

Tuesday, 12 November 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: **Tuesday, 12 November 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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Tuesday, 12 November 2024

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

**Hastings District Council**

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*Kaupapataka*

# 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, 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

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: Democracy and Strategy – 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.

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

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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 Minitī*

Minutes of the Performance & Monitoring Committee Meeting held Thursday 19 September 2024.

*(Previously circulated)*

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### 5.0 Foodeast Annual Report

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

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### 7.0 Hawke's Bay Museums Trust Annual Report

11

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<b>8.0</b>	<b>Quarterly Financial Report for the three months ended 30th September 2024</b>	<b>15</b>
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<b>9.0</b>	<b>Quarter One Projects Summary 2024/2025</b>	<b>29</b>
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<b>10.0</b>	<b>Performance and Monitoring Report for the quarter ended 30 September 2024</b>	<b>39</b>
<hr/>		
<b>11.0</b>	<i>Minor Items – Ngā Take Iti</i>	
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<b>12.0</b>	<i>Urgent Items – Ngā Take Whakahihiri</i>	

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Tuesday, 12 November 2024

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*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: **Graham Watson, Chief Financial Officer**

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*Te Take:*  
Subject: **Foodeast Annual Report**

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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 results of Food East Limited Partnership ('Foodeast') for the year to 30 June 2024.
- 1.2 As noted in the Annual Report the 23/24 financial year has been one of successful transition for Foodeast moving from the construction phase to operational. Foodeast has 2 initial tenants JMP holdings in the Industrial building and Mara Bio in the office building. While Foodeast focuses on securing tenants for their buildings they remain committed to enabling and supporting innovation in the food, beverage and agri tech sectors.
- 1.3 The Annual Report shows revenue of \$5.78M (2023 6.57M) million mainly relating to the revaluation of buildings and Grant revenue of \$0.02M. Total operating expenses for FY2024 were \$0.52M, which compares favourably to the budget of \$0.71M. We are satisfied that we have constrained costs while employing an excellent team and making substantial progress on operational matters. The FY2023 operating costs of \$0.22M were reflective of the Construction phase.
- 1.4 The Performance report on page 16 of the annual report reflects the Performance targets for 2023/24 and the relative achievement of each.
- 1.5 Mr Michael Basset Foss the CEO of Foodeast will present a summary of the year and be available to answer any questions during the meeting.
- 1.6 **Attachment 1** – 2024 Foodeast Haumako Annual Report is attached.

**2.0 Recommendations - Ngā Tūtohunga**

- A) That the Performance and Monitoring Committee receive the report titled Foodeast Annual Report dated 12 November 2024.
- B) That the Performance and Monitoring Committee receive and note the Foodeast Limited Partnership Annual Report for 2024.

**Attachments:**

<a href="#">1</a>	2024 Foodeast Haumako Annual Report	CG-17-4-00167	Under Separate Cover
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Tuesday, 12 November 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: **Kim Herrick, Manager Commerce Projects & Relationships**

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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**

- 1.1 The purpose of this report is to provide an update to the Performance and Monitoring Committee on the establishment of the Hawke's Bay REDA (Regional Economic Development Agency) Limited (HBREDA). The report covers:
  - Current activity and next steps
  - Funding update
- 1.2 Alasdair MacLeod, Chairperson, and Lucy Laitinen, CEO, of HBREDA will talk to the report and will be available to answer any questions during the meeting.
- 1.3 There are four attachments to this report – **Attachment 1** (HBREDA report to HDC Nov '24); **Attachment 2** (HBREDA Letter of Expectations); **Attachment 3** (REDA Infometrics Report on HB Economy); and **Attachment 4** (REDA Employment Outlook for Hawke's Bay).

## **2.0 Recommendations - Ngā Tūtohunga**

That the Performance and Monitoring Committee receive the report titled Hawke's Bay REDA Limited Update Report dated 12 November 2024.

### **Attachments:**

1	HBREDA report to HDC Nov 24	CG-17-4-00170	Under Separate Cover
2	REDA Letter of Expectations	CG-17-4-00159	Under Separate Cover
3	REDA Infometrics Report on HB Economy	CG-17-4-00160	Under Separate Cover
4	REDA Employment Outlook for Hawke's Bay	CG-17-4-00161	Under Separate Cover

**Item 6**

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Tuesday, 12 November 2024

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*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: **Graham Watson, Chief Financial Officer**

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*Te Take:*  
Subject: **Hawke's Bay Museums Trust Annual Report**

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

- 1.1 The purpose of this report is to present to the Performance and Monitoring Committee the Annual Report from the Hawke's Bay Museums Trust (HBMT) for the year ended 30 June 2024.
- 1.2 The HBMT's annual report shows a surplus for the year of \$315,687. The surplus is almost entirely due to the receipt of donations worth \$302,282.
- 1.3 The Trust has net worth of \$43.93M of which \$43.33M is its Artworks and Collection.
- 1.4 The Trust (HBMT) is a Council Controlled Organisation with three of the five Trustees appointed by Napier City Council (NCC) and Hastings District Council (HDC), and with the almost all of its operational funding provided jointly by those Councils. The HBMT Board is responsible for a management agreement between the HBMT and NCC with the management agreement providing for the operations of the Museum, Art Gallery and associated activities which are operated by NCC.
- 1.5 HBMT has four main goals:
  - To protect the regional collection.
  - To maintain and enhance the quality of the collection.
  - To maximise access to the collection.
  - To further develop the collection.
- 1.6 The HBMT (Incorporated) is registered as a charitable entity under the Charities Act 2005 and the Board is constituted to have five members appointed as follows:
  - One appointed by Napier City Council

- One appointed by Hastings District Council
- One appointed by the Hawke's Bay Museums Foundation Charitable Trust
- One appointed by Ngāti Kahungunu Iwi (Incorporated)
- The Chairperson who shall be appointed by Napier City and Hastings District Councils jointly.

1.7 The Trustees as at 30 June 2024 were as follows:

Dr Richard Grant (Chairperson)

*Councillor Tania Wright (NCC appointment)*

*Mr George Lyons (HDC appointment)*

*Ms Jeanette Kelly (Hawke's Bay Museums Foundation Charitable Trust)*

*Mr Nigel How (Ngāti Kahungunu Iwi Incorporated)*

1.8 Dr Grant will be in attendance at the Performance and Monitoring Committee meeting to present the Annual Report and answer any questions that Council may have.

1.9 **Attachment 1** is a copy of the Hawke's Bay Museums Trust's Annual Report, including signed and audited accounts, for the year ended 30 June 2024.

1.10 The HBMT received grants of \$1.286m in aggregate from NCC and HDC compared to \$1.148 received in the 2023 financial year.

1.11 HDC and NCC jointly fund the Trust and their role in providing the care and protection of this regional collection. The grants cover the contracted costs to NCC to provide administrative and management services for the management of the collection. The costs of the regional collection which are met equally with HDC contributing \$650313 in comparison to \$581460 last year.

1.12 The HDC contribution includes \$15,000 as an Education grant to the Trust whereby the NCC Education grant offsets expenditure incurred by NCC on behalf of the Trust.

1.13 The Statement of Financial Position also records \$615,260 held in investments. Of the investments, \$559,879 are held as special purpose reserves (see note 11 in Attachment 1) with various restricted use applications.

1.14 The Annual Report also includes a comparison of the non-financial performance measures included in the Statement of Intent for the year ended 30 June 2024 against the actual results achieved.

1.15 HBMT's continued input through the Chair has been invaluable as the Joint Working Group has progressed the development of the new Hawke's Bay Museum Research and Archive Centre in Hastings. The outcome of this development will go a long way in supporting the Trust in achieving the 4 primary goals as outlined in the Annual Report and set out in the Statement of Intent.

## 2.0 Recommendations - Ngā Tūhunga

- A) That Performance and Monitoring Committee receive the report titled Hawke's Bay Museums Trust Annual Report dated 12 November 2024.
- B) That the Committee receives the Hawkes Bay Museum Trust Annual Report for the year ended 30 June 2024.

### Attachments:





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Tuesday, 12 November 2024

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*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: **Aaron Wilson, Financial Controller**

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*Te Take:*  
Subject: **Quarterly Financial Report for the three months ended 30th September 2024**

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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 three months ended 30<sup>th</sup> September 2024.
- 1.2 The economic and financial environment that Council operates in remains challenging, with a great deal of focus needed to ensure that the Annual Plan that was adopted as part of the Long-Term Plan (LTP) is followed. This will ensure Council will be able manage the impacts of Climate change, the ongoing infrastructure rebuild for Cyclone Gabrielle.
- 1.3 The Annual plan for 2024/25 included a requirement to deliver savings of \$2.7m. This will be reported to the Performance and Monitoring on a quarterly basis along with identified unbudgeted expenditure.
- 1.4 All approved unbudgeted spend is being reported to this committee to show how Council is tracking overall.
- 1.5 The presentation of the financial results has been modified to separate out performance on continuing operations from other one-off funding sources linked to the capital programme. This includes moving the reporting format towards a view that is aligned to monitoring the new modified balanced budget ratio included in the financial strategy in the 2024-34 LTP. Cyclone Gabrielle costs and revenues will again be reported separately.
- 1.6 It should be noted that within the first quarter much of the variance between Actuals and Annual Plan is due to how the budget was phased over the 3-month period as opposed to when the actual spend will occur. In this 1<sup>st</sup> quarter the expected spend has been slower than how the budget has been phased, with this spend likely to catchup over the next three quarters.

- 1.7 A brief summary of the YTD result to 30<sup>th</sup> September is as follows:
- Council’s cash position on operations is \$5.9m better than the budget of \$5.1m.
  - The non-cash depreciation expense is \$980k higher than the budget of \$15.9m.
  - The funding to support capital projects is \$6.3m lower than budget. This is due to the timing of projects with the capital expenditure not yet incurred.
  - The cyclone revenue overall is lower to Annual plan budget by \$3.9m. This is driven by two main areas, with Transport revenue reimbursements of \$6.9m ahead of budget, (this is offset by higher capital and expenditure). The second area is lower Grants of \$9m for the Voluntary Buyout Project against budget due to a slowdown in settlements finalised against expected budget timing.
  - Cyclone Gabrielle operational costs are lower by \$7.4m mainly driven two areas, higher contracted services lines in transport of \$3.4m offset (offset by higher Subsidies and Grants) and slower than budgeted settlements from the relocation offers under the VBO project of \$10.6m.
- 1.8 Overall, the revenue is \$8.3m lower than the YTD budget and expenditure is \$10.4m lower than the YTD budget giving a net favourable variance of \$2.1m. The main driver for the size of the expenditure and revenue variance is the lower level of subsidies and grants for capital works and Cyclone Gabrielle revenue offset by lower cash expenditure and lower Cyclone Gabrielle spend.
- 1.9 Revenue on ongoing operations is favourable to budget by \$1.9m with the variance in revenue driven by funding received for the fluoride project along with the timing of grants received.
- 1.10 Expenditures on continuing operations are \$3.9m lower than budget so far. The main driver of this is lower personnel costs along with the timing of spend against budget phasing in other operational costs. Non-cash depreciation expense is \$980k higher than budget.
- 1.11 In addition, Council’s Annual Plan includes a large capital programme of \$281m which is an incredibly challenging level of completion of projects and spend within the current financial year. Of the \$280m budgeted capex spend \$140m of this relates to Transport infrastructure and the Voluntary Buyout scheme. Officers will be reviewing the deliverability of the Capex programme with a capital review currently underway, which would mean that Council’s requirement to borrow may be reduced in the current financial year.
- 1.12 The opening debt as at 1 July 2024 is \$393.7m. Currently Council debt is sitting at \$412.7m, as at the end of the first quarter, with the next tranche of debt in line with LTP forecasts due to be required to be borrowed in December 2024. The 2024/25 Annual Plan forecast the debt as at June 2025 to be \$489m.

