

Thursday, 9 October 2025

Te Hui o Te Kaunihera ā-Rohe o Heretaunga
Hastings District Council
Council Meeting

Kaupapataka

Attachments

Te Rā Hui:
Meeting date: **Thursday, 9 October 2025**

Te Wā:
Time: **1.00pm**

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

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HASTINGS DISTRICT COUNCIL
207 Lyndon Road East, Hastings 4122 | Private Bag 9002, Hastings 4156
Phone **06 871 5000** | www.hastingsdc.govt.nz
TE KAUNIHERA Ā-ROHE O HERETAUNGA

ITEM	SUBJECT	PAGE
8.	ADOPTION OF ANNUAL REPORT AND ANNUAL REPORT SUMMARY FOR THE YEAR ENDED 30 JUNE 2025	
	Attachment 1: 2025 EY Audit Close Report Final	3
	Attachment 2: Annual Report 2025	23
	Attachment 3: Summary Annual Report 2024/25	195



Item 8

EY | Hastings District Council | For the Year ended 30 June 2025

A message from Stuart Mutch

Dear Audit and Risk Committee Members

We have substantially completed our audit of Hastings District Council ("Council or Hastings") for the year ended 30 June 2025.

Subject to the adequate resolution of the outstanding matters listed in the appendices, we confirm that following the adoption of the Annual Report we will be prepared to issue an audit opinion on the Annual Report including financial statements, service performance information and other statutory reporting. We will issue a qualified opinion over performance information associated with three water complaints responses in a manner consistent with prior periods.

We have provided this report in our role as the appointed auditor of the Council on behalf of the Auditor-General in accordance with the Public Audit Act 2001. This report is directed to the Risk & Assurance Committee ('the Committee'), other members of Council and senior management, and should not be used for any other purpose nor given to any other party without our prior written consent.

We would like to thank your staff for the assistance provided to us during the engagement.

We look forward to the opportunity to discuss with you any aspects of this report or any other matters impacting the financial statements.

If you have any queries in the meantime, please feel free to contact Stuart at stuart.mutch@nz.ey.com or on 027 489 9378 or Matthieu on 021 229 8956.

Yours faithfully



**Stuart
Mutch**
Signing
Partner



**Matthieu
Poulain**
Senior
Manager




“

On behalf of our team, I would like to express our sincere gratitude to Graham Watson and his team alongside the broader management and staff of Hastings District Council for their cooperation and assistance throughout the course of our audit.

Hastings District Council continue to operating a challenging and changing environment. The continued focus on an effective management control environment and good balance sheet management remain critical to the successful long term management of the District.

Stuart Mutch

 **Note:** This report is intended solely for the use of the Audit Committee and senior management for the purpose of communicating significant accounting and auditing issues identified in performing our audits. It should not be relied upon as disclosing all risks or deficiencies that may exist and may not be used for any other purpose or disclosed to anyone else without our prior written consent.

Item 8

Contents

4

EXECUTIVE SUMMARY

5

AREAS OF AUDIT FOCUS

3 waters valuation5

Recovery work and Funding6

Infrastructure assets and PP&E7

Rates strike, invoicing and collection8

Performance reporting9

Other medium and low risk focus areas11

12

ASSESSMENT OF CONTROL ENVIRONMENT

13

AUDIT DIFFERENCES

14

APPENDICES

A. Other Required Audit Committee Communications15

B. Outstanding Matters16

C. Auditor Fee and Independence17

D. Other Communications18


EXECUTIVE SUMMARY

2 Status of the Audit

We have largely completed our audit procedures. We will be finalising a number of matters with management during the week of 29 September 2025 to enable Council to adopt the Annual Report on 9 October 2025.

We will provide a full verbal briefing to the Committee when we meet on 30 September 2025.

Please refer to the outstanding matters Appendix B for further details. Upon satisfactory completion of these outstanding matters we will be in a position to issue our opinion.



\$9M

Materiality

Our audit procedures have been performed using a materiality of \$9m

This is based on 2.5% of revenue. Revenue has been selected on the basis that significant funding has been received in 2024/25 that has been used for capital expenditure recovery work.

The threshold for reporting audit differences which impact the income statement is \$460k.

The level of materiality has remained consistent with prior year.

Audit Differences

NIL

There are no unadjusted audit differences identified through our audit procedures over the financial statements, performance reporting or annual report.

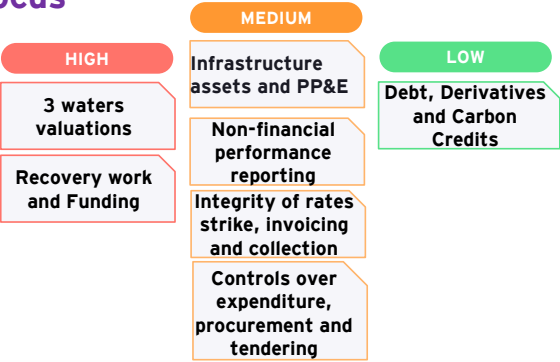
Refer to the audit difference section for adjusted audit differences.

We would like to draw the readers attention to our discussion in regard to the water valuation on page 5.

7 Areas of Audit Focus

Key areas of focus where there are potential risks and exposure.

The areas of audit focus and level of complexity or management judgement applied are:



Key Results

\$369M

Total revenue

\$271M

Total expenditure

\$92M

Net surplus

Independence

We confirm that we have complied with NZ: NZICA Code of Ethics and the Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand) independence requirements, and in our professional judgement, the engagement team and the Firm are independent.



AREAS OF AUDIT FOCUS

3 Waters valuations HIGH

Our Understanding

3 Waters Valuation

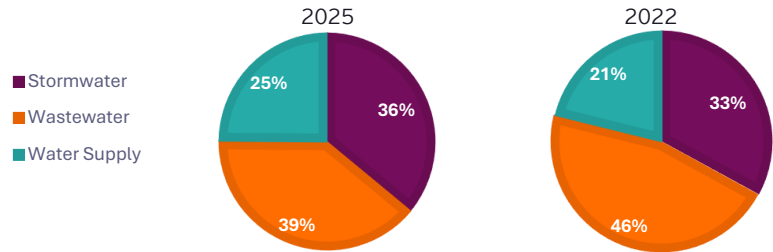
Councils 3 Water assets are recognised at fair value. This recognition is achieved by revaluing this class of assets regularly enough so that there is no material difference between their recognised carrying value and fair value.

Council had expected to undertake a valuation in 2024. However, on the basis that a regional focused valuation was to be undertaken in 2025, this process was deferred.

The last full valuation of the 3 waters assets was completed in the year ended 30 June 2022.

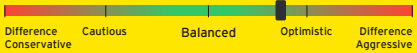
GHD was appointed by four Councils to undertake this work simultaneously across the region. However, GHD's primary focus appears to have been to complete a valuation that sought to index unit pricing from each of the four Councils 2022 valuations to generate average unit prices for 2025. This has resulted in a valuation that is technically beneficial for comparing the Councils water asset portfolios, but has some underlying flaws for financial reporting purposes.

We have sought to assess the impact of the commissioning of the valuation in this manner.



	Stormwater		Wastewater		Water Supply		Total	
	2025	2022	2025	2022	2025	2022	2025	2022
Replacement Cost	689,422,265	594,434,216	887,608,956	982,656,204	483,093,125	398,185,583	2,060,124,346	1,975,276,003
ODRC	413,329,163	348,738,072	449,410,161	485,902,621	285,665,129	224,096,955	1,148,404,453	1,058,737,648
Annual Depreciation	6,579,213	6,248,368	11,585,577	13,616,392	7,838,240	6,227,149	26,003,030	26,091,909

Qualitative Assessment



EY Perspective

We have completed extensive procedures in regards to the 3 Water valuation, including:

- Held discussion with GHD in relation to the unit prices, comparisons with other local authorities including drivers for deviations, nature of work utilised for determining the unit rate and their relativity to the HDC environment and current year market observations.
- Held extensive discussions with Councils 3 Waters planning and commissioning staff to understand the current state of the water network to obtain confidence in asset conditioning information on the basis that GHD did not inspect Councils assets but placed reliance on the asset construction / installation information.
- Assessed whether the asset information used by the valuer was reflective of the asset data maintained in the Council's Asset Management Systems.
- Conducted testing over the population of 3 water asset components revalued by GHD to confirm the completeness of the Data. We did not have any concerns in this area.
- Obtained a sample of unit rates from current work schedules as well as actual invoices or tender documents to validate the accuracy of the inputs in the valuation model. We confirmed that current HDC market pricing was not used by GHD. As a consequence we have used the unit pricing we have obtained from Councils current activity to stress test the valuation undertaken by GHD.

GHD did not benchmark the pricing against either a recent set of comparable local projects or their internal construction cost database. Neither did they inspect the assets or pass comment on Councils own asset conditioning information following inspection. We consider that the valuation should not have been commissioned in this manner if it was to be used for financial reporting purposes.

We have identified a number of variances to the pricing applied by GHD. In particular, there are indications that stormwater assets have been overvalued, whilst water supply has been undervalued. However, the net variances generate a limited net impact on depreciation and a potential 4% variation on the collective value of 3 Waters assets, which appears unlikely to impact the users of the financial statements. On a basis of materiality, we will accept the use of the current valuation.

We recommend the council to conduct a full valuation of their 3 waters assets at 30 June 2026 prior to any transfer to a joint water entity and that asset inspections and current market costs are utilised in the valuation.

AREAS OF AUDIT FOCUS

Recovery work and Funding

HIGH

Our Understanding

- ▶ The cumulative impact of a number of weather events in 2022 and early 2023 followed directly by Cyclone Gabrielle caused significant damage to the Districts infrastructure, economy and community. The direct impact of widespread flooding, slips, and the significant damage to infrastructure assets continue to impact the Council in 2025.
- ▶ During 2023/24 planning and physical works progressed to restoration and rebuilding. This has continued in 2024/25 with Council making significant progress on the repairs and reconstructions of its assets.

Council receive funding for restorative work post Cyclone Gabrielle. During the 2024/25 financial year, Council have claimed \$40 million in roading funding from Waka Kotahi. Of this, \$26.1 million related to emergency work at funding rates between 73% to 93%. Such funding is provided on the basis the work will return the roads to the previous condition and not improve the level of service from the damaged roads, nor does it allow for the core re-design of infrastructure to mitigate future disaster risk. Additionally, \$92m of National Infrastructure Funding and Financing (NIFF) funding (formerly Crown Infrastructure Partners / CIP) has been received to support the roading cyclone recovery work.

Council has continued the Category 3 Voluntary Buy-out Programme. The purpose of which is to remove intolerable risk to life from any future flood events in Category 3 areas. This resulted in the buy-back of 15 additional category 3 properties during the year, for a total amount of \$8.4m, and other costs (mainly relocation grants) for \$28.2m associated with properties where ownership is maintained, but residents may no longer reside on the properties identified.

