

Thursday, 19 September 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, 19 September 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**

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.

Thursday, 19 September 2024

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Agenda

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, Hana Montaperto-Hendry, Simon Nixon, Wendy Schollum, Heather Te Au-Skipworth and Kevin Watkins

Mematanga:

Membership:

Mayor Sandra Hazlehurst

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

Heretaunga Takoto Noa Māori Standing Committee appointee: Vacancy

Tokamatua:

Quorum:

9 members

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

Te Rōpū Manapori me te

Kāwanatanga

Democracy &

Governance Services:

Christine Hilton (Extn 5633)

Te Rārangi Take

Order of Business

1.0 Opening Prayer – *Karakia Whakatūwheratanga*

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

An apology from Councillor Watkins has been received.

At the close of the agenda no requests for leave of absence had been received.

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.

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

Minutes of the Performance & Monitoring Committee Meeting held Thursday 25 July 2024.

(Previously circulated)

5.0 Hastings Cyclone Gabrielle Mayoral Relief Fund Report

7

6.0 Exemption of Council Controlled Status for Council Controlled Organisations.

13

7.0 Unaudited Financial Year End Results 30 June 2024

19

8.0 Health, Safety & Wellbeing Annual Report - 2023/2024 **39**

9.0 Minor Items – *Ngā Take Iti*

10.0 Urgent Items – *Ngā Take Whakahihiri*

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

Nā:
From: Kevin Carter, Community Grants and Partnerships Advisor

Te Take:
Subject: Hastings Cyclone Gabrielle Mayoral Relief Fund Report

1.0 Purpose and summary - Te Kaupapa Me Te Whakarāpopotanga

- 1.1 The Hastings Cyclone Gabrielle Mayoral Relief Fund opened to the public on the 27th March 2023. The fund is now fully allocated and closed.
- 1.2 The Hastings Cyclone Gabrielle Mayoral Relief Fund was introduced to properly distribute donations made to specifically support the Hastings District rather than the larger Regional Hawke’s Bay Disaster Relief Trust. The Hawke’s Bay Disaster Relief Trust was led by Hawke’s Bay Regional Council and distributed \$8,811,641, 65% of that supported the Hastings District (**Attachment 2**)
- 1.3 This Hastings Cyclone Gabrielle Mayoral Relief Fund was set up to assist residents, businesses or groups who had been affected by the cyclone or supporting the recovery.
- 1.4 Applications were assessed by the Community Grants Advisor and approved by the Mayoral Relief Fund Allocation Committee made up of a minimum of three Councillors delegated by the Mayor.
- 1.5 The Hastings Cyclone Gabrielle Mayoral Relief Fund distributed a total of \$2,075,270 over 13 allocation meetings directly to individuals affected by the cyclone or community groups supporting the response or the ongoing recovery. (**Attachment 1**)
- 1.6 55 grants were made to community groups, hapu and marae including:

Applicant	Cyclone Related Project	Amount
Bay View Volunteer Collective	Bay View Volunteer Collective - Fuel	\$4,272
Small Hall Sessions	9 rural community wellbeing events in the Hastings District	\$9,000
Waiohiki Arts Village	Waiohiki Arts Village recovery	\$10,000
HB Clean Up Crew	HB Clean Up Crew, cleaning supplies and PPE	\$10,000
One Voice Community Services Trust	Cyclone relief support for families	\$4,000
Kōtuku Creative	A Rising Tide, trauma resources for HB schools	\$5,000
Piringa Hapu Authority	Flood impacted property clean up at Omaha Marae	\$5,000
Nightsong	Free access transport for schools affected by Cyclone Gabrielle	\$6,000
Meal Drive Hawke’s Bay	Meal Drive 2023	\$5,000
Puketapu School Parent League	Trauma counselling at Puketapu School	\$6,000

Hawke's Bay Search & Rescue Squad	Equipment & operating costs, replacement of broken equipment	\$5,000
Hawkes Bay comedy nights	Wellbeing comedy nights in cyclone affected rural communities	\$3,000
Tūtira School	Tutira Hub supplies and replacement of damaged school equipment	\$1,000
HB Readers & Writers Charitable Trust	Pearl in a Whirl! cyclone affected school visits	\$2,000
The Evergreen Foundation	Lucy Hone wellbeing event	\$3,000
Bay View Community Trust	Bayview community fun day	\$500
Flaxmere Baptist Church Community Trust	Welfare parcels for red & yellow stickered homes	\$10,000
Pūtōrino Community	Pūtōrino kids family fun day	\$2,000
Waiohiki Community Patrol	Waiohiki Community Patrol	\$5,000
Student Volunteer Army	Disposable overalls and PPE supplies	\$544
Rapid Relief Team NZ	Farmers Community Connect Day	\$2,242
Matapiro Hall	Replacement of water in community hall water tank	\$1,020
Radio Hawke's Bay	Emergency Broadcast System project	\$2,000
Haumoana Community	Haumoana community wellness afternoon	\$1,000
Prima Volta Charitable Trust	Free access to The Magic Flute in concert	\$3,000
The Lucky Little Pig	The Lucky Little Pig children's book in schools	\$3,000
Hawke's Bay & East Coast Aero Club (Inc)	Replacement of damaged equipment	\$10,000
Flaxmere Baptist Church Community Trust	Christmas parcels for additional red & yellow stickered homes	\$16,620
Bay View Community Charitable Trust Inc	Christmas event for impacted families	5,000
Rissington Volunteer Fire Crew	To support the Rissington Christmas community barbeque	\$2,000
The Holt Forest Trust Arboretum	Damage to The Holt Forest Trust Arboretum in Waikōau	\$5,000
Cyclone Commemoration Events	Tangoio, Petane, Waiohiki, Omāhu & Mōteo Marae	\$9,000
HB Knowledge Bank and Radio Hawke's Bay	Cyclone Gabrielle oral history pilot project	\$21,416
Hukarere Girls' College	Life101 Launchpad for cyclone affected students	\$1,470
Waikōau Hall	Waikōau Hall funding support	\$150
Arts Inc Heretaunga	Cyclone Recovery grant to support artists	\$20,000
The Dinner Club	Support for cyclone book launch	\$200
Ngā Toi Hawke's Bay Charitable Trust	Artists Collective Hub, cyclone support	\$20,000
Bay Cities' Symphonic Band	Bay Cities' Symphonic Band - cyclone recovery costs	\$5,000
Te Pōhue & Districts Community Trust	Table & chairs for the Te Pōhue community hub	\$9,995
HB Readers & Writers Charitable Trust	Hawke's Bay Readers and Writers Festival cyclone recovery costs	\$6,000
Sustaining Hawke's Bay Trust	Sustainable HB Education Centre - cyclone response	\$20,000
Radio Hawke's Bay	Community Voice - cyclone recovery costs	\$7,200
Orange Sky New Zealand Limited	Laundry service for displaced and homeless communities	\$20,000
Good Bitches Charitable Trust	Support for operations in cyclone affected communities	\$8,000
KidsCan Charitable Trust	Alleviating poverty in cyclone affected schools	\$15,000
The Acorn Project Hawke's Bay	2024 Activities, including cyclone recovery costs	\$5,077
Lifelink/Samaritans Incorporated	Operational costs for our 24/7 free helpline for the Hastings area.	\$5,000
South Africans Hawke's Bay	Emergency equipment for new migrants	\$2,000
Number 11 Squadron Air Training Corps	Cadet Training and cyclone recovery costs	\$3,000
One Voice Community Services Trust	Community Support for cyclone affected communities	\$20,000
Tautai Pasefika Hawke's Bay Services	Pasefika 'Aute Centre (PAC) cyclone support	\$19,980
Bellyful New Zealand Trust	Support for operating in cyclone affected communities	\$5,000
Omāhu School	Omāhu school library project	\$20,000
Cyclone Gabrielle Stories Collective	Cyclone Gabrielle Stories Project	\$4,000

