

Thursday, 20 March 2025

Te Hui o Te Kaunihera ā-Rohe o Heretaunga

Hastings District Council

Performance and Monitoring Committee Meeting

Kaupapataka

Agenda

Te Rā Hui:
Meeting date: **Thursday, 20 March 2025**

Te Wā:
Time: **9:00 AM**

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

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

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

Performance and Monitoring Committee – Terms of Reference

Fields of Activity

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

Membership

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

Quorum – 9 members

DELEGATED POWERS

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

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Hastings District Council

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OpenAgenda

Mematanga:
Membership:

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

Mayor Sandra Hazlehurst

Hastings District Rural Community Board appointee: Jonathan Stockley

Heretaunga Takoto Noa Māori Standing Committee appointee: Api Robin

Tokamatua:

Quorum: 9 members

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

Te Rōpū Manapori me te Kāwanatanga

Democracy &

Christine Hilton (Extn 5633)

Governance Services:

Te Rārangi Take

Order of Business

1.0 Opening Prayer – *Karakia Whakatūwheratanga*

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

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

Leave of Absence had previously been granted to Councillor Lawson

3.0 Conflict of Interest – *He Ngākau Kōnatunatu*

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

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

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

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

Minutes of the Performance & Monitoring Committee Meeting held Tuesday 12 November 2024.

(Previously circulated)

5.0 Foodeast-Haumako Half-year Report and Draft Statement of Intent 25/26 7

6.0 Hawke's Bay Airport Ltd Draft Statement of Intent and half year report to 31 December 2024 9

7.0 Hawke's Bay Museums Trust Half Year Report to 31 December 2024 and Draft 2025/26 Statement of Intent 13

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| 8.0 | Toitoti Review | 17 |
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| 9.0 | Health, Safety & Wellbeing Policy | 21 |
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| 10.0 | Financial Report for the six months ended 31st December 2024 | 25 |
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| 11.0 | Performance and Monitoring Report for the quarter ended 31 December 2024 | 41 |
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| 12.0 | Minor Items – <i>Ngā Take Iti</i> | |
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| 13.0 | Urgent Items – <i>Ngā Take Whakahihiri</i> | |
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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

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

Te Take:
Subject: **Foodeast-Haumako Half-year Report and Draft Statement of Intent 25/26**

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 6 months to 31 December 2024 and to present the 25/26 Draft Statement of Intent.
- 1.2 Report to 31 December 2024: The 6-month period saw continued progress developing both the innovation and commercial streams including development of systems and process to support an increasing number of tenants. The market conditions remain challenging to find commercial tenants and the focus has shifted from food -producing to Agritech business for the vacant space. Work continues the commercial strategy that includes corporate sponsorships and a venture studio model to create and foster start-ups.
- 1.3 The second quarter saw the official opening of Foodeast Haumako by the honourable Shane Jones. Over 55 connections have been made between Foodeast and the regional food and beverage industry during the first 6 months of the year and a programme of events has been developed.
- 1.4 The 6-month report shows revenue of \$101K against a budget of \$91K mainly relating to the Rental incomes. Expenses were \$407K which compares favourably to a budget of \$533K. The net result is a loss of \$307K which compares favourably to a budget loss for the 6-month period of \$442K.
- 1.5 The Performance report on Page 10 of the Q2 Report reflects the Performance targets for 2024/25 and the relative achievement of each.
- 1.6 Draft Statement of Intent (**Attachment 3**): The Local Government Act requires all Council Controlled Organisations to prepare a Statement of Intent. A draft is required to be provided by 1 March each year for comment with the final Statement of Intent to be completed by 30 June each year.

- 1.7 On 27 January 2025 a Letter of Expectation (LOE) was issued by the Chief Executive to Foodeast Haumako.
- 1.8 The LOE recognized Foodeast as a strategic asset for the region and the tenanting mix will be critical to success. It also acknowledged the this is a challenging time to be securing foundation tenants. It also noted whilst it is important that financial return expectations of other shareholders are achieved this needs to be aligned with the overall vision of Foodeast and that the key premise of food innovation is not lost.
- 1.9 In response to the Letter of Expectation (LOE) received by the Board, Foodeast Board has issued a draft Statement of Intent
- 1.10 The draft Statement of Intent is comprehensive and details its key objectives for the 2025/26 year which include key occupancy targets for the Hub, Development and delivery a programme of activities that will create, develop and support an innovation eco-system centred at Foodeast, implementation and refinement of the Commercial Strategy leading to a financial sustainability
- 1.11 Michael Basset Foss (CEO), Nicky Solomons (Chair) and Tony Gray (Director) all of Foodeast will be in attendance to present a summary of the 6 months activities and financials and be available to answer any questions during the meeting.
- 1.12 The Foodeast Financial Report (**Attachment 1**) and Shareholder Letter of Expectations (**Attachment 2**) are attached to this report.

2.0 Recommendations - Ngā Tūtohunga

- A) That the Performance and Monitoring Committee receive the report titled Foodeast-Haumako Half-year Report and Draft Statement of Intent 25/26 and Draft Statement of Intent dated 20 March 2025.
- B) That the Performance and Monitoring Committee receive and note the Foodeast Limited Partnership Annual Report for the 6 months to December 2025.
- C) That the Performance and Monitoring Committee provide any feedback to the Board of Foodeast Haumako on the Draft Statement of Intent which will be presented at the Limited Partners meeting on 20 March 2025.

Attachments:

| | | | |
|---|---|-----------------|----------|
| 1 | Foodeast Haumako - Foodeast Haumako Q2 Financial Report | EXT-10-42-25-30 | Volume 1 |
| 2 | Foodeast Haumako - Shareholder Letter of Expectations for Foodeast Limited 2025 | EXT-10-42-25-29 | Volume 1 |
| 3 | Foodeast Haumako - Foodeast Haumoko Draft Statement of Intent 25/26 | EXT-10-42-25-31 | Volume 1 |

Thursday, 20 March 2025

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Hastings District Council: Performance & Monitoring Committee Meeting

Te Rārangi Take

Report to Performance and Monitoring Committee

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

Te Take:
Subject: **Hawke's Bay Airport Ltd Draft Statement of Intent and half year report to 31 December 2024**

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

- 1.1 The purpose of this report is to inform the Council of the results of the Hawke's Bay Airport Limited (HBAL) for the six months ended 31 December 2024 and to present the draft HBAL Statement of Intent for consideration.
- 1.2 HBAL is a joint venture between the Crown (50%), Napier City (26%) and Hastings District (24%).
- 1.3 The Council's share of HBAL is a Strategic Asset in Council's Significant and Engagement Policy.
- 1.4 HBAL is required to report to its shareholding partners every six months. The Chief Executive, Nick Flack and Chief Financial Officer, Rochelle Ham will be at the meeting to present their half year report and draft Statement of Intent and answer any questions that the members of the Committee may have.
- 1.5 The Local Government Act requires all Council Controlled Organisations to prepare a Statement of Intent. A draft is required to be provided by 1 March each year for comment with the final Statement of Intent to be completed by 30 June each year. Clause 3 of Schedule 8 of the Local Government Act 2002 outlines the Board's responsibilities upon receiving comments from the shareholders:
 - 3) Completion of statements of intent**
The board must –
 - a) *Consider any comments on the draft statement of intent that are made to it within 2 months of 1 March by the shareholders or by any of them; and*
 - b) *Deliver the completed statement of intent to the shareholders on or before 30 June each year.*

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

Half Year Accounts

- 1.7 Attached (**Attachment 1**) is a copy of the report to shareholders for the half year ended 31 December 2024.
- 1.8 HBAL has reported a half-year-after-tax profit of \$1,611,977, exceeding the budgeted profit of \$1,293,915 for the same period. This result comes even with lower than expected passenger numbers due to airline capacity constraints, tough market conditions and high regional airfares.
- 1.9 Despite this, HBAL has remained resilient and delivered a relatively strong financial performance in the first half of FY25. By pursuing strategic initiatives, other aeronautical revenue increased by 21.4%, helping to offset the 4% drop in total passenger movements and demonstrating HBAL's adaptability.
- 1.10 Bank borrowings have increased by \$2m to \$25.6m in the first half of FY25 to provide funding for the level of capital works completed. This included delivery of a new fire truck, and completion of car park seal upgrades and the car valet extension project.

Statement of Intent

- 1.11 Attached (**Attachment 2**) is the draft Statement of Intent (SOI) for 2025-26 from HBAL. The Statement of Intent is comprehensive and details its key objectives across their five Strategic Pou.
- 1.12 The Board has issued a Strategic Initiatives Letter and this is attached (**Attachment 3**).
- 1.13 The HBAL Board is forecasting a net profit after tax (NPAT) of \$1.78m in 2025/26. This is a slight drop in comparison to forecasts for 2024/25 due to lower passenger number and slower growth expected. HBAL are re-negotiating passenger fees for FY26 to help fund necessary upgrades, while the cost of capital is expected to ease due to lower interest rates and inflation. Operating costs are forecast to level out after some increase in FY25 from taking over airfield lighting and boosting maintenance.
- 1.14 HBAL are focused on key improvements, including a new fire station (which has recently commenced) and projects to strengthen airport operations. Global and local economic challenges continue to affect travel demand, but HBAL remain on track to meet their goals and will continue to report regularly to Council.