The Category 3 Buyout impact in the financials has been summarised in the table below:

Category 3 - impact in financials	FY25 \$m's
Category 3 Program Expenses - Relocation Grants	28.2
Category 3 Capital Expenditure - Buy Outs	8.1
Category 3 Total Cash Expenditure	35.3
Revenue Recognised at 30 June 2025 (at 50% per NIFF agreement)	17.7
Residual Value of Category 3 Properties (post write-down)	0.3
Expenses Incurred in Category 3 Write-down Process	7.8



EXECUTIVE SUMMARY

AREAS OF AUDIT FOCUS

CONTROL ENVIRONMENT

AUDIT DIFFERENCES

INSIGHTS

APPENDICES

PAGE 6



Qualitative Assessment



EY Perspective

Acquisition of Category 3 Properties

We have obtained the independent valuers estimates of the replacement cost of the properties relating to category 3 and performed the following audit procedures:

- ▶ Obtained assurance that all assets within the category 3 acquired properties were included in the valuations.
- ▶ Performed procedures to obtain assurance that the results of the external valuations had been appropriately reflected as write-downs through the income statement and recorded in the fixed asset register and general ledger.
- ▶ Tested the acquisition costs of a sample of the properties bought during the year.
- ▶ Reviewed the specific treatment linked to the write-down of the category 3 properties and agreed with their classification in the financials.
- ▶ Obtained a reliance letter confirming the independence and expertise of Added Valuation to complete this review

Crown Funding / NIFF

Council have continued the revenue recognition methodology adopted and agreed in 2023/24. As a part of our procedures we:

- ▶ Reviewed the process of identification and recovery of the costs linked to roading recovery activities.
- ▶ Assessed the reasonability of the expenses declared to the crown through operational and capital expense testing of costs incurred in relation to Council
- ▶ Reviewed the payments received from the Crown during FY25, and assessed the reasonability of the deferred revenue position recognised.
- ▶ Assessed the appropriateness of year end receivable positions recognised by Council on the basis that funding will be recovered following the incurrance of costs in line with the contractual agreements.
- ▶ At the time of writing we are completing our final procedures associated with the year end position recognised.

AREAS OF AUDIT FOCUS

Infrastructure assets and PP&E

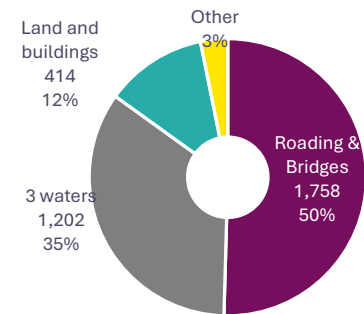
MEDIUM

Our Understanding

Infrastructure assets are the most significant balance recorded in Council's financial statements. Their effective management, funding and renewal remains central to the core services provided by Council. As at 30 June 2025 Council has carrying value of \$3,014 million (2024: \$2,837 million) with the roading network being the most significant asset category in Councils portfolio.

Infrastructure assets are revalued regularly in accordance with Council's revaluation policy and IPSAS 17. Revaluations are completed by external valuation professionals. Where valuations are not completed in a year, the scale of potential movement is assessed internally to validate the reasonableness of not revaluing.

HDC Fixed assets in \$m



Capital Works Programme

During the financial year Council continued its capital works programme in relation to 3 Waters assets with \$45 million of asset capitalisations, and \$39 million of 3 waters infrastructure remaining in progress at 30 June 2025. \$105 million of roading assets have been capitalised during the year, mainly related to recovery projects, and \$36m of bridges projects are recognised as WIP at 30 June 2025.

Roadings Valuation

Roads and bridges were valued in FY24. Therefore council hasn't revalued these asset at the end of June 2025. Management, in conjunction with their valuers Beca have performed a high level fair value assessment and concluded there would not be any significant value change should a valuation be undertaken.

Park and reserves valuation

Stantec has been engaged to update the valuation of the Parks and Reserves of the council in FY25. The valuation concluded an uplift of the assets value of \$31.4m, which is essentially linked to the valuation of trees. We understand this is mainly due to the revaluation of the cost of trees - due to the consideration of removal costs and futures root containers.

After reviewing HDC tree price estimate, we have considered the costs that would be appropriate for inclusion in valuations. These exclude the future costs of creating root containers, not currently in place, and the costs of removing existing trees. This resulted in a decrease of the park valuation for \$23m. This adjustment has been recorded by Council.



EXECUTIVE SUMMARY

AREAS OF AUDIT FOCUS

CONTROL ENVIRONMENT

AUDIT DIFFERENCES

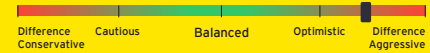
INSIGHTS

APPENDICES

PAGE 7



Qualitative Assessment



EY Perspective

Our work in relation to infrastructure and other assets included:

- Examining the year end reconciliation and roll forward of the fixed assets register to the general ledger, including revaluations, additions, disposals and depreciation.
- Testing a sample of capital additions for consistency with the capitalisation criteria under PBE IPSAS 17 and the timeliness of capitalising completed projects and commencing depreciation.
- Reviewing management's assessment for any indicators of impairment. Additional to this assessment, we have considered the appropriateness of impairment reversals, specifically in relation to roading assets.
- Assessing the appropriateness of disclosure within the financial statements.
- We are currently completing the final elements of our testing over the appropriateness of items recorded in capital Work-In-Progress and completed projects capitalised into the fixed asset register. Should this identify any matters of concern we will note these to management and discuss them with Council.

Parks revaluation

Our procedures included:

- Obtaining assurance that all material assets within the asset classes were included in the valuation and considered the completeness of total assets valued.
- Performed procedures to obtain assurance that the results of the external valuation had been appropriately recorded in the fixed asset register and general ledger.
- Met with Pauline True from Stantec and Jeff Clews (Public Spaces Asset Planner) to discuss the valuation, and how they have obtained an accurate picture of the asset base at balance date and the trends that they are observing in the market.
- Assessed whether the asset information used by the valuer was reflective of the asset data maintained in the Council's Asset Management Systems.
- We concluded that the valuation was overstated - due to the consideration of the tree removal and root container costs that cannot be used for valuation purposes as per PBE IPSAS 17.

AREAS OF AUDIT FOCUS

Rates strike, invoicing and collection MEDIUM

Our Understanding

- ▶ Rates income levied represents Hastings District Council's primary revenue source.
- ▶ The requirement for there to be consistency between the rates resolution, the Funding Impact Statement for that year, and the Revenue and Financing Policy in the long-term plan is fundamental because this is the thread that links community consultation to the rates levied by Council.

The following is a summary of the rates revenue and debtors recognised by the Council.

In NZ\$K	30 June 2025	30 June 2024
General rates	85,928	82,677
Targeted rates	46,657	30,070
Rate remitted, discounts and writes offs	(772)	(1,803)
Total Value	131,812	110,943
Rates Debtors	3,821	3,967

- ▶ There is specific legislation in place which must be adhered to for the rates strike to be lawful. Failure to comply with rating law and the associated consultation requirements can create risks to the integrity of rates revenue.
- ▶ The requirement for there to be consistency between the rates resolution, the Funding Impact Statement for that year, and the Revenue and Financing Policy in the long-term plan is fundamental because this is the thread that links community consultation to the rates levied by Council.
- ▶ The accuracy of rates revenue is dependent on the integrity of the rates database. The reliability of the rates' billing system is also key to rates being billed appropriately.
- ▶ Hastings DC does not have a history of rates debtor collections representing a significant challenge.



Qualitative Assessment



EY Perspective

Our work in relation to rates revenue and debtors included:

- ▶ Testing Council's setting of the rates and billing processes including testing the underlying valuation information.
- ▶ Reviewing Council's procedures for ensuring the rates set is compliant with the Local Government Rating Act.
- ▶ Performing checks on the documentation in place to support the rates resolution.
- ▶ Examined the application of the rates set to the rating database to ensure consistency and their collection.
- ▶ Reviewing, on a sample basis, billings to ratepayers and the type and value of rates applied across the rating database and Councils activities. A significant focus has been placed on obtaining assurance that valuations have been applied based on the local and connectivity of each property and consequently recorded correctly.
- ▶ We reviewed the ageing analysis of the current rates book against prior period to determine if Council has any concerns over the collectability of outstanding rates invoices.
- ▶ Underlying substantive analytical procedures to assess that the rate take actually realised was in line and consistent with that expected when Council resolved to strike rates in June 2024.
- ▶ We are satisfied that no matters have come to our attention in relation to the management of rates that we need to bring to the attention of Council.



AREAS OF AUDIT FOCUS

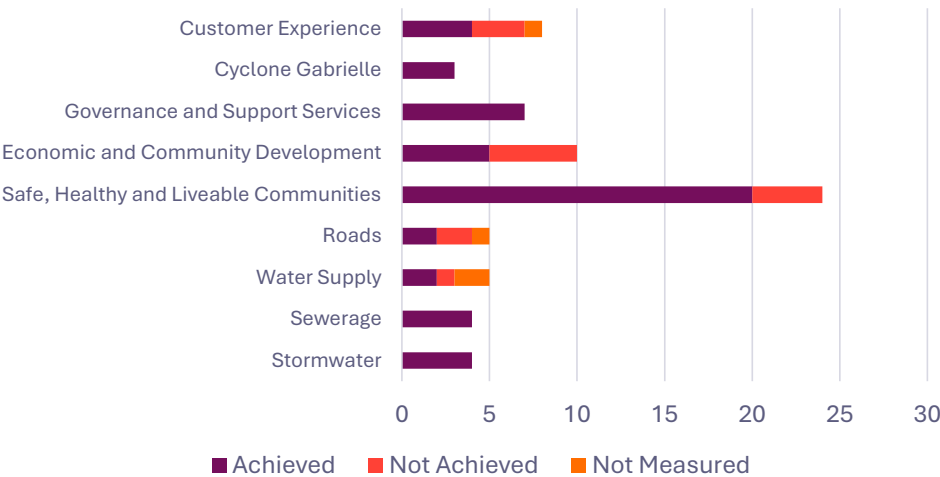
Performance reporting

MEDIUM

Our Understanding

- ▶ The accurate reporting of performance is critical to stakeholders view of Councils. The Department of Internal Affairs publish a set of key measures, which require consistent reflection of critical components of Councils operations.
- ▶ Council is required to report its performance against performance measures included in the Long-Term Plan (LTP). These measures are key to the Council providing a 'performance story' to the community.
- ▶ Our audit opinion on the service performance reporting covers compliance with generally accepted accounting practice, and whether or not the service performance report fairly reflects the Council's actual service performance for the period.
- ▶ The performance framework set as part of the 2024/34 LTP is applicable to the current financial year.