- 1.7 686 individual relief payments of \$2,000 were made to directly owners of stickered properties totalling \$1,372,000 and 56 additional hardship grants totalling \$163,453 were made directly to individuals affected by the cyclone. This was supported by a \$1,492,000 donation from the Hawke's Bay Disaster Relief Trust. **(Attachment 2)**
- 1.8 The Mayoral Relief Fund Allocation Committee approved the full closure of the fund on the 24th July 2024 and approved the allocation of the remaining \$99,658 from the Hastings Cyclone Gabrielle Mayoral Relief Fund to be used for future cyclone commemoration projects yet to be confirmed.

2.0 Recommendations - Ngā Tūtohunga

That the Performance and Monitoring Committee receive the report titled Hastings Cyclone Gabrielle Mayoral Relief Fund Report dated 19 September 2024.

Attachments:

- 1 [↓](#) Hastings Cyclone Gabrielle Mayoral Relief Fund Report CG-17-4-00150

Thursday, 19 September 2024

Item 6

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

Nā:
From: **Jess Noiseux, Strategic Financial Advisor**

Te Take:
Subject: **Exemption of Council Controlled Status for Council Controlled Organisations.**

1.0 Executive Summary – Te Kaupapa Me Te Whakarāpopototanga

- 1.1 The purpose of this report is to seek decisions in regard to exempting the following Council Controlled Organisations (CCO) from being CCOs for reporting purposes under the Local Government Act:
- Hastings District Holdings Ltd (HDHL);
 - Hastings District Properties Ltd (HDPL);
 - Hawke’s Bay Opera House Limited (HBOH);
 - Te Mata Park Trust Board; and
 - Hawke’s Bay Local Authority Shared Services Limited (HBLASS).
- 1.2 The Council is required to give effect to the purpose of local government as set out in section 10 of the Local Government Act 2002. That purpose is to enable democratic local decision-making and action by (and on behalf of) communities, and to promote the social, economic, environmental, and cultural wellbeing of communities in the present and the future.
- 1.3 This report concludes by recommending that all CCOs outlined above continue to have exemption from being a CCO under the Local Government Act 2002 (LGA).

2.0 Recommendations - Ngā Tūtohunga

- A) That the Performance and Monitoring Committee receive the report titled Exemption of Council Controlled Status for Council Controlled Organisations. dated 19 September 2024.

- B) That the Committee approve pursuant to Section 6(4)(i) and Section 7 of the Local Government Act 2002, that the following CCOs be exempted from being Council Controlled Organisation for three years to 30 June 2026:
- i. Hastings District Holdings Ltd; and
 - ii. Hastings District Properties Ltd.
- C) That the Committee approve pursuant to Section 6(4)(i) and Section 7 of the Local Government Act 2002, that the following CCOs be exempted from being Council Controlled Organisation for three years to 30 June 2027:
- i. Te Mata Park Trust Board;
 - ii. Hawke’s Bay Local Authority Shared Services Limited; and
 - iii. Hawke’s Bay Opera House.
- D) That the Committee approve pursuant to Section 6(4)(i) and Section 7 of the Local Government Act 2002, that the Hawke’s Bay Opera House Limited be exempted from being Council Controlled Organisation for three years period ending 30 June 2024.

3.0 Background – Te Horopaki

- 3.1 The LGA allows a Local Authority to exempt organisations from being CCOs to relieve unnecessary statutory monitoring and reporting requirements for small organisations as outlined in the LGA. The following are the relevant sections of the LGA:

“7 Exempted organisations

(3) A local authority may, after having taken account of the matters specified in subsection (5), exempt a small organisation that is not a council-controlled trading organisation, for the purposes of section 6 (4)(i).

(4) An exemption must be granted by resolution of the local authority.

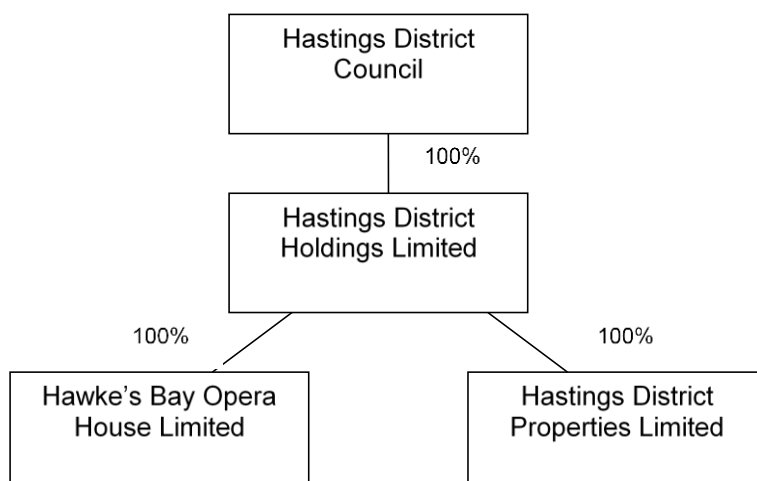
(5) The matters are –

(a) the nature and scope of the activities provided by the organisation; and

(b) the costs and benefits, if an exemption is granted, to the local authority, the council-controlled organisation, and the community.”