2.0 Recommendations - Ngā Tūhonga

- A) That the Performance and Monitoring Committee receive the report titled Hawke's Bay Airport Ltd Draft Statement of Intent and half year report to 31 December 2024 dated 20 March 2025.
- B) That the Committee receive the Hawke's Bay Airport Limited Half Year report to 31 December 2024.
- C) That the Committee receive the Hawke's Bay Airport Limited draft 2025-26 Statement of Intent and provide any feedback as required.

Attachments:

- | | | | |
|---|---|-------------------|----------|
| 1 | HB Airport Limited - Administration - HBAL Dec 2024 Half Year Financials | EXT-10-9-2-25-175 | Volume 1 |
| 2 | HB Airport Limited - Administration - HBAL Draft SOI - For Shareholder Review 2025-26 | EXT-10-9-2-25-174 | Volume 1 |

Thursday, 20 March 2025

Te Hui o Te Kaunihera ā-Rohe o Heretaunga

Hastings District Council: Performance & Monitoring Committee Meeting

Te Rārangi Take

Report to Performance and Monitoring Committee

Nā:
From: Bruce Allan, Deputy Chief Executive

Te Take: Hawke's Bay Museums Trust Half Year Report to 31 December
Subject: 2024 and Draft 2025/26 Statement of Intent

1.0 Purpose and summary - Te Kaupapa Me Te Whakarāpopototanga

- 1.1 The purpose of this report is for the Performance and Monitoring Committee to receive the Hawke's Bay Museums Trust Half-Year Report to 31 December 2024 (**Attachment 3**) and draft Statement of Intent for 2025/26.
- 1.2 The Trust's Chair, Dr Richard Grant, will attend this meeting to answer any questions from members of the Committee.
- 1.3 The Trust is a Council Controlled Organisation with most of its funding provided by the Napier City and Hastings District Councils.
- 1.4 The Hastings District Council's appointment to the Trust is Mr George Lyons who was appointed to the Trust by Council in November 2013. This appointment is normally addressed through the appointment process following the triennial elections and Mr Lyons was reappointed in 2022.
- 1.5 The current trustees of the Hawke's Bay Museums Trust are:
 - Dr Richard Grant (Chair)
 - Tania Wright (NCC)
 - George Lyons (HDC)
 - Jeanette Kelly
 - Nigel How

- 1.6 As required under the Local Government Act 2002, the Trust is to provide a draft Statement of Intent for comment by 1 March each year and a half-year report within 60 days of the end of the first six months.
- 1.7 The objectives of the Trust, amongst other things, are to hold, protect and manage the regional collection for the people of Hawke's Bay including overseeing the collection development through acquisition and disposal of collection items. The Trust Board governs on a high-level strategic direction basis to ensure the objectives of the Trust are being met and have a Management Agreement with Napier City Council for the care and management of the regional collection.

Half-Year Report

- 1.8 The Trust's financial statements for the six months to 31 December 2024 are attached (**Attachment 1**). There was a sizable increase in Council support for the Trust in 2024/25 of \$111,000 for both HDC and NCC's contributions. This was signalled in the 2024/25 Statement of Intent.
- 1.9 Note 12 to the accounts provides a comparison to the current year's Statement of Intent budget. The half-year deficit of \$5,845 is largely attributable to the \$20,000 donation made to the Feathers campaign for the new storage facility. The Council grants have largely covered the Trust's operations.

Statement of Intent

- 1.10 The draft HBMT 2025-2027 Statement of Intent (SOI) (**Attachment 2**) contains the following performance indicators and targets for the key result areas:
- **Protection** – including storage, security and records management;
 - **Quality** – including conservation, accessioning and de-accessioning;
 - **Access** – including ensuring the collection is available for exhibitions, research and archives; and
 - **Development** – including fundraising, reserves management and stakeholder relations.
- 1.11 It is expected that following a review of the Governance arrangements for the Trust, that a complete and thorough review of KPIs and objectives will be undertaken to reflect the new operating environment.
- 1.12 The Trust's strategic intentions are consistent with the prior year, including the intention to find a solution to develop long-term storage for the collection. This issue is being resolved with the purchase and redevelopment of 307 Queen Street into a fit-for-purpose storage and research facility.
- 1.13 The Financial Performance Targets set out in the SOI state total Council funding of \$1.783m from both NCC and HDC. This is an 18% increase and up from \$1.508m this financial year with HDC's contribution to this increase being \$173k. Current Council budgets reflect an increase more aligned with the 2% increase detailed in the note to these financial projections. It is understood that the HBMT budgets reflect elements of transition to operating from the new facility and during that time two facilities will be incurring costs. Further information has been requested which will be presented to the Committee.

Joint Working Group

- 1.14 The Hastings District Council continues to participate in a Joint Working Group with Napier City Council that is to consider the future structure of the Hawke's Bay Museums Trust, its funding, the storage of the collection, and the role of the MTG Hawke's Bay in the display of the collection.
- 1.15 Gemco Construction are nearing the end of their construction phase of the new Hawke's Bay Museum Research and Archives Centre and, at the time of writing, were on budget and on time.

1.16 The Joint Working Group continues to work on the future governance arrangements with the help of consultants Morrison Low, although progress has been delayed. It is expected that staff and consultant availability will allow this to be finalised for Council consideration later in 2025.

2.0 Recommendations - *Ngā Tūhunga*

- A) That the Performance and Monitoring Committee receive the report titled Hawke's Bay Museums Trust Half Year Report to 31 December 2024 and Draft 2025/26 Statement of Intent dated 20 March 2025.
- B) That the Committee receives the Hawke's Bay Museums Trust Half-Year Report to 31 December 2024.
- C) That the Committee receives and provides any feedback to the Hawke's Bay Museums Trust on the Draft 2025-28 Statement of Intent.

Attachments:

| | | | |
|-------------------|---|---------------|----------|
| 1 | 2025-02-28 Cover letter_HBMT Statement of Intent to HDC | CG-17-4-00191 | Volume 1 |
| 2 | HBMT Statement of Intent 2026-2028_Signed | CG-17-4-00192 | Volume 1 |
| 3 | HBMT 31.12.2024 Financial Report_Signed | CG-17-4-00193 | Volume 1 |

Thursday, 20 March 2025

Te Hui o Te Kaunihera ā-Rohe o Heretaunga

Hastings District Council: Performance & Monitoring Committee Meeting

Te Rārangi Take

Report to Performance and Monitoring Committee

Nā:
From: **Megan Peacock-Coyle, Manager - Arts & Culture**

Te Take:
Subject: **Toitoti Review**

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

- 1.1 The attached report provides a comprehensive review to the Performance and Monitoring Committee regarding Toitoti - Hawke's Bay Arts & Events Centre's performance after the first full year of uninterrupted operations. The assessment seeks to identify areas of success, challenges, and opportunities for improvement.
- 1.2 Consideration was given to undertaking this review using the Local Government Act Section 17A process, however, given changes to governance were not being considered that process was not appropriate.

2.0 BACKGROUND

- 2.1 Toitoti has undergone a significant transformation since its phased reopening from 2020 to 2022, following the closure and refurbishment of the Hawke's Bay Opera House and Municipal Buildings due to earthquake strengthening requirements. The precinct now offers a dynamic mix of arts, conferencing, hospitality, retail, entertainment, and private function spaces, serving both community and commercial interests.
- 2.2 With a strategic focus on operational sustainability, local engagement, and cultural vibrancy, Toitoti has established itself as a premier arts and events facility in New Zealand. Despite the challenges of Covid-19 and Cyclone Gabrielle, Toitoti has achieved national recognition, including multiple small venue awards and Qualmark GOLD status.
- 2.3 Toitoti has demonstrated consistent growth with 2023/24 marking the first full financial year without disruption and achieving revenue of over \$1.6m. This reflects the benefits of increased activity and

reduced negative external impacts. Operational expenditure also increased aligning with staffing, maintenance, and facility usage costs.

- 2.4 To get a deeper analysis and understanding of Toitoti the finances have been split into two components the Toitoti Building Asset and Toitoti Operations. This analysis highlighted that the ratepayer contribution per rateable property was \$80.09 in 2023/24 for the Toitoti building and \$66.03 in 2023/24 for the Toitoti operations.
- 2.5 In addition, the ratepayer requirement for the Toitoti building has been increasing since 2022/23 with the key driver being the repayment of the debt and the finance costs associated with the refurbishment and earthquake strengthening of the facility. The repayment of debt was \$546,000 in 2022/23 and \$933,000 in 2023/24. In addition, there was a \$1.1m finance cost in 2022/23 and it was \$1.5m in 2023/24.
- 2.6 Conversely the ratepayer contribution for Toitoti operations has been decreasing over the same time period, mainly driven by increasing revenue and cost efficiencies.
- 2.7 Meanwhile customer satisfaction remains exceptionally high, with the 2024 annual survey reporting a 99.8% satisfaction rate (up from 96.2% in 2023). Additionally, 61.2% of respondents acknowledged Toitoti's contribution to their personal and cultural wellbeing.
- 2.8 Supporting the above, for Toitoti, the Massey University's Live Performance Value Calculator calculated that a free local content event, like a comedy show or theatre production, creates \$282,000 of economic impact and \$1.389m of social wellbeing benefit.
- 2.9 The review has given rise to several recommendations which are summarised in section 3 (**of Attachment 1**).
- 2.10 Options for cost savings and revenue generation are continually assessed and opportunities are taken where they arise. Additional potential savings have been identified in this review but these have not been progressed as they will have significant negative impacts on the business and wider community outcomes.
- 2.11 Toitoti remains committed to enhancing its regional and national presence, strengthening partnerships, and maximising financial sustainability while continuing to provide exceptional cultural and community experiences.