Non-Financial Performance Results by Group



EXECUTIVE SUMMARY

AREAS OF AUDIT FOCUS

CONTROL ENVIRONMENT

AUDIT DIFFERENCES

INSIGHTS

APPENDICES

PAGE 9



Qualitative Assessment



EY Perspective

- ▶ We carried out the following audit procedures in assessing completeness and effectiveness of the Council's non-financial performance reporting:
 - ▶ Updated our understanding of key performance reporting processes and reviewed the collation methodologies applied by Council.
 - ▶ Examined, on a sample basis, the Statement of Service Performance to determine that the measures have been reported on and outputs and activities have been achieved where stipulated. For selected measures this included obtaining the underlying supporting documentation and re-performing the calculations.
 - ▶ Assessed the completeness and effectiveness of the performance framework utilised.
 - ▶ Applied focused procedures over the 3 waters assets according to the OAG's recommended work programme.
 - ▶ Considered the ongoing impact of the Cyclone in performance reporting and performed inquiries

At the date of this report we are still finalising our work over our samples selected. We will update the Committee on 30 September 2025.

AREAS OF AUDIT FOCUS

Performance reporting

MEDIUM

Our Understanding

Water Loss

- ▶ In 2021 Council received a qualification of its audit report as a result of the degree of variability that might exist within the water loss reporting due to the small number of water meters in place to effectively measure water loss. Following work completed in 2023/24 by Council to install a larger number of meters we removed this qualification. In 2025 Council are still awaiting information to be able to report on their performance in this area.

Complaints: 3 Waters

- ▶ Council has historically received a qualified audit report in relation to the classification of complaints received across the provision of 3 waters in regards to after hours communications managed by PNCC.
- ▶ Council have reported at a more granular level, by differentiating the day time data and after hour data (process by a call centre). However, it appears impractical to resolve after hours reporting matters at this time. We note that NCC, Manawatu District and PNCC all receive similar modified audit reports. Prior to issuing our 2025 audit report we will liaise with the audit teams of those Councils to assess the collective situation.

Water Quality Measures

- ▶ The ongoing changes in the water sector and the increased need for better quality water reporting has resulted in the introduction of the New Zealand Drinking Water Quality Assurance Rules (DWQAR) taking place from 1 January 2023, replacing the previous Drinking Water Standards New Zealand (DWSNZ).
- ▶ Hastings DC have chosen to obtain a report from an independent water quality assessor to examine and conclude on Councils reported results for the period.



Qualitative Assessment



EY Perspective

We have met with management to discuss each of these specific areas of performance reporting and reviewed processes and documents obtained by Council in support of its 2025 performance:

Complaints: 3 Waters

We have reviewed the improved mechanisms put in place by management to collect and collate complaints in regards to 3 Water services. We have sought to carry out work to assess the reasonableness of the reported results in 2025.

The results reported for after hours activity reflect the information received by Council. However, we cannot provide full assurance over their accuracy.

Water Quality Measures

We have reviewed the independent water quality review document. We are satisfied Council have made available the right information to the reviewer and that the reviewer is qualified to undertake the role.

Roading & Recovery Measures

We have undertaken procedures focused on Councils roading and recovery measures to obtain assurance in regards to key performance measures.

We have also reviewed the broader annual report and have provided comment for consideration in the finalisation of the document.



Medium Risk Focus Areas

FOCUS AREAS	BACKGROUND	EY PERSPECTIVE
<div>Core controls over expenditure, procurement and tendering</div> <div>MEDIUM</div>	<p>Council has incurred significant operational costs during the course of the year. Whilst significant elements of these costs relate to emergency works and other operational costs associated with roading; the maintenance of Council services and other assets is also critical to the operations of Council.</p> <p>During the course of our audit, we have:</p> <ul style="list-style-type: none">▶ Considered the appropriateness of Councillor and management expenditure as an area of interest to ratepayers.▶ Considered the risks of Council's capital and operational works procurement program which can involve significant cash flows and long-term contract management.▶ Given particular consideration to areas of expenditure such as travel, accommodation, training and catering which can present opportunities for personal benefit (or perceived personal benefit).▶ Obtained assurance in regard to the incurrence and recognition of payroll costs.	<ul style="list-style-type: none">▶ We have reviewed Council's policies and are satisfied that there is adequate guidance regarding the procedures for handling sensitive expenditure and conflicts of interest within the organisation and policies are consistent with best practice guidelines issued by the OAG.▶ We have reviewed, on a sample basis, expenditure and credit card statements of councillors and management and ensured expenditure is appropriate and in line with Council Policies.▶ We have tested, on a sample basis, that expenditure is classified correctly in relation to works undertaken during the year based on the underlying nature of the expense which was agreed to supporting documentation.▶ In addition to obtaining assurance in regard to operational expenditure we have reviewed payroll processes. We have also undertaken testing of key payroll events such as the employment and departure of staff and undertaken analytical procedures focused on the recognition of costs on a monthly basis across the financial year based on staffing numbers, salary settings and historical expectations.
<div>Debt Structure and Hedging</div> <div>LOW</div>	<ul style="list-style-type: none">▶ Council maintain a position of \$473m of debt through a number of drawdowns with the Local Government Funding Agency (LGFA).▶ During 2025, Council obtained new loans amounting to \$148m and repaid \$69m in the normal course of business. The overall increase in debt has been principally applied to capital works as a result of Cyclone Gabrielle.▶ Council monitor their book of debt in consideration of Local Government benchmarks and agreed covenants. Council have interest rate swap derivatives in place for a portion of the debt book maintained. <p>Council also maintain forward contracts in regard to carbon credits. These forward contracts are "out of the money" as at 30 June 2025 by \$4.8m.</p>	<ul style="list-style-type: none">▶ We obtained confirmation of all debt positions with LGFA as at 30 June 2025.▶ We have also confirmed the position of Council's own investment in LGFA and the borrower notes Council holds at 30 June 2025.▶ We have re-calculated interest expense for the year to obtain assurance over the level of finance costs recognised by Council.▶ We have confirmed the Interest Rate Swaps held at year end.▶ We have not noted any covenant breaches at 30 June 2025. However, we note the risks Council has should revenue levels fall subsequent to current recovery funding agreements.



EY | Hastings District Council | For the Year ended 30 June 2025

Assessment of Control Environment

Internal Controls

As part of our audit of the financial statements, we obtained an understanding of the internal control environment in order to sufficiently plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control we are required to communicate to you significant deficiencies in internal control.

Throughout our audit we communicate to management observations regarding process matters and other issues arising from our interim and year-end substantive procedures. We have not identified any deficiencies rates as “high”. We will provide our report on control findings to management during October 2025.

Item 8

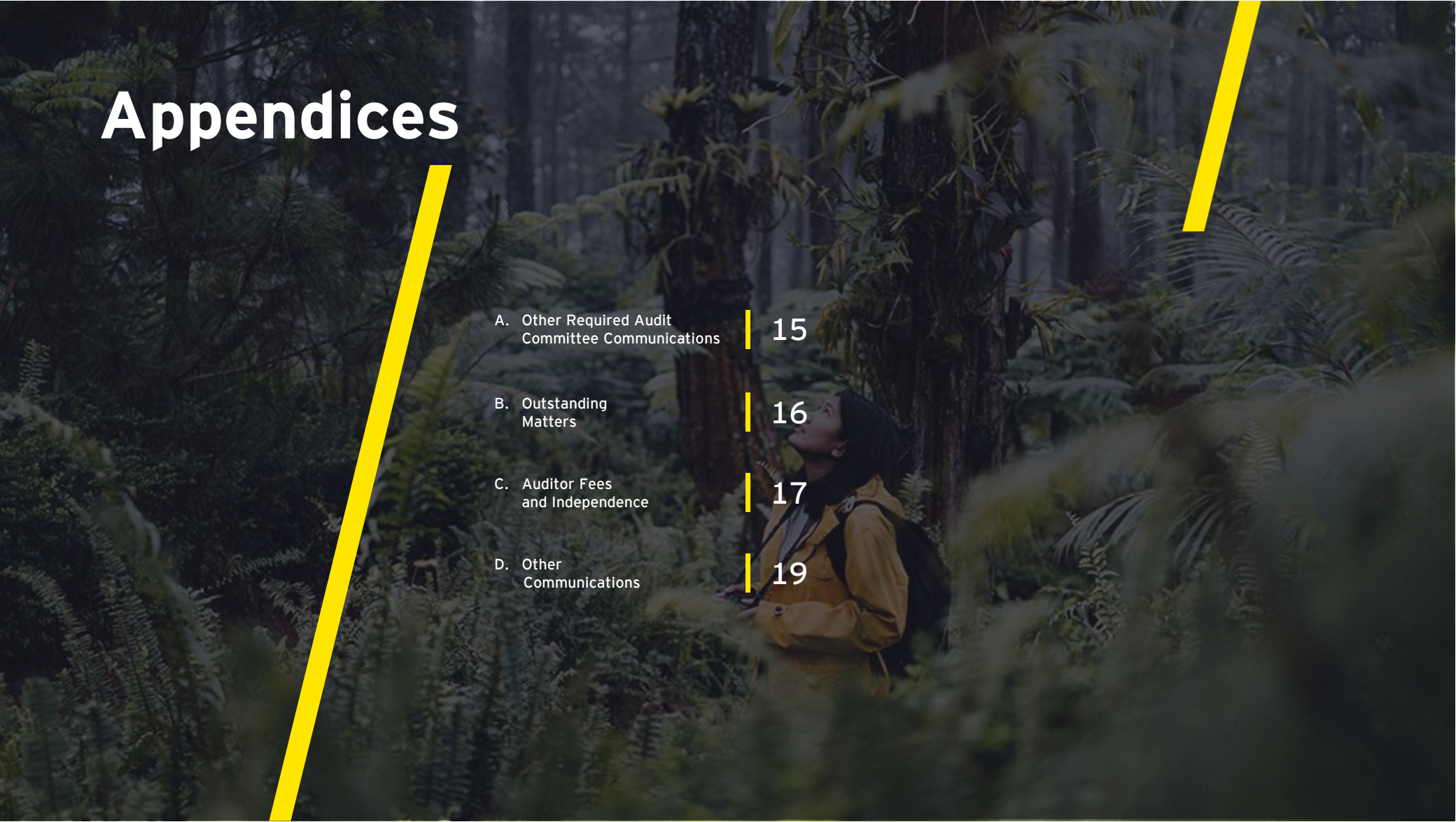
Audit Differences

Summary of adjusted Differences

The following differences have been identified during the course of our audit and have not been considered material by management or by us for adjustment. We are bringing these to the Audit and Risk Committee's attention to enable you to form your own view on these items:

Account (NZ \$' millions)	Net assets - increase/(decrease)	OCI - (increase)/Decrease
Provision for risk - claims	(1)	
Expenses		1
This adjustment is made to consider the current risk link to claims made against the council.		
Vested asset revenue		1.6
Infrastructure assets	(1.6)	
Correction of the vested asset revenue - to align with the external valuation report		
Infrastructure assets - Parks	(23)	
Revaluation reserve		23
To correctly account for disposals within the infrastructure assets valuation		
Total audit differences after tax and turnaround	(25.6)	25.6












A. Other Required Audit Committee Communications



Auditing Standards require us to report to you certain matters that are not otherwise detailed in this report.

