Rating AA+	4,962	4,962
NZ LGFA UNLISTED SHARES				
615	615	Credit rating AA+	867	867

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 \$252m (2021: \$220m). Included in the committed facilities is a bank overdraft limit of \$0.5m at an interest rate of 6.5%.

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 22.

Contractual maturity analysis of financial liabilities and assets

The table below analyses the Council and Group's financial liabilities and assets 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 and interest receipts.

Carrying amount \$'000	Contractual cash flows \$'000		Less than 1 year \$'000	1-2 years \$'000	2-5 years \$'000	More than 5 years \$'000
2022						
Contractual maturity analysis of financial liabilities						
31,181	31,181	Payables	31,181	-	-	-
492	1,502	Derivative financial instruments liabilities	559	534	291	117
237,741	260,402	Secured loans	26,123	33,651	115,160	85,468
269,414	293,089	Total	57,863	34,185	115,451	85,588
Contractual maturity analysis of financial assets						
31,439	31,439	Cash and cash equivalents	31,439	-	-	-
21,528	21,528	Debtors and other receivables	21,528	-	-	-
1,714	1,000	Derivative financial instruments assets	239	239	461	62
50,226	49,512	Total	48,750	239	461	62
2021						
Contractual maturity analysis of financial liabilities						
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
246,673	259,949	Total	58,469	25,702	80,237	95,542
Contractual maturity analysis of financial assets						
38,675	38,675	Cash and cash equivalents	38,675	-	-	-
15,839	15,839	Debtors and other receivables	15,839	-	-	-
54,515	54,515	Total	54,515	-	-	-

Group figures are the same as the Council figures except for payables that increase by \$1,074,000 (2021: \$1,256,000), receivables that increase by \$267,000 (2021: \$319,000) and cash and cash equivalents increased by \$1,183,000 (2021: \$1,209,000).

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 2021 \$'000 -100bps Surplus	Actual Council 2021 \$'000 +100bps Surplus		Actual Council 2022 \$'000 -100bps Surplus	Actual Council 2022 \$'000 +100bps Surplus
FINANCIAL ASSETS				
(387)	387	Cash and cash equivalents	(314)	314
-	-	Derivative financial instruments assets	(2,502)	2,334
(387)	387	Total sensitivity on financial assets	(2,816)	2,648
FINANCIAL LIABILITIES				
(5,028)	4,675	Derivative financial instruments assets	(1,004)	952
(1,531)	1,670	Secured loans (floating interest rate) ¹	(1,292)	1,648
(6,558)	6,344	Total sensitivity on financial liabilities	(2,296)	2,600

1. The Council has floating rate debt with a principal amount totalling \$179m (2021: \$167.0m). A movement in interest rates of plus 1% has an effect on interest expense of \$1,648,225 (2021: \$1,670,000). A movement in market interest rates of minus 1% has an effect on interest expense of \$1,291,775 (2021: \$1,531,000). 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. (2021 -100bps/+100bps).

19d. Reconciliation of movements in liabilities arising from financing activities

	Balance at 1 Jul 2021 – Council and Group \$'000	Net cash flows \$'000	Fair value \$'000	Other changes \$'000	Balance at 30 Jun 2022 – Council and Group \$'000
Secured loans	205,741	32,000	-	-	237,741
Interest rate swaps	10,752	-	(11,974)	-	1,222

20. Post balance date events

Hawke's Bay Regional Sports Park Trust and the Hawke's Bay Community Fitness Centre Trust (HBCFCT) have committed to completing due diligence over a potential amalgamation between the two trusts to form one community trust at the HB Regional Sports Park.

There are no other post balance date events.

21. Related party transactions

Related party transactions

No related party debts have been written off or forgiven during the year (2021: 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 \$601,117 (2021: \$603,365) which is a Council Controlled Organisation.

The Council disposed of refuse at the Ōmarunui Landfill and receipts amounted to \$1,594,071 (2021: \$1,479,297). 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 2022 (2021: nil transactions).

The Council paid to the Hawke's Bay Regional Sports Park Trust operational grants and services to the value of \$305,800 (2021: \$305,800) and Capital funding grants of \$209,538 (2021: \$257,880). The balance outstanding to the Hawke's Bay Regional Sports Park Trust at 30 June 2022 was \$nil (2021: nil).

The Council provided a number of services to the Trust during the year including parks maintenance, building consents and other services totalling \$87,596 (2021: \$94,160). The balance outstanding to the Council at 30 June 2022 was \$55,112 (2021: \$50,789).

Key management personnel related party transactions

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

Actual Council 2021 \$'000		Actual Council 2022 \$'000
COUNCILLORS		
1,022	Remuneration	1,036
19*	Full-time equivalent members	19*
SENIOR MANAGEMENT TEAM, INCLUDING CHIEF EXECUTIVE		
2,388	Remuneration	2,588
11	Full-time equivalent members	11
3,410	Total key management personnel compensation	3,624
30	Total full-time equivalent personnel	30

* 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. An analysis of Councillor remuneration and further information on Chief Executive remuneration is provided in Note 15.

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).

The below table provides a summary of all other key management personnel (and their close family members) related party transactions.