## 2.0 Recommendations - Ngā Tūtohunga

That Performance and Monitoring Committee receives the report titled Quarterly Financial Report for the three months ended 30th September 2024 dated 12 November 2024.

## 3.0 Background – Te Horopaki

- 3.1 The financial result is reported on quarterly, during the year. 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 as non-cash items such as depreciation, vested assets and development contributions are not included.



- 3.2 This financial report is governance focussed and supports highlighting significant variances to with explanations through dashboard, analytics, and commentary.
- 3.3 A Financial Report is 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, or Chief Financial Officer, 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 3 months to 30 September 2024. The financial results detailed below do not reflect the potential rating result for 2024/25 as this requires separate calculations that are completed at year-end.
- 4.2 As explained previously the format has been changed to separate out non-cash depreciation, capital revenues and cyclone costs. The key area of focus is the result for cash ongoing operations where Council has a YTD favourable variance of \$5.9m.

<b>Statement of Comprehensive Revenue and Expense</b>				
<b>30 September 2024</b>				
	YTD Actuals (\$'000)	YTD Budgets (\$'000)	YTD Variance (\$'000)	Full Year Annual Plan (\$'000)
<b>Revenue</b>				
Rates	32,439	32,439	-	129,756
Fees, charges & metered water supply	13,570	11,902	1,669	48,945
Subsidies and Grants	6,094	5,335	759	11,446
Interest revenue	5		5	1
Other revenue	156	639	(483)	2,090
<b>Total Operating Revenue - Ongoing Operations</b>	<b>52,265</b>	<b>50,315</b>	<b>1,950</b>	<b>192,238</b>
<b>Expenditure</b>				
Personnel Costs	13,336	13,830	494	53,285
Finance Costs	4,895	4,972	77	19,889
Other Operating Costs	23,004	26,415	3,411	92,928
<b>Total Cash Expenditure - Operations</b>	<b>41,236</b>	<b>45,217</b>	<b>3,981</b>	<b>166,102</b>
<b>Surplus/(Deficit) - Cash ongoing operations</b>	<b>11,029</b>	<b>5,098</b>	<b>5,931</b>	<b>26,136</b>
<b>Less Non Cash Expense</b>				
Depreciation & Amortisation Expense	16,891	15,910	(980)	63,641
<b>Plus Revenues to Support Capital Expenditure</b>				
Development and Financial Contributions	890	1,144	(254)	6,617
Subsidies & Grants to fund Capital Projects	3,581	9,639	(6,058)	37,205
<b>Total Revenue to fund Capital Projects</b>	<b>4,472</b>	<b>10,783</b>	<b>(6,311)</b>	<b>43,822</b>
<b>Accounting Surplus/(Deficit) excl Cyclone Gabrie</b>	<b>(1,390)</b>	<b>(30)</b>	<b>(1,360)</b>	<b>6,317</b>
Cyclone Gabrielle - Revenue	28,430	32,404	(3,973)	144,350
Cyclone Gabrielle - Expense	20,910	28,351	7,442	36,209
<b>Overall Surplus/(Deficit) - Operations</b>	<b>6,131</b>	<b>4,023</b>	<b>2,108</b>	<b>114,458</b>

- 4.3 The year-to-date (YTD) result above is presented against the full annual plan budget. Contained within the Annual plan is the \$2.7m savings that was agreed with Council. Also included is any unbudgeted expenditure within the current financial year.
- 4.4 The \$2.7m in savings is being tracked and reported monthly to the Lead Team and a summary for the quarter has been included in this report. This is the same with approved but unbudgeted

expenditure, with other lines and areas within Council needing to be looked at to offset these additional costs.

- 4.5 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 Gabrielle

- 4.6 Council's overall financial performance is \$2.1m favourable to YTD budget for the first quarter ended 30<sup>th</sup> September 2024. The overall results are impacted somewhat by the phasing of the budget along with not having finalised NZTA the funding Council will receive.
- 4.7 Overall revenue is \$8.3m unfavourable to the YTD budget and expenditure is \$10.4m favourable to YTD budget (including depreciation). Excluding the cyclone, revenue is \$6.3m unfavourable driven by timing of subsidies received whilst expenditure is \$3m favourable with lower personnel and services costs.

Overall YTD result ongoing operations:

- 4.8 The YTD variance against the annual plan for ongoing BAU activities is \$5.9m favourable. Specific commentary on variances is included under the revenue and expenditure sections.
- 4.9 As noted earlier for clarity, revenues to support capital expenditure and 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

- 4.10 The first quarter revenue excluding revenues to support capital expenditure and cyclone impact is \$1.9m higher in the context of total revenue budgeted for the three months to September.

<b>Statement of Revenue as at: 30 September 2024</b>	<b>Actual Ytd (\$'000)</b>	<b>Budget Ytd (\$'000)</b>	<b>Variance Ytd (\$'000)</b>
Rates (Budget)	32,439	32,439	0
Fees, charges & metered water supply charges	13,570	11,902	1,669
Subsidies and Grants	6,094	5,335	759
Interest revenue	5	0	5
Other revenue	156	639	-483
<b>Total Operating Revenue - ongoing operations</b>	<b>52,265</b>	<b>50,315</b>	<b>1,950</b>
<b>Revenues to Support Capital Expenditure</b>			
Development and financial contributions	890	1,144	-254
Subsidies & Grants to fund capital projects	3,581	9,639	-6,058
<b>Total Revenue to fund Capital projects</b>	<b>4,472</b>	<b>10,783</b>	<b>-6,311</b>
Cyclone Gabrielle Revenue	28,430	32,404	-3,973
<b>Total Revenue</b>	<b>85,167</b>	<b>93,501</b>	<b>-8,334</b>

- 4.11 Fees & Charges are \$1.6m higher on a \$11.9m YTD budget, with the main driver being:
- Fluoridation funding of \$2m being received for drinking water.
- 4.12 Operational subsidies and grants are lower than budget by \$759k mainly due to the timing of spend against budgets phased.
- 4.13 Subsidies and Grants to fund capital projects are \$6.3m unfavourable through the first quarter of the year largely driven (\$4.2m) by the phasing of budget as to the timing of when funding from the Ministry of Culture and Heritage will be received for the museum storage project. Note there is always a lag due to reimbursement occurring after the capital spend has been incurred.

- 4.14 IAF funding of \$577k for Wastewater projects are yet to be received as per timing of budget.
- 4.15 Development contributions are lower than budget by \$254k. This is an area that is sensitive to changes in the overall market conditions, and Council have seen a slowdown in building and subdivision activity. As the development contributions are used to repay growth related debt, Council will need to monitor and adjust where possible the growth expenditure plans to match changes in the overall market.
- 4.16 The cyclone revenue overall is lower to Annual plan budget by \$3.9m. This is driven by two main areas, with Transport revenue reimbursements of \$6.9m ahead of budget, (this is offset by higher capital and expenditure). The second area is lower Grants of \$9m for the Voluntary Buyout Project against budget due to a slowdown in settlements finalised against expected budget timing.
- 4.17 Expenditure:

<b>Statement of Expenditure as at 30 September 2024</b>	<b>Actual Ytd (\$'000)</b>	<b>Budget Ytd (\$'000)</b>	<b>Variance Ytd (\$'000)</b>
Personnel Costs	13,336	13,830	494
Finance Costs	4,895	4,972	77
Other Operating Costs	23,004	26,415	3,411
<b>Total Cash Expenditure - Operations</b>	<b>41,236</b>	<b>45,217</b>	<b>3,981</b>
<b>Non Cash Expenses</b>			
Depreciation & Amortisation Expense	16,891	15,910	-980
<b>Total Expenditure Excl. Cyclone Gabrielle</b>	<b>58,127</b>	<b>61,127</b>	<b>3,001</b>
Cyclone Gabrielle Costs	20,910	28,351	7,442
<b>Total Expenditure</b>	<b>79,036</b>	<b>89,479</b>	<b>10,442</b>

- 4.18 Overall cash expenditure for ongoing BAU activities is favourable for the three months ending September by \$3.9m. Much of the variance between Actuals and Annual Plan is due to how the budget was phased over the 3-month period as opposed to when the actual spend will occur. In this 1<sup>st</sup> quarter the expected spend has been slower than how the budget has been phased, with this spend likely to catchup over the next three quarters.
- 4.19 The main drivers include the points set out below:
- 4.20 Personnel costs are favourable to budget by \$494k mainly driven by a number of vacancies across Council activities.
- 4.21 Finance costs are tracking 1.5% lower than budget at \$77k. Looking further out towards the end of this financial year and into the 25/26 year, (there have already been two cuts to the OCR rate) the market is continuing to price further cuts over the next two reserve bank meetings. Whilst Council has significant levels of cover in place, the cutting cycle currently underway should mean lower interest costs on any new debt undertaken by Council.
- 4.22 Other operating costs excluding cyclone costs were significantly favourable to budget by \$3.4m and were mainly driven by timing of spend versus budget, across a wide range of areas. Software and Maintenance are \$570k underspent primarily this relates to Project Genesis (transition to the Cloud), expert advice and services are \$670k underspent along with donations and grants of \$550k.
- 4.23 Depreciation is tracking higher than budget and is due to the revaluation of assets, particularly in the infrastructure classes of Transport and Three waters.
- 4.24 Cyclone Gabrielle operational costs are lower by \$7.4m mainly driven two areas, higher contracted services in transport of \$3.4m offset (offset by higher Subsidies and Grants) and slower than budgeted settlements from the relocation offers under the VBO project of \$10.6m.

Planning and Regulatory:

- 4.25 This group is tracking to budget on revenues across areas such as building control and resource consents. Animal control and Parking revenues are slightly under as at the first quarter. Expenditure is over budget due to a one-off settlement that has been approved but not budgeted for.

