

Thursday, 28 March 2024

*Te Hui o Te Kaunihera ā-Rohe o Heretaunga*

**Hastings District Council**

**Performance and Monitoring Committee Meeting**

*Kaupapataka*

# Agenda

*Te Rā Hui:*  
Meeting date: **Thursday, 28 March 2024**

*Te Wā:*  
Time: **9.00am**

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

*Te Hoapā:*  
Contact: **Democracy and Governance Services  
P: 06 871 5000 | E: [democracy@hdc.govt.nz](mailto:democracy@hdc.govt.nz)**

*Te Āpiha Matua:*  
Responsible  
Officer: **Deputy Chief Executive - Bruce Allan**

## Performance and Monitoring Committee – Terms of Reference

### Fields of Activity

The purpose of the Performance and Monitoring Committee is to ensure consolidated and complete reporting and monitoring of all financial and non-financial information and performance measures against the Annual Plan, Long-Term Plan and Council Strategies, Goals and Priorities.

### Membership

- Mayor and 15 Councillors.
- Chair appointed by Council.
- Deputy Chair appointed by Council.
- 1 Rural Community Board member (non-Councillor) appointed by Council.
- 1 Heretaunga Takoto Noa Māori Standing Committee Member appointed by Council.

### Quorum – 9 members

#### DELEGATED POWERS

- 1) Authority to exercise all of Council's powers, functions and authorities (except where prohibited by law or otherwise delegated to another committee) in relation to all matters detailed in the Fields of Activity.
- 2) Authority to exercise all of Council's powers, functions and authorities (except where prohibited by law) at any time when the Chief Executive certifies in a report that;
  - a. the matter is of such urgency that it requires to be dealt with; or
  - b. the matter is required to be dealt with, prior to the next ordinary meeting of the Council.
- 3) Monitor the performance of Council in terms of the organisational targets set in the Long Term Plan and Annual Plan – both financial and nonfinancial.
- 4) Monitor operational performance and benchmarking.
- 5) Undertake quarterly financial performance reviews.
- 6) Develop the Draft Annual Report and carry forwards.
- 7) Monitor and review the performance of Council Controlled Organisations and other organisations that Council has an interest in.
- 8) Monitor and review tender and procurement processes.
- 9) Monitor major capital projects.
- 10) Recommend to Council on matters concerning project decisions where these are identified as a result of the committee's project monitoring responsibilities.
- 11) Delegations of powers to sub-committee(s) if so established.
- 12) Writing off outstanding accounts for amounts exceeding \$6,000 and the remission of fees and charges of a similar sum.
- 13) Settlement of uninsured claims for compensation or damages where the amount exceeds the amounts delegated to the Chief Executive.
- 14) Guarantee loans for third parties such as local recreational organisations provided such guarantees are within the terms of Council policy.
- 15) Authority to exercise the Powers and Remedies of the General Conditions of Contract in respect of the Principal taking possession of, determining, or carrying out urgent repairs to works covered by the contract.
- 16) Grant of easement or right of way over Council property.
- 17) Conversion of terminating leases to renewable leases and the settlement of terms except in the case of leases under the Reserves Act.
- 18) Approve insurance – if significant change to Council's current policy of insuring all its assets.
- 19) Consider and approve constitutions and any shareholder agreements for Council Controlled Organisations and other organisations that Council has an interest in.

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# Agenda

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*Koromatua*

**Chair:** Councillor Michael Fowler

*Ngā KaiKaunihera*

**Councillors:** Ana Apatu, Marcus Buddo (Deputy Chair), Alwyn Corban, Malcolm Dixon, Damon Harvey, Henry Heke, Kellie Jessup, Tania Kerr, Eileen Lawson, Simon Nixon, Wendy Schollum and Kevin Watkins + 2 Vacancies

*Mematanga:*  
**Membership:**

Mayor Sandra Hazlehurst

Hastings District Rural Community Board appointee: Jonathan Stockley (RCB Chair)

Heretaunga Takoto Noa Māori Standing Committee appointee: Vacancy

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*Tokamatua:*

**Quorum:** 9 members

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*Apiha Matua*

**Officers Responsible:**

Deputy Chief Executive – Bruce Allan (Lead)

Group Manager: Asset Management - Craig Thew

Group Manager: Strategy & Development – Craig Cameron

Financial Controller – Aaron Wilson

Chief Information Officer – Warren Perry

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*Te Rōpū Manapori me te Kāwanatanga*

**Democracy &**

Christine Hilton (Extn 5633)

**Governance Services:**

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## *Te Rārangi Take*

# Order of Business

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### 1.0 Opening Prayer – *Karakia Whakatūwheratanga*

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### 2.0 Apologies & Leave of Absence – *Ngā Whakapāhatanga me te Wehenga ā-Hui*

At the close of the agenda no apologies had been received.

Leave of Absences had previously been granted to Councillor Lawson and Councillor Buddo

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### 3.0 Conflict of Interest – *He Ngākau Kōnatunatu*

Members need to be vigilant to stand aside from decision-making when a conflict arises between their role as a Member of the Council and any private or other external interest they might have. This note is provided as a reminder to Members to scan the agenda and assess their own private interests and identify where they may have a pecuniary or other conflict of interest, or where there may be perceptions of conflict of interest.

If a Member feels they do have a conflict of interest, they should publicly declare that at the start of the relevant item of business and withdraw from participating in the meeting. If a Member thinks they may have a conflict of interest, they can seek advice from the General Counsel or the Manager: Democracy and Governance (preferably before the meeting).

It is noted that while Members can seek advice and discuss these matters, the final decision as to whether a conflict exists rests with the member.

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### 4.0 Confirmation of Minutes – *Te Whakamana i Ngā Miniti*

Minutes of the Performance & Monitoring Committee Meeting held Tuesday 21 November 2023.

*(Previously circulated)*

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### 5.0 Hawke's Bay Airport Ltd Draft Statement of Intent and half year report to 31 December 2023 7

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### 6.0 Hawke's Bay REDA Limited Update Report 11

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### 7.0 Hawke's Bay Museums Trust draft Statement of Intent and half year report to 31 December 2023 23

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**8.0 Hawke's Bay Regional Sports Park Trust Update 27**

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**9.0 Quarterly Financial Report for the six months ended 31st December 2023 29**

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**10.0 Performance and Monitoring Report for the quarter ending 31 December 2023 45**

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**11.0 Minor Items – *Ngā Take Iti***

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**12.0 Urgent Items – *Ngā Take Whakahihiri***

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Item 5

*Te Hui o Te Kaunihera ā-Rohe o Heretaunga*

**Hastings District Council: Performance & Monitoring Committee Meeting**

*Te Rārangi Take*

# Report to Performance and Monitoring Committee

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**Nā:**  
**From:** **Bruce Allan, Deputy Chief Executive**

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**Te Take:**  
**Subject:** **Hawke's Bay Airport Ltd Draft Statement of Intent and half year report to 31 December 2023**

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## **1.0 Purpose and summary - *Te Kaupapa Me Te Whakarāpopototanga***

- 1.1 The purpose of this report is to inform the Council of the results of the Hawke's Bay Airport Limited (HBAL) for the six months ended 31 December 2023 and to present the draft HBAL 2024/25 Statement of Intent for consideration.
- 1.2 HBAL is a joint venture between the Crown (50%), Napier City (26%) and Hastings District (24%).
- 1.3 The Council's share of HBAL is a Strategic Asset in Council's Significance and Engagement Policy.
- 1.4 HBAL is required to report to its shareholding partners every six months. The Board Chair, Wendie Harvey and Chief Financial Officer, Rochelle Ham will be at the meeting to present their half year report and draft Statement of Intent and answer any questions that the members of the Committee may have.
- 1.5 The Local Government Act requires all Council Controlled Organisations to prepare a Statement of Intent. A draft is required to be provided by 1 March each year for comment with the final Statement of Intent to be completed by 30 June each year. Clause 3 of Schedule 8 of the Local Government Act 2002 outlines the Board's responsibilities upon receiving comments from the shareholders:

### **3) Completion of statements of intent**

*The board must –*

- a) Consider any comments on the draft statement of intent that are made to it within 2 months of 1 March by the shareholders or by any of them; and
- b) Deliver the completed statement of intent to the shareholders on or before 30 June each year.