Councillor/key Management Personnel	Organisation	Position/Relationship to Organisation		\$ Amount Service Received/Provided 2021/22	\$ Amount Service Received/Provided 2020/21	\$ Amount Balance Year End
Mayor Hazlehurst	Tainui Reserve	Trustee	Receipts	Nil	\$139	Nil
Councillor Kerr	HB Regional Sports Park HB Regional Sports Park	Trustee Trustee	Receipts Operating Grant/Funding	\$107,777 \$515,338	\$94,160 \$563,680	\$52,112 \$nil
Councillor Corban	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	\$107,777 \$515,338 \$6,000 \$8,000	\$94,160 \$563,680 \$6,000 \$10,659	\$52,112 \$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	\$14,500 Nil \$7,453 \$358,104 \$2,650 \$270,550 \$88,137	Nil \$3,815 \$4,285 \$309,793 \$3,350 \$263,801 \$67,415	Nil Nil Nil Nil Nil \$14,834 \$21,365
Councillor Schollum	Hastings Business Association Hastings Business Association	Council appointed representative Council appointed representative	Receipts Funding for Night Markets and Community Grant	\$7,453 \$358,104	\$4,285 \$309,793	Nil Nil
Councillor Barber	Te Mata Park Trust Board Ipurangi Development Ltd	Trustee Director/Shareholder	Funding Payments	\$138,837 Nil	\$80,000 \$1,000	\$837 Nil
Councillor Dixon	Te Mata Park Trust Board	Trustee	Funding	\$138,837	\$80,000	\$837
Councillor Redstone	Waipureku Waitangi Trust	Chair	Operating Grant/Funding	\$6,000	\$6,000	Nil
Bronwyn Bayliss	Manufacturing Suppliers Ltd	Partner is employee	Purchasing of product by different department	\$32	Nil	Nil
Naomi Fergusson	Sport Hawke's Bay Sport Hawke's Bay Surveying the Bay	Trustee Trustee Partner is employee	Funding Receipts Receipts	\$270,550 \$88,137 \$35,455	\$265,801 \$67,415 \$55,979	\$14,834 \$21,365 Nil
Rebekah Dinwoodie	Presbyterian Support East Coast Family VIP Services	Board Member Chair	Contestable Grant Payments	\$8,000 \$46,159	Nil \$20,000	Nil Nil

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.

22. 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 2021/22 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 guarantor of the New Zealand Local Government Funding Agency Limited (LGFA). The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. LGFA has a current credit rating from Standard and Poor's of AAA for local currency and a foreign currency rating of AA+ as at 2 March 2022.

As at 30 June 2022, the Council is one of 30 local authority shareholders and 68 local authority guarantors of the LGFA. The New Zealand Government also has a 20% shareholding in the LGFA. It has uncalled capital of \$1.0m. 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 LGFA's borrowings. At 30 June 2022, LGFA had borrowings totalling \$15.789bn (2021: \$13.68bn).

PBE Accounting Standards require the Council to recognise the guarantee liability by applying the 12-month expected credit loss (ECL) model (as fair value could not be reliably measured at initial recognition), and subsequently at the higher of the provision for impairment at balance date determined by the ECL model and the amount initially recognised. The Council has assessed the 12-month ECL of the guarantee liability, based on market information of the underlying assets held by the LGFA. The estimated 12-month expected credit losses are immaterial due to the very low probability of default by the LGFA in the next 12 months. Therefore, the Council 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

At the date of these financial statements, there are matters under the Building Act 2004 indicating potential liabilities had been brought to the Council's attention. Legal counsel has advised that it is probable that the claims will proceed, however it is difficult to quantify Council's potential exposure.

Additionally, there is currently a claim against Council under the Public Works Act 1981. Agreement for acquisition of the land has been reached however the final compensation will be determined by the Land Valuation Tribunal at a future date.

Accordingly, no provision for these matters have been made in these financial statements.

23. 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 (2021: \$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 2021 \$'000	Actual Council 2022 \$'000
18 Special Rateable Value	19
66 Community & Sporting Organisations	73
18 Covenant	20
21 Voluntarily Protected Land	1
9 Swimming Pool Safety	10
78 Penalties	62
- Refuse	267
56 Unutilised Māori Land	7
114 Sundry	133
380	592

24. 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.

For details on Council-created reserves refer to Note 13a.

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.

25. 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 2021 \$'000	Policy type (maximum amount insured)	Actual Council 2022 \$'000
419,773	Material Damage (mainly buildings and contents)	545,063
4,202	Motor Vehicles (includes mobile plant and equipment)	4,232

Assets (mainly buildings and contents) with a replacement value of \$545,063,115 (2021: \$419,772,647) 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 \$4,232,313 (2021: \$4,201,930).

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 2021/22, the maximum payable by LAPP was up to a limit of \$150m per event for all member councils (being 40% of \$350m). LAPP provides cover for 3 events across the annual insurance period (November to October) of \$65m, \$105m and the maximum amount of \$150m. The central government share is unlimited.

The value of infrastructural assets declared by the Council to be covered by the LAPP fund is \$1,162,730,892 (2021: \$1,094,285,152). 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 \$118,497,157 (2021: \$117,055,259). 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 2022 \$1,279,816,087 (excluding land), (2021: \$1,112,231,288). There would also be a number of other sundry items that would fall into this group.