Asset Management:

- 4.26 Three waters operational spend is on track with contract overheads all tracking below budget. Preventative and reactive budgets for three waters are below budget with the exception of wastewater reactive maintenance which is \$87k higher in the first quarter.
- 4.27 Transportation maintenance costs are \$1.3m above 1<sup>st</sup> quarter budget due to pavement maintenance which was \$664k above budget along with emergency reinstatement costs \$572k above budget due to the June rain event. This increased spend will be managed alongside renewals budget to ensure local share of transport budget is not exceeded.

Community Facilities:

- 4.28 Community Facilities are tracking above revenue budget across a wide range of areas, due to a number of grants being received, insurance reimbursement in Housing for the elderly and more fees and charges being received. In terms of expenditure this is also tracking favourable to budget with lower spends across facilities along with some budget vacancies. As the summer months kick in the second quarter will be where expenditure will be closely monitored.

## 5.0 Additional expenditure approved by Council and Savings Targets

- 5.1 Built into the 2024/2025 Annual plan was a savings target of \$2.7m in order to help reduce the financial impact on the rate payer. Officers across Council have been working in the first quarter to identify where these savings can be made and therefore tracked.
- 5.2 A full report will be included in the second quarter Performance and Monitoring report, with monthly reports given to the chair of the Performance and Monitoring Committee.
- 5.3 Savings through Vacancy management within the first quarter of \$251k has been achieved, with the remaining shortfall of \$87k expected to be caught up over the next three quarters. In addition, identified savings from the Waiaroha budget of \$117k will be factored in over the financial year.
- 5.4 There are also a number of additional expenditure items that have been approved across Council activities. Councillors have asked for visibility of these additional items in the Committees quarterly financial reporting.
- 5.5 The table below shows the additional approved spend by operational expenditure. The additional expenditure is mainly driven by the Council approved settlement of \$1.1m along with funding support for Tamatea Pokai Whenua, of which this year's agreement is \$300k.
- 5.6 The following table shows additional expenditure approvals that were not included in the 2024-25 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.
- 5.7 It should be noted that officers will continue to look to fund this additional expenditure from other lines in the existing budget where possible as the year progresses.

<b>Additional Expenditure not allowed for in LTP Budget 2024-25 First Quarter</b>		
<b>Project\Expenditure</b>	<b>Opex Impact</b>	<b>How Funded</b>
10 Beach Rd Settlement	1,107,620	Debt Funded Approved by Council
Tamatea Pokai Whenua	300,000	Debt Funded Approved by Council
Risk Software & Implementation (SAS)	50,000	To be funded by efficiencies
Kahu Mai funding Contribution	50,000	To be funded by efficiencies
Upgrade parking meters to 4G	50,000	To be funded by efficiencies
Mitre 10 Park Spatial Plan	33,468	To be funded by efficiencies
Council Chamber Leak	15,000	To be funded by efficiencies
	<b>1,606,088</b>	

## 6.0 Capital Spend

6.1 Council's total Annual plan capital budget (including renewals, new works, and growth projects) for 2024/25 is \$281m. Officers will be reviewing the deliverability of the Capex programme with a capital review currently underway. As noted in the table below actual capital spend against budget for BAU shows a \$16.7m spend against year-to-date budget of \$20.1m.

6.2 Renewals are \$4.1m behind expected spend YTD.

Wastewater is behind budget by \$1.5m due to Inland Trunk and planned & Reactive Renewals projects.

Drinking water is behind budget \$721k largely due to Toby and Reservoir upgrades along with reactive renewals not proceeding as phased in the budget.

Building Services is behind budget \$590k due to housing for the Elderly, Art Gallery, and library renewals not proceeding as phased in the budget.

Transportation is behind budget due to lower spend on Traffic service renewals, signals and pavement marking.

6.3 New Works are 2.7m ahead of expected spend YTD.

Museum storage is the biggest variance at \$1.2m behind budget, this however is more due to budget phasing than any delay with the project.

Wastewater and stormwater are underbudget due to Havelock streams and Te Awanga Lagoon proceeding slower than was phased in the budget.

6.4 Growth is \$2.m behind expected spend YTD, however this is an area that can be difficult to phase budget months out due to the complexity involved in the projects concerned.

6.5 Cyclone Gabrielle is \$8.5m behind expected spend YTD, with spend in the infrastructure \$2.3m ahead of budget, with the offset being the Voluntary Buyout project spend on with settlements slower than phased at \$10.9m.

6.6 Projects by Activity within the types of capital spend are shown below:

## Summary of Capital Spend as at 30 September 2024

	YTD Actuals (\$000)	YTD Budgets (\$000)	YTD Variance (\$000)	Annual Plan ('000)
<b>COUNCIL CAPITAL</b>				
Renewals	5,008	9,170	4,161	66,086
New Works	8,448	10,705	2,257	36,504
Growth	3,273	5,294	2,021	38,987
<b>CAPITAL SPEND excl CYCLONE</b>	<b>16,729</b>	<b>25,169</b>	<b>8,440</b>	<b>141,577</b>
Cyclone Gabrielle	19,717	28,263	8,547	140,002
<b>TOTAL CAPITAL SPEND</b>	<b>36,446</b>	<b>53,432</b>	<b>16,987</b>	<b>281,579</b>
	YTD Actuals (\$000)	YTD Budgets (\$000)	YTD Variance (\$000)	Annual Plan ('000)
<b>SUMMARY</b>				
<b>RENEWALS</b>				
Roads & Footpaths	1,770	2,137	367	20,833
Sewerage and the treatment and disposal of s	1,031	2,614	1,583	18,072
Water Supply	692	1,413	721	14,212
Building & Property Management	586	1,176	590	4,883
Stormwater Disposal	284	268	(17)	1,498
Parks & Reserves	189	633	443	2,430
Community Safety Initiatives	101	45	(55)	181
Rest of Council - Renewals	356	885	529	3,976
<b>TOTAL RENEWALS</b>	<b>5,008</b>	<b>9,170</b>	<b>4,161</b>	<b>66,086</b>
<b>NEW WORKS</b>				
Museum Storage Project	4,273	5,530	1,257	14,029
Solid Waste	2,147	1,761	(387)	7,042
Water Supply	571	1,195	624	6,960
Roads & Footpaths	324	208	(116)	5,120
Stormwater Disposal	305	676	371	6,644
Parks & Reserves	272	383	111	4,236
Sewerage and the treatment and disposal of s	228	464	236	2,123
Rest of Council - New Works	327	488	161	(9,650)
<b>TOTAL NEW WORKS</b>	<b>8,448</b>	<b>10,705</b>	<b>2,257</b>	<b>36,504</b>
<b>GROWTH</b>				
Sewerage and the treatment and disposal of s	1,582	2,382	800	25,182
Roads & Footpaths	1,441	2,045	604	6,516
Stormwater Disposal	153	700	547	5,460
Water Supply	97	168	70	1,804
Parks & Reserves	-	-	-	25
Rest of Council - Growth	-	-	-	-
<b>TOTAL GROWTH</b>	<b>3,273</b>	<b>5,294</b>	<b>2,021</b>	<b>38,987</b>
<b>CYCLONE GABRIELLE</b>				
Cyclone Gabrielle	19,717	28,263	8,547	140,002
<b>TOTAL CYCLONE</b>	<b>19,717</b>	<b>28,263</b>	<b>8,547</b>	<b>140,002</b>
<b>TOTAL CAPITAL</b>	<b>36,446</b>	<b>53,432</b>	<b>16,987</b>	<b>281,579</b>

### Treasury

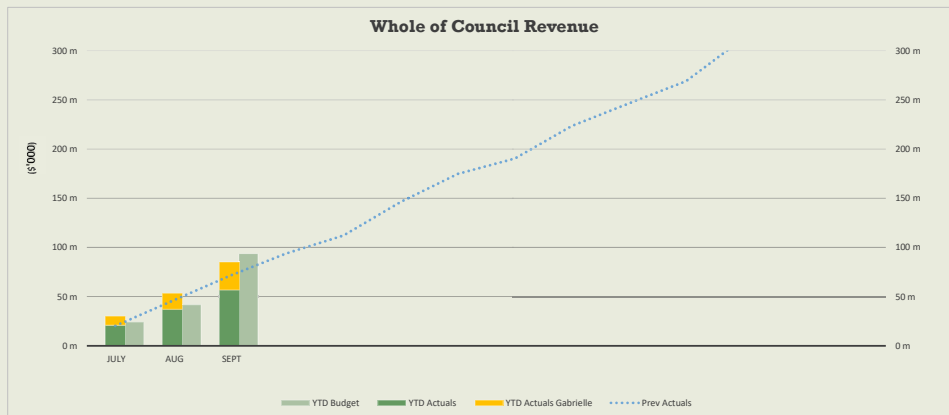
- 6.7 Council's total gross debt position, as at 30<sup>th</sup> September, was \$412.7m. Liquidity was 111% as at the end of September. The forecast year end debt position is expected to be \$489m.
- 6.8 Council is currently compliant with its Treasury Management Policy limits. The Risk and Assurance Committee reviews and monitors Council's treasury performance and policy on a quarterly basis with advice from Bancorp Treasury Services.

### **Attachments:**

1 [↓](#) First Quarter Dashboard

CG-17-4-00166

### Hastings District Council Quarterly Dashboard as at 30 September 2024



Statement of Revenue as at: 30 September 2024	Actual Ytd (\$'000)	Budget Ytd (\$'000)	Variance Ytd (\$'000)
Rates (Budget)	32,439	32,439	0
Fees, charges & metered water supply charges	13,570	11,902	1,669
Subsidies and Grants	6,094	5,335	759
Interest revenue	5	0	5
Other revenue	156	639	-483
<b>Total Operating Revenue - ongoing operations</b>	<b>52,265</b>	<b>50,315</b>	<b>1,950</b>
<b>Revenues to Support Capital Expenditure</b>			
Development and financial contributions	890	1,144	-254
Subsidies & Grants to fund capital projects	3,581	9,639	-6,058
<b>Total Revenue to fund Capital projects</b>	<b>4,472</b>	<b>10,783</b>	<b>-6,311</b>
Cyclone Gabrielle Revenue	28,430	32,404	-3,973
<b>Total Revenue</b>	<b>85,167</b>	<b>93,501</b>	<b>-8,334</b>

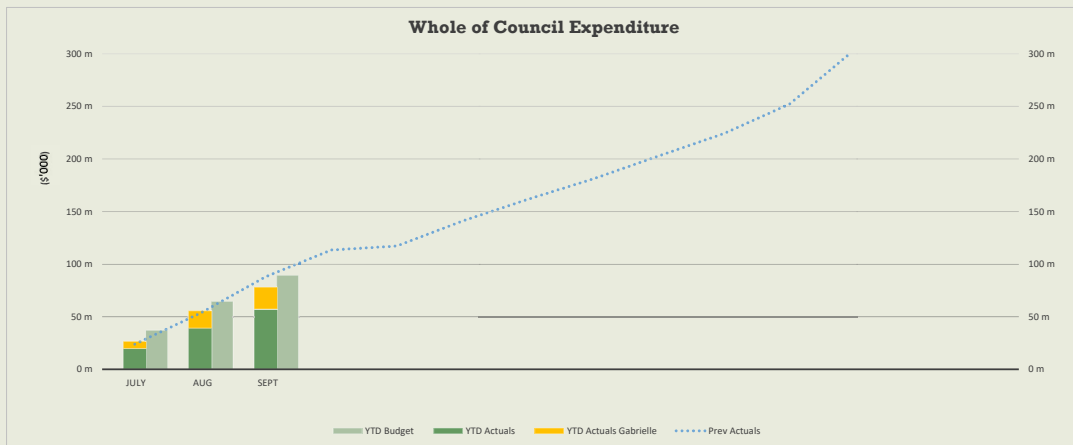
Comments: Revenue is below budget in the first quarter driven by phasing of monthly budgets in relation to when reimbursements are received. Gabrielle revenue is a similar story with settlements slower than expected in budgets.