3.0 Summary of Recommendations

- 3.1 Report on and analyse Toitoti's financial position in two components - Toitoti Building Asset and Toitoti Operations.
- 3.2 Increase financial sustainability and continue optimising revenue streams through innovative event models, efficient cost management, and targeted digital marketing campaigns in order to reduce ratepayer contribution. This includes reporting on and analysing profitability of individual events using new processes established. Noting that profitability is not a core outcome for Toitoti, but increasing sustainability is.
- 3.3 Enhance strategic partnerships and strengthen collaborations with artists, arts organisations, and educational institutions to expand programme offerings and increase shared-risk and collective impact opportunities.
- 3.4 Leverage marketing and brand positioning nationally to further promote Toitoti's unique venue offerings to broaden the appeal of a regional premier arts, events and conferencing facility.
- 3.5 Finalise and implement the Naming Rights and Funding Strategy including a Patron's Programme and membership initiatives to cultivate long-term financial resilience through corporate and philanthropic partnerships.
- 3.6 Participate in workforce development, education initiatives and support training and career pathways for youth in Hastings in the event and entertainment industry.

4.0 Recommendations - Ngā Tūtohunga

- A) That the Performance and Monitoring Committee receive the report titled Toitōi Review dated 20 March 2025.
- B) That the Committee approve the recommendations 1 – 12 as detailed in Section 15 of the Draft Toitōi Review – March 2025 (CG-17-55) and set out below to be actioned.

Financial

1. Report on and analyse Toitōi's financial position in two components - Toitōi Building Asset and Toitōi Operations to better understand where efficiencies can be made.
2. Increase financial sustainability and continue optimising revenue streams through innovative event models (such as shared risk models), efficient cost management, and targeted digital marketing campaigns in order to reduce ratepayer contribution. This includes reporting on and analysing profitability of individual events using new processes established. Noting that profitability is not a core outcome for Toitōi, but increasing sustainability is.
3. Diversify revenue streams by exploring corporate sponsorships, grants (CNZ), or partnerships with educational institutions (EIT) to support community engagement initiatives. Implementation of a naming rights policy and funding strategy that includes a membership and patron's programme to cultivate long term financial resilience and promote the advocacy and community engagement of Toitōi (See Appendix 10).
4. Prioritise the completion of ongoing remedial works through detailed capital expenditure planning in the next LTP.

Audience Development

5. Implement comprehensive audience development, programming, naming rights policy, and funding and marketing strategies to enhance the visibility of Toitōi and attract diverse audiences.
6. The above will include addressing remaining accessibility issues, such as additional accessible seating in the Opera House. Engage with accessibility experts to identify and implement necessary modifications.

Partnerships and Collaboration

7. Leverage existing and actively seek new partnerships with local, national, and international organisations to diversify event offerings and share best practices. Use collective impact model to develop partnerships to leverage resources and expertise, enhancing the quality and variety of events.
8. Strengthen collaborations with local businesses and organisations to co-promote events and enhance community engagement initiatives.
9. Strengthen partnerships with neighbouring hospitality businesses to offer integrated experiences and promote local economic growth.
10. Strengthen partnerships with local artists, local, national and international arts organisations, and educational institutions to enrich programme offerings.

Workforce Development

11. Participate in workforce development, education initiatives and support training and career pathways for youth in Hastings in the event and entertainment industry.

Strategic

12. Complete an updated strategic plan building on the successes and achievements of the original strategy whilst balancing a challenging financial environment with the needs of the Heretaunga and wider Hawke's Bay communities.

Attachments:

1  Draft Toitoti Review - March 2025

CG-17-55

Volume 1

Item 8

Thursday, 20 March 2025

Te Hui o Te Kaunihera ā-Rohe o Heretaunga

Hastings District Council: Performance & Monitoring Committee Meeting

Te Rārangi Take

Report to Performance and Monitoring Committee

Nā:
From: **Jennie Kuzman, Health, Safety and Wellbeing Manager**

Te Take:
Subject: **Health, Safety & Wellbeing Policy**

1.0 Purpose and Summary – *Te Kaupapa Me Te Whakarāpopototanga*

- 1.1 The Health and Safety at Work Act 2015 (HSWA) requires HSWA Officers (Elected Members and the Chief Executive) to exercise due diligence by taking reasonable steps to understand the organisation's operations and Health, Safety & Wellbeing risks, and to ensure that they are managed so that Council meets its legal obligations.
- 1.2 Council's overarching Health, Safety & Wellbeing Policy has recently been reviewed, resulting in an updated policy which has been approved by the Chief Executive.
- 1.3 Previous versions of the Health, Safety & Wellbeing Policy have been endorsed by the Mayor and Councillors, therefore the updated Policy is attached (**Attachment 1**) for Council to consider for endorsement.

2.0 Recommendations - *Ngā Tūtohunga*

That the Performance and Monitoring Committee endorse the Overarching Health, Safety and Wellbeing Policy.

Attachments:

1 [↓](#) HDC Health, Safety and Wellbeing Policy (DRAFT) - HR-03-02-2-25-51
February 2025

TE KAUPAPA HERE HAUORA, HAUMARU & ORANGA HEALTH, SAFETY & WELLBEING POLICY



Our commitment:

- Hastings District Council is committed to keeping our workers (employees, volunteers, and contractors) and our community safe through living a strong, positive Health, Safety & Wellbeing culture.
- At Council we all have responsibility for Health, Safety & Wellbeing.
- We expect Council staff to respect and serve the Hastings Community by taking pride in demonstrating good Health, Safety & Wellbeing practices.

**HERETAUNGA
HASTINGS** DISTRICT COUNCIL

To demonstrate our organisation's commitment to Health, Safety & Wellbeing, we will:

- Comply with all relevant legislation, regulations, codes of practice and industry standards.
- Build and maintain a workplace environment and culture that supports good Health, Safety & Wellbeing practices.
- Increase awareness, participation and learning through active communication, consultation, training, and collaboration with our workers about Health, Safety & Wellbeing matters.
- Take a proactive approach to managing risk by actively identifying hazards and unsafe behaviour within our workplaces and taking steps to reduce the risks to an acceptable level.
- Maintain and continuously improve our Health, Safety & Wellbeing systems.
- Set goals for improvement as well as measure, appraise and report on our Health, Safety & Wellbeing performance.
- Report on and learn from our incidents (including near misses).
- Support rehabilitation and fit-for-work processes for injured or unwell employees.
- Design, construct, operate and maintain our assets to safeguard the community.
- Require our contractors to demonstrate a strong Health, Safety & Wellbeing culture within their organisations.

As Chief Executive and Mayor, we maintain ultimate accountability for our organisation and we will ensure Health, Safety & Wellbeing is central to what we do in delivering services to our community.

Sandra Hazlehurst
Mayor,
Hastings District Council
X/X/2025

To'osavili Nigel Bickle
Chief Executive,
Hastings District Council
X/X/2025

Thursday, 20 March 2025

Te Hui o Te Kaunihera ā-Rohe o Heretaunga

Hastings District Council: Performance & Monitoring Committee Meeting

Te Rārangi Take

Report to Performance and Monitoring Committee

Nā: Aaron Wilson, Financial Controller
From: Megan Taylor, Finance Operations Manager

Te Take:
Subject: Financial Report for the six months ended 31st December 2024

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

- 1.1 The purpose of this report is to inform the Performance and Monitoring Committee of the financial result for the six months ended 31st December 2024.
- 1.2 The economic and financial environment that Council operates in remains challenging, requiring continued fiscal discipline and management to ensure the adopted budget is followed.
- 1.3 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 where one-off revenues are excluded from the calculation. Cyclone Gabrielle costs and revenues are therefore reported separately.

Half Year Result -YTD

- 1.4 A brief summary of the YTD result to 31st December is as follows:
 - Council's cash surplus from ongoing operation is \$7,519K favourable to budget.
 - The non-cash Depreciation and Amortisation expense is \$1,968K unfavourable to the year-to-date budget of \$31,821K resulting from the increase in Asset values from year end revaluations.
 - The Total revenue to Fund capital projects is \$4,139K lower than budget. This is due to the timing of projects with much of the Transport capital expenditure program not yet incurred or recently started.

- Cyclone Gabrielle revenue is lower to budget by \$3,414K. This is driven by two main areas, timing of Insurance settlement (expected by end of the year) along with the timing of the remaining Cat 3 buyout programme.
- Cyclone Gabrielle expenses are lower than budget by \$3,616K mainly driven by the timing of expected settlements from the relocation offers under the VBO project. At end of December, 10 properties remain unsettled.

Forecast year-end result:

Summary:

- Council is forecasting an improved Cash Surplus from Ongoing Operations. This includes delivering against the \$2700K of savings committed as part of the adopted Annual Plan. While continued fiscal discipline and prudent financial management is needed, adherence to the adopted Financial Strategy is working.
- The forecast for ongoing operations is showing a \$3.5m surplus Cash from ongoing operations compared to the annual plan.
- Revenues supporting capital spend have been reduced by \$10,556K, this is reflective of the reduction in forecasted capital spend excluding Cyclone Recovery
- Cyclone Gabrielle forecast revenue shows an increase of \$42m compared to budget, this revenue is funding the forecast increase in Cyclone capital expenditure.

2.0 Recommendations - Ngā Tūhunga

That Performance and Monitoring Committee receives the report titled Financial Report for the six months ended 31st December 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 Attached to supplement this report is **Attachment 1** – Dashboard Summary of Financial Performance.
- 3.3 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 6 months to 31st December 2024 including the latest forecast to 30 June 2025.
- 4.2 As explained previously the format of this financial reporting 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 \$7.5m.

