

Monday, 14 October 2024

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

**Hastings District Council**

**Risk and Assurance Committee Meeting**

*Kaupapataka*

# Attachment – Item 5, Vol 2

---

*Te Rā Hui:*  
Meeting date: **Monday, 14 October 2024**

---

*Te Wā:*  
Time: **10.00am**

---

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

---

ITEM	SUBJECT	PAGE
5.	<b>ANNUAL REPORT AND SUMMARY FOR THE YEAR ENDED 30 JUNE 2024</b>	
	Attachment 2: Financial Management - Audits - External audit - Summary Annual Report (draft for A&R) 2024	3





## INTRODUCTION FROM THE MAYOR AND CHIEF EXECUTIVE

The past year in Hastings has been marked by both significant challenges and meaningful progress, especially with the recovery from Cyclone Gabrielle. A key focus has been on restoring the roading network, with milestones including the opening of temporary bridges at Ellis Wallace and Redclyffe/Waiohiki, the completion of the Chrystal Culvert rebuild, and ongoing work on the Puketapu Bridge rebuild and Taihape Rd slip repairs. Planning is underway for the remaining bridges and roads, with the transport recovery estimated to take 10 years. Government funding will remain essential for these efforts, as well as silt recovery, stormwater projects, and the voluntary Category 3 property buy-out programme. By year's end, 83 per cent of eligible property owners had received offers, and demolitions were in progress.

Support from donors, distributed through the Mayoral Relief Fund, Hawke's Bay Disaster Relief Trust, and NZ Red Cross, has provided financial aid and helped establish community resilience hubs. The Mayoral Relief Fund has distributed \$2 million for hardship grants, community events, and six one-year cyclone anniversary events to reflect on the recovery and honour volunteers.

Another key event was Hastings' 150th anniversary, celebrated with community activities, including tree planting, time capsule burials, and dances attended by the family of founder Francis Hicks. Toitō Arts and Events Centre played a central role in these celebrations, and has received multiple awards for its contributions, including Small Venue of the Year and the Beca Award for Placemaking.

The new Waiaroha Water Discovery Centre also opened, winning accolades at the Local Government awards for environmental leadership. Additionally, business growth has been strong, with new ventures like Matangi Butchery, Off the Track café, and St Pierre's Sushi drive-thru opening in the city. Stortford Lodge has seen non-residential development, with businesses like The ToolShed and Mag and Turbo setting up shop.

To support this growth, infrastructure projects such as a new wastewater pipe for 4,000 future homes have been completed. Housing developments in Flaxmere are progressing, with groundworks finished for up to 150 new homes, including 39 affordable senior units. The Kahu Mai homeless hub, a collaboration between Council, Hastings Church, and Anglican Care Waipu, won the Supreme Award at the Local Government awards, recognising efforts to address homelessness.

Despite the challenges, Hastings is focused on balancing recovery costs with affordability for ratepayers, ensuring a bright future for the district.