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.

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.

- 1) **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
- 2) **Quality** including conservation, accessioning and de-accessioning.
- 3) **Access** including exhibitions, research and archives.
- 4) **Development** including fundraising, reserves management and relationship development.

Performance targets

Key result area	Performance indicator	2021/22 target	2021/22 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
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	50,402 visitors to online catalogue 340 enquiries
	Collections are made available to the public through quality exhibitions.	2-5 collection-based exhibitions.	Country Woman's Institute Kuru Taonga Georgina Hetley Art Deco Nature Culture
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 Kaiawhina Taonga meeting held.	1 per annum	Te Rōpū Kaiawhina Taonga disbanded

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

(\$)	2021/22 budget	2021/22 actual
Total revenue	1,202,534	1,241,487
Total expenses	1,202,534	1,195,085
Surplus/(deficit)	-	46,402

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

- Ensuring a safe, rewarding and delightful journey for travellers. Striving for Excellence in everything.
- Maximising the returns across the Aeronautical Business whilst delivering greater value and a strong sense of place.
- Making the best use of the land whilst safeguarding the airport to optimise returns and increase value to shareholders.
- Engaging with Customers, Stakeholders, Business Partners and Community to grow the airport in a way that benefits everyone. A great place to do business.
- Working together to get the best outcomes from HBAL people and community. A great place to work and live.

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 2022.

(\$)	2021/22 target	2021/22 actual
Total revenue	7,802,463	6,734,776
Profit before income tax	3,728,321	820,066
Profit after tax	44,079	801,347

Net dividend declared in December 2021 was \$Nil in line with NIL target set in the company's Statement of Intent for the year ending 30 June 2022.

Activity	Measure	Status
Operations	Internal SMS tracker updated monthly: to achieve Zero Lost Time injuries	Meets or Exceeds target
	Stage 3 completed of Landside Forecourt	Meets or Exceeds target
	Bi-annual Strategic Risk/Compliance Review implemented	Meets or Exceeds target
	Second phase plan implemented (Wildlife Management Plan)	Meets or Exceeds target
	Achieve Level 3 Airport Carbon Accreditation (ACA)	Meets or Exceeds target
Commercial	Implement research based product segmentation of carpark	Meets or Exceeds target
	Transport Strategy Roadmap Endorsed by HBAL Board with Capex/Opex built into financial forecasts	Meets or Exceeds target
	Improved ASQ scores and PSR growth (PSR growth >10%)	Meets or Exceeds target
	Minimum 2x meetings per year with each commercial partner	Meets or Exceeds target
	Strategic Review Complete (with advertising revenue growth of >40%)	Meets or Exceeds target
Property	Successful regional collaboration: district plan outcomes support HBAL master plan objectives	Meets or Exceeds target
	Activation of HBAL property strategy (with precinct & market collateral in place)	Meets or Exceeds target
	Utilities/Infrastructure Capex Plan in place	Meets or Exceeds target
	>1 Major property development initiated	Meets or Exceeds target
	Resource consent granted (advance renewable energy project)	Meets or Exceeds target
Partners	Supportive environment for wider airport	Meets or Exceeds target
	Ensure airport presence/voice at regional forums	Meets or Exceeds target
	Community to work as one team	Meets or Exceeds target
	Regular meetings/engagement/Property Partnerships	Meets or Exceeds target
	Regular meetings with Airways and partner airports	Meets or Exceeds target
People	Develop Regional Air Services Strategy in partnership with HB Tourism and other stakeholders (Regional Economic Engagement Strategy complete)	Meets or Exceeds target
	Training and Development Program	Meets or Exceeds target
	Resources/Expense in line with financial Forecast	Meets or Exceeds target
	Staff engagement and culture survey completed	Meets or Exceeds target
	>85% of existing Ambassadors complete two years of service	Meets or Exceeds target
Financial	SOI FY2021-22 with a focus on reducing cost and optimising revenues	Meets or Exceeds target
	PAX movements – 527K	Meets or Exceeds target
	NPAT – \$209K	Meets or Exceeds target
	Revenue – \$7.9M	Meets or Exceeds target
	EBITDA margin – >47%	Meets or Exceeds target

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	>\$19.1m	\$18.6m	No
Issuance and operating expenses	<\$7.2m	\$7.2m	No
Total lending to participating local authorities	>\$13.294b	\$14.019b	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		99.2%	Yes
Meet all lending requests from Participating Local Authorities, where those requests meet LGFA operational and covenant requirements		100%	Yes
Achieve 80% market share of all council borrowing in New Zealand		80%	Yes
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 rates 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 and the Municipal Building 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. Toitoti – Hawkes Bay Arts & Events Centre 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 2022 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 influence over the Trust through two Council appointments on the appointments panel, and the Trust receives an 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.

Foodeast Limited Partnership

Foodeast is a council-controlled trading organisation (CCTO) under the Local Government Act. It is owned by Hastings District Council (16.64%), Hawke’s Bay Regional Council Investment Company (66.72%) and Progressive Meats Limited.