Hastings District Council
Statement of Comprehensive Revenue and Expense
31 December 2024

| | YTD Actuals (\$'000) | YTD Budgets (\$'000) | YTD Variance (\$'000) | Full Year Annual Plan (\$'000) | Full Year Forecast (\$'000) | Full Year Variance to Forecast (\$'000) |
|---|-------------------------|----------------------------|-----------------------------|--------------------------------------|-----------------------------------|--|
| Revenue | | | | | | |
| Rates | 65,971 | 64,878 | 1,093 | 129,756 | 129,756 | - |
| Fees, charges & metered water supply | 25,433 | 24,164 | 1,269 | 48,945 | 48,096 | (849) |
| Subsidies and Grants | 3,355 | 274 | 3,081 | 330 | 3,459 | 3,129 |
| Interest revenue | 8 | | 8 | 1 | 17 | 17 |
| Other revenue | 537 | 699 | (163) | 1,740 | 1,819 | 79 |
| Total Operating Revenue - Ongoing Operations | 95,303 | 90,015 | 5,288 | 180,772 | 183,147 | 2,376 |
| Expenditure | | | | | | |
| Personnel Costs | 26,311 | 26,274 | (38) | 52,919 | 50,187 | 2,731 |
| Finance Costs | 9,678 | 10,001 | 323 | 20,002 | 20,001 | 1 |
| Other Operating Costs | 47,512 | 49,458 | 1,945 | 91,519 | 93,167 | (1,647) |
| Total Cash Expenditure - Operations | 83,502 | 85,733 | 2,231 | 164,440 | 163,356 | 1,085 |
| Surplus/(Deficit) - Cash ongoing operations | 11,801 | 4,283 | 7,519 | 16,331 | 19,792 | 3,461 |
| Less Non Cash Expense | | | | | | |
| Depreciation & Amortisation Expense | 33,788 | 31,821 | (1,968) | 63,641 | 67,234 | (3,593) |
| Plus Revenues to Support Capital Expenditure | | | | | | |
| Development and Financial Contributions | 2,137 | 2,738 | (600) | 6,617 | 6,645 | 28 |
| Subsidies & Grants to fund Capital Projects | 20,376 | 23,915 | (3,539) | 48,321 | 37,737 | (10,584) |
| Total Revenue to fund Capital Projects | 22,514 | 26,652 | (4,139) | 54,938 | 44,382 | (10,556) |
| Surplus/(Deficit) excl Cyclone Gabrielle | 526 | (886) | 1,412 | 7,628 | (3,061) | (10,689) |
| Cyclone Gabrielle - Revenue | | | | | | |
| Cyclone Gabrielle - Revenue | 52,657 | 56,072 | (3,414) | 144,700 | 186,672 | 41,972 |
| Cyclone Gabrielle - Expense | | | | | | |
| Cyclone Gabrielle - Expense | 32,263 | 35,881 | 3,618 | 37,870 | 41,387 | (3,517) |
| Overall Surplus/(Deficit) - Operations | 20,921 | 19,305 | 1,615 | 114,458 | 142,225 | 27,766 |

Item 10

- 4.3 The year-to-date (YTD) result above is presented against the full annual plan budget. Contained within the Full Year Annual plan is the \$2,700K savings that was agreed with Council.
- 4.4 The \$2,700K in savings is being tracked and reported monthly to the Lead Team and a summary for the 6 months to 31st December is included in this report.
- 4.5 The surplus Cash ongoing operations is \$7,519K favourable to budget with the total Surplus excluding Cyclone Gabrielle being \$1,412K favourable to YTD budget. Council overall including Cyclone Gabrielle is \$1615K favourable to budget.
- Revenue YTD
- 4.6 Revenues for the 6 months is higher than budget by \$5,288K
- 4.7 Fees & Charges are \$1,269K favourable, with the main drivers being, fluoridation funding of \$2,000k being received for drinking water offset by lower fees from Landfill and the Transfer Station due to lower volumes.
- 4.8 Operational subsidies and grants are favourable by \$3,081K mainly due grants received in relation to the Local Waters Done Well programme (\$1,500K) along with government funding to support consultant related cyclone work (\$1,770K).
- 4.9 Subsidies and Grants to fund capital projects are \$3,539K unfavourable to budget through the first half of the year due to the phasing of the budget.
- 4.10 Development contributions are lower than budget by \$600k. Given the slowdown in building and subdivision activity through the year there has been inconsistent development contribution revenue during the year.

- 4.11 The Cyclone Gabrielle revenue is lower than budget by \$3,414K. This is driven by two main areas, Insurance Reimbursement yet to be received (still expected this year) and the timing of the remaining Category 3 buyout programme, there were 10 properties remaining at the end of December.
- 4.12 Overall total cash expenditure for operations is favourable for the six months ending December by \$2,231K primarily due to differences in the phasing of budgeted expenditure. Depreciation is tracking higher than budget similar to other years with the asset revaluation being finalised after the 2024/25 Annual Plan had been set. The increase was evident particularly in the infrastructure classes of Transport and Three waters.
- 4.13 Cyclone Gabrielle operational costs are lower by \$3,616K mainly driven the timing of expected budgeted settlements from the relocation offers under the VBO project. As noted, there are 10 properties still to be settled whereas the budget estimated all to be completed by 31 December.

5.0 Forecast to June 2025

- 5.1 Financial forecasts to year end have been undertaken by officers based on the 7 month actuals to 31st January 2025 and projections for the remaining 5 months. The purpose of the forecast is to give Council an indication of year-end financial position, and provide an opportunity to adjust activities if needed.
- 5.2 Based on the forecast, Council will have a Surplus Cash from Ongoing operations position of \$3,461K in comparison to the adopted Annual Plan. This surplus reflects additional levels of subsidies and grants (noted above) and continued progress on savings and efficiencies noted in section 6 below.
- 5.3 Forecast subsidies and grants supporting BAU capital expenditure (mainly NZTA) have been reduced compared to the Annual Plan by \$10,585K. As a result of the lower funding from NZTA, there is the offset reduction of the forecasted BAU capital expenditure (see section 7).
- 5.4 Depreciation is expected to be higher with the forecast the revaluation of infrastructure classes of assets which has resulted in higher than budgeted depreciation in the first 6 months as noted earlier.
- 5.5 The higher forecast Cyclone Gabrielle revenue is driven by additional funding from NZTA. NZTA approved \$52M of additional funded projects in the second quarter whereas council only planned for \$23M in the Annual Plan.

6.0 Savings Targets and Prioritised Expenditure approved by Council

- 6.1 As part of the adopted 2024/25 Annual Plan council committed to find savings of \$2.7M. Officers identified where these savings were to be made, and these are being tracked monthly.
- 6.2 At the end of December Council is on track to deliver these savings The Table below shows that the planned savings are tracking ahead of expectations by \$561k. In addition to these savings, tighter management of personnel costs has generated additional YTD savings of \$2,355K. meaning that total savings YTD are tracking at \$2,916K ahead of budget.

| Budgeted Savings Summary | Savings/ (Deficit) YTD |
|---------------------------------|-------------------------------|
| Asset Management | 131k |
| Community Welbeing and Services | 249k |
| Marketing And Communication | (13K) |
| People & Capability | 111k |
| Planning and Regullation | 84k |
| | 561k |
| | |

| Budgeted Savings Summary | |
|---------------------------------|---------------|
| Leave Balance reduction/Savings | 136k |
| Personnel Cost Excluding Leave | 2,219k |
| | 2,355k |
| | |
| Total | 2,916k |

- 6.3 It is expected that Council will exceed the full year savings target based on the progress made in the 6 months to December.
- 6.4 Offsetting some of these savings are areas of prioritised 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.
- 6.5 The table below shows the additional approved spend by operational expenditure. The additional expenditure is mainly driven by the Council property settlements of \$1.1m along with funding support for Tamatea Pokai Whenua (TPW), of which this year's agreement is \$300k. Council have engaged with TPW to provide consultancy on topics such as Future Development Strategy, Growth Infrastructure Planning, Resource Consent matter, Environmental Policy work as well as the regional Spatial Plan. This was previously funded through the Governments Better off Funding from the previous water reforms but was reallocated to support the cyclone recovery at the approval of Crown Infrastructure Partners. The commitment to support TPW remained.
- 6.6 The following table shows additional expenditure approvals (>\$50K) 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.
- 6.7 It should be noted that officers will continue to look to fund any additional unplanned expenditure from within the existing budget where possible as the year progresses.

| Prioritised Spend 2024-25 December Ytd | | |
|---|--------------------|--|
| Project\Expenditure | Opex Impact | How Funded |
| Property Settlements | 1100k | Debt Funded Approved by Council |
| Tamatea Pokai Whenua | 300k | Debt Funded Approved by Council |
| Risk Software & Implementation (SAS) | 50k | To be funded by expenditure reprioritisation |
| Kahu Mai funding Contribution | 50k | To be funded by expenditure reprioritisation |
| Upgrade parking meters to 4G | 50k | To be funded by expenditure reprioritisation |
| | - | |

7.0 Capital Spend

- 7.1 Council's total Annual Plan capital budget (including renewals, new works, and growth projects) for 2024/25 is \$301,000K. The latest forecast spend is \$295,480K.
- 7.2 The capital expenditure plan was split between BAU and Cyclone Gabrielle Recovery. Officers have reviewed the status of, and ability to deliver the capital expenditure programme and have forecast

a reduction in BAU by \$31,587K for the full year. At end of December the actual BAU capital spend was \$47,991K in comparison to a budget of \$68,409K.