1.6 Clause 9 of Schedule 8 of the Local Government Act outlines the contents of a Council Controlled Organisation's Statement of Intent for which HBAL must comply.

#### Half Year Accounts

1.7 Attached as **Attachment 1** is a copy of the report to shareholders for the half year ended 31 December 2023.

1.8 HBAL has reported a half-year after-tax profit of \$1,140,865 which is better than the budgeted profit of \$938,591 for the same period. This result against budget has largely been driven by increased airside and car parking revenue.

1.9 Passenger movements at 331,842 are 5% up on last year and in line with budget. Aeronautical revenue follows the trend of increased passenger numbers and is further supported due to improved landing changes negotiated with Air New Zealand.

1.10 Bank borrowings have decreased to \$25m as at 31 December due to the improved operating result.

#### Statement of Intent

1.11 Council has requested that Officers continue the recent practice of issuing through the shareholding Mayors a Letter of Expectation to the Board of HBAL outlining the Shareholding Councils' expectations for consideration by the Board when they compile the Statement of Intent for 2024/25. Attached as **Attachment 2** is a copy of that joint Letter of Expectation. The draft Letter of Expectation was unfortunately not delivered to the Airport Board in time for their drafting of the Statement of Intent but is attached for information.

1.12 The Board has issued a Strategic Initiatives Letter and this is attached as **Attachment 3** and is cognisant of the issues raised in the Letter of Expectation.

1.13 Attached as **Attachment 4** is the draft Statement of Intent for 2024/25 from HBAL. The Statement of Intent is comprehensive and details its key objectives across their 5 Strategic Pou.

1.14 The HBAL Board is forecasting an improved net profit after tax (NPAT) of \$2.96m in 2024/25 on modest increases in passenger numbers from projected June 2024 numbers of 5%. The Board is forecasting a consistently higher level of capital expenditure over the next three years, continuing the investment into non-airside infrastructure as well as airside infrastructure upgrades delayed due to COVID.

## 2.0 Recommendations - Ngā Tūtohunga

- A) That the Performance and Monitoring Committee receive the report titled Hawke's Bay Airport Ltd Draft Statement of Intent and half year report to 31 December 2023 dated 28 March 2024.
- B) That the Committee receive the Hawke's Bay Airport Limited Half Year report to 31 December 2023.
- C) That the Committee receive the Hawke's Bay Airport Limited draft 2024-2025 Statement of Intent and provide any feedback as required.

### Attachments:



1	<a href="#">↔</a>	Dec 23 Stat Accounts	CG-17-4-00083	Vol 1
2	<a href="#">↔</a>	HDC and NCC Shareholder Expectations for HBAL	CG-17-4-00093	Vol 1
3	<a href="#">↔</a>	HBAL Strategic Issues letter	CG-17-4-00082	Vol 1
4	<a href="#">↔</a>	HB Airport Ltd - Draft SOI as at 29 Feb 24	CG-17-4-00081	Vol 1



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**Hastings District Council: Performance & Monitoring Committee Meeting**

*Te Rārangi Take*

# Report to Performance and Monitoring Committee

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**Nā:** Kim Herrick, Strategic Project Manager  
**From:** Bruce Allan, Deputy Chief Executive

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**Te Take:**  
**Subject:** Hawke's Bay REDA Limited Update Report

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## **1.0 Purpose and summary - Te Kaupapa Me Te Whakarāpopototanga**

This Report updates the Performance and Monitoring Committee on the establishment of the Hawke's Bay REDA (Regional Economic Development Agency) Limited (HBREDA). The Report covers:

- Background
- HBREDA establishment update
- Current activity and next steps
- Funding update

## **2.0 Background**

- 2.1 Councils resolved to fund HBREDA in late 2021. The organisation was to be formed as a tri-party partnership between business, iwi/hapū and local government.
- 2.2 Following legal advice, the legal structure for REDA was confirmed to be a non-council-controlled organisation, limited liability company and governed by an independent skills-based board. Shareholding in the HBREDA company was agreed by Council Chief Executives and the Matariki Governance Group (MGG) to be in equal thirds between business, iwi/hapū and local government.
- 2.3 MGG assumed responsibility for board member appointments, setting up a board appointments panel, and after an extensive search and selection process, appointed the Board in December 2022.
- 2.4 Board members are:
  - Alasdair MacLeod (Chair)
  - Shayne Walker

- Caren Rangī
- Erin Simpson
- Rawinia Kamau

2.5 The Matariki Governance Group was nominated by shareholders, via the HBREDA constitution, as the shareholder representative.

2.6 The funding allocations from Councils is shown in the Table.

Council	Split	Year 1	Year 2	Year 3+
HBRC	29%	454,572	461,899	500,000
HDC	29%	454,572	461,899	500,000
NCC	29%	454,572	461,899	500,000
CHB	8%	122,844	124,824	135,120
WDC	4%	64,440	65,479	70,880
		1,551,000	1,576,000	1,706,000

2.7 Prior to HBREDA's establishment, some of the funds set aside for HBREDA were allocated to the operation of the Business Hub in Ahuriri, shifting the business support agencies to Hastings and setting up a new business hub environment, the Regional Freight Distribution Strategy, consultant support to assess the needs of business post-cyclone, and consultant and legal costs for the establishment of HBREDA.

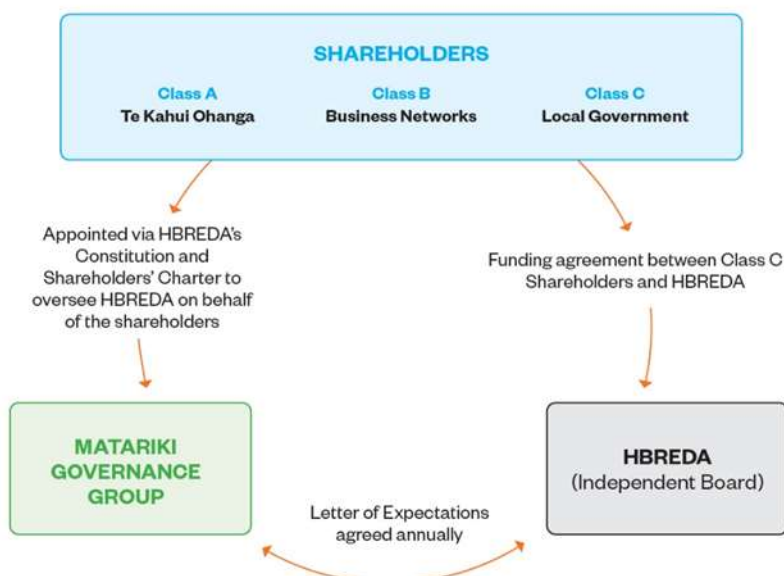
### 3.0 HBREDA establishment update

3.1 Lucy Laitinen was appointed as Chief Executive of HBREDA and commenced on 14<sup>th</sup> August 2023.

3.2 HBREDA was incorporated on 14<sup>th</sup> September 2023 with a constitution that outlined the shareholder arrangements and appointed the Matariki Governance Group as the shareholder representative.