### How we are doing by key revenue streams (\$'000)

<p><b>Fees &amp; Charges</b></p> <p><b>\$1,669</b> Favourable Variance</p> <p>↑</p> <p>Fees and Charges were above budget due to funding received for Flouridation project.</p>	<p><b>Environmental Consent Fees</b></p> <p><b>\$102</b> Favourable Variance</p> <p>↑</p> <p>Environmental Consent Fees are tracking above budget in the first quarter.</p>	<p><b>Insurance Reimbursement</b></p> <p><b>\$99</b> Favourable Variance</p> <p>↑</p> <p>Housing for the Elderly fees &amp; charges revenue are ahead of budget due to insurance Reimbursement.</p>
<p><b>Dividend Received</b></p> <p><b>-\$138</b> Unfavourable Variance</p> <p>↑</p> <p>Budget Timing of dividends received from HB Airport</p>	<p><b>Development Contributions</b></p> <p><b>-\$254</b> Unfavourable Variance</p> <p>↑</p> <p>Development Contributions are unfavourable to budget, with revenue dependent on developer timing.</p>	<p><b>Cyclone Gabrielle Subsidies</b></p> <p><b>-\$3,973</b> Unfavourable Variance</p> <p>↑</p> <p>Lower Grants of \$9m for the Voluntary Buyout Project against budget due to a slowdown in settlements finalised against expected budget timing, offset by higher transport subsidies received of \$6.9m</p>



### Hastings District Council Quarterly Dashboard as at 30 September 2024



Statement of Expenditure as at 30 September 2024	Actual Ytd (\$'000)	Budget Ytd (\$'000)	Variance Ytd (\$'000)
Personnel Costs	13,336	13,830	494
Finance Costs	4,895	4,972	77
Other Operating Costs	23,004	26,415	3,411
<b>Total Cash Expenditure - Operations</b>	<b>41,236</b>	<b>45,217</b>	<b>3,981</b>
<b>Non Cash Expenses</b>			
Depreciation & Amortisation Expense	16,891	15,910	-980
<b>Total Expenditure Excl. Cyclone Gabrielle</b>	<b>58,127</b>	<b>61,127</b>	<b>3,001</b>
Cyclone Gabrielle Costs	20,910	28,351	7,442
Cyclone Gabrielle Asset Writeoffs	0	0	0
<b>Total Expenditure</b>	<b>79,036</b>	<b>89,479</b>	<b>10,442</b>

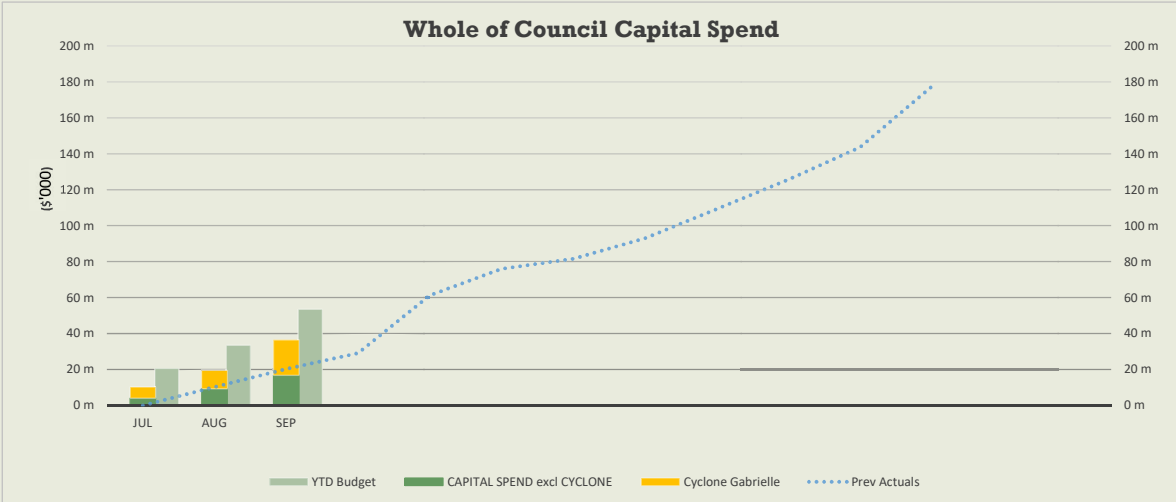
Comments: Expenditure has been driven by slower spend than phased in the budget in the first quarter along with a number of vacancies across Council.

#### How we are doing by key expenditure categories (\$'000)

Cyclone Gabrielle Opex	IT Software & Maintenance	Personnel Costs
<p><b>\$7,442</b> Favourable Variance</p> <p>Driven by two areas, higher contracted services lines in transport of \$3.4m offset (offset by higher Subsidies and Grants) and slower than budgeted settlements from the relocation offers under the VBO project of \$10.6m.</p>	<p><b>\$570</b> Favourable Variance</p> <p>Timing of spend to relating to budget phasing, this is expected to catchup over the remainder of the year</p>	<p><b>\$494</b> Favourable Variance</p> <p>Personnel Costs are favourable due to a number of vacancies across Council</p>
Expert Advice	Gas & Electricity	Depreciation
<p><b>\$445</b> Favourable Variance</p> <p>Expert Advice lower spend to budget across a range of activities in Council</p>	<p><b>-\$67</b> Unfavourable Variance</p> <p>Gas and Electricity tracking slightly higher than first quarter budget of \$1.3m</p>	<p><b>-\$980</b> Unfavourable Variance</p> <p>Impact of asset additions and increased value of large infrastructure assets</p>

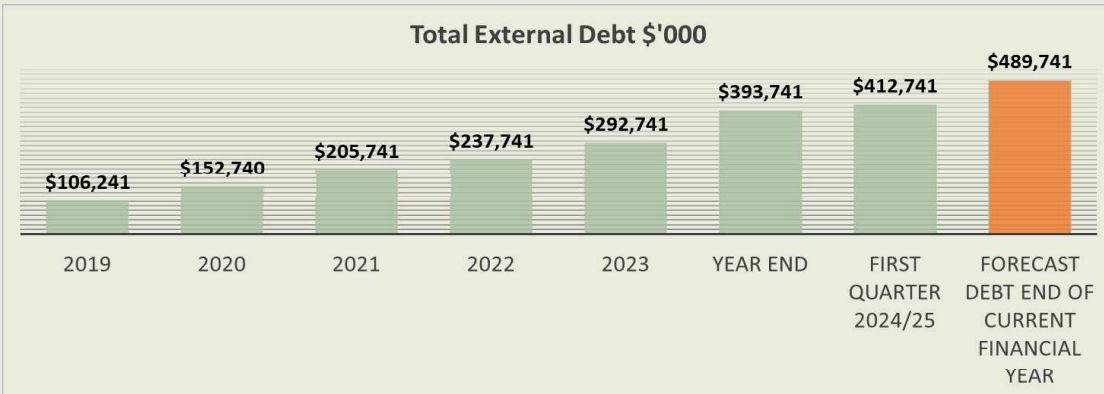
<b>Hastings District Council Statement of Comprehensive Revenue and Expense as 30 September 2024</b>					
	YTD Actuals (\$'000)	YTD Budgets (\$'000)	YTD Variance (\$'000)	Full Year Annual Plan (\$'000)	
<b>Revenue</b>					
Rates	32,439	32,439	-	129,756	
Fees, charges & metered water supply	13,570	11,902	1,669	48,945	
Subsidies and Grants	6,094	5,335	759	11,446	
Interest revenue	5	5	5	1	
Other revenue	156	639	(483)	2,090	
<b>Total Operating Revenue - Ongoing Operations</b>	<b>52,265</b>	<b>50,315</b>	<b>1,950</b>	<b>192,238</b>	
<b>Expenditure</b>					
Personnel Costs	13,336	13,830	494	53,285	
Finance Costs	4,895	4,972	77	19,889	
Other Operating Costs	23,004	26,415	3,411	92,928	
<b>Total Cash Expenditure - Operations</b>	<b>41,236</b>	<b>45,217</b>	<b>3,981</b>	<b>166,102</b>	
<b>Surplus/(Deficit) - Cash ongoing operations</b>	<b>11,029</b>	<b>5,098</b>	<b>5,931</b>	<b>26,136</b>	
Less Non Cash Expense					
Depreciation & Amortisation Expense	16,891	15,910	(980)	63,641	
<b>Plus Revenues to Support Capital Expenditure</b>					
Development and Financial Contributions	890	1,144	(254)	6,617	
Subsidies & Grants to fund Capital Projects	3,581	9,639	(6,058)	37,205	
<b>Total Revenue to fund Capital Projects</b>	<b>4,472</b>	<b>10,783</b>	<b>(6,311)</b>	<b>43,822</b>	
<b>Accounting Surplus/(Deficit) excl Cyclone Gabrielle</b>	<b>(1,390)</b>	<b>(30)</b>	<b>(1,360)</b>	<b>6,317</b>	
Cyclone Gabrielle - Revenue	28,430	32,404	(3,973)	144,350	
Cyclone Gabrielle - Expense	20,910	28,351	7,442	36,209	
<b>Overall Surplus/(Deficit) - Operations</b>	<b>6,131</b>	<b>4,023</b>	<b>2,108</b>	<b>114,458</b>	

## Whole of Council Capital Spend as at 30 September 2024



**Capital - Commentary**

Capital spend for the for the three months to 30th September 2024 was \$36.4m compared to budget of \$53.4m. Renewals, new works and growth are all behind budget, and a capital review is underway to understand the deliverability of the Capex programme.



**Treasury**

Total external debt shows the overall increase in debt from 2019. Current debt as at 30th September 2024. If Council completes the full 2024-25 capital programme as well as funding its share of recovery costs it is likely that the closing debt will be much closer to \$489m.