- 7.3 Cyclone Gabrielle capital expenditure is currently \$2819K ahead of YTD budget \$50,968K. This is due to additional funding of \$52000K approved by NZ Transport Authority (NZTA) for 2024/25 (Council had anticipated only \$23000K in the Annual Plan. With this additional funding the forecast spend at end of the year is \$165,491K against an original budget of \$140,002K.,
- 7.4 Balancing the capital expenditure helps Council to maintain their internally mandated debt covenants, following the financial strategy and delivering against the approved long-term plan (subject to the timing risk noted in 7.7 below). This is critical as it shows consistency and a prudent financial management approach our community and to the rating and borrowing agencies that Council deals with. Council intends to smooth out the level of peak debt by managing the capital expenditure programme in this way going forward.
- 7.5 Projects by Activity within the types of capital spend are shown below:

Summary of Capital Spend as at 31 December 2024

| | YTD Actuals (\$000) | YTD Budgets (\$000) | YTD Variance (\$000) | Annual Plan ('000) | Forecast ('000) |
|---|------------------------|------------------------|-------------------------|-----------------------|--------------------|
| COUNCIL CAPITAL | | | | | |
| Renewals | 19,628 | 27,611 | 7,983 | 66,086 | 51,892 |
| New Works | 18,444 | 24,616 | 6,172 | 56,504 | 46,977 |
| Growth | 9,919 | 16,182 | 6,263 | 38,987 | 31,121 |
| CAPITAL SPEND excl CYCLONE | 47,991 | 68,409 | 20,418 | 161,577 | 129,990 |
| Cyclone Gabrielle | 53,787 | 50,968 | (2,819) | 140,002 | 165,491 |
| TOTAL CAPITAL SPEND | 101,778 | 119,377 | 17,598 | 301,579 | 295,480 |
| | | | | | |
| | YTD Actuals (\$000) | YTD Budgets (\$000) | YTD Variance (\$000) | Annual Plan ('000) | Forecast ('000) |
| SUMMARY | | | | | |
| RENEWALS | | | | | |
| Roads & Footpaths | 9,671 | 9,367 | (304) | 20,833 | 16,991 |
| Sewerage and the treatment and disposal of sewerage | 4,051 | 7,438 | 3,387 | 18,072 | 13,215 |
| Building & Property Management | 1,973 | 2,597 | 624 | 4,883 | 4,180 |
| Water Supply | 1,587 | 4,531 | 2,944 | 14,212 | 10,622 |
| Parks & Reserves | 762 | 1,165 | 403 | 2,430 | 2,430 |
| Stormwater Disposal | 524 | 617 | 94 | 1,498 | 1,360 |
| Governance & Corporate Support | 230 | 446 | 216 | 927 | 769 |
| Rest of Council - Renewals | 830 | 1,450 | 620 | 3,230 | 2,324 |
| TOTAL RENEWALS | 19,628 | 27,611 | 7,983 | 66,086 | 51,892 |
| NEW WORKS | | | | | |
| Museum Storage | 7,453 | 9,642 | 2,189 | 14,029 | 11,012 |
| Solid Waste | 4,616 | 3,521 | (1,094) | 7,042 | 7,666 |
| Water Supply | 1,994 | 3,395 | 1,401 | 6,960 | 4,900 |
| Stormwater Disposal | 1,313 | 2,787 | 1,474 | 6,644 | 5,105 |
| Roads & Footpaths | 854 | 1,938 | 1,083 | 5,120 | 1,796 |
| Parks & Reserves | 817 | 1,185 | 368 | 4,236 | 4,236 |
| Sewerage and the treatment and disposal of sewerage | 625 | 1,054 | 428 | 2,123 | 1,534 |
| Rest of Council - New Works | 772 | 1,094 | 322 | 10,350 | 10,727 |
| TOTAL NEW WORKS | 18,444 | 24,616 | 6,172 | 56,504 | 46,977 |
| GROWTH | | | | | |
| Sewerage and the treatment and disposal of sewerage | 4,902 | 8,730 | 3,828 | 25,182 | 19,665 |
| Roads & Footpaths | 4,116 | 4,410 | 294 | 6,516 | 7,582 |
| Stormwater Disposal | 782 | 2,644 | 1,862 | 5,460 | 3,485 |
| Water Supply | 120 | 399 | 279 | 1,804 | 364 |
| Parks & Reserves | - | - | - | 25 | 25 |
| TOTAL GROWTH | 9,919 | 16,182 | 6,263 | 38,987 | 31,121 |
| CYCLONE GABRIELLE | | | | | |
| Cyclone Gabrielle | 53,787 | 50,968 | (2,819) | 140,002 | 165,491 |
| TOTAL CYCLONE | 53,787 | 50,968 | (2,819) | 140,002 | 165,491 |
| TOTAL CAPITAL | 101,778 | 119,377 | 17,598 | 301,579 | 295,480 |

Treasury

- 7.6 Council's total gross debt position, as at 31st December, was \$442,700K. Liquidity was 111% as at the end of December. The forecast year end debt position is expected to be \$489,000K. With the high levels of spend that Council is engaging in related to Transport projects, there is the potential for a timing issue at the year-end between the cash outflow to supplier's vs inflows due from CIP/NZTA. Officers are actively working to minimise any impact as a result. Reviewing Council's internal processes and working with the 2 external funding partners.
- 7.7 Council remains compliant with its Treasury Management Policy limits. The Risk and Assurance Committee reviews and monitors Council's treasury performance and policy on a quarterly basis with advice from Bancorp Treasury Services.

8.0 Cash Management Update

- 8.1 As the level of Council borrowing has continued to rise, more focus has been put into effectively managing cash inflows from Debtors and Rate payers. While acknowledging that these are challenging times financially for the wider community Council needs to ensure that its own processes are fit for purpose
- 8.2 Part of this refocus included the hiring of an experienced Credit Controller in September. A key aim of the role is to directly engage and work in tandem with rate payers and debtors. Balancing firm credit control and management with empathy and fairness finding suitable solutions together to reduce our overdue levels of debt and Rates arrears.

Impact of the Credit Controller

- 8.3 The Credit Controller has been directly engaging with the community and helping to support our rate payers/ debtors by balancing firm credit control with positive customer interactions which has already made a significant difference to overdue rates and debtors.
- 8.4 Numerous rates payers and debtors have been contacted to discuss their overdue accounts. By implementing effective debt collection strategies, the Credit Controller has worked towards ensuring timely payments from customers, reducing overdue accounts, and maintaining positive cashflow for the organization.

Financial Impact

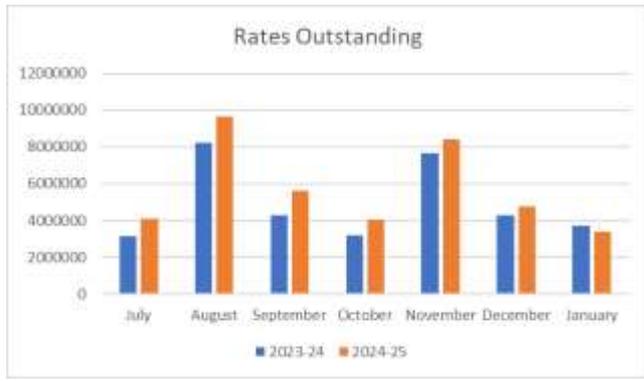
- **Debt reduction** – minimizing outstanding receivables and improving financial stability
- **Revenue protection** – safeguarding Councils income by enforcing credit policing
- **Cashflow optimization** – ensuring steady cash inflow by managing receivables effectively
- **Risk mitigation** – reducing the risk of bad debts through proactive credit management
- **Profitability enhancement** – supporting overall business profitability through efficient debt recovery

Operational impact

- **Efficiency** – streamlining credit processes for faster and more effective collections
- **Customer Relationship Management** – balancing firm credit control with positive customer interactions
- **Compliance** – adhering to credit policies and regulatory requirements
- **Resilience** – helping Council withstand economic downturns through robust credit control strategies

Rates

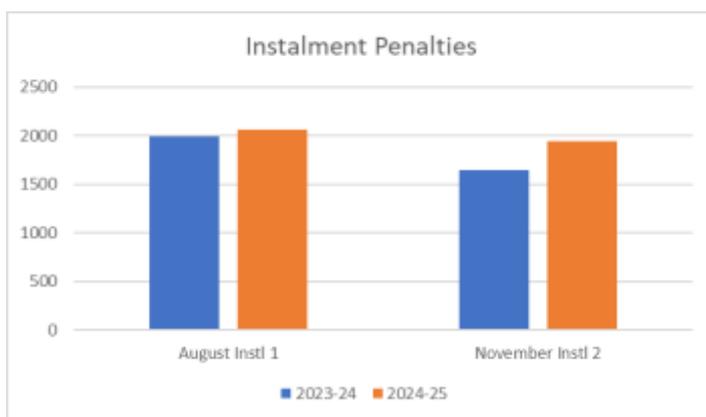
- 8.5 While Outstanding rates are higher than last year, through active engagement with ratepayers, Council is starting to see some positive impact from the increased level of engagement. The spikes in the graph below reflect the distribution of the instalment invoices



8.6 This graph below compares the number of properties with rates arrears over \$500 across a twelve-month period for the past two financial years and is further evidence of the challenging economic times. As of February 2025, 2,181 of the 2,840 properties have arrears from the current financial year, while 659 still have outstanding balances from previous years.