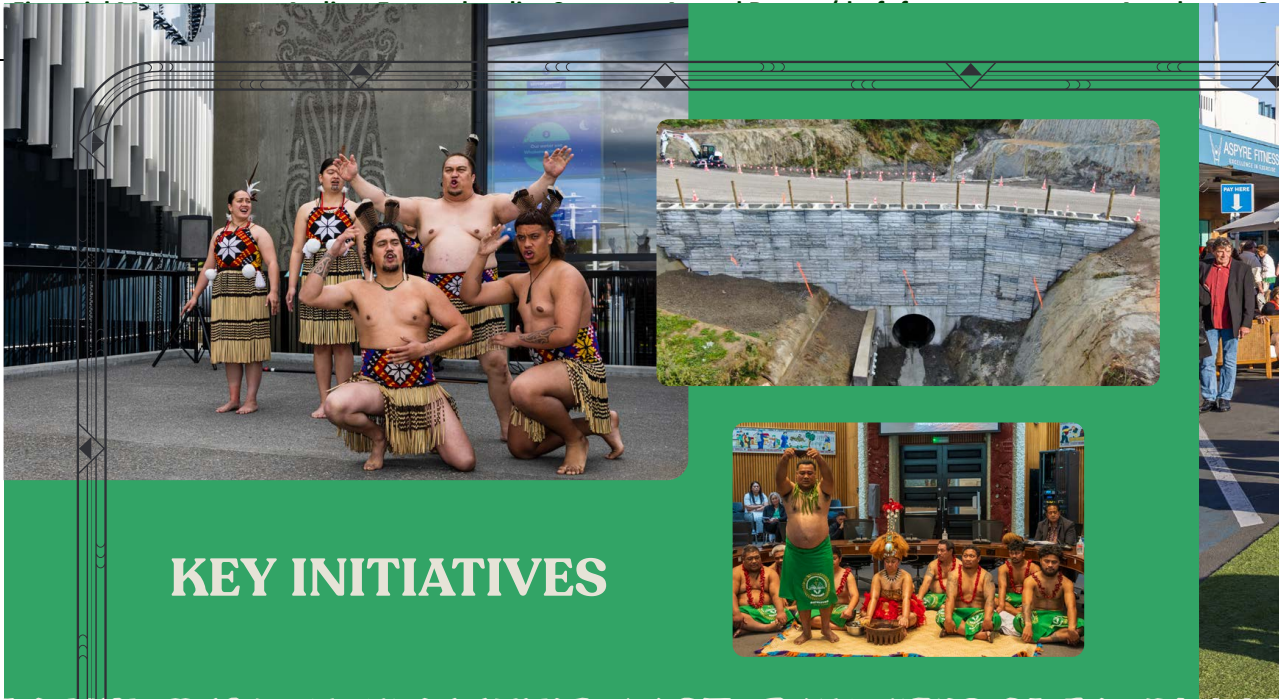
*Sandra Hazlehurst*

**Sandra Hazlehurst**  
Mayor  
Hastings District Council  
X October 2024

*To'osavili Nigel Bickle*

**To'osavili Nigel Bickle**  
Chief Executive  
Hastings District Council  
X October 2024





## KEY INITIATIVES

### Cyclone Gabrielle

Following Cyclone Gabrielle, Council has made significant recovery progress, focusing on infrastructure repairs, including bridge and road reconstruction. Key achievements include the opening of temporary bridges and the completion of Chrystal Culvert. Government and Red Cross support funded silt recovery, stormwater works, and community resilience projects. A voluntary buy-out policy for severely affected properties brought relief, with 83 per cent of offers made and 50 per cent settled. Community engagement and resilience hubs have supported recovery efforts. Sustainability initiatives, such as recycling demolition materials, demonstrate the district's focus on eco-friendly rebuilding as it marked the cyclone's first anniversary.

### The economic powerhouse

The Hastings economy demonstrated resilience and growth despite Cyclone Gabrielle's challenges, and infrastructure improvements were prioritised in the Long Term Plan 2024–2034. Retail spending rose, reflecting consumer confidence. Building consents were reviewed for efficiency, and a revised development contributions policy supported sustainable growth. New businesses, including St. Pierre's Sushi drive-thru and The Toolshed, contributed to economic activity. Interest in industrial zones like Ōmāhu and Whakatū was steady, and developments such as Foodeast-Haumoko and Pask winery's new cellar door signalled continued commercial growth.

### Homes for our people

Council remains focused on housing needs and improving living conditions. Groundwork for two council-owned lots in Flaxmere was completed, with a third nearing completion, allowing for about 150 new homes. A partnership between the Ministry of Housing and Urban Development and Council saw plans for 39 affordable senior units progressed, and the Kahu Mai homeless hub, a collaboration with Hastings Church and Anglican Care Waiapu, won the 2023 LGNZ SuperLocal Awards. Private housing developments in Howard Street, Iona, Brookvale, and Lyndhurst progressed, and a new wastewater project, partially funded by the government, began alongside SH2 to support 4,000 future homes.