Scope and Nature of Activities

The physical facilities of Foodeast will consist of a food innovation centre modelled on the existing Waikato Innovation Park and supported with sector-specific soft services focussed on Māori economic development, and commercialisation services.

The food innovation hub will promote more cost-effective food and beverage product innovation, and a centre of excellence in food processing education and engineering services.

It will provide a base for clustering food technology firms and improve cooperation and bring scientific and technical expertise. In time, it is also expected to expand its centre of excellence role to integrating research activity around waste product, and co-ordination of regional effort on sustainable packaging and resource allocation.

Treasury Policy



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	Actual 30 Jun 2022
Net debt as a percentage of equity	<20%	7.31%
Net debt as a percentage of income	<175%	134.51%
Net interest as a percentage of income	<15%	3.87%
Net interest as a percentage of annual rates income	<20%	6.25%
Liquidity (Term Debt + Committed Loan Facilities v Existing Debt)	110%-170%	120.00%

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.



**Annual Report
Disclosure Statement
for the year ended
30 June 2022**

Financial Reporting and Prudence Benchmarks

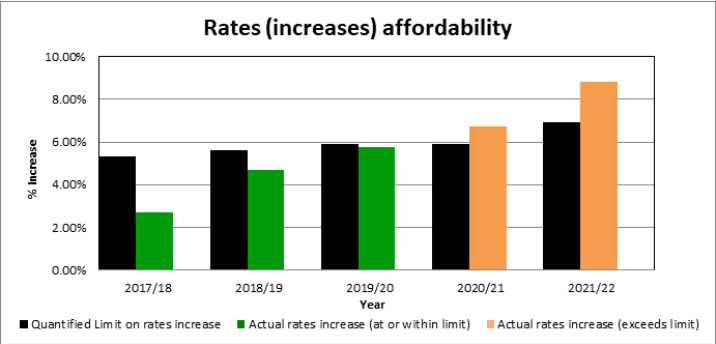
Annual Report Disclosure Statement for the year ended 30 June 2022. What is the purpose of this statement?

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 (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, 2018-2028 and 2021-2031 Long Term Plans. While 2021/22 shows rates income affordability is not met, this is the result of significant growth in the Hastings area rather than the rating unit increasing beyond the 6.9% set by the 2021-2031 Long Term Plan.



Debt affordability benchmark

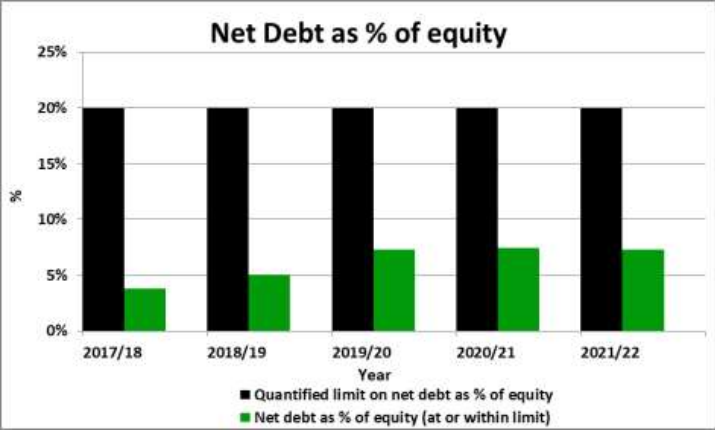
The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

The following graphs compares the Council’s borrowing with the quantified limits on borrowing stated in the financial strategy included in the 2015-2025, 2018-2028 and 2021-2031 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, 2018-2028 and 2021-2031 Long Term Plans.

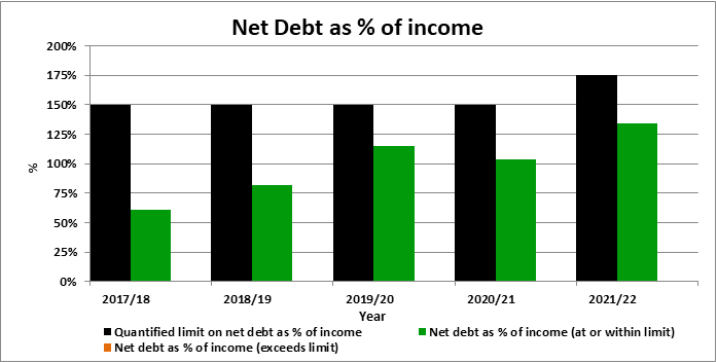
The quantified limit is net debt as a % of equity. A value of less than the quantified limit of 20% indicates compliance with the prudential limit.



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, 2018-2028 and 2021-2031 Long Term Plans.

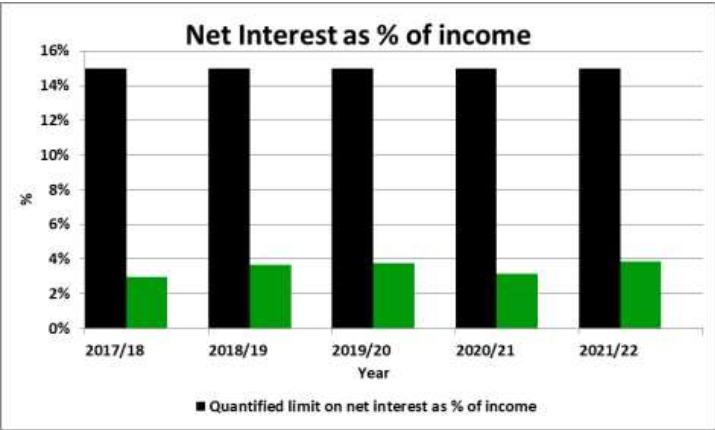
The quantified limit is net debt as a % of income. A value of less than 175% indicates compliance with the prudential limit.