8.7 Below is a comparison of the penalties applied for each instalment over the last two financial years. The decline in penalty figures directly reflects the impact of the Credit Controller’s efforts. When a payment arrangement is established with the ratepayer, a penalty block is placed on the property to prevent further penalties. With the introduction of bulk SMS notifications later this year, we anticipate a further reduction in penalties.



8.8 Officers are proactively working to secure payment for outstanding accounts. Where arrears remain uncollected, Officers are employing every available tool and resource they have at their disposal to collect this overdue revenue. This has resulted in 312 accounts paid in full totalling \$824K. There are now payment arrangements in place totalling \$1,277K, Council has increased the number of accounts in a payment arrangement by 250% since July 24.

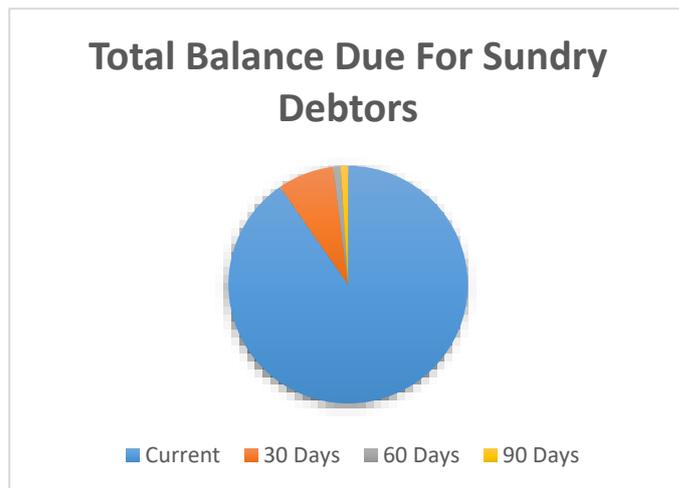
8.9 Officers have effectively resolved one third of all overdue accounts valued at \$3,000 or more covering more than two thirds of the arrears value. There is still a way to go, but Officers are focused on resolving these arrears.

Sundry Debtors (Non-Rates related)

As well as Ratepayers, Council has, due to the wide and diverse range of businesses that it is responsible for, a large number of debtors from individuals through to Sports Clubs to Government Departments and Crown Entities.

8.10 Total Debtors as at 31 January 2025 is \$12,353K, which is made up of the following:

- 90% of sundry debtors are in current
- 8% of sundry debtors are in 30 days
- 1% of sundry debtors are in 60 days
- 1% of sundry debtors are in 90 days



8.11 From the work undertaken by the team there has been a significant decrease in debtors' arrears since the start of the Council year.

- 30 Days has decreased by \$443K
- 60 Days has decreased by \$343K
- 90 Days has decreased by \$569K



In monetary terms, this improvement has led to an increased cash collection of \$1,357K and more time to work on other more challenging accounts.

8.12 The next steps

On top of continuing to work with the Ratepayers and Debtors to keep reducing our levels of overdue/arrears, the team are looking at better ways to more effectively communicate

The Council Finance team are always looking for more effective ways to engage with Debtors and Ratepayers. The team are continuing to explore the opportunity to communicate using etxts. Following the discussions at the Risk and Assurance meeting in November the team has conducted due diligence on the legal aspects of sending etxts and can confirm that the information in these messages will be of the type as described in s6(b)(iv) of the Unsolicited Electronic Messages Act 2007.

The team has further engaged with Council Marketing and Communications Group to develop effective templates in line with rules and regulations as outlined in the Unsolicited Electronic Messages Act 2007. It is critical that robust processes are in place before Council starts using the service.

The first step in this process will be sending an email to all rate payers advising of the new service and asking for permission to send them etxt, we will keep this message generic so that we can use this permission for other areas in Council (noting that there will be a formal consideration process to approve messaging types to avoid 'spamming'.)

The Finance Team is working closely with the Marketing and Communications team and Customer Service's to get this service up and running and will look to implement this service in other areas of Council.

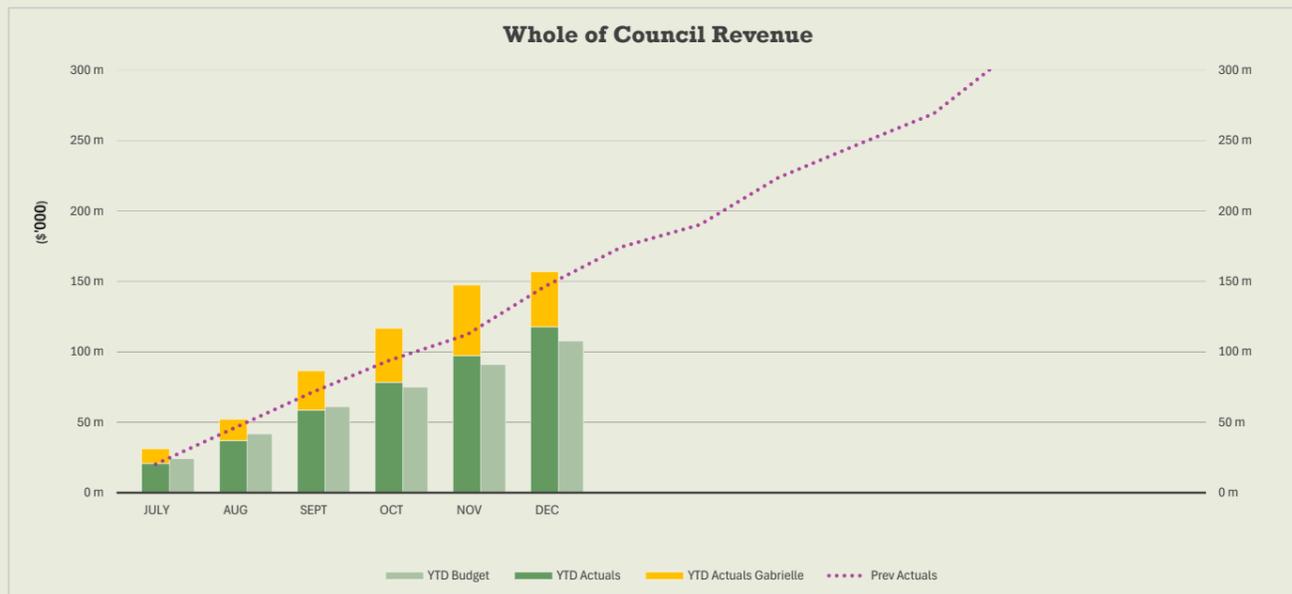
Benefits of using etxt for credit control

- Higher engagement – text messages have high open rates, increasing the chances of prompt payment
- Cost-Effective – 10c per etxt this can help reduce the need for expensive calls and letters
- Customer Friendly – A non-intrusive way to remind customers while maintaining goodwill
- Quick Resolution – Allows customers to respond instantly and address payment concerns

Attachments:

1↓ 2nd Quarter Dashboard Ytd 31 December 2024 FIN-09-01-25-226

Hastings District Council Quarterly Dashboard as at 31 December 2024



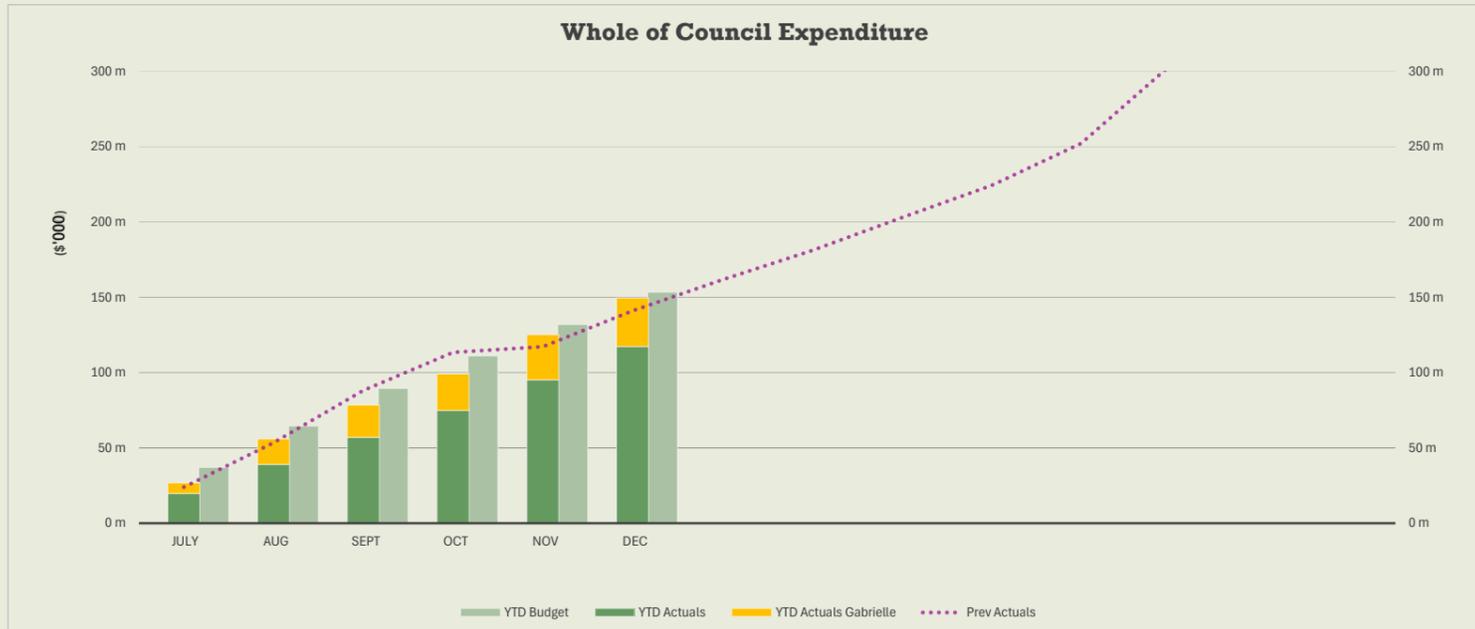
| Statement of Revenue as at: 31 December 2024 | Actual Ytd (\$'000) | Budget Ytd (\$'000) | Variance Ytd (\$'000) |
|---|---------------------|---------------------|-----------------------|
| Rates (Budget) | 65,971 | 64,878 | 1,093 |
| Fees, charges & metered water supply charges | 25,433 | 24,164 | 1,269 |
| Subsidies and Grants | 3,355 | 274 | 3,081 |
| Interest revenue | 8 | 0 | 8 |
| Other revenue | 537 | 699 | -163 |
| Total Operating Revenue - ongoing operations | 95,303 | 90,015 | 5,288 |
| Revenues to Support Capital Expenditure | | | |
| Development and financial contributions | 2,137 | 2,738 | -600 |
| Subsidies & Grants to fund capital projects | 20,376 | 23,915 | -3,539 |
| Total Revenue to fund Capital projects | 22,514 | 26,652 | -4,139 |
| Cyclone Gabrielle Revenue | 52,657 | 56,072 | -3,414 |
| Total Revenue | 170,474 | 172,740 | -2,265 |