### Getting around

Council is focused on improving transportation and ensuring safe, sustainable mobility. Post-Cyclone Gabrielle, restoring the transport network has been a key priority. Community feedback was sought on vehicle use at Waimārama Beach, aiming to enhance safety and protect the environment. The Heretaunga Arakura traffic calming project improved safety around schools by reducing vehicle speeds and enhancing pedestrian safety. Overall, Council remains committed to developing a transportation system that promotes sustainability, safety, and community well-being through inclusive decision-making and infrastructure improvements.

### Rural living

Recovery efforts after Cyclone Gabrielle have prioritised rural communities, with key infrastructure like the Ellis Wallace temporary bridge and Chrystal Culvert rebuild improving connectivity. Updated land categorisation and coastal inundation information have clarified property risks and regulations, aiding residents in managing natural hazards. Community resilience has been bolstered through resilience



hubs and the installation of life-saving defibrillators in strategic locations. Additionally, a rural subdivision plan change is being considered to offer more relocation options for Category 3 property owners within their communities, supporting ongoing recovery and planning efforts.

### Our natural treasures

Council opened the Waiaroha Water Discovery Centre, a state-of-the-art facility for water treatment, storage, and education, which won the supreme award at the 2024 LGFA Taituarā Excellence Awards. The centre promotes water safety and environmental stewardship. Additionally, a new waste education centre at Ōmarunui Landfill, built with reclaimed materials, teaches about waste management and reduction. Council also preserved the Hikanui Pā archaeological site with revegetation efforts. Environmental initiatives include the HazMobile hazardous waste collection, alongside community engagement to reduce waste and a successful wastewater treatment plant open day.

### City centre revitalisation

Hastings' 10-year East Block regeneration, including the Toitū Municipal Building restoration, earned the Placemaking Award at the 2023 LGFA Taituarā Local Government Awards. The city marked its 150th anniversary with a weekend of celebrations, including a ballroom dance and family events. Popular events like the Blossom Parade and Hawke's Bay Arts Festival fostered community spirit. Key developments included the new Hawke's Bay Regional Museum and Waiaroha water discovery centre. The Heretaunga House demolition saw 97 per cent of materials recycled, with the site's future is under consideration. Hastings continues its growth as a vibrant, culturally rich hub.

### Enhancing where we live

Keirunga Homestead's refurbishment has secured its future as a heritage site and community space, and St. Leonard's Park's playground redevelopment was well-received, providing a modern area for families. Splash Planet reopened after a \$2.4m upgrade, while Flaxmere Park and Te Pae Whīra o Pā Harakeke skate park won national awards. Cultural programmes thrive, with Hastings Art Gallery and Hastings District Libraries' outreach and interactive events engaging the community. For the fourth year, several parks earned Green Flag status, with Frimley Park joining the list. Toitū Hawke's Bay Arts and Events Centre launched a new children's festival, celebrating creativity.

### Pathways for our people

Council is committed to empowering residents and fostering community spirit through various initiatives. The Civic Honours Awards celebrate the contributions of local volunteers, inspiring others to serve. Splash Planet's reopening includes training new lifeguards, offering valuable skills and job opportunities for young people. The Tuia mentoring programme supports leadership development for two mana wahine, promoting youth participation in governance. Toitū recently won two national event industry awards, recognising its dedication to the community and its efforts in creating career pathways in the events industry. These initiatives reflect the Council's focus on leadership, skill development, and community engagement.

ACTUAL COUNCIL 2023 \$'000	ACTUAL GROUP 2023 \$'000			BUDGET COUNCIL 2024 \$'000	ACTUAL COUNCIL 2024 \$'000	ACTUAL GROUP 2024 \$'000
<b>SUMMARY STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE</b>						
245,035	248,193	Total revenue	(i)	210,492	312,509	313,767
-	649	Share of associate surplus		-	-	(179)
(263,299)	(264,764)	Expenses	(ii)	(178,770)	(281,626)	(283,283)
(11,459)	(11,459)	Finance costs	(iii)	(10,024)	(17,934)	(17,934)
-	-	Fair value loss on other revaluations		-	(3,947)	(3,947)
2,472	2,472	Unrealised Loss on Swaps		-	(1,016)	(1,016)
(27,251)	(24,909)	Surplus before tax		21,698	7,986	7,408
		Income tax expense				
(27,251)	(24,909)	Surplus (deficit) after tax		21,698	7,986	7,408
(184,172)	(184,019)	Other comprehensive revenue:	(iv)	75,235	286,089	286,363
(211,423)	(208,928)	Total comprehensive revenue and expense		96,933	294,075	293,771