- 3.2 The LGA identifies monitoring and reporting requirement for CCOs which includes half yearly and annual reports plus an annual Statement of Intent.
- 3.3 The Te Mata Park Trust Board is a charitable trust that owns and manages Te Mata Peak and is a CCO as the trust deed enables Hastings District Council to appoint all the trustees. This means that Council has effective control of the Trust Board and its assets. However, in practical terms the Trust Board is allowed to get on with the maintenance and development of Te Mata Park.
- 3.4 HBLASS is a dormant company whose shareholders are the five Hawke’s Bay Councils. It was first incorporated in 2012 with a purpose of identifying functions and analysing opportunities for shared services and joint procurements across the Hawke’s Bay Councils.
- 3.5 In 2018 the five Councils proposed an alternative structure to save time and resources, the Chief Executive Forum. The purpose of which continues to be to work together on improving service and value for the Hawke’s Bay region through collaboration. Subsequently HBLASS was made a dormant company in 2018 and exempted from the requirements imposed on CCOs under section 7 of the LGA.

- 3.6 HDHL, HBOH and HDPL form part of the Hastings District Council group as detailed below with all companies currently inactive.



- 3.7 HDHL was exempted due to the closure of the Hawke's Bay Opera House for earthquake strengthening and the decision to wind down the operations of HDPL due to insufficient activity by the company. The Hawke's Bay Opera House was exempted after it was closed for earthquake strengthening. When HBOH reopened in 2023, its operations were amalgamated within Council activity groups and Hawke's Bay Opera House Limited remains a dormant company.

4.0 Discussion – *Te Matapakitanga*

- 4.1 All entities were previously exempted, with exemptions limited to just three years before Council is required to reconsider these exemptions.
- 4.2 HBLASS, HBOH, HDHL and HDPL are dormant companies with no activities in the last three years.
- 4.3 The Te Mata Trust Board is a small entity with limited turnover. For the year ended 30 June 2024 the Trust Board generated income of \$121,954 before donations and other fundraising income related to capital works. Income received included rental income, insurance claims and interest income.
- 4.4 HDHL and HDPL were last exempted in December 2020 for the three-year period ending 30 June 2023. These entities are overdue for an exemption status review. This paper is prepared to request that they continue to be exempted from being a CCO from 30 June 2023 for a further three years to 30 June 2026.
- 4.5 HBOH was last exempted in May 2018, when it was closed to undergo seismic strengthening, for a period of three years to 30 June 2021 and was not trading until being reopened last year. It is overdue for an exemption status review. This paper is prepared to request that HBOH be exempted from being a CCO from 30 June 2024 for a further three years to 30 June 2027, and that HBOH be retrospectively approved as exempted from being a CCO for the three-year period ending 30 June 2024.
- 4.6 The Te Mata Park Trust Board and HBLASS were last exempted in 2021 for the three-year period ending 30 June 2024 and are now due for an exemption status review. This paper is prepared to request that they continue to be exempted from being a CCO from 30 June 2024 for a further three years to 30 June 2027.
- 4.7 Should the current situation change for any of these entities, Council can simply resolve to remove these exemptions requiring the entities to report as required under the LGA.

Attachments:

There are no attachments for this report.

Summary of Considerations - He Whakarāpopoto Whakaarohanga

Fit with purpose of Local Government - E noho hāngai pū ai ki te Rangatōpū-ā-Rohe

The Council is required to give effect to the purpose of local government as set out in section 10 of the Local Government Act 2002. That purpose is to enable democratic local decision-making and action by (and on behalf of) communities, and to promote the social, economic, environmental, and cultural wellbeing of communities in the present and for the future.

[Link to the Council's Community Outcomes – Ngā Hononga ki Ngā Putanga ā-Hapori](#)

NA

Māori Impact Statement - Te Tauākī Kaupapa Māori

NA

Sustainability - Te Toitūtanga

NA

Financial considerations - Ngā Whakaarohanga Ahumoni

NA

Significance and Engagement - Te Hiranga me te Tūhonotanga

This decision/report has been assessed under the Council's Significance and Engagement Policy as being not of significance.

Consultation – internal and/or external - Whakawhiti Whakaaro-ā-roto / ā-waho

NA

Risks

Opportunity: NA

REWARD – Te Utu	RISK – Te Tūraru
N/A	N/A

Rural Community Board – Te Poari Tuawhenua-ā-Hapori

NA

Thursday, 19 September 2024

Te Hui o Te Kaunihera ā-Rohe o Heretaunga

Hastings District Council: Performance & Monitoring Committee Meeting

Item 7

Te Rārangi Take

Report to Performance and Monitoring Committee

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

Te Take:
Subject: **Unaudited Financial Year End Results 30 June 2024**

1.0 Executive Summary – *Te Kaupapa Me Te Whakarāpopototanga*

- 1.1 The purpose of this report is to inform the Performance and Monitoring Committee of the unaudited accounting and rating result for the year ended 30 June 2024 and for the Committee to approve the allocation of the rating result. The Hastings District Rural Community Board will consider the recommendations submitted to it on 16th September 2024 relating to the year-end rating result for Rating Area 2 (RA2).
- 1.2 Council is provided with quarterly financial reports during the year with the unaudited year-end result presented annually at the September Performance and Monitoring Committee meeting.
- 1.3 Officer's report on the operating financial result (operating surplus/deficit) as well as the rating result. The operating (accounting) financial result is reported quarterly during the year, and at year end a report is prepared on the rating result in addition to the accounting result.
- 1.4 The rating result differs from the accounting result in respect of non-cash items such as depreciation, gains or losses on interest rate swaps, vested assets, impairment of assets and investments and development contributions income which have no impact on setting rates and are therefore excluded from the rates calculations. The rating result reports on the variance of rates collected and net total expenditure (including capital and reserve transfers) for Council.
- 1.5 Given the uncertainties that surrounded the impacts of the cyclone with the estimated recovery costs and the related funding of the impacts of cyclone Gabrielle, the 2023/24 Annual Plan was prepared on the basis of the pre-cyclone draft budget. This 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. As such, it was expected that there would be some significant variances to budget.