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 behind due to timing of funding and reimbursements not yet received.

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

| Water Services | Local Waters Done Well | HB Airport Dividend |
|---|---|--|
| <p>\$2,075 Favourable Variance</p> <p>Water Services funding received for Fluoridation project.</p> | <p>\$1,428 Favourable Variance</p> <p>Funding received (unbudgeted) for "Local Waters Done Well"</p> | <p>\$76 Favourable Variance</p> <p>Dividend received from HB Airport was higher than budgeted.</p> |
| Development Contributions | Transfer Station | Cyclone Revenues |
| <p>-\$600 Unfavourable Variance</p> <p>Slowdown in building and subdivision activity has meant contributions not yet received as budgeted.</p> | <p>-\$380 Unfavourable Variance</p> <p>Lower volumes through through the Transfer station, driven largely by slowdown in the economy</p> | <p>-\$3,414 Unfavourable Variance</p> <p>Insurance Reimbursement Portion yet to be received along with the timing of the remaining Cat 3 Buyout funding to be received.</p> |

Hastings District Council Quarterly Dashboard as at 31 December 2024



| Statement of Expenditure as at 31 December 2024 | Actual Ytd (\$'000) | Budget Ytd (\$'000) | Variance Ytd (\$'000) |
|--|---------------------|---------------------|-----------------------|
| Personnel Costs | 26,311 | 26,274 | -38 |
| Finance Costs | 9,678 | 10,001 | 323 |
| Other Operating Costs | 47,512 | 49,458 | 1,945 |
| Total Cash Expenditure - Operations | 83,502 | 85,733 | 2,231 |
| Non Cash Expenses | | | |
| Depreciation & Amortisation Expense | 33,788 | 31,821 | -1,968 |
| Total Expenditure Excl. Cyclone Gabrielle | 117,291 | 117,553 | 263 |
| Cyclone Gabrielle Costs | 32,263 | 35,881 | 3,618 |
| Total Expenditure | 149,554 | 153,434 | 3,881 |

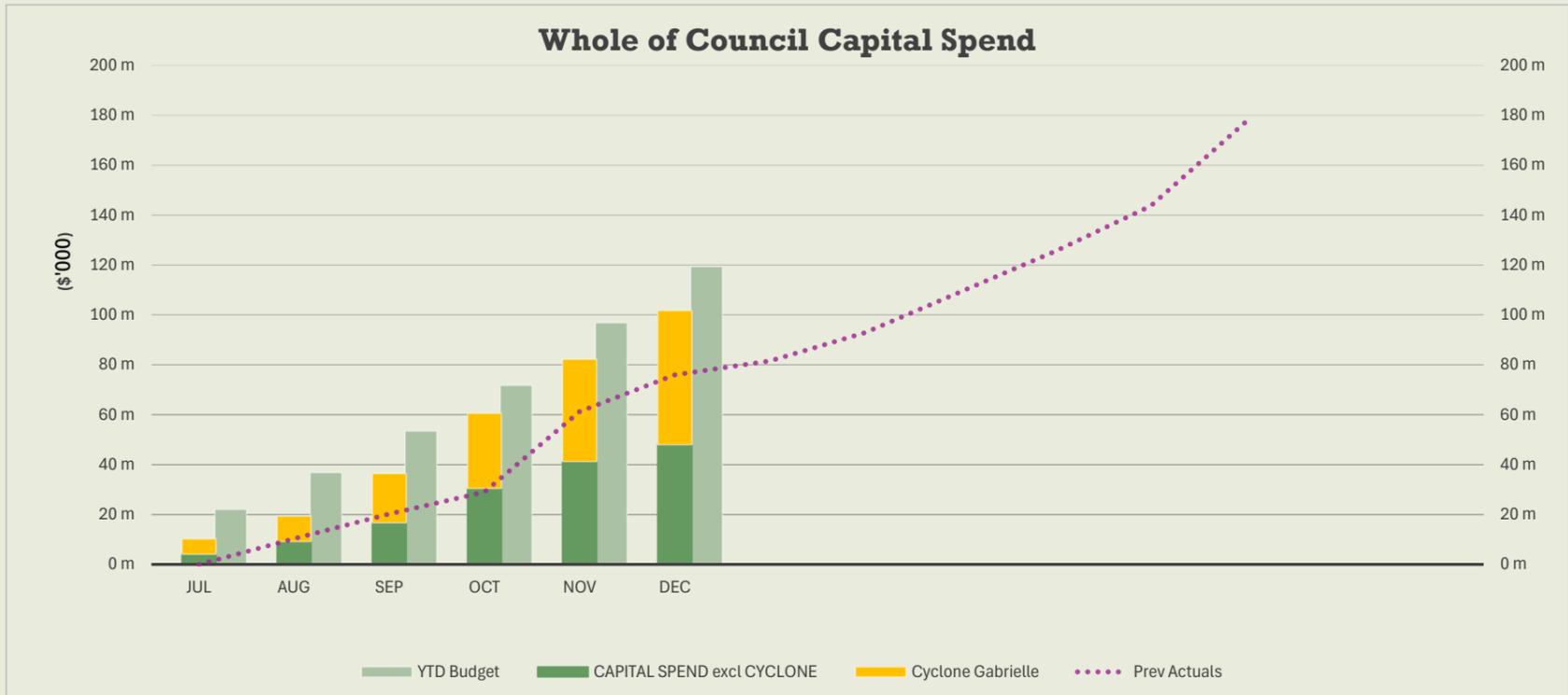
Comments: Expenditure has been driven by slower spend than phased in the budget in the first quarter along with a number of vacancies across Council.

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

| | | |
|---|---|---|
| <p>Contracted Services</p> <div style="border: 2px solid green; border-radius: 50%; width: 100px; height: 100px; display: flex; align-items: center; justify-content: center; margin: 0 auto;"> <div style="text-align: left; padding: 5px;"> <p>\$1,634</p> <p>Favourable Variance</p> </div> </div> <div style="margin-top: 10px;"> <p>Contracted services are underspend against ytd budget, this is timing as to when budgets were phased and when spend has occurred.</p> </div> | <p>IT Software & Maintenance</p> <div style="border: 2px solid green; border-radius: 50%; width: 100px; height: 100px; display: flex; align-items: center; justify-content: center; margin: 0 auto;"> <div style="text-align: left; padding: 5px;"> <p>\$1,250</p> <p>Favourable Variance</p> </div> </div> <div style="margin-top: 10px;"> <p>Timing of Project Genesis (upgrade of the Finance system) and Upgrade of Council Servers.</p> </div> | <p>Grants & Donations</p> <div style="border: 2px solid green; border-radius: 50%; width: 100px; height: 100px; display: flex; align-items: center; justify-content: center; margin: 0 auto;"> <div style="text-align: left; padding: 5px;"> <p>\$765</p> <p>Favourable Variance</p> </div> </div> <div style="margin-top: 10px;"> <p>Timing of when grants are paid out in asset management vs how budgets were phased.</p> </div> |
| <p>Electricity</p> <div style="border: 2px solid green; border-radius: 50%; width: 100px; height: 100px; display: flex; align-items: center; justify-content: center; margin: 0 auto;"> <div style="text-align: left; padding: 5px;"> <p>\$107</p> <p>Favourable Variance</p> </div> </div> <div style="margin-top: 10px;"> <p>Electricity and Gas are tracking favourable to budget.</p> </div> | <p>Property Settlements</p> <div style="border: 2px solid orange; border-radius: 50%; width: 100px; height: 100px; display: flex; align-items: center; justify-content: center; margin: 0 auto;"> <div style="text-align: left; padding: 5px;"> <p>-\$1,100</p> <p>Unfavourable Variance</p> </div> </div> <div style="margin-top: 10px;"> <p>Property Settlements across Council.</p> </div> | <p>Depreciation</p> <div style="border: 2px solid orange; border-radius: 50%; width: 100px; height: 100px; display: flex; align-items: center; justify-content: center; margin: 0 auto;"> <div style="text-align: left; padding: 5px;"> <p>-\$1,967</p> <p>Unfavourable Variance</p> </div> </div> <div style="margin-top: 10px;"> <p>Depreciation is higher than budget due to the asset revaluation being completed after the annual plan was set.</p> </div> |