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

- (i) Total income is higher than budget due to CIP funding received for roading and Category 3 property purchases as well as one off grants received for Cyclone Recovery, insurance proceeds and higher NZTA subsidies for Recovery.
- (ii) Expenses are higher due to increased contracted services and additional personnel in the water area, as well unbudgeted spend on Category 3 relocation offers and reinstatement of roads for Cyclone Recovery.
- (iii) Finance costs are higher than budget due to higher debt levels for budgeted projects, increased interest rates and increased funding required for costs incurred in Cyclone Recovery.
- (iv) Other comprehensive income includes gains on the revaluation of infrastructural assets not budgeted for.

ACTUAL COUNCIL 2023 \$'000	ACTUAL GROUP 2023 \$'000			BUDGET COUNCIL 2024 \$'000	ACTUAL COUNCIL 2024 \$'000	ACTUAL GROUP 2024 \$'000
<b>SUMMARY STATEMENT OF CHANGES IN EQUITY</b>						
2,821,744	2,851,763	Balance at 1 July		2,913,828	2,610,321	2,642,835
0	649	Opening balance adjustments from subsidiaries		0	0	(386)
(27,251)	(24,909)	Surplus/ (deficit) for the year		21,698	7,986	7,408
(184,171)	(184,019)	Other comprehensive revenue and expense for the year		75,235	286,089	286,363
		Return of equity			0	0
(211,423)	(208,928)	Total comprehensive revenue and expense		96,933	294,075	293,771
2,610,321	2,642,835	Total Equity		3,010,761	2,904,396	2,936,220
<b>Total equity is made up of</b>						
1,293,533	1,322,094	Accumulated funds		1,335,834	1,302,144	1,329,859
4,865	4,865	Restricted Reserves		4,119	4,240	4,240
1,311,923	1,315,876	Revaluation Reserves		1,670,809	1,598,012	1,602,121
2,610,321	2,642,835	Total Equity		3,010,761	2,904,396	2,936,220

<b>STATEMENT OF FINANCIAL POSITION</b>						
56,177	57,734	Current assets	(i)	22,915	83,913	84,735
2,908,244	2,939,723	Non - current assets		3,350,600	3,294,503	3,325,961
2,964,421	2,997,457	Total assets		3,373,515	3,378,416	3,410,696
87,263	87,718	Current liabilities	(ii)	60,425	141,582	141,980
266,837	266,904	Non - current liabilities	(iii)	302,329	332,438	332,496
354,100	354,622	Total liabilities		362,754	474,020	474,476
2,610,321	2,642,835	Net assets (assets minus liabilities)		3,010,761	2,904,396	2,936,220
2,610,321	2,642,835	Equity		3,010,761	2,904,396	2,936,220
2,610,321	2,642,835	Total equity		3,010,761	2,904,396	2,936,220

The major reasons for the variance between actual and budgeted balances at 30 June 2024 were:

- (i) Current assets are significantly higher than budget due to the timing of NZTA and CIP infrastructure subsidies at year (due to increased roading works from Cyclone Gabrielle) as well as new Flaxmere subdivisions moving into non-current assets held for sale.
- (ii) Payables are significantly up due to large cash funds received in advance (from CIP funding for Category 3 Property purchases) as well as a large capital programme.
- (iii) Secured loan levels were higher than budgeted due to the significant increase in spending as a result of Cyclone Gabrielle.