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, 2018-2028 and 2021-2031 Long Term Plans.

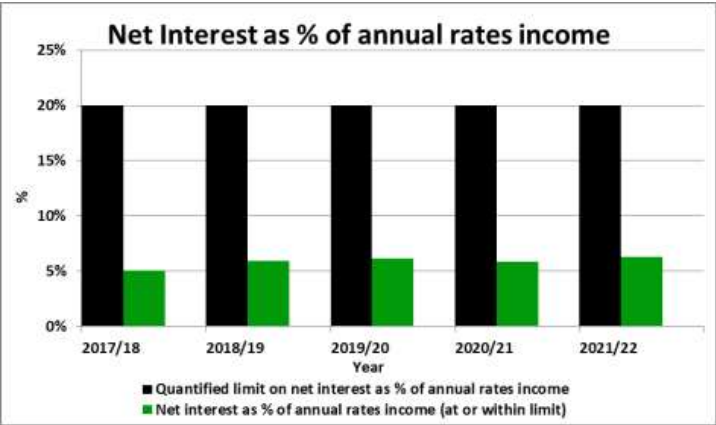
The quantified limit is net interest as a % of income. A value of less than the quantified limit of 15% indicates compliance with the prudential limit.



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, 2018-2028 and 2021-2031 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, 2018-2028 and 2021-2031 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% which was entrenched into the 2021-31 Long Term Plan.

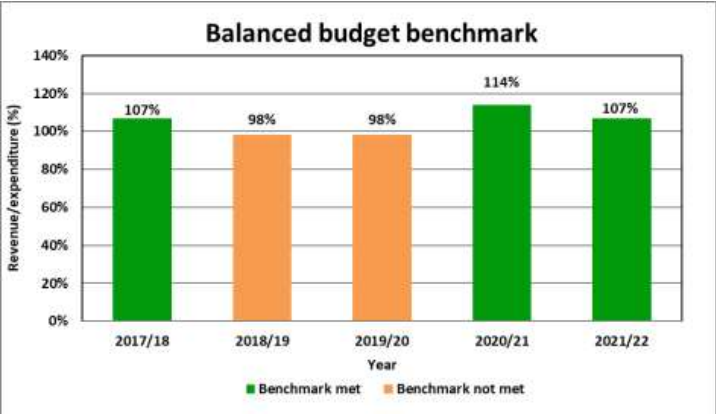


Prior periods have been restated to align with Council’s Treasury Policy.

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).

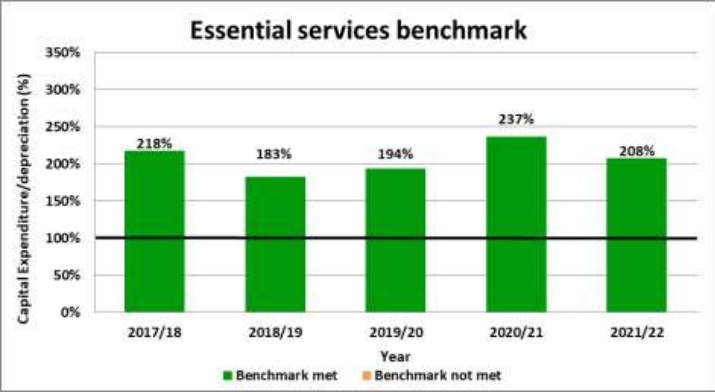
The Council meets this benchmark if its revenue exceeds its operating expenses. In the 2022 financial year, Council again received significant additional government funding for large infrastructure projects.



Essential services benchmark

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

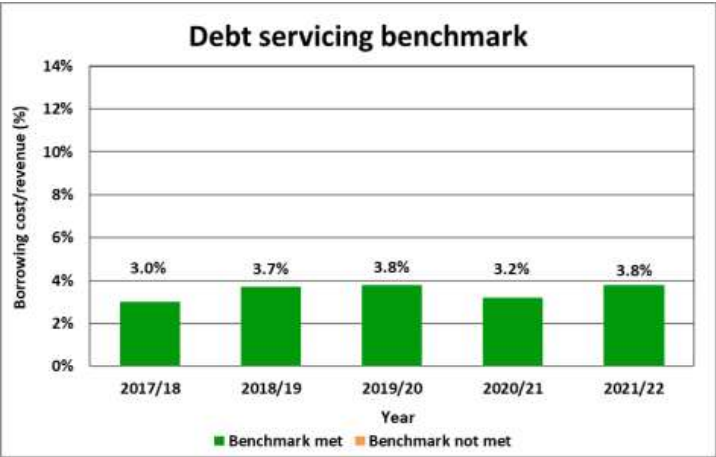
The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services. In 2022, Council had another significant spend on capital expenditure, with water services spend being a major driver.