3.3 The Shareholders' Charter was approved at a meeting of shareholders on 23<sup>rd</sup> February 2024. This lays out the governance, reporting, and funding arrangements for the company. The Charter states that the Matariki Governance Group, as the shareholder representative, shall agree an annual Letter of Expectations (LOE) with the HBREDA Board. The process for agreeing the annual letter of expectations must allow for an opportunity for shareholder entities to provide their input/feedback into the letter. The Matariki Governance Group has the final signing authority, on behalf of shareholders.

3.4 HBREDA's governance arrangements are illustrated below:



- 3.5 The Shareholders' Charter lays out eight operating principles to assist HBREDA in determining its work programme (to be detailed in the LOE). The Charter is attached as **Attachment 1**.
- 3.6 The LOE will lay out HBREDA's work programme, performance measures, and reporting requirements. The LOE will be annexed to HBREDA's funding agreement with councils.
- 3.7 Aside from being a shareholder in the HBREDA, Council is also a funder of the HBREDA. There is currently no funding agreement in place between Council and HBREDA due to the expectation that the LOE is appended. It is expected that the LOE will be available in April and a funding agreement will follow. Officers will work with the HBREDA to ensure that a satisfactory agreement is in place between Council and HBREDA that ensures compliance with Section 17A of the Local Government Act 2002, which relates to delivery of services by an entity other than Council.
- 3.8 Council has made it clear to HBREDA that no further funding will be released until the funding agreement is in place and HBREDA have confirmed in writing that once the LOE has been agreed it will be in a position to develop a funding agreement. (**Refer to Attachment 2**).

#### 4.0 Current activity and next steps

- 4.1 HBREDA is currently engaging with shareholders and stakeholders to develop a work plan to be agreed in the annual LOE. The first draft will be presented to Matariki on 5th April 2024 along with a financial update.
- 4.2 In addition to the establishment work REDA has undertaken the following:
- Established Te Rae, the new business hub, which was blessed and opened to the public on 23rd February 2024. Te Rae houses the business support agencies (Chamber of Commerce, NZTE, Business Central, and Export NZ) and HBREDA, and provides six meeting rooms for public hire. HBREDA has partnered with Toi Mairangi to provide gallery space for local artists in the events/meeting space. HBREDA is in the process of taking over the lease on 101 Queen St East from Hastings District Council and re-negotiating licenses to occupy with tenants. HBREDA funds have been put toward the design and fitout of Te Rae. A website and online booking system will go live in the near future. Landlord and operational responsibility for Te Rae will be an ongoing part of HBREDA's responsibilities.
  - Engaged a consultant to conduct a review of Hawke's Bay's telecommunications resilience as a contribution to the regional Recovery so that lessons can be learned from the widespread telecommunications outage that occurred after Cyclone Gabrielle. The report is currently

being reviewed and next steps are being considered – this involves the Regional Recovery Agency, Lifelines, and others.

- Co-hosted, with the Energy Efficiency Conservation Authority, a kick-off event for EECA's regional decarbonisation programme (RETA) in January.
- Supporting the establishment and management of the Matariki secretariat and communications function.
- Contributing to a number of working groups: and initiatives to better understand the wider environment and the value that HBREDA may or may not add, e.g. workforce development (led by MSD) Green hydrogen (led by HBRC), resource recovery and waste infrastructure roadmaps (led by BECA).

## 5.0 Funding update

5.1 To date Council has have funded HBREDA the following:

- \$454,772 August 2022
- \$230,949 August 2023
- A further \$230,949 is due to be invoiced, this will be the final payment until a full funding agreement is in place.

5.2 HBREDA is in the process of setting its budget and clarifying the treatment of pre-incorporation expenses.

5.3 A cashflow summary as at 20 March 2024 is provided below.

HBREDA Cashflows	Year 1		Year 2	
	Actual 2023		As at 20 March 2024	
<b>Cash In</b>				
Council funding rolled over from 2023				821,832
Council funding received	\$	1,551,000	\$	557,051
Other income (sub leasing)			\$	96,200
Council funding to come 2024			\$	1,018,950
<b>Total funding</b>	<b>\$</b>	<b>1,551,000</b>	<b>\$</b>	<b>2,494,032</b>
<b>Cash out</b>				
- Project costs				132,400
- Startup and operating expenditure		667,085		788,389
- Fixed assets		62,083		590,756
Total expenditure		729,168		1,511,545
<b>Cash available</b>		<b>821,832</b>	<b>\$</b>	<b>982,487</b>

It should be noted:

- HBREDA was incorporated on 14 September 2023.
- HBRC assumed financial management of HBREDA's funds for the 2023 financial year and part of the 2024 financial year. This included the commissioning of the Regional Freight Distribution Strategy and the Telecoms resilience projects.
- HBREDA has established it's financial management systems and will assume full financial responsibility from 1 April 2024. The establishment phase is now largely completed.

## 6.0 Recommendations - Ngā Tūtohunga

That the Performance and Monitoring Committee receive the report titled Hawke's Bay REDA Limited Update Report dated 28 March 2024.

### Attachments:

- |   |                   |  |               |
|---|-------------------|--|---------------|
| 1 | <a href="#">↓</a> | HBREDA Shareholders Charter            | CG-17-4-00092 |
| 2 | <a href="#">↓</a> | HBREDA Council Funding Letter 20240306 | CG-17-4-00091 |

















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Thursday, 28 March 2024

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Item 7

*Te Hui o Te Kaunihera ā-Rohe o Heretaunga*

**Hastings District Council: Performance & Monitoring Committee Meeting**

*Te Rārangi Take*

# Report to Performance and Monitoring Committee

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**Nā:**  
**From:** **Bruce Allan, Deputy Chief Executive**

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**Te Take:**  
**Subject:** **Hawke's Bay Museums Trust draft Statement of Intent and half year report to 31 December 2023**

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## **1.0 Purpose and summary - *Te Kaupapa Me Te Whakarāpopototanga***

- 1.1 The purpose of this report is to receive the Hawke's Bay Museums Trust Half-Year Report to 31 December 2023 and draft Statement of Intent for 2024/25.
- 1.2 The Trust's Chair, Dr Richard Grant, will attend this meeting to answer any questions from members of the Committee.
- 1.3 The Trust is a Council Controlled Organisation with most of its funding provided by the Napier City and Hastings District Councils.
- 1.4 The Hastings District Council's appointment to the Trust is Mr George Lyons who was appointed to the Trust by Council in November 2013. This appointment is normally addressed through the appointment process following the triennial elections and Mr Lyons was reappointed in 2022.
- 1.5 The current trustees of the Hawke's Bay Museums Trust are:
  - Dr Richard Grant (Chair)
  - Tania Wright (NCC)
  - George Lyons (HDC)
  - Jeanette Kelly
  - Nigel How
- 1.6 As required under the Local Government Act 2002, the Trust is to provide a draft Statement of Intent for comment by 1 March each year and a half-year report within 60 days of the end of the first six months.