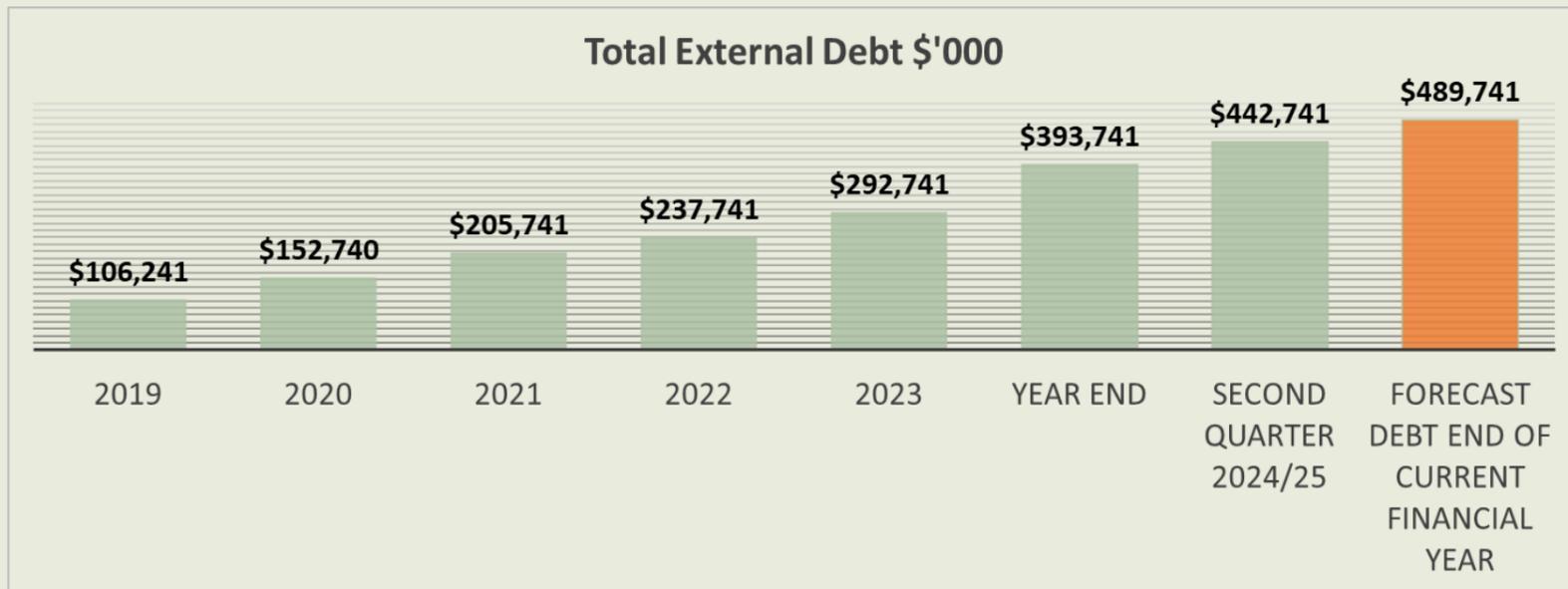
| Hastings District Council Statement of Comprehensive Revenue and Expense as 31 December 2024 | | | | | | |
|--|-------------------------|-------------------------|-----------------------------|--------------------------------------|-----------------------------------|--|
| | YTD Actuals (\$'000) | YTD Budgets (\$'000) | YTD Variance (\$'000) | Full Year Annual Plan (\$'000) | Full Year Forecast (\$'000) | Full Year Variance to Forecast (\$'000) |
| Revenue | | | | | | |
| Rates | 65,971 | 64,878 | 1,093 | 129,756 | 129,756 | - |
| Fees, charges & metered water supply | 25,433 | 24,164 | 1,269 | 48,945 | 48,096 | (849) |
| Subsidies and Grants | 3,355 | 274 | 3,081 | 330 | 3,459 | 3,129 |
| Interest revenue | 8 | | 8 | 1 | 17 | 17 |
| Other revenue | 537 | 699 | (163) | 1,740 | 1,819 | 79 |
| Total Operating Revenue - Ongoing Operations | 95,303 | 90,015 | 5,288 | 180,772 | 183,147 | 2,376 |
| Expenditure | | | | | | |
| Personnel Costs | 26,311 | 26,274 | (38) | 52,919 | 50,187 | 2,731 |
| Finance Costs | 9,678 | 10,001 | 323 | 20,002 | 20,001 | 1 |
| Other Operating Costs | 47,512 | 49,458 | 1,945 | 91,519 | 93,167 | (1,647) |
| Total Cash Expenditure - Operations | 83,502 | 85,733 | 2,231 | 164,440 | 163,356 | 1,085 |
| Surplus/(Deficit) - Cash ongoing operations | 11,801 | 4,283 | 7,519 | 16,331 | 19,792 | 3,461 |
| Less Non Cash Expense | | | | | | |
| Depreciation & Amortisation Expense | 33,788 | 31,821 | (1,968) | 63,641 | 67,234 | (3,593) |
| Plus Revenues to Support Capital Expenditure | | | | | | |
| Development and Financial Contributions | 2,137 | 2,738 | (600) | 6,617 | 6,645 | 28 |
| Subsidies & Grants to fund Capital Projects | 20,376 | 23,915 | (3,539) | 48,321 | 37,737 | (10,584) |
| Total Revenue to fund Capital Projects | 22,514 | 26,652 | (4,139) | 54,938 | 44,382 | (10,556) |
| Surplus/(Deficit) excl Cyclone Gabrielle | 526 | (886) | 1,412 | 7,628 | (3,061) | (10,689) |
| Cyclone Gabrielle - Revenue | | | | | | |
| Cyclone Gabrielle - Revenue | 52,657 | 56,072 | (3,414) | 144,700 | 186,672 | 41,972 |
| Cyclone Gabrielle - Expense | | | | | | |
| Cyclone Gabrielle - Expense | 32,263 | 35,881 | 3,618 | 37,870 | 41,387 | (3,517) |
| Overall Surplus/(Deficit) - Operations | 20,921 | 19,305 | 1,615 | 114,458 | 142,225 | 27,766 |

Whole of Council Capital Spend as at 31 December 2024



Capital - Commentary

Capital spend for the for the six months to 31st December 2024 for BAU was \$48m compared to budget of \$68.4m. Cyclong Gabrielle Capex spend for the first six months is \$53.7m compared to budget of \$50.9m. The forecast that has been just completed shows that the expected BAU capex spend will be \$130m as opposed to annual plan of \$161m. Cyclone Gabrielle forecast has been increased which is reflective of additional funding recieved and the expectation that significant spend will occur in the last part of the year.



Treasury

Total external debt shows the overall increase in debt from 2019. Current debt as at 31st December 2024 is \$442.7m. 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.

Thursday, 20 March 2025

*Te Hui o Te Kaunihera ā-Rohe o Heretaunga***Hastings District Council: Performance & Monitoring Committee Meeting***Te Rārangi Take*

Report to Performance and Monitoring Committee

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

Te Take:
Subject: **Performance and Monitoring Report for the quarter ended 31 December 2024**

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

- 1.1 The purpose of this report is to present the Performance and Monitoring Report to the Committee for the second quarter of 2024/25, ending 31 December 2024.
- 1.2 The Performance and Monitoring Report and appendices are attached (**Attachment 1**) and provide a comprehensive overview of Council's activities.
- 1.3 The March Performance and Monitoring meeting does provide somewhat of a lag in time from the period being reported on in the December Quarter and as such some additional commentary is required, particularly for activities where a lot has happened between 31 December 2024 and now. The following is some brief commentary on activities from January to current.

1.4 Splash Planet

As intimated in the attached December quarterly report, the summer weather deteriorated in the latter part of December and that continued through most of January resulting in a significant downturn in visitor numbers and income. Council made the difficult decision in February to close the early with the last day of operations on Sunday 23rd February.

1.5 Flaxmere Land Development

The quarterly report acknowledges Council decision in December to directly negotiate with one preferred developer for the land in Flaxmere that Council has developed for residential development. Since that time, Council has concluded those negotiations and gone unconditional with the preferred developer.

1.6 Solid Waste

Council in February adopted the Waste Management and Minimisation Plan (WMMP) in February for consultation, the culmination of a big piece of work lead by the team at HDC.

1.7 FlaXrock Gym

Given low usage and rising costs, a decision was made following consultation with staff to close the FlaXrock Gym with next steps identified to issue an Expression of Interest to the market that will hopefully see a better and more financial sustainable gym offering from the Flaxmere Community Centre.

1.8 Civil Defence

In February the Joint Committee adopted the Hawkes Bay Civil Defence and Emergency Management (HBCDEM) Transformation Strategy. There will be ramifications for HDC as it moves to transition to a new way of working and increased responsibilities.

2.0 Recommendations - Ngā Tūtohunga

That the Performance & Monitoring Committee Meeting receive the report titled Performance and Monitoring Report for the quarter ended 31 December 2024 dated 20 March 2025.

Attachments:

[1](#) 2024-2025 Qtr 2 Performance & Monitoring Report CG-17-4-00199 Volume 2