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Tuesday, 12 November 2024

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*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: **Aaron Wilson, Financial Controller**

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*Te Take:*  
Subject: **Quarter One Projects Summary 2024/2025**

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

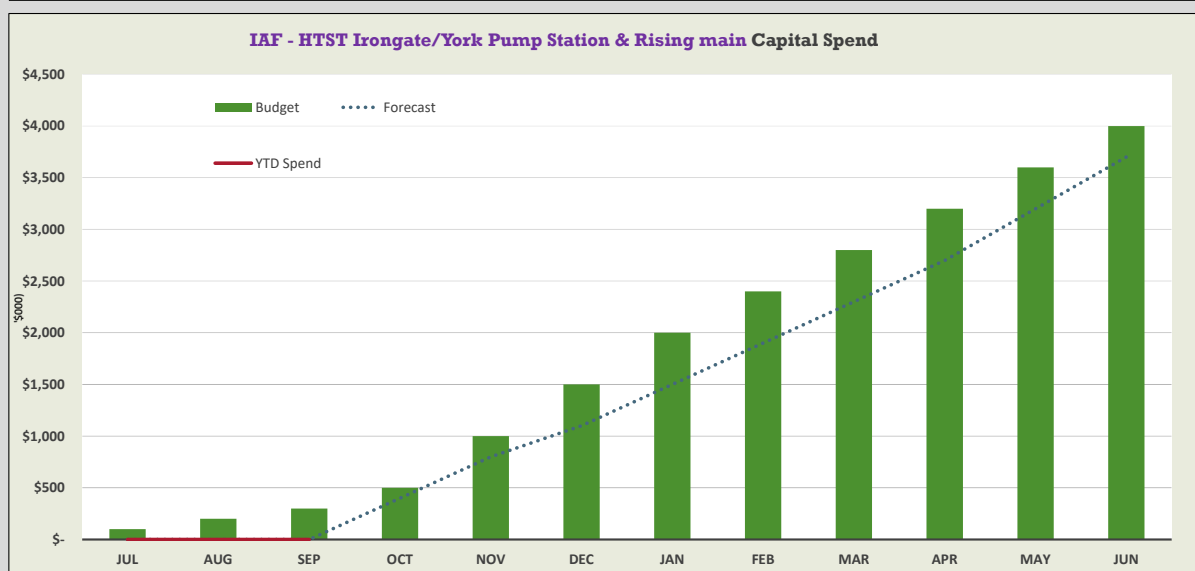
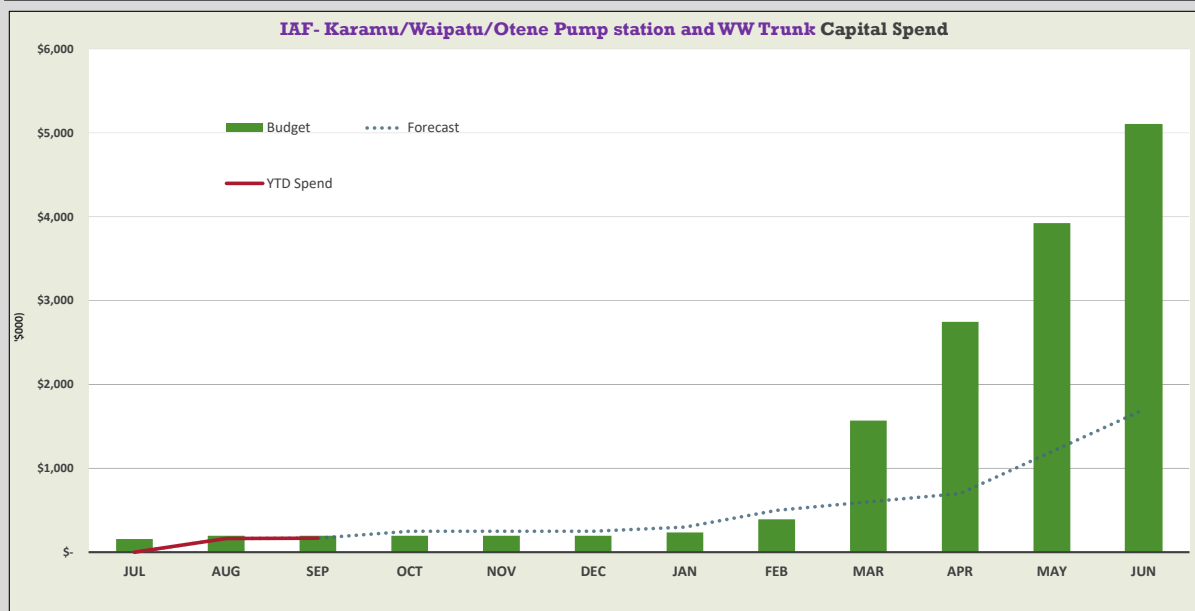
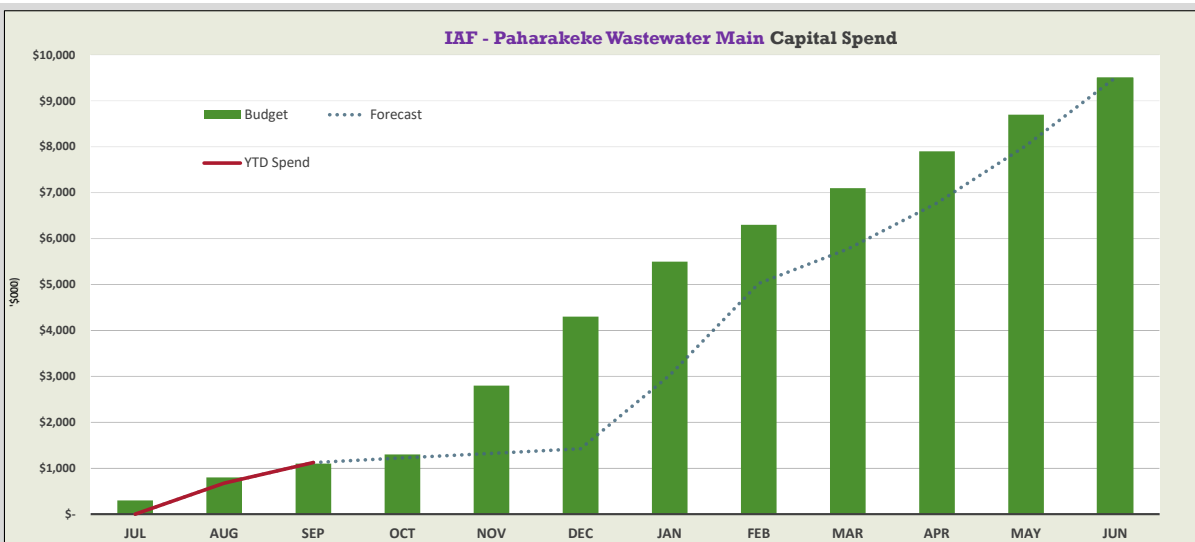
- 1.1 The purpose of this report is to provide the Performance and Monitoring Committee with a closer look at relevant projects that are of interest or significance to committee members.
- 1.2 The project report is an additional report to enhance transparency with simplicity of reporting to enable an understanding of how projects are progressing. This is attached to this document and is call Q1 Projects Summary Report 2024 25.
- 1.3 The projects are representative of five strategic priority areas, these are:
  - Environment
  - Economy
  - Where we live
  - Social - Things to do.
  - Our People
- 1.4 This report will be presented every quarter to the committee with different projects being highlighted and presented. In addition, officers meet monthly with the chair of the Performance and Monitoring Committee to review Council's financials including this project report.

## 2.0 Recommendations - *Ngā Tūtohunga*

That the Performance & Monitoring Committee Meeting receive the report titled Quarter One Projects Summary 2024/2025 dated 12 November 2024.

### Attachments:

1  Quarter One Projects Summary 2024/2025 FIN-09-01-24-224



**Key points**

**Scope:**  
 Planning and delivery of enabling infrastructure projects that are eligible for Infrastructure Acceleration Fund contribution to meet Council obligations for adequate supply of land for housing focusing on Flaxmere and Hastings.

**Milestones**

Amounts quoted are for: \$IAF Funding / \$Council Funding

	Pakarakeke	Karamu/Waipatu	Irongate
Stage 1 (Early): 29/2/24	\$152,596 / \$50,626	\$114,000 / \$21,920	\$38,300 / \$0
Stage 2 (Pre-Implementation): 28/2/25	\$260,000 / \$69,644	\$160,000 / \$30,669	\$38,300 / \$0
Stage 3 (Implementation): 1/7/25	\$4,458,404 / \$1,205,9145	\$6,385,000 / \$1,217,020	\$3,588,400 / \$0
Practical Completion: 31/1/26	\$535,000 / \$143,306	\$627,301 / \$121,055	\$210,000 / \$0

**Commentary**  
 The contract for the HTST Irongate/York Pump Station was let in October. As a result actual expenditure is expected to meet budget in October

**Progress Update**

Paharakeke Wastewater Main  
 Karamu/Waipatu/Otene Pump station and WW Trunk  
 HTST Irongate/York Pump Station & Rising main

**Progress Update**  
 These projects are being managed as a group within the overall funding envelope. While the sequencing of project activities, and therefore timing of expenditure, may change, the projects are tracking as expected for this stage of the programme.