- 1.7 The objectives of the Trust, amongst other things, are to hold, protect and manage the regional collection for the people of Hawke's Bay including overseeing the collection development through acquisition and disposal of collection items. The Trust Board governs on a high-level strategic direction basis to ensure the objectives of the Trust are being met and have a Management Agreement with Napier City Council for the care and management of the regional collection.

#### Half-Year Report

- 1.8 The Trust's financial statements for the six months to 31 December 2023 are attached as **Attachment 1**. Note 12 to the accounts provides a comparison to the current year's Statement of Intent budget. The half-year surplus is primarily driven interest revenue and other grants received. The Council grants have largely covered the Trust's operations.

#### Statement of Intent

- 1.9 The draft HBMT 2025-2027 Statement of Intent (attached as **Attachment 2**) contains the following performance indicators and targets for the key result areas:
- **Protection** – including storage, security and records management;
  - **Quality** – including conservation, accessioning and de-accessioning;
  - **Access** – including ensuring the collection is available for exhibitions, research and archives; and
  - **Development** – including fundraising, reserves management and stakeholder relations.
- 1.10 It is expected that following a review of the Governance arrangements for the Trust, that a complete and thorough review of KPIs and objectives will be undertaken to reflect the new operating environment.
- 1.11 The Trust's strategic intentions are consistent with the prior year, including the intention to find a solution to develop long-term storage for the collection. This issue is being resolved with the purchase and redevelopment of 307 Queen Street into a fit-for-purpose storage and research facility.

#### Joint Working Group

- 1.12 The Hastings District Council continues to participate in a Joint Working Group with Napier City Council that is to consider the future structure of the Hawke's Bay Museums Trust, its funding, the storage of the collection, and the role of the MTG Hawke's Bay in the display of the collection.
- 1.13 Gemco Construction have commenced construction on the new Hawke's Bay Museum Research and Archives Centre and, at the time of writing, were on budget and on time.
- 1.14 The Joint Working Group continues to work on the future governance arrangements with the help of consultants Morrison Low, although progress has been delayed. It is expected that staff and consultant availability will allow this to be finalised for Council consideration later in 2024.

## 2.0 Recommendations - Ngā Tūtohunga

- A) That the Performance and Monitoring Committee receive the report titled Hawke's Bay Museums Trust draft Statement of Intent and half year report to 31 December 2023 dated 28 March 2024.
- B) That the Committee receives the Hawke's Bay Museums Trust Half-Year Report to 31 December 2023.
- C) That the Committee receives and provides any feedback to the Hawke's Bay Museums Trust on the Draft 2025-27 Statement of Intent.



**Attachments:**

1 <a href="#">↗</a>	HBMT 31 December 2023 Financial Report	CG-17-4-00086	Vol 1
2 <a href="#">↗</a>	HBMT Statement of Intent 2025-2027	CG-17-4-00085	Vol 1



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**Hastings District Council: Performance & Monitoring Committee Meeting**

*Te Rārangi Take*

# Report to Performance and Monitoring Committee

**Nā:** Naomi Fergusson, Group Manager: Marketing & Communications  
**From:** Bruce Allan, Deputy Chief Executive

**Te Take:**  
**Subject:** Hawke's Bay Regional Sports Park Trust Update

## **1.0 Purpose and summary - *Te Kaupapa Me Te Whakarāpopototanga***

- 1.1 The Hawkes Bay Regional Sports Park Trust will provide a verbal update and presentation to the Committee on the Mitre 10 Parks operations, activities, and strategic direction.
- 1.2 The Chief Executive Glenn Lucas and Chair Tania Kerr will be present to make the presentation and answer questions.

## **2.0 Recommendations - *Ngā Tūtohunga***

- A) That the Performance & Monitoring Committee Meeting receive the report titled Hawke's Bay Regional Sports Park Trust Update dated 28 March 2024.
- B) That the Committee receive the verbal update from the Hawke's Bay Regional Sports Park Trust.

### **Attachments:**

There are no attachments for this report.



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**Hastings District Council: Performance & Monitoring Committee Meeting**

*Te Rārangi Take*

# Report to Performance and Monitoring Committee

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*Nā:*  
From: **Aaron Wilson, Financial Controller**

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*Te Take:*  
Subject: **Quarterly Financial Report for the six months ended 31st December 2023**

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## **1.0 Purpose and summary - *Te Kaupapa Me Te Whakarāpopototanga***

- 1.1 The purpose of this report is to inform the Performance and Monitoring Committee of the financial result for the six months ended 31st December 2023.
- 1.2 Due to the uncertainties around the impacts of cyclone Gabrielle at the time the 2023/24 Annual Plan was prepared Council chose to adopt the pre-cyclone draft budget and given the uncertainties that surrounded the extent of the cyclone recovery to exclude costs associated with the cyclone from its Annual Plan budgets. The reason for this approach was to allow Council to take more time to plan for the cyclone recovery and to allow for a multi-year approach to funding the costs of the cyclone recovery.
- 1.3 As was noted in the first quarter report some initial modelling on the costs of recovery post the annual plan adoption was undertaken whereby the 2023/24 Annual Plan budget was adjusted to allow for recovery costs where possible. The modelling indicated that with the inclusion of recovery costs and the financing thereof, Council was likely to incur a significant deficit for the 2023/24 financial year. Also, given the rating deficit incurred in 2022/23, there were no rates funded carry forwards available for projects or programmes that had not been completed.

### Forecast year-end result

- 1.4 A 2023/24 year-end forecast has been completed (see section 5) which, excluding Cyclone Gabrielle costs and revenues, shows a potential \$17m unfavourable full year variance against the Annual Plan which presented a budgeted surplus of \$21.9m. The 2023/24 forecast financial position is a \$4.8m surplus.

- 1.5 Note this forecast year result is not the rating result normally presented to Council in September as it includes the impacts of higher depreciation costs and lower development contributions revenue for example.
- 1.6 The forecast result has been driven in particular by;
- Lower Development Contribution and BAU (Business as Usual) Subsidies revenues
  - Higher interest costs driven by higher debt levels and higher interest rates than were forecast in the Annual Plan budgets.
  - A higher depreciation expense due to asset revaluations in the 2022-23 Annual report.
  - Increased operating costs due to the demolition costs of Heretaunga House which is to be loan funded.
  - A number of other operational impacts that have arisen in the current inflationary and cyclone recovery environment.
- 1.7 Council's overall financial performance for the half year ended 31<sup>st</sup> December 2023 is a small favourable variance of \$296k to budget, this is inclusive of Cyclone Gabrielle costs and reimbursements due so far.
- Half Year result - YTD
- 1.8 Overall, the revenue is \$46m higher than the YTD budget and expenditure is \$45.7m higher than the YTD budget giving a net favourable variance of \$296k. The main driver for the size of the expenditure and revenue variance is the unbudgeted cyclone recovery costs and revenues so these have been reported separately.
- 1.9 The impact of Cyclone Gabrielle at both the regional and Hastings District level cannot be understated, with Council moving fully into the recovery phase. As well as direct recovery costs additional support resources have been needed across the organisation to manage the impact of the additional recovery work streams on the organisation. Much of this additional cost incurred in supporting the organisation has not been recognised as a Cyclone cost but absorbed into BAU.
- 1.10 In addition, Council's Annual Plan includes a large capital programme of \$149m which will, on its own, significantly increase Council debt and this new debt is now costing more than was forecast in the Annual Plan. The size of this base capital programme will impact on debt levels and the financing costs will impact directly on the LTP budgets Council is currently considering. The local share of the roading recovery and the category 3 property buyouts will add further to Council's debt position.
- 1.11 Due to the cyclone impacts and other decisions made by Council, the opening debt as at 1 July 2023 was \$23m higher than the Annual Plan forecast (\$292m compared to \$269m) and interest rates have continued to increase when there was an expectation that interest rates would start to reduce earlier. This means that financing costs are increasing rapidly. The extra costs of the cyclone recovery will exacerbate this.
- 1.12 The 2023/24 Annual Plan forecast the debt as at June 2024 to be \$322m. As at 31st December the Council debt is \$353m. Whilst the forecast shows Council capital programme not being fully completed, Council will be funding its share of recovery costs, with officers estimating closing debt to be approximately \$400m.