Matter	How matter was addressed
Material uncertainty related to going concern	No conditions or events were identified, either individually or in aggregate, that may cast significant doubt about Hastings District Council ability to continue as a going concern for 12 months from the date of our report.
Disagreements with management	During our audit we had no unresolved differences relating to the application of accounting principles, the scope of our audit or disclosures to be included in the financial statements.
Compliance with laws and regulations	We have not identified any material instances of non-compliance with laws and regulations.
Fraud and illegal acts	<div>We have made enquiries of management regarding:<ul style="list-style-type: none">Knowledge of any fraud or suspected fraud affecting the entity involving Management, employees who have significant roles in internal control; or others where fraud could have a material effect on the financial report.Knowledge of any allegations of fraud, or suspected fraud, affecting Hastings District Council financial information.</div> <div>Based on our enquiries and audit procedures, we did not become aware of any fraud or illegal acts during our audit.</div>

B. Outstanding Matters

The following items relating to the completion of our audit procedures are outstanding at the date of the release of this report:

Matter	Description	Responsibility
PPE and expenses testing	Receipt of invoices and expenses support to document the additions and expenses of the year	EY 
Report tie out	Provision of final feedback on the annual report and the review of an updated annual report prior to its provision to Council for adoption. Our procedures over FIS and benchmark are ongoing at the time of this report	EY 
SSP documentation	We are awaiting the external water loss report, wastewater compliance report and the completion of testing on our roading and category 3 recovery measures.	EY 
Signed financial report	Receipt of the signed financial report, including directors' report	
Management representation letter	Receipt of signed Management representation letter	
Subsequent events review	Completion of subsequent events procedures to the date of signing the audit report	
Final annual report	Review of the final annual report including other information	EY 

Key:  EY responsibility
 Management responsibility

C. Auditor Fees and Independence

We confirm that in our professional judgment the engagement team and the Firm are independent.

We are satisfied that the services provided by EY during the year ended 30 June 2025 do not impact our independence.

We are not aware of any relationships between the Firm or other firms that are members of the global network of EY firms and Council that, in our professional judgment, may reasonably be thought to bear on independence.

We continue to disclose in our audit report the independent Chair of the Audit & Risk Committee is also the independent Chair of the Auditor-General's Audit and Risk Committee and the safeguards in place.

We highlight the following services that we have performed during the year.

	Fees (000's)	Safeguards adopted
Debenture Trust Deed reporting	\$2,500	Independence Assurance service

We consider that our independence in this context is a matter that should be reviewed by both you and ourselves. Our fee for the audit of the Annual Report is \$225k excluding GST and disbursements.

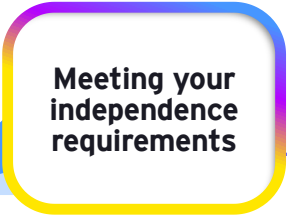
We confirm that we have complied with NZICA Code of Ethics and the Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand)* independence requirements, and in our professional judgement, the engagement team and the Firm are independent.



- We have brought differences in opinion to management and Board.
- We have adhered to the independence requirements of Hastings District Council.
- We have not provided any prohibited services.
- We have complied with all independence legislation and guidelines, both locally and globally.



- The scope of non-audit services provided to you has been based upon both the letter and spirit of the current rules governing auditor independence.
- We have no actual, potential or perceived conflicts of interest.
- All team members have personally confirmed their independence.
- We have adhered to strict confidentiality requirements.
- We have ensured that EY, its Partners and current service team members do not hold any financial interests in Hastings District Council.

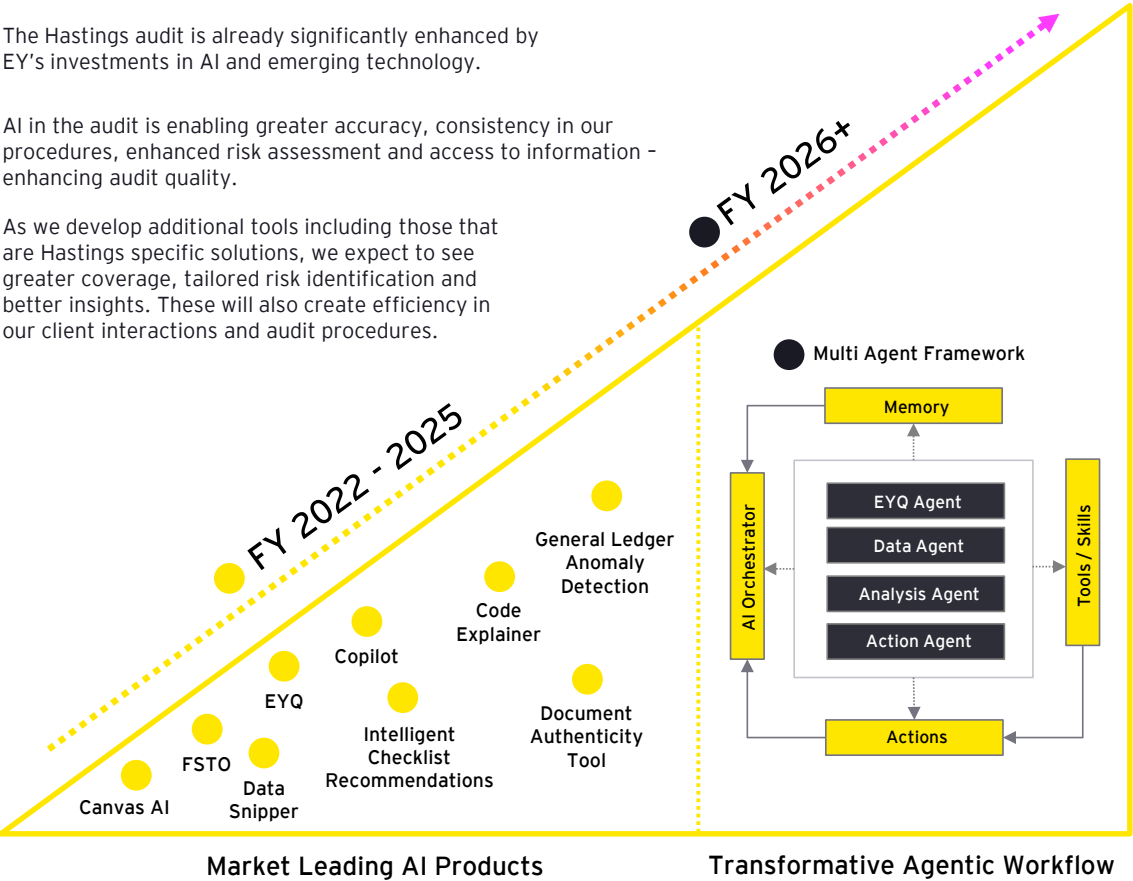


D. Other Communications - AI Capabilities in the Audit

The Hastings audit is already significantly enhanced by EY's investments in AI and emerging technology.

AI in the audit is enabling greater accuracy, consistency in our procedures, enhanced risk assessment and access to information - enhancing audit quality.

As we develop additional tools including those that are Hastings specific solutions, we expect to see greater coverage, tailored risk identification and better insights. These will also create efficiency in our client interactions and audit procedures.



Our Market Leading AI Products

● Canvas AI	Supports risk assessments for EY teams by leveraging advanced, AI-enabled algorithms within our central platform to benchmark the audit.	● Financial Statement Tie Out (FSTO)	Leverages AI to bring automation to financial statement tie-out procedures, enhancing accuracy and reducing repetitive and resource-intensive effort
● Data Snipper	An intelligent Excel add-in that assists assurance professionals by improving the speed and quality of vouching, tracing, and data extraction of PDFs and other supported documents into Excel.	● EYQ Assurance Knowledge	An ecosystem of Generative AI (GenAI) capabilities, enables searches and summarises EY's auditing and accounting content to provide coherent information in the right context.
● M365 Copilot	A suite of AI-powered features designed to enhance productivity and creativity in the M365 Ecosystem.	● Intelligent Checklist Recommendations	Gen-AI enhanced automation to provide recommendations when teams review disclosure requirements.
● Code Explainer	Gen-AI tool that takes programming codes and provides plain English explanations.	● General Ledger Anomaly Detection	Leverages AI to detect and extract journal entries showing anomalous patterns from among the entire journal entry population.
● Document Authenticity Tool	Analyses electronic documents used as audit evidence to identify characteristics of documents that can be indicators of alteration or inauthenticity.	● Multi Agent Framework	We look forward to demonstrating this market leading capability for you in our next [Company ABC] technology showcase.

EY | Building a better working world

EY is building a better working world by creating new value for clients, people, society and the planet, while building trust in capital markets.

Enabled by data, AI and advanced technology, EY teams help clients shape the future with confidence and develop answers for the most pressing issues of today and tomorrow.

EY teams work across a full spectrum of services in assurance, consulting, tax, strategy and transactions. Fuelled by sector insights, a globally connected, multi-disciplinary network and diverse ecosystem partners, EY teams can provide services in more than 150 countries and territories.

All in to shape the future with confidence.

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**TE KAUNIHERA Ā-ROHE
O HERETAUNGA
2024-2025
PŪRONGO Ā-TAU
HASTINGS DISTRICT
COUNCIL 2024-2025
ANNUAL REPORT**

**HERETAUNGA
HASTINGS** DISTRICT COUNCIL



CONTENTS

HE KUPU NĀ TE KOROMATUA ME TE TUMU WHAKARAE MESSAGE FROM THE MAYOR AND CHIEF EXECUTIVE	5	NGĀ RŌPŪ WHAKAHAERE KEI RARO I TE KAUNIHERA ME ĒTAHI ATU ARONGA COUNCIL CONTROLLED ORGANISATIONS AND OTHER INTERESTS	135
Introduction from the Mayor and the Chief Executive	6	Hawke's Bay Museums Trust	136
		Hawke's Bay Airport Limited	138
		NZ Local Government Funding Agency Limited	140
		Other Council Controlled Organisations	142
TA TATOU ANGA REPOPOATA OUR REPORTING FRAMEWORK	8	KAUPAPAHERE TAKOTORANGA MONI TREASURY POLICY	144
Our reporting framework	9	Purpose of Policy	145
Monitoring progress	10		
Summary non-financial performance	11	TAUĀKĪ WHĀKĪ O TE PŪRONGO Ā-TAU MŌ TE MUTUNGA TAU I 30 O HUNE 2025 ANNUAL REPORT DISCLOSURE STATEMENT FOR THE YEAR ENDED 30 JUNE 2025	146
Level One – Future Aspirations	13	Financial Reporting and Prudence Benchmarks	147
Level Two – Today's Commitments	14		
TE MAWHITI KI TE AHUMONI FINANCE AT A GLANCE	35	TE RĪPOATA MOTUHAKE A TE KAITĀTARI KAUTE INDEPENDENT AUDITOR'S REPORT	153
Annual financial overview	38	Independent Auditor's Report	154
NGĀ KAUPAPA MATUA KEY INITIATIVES AND PROJECTS	40	TAUĀKĪ TAUTUKU ME TE HAEPAPA STATEMENT OF COMPLIANCE AND RESPONSIBILITY	158
NGĀ KOHINGA MAHI GROUPS OF ACTIVITIES	52	Statement of Compliance and Responsibility	159
Water and Roads	53	KAUPAPAHERE ARA MAHI TŌKEKE EQUAL EMPLOYMENT OPPORTUNITY POLICY	160
Safe, Healthy and Liveable Communities	63	Equal Employment Opportunity Policy	161
Economic and Community Development	66		
Governance and Support Services	68	TŌ KAUNIHERA YOUR COUNCIL	162
Cyclone Gabrielle recovery	71	Directory of Council as at 30 June 2025	163
TE WHAKATINANA I TE KŌTUINGA – TE KAUNIHERA ME TE MANA WHENUA EXERCISING PARTNERSHIP – COUNCIL AND MANA WHENUA	74	Directory of Rural Community Board as at 30 June 2025	164
Exercising partnership – Council and Mana Whenua	75	Statistical information (Council only)	166
NGĀ TAUĀKĪ AHUMONI FINANCIAL STATEMENTS	80	Glossary of terms	167
Financial statements	81	Abbreviations	168
Notes to financial statements	85		