ACTUAL COUNCIL 2023 \$'000	ACTUAL GROUP 2023 \$'000		BUDGET COUNCIL 2024 \$'000	ACTUAL COUNCIL 2024 \$'000	ACTUAL GROUP 2024 \$'000
SUMMARY STATEMENT OF CASH FLOWS					
32,678	33,071	Net cash flows from operating activities	73,369	59,670	59,827
(115,209)	(116,113)	Net cash flows to investing activities	(149,597)	(147,521)	(147,972)
53,436	53,436	Net cash flows from financing activities	76,227	98,269	98,269
(29,095)	(29,606)	Net increase (decrease) in cash Held	(1)	10,418	10,124
31,439	32,622	Add cash at start of year	6,000	2,344	3,016
2,344	3,016	Cash at end of year	5,999	12,762	13,139

Notes to Financial Statements

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

The specific disclosures included in the summary financial report have been extracted from the full financial report adopted by Council on 24 October 2024. This summary has been prepared in accordance with FRS-43: Summary Financial Statements. The figures are presented in NZ dollars rounded to \$000's.

The summary financial report cannot be expected to provide as complete an understanding as provided by the full financial report. The full financial report was authorised for issue by the Mayor and Chief Executive on xxxx and has received an unmodified audit report. A full copy of the financial report may be obtained from Council's offices, public libraries and the website [www.hastingsdc.govt.nz](http://www.hastingsdc.govt.nz)

This summary financial report has been examined by the auditor for consistency with the full financial report. An unmodified auditor's report is included with this summary.

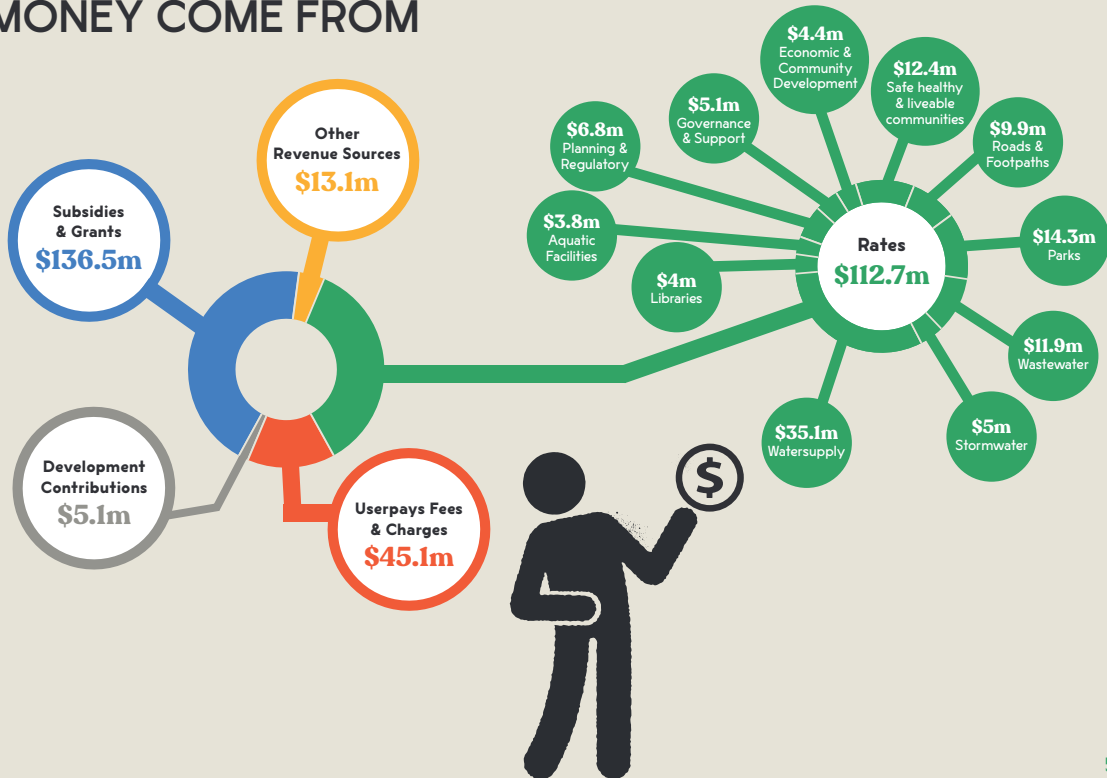
The Council has complied with PBE standards tier 1 reporting as applicable for public benefit entities.

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

Post balance date events

There have not been any significant post balance date events.