## 2.0 Recommendations - Ngā Tūtohunga

That Performance and Monitoring Committee receives the report titled Quarterly Financial Report for the six months ended 31st December 2023 dated 28 March 2024.

### 3.0 Background – Te Horopaki

- 3.1 The financial result is reported on quarterly during the year and at year end a report is prepared on the financial as well as the rating result. The rating result differs from the quarterly financial result in respect of non-cash items such as depreciation, vested assets and development contributions are not included.
- 3.2 This financial report is governance focussed and allows significant variances to be highlighted with explanations provided in a way that is easy to read and understand through dashboard analytics and commentary.
- 3.3 The Financial Report attached to supplement this report: **Attachment 1** – Dashboard Summary of Financial Performance.
- 3.4 If Councillors require clarification on any points, please contact the writer, Chief Financial Officer or Deputy Chief Executive prior to the meeting to ensure complete answers can be given at the meeting on the detail in these reports.

### 4.0 Discussion – Te Matapakitanga

- 4.1 Set out below is a summary of the operating financial results for the first 6 months to 31<sup>st</sup> December 2023. The financial results detailed below do not reflect the potential rating result for 2023/24 as this requires separate calculations that are completed at year-end. However, based on the forecast just completed, it is likely that Council will record a significant unfavourable forecast result when compared to annual plan for the current 2023/24 financial year due to the factors referred to in the summary.

Hastings District Council Statement of Comprehensive Revenue and 31 Dec 2023						
Previous YTD Actuals (\$'000)		YTD Actuals (\$'000)	YTD Budgets (\$'000)	YTD Variance (\$'000)	Revised Budget (\$'000)	Full Year Annual Plan (\$'000)
	<b>Revenue</b>					
50,870	Rates	55,719	55,658	61	111,317	111,317
17,585	Fees, charges & metered water supply	19,450	20,628	(1,178)	40,276	40,655
10,051	Subsidies and Grants	13,943	24,241	(10,298)	51,749	45,003
2,584	Development and financial contributions	2,218	6,069	(3,851)	12,139	12,139
179	Interest revenue	1,129	-	1,129	-	-
289	Other revenue	333	298	35	1,583	1,583
81,558	Total Operating Revenue	92,793	106,894	(14,102)	217,064	210,697
-	Non Realised Gains	-	-	-	-	-
81,558	<b>Total Revenue</b>	92,793	106,894	(14,102)	217,064	210,697
	<b>Expenditure</b>					
20,910	Personnel Costs	22,597	23,281	684	46,630	46,018
26,276	Depreciation & Amortisation Expense	30,074	26,335	(3,739)	52,671	52,671
4,707	Finance Costs	8,433	5,004	(3,429)	10,008	10,008
41,601	Other Operating Costs	44,728	40,286	(4,442)	76,918	80,007
93,493	<b>Total Expenditure</b>	105,833	94,907	(10,926)	186,227	188,703
(11,935)	Surplus/(Deficit) Excl Cyclone Gabrielle	(13,040)	11,987	(25,028)	30,836	21,993
-	Cyclone Gabrielle - Net Revenue & Expense	25,264	(60)	25,324	(90)	(90)
(11,935)	<b>Surplus/(Deficit)</b>	<b>12,223</b>	<b>11,927</b>	<b>296</b>	<b>30,746</b>	<b>21,903</b>

Note: The cyclone net forecast looks positive as it includes subsidies on substantial road renewal expenditure (Capital expenditure).

- 4.2 The year-to-date (YTD) result above is presented against the revised budget. The full year revised and Annual Plan budgets are included for comparison. The revised budget includes changes and decisions made during the year on Council budgets. The most significant change in the revised budget comes from the inclusion of capital subsidies for the transport choices programme.
- 4.3 The impact of expenditures and revenues for cyclone Gabrielle have been excluded to provide a view against Council's BAU activities.

Overall YTD result including cyclone recovery

- 4.4 Council's overall financial performance is \$296k favourable to YTD budget for the quarter ended 31<sup>st</sup> December 2023. The overall results are impacted by Cyclone Gabrielle recovery costs and revenues through to the end of the first half of the year. Revenues in the statement of Comprehensive Revenue include subsidies on capital projects so the additional subsidies on recovery roading projects means that there is more cyclone related revenues than costs in the above summary.
- 4.5 Overall revenue is \$46m favourable to the YTD budget and expenditure is \$45.7m unfavourable to YTD budget (including depreciation). Excluding the cyclone, revenue is \$14.1m unfavourable whilst expenditure is \$10.9m unfavourable.

Overall YTD result excluding cyclone recovery

- 4.6 The YTD variance against the revised budget for BAU activities is \$25m unfavourable. \$10m of this is in subsidies and grants which are due to a mixture of the cyclical nature of road expenditures (the budget includes subsidies on capital projects). Specific commentary on variances is included under the revenue and expenditure sections.
- 4.7 For clarity, cyclone costs have been separated out and the revenue and expense tables in the next section also have the cyclone impacts split out in a separate line to show the cyclone impact which provides a clearer picture of how business as usual is tracking.

Revenue YTD

- 4.8 The second quarter year to date revenue excluding cyclone impact is \$14.1m unfavourable in the context of total revenue budgeted for the six months to December, at \$106.9m, or 13.6% of YTD budget.

<b>Total Revenue as at 31st December 2023</b>	<b>Actual Ytd (\$'000)</b>	<b>Budget Ytd (\$'000)</b>	<b>Variance Ytd (\$'000)</b>
Rates (Budget)	55,719	55,658	61
Fees, charges & metered water supply charges	19,450	20,628	-1,178
Subsidies and Grants	13,943	24,241	-10,298
Development and financial contributions	2,218	6,069	-3,851
Interest revenue	1,129	0	1,129
Other revenue	333	298	35
<b>Total Revenue excl Cyclone Gabrielle</b>	<b>92,793</b>	<b>106,894</b>	<b>-14,102</b>
Cyclone Gabrielle Revenue	<b>60,137</b>	<b>0</b>	<b>60,137</b>
<b>Total Revenue</b>	<b>152,929</b>	<b>106,894</b>	<b>46,035</b>

Note: See separate section on cyclone costs and revenues.

- 4.9 Fees & Charges are \$1.18m unfavourable, with the main drivers being:
- Planning and Regulatory services are unfavourable to budget by \$559k driven by lower than budgeted building consent fees (\$678k) along with lower environmental consents (189k). The lower revenue in consent fees is driven by a lower number of consents received than budgeted. Parking revenues offset some of this impact as fees and infringements are favourable by \$298k.
  - Aquatics (Pools) are unfavourable to budget by \$156k. This is mainly a shortfall in fees from council's aquatic centres due the impact of the new Regional Sports park pool taking significant revenues from HDC aquatic centres.