**HE KUPU
NĀ TE
KOROMATUA
ME TE TUMU
WHAKARAE
MESSAGE
FROM THE
MAYOR AND
CHIEF
EXECUTIVE**



INTRODUCTION FROM THE MAYOR AND THE CHIEF EXECUTIVE

In a year still defined by the recovery of Cyclone Gabrielle, the two-year anniversary of this devastating event saw our community continue to rise to the challenge of recovery with strength, compassion and optimism.

At the same time, our council has stayed focused on delivering the infrastructure, services, and support to help our district thrive now and into the future.

One of the most significant achievements this year was the adoption of the 2024-2034 Long Term Plan. This plan reflects our community's voice, values and aspirations, with a clear focus on building resilience, supporting recovery, and preparing for growth. The 2025/26 Annual Plan, adopted in June, builds on that direction, ensuring we remain on course while adapting to the challenges of the current economic climate.

The Cyclone Gabrielle recovery has remained a priority throughout the year. We marked important milestones including the completion of the Chrystal Culvert rebuild in Tūtira, the reopening of the Kererū Gorge culvert, and major progress on the Puketapu Bridge and Dartmoor Road restorations.

A new tranche of slip repairs also began, and significant progress was made on rural roading and bridge rebuilding, with more than 30 major sites now repaired or underway.

The successful completion of the Category 3 voluntary property buyout programme within a year of the buyout office opening was a significant achievement, bringing closure and a pathway forward for those most impacted to get on with their lives, and great progress was made by council and the community to improve the maintenance and flood protection of the Havelock North streams and dams. This work contributed to the recategorisation of 2c properties in the area to category 1, giving these residents more certainty and reassurance for the future.

At the same time, Council has taken major steps to build our resilience for the future. Community emergency hubs are now up and running across the district, and a dedicated community advisory group was formed to help guide the management of Havelock North's dam and stream network.

Council also continued implementing recommendations from independent reviews of emergency response systems, with the goal of ensuring our region is better prepared for future natural disasters.

Protecting and enhancing our water infrastructure remains one of Council's most significant responsibilities. Over \$90 million in investment since 2017 has delivered tangible results, with major upgrades to water supply, wastewater, and stormwater systems.

Underway over the past year has been a critical wastewater project between Flaxmere and Waipatu creating capacity for increased housing in Flaxmere, continued housing development within Hastings, and to relieve pressure on parts of the network in the city which are at capacity.

Community consultation continued on future delivery models for water services, with Council playing a lead role in the regionwide "[Local Water Done Well](#)" process. We also celebrated one year since the opening of Waiaroha – our award-winning water discovery centre – which continues to educate and inspire people of all ages.

Housing continues to be a key priority, and we reached new milestones in the Flaxmere development programme, including the completion of roads and services at four major sites, enabling the delivery of up to 200 new homes. The first new senior housing in 40 years broke ground in the town centre, reflecting our commitment to housing security for older residents, and after many years of effort it was fantastic this past year to have secured a new full-size supermarket to support this growing suburb.

At Howard Street, infrastructure works were completed to unlock development of another significant new neighbourhood, and civil works were also undertaken to support new housing at Iona and Brookvale in Havelock North. Council also progressed work with Napier City on a joint Future Development Strategy to support sustainable urban growth over the next 30 years.

Our town centres and community facilities have remained at the heart of Council's investment. A landmark agreement was signed this past year to redevelop the old Farmers' Co-operative building on Queen Street West into new apartments, commercial space and a public pocket park — adding vibrancy to our city centre. Another development agreement saw the site of the old Heretaunga House on Lyndon St sold to Tumu Property who will build a commercial building, offering quality office space in the city centre.

The community celebrated a successful season of events, from the Hastings Meatball Festival to the Osmanthus Lantern Festival, Taste Hastings, Blossom Festival and Al Fresco Fridays. Work progressed on the build of the new Hawke's Bay Research and Archives Centre and our civic and cultural facilities — Hastings City Art Gallery, Hastings libraries, Toitū and Wairoha — continued to attract strong participation.

We are proud to report another year of economic resilience, with low unemployment, steady growth in housing and tourism, and positive indicators across the board. Major infrastructure funding was secured for the Hawke's Bay Expressway and Waikare Gorge realignment, and Council continued supporting the proposed Hawke's Bay Regional Deal to unlock even greater potential for coordinated investment in housing, jobs and infrastructure.

Council has also remained committed to environmental responsibility. A new protective Ecoreef was being installed at Te Awanga lagoon, 96 per cent of the Tōmoana Showgrounds grandstand was successfully recycled during deconstruction, and a New Zealand-first plasterboard recycling trial was launched in partnership with industry.

Overall, this year has been shaped by the strength of our people and partnerships. From the volunteers planting trees at Hikanui Pā, to the children brightening public spaces with art, to the thousands of residents who took part in public consultations — our community continues to lead the way. Council's Civic Honours Awards, Mayoral Thank You function, and recognition of mana wāhine and rangatahi leaders have all celebrated those who give so generously to others.

Looking ahead, we know there is still work to do. Climate change, housing affordability, infrastructure renewal and the ongoing impact of past weather events will continue to test our resilience. But we are confident that with a strong plan, sound financial management, and deep connection to our people and place, Hastings district is well positioned to meet these challenges and continue to thrive.

AWARDS

- [New Zealand Events Awards Best Food, Beverage or Lifestyle category](#) — Taste Hastings
- [Association of Local Government Information \(ALGIM\) Collaboration Excellence Award](#) — Silt Recovery Taskforce



Sandra Hazlehurst
Mayor



To'osavili Nigel Bickle
Chief Executive

TA TATOU ANGA REPOPOATA OUR REPORTING FRAMEWORK



OUR REPORTING FRAMEWORK

In this section you will find a summary of performance followed by detailed performance statements as follows:

LEVEL ONE

Future Aspirations

LEVEL TWO

Levels of Service

Customer Experience Measures

Key Actions

LEVEL THREE

Asset Improvement Plans

THE COUNCIL HAS A THREE LEVEL REPORTING FRAMEWORK

Level One Future Aspirations

has a future-looking focus and measures desired trends over time.

Level Two Today's Commitments

is about the commitments made in the short term to our community.

Level Three Smart Business

is more internally focused and is about the Council being the best organisation it can be.

MONITORING PROGRESS

Year-end progress report on Council’s Long Term Plan Commitments – as at 30 June 2025.



SUMMARY NON-FINANCIAL PERFORMANCE

INTRODUCTION

The pages which follow outline in detail how the Council has progressed against its performance management framework within its 2024-2034 Long Term Plan. This report marks the first year of reporting against the 2024-2034 Long Term Plan. A summary of our progress at the end of Year Three is as follows:

LEVEL ONE: FUTURE ASPIRATIONS

The information on progress toward future aspirations is best measured by shifts over time. These measures can be impacted by external factors beyond Council control.

LEVEL TWO: TODAY’S COMMITMENTS

Key actions

There are 29 key actions contained within the Long-Term Plan 2024-2034. All actions are either on track, completed or not yet due to be commenced.

Levels of service and customer experience

There are 75 measures focused on the annual commitments made to the community. They relate both to the things Council provides (Levels of Service) and to how the customer interacts with Council’s services (Customer Experience). The aim of Council is to fully achieve / substantially achieve these. For reporting purposes, we group our activities into the following groups:

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

In brief the Council’s achievements are as follows:

LEVELS OF SERVICE (67 MEASURES)

Group of activities	Fully achieved	Substantially achieved (98.5%-99%)	Not achieved	Not measured
Water & Roads (Note i - v)	16 (70%)	–	6 (26%)	1 (4%)
Safe, Healthy & Liveable Communities	20 (83%)	2 (8.5%)	2 (8.5%)	–
Economic & Community Development	5 (50%)	–	5 (50%)	–
Governance & Support Services	7 (100%)	–	–	–
Cyclone Gabrielle Recovery	3 (100%)	–	–	–

Notes:

- i. Footpath survey results unknown at time of Annual Report adoption.

CUSTOMER EXPERIENCE (8 MEASURES)

Group of activities	Fully achieved	Substantially achieved (98.5%-99%)	Not achieved	Not measured
Governance and Support Services	1 (50%)	–	1 (50%)	
Safe, Healthy & Liveable Communities (Note vi)	3 (50%)	–	2 (48%)	1 (2%)

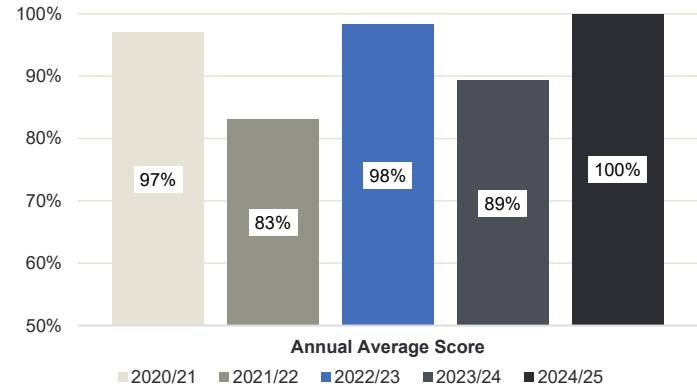
Notes:

- ii. Parks user satisfaction not measured in 2024/25.