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.

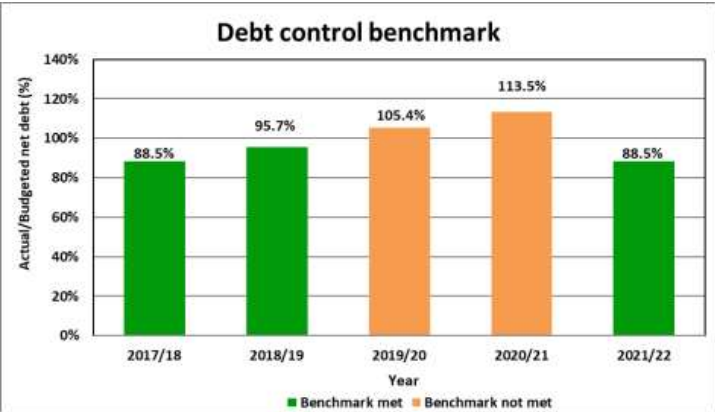


Debt control benchmark

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.

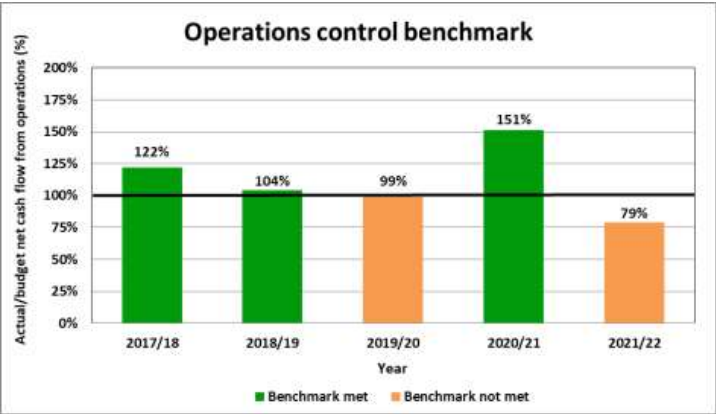
As a result of the decreased capital spend in comparison to budget, actual debt levels are lower than forecast in the Long Term Plan.