**Risks**

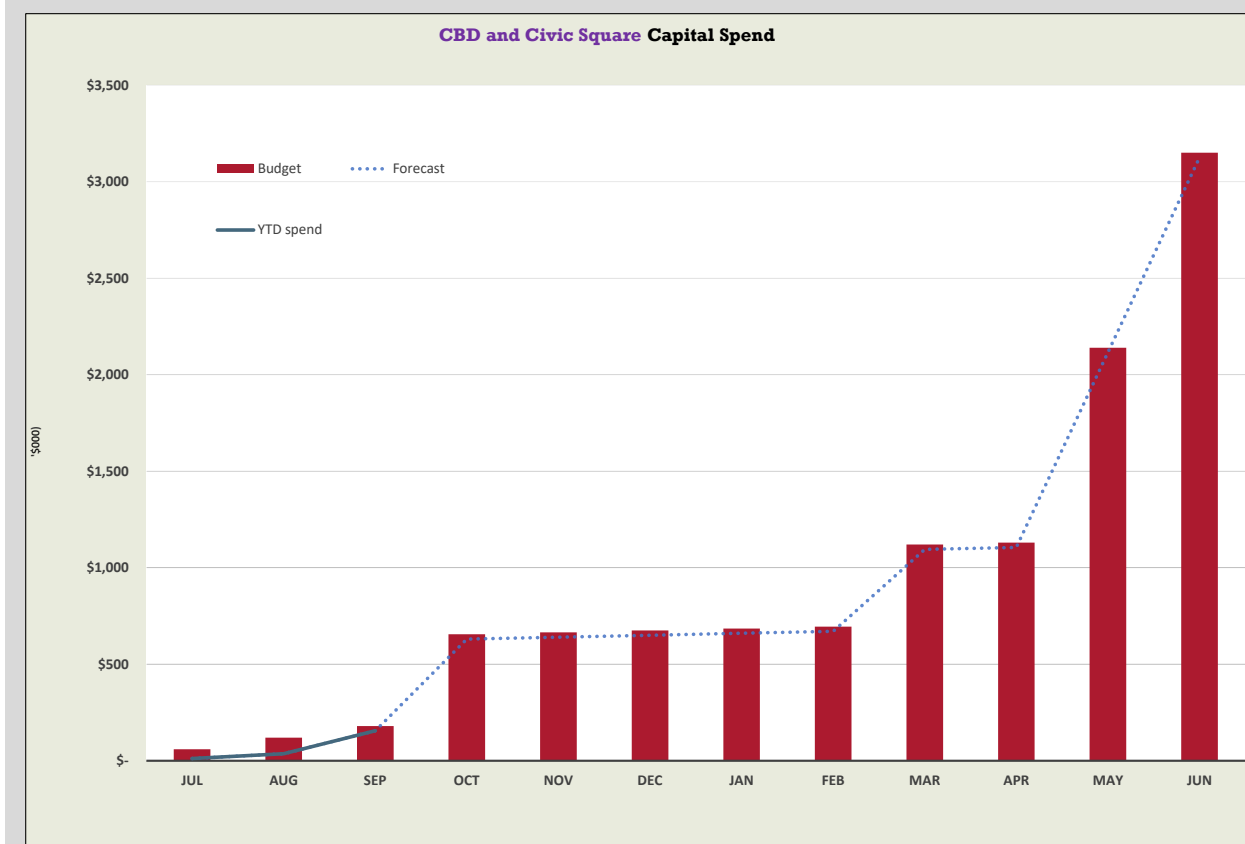
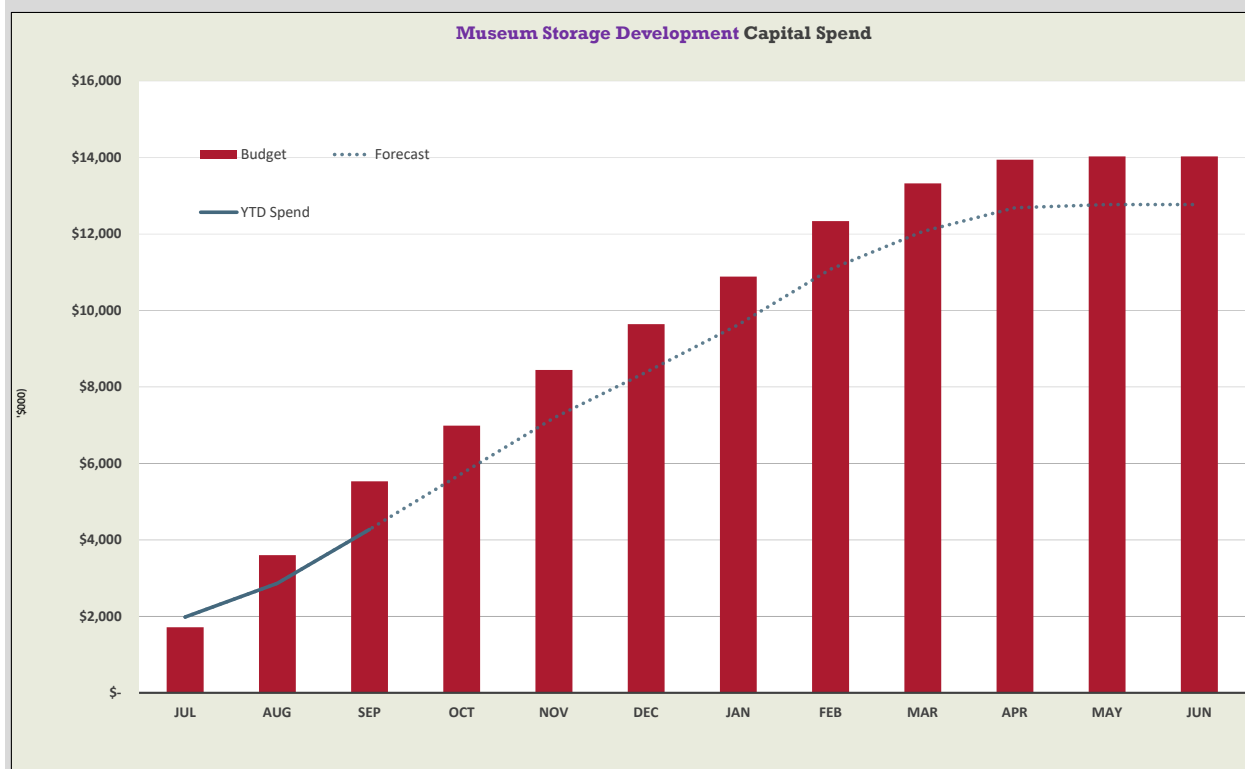
**Opportunities**

Rating	Description	Dependencies
Plat	Enabling housing development	IAF Funding.

**Threats**

Rating	Description	Controls
Med	Supply chain disruption causing project delays	Early contractor engagement and ordering, and adjusting project sequencing based on availability of materials (primarily pipes).
Med	Unexpected construction costs may arise causing budget overrun.	Delaying Waipatu project until there is certainty that there is sufficient funding.
LOW	Consents or approvals delaying progress	Programme reporting and monitoring.

**Commentary**  
 These are large projects with several moving parts that are likely to cause changes in timing of expenditure. It is expected that there will be more certainty about the timing of expenditure and total cost of the programme by the end of the Financial Year.



**Key points**

**Museum Storage Project**

**Goal**  
 Regional project between HDC, NCC, Ngāti Kahungunu and the Hawke's Bay Museums Trust. The project will deliver a state of art, fit-for-purpose facility that will house the 90,000 piece regional collection of taonga and artefacts.

**Status**  
 This is a multi-year project to be completed in mid-2025 with a total budget of \$25.9M of which \$14M is planned to be spent in FY24/25. HDC is responsible for delivering the construction project and applying for external funding required to deliver the project.

**CBD and Civic Square Capital Spend**

**Status**  
 The CBD and Civic Square project has been temporarily delayed. The project team are expecting to start working on this again in the next quarter. As a result there is no project update for this area of work at this stage.

**Milestones**

- Construction Milestones:**  
 Foundation: **Complete**  
 Building strengthening: **Complete**  
 Thermostat Glass Façade: **Complete**  
 Climate Control System Delivery: Dec 2024  
 Climate Control Commissioning: April 2025  
 Construction Completion: May 2025  
 Shelving Installed: Aug 2025
- External Funding Milestones:**  
 Lotteries Significant Projects Grant Funding: **Received**  
 Lotteries Environment Heritage Grant Funding: **Received**  
 HBMT - Grant: Received: **Received**  
 Webb Trust Donation: **TBC**  
 HBMT - Fundraising: Nov 2024  
 HBMT - ECCT Grant: Oct 2024  
 Ministry for Culture and Heritage Grant funding: Jun 2025

**Commentary**  
 The project is tracking to plan and expenditure is expected to continue to track close to forecast. The underspend shown in September is expected to catch-up to budgeted in October as costs for HVAC installation are received.

**Progress Update**

	Planned	Actual
Museum Storage Development	61%	60%
Overall percent complete	25%	22%
Current FY progress		

**Risks**

**Museum Storage Project**

**Opportunities**

Rating	Description	Dependencies
Plat	Taonga Protected for long term	Climatically controlled environment.

**Threats**

Rating	Description	Controls
Med	Foundation fundraising failing to achieve \$1M target contribution.	Museum Trust fundraising campaign underway Portion of project contingency allocated to cover possible shortfall
Med	Unexpected construction costs may arise causing budget overrun.	Financial contingency available, but has been reduced reflecting confidence in delivery.
Med	Stakeholder expectations not met causing delays or reputation loss	Project reporting to joint oversight group.
Low	Climate control does not achieve required standard.	Professional design and build
Low	Supply chain disruption causing project delays and additional cost.	Early ordering and active monitoring of climate control system delivery.

**Commentary**  
 The construction risks that could have caused material impacts have been achieved, and the remaining risks have robust mitigation in place so are considered to present a low risk exposure. The key area of concern over future performance is securing the budgeted external revenue, particularly fundraising revenue, considering the current economic environment. This may require a greater contribution from HDC and NCC than currently planned. The cashflow for the programme is being managed so that external funding is being received to offset expected expenditure to minimise the holding cost to Council.





**Key points**

**Goal:**

Design and development of the Council infrastructure for key residential areas to meet land availability targets for housing supply.  
 Brookvale, Havelock North, programme to deliver the Brookvale Structure Plan, anticipated yield of 550 residential homes.  
 Iona/Middle Road, Havelock North, programme to deliver Iona Structure Plan, anticipated yield of 350 residential homes.  
 Howard Street residential area, programme to deliver Howard St Structure Plan, anticipated yield of 400 residential homes.

**Milestones**

**Community Consultation:**

In all 3 development area the consultation phase is complete

**Design:**

Brookvale the design for the stormwater management area is incomplete, while the design for Iona and Howard Street Development areas is largely complete.

**Procurement:**

**Brookvale** - Procurement for physical works is being phased over a 10 year programme. First portion of works this financial year - Romanes Drive upgrades.

**Iona-Stage 1** - Middle Rd upgrades: Procurement of physical works complete via development agreement (DA). Stage 2 upgrade procurement via DA in progress.

**Howard St**-Procurement complete and physical works 100% complete Jan '25

**Budget & Forecast**

**Iona:** The underspend for September was caused by a delay in receiving a \$800,000 claim from the developer which has been received in October. It is expected that Stage 1 will be completed by April 2025, so the majority of the \$4.7M budget is expected to be committed by this time.

**Howard St:** This project is expected to be complete by February 2025 at a cost of \$2.4M. Budget and forecast cashflow will be adjusted to reflect the current project status.