Customer Service Centre: Mystery Shopping

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

YEARLY COMPARATIVE PERFORMANCE –
CUSTOMER SERVICE CENTRE MYSTERY SHOPPER RESULTS

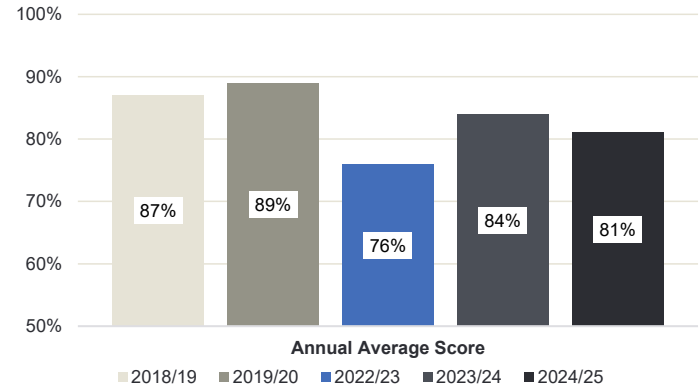


Contact Centre: Mystery Shopping

The Mystery Shop calling partnership with the Palmerston North City Council continued with independent "shops" measuring the service delivered for regular call topics against a set of key performance indicators. The focus of the assessments being the level of subject knowledge displayed and the overall customer experience provided.

Regular reviews of contact centre call handling and staff coaching compliment the mystery shopping programme to ensure a consistently high-quality customer experience is provided.

YEARLY COMPARATIVE PERFORMANCE –
CONTACT CENTRE MYSTERY SHOPPER RESULTS



Note: Not measured in 2020/21 and 2021/22

LEVEL THREE: SMART BUSINESS

Asset improvement plans

A significant amount of Council's expenditure is allocated to maintaining the core assets for the community. The Council's detailed Asset Management Plans set out what we know about our assets and the future needs in terms of renewal, maintenance and new capital requirements.

Preparation for Three Water Reform has placed more emphasis on data quality and a Strategic Water Services Asset Management Plan. This will be further advanced in 2025. In the transport activity significance focus remains on the recovery from Cyclone Gabrielle but Council continues to meet all its obligations with the New Zealand Transport Agency in respect of its wider transport programme.

The 2024-34 Long Term Plan has allocated funding for the continued improvement of knowledge on the condition and performance of our assets.

LEVEL ONE – FUTURE ASPIRATIONS

A review of the Joint Waste Management and Minimisation Plan (WMMP) was completed with a new WMMP for the period 2025 to 2031 adopted on 13 June 2025.

The new construction and demolition diversion area was opened at the Henderson Road Refuse Transfer Station during the 2024/25 financial year. These new measures will be reported against from the 2025/26 financial year.

Targets	Baseline (2023)	Target (2030)
Waste generation		
Reduce the amount of material entering the waste management system by 10 per cent per capita	702 kg/capita year	632 kg/capita/year
Waste disposal		
Reduce the amount of material that needs final disposal by 30 per cent per capita	596 kg/capita year	417 kg/capita/year
Waste emissions		
Reduce the biogenic methane emissions from waste by at least 30 per cent	31,564 t CO ₂ e	22,095 t CO ₂ e



LEVEL TWO – TODAY’S COMMITMENTS

(A) LEVELS OF SERVICE

WATER SERVICES

Detailed Mandatory Non-Financial Performance Measures (Department of Internal Affairs)

The performance measures in the tables below are required to be reported in accordance with section 261B of the Local Government Act 2002.
The baseline performance is based on 2023/24 actual information (unless otherwise stated).

STORMWATER

COMMUNITY OUTCOMES	LEVEL OF SERVICE STATEMENT	PERFORMANCE MEASURE	BASELINE PERFORMANCE 2023/24	2024/25 TARGET	2024/25 ACHIEVEMENT
COUNCIL OBJECTIVE <ul style="list-style-type: none">The natural environment is enhanced and protectedCouncil services are green and healthy	Council will provide a safe and reliable stormwater service and ensure that service interruptions are kept to a minimum.	DIA Non-Financial Performance Measure 1 – System Adequacy The number of flooding events that occur in the Council’s district. For each flooding event, the number of habitable floors affected (expressed per 1,000 properties connected to the Council network).	0 (zero)	0 (zero) floors affected per 1,000 connections up to a 1 in 50 year ARI storm event.	Achieved – no habitable floors flooded.
		DIA Non-Financial Performance Measure 2 – Discharge Compliance Compliance with Council’s resource consents for discharge from its stormwater system measured by the number of:	0		Achieved – Full compliance with resource consents for discharge compliance in 2024/25.
		a) Abatement notices	0	0 (zero) Abatement notices	
		b) Infringement notices	0	0 (zero) Infringement notices	
		c) Enforcement orders	0	0 (zero) Enforcement orders	
		d) Convictions	0	0 (zero) Convictions	

STORMWATER					
COMMUNITY OUTCOMES	LEVEL OF SERVICE STATEMENT	PERFORMANCE MEASURE	BASELINE PERFORMANCE 2023/24	2024/25 TARGET	2024/25 ACHIEVEMENT
		DIA Non-Financial Performance Measure 3 – Response Times The median response time to attend a flooding event, measured from the time that the Council receives notification to the time that service personnel reach the site.	41min	1 hour	Achieved – 47-minute median response time to attend a flooding event
		DIA Non-Financial Performance Measure 4 – Customer Satisfaction The number of complaints received by Council about the performance of its stormwater system, expressed per 1,000 properties connected to the Council's stormwater system.			Achieved – 6.57 aggregated complaints per 1,000 connections
		(a) Per Council Customer Services	6.55 per 1,000 connections	15 complaints per 1,000 connections.	6.06 complaints per 1,000 connections
		(b) Per After Hours Customer Services provider	0.97 per 1,000 connections	NB: This is a baseline figure for stormwater-related complaints received in the past 8 years.	0.51 complaints per 1,000 connections** **Refer to page 34 for further disclosure

SEWERAGE AND THE TREATMENT AND DISPOSAL OF SEWAGE

COMMUNITY OUTCOMES	LEVEL OF SERVICE STATEMENT	PERFORMANCE MEASURE	BASELINE PERFORMANCE 2023/24	2024/25 TARGET	2024/25 ACHIEVEMENT
COUNCIL OBJECTIVE <ul style="list-style-type: none"> The natural environment is enhanced and protected Council services are green and healthy 	Council will provide a safe and reliable wastewater service and ensure that service interruptions are kept to a minimum.	DIA Non-Financial Performance Measure 1 – Number of dry weather sewerage overflows from the Council's wastewater system, expressed per 1000 sewerage connections to that sewerage system.	2.34	5 per 1,000 connections per annum	Achieved – 2.38 dry weather sewerage overflows per 1,000 connections.
		DIA Non-Financial Performance Measure 2 – Compliance with Council's resource consents for discharge from its sewerage system measured by the number of:		0 (zero)	Achieved – Full compliance with resource consents for discharge compliance in 2024/25.
		(a) Abatement notices	0		
		(b) Infringement notices	0		
		(c) Enforcement orders	0		
		(d) Convictions	0		
		DIA Non-Financial Performance Measure 3 – Where the Council attends to sewerage overflows resulting from a blockage or fault in the Council's sewerage system, the following median response times are measured:			
		(a) Attendance time: From the time that the Council receives notification to the time that service personnel reach the site, and	43 min	1 hour response time to site (attendance time)	Achieved – 44-minute attendance time to sewerage overflows.
		(b) Resolution time: From the time that the Council receives notification to the time that service personnel confirm resolution of the blockage or other fault reach the site.	1 hours 51 minutes	1 day permanent repair completed (resolution time)	Achieved – 2 hours 24 minutes resolution time to sewerage overflows.

SEWERAGE AND THE TREATMENT AND DISPOSAL OF SEWAGE					
COMMUNITY OUTCOMES	LEVEL OF SERVICE STATEMENT	PERFORMANCE MEASURE	BASELINE PERFORMANCE 2023/24	2024/25 TARGET	2024/25 ACHIEVEMENT
		DIA Non-Financial Performance Measure 4 –			Achieved – 20.28 aggregated complaints per 1,000 connections
		Total number of complaints received by the Council about any of the flowing:			
		(a) Sewage odour			
		(b) Sewerage system faults			
		(c) Sewerage system blockages			
		(d) The Council's response to issues with its sewerage system			
		Expressed per 1,000 connections to the Council's sewerage system.			
		(a) Per Council Customer Services	12.99 per 1,000 connections	30 complaints per 1,000 connections.	14.0 complaints per 1,000 connections
		(b) Per After Hours Customer Services provider	5.53 per 1,000 connections		6.28 complaints per 1,000 connections**
					**Refer to page 34 for further disclosure

WATER SUPPLY

COMMUNITY OUTCOMES	LEVEL OF SERVICE STATEMENT						
COUNCIL OBJECTIVE <ul style="list-style-type: none">Water and land resources are used wiselyThe natural environment is enhanced and protectedCouncil services are green and healthy	Water Supply – Ensuring healthy drinking water through the provision and effective management of water services.	DIA Non-financial performance Measure 1 (safety of drinking water)					
		The extent to which the local authority’s drinking water supply complies with: (a) Part 4 of the drinking-water standards (bacteria compliance criteria); and (b) Part 5 of the drinking-water standards (protozoal compliance criteria).					
		Baseline performance	Part 4 Bacterial compliance – Not Achieved		Part 5 Protozoal compliance – Not Achieved		
		2024/25 target	Percentage compliance – 100%		Target 100%		
		2024/25 Achievement – Not Achieved					
		Supply	Distribution - Bacterial Compliance	Treatment - Bacterial Compliance	Treatment - Protozoal Compliance	Overall Compliance Rate	Overall Performance Rating
		Esk / Whirinaki	95.83%*	96.51%	97.79%	97.06%	Almost met
Whakatu	100%	96.57%	97.79%	97.45%	Almost met		
Waipatu	100%	100% (T1)	100% (T1)	100%	All met		
Waipatiki	100%	97.10%	96.29%	96.69%	Almost met		
Waimarama	91.67%*	96.68%	98.44%	97.51%	Almost met		
Te Pohue	100%	96.88%	98.59%	98.23%	Almost met		
Omahu	100%	98.87%	99.55%	99.40%	Almost met		
Haumoana / Te Awanga	95.00%	100%	100%	99.24%	Almost met		
Hastings Urban	98.61%*	80.11%	98.79%	91.87%	Partially met		
Hastings Urban (excluding Portsmouth)	98.61%*	99.08%	99.47%	99.24%	Almost met		
Clive	100%	99.98%	99.98%	99.98%	Almost met		
Hastings Community Drinking Water Station	-	100% (T1)	100% (T1)	100%	All met		
Note: Portsmouth Road WTP does not currently have a compliant Bacterial and Protozoal barrier. Note that this supply only operates as an emergency supply and U.V treatment is being installed in the 25/26 year to allow full compliance to be achieved at this facility. Impact of Portsmouth WTP insufficient treatment on Hastings Urban supply compliance shown in above table (91.87% vs 99.24%).							