- 4.10 Subsidies and Grants in terms of standard BAU are \$10.3m unfavourable through the first six months of the year which are driven by funding changes due to the new government direction. The programmes that were budgeted for included “Transport Choices, and streets for Schools. Offsetting the revenue shortfall is the reduced capital spend that was budgeted for these projects.
- 4.11 Development contributions are lower than budget by \$3.8m and are \$462k behind the same period last year, despite significant increases to the development contribution charges introduced through the LTP amendment in 2023. This is an area that is sensitive to changes in the overall market conditions and we have seen a slowdown in building and subdivision activity. The Reserve Bank’s current monetary policy settings are intended to slow down spending activity and combined with the current cost of construction, the residential market has got out of alignment with the cost of land and construction costs for new builds significantly outstripping the existing housing stock. As the development contributions are used to repay growth expenditure debt Council will need to monitor and adjust where possible the growth expenditure plans to match changes in the overall market.
- 4.12 The cyclone revenue is mainly driven by the NZTA subsidies on local roading repairs and asset renewals \$53.6, Government funding for property compensation costs \$3.1m and other Gabrielle funding support from Red Cross, and other agencies of \$3.1m. See table in section 6 for breakdown.
- 4.13 Expenditure:

<b>Total Expenditure as at 31st December 2023</b>	<b>Actual Ytd (\$'000)</b>	<b>Budget Ytd (\$'000)</b>	<b>Variance Ytd (\$'000)</b>
Personnel Costs	22,597	23,281	684
Depreciation	30,074	26,335	-3,739
Finance Costs	8,433	5,004	-3,429
Other Operating Costs	44,728	40,286	-4,442
<b>Total excl Cyclone Gabrielle</b>	<b>105,833</b>	<b>94,907</b>	<b>-10,926</b>
Cyclone Gabrielle Costs	<b>34,873</b>	<b>60</b>	<b>-34,813</b>
<b>Total Expenditure</b>	<b>140,706</b>	<b>94,967</b>	<b>-45,739</b>

- 4.14 Overall expenditure excluding the impact of the cyclone is tracking unfavourably year to date for the first six months by \$10.9m. Main drivers include:
- 4.15 Depreciation costs are higher than budget by \$3.7m and is driven by increases in asset values for the water services and transport assets. The 2024-34 LTP will consider how Council addresses the increasing gap between the value of the depreciation expense and the rates collected for renewals. Noting that depreciation is a non-cash expense and is a general indication of the level of renewal spend that Council should be incurring.
- 4.16 Personnel costs are favourable to budget by \$684k due to a number of vacancies across Council activities.
- 4.17 Finance costs are higher than budget and this is reflective of both the increasing average cost of debt and higher than budgeted levels of debt. The increase in the average cost of debt is due to the cyclical raising of the OCR rate by the Reserve Bank Governor, however the average cost of debt is being managed with approximately 60% of council’s current debt held with fixed interest instruments at historical rates in line Council’s Treasury Policy. Council’s average cost of borrowing has increased to 5.12%.
- 4.18 The net increase in finance costs against budget of \$3.4m less interest revenue of \$1.1m is \$2.3m to 31<sup>st</sup> December. The \$2.3m net variance is reflective of how the balance of the year will pan out and as such a budget deficit on net financing costs forecast to be more than \$4.9m by year end. Interest costs have been exacerbated by borrowings incurred by Council with the roading recovery works while finalising the crown funding agreement. Staff are currently working with the Crown Infrastructure Partners to find a solution to mitigate these additional financing costs.

- 4.19 Other operating costs excluding cyclone costs were unfavourable to budget by \$4.4m and were mainly driven by:
- 4.20 Contracted Services costs were \$3m unfavourable to budget for the first 6 months with those areas of spend being the Heretaunga House Demolition as at end of December being \$1.6m, higher transport maintenance costs of \$1.1m along with some higher maintenance costs at Splash Planet. Noting that the Heretaunga House demolition was approved through Council to be funded by debt and the higher transport maintenance will have a corresponding subsidy allocation at the prevailing rates.
- 4.21 It should be noted that the Heretaunga House demolition, and Splash Planet grounds project were approved prior to the current financial year but remained unbudgeted.
- 4.22 Areas of note:
- 4.23 Toitoti: Operationally the 2022/23 financial year for Toitoti was a difficult one with the budget having been set without a full year's operations to base the budget on. This year has seen a number of the previous year's issues rectified with the budget being adjusted to reflect more closely the operating environment. Excluding finance costs Toitoti is currently \$238k behind budget. This includes higher costs for electricity and gas of \$88k.
- 4.24 Building Control: The Building Control activity is seeing a continuation in the reduction in consent numbers following on from the last year, with a 15% fall in consent numbers from the previous quarter and has resulted in lower than budgeted revenue in the first quarter of \$329k.
- 4.25 Splash Planet: The bulk of the revenues for this activity is received in the months of January. Early indications are that, while Splash Planet may achieve its budgeted revenue, the costs will exceed budget leaving a funding deficit against budget for the year. A separate report will be prepared to advise on the activities and likely financial result for the year.

## 5.0 FORECAST to 30 June 2024

- 5.1 Financial forecasts to year end have been undertaken by officers based off actuals to 31<sup>st</sup> December 2023 and projections for the remaining 6 months and are based on the best information available at that time. Preparing year-end forecasts requires a number of assumptions to be made. The purpose of the forecast is to give an indication of Council year-end financial position and provide Council with the ability to adjust activities in response to what is being forecast if that is achievable. There are still a number of uncertainties that may influence the final year-end result.
- 5.2 The following table shows the overall position with a year-end forecast in the right-hand column.

Hastings District Council Statement of Comprehensive Revenue and 31 Dec 2023							
Previous YTD Actuals (\$'000)		YTD Actuals (\$'000)	YTD Budgets (\$'000)	YTD Variance (\$'000)	Revised Budget (\$'000)	Full Year Annual Plan (\$'000)	Full Year Forecast (\$'000)
	<b>Revenue</b>						0
50,870	Rates	55,719	55,658	61	111,317	111,317	111,317
17,585	Fees, charges & metered water supply	19,450	20,628	(1,178)	40,276	40,655	40,556
10,051	Subsidies and Grants	13,943	24,241	(10,298)	51,749	45,003	43,481
2,584	Development and financial contributions	2,218	6,069	(3,851)	12,139	12,139	8,310
179	Interest revenue	1,129	-	1,129	-	-	1,446
289	Other revenue	333	298	35	1,583	1,583	1,599
81,558	Total Operating Revenue	92,793	106,894	(14,102)	217,064	210,697	206,710
-	Non Realised Gains	-	-	-	-	-	-
81,558	<b>Total Revenue</b>	92,793	106,894	(14,102)	217,064	210,697	206,710
	<b>Expenditure</b>						0
20,910	Personnel Costs	22,597	23,281	684	46,630	46,018	46,626
26,276	Depreciation & Amortisation Expense	30,074	26,335	(3,739)	52,671	52,671	55,296
4,707	Finance Costs	8,433	5,004	(3,429)	10,008	10,008	16,272
41,601	Other Operating Costs	44,728	40,286	(4,442)	76,918	80,007	83,670
93,493	<b>Total Expenditure</b>	105,833	94,907	(10,926)	186,227	188,703	201,863
(11,935)	Surplus/(Deficit) Excl Cyclone Gabrielle	(13,040)	11,987	(25,028)	30,836	21,993	4,846
-	Cyclone Gabrielle - Net Revenue & Expense	25,264	(60)	25,324	(90)	(90)	43,842
(11,935)	<b>Surplus/(Deficit)</b>	12,223	11,927	296	30,746	21,903	48,688