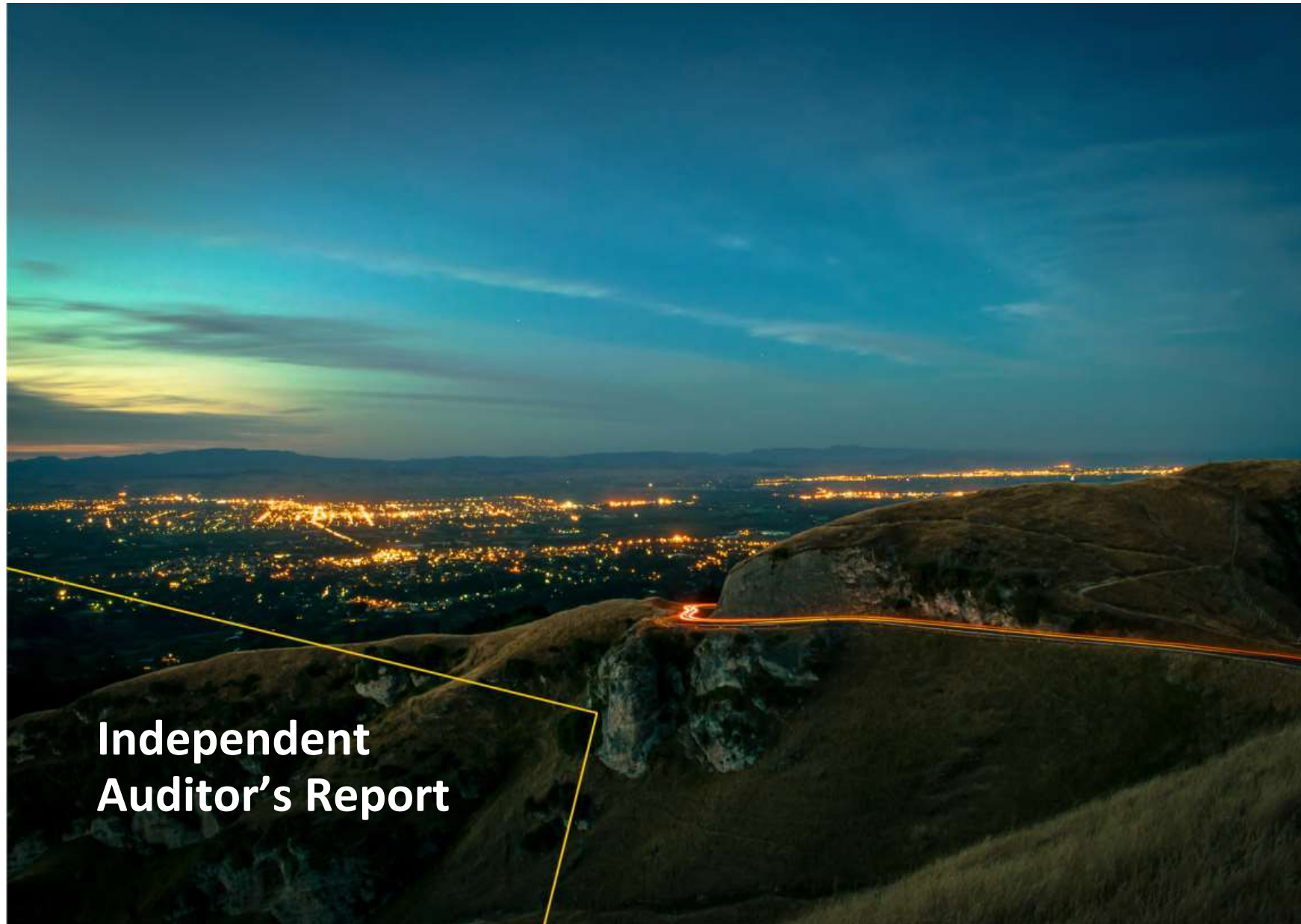


Operations control benchmark

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. Subsidies and grants received were significantly lower than planned in the 2021-31 Long Term Plan, mainly due to lower subsidies received from Waka Kotahi NZTA and delayed progress on other capital projects deferring reception of related subsidies.





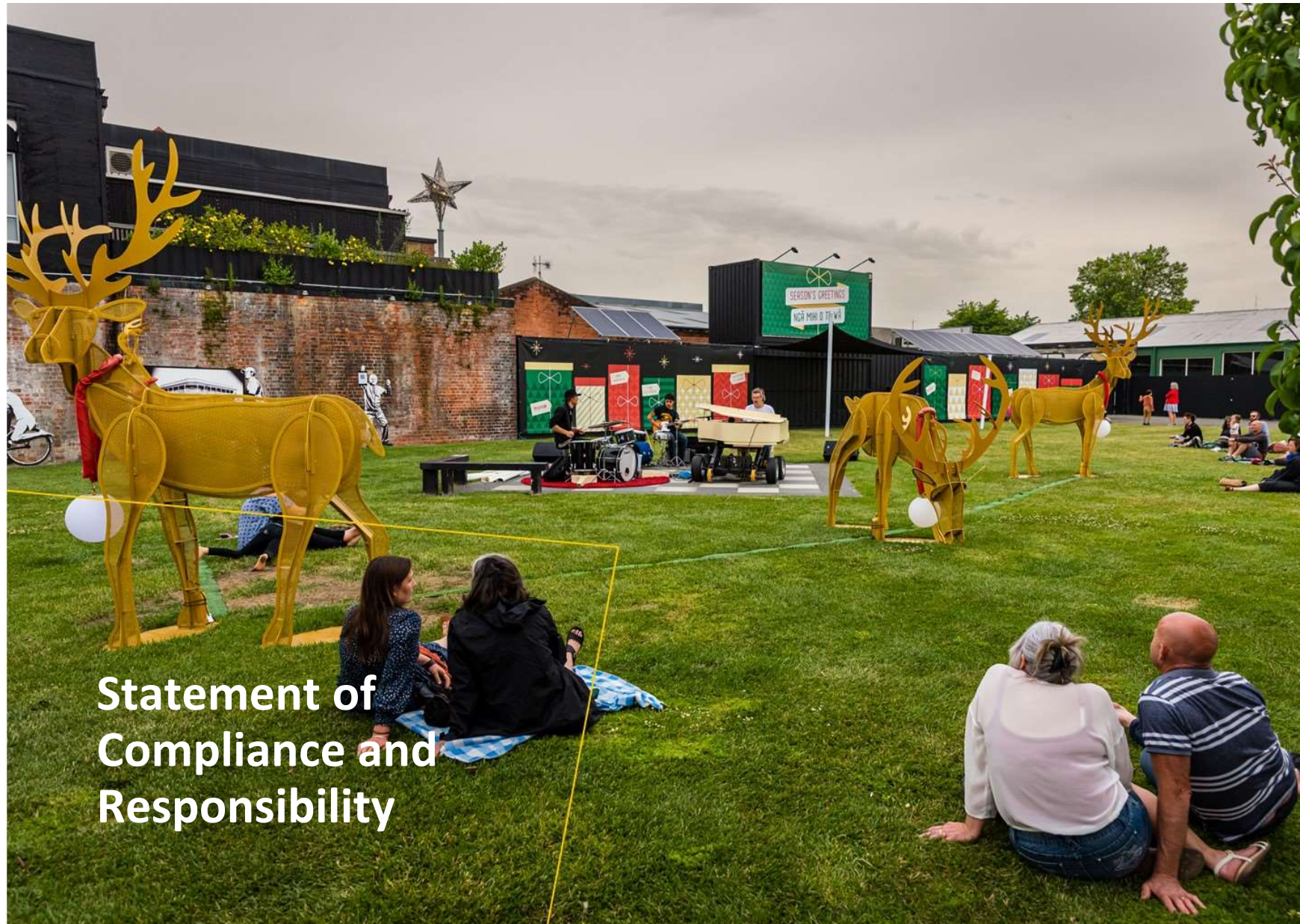
**Independent
Auditor's Report**

Independent Auditor’s Report

To the readers of the Hastings District Council’s annual report for the year ended 31.