*Note: A cross functional team involved in these strategic growth projects is meeting on Monday 14th to update budget and forecast spend.*

**Progress Update**

		Planned	Actual
Brookvale residential development	Percent complete	25%	95%
Howard Street residential development	Percent complete	100%	95%
Iona Residential development	Percent complete	32%	32%

**Risks**

**Opportunities**

Rating	Description	Dependencies
Plat	Adequate housing to meet demand	Climatically controlled environment.
Silv	Developer collaboration supporting more effective and cost effective outcomes.	Development Agreements

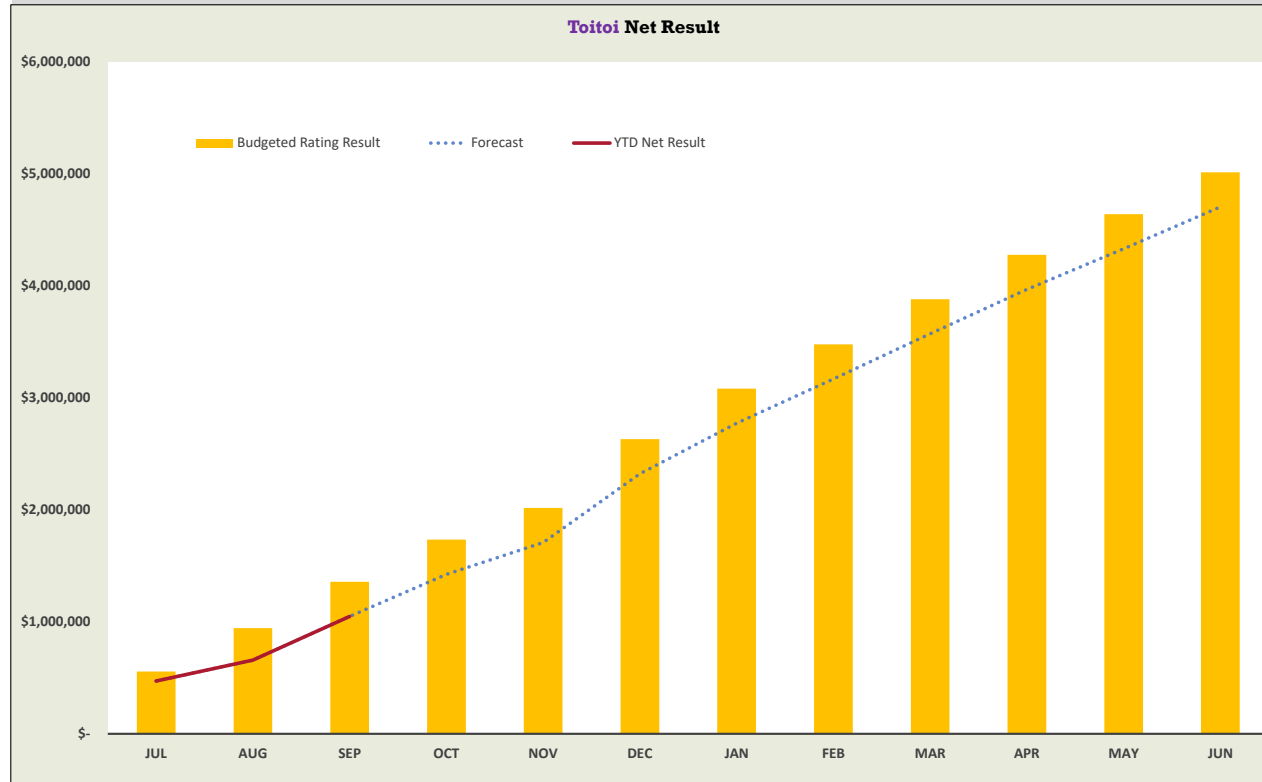
**Threats**

Rating	Description	Controls
Med	Iona: Construction costs higher than budget	Max Cap value for works. Any additional costs borne by Developer
Med	Brookvale: That the stormwater solution proves to be more complex, and incurs additional cost to investigate and construct.	Adjust budgets to factor in / model additional budget requirements, and DC implications for consideration by Council.
Med	Howard: Infrastructure not ready by the time homes are ready for sale.	Temporary waste water pumping solution underway.
Med	Brookvale: Insufficient development contributions to cover actual infrastructure costs.	Reduced scope of HDC delivered works
Med	Brookvale: Land acquisition cost greater than budget.	Adjust budgets to factor in / model additional budget requirements, and DC implications for consideration by Council.
Med	All: HDC capacity constraints affect project milestones.	Continue developing Essential Services Plan

**Commentary**

Work on Howard St is substantially complete and the risk associated with these projects is minimal. Iona is progressing to plan with Stage 1 of the Middle Road on track for completion in early 2025. Stage 2 DA discussion on going. Brookvale development presents the most challenges to deliver the intended outcome in the available budget. Clarity is being sought on design elements and ownership to achieve the structure plan outcomes.

Toitōi	2024/25 Actual	2024/25 YTD Budget	Variance	2024/25 Total Budget	Percent of YTD Budget
Revenue: Corporate	466,114	517,177	-51,063	2,025,000	23%
Revenue: Presented Services	94,353	50,644	43,709	448,000	21%
Other Revenue (Rental)	34,611	35,000	-389	140,000	25%
<b>Total Revenue</b>	<b>595,077</b>	<b>602,821</b>	<b>-7,744</b>	<b>2,613,000</b>	<b>23%</b>
Personnel Costs	526,376	544,092	17,716	1,992,317	26%
Energy Costs	75,497	63,250	-12,247	253,000	30%
Goods purchased for resale	170,490	308,917	138,426	1,307,000	13%
Finance costs including Debt repayment	538,136	538,136	0	2,152,546	25%
Other (includes Internal charges)	304,624	459,641	155,017	1,737,738	18%
Capex	28,207	46,250	18,043	185,000	15%
Loan & Reserve funding	0	0	0	0	0%
<b>Total Net costs</b>	<b>1,643,330</b>	<b>1,960,286</b>	<b>316,955</b>	<b>7,627,602</b>	<b>22%</b>
<b>Net result (Rate requirement)</b>	<b>1,048,253</b>	<b>1,357,465</b>	<b>309,212</b>	<b>5,014,602</b>	<b>21%</b>



### Highlights



#### Toitū Te Reo Festival

Originally contracted as the NZ Te Reo Symposium, this event brought 7000+ people to the Hastings CBD over two days in early August returning \$95,801.00 in revenue.

#### Laugh Your Ass Off Comedy Festival

Four nights of comedy and cabaret in late July, including international comedian Ed Byrne. 1,300 people attended with 3 sold out shows.

#### The Big Sing Lower North Island Cadenza

12 of the best secondary school choirs from Wellington up to Cambridge competing over 2 days culminating in a gala concert and awards. The event hosted over 600 students, teachers and parents with over 75% travelling regionally to attend.

#### National Iwi Leaders Forum

Scheduled for late Oct 2024. This is a prestigious event hosted for the first time in a long time in Ahuriri/Heretaunga. Venue revenue is contracted at \$21,000.00.

### Metrics

Toitōi Arts & Events Centre	Current Quarter	
Number of events	63	
Tickets sold	11,904	
Total attendance including non-ticketed event attendance (conferences, etc)	24,062	
Annual audience survey satisfaction	99.80%	(1342 Respondents)
Annual hirers' survey satisfaction	100%	
Annual QualMark Rating	Gold	(Maintained)

### Risks

#### Toitōi Arts & Events Centre

##### Threats

Rating	Description	Controls
High	Poor economic conditions may result in a reduction of venue bookings and lower ticket numbers sold, significantly impacting the venue's revenue	
High	Unsustainable power costs driven by low energy supplies may lead to unbudgeted costs and service level disruptions	Review of ways to reduce power consumption during peak power period, including reprogramming of air conditioning
Med	Unexpected remedial works to the site may exceed repair and maintenance budgets, resulting in financial and reputational implications	
Med	Cost of living challenges impacting community users' ability to pay venue hire fees	Consideration of discounted rate for community hire, temporarily

##### Commentary

Toitū Te Reo festival grew from the original conference booking for the National Te Reo Symposium. Catering revenue for this event was forecast based on the Symposiums 2023 attendance, the expansion allowed the event to move off the Toitōi footprint onto the street with street food offerings. There was no practicable way to enforce the catering contract due to the expansion, resulting in the catering budgeted revenue line likely to be down by approx. \$200,000 by the end of the financial year.

Toitōi is also experiencing a slow but steady series of event cancellations by hirers due to the current financial environment. This includes three banquet bookings, which will have an effect on revenue, particularly catering revenue.

Splash Planet	2024/25 Actual	2024/25 YTD Budget	Variance	2024/25 Total Budget	Percent of YTD Budget
Revenue: Admission Fees	635	-	635	2,570,000	0%
Revenue: Sale of Materials	1,478	-	1,478	800,000	0%
<b>Total Revenue</b>	<b>2,113</b>	<b>-</b>	<b>2,113</b>	<b>3,370,000</b>	<b>0%</b>
Personnel Costs	154,320	199,539	45,219	1,974,283	8%
Maintenance costs	16,715	58,535	41,820	234,140	7%
HDC Building Services	56,975	56,975	-0	227,899	25%
Energy Costs	15,809	10,800	-5,009	159,000	10%
Goods purchased for resale	595	0	-595	297,175	0%
Other (eg Internal Charges)	311,148	324,478	13,330	1,672,212	19%
Capex	25,910	67,466	41,557	269,866	10%
Loan & Reserve funding	0	-9,799	-9,799	-39,194	0%
<b>Total Net costs</b>	<b>581,473</b>	<b>707,995</b>	<b>126,522</b>	<b>4,795,381</b>	<b>12%</b>
<b>Net result (Rate requirement)</b>	<b>579,360</b>	<b>707,995</b>	<b>128,635</b>	<b>1,425,381</b>	<b>41%</b>



**Milestones**

**Ticket Sales & HB Resident Memberships:**

Entry ticket sales and registration for Hawke's Bay Residents membership were opened on 23 September, compared to 1 Nov 2023. As at 9 October, approximately 700 ticket sales have been made and 80 Residents Memberships signed up to. Out of region marketing activity began 7 October.

**Seasonal Staff Recruitment & Induction**

Seasonal contracts are currently being offered to successful candidates following a highly-popular recruitment period, where over 400 individuals applied for seasonal roles.