**Note:** See statement of capital expenditure for the forecast capital expenditure for the year.

5.3 The table below highlights the main drivers for the forecasted variance to annual plan:

Forecast 30th June 2024	\$'000
<b>Main Forecast vs Annual Plan Variances</b>	
<b>Revenue</b>	
Subsidies & Grants	1,522
Development Contributions	3,899
Other Movements	-1,434
<b>Total Revenue Variance to Plan</b>	<b>3,987</b>
<b>Expenditure</b>	
Interest Costs	6,264
Depreciation	2,625
Other Operating costs	3,663
Other Movements	608
<b>Total Expenditure</b>	<b>- 13,160</b>
<b>Total Forecast variance to Annual Plan</b>	<b>17,147</b>

5.3.1 There has been continuing pressure on revenues from Development Contributions, along with increased costs of capital spend leading to higher debt, therefore higher finance costs.

5.3.2 When the non-cash item (depreciation) is excluded the cash shortfall, the amount that will be funded from additional Council borrowing, is projected to be \$14.522m for the year exclusive of the net cost of cyclone recovery.

## 6.0 Cyclone Gabrielle summary of funding received and spend committed

- 6.1 As at 31 December ten months have passed since Cyclone Gabrielle hit the Hawke's Bay region on the 13-14 February 2023. The initial response and early recovery have focussed on restoring basic services to the community and meeting critical needs.
- 6.2 As reported in the last quarter, Council is now able to move from the reactive stages of recovery which focussed on restoration, to a more proactive, strategic phase, where the council can properly plan, monitor, and report on its recovery programme.
- 6.3 Coordination of the recovery work will be achieved through the framework of the Recovery Pou. Pou are workstreams where agencies with closely aligned work programmes can achieve oversight and synchronisation of the work. Council has decided to use the Pou in its reporting framework as much of the work needs to be achieved in partnership with other agencies.
- 6.4 This section is to give the committee an ongoing overview of the impact of the cyclone in terms of the Council finances and shows the funding received and the expenditure incurred or committed on a "to date" basis. It is not designed to be a complete overview section of the operational activities that Council are currently engaged in relating to the cyclone, as there is a specific recovery project that will report to the Strategy and Recovery Committee on a regular basis.
- 6.5 The table below shows what costs have been incurred for the current year along with what reimbursements or subsidies have been received for those costs. Note that in some areas like the Category 3 buyouts and the Whanau Community Resilience Pou, funding has been received in advance of it being spent and by year end related expenses will match off against the revenue received.

Summary of cyclone recovery costs and revenue up to 31 December 2023						
	Infrastructure Resilience ('000)	Category 3 Buyout ('000)	Whanau Community Resilience ('000)	Environmental resilience ('000)	Other recovery ('000)	Total ('000)
Revenues	53,654	3,142	3,135		206	60,137
Operating Expenditure	31,415	1,005	1,256	283	914	34,873
Capital Renewal Costs	26,771					26,771
<b>Surplus/Deficit</b>	<b>(4,532)</b>	<b>2,137</b>	<b>1,879</b>	<b>(283)</b>	<b>(708)</b>	<b>(1,507)</b>

Note: Timing of funding received is the reason for bottom line Surplus Deficit along with the local share of infrastructure

- 6.6 The following table shows the forecast cyclone recovery expenditure and revenues for the full year.

Cyclone Gabrielle	Forecast ('000)
Revenues	125,283
Operating Expenditure	81,442
<b>Net Forecast</b>	<b>43,841</b>
Capital Spend	85,206
<b>Shortfall to be funded by Debt</b>	<b>(41,365)</b>

- 6.7 The forecast shows a net cyclone recovery cost of \$41m for the year that will need to be funded from additional Council borrowings. The main driver for this is the estimated cost of property compensation payments. While expenditures for the first 3 months were low activity is ramping up and Council must fund 50% of the cost of these transactions. Staff are working with Crown Infrastructure Partners to redirect funding previously allocated from the 3 Waters Better Off Funding (\$7.8m) to support Councils recovery costs. Current indications are that this request is being treated favourably and any receipt of funds will be used to reduce operational deficits incurred through the community recovery efforts and debt funding required for the local share of the transport recovery programme.

## 7.0 Additional expenditure approved by Council

- 7.1 There are a number of additional expenditure items that have been approved across Council activities, both in BAU (Business as usual) and also due to Cyclone Gabrielle. Councillors has asked for visibility of these additional items in our quarterly financial reporting.
- 7.2 The table below shows the additional approved spend by Opex, Capex.
- 7.3 Cyclone Gabrielle costs are being reported separately in the previous section. The cyclone recovery costs and funding were not included in the 2023-24 Annual Plan budgets.
- 7.4 The following table shows additional expenditure approvals (excluding cyclone costs) that were not included in the 2023-24 Annual Plan. These form part of the variances against budget reflected in the result to date and in the forecast end year result.

<b>Additional Operational Expenditure</b>		
	<b>2023-24</b>	<b>How Funded</b>
Bi-elections for Council Resignations	174,000	Rates / Election Reserve
Heretaunga House Demolition	3,023,000	Loan approved in 2022-23
150th Anniversary of Hastings	123,500	Grant, Reserves/Deficit
Lease costs for additional office space	248,000	Rates
Building Activity Review Costs	23,200	Rates
Riskpool Call	122,967	LAPP Reserve & rates
	<b>3,714,667</b>	
<b>Additional Capital Expenditure</b>		
	<b>2023-24</b>	<b>Funded</b>
Havelock North Streams\Tainui Reserve	1,100,000	Loan Funds
Laneway and property acquisitions	1,360,000	Loan Funds / CBD Targeted Rate
HB Museum & Archives Project	1,335,000	Loan Funds
Urgent Waste water treatment plant renewals	2,770,000	Loan Funds
LPR System	300,000	Parking Revenue/Reserve
Waiaroha Carpark	150,000	Loan Funds
Karamu Rd Fitout	105,000	Rates\Deficit
Transportation New Works	1,678,976	99% Subsidy
Cemetery Plant and equipment	157,064	Rates/Reserve
Total Capital	<b>8,956,040</b>	
<b>Total Additional costs (Operating + Capital)</b>	<b>12,670,707</b>	
<b>Funded by</b>		
External funding from		
NZTA _ Transport Choices	1,662,186	
Council funding from		
LAPP reserve	109,000	
CBD Targeted Rate Reserves	1,360,000	
Additional Borrowing requirement	9,539,521	
	<b>12,670,707</b>	