- 1.6 With the inclusion of recovery costs and the financing thereof, Council has incurred a significant deficit for the 2023/24 financial year.
- 1.7 As was reported in the 3rd Quarter financial update, the presentation of the financial results has also been modified to separate out performance on continuing operations from other one-off funding sources linked to the capital programme. This aligns the format of reporting actuals to the new modified balanced budget ratio included in the Financial Strategy in the 2024-34 LTP. In addition, as has been the case previously, Cyclone Gabrielle costs and revenues have been reported on separately.
- 1.8 A brief summary of the draft year end result is as follows:
- Council's cash position on operations is \$8.2m worse than budget.
 - The non-cash depreciation expense is \$9.1m higher than budget from the 2022/23 asset revaluation.
 - The revenues to support capital projects are \$17.2m lower than budget. This is due to the changed timing of projects, so the capital expenditure linked to these revenues has not been incurred.
 - Net unbudgeted revenues for cyclone recovery expenditure are \$37.6m, (mainly subsidies on capital expenditure).
- 1.9 The key variances in the year end result have been driven in particular by:
- Higher interest costs driven by higher debt levels and higher interest rates than were forecast in the Annual Plan budgets.
 - Increased operating costs due to the demolition costs of Heretaunga House which is loan funded. The demolition costs were approved by Council in the previous financial year but did not make it into the 2023/24 budget.
 - A number of other operational impacts that have arisen in the current inflationary and cyclone recovery environment, including insurance, electricity, and contract costs.
 - Higher depreciation expense due to asset revaluations in 2022-23.
 - A reduction in Development Contribution and capital subsidies revenues.
- 1.10 The indicative overall Rating result for the 2023/24 year is unfavourable to budget, the combined general rate and targeted rate deficits is \$10.95m. The result is unaudited and indicative at this stage and consequently there may be some variation to the figures in the result.
- 1.11 This report concludes by recommending that, in line with the financial strategy in the LTP 2024-34 the RA1 deficit be funded by debt, with the RA2 Deficit being funded from RA2 reserves. Debt being the accepted practice in dealing with deficits in the future. Where a surplus should occur that, that surplus be used to repay debt.
- 1.12 The Financial Reports attached to supplement this report include:
- Attachment 1** – Interim Rating Result for the year ended 30 June 2024
Attachment 2 – Dashboard Summary of Financial Performance
- 1.13 The financial reports contain summarised information. **Please feel free to contact the report writer or the CFO directly on any specific questions from the reports before the meeting.** This will ensure that complete answers can be given at the meeting on the detail that forms the basis for these reports.

2.0 Recommendations - Ngā Tūhunga

- A) That the Performance and Monitoring Committee receive the report titled Unaudited Financial Year End Results 30 June 2024 dated 19 September 2024.
- B) That the Committee approve that the funds arising from the Rating Area 2 deficit for the 2023/24 financial year, as considered by the Hastings District Rural Community Board, align with the overall allocation resolved by the Performance and Monitoring Committee.
- (C) That in line with the 2024-34 Long Term Plan financial strategy, it is recommended that the Rating Area 1 deficits incurred from the general rate and the targeted rates be funded by debt, with the Rating Area 2 deficit to be funded from Rating Area 2 reserves as detailed in the table below:

	RA1	RA2	Total
Total Surplus (Deficit) on General Rate	(\$5,213,898)	(\$210,944)	(\$5,424,842)
Allocation of General Rate Surplus/ (Deficit):			
Debt funding required	\$5,213,898		\$5,213,898
Rural Flood & Emergency Event Reserve		\$57,181	\$57,181
Transportation NZTA Fund Reserve		\$153,763	\$153,763
Total Surplus/(Deficit) on Targeted Rate	(\$5,531,271)	\$6,109	(\$5,525,162)
Allocation of Targeted Rate Surplus/ (Deficit)			
Debt funding required/Offset	\$5,531,271	\$6,109	\$5,525,162

a.

3.0 Discussion – Te Matapakitanga

The Rating Result

- 3.1 The split between the General and Targeted rating groups, is shown in the following tables. The General Rate applies to rates income collected from all properties and are allocated on a variety of basis, including on land value or as a fixed charge. Targeted rates are generally isolated to properties that receive or contribute to a particular service and any funds collected for those activities are ring fenced for that purpose.

Description	Total	Rating Area One	Rating Area Two
General Rating Result – surplus(deficit)	(\$5,424,842)	(\$5,213,898)	(\$210,944)
General Rate Result for 2023/24	(\$5,424,842)	(\$5,213,898)	(\$210,944)

- 3.2 There have been deficits across a number of activities within Council that have contributed to the overall general rate deficit with the detail covered in Summary by Areas of Activity of Council.

- 3.3 There have also been significant cost pressures incurred on the activities funded through targeted rates and in particular in the areas of water supply and wastewater. For the year ended 30 June 2024 the targeted rate areas incurred deficits totalling \$5.5m.

Description	Total	Rating Area One	Rating Area Two
Targeted Rate Surplus (Deficit)	(\$5,525,162)	(\$5,531,271)	\$6,109
Targeted Rate Result for 2023-24	(\$5,525,162)	(\$5,531,271)	\$6,109

- 3.4 The combination of the two rating deficits is a total rates deficit of \$10.95m. Recommendations have been made to the Rural Community Board on how to deal with the RA2 deficit which is to fund the deficit by way of utilising existing RA2 Reserves.

Description	Total	Rating Area One	Rating Area Two
Total Overall Rating Surplus (deficit) for 2023/24 against rating budgets	(\$10,950,004)	(\$10,745,169)	(\$204,835)

- 3.5 It should be noted that the rating result is based on the actual results measured against the rating budgets that were set, the rates funding expected to be received and the expenditure budgets that were approved for the 2023/24 year.
- 3.6 The long-term Plan (LTP) 2024-2034, financial strategy that was adopted by Council in July 2024, has a number of key changes in Council's approach to funding expenditure. The practice of setting aside funds in reserves and using these "reserves" to fund projects is no longer fit for purpose. Council is a net borrower of funds and does not have any separate investments to support its reserves, so any utilisation of reserves results in an increase in external borrowings.
- 3.7 A pillar of the Financial Strategy adopted in the LTP is that Council will only create and hold reserve funds where:
- There is a legal requirement to do so (restricted reserves such as trusts and bequests).
 - There is a need to manage separate funds such as selected targeted rates and reserves for the Joint Landfill committee.
 - And no reserve balance shall be allowed to go into deficit.
- 3.8 As part of the introduction of this revised approach most existing reserve accounts will be closed and any deficit balances will be converted to debt with interest costs incorporated in budgets.
- 3.9 With these key changes being adopted through the LTP process it is recommended that the RA1 deficits incurred from the general rate and the targeted rates are funded by debt, with the RA2 deficit to be funded from RA2 Reserves as detailed in the table below:

	RA1	RA2	Total
<u>Total Surplus (Deficit) on General Rate</u>	(\$5,213,898)	(\$210,944)	(\$5,424,842)
<u>Allocation of General Rate Surplus/ (Deficit):</u>			
Debt funding required	\$5,213,898		\$5,213,898
Rural Flood & Emergency Event Reserve		\$57,181	\$57,181
Transportation NZTA Fund Reserve		\$153,763	\$153,763
<u>Total Surplus/(Deficit) on Targeted Rate</u>	(\$5,531,271)	\$6,109	(\$5,525,162)

Allocation of Targeted Rate Surplus/ (Deficit)			
Debt funding required/offset	\$5,531,271	\$6,109	\$5,525,162

The Unaudited Accounting Result

- 3.10 Set out below is a summary of the 2023/24 unaudited accounting result as at 30 June 2024. Noting that this is not the same as the rating result. The budget below is against the Annual Plan as required by the accounting standards.