WATER SUPPLY

COMMUNITY OUTCOMES	LEVEL OF SERVICE STATEMENT	PERFORMANCE MEASURE	BASELINE PERFORMANCE 2023/24	2024/25 TARGET	2024/25 ACHIEVEMENT
COUNCIL OBJECTIVE <ul style="list-style-type: none"> Water and land resources are used wisely The natural environment is enhanced and protected Council services are green and healthy 	Water Supply – Ensuring healthy drinking water through the provision and effective management of water services.	DIA Non-Financial performance Measure 2 – (maintenance of the reticulation network) The percentage of real water loss from the local authority's networked reticulation system. (including a description of the methodology used to calculate this).	Not Achieved 18.9%***	Target was not initially set, future targets will be based on 2023/24 and 2024/25 results.	Not Achieved – 22.6% Water losses are reported at a whole of district level with the Hastings Urban supply accounting for 94% of the water delivered and 93% of the population served. The Water NZ Water Loss Performance "Benchloss" spreadsheet tool has been used to evaluate water losses.
		DIA Non-Financial performance Measure 3 – (fault response times) Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times are measured:		95% achievement rate.	
		(a) attendance for urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site, and	34 minutes	Urgent – 1 hour response time to site.	Achieved – 26-minute response time.
		(b) resolution of urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption	1 hour 55 minutes	Urgent – 2 hour restoration of service.	Achieved – 1 hour 8-minute resolution time.
		(c) attendance for non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site, and	1 hour 58 minutes	Non-urgent – 3 days response time to site (Note i).	Achieved – 1 hour 22 minutes response time.
		(d) resolution of non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption.	Achieved 1.90 days	Non-urgent – 7 days call resolution.	Achieved – 1 day, 2 hours, 53 minutes resolution time.

WATER SUPPLY

COMMUNITY OUTCOMES	LEVEL OF SERVICE STATEMENT	PERFORMANCE MEASURE	BASELINE PERFORMANCE 2023/24	2024/25 TARGET	2024/25 ACHIEVEMENT
		DIA Non-Financial performance Measure 4 (customer satisfaction) The total number of complaints received by the local authority about any of the following: (a) drinking water clarity (b) drinking water taste (c) drinking water odour (d) drinking water pressure or flow (e) continuity of supply, and (f) the local authority's response to any of these issues expressed per 1,000 connections to the local authority's networked reticulation system.			Achieved – 141.53 aggregated complaints per 1,000 connections
		(a) Per Council Customer Services	122.88 per 1,000 connections	200 Count expressed per 1,000 connections per annum.*	109.97 complaints per 1,000 connections
		(b) Per After Hours Customer Services provider	29.07 per 1,000 connections		32.57 complaints per 1,000 connections ** **Refer to page 34 for further disclosure
		DIA Non-performance Measure 5 – (demand management) The average consumption of drinking water per day per resident within the territorial authority district.	663 litres	670 litres per day per resident.	Achieved – 666 litres per day per resident

*A new baseline was established last year which is now out of alignment with the Long-Term Plan target.

***This measure has been reassessed using current (and more accurate) methodology than that used in the prior year resulting in a revision of the prior year reported performance.

ROADS AND FOOTPATHS

Detailed Mandatory Non-Financial Performance Measures (Department of Internal Affairs)

The performance measures in the tables below are required to be reported in accordance with section 261B of the Local Government Act 2002.

The baseline performance is based on 2023/24 actual information unless otherwise stated.

COMMUNITY OUTCOMES	PERFORMANCE MEASURE	BASELINE PERFORMANCE 2023/24	2024/25 TARGET	ACHIEVEMENT 2024/25
COUNCIL OBJECTIVE The transport network links people, goods and opportunities.	DIA Non-Financial Performance Measure 1 – Road safety The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number.	52	Reducing trend of fatality and serious injury from previous year. (Base level = 40 fatalities and serious crash injuries on the local road network) based on 2017-19 average. 2024/25 target 38.	Not Achieved – Total deaths and serious injury was 41 which is above the target. This is however a reduction of 11 on the previous year. 6 deaths and 35 serious injuries.
	DIA Non-Financial Performance Measure 2 – Condition of the sealed road network The average quality of ride on a sealed local road network, measured by smooth travel exposure.	91%	90% smooth travel exposure. (Average quality of ride)	Not Achieved – Smooth travel exposure for the whole network is 87% STE (rural) is 97% STE (Urban) is 78%
	DIA Non-Financial Performance Measure 3 – Maintenance of a sealed local road network The percentage of the sealed local road network that is resurfaced.	5.1%	6.0% of sealed local road network is resurfaced per annum.	Not Achieved – Actual road sealing was 4.8%. Insufficient funding was approved to achieve the target.
	DIA Non-Financial Performance Measure 4 – Condition of footpaths within the local road network The percentage of footpaths within a territorial authority district that fall within the level of service or service standard for the condition of footpaths that is set out in the territorial authority's relevant document (such as its annual plan, activity management plan, asset management plan, annual works programme or Long Term Plan).	4.4%	No more than 1.5% of footpaths classified poor or worse as measured by Council's condition rating system.	Not Measured – Footpath survey work was completed in late September 2025. Results will only be available late October 2025.
	DIA Non-Financial Performance Measure 5 – Response to Service Requests The percentage of customer service requests relating to roads and footpaths to which the territorial authority responds within the timeframe specified in the Long Term Plan.	96.4%	95% of customer service requests relating to roads and footpaths responded to within 28 days.	Achieved – 96.9% of customer service requests responded to within 28 days.

SAFE, HEALTHY AND LIVEABLE COMMUNITIES

COUNCIL OUTCOMES	PERFORMANCE MEASURE	BASELINE PERFORMANCE 2023/24	TARGET 2024/25	ACHIEVEMENT 2024/25
COUNCIL OBJECTIVE: Council services are green and healthy.	Hours of operation at refuse transfer station.	Achieved	7 days per week.	Achieved – There were no closures in excess of four hours at the Henderson Road Refuse Transfer Station during the year. The Henderson Road site was briefly closed on two occasions due to waste catching fire. There was one occasion when the Blackbridge Refuse Transfer Station was closed for one day due to a chemical spill. The two transfer stations are closed Christmas Day, New Year's Day and Good Friday every year.
	Hours of operation at recycling depots.	7 days per week (Achieved)	7 days per week.	Achieved – All rural recycling depots were fully operational during the year.
	Hours of operation at landfill.	Achieved	1 landfill (limited weekend opening)	Achieved – There were no closures in excess of four hours at the landfill during the year. The site was briefly closed on two occasions due to high winds.
	% of urban dwellings serviced by kerbside refuse and recycling services.	Achieved	Weekly collection to 98% of urban dwellings within the collection areas.	Achieved – All properties in the collection zones had these services available to them throughout the year.
	% compliance with Landfill conditions	Not Achieved	100%	Substantially Achieved – Five consents received Full Compliance. Two consents received a Low-Risk Non-Compliance assessment. However, both low risk matters have been rectified.
COUNCIL OBJECTIVE: <ul style="list-style-type: none"> Sustainable development is encouraged and carbon emissions are reduced The natural environment is enhanced and protected Water and land resources are used wisely. 	A District Plan current at all times within statutory timeframes.	Achieved	Achieved	Achieved – District Plan current during 2024/25.

SAFE, HEALTHY AND LIVEABLE COMMUNITIES

COUNCIL OUTCOMES	PERFORMANCE MEASURE	BASELINE PERFORMANCE 2023/24	TARGET 2024/25	ACHIEVEMENT 2024/25
COUNCIL OBJECTIVE: Communities are safe and resilient	% compliance with swimming pool fencing regulations.	99.4%	98%	Achieved – 99.8% compliance with swimming pool fencing regulations.
	Number of public cemeteries.	4 cemeteries at Hastings, Havelock North, Puketapu, Mangaroa.	4	Achieved – 4 cemeteries operational during 2024 - 25.
	Compliance level with crematorium consent conditions.	Achieved – full compliance	All conditions met.	Achieved – full compliance against new consent conditions achieved.
	% of public buildings with current warrant of fitness.	Achieved 100%	95%	Achieved – 100% compliance
	% of dog registrations of known dogs.	96.37%	98%	Not Achieved – 97.1% dog registration rate in 2024/25.
	% release rate of impounded dogs suitable for release.	90%	100%	Not Achieved – 33% release rate in 2024/25. The reasons this target was not met are: (1) The claim rate was the lowest it has ever been at 49% (Usually it is greater than 69%). (2) The number of dogs relinquished was considerably higher at 160 (usually about 72).
	Number of after hour compliance operations on licensed premises per year.	4	4	Achieved – 4 after hours compliance operations completed.
	CCTV camera downtime.	2%	<5%	Achieved – 2% CCTV camera downtime in 2024/25.
	CCTV live monitoring.	84%	>70% of running time.	Achieved – 80% camera running time in 2024/25. *Influenced by two separate occasions when CCTV team carried vacancy with staff turnover.
	Number of public swimming pools that meet Pool Safe water quality standards.	4	4	Achieved – Full compliance with water quality standards. Note: The measure applies to 3 pools with the decision to close Frimley Pool.
COUNCIL OBJECTIVE: There are great spaces for all people.	Days of operation of public libraries.	Achieved	3 public libraries (6 day service Flaxmere/ Havelock North, 7 days Hastings)	Achieved – 3 public libraries (6-day service Flaxmere / Havelock North, 7 days Hastings)

SAFE, HEALTHY AND LIVEABLE COMMUNITIES

COUNCIL OUTCOMES	PERFORMANCE MEASURE	BASELINE PERFORMANCE 2023/24	TARGET 2024/25	ACHIEVEMENT 2024/25
	% of urban properties within 500m radius (walking distance) of a park.	92%	87%	Achieved – 88% of urban properties within 500m radius of a park.
	% of urban properties within 500m radius (walking distance) of a playground.	64%	60%	Achieved – 60% of urban properties within 500m radius of a playground.
	Number of elderly housing units and average occupancy.	220 units with occupancy of 97.9%.	95% average occupancy.	Substantially Achieved – 220 units with occupancy of 94.4% due to re-roofing of 5 units over 8 months along with renewal works.
	Number of Art Gallery exhibitions per annum.	12	12	Achieved – 12 exhibitions held in 2024/25.
	Opera House Qualmark Rating.	Gold Rating (Five Star)	Five star	Achieved – Gold Rating (Five Star).
	% of Indoor Sports Centre available booking hours booked.	60%	50%	Achieved – 58% of available booking hours booked in 2024/25.
	Days of operation of Splash Planet.	Achieved	Mid November to Waitangi Day. (7 days a week)	Achieved – Mid November to Waitangi Day opening. (7 days a week) + 2 weekends (last day 23/2)

ECONOMIC AND COMMUNITY DEVELOPMENT

COUNCIL OUTCOMES	PERFORMANCE MEASURE	BASELINE PERFORMANCE 2023/24	TARGET 2024/25	ACHIEVEMENT 2024/25
COUNCIL OBJECTIVE:	% of vacant industrial land.	Achieved Industrial land vacancy 28%.	A minimum of 20% of industrial land is vacant.	Achieved – Industrial land vacancy 28.5% of general industrial zones, 20% including light industrial zones.
• We enable employment and growth				
• Housing supply matches need	Number of hectares of vacant greenfield land.	Achieved – 20% vacant greenfield land.	A minimum of 20% vacant greenfield land.	Achieved – Excluding Coastal Settlements (e.g. Te Awanga and Clive), the vacancy rates for zoned and serviced greenfields land are now 84ha. This amounts to nearly 31% of total greenfields land designated as new urban development areas in the District Plan with the exception of Arataki which is now fully developed.
	Number of significant strategies completed per annum.	0	1	Achieved – Napier Hastings Future Development Strategy submitted to partner Councils for adoption in June 2025.