## 8.0 Capital Spend

- 8.1 Council's total revised capital budget (including carry forwards, renewals, new works and growth projects) for 2023/24 is \$148m. This compares to the Annual Plan budget of \$149m. This level of expenditure is a significant increase on what has been delivered previously by Council and there is risk associated with the ability of Council to deliver on this programme.
- 8.2 While the total size of the programme is similar to the annual plan the mix and funding has changed with the growth related spend dropping by \$23m and new works increasing by \$21m. Part of the change in the revised budget is linked to subsidies and grants received for capital projects that were not in the original Annual Plan.
- 8.3 As noted in the table below actual capital spend against budget for BAU shows a \$49m spend against year-to-date budget of \$71m. Renewals for BAU are \$9.5m behind expected spend YTD, with infrastructure for transport and sewerage the main contributors to the underspend.
- 8.4 In New works BAU whilst water supply and Building management are ahead of budget, Transport has a \$6m underspend. \$26.7m of Transport capital spend has occurred under for the Cyclone Gabrielle infrastructure projects. In addition, as noted in the lower subsidies and grants revenue comment some projects that were budgeted for that were to be subsidised by Waka Kotahi are now not going to be completed due to the reduction in funding.
- 8.5 The forecast total spend for BAU currently sits at \$136.7m which is \$11m lower than the budget. This compares to a \$20m under-delivery currently being assumed in modelling for the 2024-34 LTP. Given the continuing challenges in delivering on the capital plan it is quite likely that the actual capital spend as at June 2024 will be lower than that forecast.
- 8.6 Projects by Activity within the three types of capital spend are shown below:

## Summary of Capital Spend as at 31 Dec 2023

Item 9

	YTD Actuals (\$000)	YTD Budgets (\$000)	YTD Variance (\$000)	% Spent to Total Revised Budget	Year End Forecast ('000)	Annual Plan ('000)	Revised Budgets
<b>COUNCIL CAPITAL</b>							
Renewals	17,914	27,454	9,540	33%	53,827	55,603	54,917
New Works	25,327	27,666	2,338	42%	52,928	39,128	60,151
Growth	5,918	16,454	10,536	18%	29,918	55,176	32,907
<b>CAPITAL SPEND excl CYCLONE</b>	<b>49,159</b>	<b>71,574</b>	<b>22,414</b>	<b>33%</b>	<b>136,674</b>	<b>149,907</b>	<b>147,975</b>
Cyclone Gabrielle	26,772	-	(26,772)	-	85,206	-	-
<b>TOTAL CAPITAL SPEND</b>	<b>75,931</b>	<b>71,574</b>	<b>(4,358)</b>	<b>51%</b>	<b>221,880</b>	<b>149,907</b>	<b>147,975</b>
<b>SUMMARY</b>							
	YTD Actuals (\$000)	YTD Budgets (\$000)	YTD Variance (\$000)	% Spent to Total Revised Budget	Year End Forecast ('000)	Annual Plan ('000)	Revised Budgets
<b>RENEWALS</b>							
Sewerage and the treatment and disposal of s	6,610	8,540	1,930	39%	17,441	18,126	17,081
Roads & Footpaths	5,507	9,489	3,981	29%	18,616	18,635	18,977
Water Supply	1,739	2,828	1,088	31%	6,087	3,879	5,655
Building & Property Management	1,332	2,106	774	32%	4,562	4,212	4,212
Parks & Reserves	803	1,071	269	37%	2,109	2,143	2,143
Governance & Corporate Support	604	858	254	37%	1,345	3,484	1,654
Aquatic Facilities	463	935	472	25%	583	1,870	1,870
Rest of Council - Renewals	855	1,627	772	26%	3,084	3,254	3,324
<b>TOTAL RENEWALS</b>	<b>17,914</b>	<b>27,454</b>	<b>9,540</b>	<b>33%</b>	<b>53,827</b>	<b>55,603</b>	<b>54,917</b>
<b>NEW WORKS</b>							
Water Supply	6,978	4,356	(2,622)	80%	10,851	1,017	8,712
Building & Property Management	6,056	1,917	(4,139)	158%	7,762	3,835	3,835
Parks & Reserves	3,487	5,443	1,956	38%	4,693	9,067	9,187
Solid Waste	2,874	2,948	74	39%	5,936	7,396	7,396
Roads & Footpaths	2,811	8,816	6,005	16%	9,735	8,406	17,632
Arts & Culture	1,364	1,590	226	17%	8,500	4,700	8,200
Aquatic Facilities	895	262	(632)	170%	1,724	525	525
Rest of Council - New Works	861	2,332	1,471	18%	3,728	4,183	4,665
<b>TOTAL NEW WORKS</b>	<b>25,327</b>	<b>27,666</b>	<b>2,338</b>	<b>42%</b>	<b>52,928</b>	<b>39,128</b>	<b>60,151</b>
<b>GROWTH</b>							
Roads & Footpaths	2,755	3,783	1,028	36%	11,332	10,777	7,566
Stormwater Disposal	1,580	1,944	364	41%	3,959	1,546	3,888
Sewerage and the treatment and disposal of s	1,108	6,755	5,647	8%	11,225	36,153	13,510
Water Supply	454	3,249	2,795	7%	2,163	5,256	6,498
Parks & Reserves	20	723	703	1%	1,240	1,445	1,445
Rest of Council - Growth	-	-	-	-	-	-	-
<b>TOTAL GROWTH</b>	<b>5,918</b>	<b>16,454</b>	<b>10,536</b>	<b>18%</b>	<b>29,918</b>	<b>55,176</b>	<b>32,907</b>
<b>CYCLONE GABRIELLE</b>							
Cyclone Gabrielle	26,772	-	(26,772)	-	85,206	-	-
<b>TOTAL CYCLONE</b>	<b>26,772</b>	<b>-</b>	<b>(26,772)</b>	<b>-</b>	<b>85,206</b>	<b>-</b>	<b>-</b>
<b>TOTAL CAPITAL</b>	<b>75,931</b>	<b>71,574</b>	<b>(4,358)</b>	<b>51%</b>	<b>221,880</b>	<b>149,907</b>	<b>147,975</b>

Treasury

- 8.7 Council's total gross debt position as at 31st December was \$353m. Liquidity level was 111% as at the end of December. The forecast year end debt position is expected to be approximately \$400m.
- 8.8 With the expectation that debt will continue to increase in line with budgets and that forecast, officers have increased the stand-by banking facility held with Westpac from \$30m to \$45m in order to maintain liquidity levels within Council's Treasury Policy.
- 8.9 Council is currently compliant with its Treasury Management Policy limits. The Risk and Assurance Committee reviews and monitors Council's treasury performance and policy on a quarterly basis with advice from Bancorp Treasury Services.

### Attachments:

- 1 [↓](#) Quarterly Dashboard 2nd Quarter December 2023      FIN-09-01-24-219











Thursday, 28 March 2024

*Te Hui o Te Kaunihera ā-Rohe o Heretaunga*

**Hastings District Council: Performance & Monitoring Committee Meeting**

*Te Rārangi Take*

# Report to Performance and Monitoring Committee

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**Nā:**  
**From:** Bruce Allan, Deputy Chief Executive

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**Te Take:** Performance and Monitoring Report for the quarter ending 31  
**Subject:** December 2023

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## 1.0 Purpose and summary - *Te Kaupapa Me Te Whakarāpopototanga*

- 1.1 The purpose of this report is to present the Performance and Monitoring Report to the Committee for the second quarter of 2023/24 ending 31 December 2023.
- 1.2 The Performance and Monitoring Report and appendices are attached as **Attachment 1** and provide a comprehensive overview of Council's activities.

## 2.0 Recommendations - *Ngā Tūtohunga*

That the Performance and Monitoring Committee receive the report titled Performance and Monitoring Report for the quarter ending 31 December 2023 dated 28 March 2024.

### Attachments:

[1](#) Performance and Monitoring Report Q2 Final CG-17-4-00094 Vol 2