Unaudited Statement of Financial Performance 2023/24	Budget Council \$'000	Actual Council \$'000	Variance
Operating Revenue	210,492	310,705	100,213
Less: Operating Expenditure	188,793	301,689	112,896
Net Surplus/(Deficit)	21,699	9,016	(12,683)
Unrealised movement on Interest Rate Swaps	-	(1,016)	(1,016)
Net Surplus/(Deficit) after Swaps	21,699	8,000	(13,699)
Gain/(Loss) Revaluations & Other Movements	75,235	288,136	212,901
Total Comprehensive Revenue & Expense	96,934	296,136	199,202

- 3.11 It is quite common for Council to budget a net surplus before gains and losses on revaluations as Council typically generates revenue to fund its capital programme as well.
- 3.12 The draft unaudited financial result for the year ended 30 June 2024, before gains or losses on revaluations, is an accounting surplus of \$8m with an unfavourable variance to the budget of \$13.5m. The accounts include all funding received from government agencies relating to Cyclone Gabrielle, and all cyclone related operating expenditure.
- 3.13 Revaluations:
- 3.14 There were three revaluations undertaken this year. These were for Roothing, Land & Buildings and Library assets. There has been a significant uplift in terms of Roothing assets of \$274.8m along with an increase in Land & Building assets of \$13.5m.
- 3.15 In the current 2024 financial year there has been an increase in the value of Roothing assets of \$274.8m with the primary causes of this change being:
- Change in bridge valuation standard replacement cost unit rate to reflect rates quoted to Council's for their bridge replacement programme.
 - Progress made on remediation of damage resulting from Cyclone Gabrielle.
 - Increases in replacement cost unit rates based on movements in the Waka Kotahi NZ Transport Agency Cost Adjustment Factors (CAF)
 - Changes in quantities and types of assets
- 3.16 Land & Building valuation as noted in paragraph 3.14 has seen a \$13.5m uplift in value. The valuers have assessed all of Councils Land & Building at fair value.
- 3.17 The unrealised loss on interest rate swaps of \$1.016m. Council has interest rate swaps in place to hedge against interest rate exposure by reducing uncertainty of future cashflows. This is in line with Council's Treasury Policy.

Revenue

3.18 The table below shows total revenue against the Annual Plan

Statement of Revenue as at: 30 June 2024	Actual Ytd (\$'000)	Annual Plan (\$'000)	Variance Ytd (\$'000)
Rates (Budget)	112,747	111,317	1,430
Fees, charges & metered water supply charges	42,307	40,655	1,652
Subsidies and Grants	8,490	8,386	104
Interest revenue	1,218	0	1,218
Other revenue	3,280	1,583	1,697
Total Operating Revenue - ongoing operations	168,042	161,941	6,101
Plus: Revenues to Support Capital Expenditure			
Development and financial contributions	5,013	12,139	-7,125
Subsidies & Grants to fund capital projects	26,468	36,617	-10,150
Total Revenue to fund Capital projects	31,481	48,756	-17,275
Cyclone Gabrielle Revenue	112,988	0	112,988
Total Revenue	312,511	210,697	101,814

Note: See separate section on cyclone costs and revenues.

3.19 Full year revenue, excluding revenues to support capital expenditure and cyclone impact is \$6.10m favourable in the context of total revenue budgeted. Fees and charges revenue across Council are favourable by \$1.6m with the main drivers being:

- Planning and Regulatory services are unfavourable to budget by \$553k driven by lower than budgeted building control fees (\$812k) along with lower environmental consents (\$237k). The lower revenue in building 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 to budget by \$498k. A conservative budgeting approach to Parking revenue was taken following the impacts over the Covid years and the increase in parking activity has been greater than expected.
- Housing for the elderly revenue is \$871k favourable of which \$417k is reflective of the adjustment of rents to 60% of market value in the current financial year, with a further \$469k of revenue received from insurance reimbursement. Noting that the increased revenue was required to meet increasing operational costs.
- Toitoti revenues are favourable to budget by \$962k, representing significantly higher levels of activity than budgeted. The higher revenue in Toitoti is offset by higher than budgeted operational expenditure of \$1.9m; this is covered in expenditure commentary below.
- Higher than budgeted water connection fees of \$280k.

3.20 Operational subsidies and grants are favourable to budget by \$104k.

3.21 Subsidies and Grants to fund capital projects are \$10.1m unfavourable, with the infrastructure acceleration funding (IAF) budgeted but not yet received due to delays in growth projects affected by logistical global supply issues. IAF only reimburse Council once the expenditure is incurred.

3.22 Changes in government funding decisions have also affected the level of anticipated subsidies and grants received. The programmes that were budgeted for included "Transport Choices, Streets for Schools and road to zero are not now being funded. Offsetting the revenue shortfall is the reduced capital spend that was budgeted for these projects.

3.23 Development contributions are lower than budget by \$7.1m this year despite increases to the development contribution charges introduced through the LTP amendment in 2023. This lower than budgeted revenue is reflective of the overall market conditions with a significant reduction in development activity occurring across the district.

- 3.24 Other revenue is higher than budget by \$1.7m and includes non-cash adjustments at year end for the unrealised loss on swaps of \$1m and higher than budgeted vested assets of \$2.6m.
- 3.25 The cyclone revenue of \$113m, is mainly driven by the subsidies on local roading repairs and asset renewals of \$80.4m, Government funding for property compensation costs of \$19.9m along with Cyclone Gabrielle funding support from Red Cross, and other agencies. In addition, Council was able to claim and attribute Better off Funding of \$7.8m towards Cyclone Gabrielle costs. See table in section 5 for breakdown.

Expenditure

- 3.26 The table below shows total expenditure against the against the Annual Plan that was signed off by Council.

Statement of Expenditure as at 30 June 2024	Actual Ytd (\$'000)	Annual Plan (\$'000)	Variance Ytd (\$'000)
Expenditure			
Personnel Costs	47,054	46,018	-1,036
Finance Costs	17,838	10,008	-7,830
Other Operating Costs	85,457	80,007	-5,451
Total Cash Expenditure - Operations	150,349	136,033	-14,316
Plus: Non Cash Expenses			
Depreciation & Amortisation Expense	61,771	52,671	-9,100
Accounting Adjustments	2,269	0	-2,269
Total Expenditure Excl. Cyclone Gabrielle	214,389	188,703	-25,685
Cyclone Gabrielle Costs	75,416	90	-75,326
Cyclone Gabrielle Asset Writeoffs	14,623	0	-14,623
Total Expenditure	304,427	188,793	-115,634

- 3.27 Overall cash expenditure for ongoing BAU activities is unfavourable for the year end by \$14.3m. The main drivers include:
- 3.28 Finance costs are higher than budget and reflects both the increasing average cost of debt, greater than assumed in the budget and higher than budgeted levels of debt. Through an effective hedging strategy Council's average cost of borrowing is 5.12%.
- 3.29 Finance costs exceed budget by \$7.8m. When interest revenue of \$1.21m is offset against the interest expense, the net variance is \$6.6m. The \$6.6m net variance is slightly higher than forecasted in the March quarter of \$6.56m. Interest costs have been exacerbated through delays in receiving funding for roading recovery works, adding to Council's borrowings over that time. This was resolved late in the final quarter and was partially offset by funding received in advance for the Voluntary Property buyout scheme.
- 3.30 Operating costs were \$5.4m unfavourable and with the areas of spend being the Heretaunga House Demolition being \$2.5m, noting that the Heretaunga House demolition was approved by Council to be funded by debt. Higher contracted costs in contracted services for waters services for reactive and treatments costs of \$1m along with transport maintenance of \$400k.
- 3.31 Other operating costs that had an impact was electricity which were higher than budget by \$474k along with higher material damage insurance costs at \$531k.