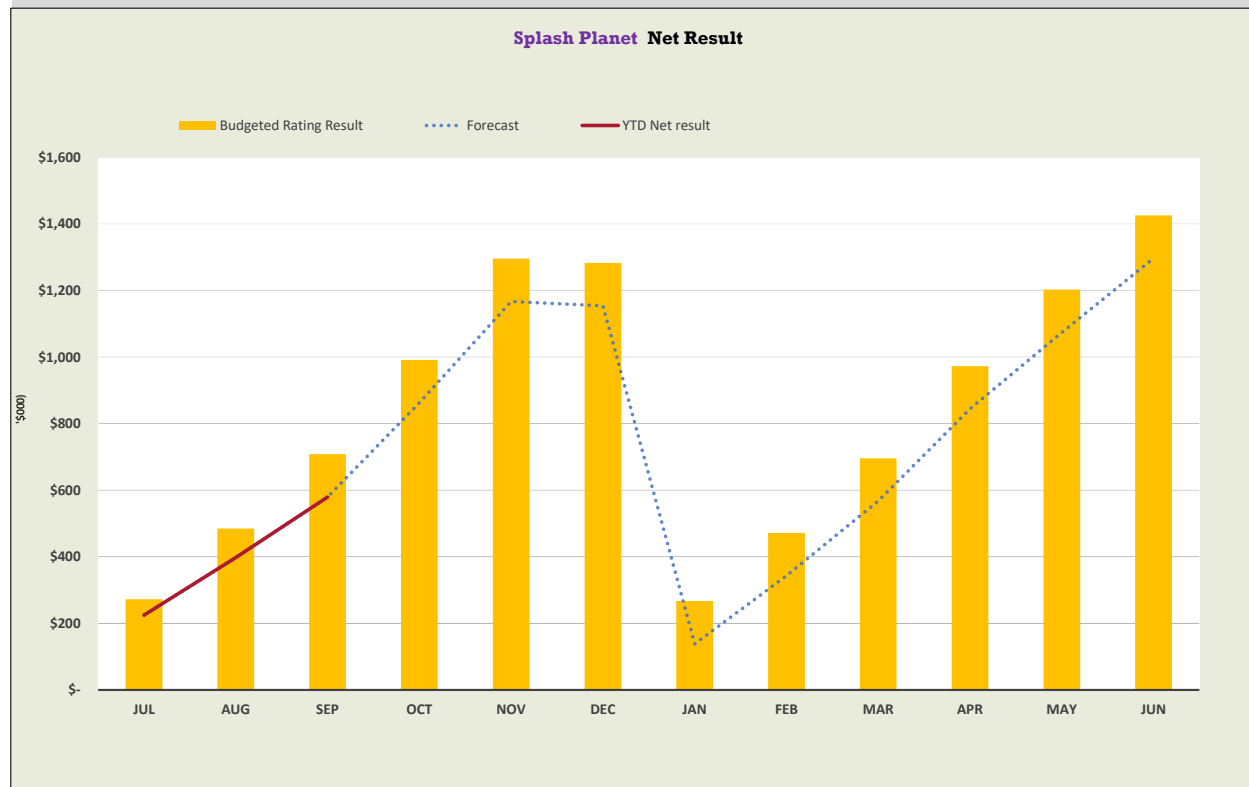
Training and induction for new staff began the week commencing 7 October.

**Park Asset Preparations**

Following maintenance for some of the pool linings, the filling of pools has now begun. Installation of a replacement gas boiler has been completed. Other works include installation of two new drink water fountains, removal of two walnut trees (end of life) opening up 'premium space' around the pools and flooring repairs to indoor pools and outdoor toddler play feature completed.

**Metrics**

Splash Planet	Current Quarter
Total visits	Currently Closed
Visits through bookings and events	
Active resident memberships	
Residents' member visits	

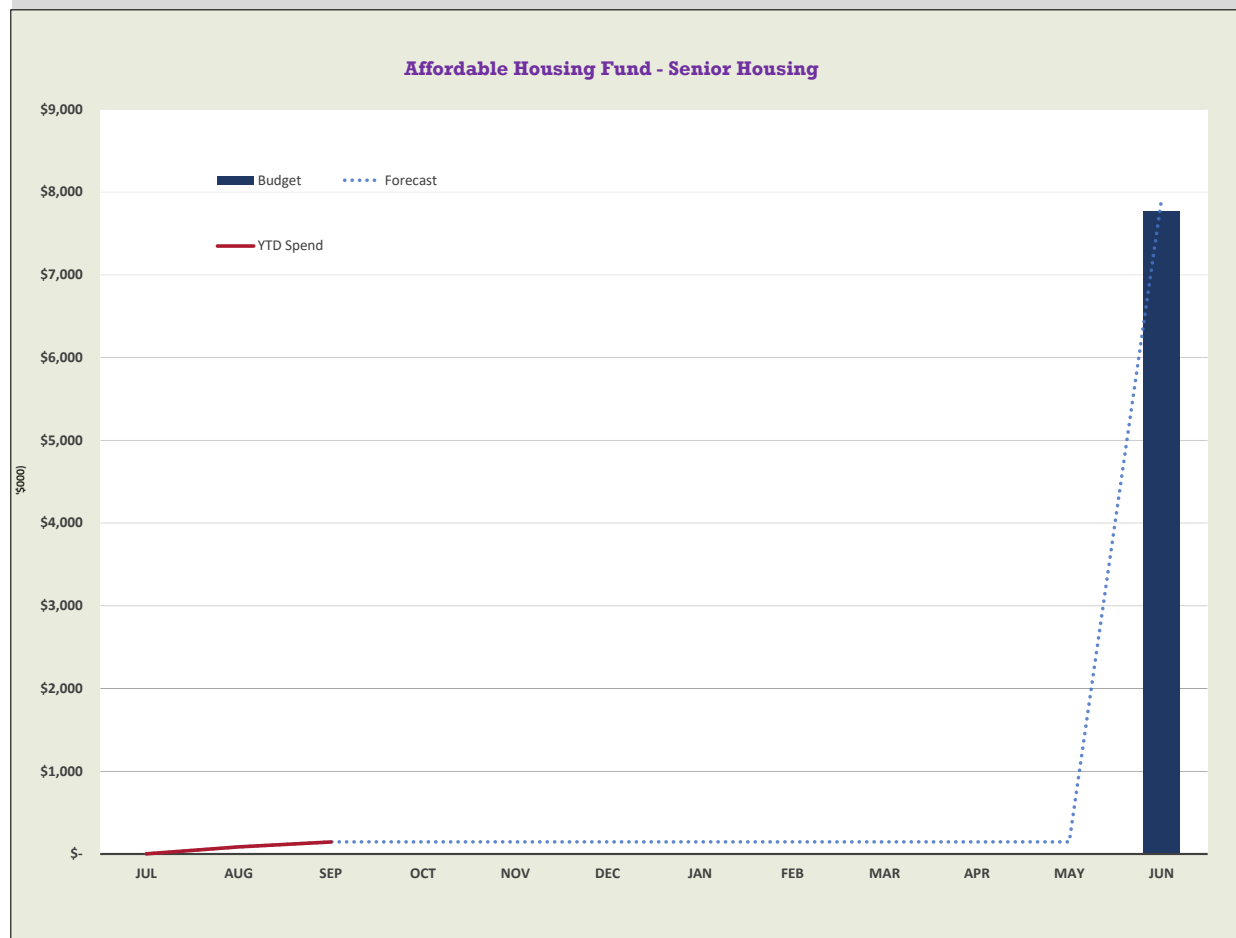


**Risks**

Splash Planet Threats		
Rating	Description	Controls
High	Adverse weather during the operational season may cause lower visitor numbers and increase operational costs through higher power consumption, impacting revenue	Increased percentage of casual staff to enable downsizing & upsizing of rostered staff Ability to provide discounted voucher codes (e.g. wet weather weekends) Installation of new rostering system to increase control of rostering and payroll
Med	Poor economic conditions resulting in less disposable income for households could reduce ticket sales, significantly impacting revenue	Hawkes Bay residents programme Ability to provide discounted voucher codes
Med	Increasing operational costs (insurance, contractors, energy) may exceed budget and result in poor asset condition	Ticket pricing increase to offset higher costs Consolidation of audits to reduce total number of inspections
Med	Aging assets on site may result in increased vulnerability to breakdowns and damage, resulting in unexpected maintenance costs and service delivery impacts	Asset Management Plan in place for the park

**Commentary**

Issues with go-kart battery reliability has resulted in supplier replacing all batteries free-of-charge, however, shipping delays from China are likely due to the perceived risk of transporting lithium-ion batteries. The go-kart company have secured alternative, temporary replacements in Australia, in the hope of transporting to New Zealand more promptly (than China). The Splash team are also investigating borrowing karts from elsewhere in New Zealand, as a back up.



**Key points**

**Affordable Housing Fund**  
 Deliver projects to achieve the medium to long term housing strategy approved by Council for affordable housing for senior members of the community.

**Milestones**

**Affordable Housing Fund - Deliverables & Payments Schedule**

Civils and infrastructure works commenced: **Complete**  
 Construction Agreement signed: DEC 2024 (Note: Change from Oct approved)  
 Resource consents issued: OCT 2024  
 Building consents issued: MAR 2025  
 Frame-up stage complete: JUN 2025  
 Roofs and Fascia's stage complete: SEPT 2025  
 Lock-up stage complete: JAN 2026  
 Fixing stage complete: MAR 2026

**Funding Contributions**

July 2024: **Received**  
 October 2024: **In progress**

**Progress Update**

		Planned	Actual
Affordable Housing Fund - Senior Housing	Percent complete	20%	15%

**Affordable Housing Fund - Senior Housing**

**Opportunities**

Rating	Description	Dependencies
Gold	Effective Flaxmere Planning Committee relationship	Regular project report provided to the planning committee (Note: Village name endorsed by the Committee)

**Threats**

Rating	Description	Controls
High	Contract procurement and negotiation resulting in higher cost or adverse public perception.	Project structure established, including specialist external Project Manager engaged to undertake negotiations. (Note: Funding timeframes are tight making project management critical).
Med	Stakeholder expectations/perceptions not met	Internal and external communications strategy in place.
Med	Scope changes causing delays or additional cost	Design and build contract used to minimise construction phase changes
Med	Unexpected construction costs or delays may arise causing budget overrun.	Project structure established including design build contractor.

**Commentary**

The Project is in the early phases by is gain good traction with relevant stakeholders and building positive momentum.

OUR ENVIRONMENT					
	2024/25 Actual	2024/25 YTD Budget	Variance	2024/25 Total Budget	Percent Spent to Current
IAF - Paharakeke Wastewater main	1,124,045	1,100,000	-24,045	9,500,000	12%
IAF - Karamu/Waipatu/Otene Pump station and WW Trunk	166,859	196,154	29,295	5,100,000	3%
IAF - HTST Irongate/York Pump Station & Rising main	0	300,000	300,000	4,000,000	0%

OUR ECONOMY					
	2024/25 Actual	2024/25 YTD Budget	Variance	2024/25 Total Budget	Percent Spent to Current
Museum Storage Development	4,273,344	5,530,404	1,257,060	14,028,735	30%
CBD Development & Civic square	155,460	180,000	24,540	3,150,000	5%

WHERE WE LIVE					
	2024/25 Actual	2024/25 YTD Budget	Variance	2024/25 Total Budget	Percent Spent to Current
Brookvale	93,976	220,639	126,663	4,950,000	2%
Howard Street (Internal and External)	510,354	697,077	186,723	3,671,870	14%
Iona / Middle	27,127	1,767,000	1,739,873	4,736,000	1%

THINGS TO DO					
	2024/25 Actual	2024/25 YTD Budget	Variance	2024/25 Total Budget	Percent of YTD Budget
<b>Toitoti</b>					
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Tuesday, 12 November 2024

Item 10

*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 ended 30**  
**Subject:** **September 2024**

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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 first quarter of 2024/25, ending 30 September 2024.
- 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 ended 30 September 2024 dated 12 November 2024.

### **Attachments:**

- 1 ⇨ Performance and Monitoring report for the first quarter of 2024/25, ending 30 September 2024

Document 3