WHERE DOES OUR MONEY COME FROM



# SUMMARY OF NON-FINANCIAL PERFORMANCE

The following outlines how the Council has progressed against its performance management framework within its 2021-2031 Long Term Plan.

The Council has made a number of judgements in preparing its service performance information. The judgements exercised do not have a significant effect on the selection, measurement, aggregation and presentation of the Council's service performance information

This report marks the second year of reporting against the 2021-2031 Long Term Plan. A summary of our progress at the end of Year Three is as follows:



## Key actions

This report marks the second year of reporting against the 2021-2031 Long Term Plan. A summary of our progress at the end of Year Three is as follows:

## Levels of service and customer experience

There are 80 measures focused on our service levels to the community. They relate both to the things Council provides (Levels of Service) and to how the customer interacts with Council's services (Customer Experience). The aim of Council is to fully achieve/substantially achieve these. For reporting purposes we group our activities into the following groups:

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

In brief, the Council's achievements are:

LEVELS OF SERVICE (63 MEASURES)				
GROUP OF ACTIVITIES	NOTES	FULLY ACHIEVED	SUBSTANTIALLY ACHIEVED (98.5%-99%)	NOT ACHIEVED
Water & Roads	(i)	16 (67%)	-	8 (33%)
Safe, Healthy & Liveable Communities		21 (88%)	-	3 (12%)
Economic & Community Development		7 (70%)	-	3 (30%)
Governance & Support Services	(ii)	6 (86%)	-	1 (14%)

Notes:

ii. Water Supply measures 2 & 5 will be reported in September 2024.

iii. Cyclone Gabrielle targets were not in the LTP so there are no target figures and therefore no assessment of achieved or not. However due to the significance of this activity measures have been selected to report against for 2023/24.

CUSTOMER EXPERIENCE (8 MEASURES)				
GROUP OF ACTIVITIES	NOTES	FULLY ACHIEVED	SUBSTANTIALLY ACHIEVED (98.5%-99%)	NOT ACHIEVED
Governance & Support Services		1 (50%)	1 (50%)	-
Safe, Healthy & Liveable Communities	(iii)	1 (20%)	1 (20%)	3 (60%)

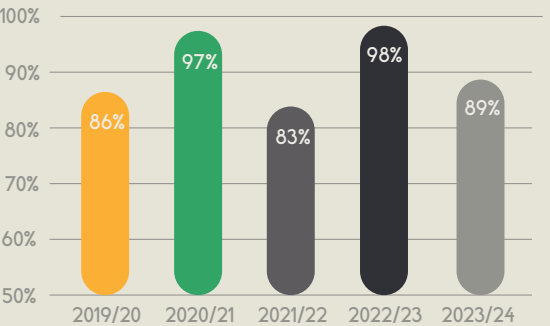
Notes:

i. Parks user satisfaction was not measured in 2023/24 due to the impact of Cyclone Gabrielle

## Customer service centre: mystery shopping

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

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



# PERFORMANCE MEASURE DISCLOSURE

The following notes relate to the mandatory DIA performance measures noted with a double asterisk (\*\*) on pages 17 to 23 of the full Annual Report.

The Council has received a qualified opinion for the 2023/24 audit relating to:

- the completeness of data for after hour calls for the three customer complaint/customer satisfaction performance measures within the Water Services activity group. This covers complaints relating to water supply, stormwater and the treatment and disposal of sewage.
- The percentage of real water loss from the Council's networked water reticulation system.

## Completeness of after-hours calls

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

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

## Water loss performance

This performance measure represents the percentage of real water loss from the Council's networked water reticulation system. This measure is subject to wide variance as coarse data is used to calculate the final result. The measure uses data from a small number of water meters installed on residential connections and extrapolates data from these connections to get an estimated usage figures for domestic demand across the city. Due to the limited number of water meters across the council's reticulation network it is acknowledged that Council have been unable to report a reliable water loss percentage.

Council will continue to work through its water meter installation programme to decrease the level of uncertainty for this measure.

## Publication of Annual Report

A full copy of the annual report may be obtained from Council's offices, public libraries and the website [www.hastingsdc.govt.nz](http://www.hastingsdc.govt.nz).