Summary by Areas of Activity of Council

General

It has been an incredibly challenging period to manage costs to Annual Plan. The impact of Cyclone Gabrielle created a situation where the normal robust budgeting processes followed by council were set aside given the huge uncertainties that followed. During 2023/24 the Council faced financial challenges taking into account the inflationary environment, impacts of tightening fiscal policy with elevated interest rates, increased insurance and electricity costs.

Community Facilities & Programmes

- 3.32 Splash Planet: Splash Planet had a number of challenges during the season which impacted on its bottom line. Splash Planet was \$1.1m over budget with staffing above budget by \$779k, driven by a change in employment contracts for seasonal staff, along with other operational costs including maintenance which was overspent by \$628k. Management looked to offset the personnel budget overspend by finding budget capacity elsewhere in the Community and Wellbeing Group which mitigated this overspend somewhat. This was somewhat offset by higher revenue \$248k over budget. A separate Council workshop on Splash Planet has been held on 10th September.
- 3.33 Aquatics: Revenue over the pools was down on budget by \$246k, the majority of which related to the impact of the new facility at the Regional Sports Park reducing the “Learn to Swim & Swim Club Programs” by \$144k. There were higher operational costs in personnel with additional staffing needs due to assisting in a temporary structure elsewhere in the aquatic, sport and recreation facilities along with a new maintenance agreement that was approved but not budgeted.
- 3.34 Toitoti was \$937k over budget – this is mainly driven by interest costs of \$690k, cleaning costs from external contractors \$147k along with increased electricity costs of \$104k.
- 3.35 Cultural Facilities - \$231k over budget. \$356k over budget in finance costs with some offset in other operating lines.
- 3.36 Social Development is \$314k under budget. Savings mainly in vacancies in personnel \$235k and in the community plans budget \$67k, due to Cyclone Gabrielle secondments, alternate funding streams and the prioritisation of Cyclone recovery work. Personnel budget savings in this activity were some of the budget capacity assigned to Splash Planet as mentioned above.

Planning & Regulatory Services:

Building Control

- 3.37 Lower than budgeted revenues of \$812k for 2023/24 were impacted by lower than forecast consent numbers along with \$200K of fees that were waived for cyclone damaged buildings. Fees have been increased in the 2024/25 year and as in the Environmental Consents area, the team will be closely monitoring the time charges on each consent and ensuring that the hours per consent being charged is reflecting the actual time being taken.
- 3.38 Personnel costs were lower than budget mainly due to vacancies for building officers and a commercial consents officer.

Parking

- 3.39 Revenue was approx. \$500K higher than budget. The budgets had been set using conservative numbers based on the impacts of the cyclone and Covid to the activity in prior years.
- 3.40 Whilst capital expenditure was lower than budget, there were significant approved unbudgeted costs approved during the year for the purchase of the Licence Plater Recognition (LPR) system and the costs of the Eastbourne St car park development/Giants Gym demolition works (Note some of this work is to be completed in 2024/25 and reductions will need to be identified to offset).
- 3.41 Going forward, the budgets have been set to reflect the proposed impacts of the LPR car via increased infringement revenue received offset slightly by higher contracted services and postage costs.

Environmental Consents

- 3.42 Revenue was lower than budget by \$237k mainly due to a 10% reduction in the number of consent applications from the prior year. For the 2024/25 year the team will be closely monitoring the time charges on each consent and ensuring that the hours per consent being charged is reflecting the actual time being taken in an ever increasingly complex regulatory environment.

Animal Control

- 3.43 Dog registration fee revenue was lower than budget with a decrease of 341 dogs being registered than compared to 2022/23. For 2024/25 the registration fees have been increased by 7% and the revenue has been calculated on the reduced registration numbers. Capital expenditure was higher than budget due to a requirement to improve safety equipment and hand-held radio devices.

Asset Management:

Transportation

- 3.44 The Transportation team have had an incredibly busy year due to the ongoing response and recovery to the cyclone event and responding to the widespread damage to roading and bridges.

RA 1 Subsidised Transportation

- 3.45 The overall rating deficit of \$166k is largely due to the increase in interest charges. There has also been a reduction in revenue due to lower fees received for road openings.

RA 1 Unsubsidised Transportation

- 3.46 This has a surplus of \$695k largely due to Unsubsidised New works and Renewal projects such as Bus Shelters and streetlight renewals not occurring in 2023-24. There was also a reduction in Tree removal costs.

RA2 Transportation

- 3.47 Whilst there was a deficit of \$104k in the RA2 Subsidised Transport area, this was primarily driven by higher interest costs. Offsetting this in unsubsidised transport is a surplus of \$216k largely due to a reduction in cycleway maintenance and other operating costs.

Water Services

- 3.48 There were much higher costs in the maintenance and service contracting areas and is a mainly due to the escalation clause in the water services maintenance contract with the contractor along with increased interest costs. The maintenance contract was implemented in March 2021 and while escalation clauses are common practice with contracts of this nature, escalations at the time were budgeted at around 3%. Given market conditions of the past two years, that forecast proved optimistic.
- 3.49 Water Services has debt levels of \$220.6m as at 30 June 2024 and as a result bears the major portion of the increased interest costs.
- 3.50 Council continues to respond to the water change programme with elevated expenditure activity through 2023/24 including both capital and operational expenditure. This activity is funded by way of a targeted rate and accounted for in a separate water supply rating account. Traditionally this has either accumulated reserves or run in deficit. Looking forward, any surplus or deficit will be used to reduce debt or in the case of a deficit be funded by debt as was discussed in paragraphs 3.7 – 3.9 in line with Councils financial strategy in the 2024-34 LTP.

Stormwater

- 3.51 The deficit of \$446k is largely due to an increase in the interest charges over budget and an increase in operating costs from the contracted maintenance contract, including the contract overhead charges. Stormwater also gets a share of the increase in 3 waters staff costs. To mitigate some of the increase in operating costs the consulting costs are well below budget.