[]

[]
[]
On behalf of the Auditor-General
Wellington, New Zealand



**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

- 1) The Council and Management of Hastings District Council accept responsibility for the preparation of the annual Financial Statements and the judgements used in them.
- 2) 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.
- 3) In the opinion of the Council and Management of Hastings District Council, the annual Financial Statements for the year ended 30 June 2022 fairly reflect the financial position and operations of Hastings District Council.

Sandra Hazlehurst
Mayor

To'osavili Nigel Bickle
Chief Executive

Dated: xx October 2022



**Equal Employment
Opportunity Policy**

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.





Directory of Council as at 30 June 2022



**SANDRA
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Deputy Mayor

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Heretaunga Takoto Noa Māori Standing Committee

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

Ms Tania Eden
Mr Mike Paku
Ms Ngaio Tiuka

Council representatives:

Cr Bayden Barber (Deputy Chair)
Mayor Sandra Hazlehurst

Cr Henare O'Keefe
Cr Peleti Oli

Cr Ann Redstone
Cr Geraldine Travers

Directory of Rural Community Board as at 30 June 2022



NICK DAWSON
(CHAIR)

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Kaweka subdivision



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Tutira subdivision



JONATHAN STOCKLEY

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Maraekakaho subdivision



MARCUS BUDDO

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Poukawa subdivision

Council appointees:
Cr Tania Kerr
Cr Sophie Siers

Directory of Senior Management



TO'OSAVILI NIGEL BICKLE

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Chief Executive



BRUCE ALLAN

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Group Manager
Corporate



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Group Manager
People and Capability



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Group Manager
Strategy & Development



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Group Manager
Community Wellbeing & Services



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Marketing and Communications



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Group Manager
Planning & Regulatory Services



CRAIG THEW

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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)

		2021	2022
Land Area		522,893ha	522,893ha
Population (2018 Census)	Source – Statistics NZ	88,000	90,100
Valuations (Net)	Land Value	\$14,427,468,000	\$14,486,029,000
	Improvements	\$12,202,826,600	\$12,513,914,200
	Capital Value	\$26,630,294,600	\$26,999,943,200
Employee Numbers as at 30 June	Permanent Staff	395	396
Total Salary & Wages		\$36,638,779	\$38,493,466
Gross Public Debt		\$205,741,000	\$237,741,000
Gross Debt per Rateable Assessment		\$6,498	\$7,469
Roothing (km)	Sealed Road	1307	1306
	Unsealed Roads	333	340
	State Highways	202	202
Rateable Assessments		31,660	31,831
Rates Levied (incl GST)		\$100,777,028	\$109,347,687

Analysis by Differential Category	Average Rate	Average Land Value	Average Rate	Average Land Value
Rating Area 1 (Urban)				
Residential	\$2,736	\$240,006	\$2,932	\$239,709
Residential Non Urban	\$2,223	\$364,978	\$2,496	\$365,993
Residential Clive	\$2,100	\$229,161	\$2,031	\$229,539
Horticulture / Farming	\$3,826	\$1,140,651	\$4,269	\$1,148,227
Chartered Clubs	\$22,647	\$2,000,000	\$24,879	\$2,000,000
Commercial (CBD)	\$11,774	\$637,274	\$12,953	\$640,609
Other Commercial	\$10,239	\$698,468	\$11,236	\$701,968
Commercial Non Urban	\$11,788	\$1,079,759	\$13,385	\$1,111,651
Rating Area 2 (Rural)				
Residential	\$1,469	\$356,672	\$1,600	\$365,836
Commercial	\$2,060	\$387,042	\$2,310	\$407,533
Lifestyle / Horticulture / Farming	\$3,203	\$1,212,862	\$3,419	\$1,215,185

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 [2021/22 will be 'carried forward' to 2022/23]). 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	IPSAS	International Public Sector Accounting Standards
BPS	Basis 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.	LGFA	Local Government Funding Agency
CR	Councillor	LTP	Long Term Plan or Ten Year Plan
DRA 1	District Rating Area One (Urban Area)	LOS	Level of Service
DRA 2	District Rating Area Two (Rural Area)	NBS	National Building Standard
DWSNZ	Drinking Water Standards New Zealand	NCC	Napier City Council
EERST	Environmental Education for Resource Sustainability	NZGAAP	New Zealand Generally Accepted Accounting Principles
EPB	Earthquake-Prone Building	NZTA	New Zealand Transport Agency
FRS	Financial Reporting Standard	PA	Per Annum
GST	Goods and Services Tax	PBE	Public Benefit Entities
HBRC	Hawke’s Bay Regional Council	PSGE	Post Settlement Governance Entities
HCAG	Hastings City Art Gallery	PTSG	Post Treaty Settlement Groups
HDC	Hastings District Council	QRA	Quantitative Risk Assessment
HPMV	High Productivity Motor Vehicle	SHBT	Sustaining Hawke’s Bay Trust
HPUDS	Heretaunga Plains Urban Development Strategy	UAGC	Uniform Annual General Charge
IFRS	International Financial Reporting Standards	VDAM	Vehicle Dimension and Mass