This summary annual report has been examined by the independent auditor for consistency with the full financial report. A modified independent auditor's report is included within this summary.



# INDEPENDANT AUDITOR'S REPORT

TO THE READERS OF HASTINGS DISTRICT COUNCIL AND GROUP'S SUMMARY OF THE ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2023



The summary of the annual report was derived from the annual report of the Hastings District Council and group (the District Council) for the year ended 30 June 2023.

The summary of the annual report comprises the following information on pages 4 to 7:

- the summary statement of financial position as at 30 June 2023;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended 30 June 2023;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary of non-financial performance information.

## Opinion

In our opinion:

- the summary of the information in the annual report; and
- the summary statement of Financial Statements.

## Summary of the annual report

The summary of the annual report is required by general law. Reading the summary of the annual report, therefore, is not the same as reading the annual report and the auditor's report. The summary of the annual report is a condensed version of the full annual report that occurred subsequent to the year ended 30 June 2023.

## The full annual report

We expressed an unqualified opinion on the full annual report for the year ended 31 October 2023.

- the financial statements;
- the funding impact statement;
- the statement of assets and liabilities;
- the funding impact statement;

We expressed a qualified opinion on the summary of the annual report for the year ended 30 June 2023.

## Qualified opinion on the summary of the annual report

Except for the effect of the summary of the annual report on the opinion on the non-financial performance information, the non-financial performance information:

- presents fairly, in accordance with the summary of the annual report, the non-financial performance information for each of the performance measures;
- the levels of service achieved and whether any intended changes to levels of service were achieved;
- the reasons for any significant variation between the levels of service achieved and the intended levels of service.
- complies with generally accepted accounting practice in New Zealand.

## Basis for our opinions on the audited information, including basis for qualified opinion on the non-financial performance information

The District Council is required to report against the performance measures set out in the Non-Financial Performance Measure Rules 2013 made by the Secretary for Local Government. The District Council was unable to report accurate performance information in relation to four of these performance measures and so our work was limited for the reasons described below. There were no practicable alternative audit procedures we could perform to obtain assurance over these performance measures.

## Reliability of performance information

### Maintenance of the reticulation network – Water supply

The District Council was unable to report a reliable loss percentage for the supply of water within the District. This is because the water loss percentage is estimated using information obtained from a limited number of meters across the reticulation network. The District Council have sought to employ alternative measurement techniques since 2022 but the accuracy of these cannot be confirmed. As a result the District Council has not reported a water loss percentage.

### Total number of complaints received – Water supply, Wastewater, and Stormwater

The District Council was unable to accurately report the number of complaints for each of the three waters services for complaints received during the year ended 30 June 2023. Complete records of all after the complaints system used by the District Council also did not classify complaints for stormwater.

The service performance was above the target level. The number of complaints is also disclosed on page 7 of the annual report.

The summary of the annual report also includes an emphasis on the disclosures in the full annual report about the impact of the climate change on the services:

We draw attention to Note 9 of the annual report, which describes developments in the Government's Water Services Entities Act 2022, the Water Services Amendment Act 2023 on 23 August 2023 on 31 August 2023, which requires water services entities to carry out water services and related assets to be transferred to the relevant authorities. Water services entities, with all the water services entities, will be required to report on the Council remains the same. The entity's establishment date is 1 July 2024 and 1 July 2026. The summary of the annual report does not include full details of the water services reform. The full annual report should be read in conjunction with the summary of the annual report.

The summary of the annual report does not include full details of the water services reform. The full annual report should be read in conjunction with the summary of the annual report.

## Summary of the annual report

The summary of the annual report is a condensed version of the full annual report that occurred subsequent to the year ended 30 June 2023.

We have considered whether the summary of the annual report is consistent with the information in the full annual report and whether it complies with FRS 43: Summary Financial Statements.

Our opinion on the summary of the annual report is based on our procedures, which were carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests in the District Council or its subsidiaries and controlled entities.

Stuart Mutch  
Ernst & Young  
Chartered Accountants  
On behalf of the Auditor-General  
Wellington, New Zealand  
20 December 2023

Waiting for content