Wastewater

3.52 Wastewater has a budget deficit of \$2.14m. This is due to an increase in interest costs of \$1m, plus an increase in the operating costs from the contracted maintenance contract in reactive maintenance of \$516k, along with contract overhead charges of \$218k.

Drinking water

3.53 Drinking water has a budget deficit of \$2.78m. The large share of this is due to the increase of interest charges of \$2.1m, plus an increase in the operating costs from the contracted maintenance contract of \$203k, along with contract overhead charges \$234k. There has also been a large increase in our insurance costs. Drinking water also gets a share of the increase in 3 waters staff costs.

Effluent Disposal

3.54 The budget deficit of \$950k is largely due to an increase in interest charges, and an increase in operational costs, including an increase in electricity and treatment costs. Effluent disposal also gets a share of the increase in 3 waters staff costs.

Corporate and Governance

3.55 This wide-ranging group includes People & Capability, Finance, Leadership/Chief Executive Office, Culture & Heritage, Procurement and Emergency Management. Administration buildings and related facilities.

- Administration group were \$508k above budget, driven by approved but unbudgeted lease costs for Karamu Road of \$327k along operational costs relating to Insurance, electricity and interest.
- Leadership was \$177k above budget and was driven by a number lines of services, administration related costs along with additional election costs within the year of \$64k.

4.0 Additional expenditure approved by Council

4.1 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 have asked for visibility of these additional items in our quarterly financial reporting.

4.2 The table below shows the additional approved spend by operational and capital expenditure.

4.3 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.

4.4 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. This table remains unchanged from the last quarter.

4.5 The increase in debt will mean additional financing costs in servicing that debt. Some of that debt servicing cost will be offset from delayed spending on other projects and from lease revenue derived from those assets.

4.6 The table below highlights the unbudgeted projects that have been approved by Council.

Additional Operational Expenditure			
	2023-24	How Funded	Notes
Bi-elections for Council Resignations	174,000	Debt	Bi-election not covered by election reserve
Heretaunga House Demolition	3,023,000	Debt	Variation on original contract due to Asbestos + inflation.
Tamatea Pokai Whenua	200,000	Debt	Resource Management Professional Services
150th Anniversary of Hastings	123,500	Debt	\$179,500 over 2 FY's \$56,000 spent in FY 2022/23
Lease costs for additional office space	248,000	Debt	New leased increased total cost
Building Activity Review Costs	23,200	Debt	Independent review requested by the Performance & Monitoring Cttee
Riskpool Call	122,967	LAPP Reserve & Debt	
	3,914,667		
Additional Capital Expenditure			
	2023-24	Funded	Notes
Havelock North Streams\Tainui Reserve	1,100,000	Debt	2 separate approvals
Laneway and property acquisitions	1,360,000	Loan Funds / CBD Targeted Rate	
HB Museum & Archives Project	1,335,000	Debt	Property purchase revised costs
Urgent Waste water treatment plant renewals	2,770,000	Debt	Urgent Waste water treatment plant renewals
LPR System	300,000	Debt	Licence plate recognition software
Waiaroha Carpark	150,000	Debt	Carpark and shed not budgeted
Karamu Rd Fitout	105,000	Debt	Additional Office space leased
Transportation New Works	1,678,976	99% Subsidy	Transport Choices and Streets for schools. Most of this is funded by NZTA - Councillors informed
Cemetery Plant and equipment	157,064	Debt	Excavator, truck and scissor lift.
Total Capital	8,956,040		
Total Additional costs (Operating + Capital)	12,870,707		
Funded by			
External funding from			
NZTA _ Transport Choices	1,662,186		
Council funding from			
LAPP reserve	109,000		
Additional Borrowing requirement	11,099,521		
	12,870,707		

5.0 Cyclone Gabrielle summary of funding received and spend committed

- 5.1 The initial cyclone response and early recovery has focussed on restoring basic services to the community and meeting critical needs.
- 5.2 As has been reported previously, Council has now moved 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.
- 5.3 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.
- 5.4 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.
- 5.5 The table below shows the costs that have been incurred for the current year along with reimbursements or subsidies received to fund those costs. Note that in some areas like the Category 3 buyouts and the Whanau Community Resilience Pou, funding was received in advance of it being spent and at year end related expenses were matched against revenue with any revenue received in advance adjusted to match expenses in the 2024/25 year.
- 5.6 The Cat 3 Buyout \$24.5m is Council’s portion of the cost at the halfway stage of the process and is funded by debt.
- 5.7 The total of \$22.955m as per the table below is the negative financial impact to Council from Cyclone Gabrielle Recovery.

Cyclone Gabrielle 23/24	Infrastructure Resilience	Cat 3 Buyout	Whanau Community Resilience	Environmental Resilience	Other Recovery	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	80,431	19,983	2,212	-	10,362	112,988
Expenditure	42,360	27,726	2,601	384	2,344	75,416
Capital Works	43,287	16,826	8	168	238	60,527
	(5,216)	(24,569)	(398)	(552)	7,780	(22,955)

6.0 Capital Spend

- 6.1 Council's total Annual Plan capital budget for 2023/24 is \$149.9m. This level of expenditure is a significant increase on what has been delivered previously by Council and there are risks associated with Council's ability to deliver on it.
- 6.2 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.
- 6.3 As noted in the table below actual capital spend against Annual Plan for BAU shows a \$116.8m spend against yearend budget of \$149.9m. Renewals for BAU are \$11.6m behind expected spend, with infrastructure for transport and sewerage the main contributors to the underspend.
- 6.4 New Works BAU –Transport has a \$8.4m underspend. \$43.2m 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 and were to be subsidised by Waka Kotahi are now not going to be completed due to the reduction in funding.
- 6.5 Projects by Activity within the three types of capital spend are shown below:

Summary of Capital Spend as at 30 June 2024

	YTD Actuals (\$'000)	Annual Plan (\$'000)	YTD Variance (\$'000)
COUNCIL CAPITAL			
Renewals	44,005	55,603	11,598
New Works	56,539	39,128	(17,411)
Growth	16,298	55,176	38,877
CAPITAL SPEND excl CYCLONE	116,842	149,907	33,065
Cyclone Gabrielle	60,527	-	(60,527)
TOTAL CAPITAL SPEND	177,369	149,907	(27,462)
	YTD Actuals (\$'000)	Annual Plan (\$'000)	YTD Variance (\$'000)
SUMMARY			
RENEWALS			
Roads & Footpaths	17,150	18,635	1,485
Sewerage and the treatment and disposal of sewerage	13,889	18,126	4,237
Water Supply	4,082	3,879	(203)
Building & Property Management	2,867	4,212	1,345
Parks & Reserves	1,824	2,143	319
Governance & Corporate Support	1,157	3,484	2,327
Stormwater Disposal	977	1,083	106
Rest of Council - Renewals	2,060	4,042	1,982
TOTAL RENEWALS	44,005	55,603	11,598
NEW WORKS			
Water Supply	10,389	1,017	(9,372)
Roads & Footpaths	9,475	8,406	(1,069)
Building & Property Management	8,823	3,835	(4,988)
Solid Waste	8,540	7,396	(1,144)
Arts & Culture	8,520	4,700	(3,820)
Parks & Reserves	5,668	9,067	3,399
Stormwater Disposal	2,647	2,692	45
Rest of Council - New Works	2,479	2,015	(463)
TOTAL NEW WORKS	56,539	39,128	(17,411)
GROWTH			
Roads & Footpaths	6,490	10,777	4,287
Sewerage and the treatment and disposal of sewerage	4,849	36,153	31,304
Stormwater Disposal	3,855	1,546	(2,309)
Water Supply	1,065	5,256	4,190
Parks & Reserves	40	1,445	1,405
Rest of Council - Growth	-	-	-
TOTAL GROWTH	16,298	55,176	38,877
CYCLONE GABRIELLE			
Cyclone Gabrielle	60,527	-	(60,527)
TOTAL CYCLONE	60,527	-	(60,527)
TOTAL CAPITAL	177,369	149,907	(27,462)

7.0 External Debt

7.1 Total net borrowing as at the end of June 2024 is \$393.7m, an increase from last year (\$292.7m). At year end, Council has cash on hand of \$12.7m, along with facilities of \$45m.

- 7.2 The liquidity ratio (Effective Limit Maturity/Gross Borrowings) is at 115% which is above the policy minimum of 110%.

	30 June 2024 (\$000)
Borrowing at start of year	292,740
New Loans Drawn	130,000
Loan Repayments	(29,000)
Gross borrowings at end of period	393,740
Funds held on deposit	12,762
Facilities	45,000
Effective Limit Maturity	451,502
<i>Liquidity Ratio</i>	115%
Total Net borrowings	380,978

- 7.3 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.

8.0 Allocation of the Rating Deficit

- 8.1 This year, the total of the deficit is \$10,950,004 across both rating areas and across both general and targeted rate areas. It has been recommended that the RA1 deficit be funded by debt, with the RA2 Targeted Rate deficit being funded by RA2 Reserves.
- 8.2 For the allocation of the General Rate and Targeted rate surplus/(deficit) the following is recommended:

	RA1	RA2	Total
Total Surplus (Deficit) on General Rate	(\$5,213,898)	(\$210,944)	(\$5,424,842)
Allocation of General Rate Surplus/ (Deficit):			
Debt funding required	\$5,213,898		\$5,213,898
Rural Flood & Emergency Event Reserve		\$57,181	\$57,181
Transportation NZTA Fund Reserve		\$153,763	\$153,763
Total Surplus/(Deficit) on Targeted Rate	(\$5,531,271)	\$6,109	(\$5,525,162)
Allocation of Targeted Rate Surplus/ (Deficit)			
Debt funding required/offset	\$5,531,271	\$6,109	\$5,525,162

Attachments:

- 1 [Rating Result 2023 2024](#) FIN-09-01-24-222
 2 [Full Year Dashboard 23/24](#) Fin-09-01-24-223

Summary of Considerations - He Whakarāpopoto Whakaarohanga

Fit with purpose of Local Government - *E noho hāngai pū ai ki te Rangatōpū-ā-Rohe*

The Council is required to give effect to the purpose of local government as set out in section 10 of the Local Government Act 2002. That purpose is to enable democratic local decision-making and action by (and on behalf of) communities, and to promote the social, economic, environmental, and cultural wellbeing of communities in the present and for the future.

[Link to the Council's Community Outcomes](#) – *Ngā Hononga ki Ngā Putanga ā-Hapori*

This proposal reports on the financial wellbeing of communities in the present and for the future.

Māori Impact Statement - *Te Tauākī Kaupapa Māori*

This is a report on the 23/24 Financial Year.

Sustainability - *Te Toitūtanga*

N/A

Financial considerations - *Ngā Whakaarohanga Ahumoni*

This report covers the 2023/24 financial result.

Significance and Engagement - *Te Hiranga me te Tūhonotanga*

This decision/report has been assessed under the Council's Significance and Engagement Policy as being of low significance.

Consultation – internal and/or external - *Whakawhiti Whakaaro-ā-roto / ā-waho*

No consultation required or undertaken.

Risks

Rural Community Board – *Te Poari Tuawhenua-ā-Hapori*

Have a specific report to RCB on the RA2 Financial Result

Thursday, 19 September 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

Nā: Jennie Kuzman, Health, Safety and Wellbeing Manager
From: Bronwyn Bayliss, Group Manager: People and Capability

Te Take:
Subject: Health, Safety & Wellbeing Annual Report - 2023/2024

1.0 Purpose and summary - Te Kaupapa Me Te Whakarāpopototanga

- 1.1 The purpose of this report is to inform and update the Performance and Monitoring Committee about Health, Safety & Wellbeing at Hastings District Council.
- 1.2 The Health and Safety at Work Act 2015 (HSWA) requires HSWA Officers (Elected Members and the Chief Executive) to exercise due diligence by taking reasonable steps to understand the organisation's operations and Health, Safety & Wellbeing risks, and to ensure that they are managed so that Council meets its legal obligations.
- 1.3 The attached report (**Attachment 1**) covers the full financial year beginning 1 July 2023 and ending 30 June 2024. The report provides information to enable Elected Members to undertake due diligence, by providing leading and lagging statistical information in relation to Health, Safety & Wellbeing at Hastings District Council.
- 1.4 Please note that additional reporting on Health Safety & Wellbeing is provided for Elected Members as follows:
 - Monthly Snapshot reports are regularly provided digitally on the 'Hub'. These monthly reports provide information on proactive Health, Safety & Wellbeing risk management initiatives and details of any significant incidents which have occurred within the reporting period.
 - Regular reporting is provided to the Risk and Assurance Sub-committee about the management of Health, Safety & Wellbeing risks within Council and for the health and safety performance of contractors working under Council's highest-risk (from a health and safety perspective) long-term contracts.

- Regular reporting in regard to Health, Safety & Wellbeing as part of the operations of the Ōmarunui Refuse Landfill is reported to the Ōmarunui Refuse Landfill Joint Committee to ensure that both Hastings District Council and Napier City Council meet their legal obligations under the Health and Safety at Work Act 2015.

2.0 Recommendations - *Ngā Tūtohunga*

That the Performance and Monitoring Committee receive the report titled Health, Safety & Wellbeing Annual Report - 2023/2024 dated 19 September 2024.

Attachments:

- 1 [↓](#) HDC Health, Safety & Wellbeing Year End Report - HR-03-8-2-24-232
2023/2024 DRAFT