ECONOMIC AND COMMUNITY DEVELOPMENT

COUNCIL OUTCOMES	PERFORMANCE MEASURE	BASELINE PERFORMANCE 2023/24	TARGET 2024/25	ACHIEVEMENT 2024/25
	Number of structure plans completed per annum.	0	1	Not Achieved – Substantial progress was made on the Lyndhurst Structure Plan to the point that it is near completion for notification purposes. Kaiapo had additional work done regarding groundwater testing and is currently awaiting further information as to the possible development potential for the site.
COUNCIL OBJECTIVE:	Opera House Qualmark Rating.	Gold Rating (Five Star)	Five star	Achieved – Gold Rating (Five Star).
There are great spaces for all people.	Number of visitors to iSite visitor centres per annum.	29,002	73,000	Not Achieved Hastings: 20,750 Havelock North: 6,964 Total: 27,714 iSite visitor numbers down due to less cruise ship activity, less domestic travel, and to some degree, the reduction in operating hours. Havelock North also impacted by supermarket move. Hastings activity was positively influenced by HDC events in the city centre (Meatball Festival, Alfresco Fridays and Santas Grotto).
	Total financial support to events.	\$733,651 external \$453,596 HDC	\$832,000	Achieved – (note: this was offset by \$75,000 in sponsorship) External Events \$560,133 HDC Events \$424,792 Total Events \$984,925
	Total visitors to Splash Planet.	106,132	100,000 total 45% from outside Hastings.	Not Achieved – 82,184 total Approximately 70% from outside Hawke's Bay
COUNCIL OBJECTIVE:	Number of completed Place Based Plans.	1	1 Place Based plan completed per annum.	Not Achieved – Was not a priority due to being in recovery phase after Cyclone Gabrielle and working with rural community leads on resilience plans and creating community emergency hubs. However, Council is facilitating a community plan for Poukawa, and it is expected to be completed at the end of 2025.
• Communities are safe and resilient				
• There are pathways for youth				

ECONOMIC AND COMMUNITY DEVELOPMENT

COUNCIL OUTCOMES	PERFORMANCE MEASURE	BASELINE PERFORMANCE 2023/24	TARGET 2024/25	ACHIEVEMENT 2024/25
	Number of Social Development Reviews completed.	1	1 Social Development Review completed per annum.	Not Achieved – Was not a priority due to being in recovery phase after Cyclone Gabrielle and working with rural community leads on resilience plans and creating community emergency hubs. However, the Hastings District Council's Multicultural Strategy is currently undergoing a review.

GOVERNANCE AND SUPPORT SERVICES

COUNCIL OUTCOMES	PERFORMANCE MEASURE	BASELINE PERFORMANCE 2023/24	TARGET 2024/25	ACHIEVEMENT 2024/25
COUNCIL OBJECTIVE:	% Compliance with statutory planning processes.	100%	100%	Achieved – 100% compliance with statutory planning processes.
Smart innovation connects citizens and services.	Council and Committee agendas are available within statutory timeframes.	100%	100%	Achieved – 100% compliance.
	Complete Annual Report and audit within statutory timeframes.	Achieved	Achieved	Achieved – All statutory timeframes met.
	Budgets are set within Financial Strategy limits.	Not Achieved	Achieved	Achieved – 2024/25 budget set within Long Term Plan Financial Strategy limits.
	Calls to Council's main number are always answered by a person rather than an answer phone service.	Achieved (95% of calls answered within 60 seconds)	90% of calls answered within 60 seconds.	Achieved – 97% answered within 60 seconds.
	% of calls to Council's main number answered within 20 seconds.	90%	80%	Achieved – 94% answered within 20 seconds.
	Usage of Council website.	44,326 unique visitors per month.	15,000 unique visitors per month.	Achieved – 40,681 unique visitors per month.

CYCLONE GABRIELLE – VOLUNTARY RESIDENTIAL PROPERTY AND PROEPRTY RIGHTS PURCHASE				
COUNCIL OUTCOMES	PERFORMANCE MEASURE	BASELINE PERFORMANCE 2023/24	TARGET 2024/25	ACHIEVEMENT 2024/25
COUNCIL OBJECTIVE: Communities are safe and resilient	% of Category 3 buyouts completed	45% settlement	90%	Achieved – 90.4%. Voluntary buy-out process and policy formally concluded and closed 30 June 2025.
	% of roading recovery programme completed	NA	15%	Achieved – 35% completed based on spend against forecast cost (\$268m against \$800m) 23% based on projects reaching Practical Completion (256 projects, with 63 completed), notable projects completed were: 1) Chrystal Culvert – July 2024 2) Kereru Gorge – April 2025 3) Matapiro Bridge – June 2025 4) Taihape Road slips (10 of 11) – June 2025 5) Glengarry Road slips – March 2025 6) Dartmoor Road slip – May 2025.
	% of stickered properties reassessed	48%	30%	Achieved – 82% of properties have been re classified in terms of placards and deemed to be liveable / usable (or demolished). 18% placarded buildings outstanding. • 198 demolished homes. • 14 red placards remain. • 155 yellow placards remain.

(B) CUSTOMER EXPERIENCE

CUSTOMER EXPERIENCE – SAFE, HEALTHY AND LIVEABLE COMMUNITIES

COUNCIL OUTCOMES	PERFORMANCE MEASURE	BASELINE PERFORMANCE 2023/24	TARGET 2024/25	ACHIEVEMENT 2024/25
COUNCIL OBJECTIVE: <ul style="list-style-type: none">Communities are safe and resilientThere are great spaces for all people	Time taken to process a building consent.	79% within 20 working days.	100% within 20 working days.	Not Achieved – 94% of building consents completed within 20 working days.
	Time taken to process code of compliance.	93% within 10 days.	100% within 20 days.	Not Achieved – 97% of code compliance certificates completed within 20 working days.
	Time taken to process a resource consent.	94% within statutory timeframe. (20 working days)	97% within statutory timeframe. (20 working days)	Achieved – 97.49% of resource consents processed within 20 working days.
	Time taken to respond to noise complaints.	Achieved – 100% Zone 1 95% Zone 2	Zone 1 (<30 minutes) – 80% (<40 minutes) – 20%	Achieved – 100% achievement of response times for zone 1 noise complaints
			Zone 2 (<1 hour) – 100%	Achieved – 100% achievement of response times for zone 2 noise complaints
	Parks user satisfaction.	Not Measured	97%	Not Measured in 2024/25.

CUSTOMER EXPERIENCE – GOVERNANCE AND SUPPORT SERVICES

COUNCIL OUTCOMES	PERFORMANCE MEASURE	BASELINE PERFORMANCE 2023/24	TARGET 2024/25	ACHIEVEMENT 2024/25
COUNCIL OBJECTIVE: Smart innovation connects citizens and services.	Quality of customer service. (contact centre)	84.4%.	85%	Not Achieved – Average score of 81% in mystery shopper phone calls.
	Quality of customer service. (customer service centre)	Average score of 89% in mystery shopper visits.	85%	Achieved – Average score of 100% in mystery shopper visits.

LEVEL TWO – TODAY’S COMMITMENTS

(C) KEY ACTIONS

WATER & ROADS

KEY ACTION	ACHIEVEMENT
Water Services	
KA01 Implement final stages of water security and optimisation programme.	On Track <ul style="list-style-type: none"> All treatment facility upgrades completed. Ongoing operational optimisation of treatment and distribution processes following completion of installations. Final stage of reservoir improvements programme detailed for delivery in 25/26 and 26/27. Ongoing implementation and investigations to inform Demand Management programme and initiatives.
KA02 Enhancements to Havelock North streams.	<ul style="list-style-type: none"> HBRC formally notified HDC in early June 2025 that the Havelock North Dam Classification lodged in August 2024 have been approved. July 2024–June 2025 compliance period received full compliance for all Havelock North dams. Successful recategorisation of the 42 residents that were in Category 2c, who were all moved back into Category 1. One year completed with the maintenance contractor, seeing a significant amount of work undertaken previously not completed, these include 224 Stream recorded tasks, and 35 Dam recorded tasks, along with a further 24 dam safety review recommendations completed. Physical works nearing completion at two council and private landowner bank remediation projects. Ecology and erosion studies undertaken along the streams. 13 of 15 stream level sensors installed.
KA03 Rollout stormwater quality improvement programme.	On Track <ul style="list-style-type: none"> Lowes Pit multi-barrier stormwater treatment systems have been constructed and completed. Monitoring to ensure compliance with HBRC consent conditions is ongoing with a maintenance regime in place to demonstrate compliance. Additional system performance monitoring is being worked through at Lowes Pit. Barnes Place – Preliminary investigations have been conducted to improve localised flooding & quality issues. Omahu North Industrial basin pilot trial commenced
KA04 Rollout of wastewater rising main and trunk main renewal programme.	<ul style="list-style-type: none"> On Track – To manage financial constraints, the wastewater rising main and pump station renewal programme has been rephased. Priority has been given to managing critical risks and progressing design work to ensure projects are ready for delivery once funding is secured.

WATER & ROADS

KEY ACTION	ACHIEVEMENT
KA05 Implement critical Wastewater Treatment Plant renewals.	<ul style="list-style-type: none"> On Track – Implementation of critical WWTP renewals has been progressing. A significant renewal project was taken to market through an expression of interest (EOI) followed by a request for information (ROI), with construction scheduled to commence in the next financial year. In parallel, critical health and safety renewals are also being advanced.
Roads and Footpaths	
KA06 Strengthen key bridges to allow continued heavy vehicle access.	<ul style="list-style-type: none"> On Track – Work continued with the final bridge to be strengthened in the original package: Waikaou Bridge, 95% completed.
KA07 Completion of approved walking and cycling projects within the iWay network.	<ul style="list-style-type: none"> On Hold – No funding approved through NLTF subsidy and unsubsidised works not funded through LTP, therefore no works undertaken.
KA08 Implement safety treatments on high risk rural routes and urban intersections.	<ul style="list-style-type: none"> On Hold – No funding approved through NLTF subsidy and unsubsidised works not funded through LTP, therefore no works undertaken.
KA09 Road pavement renewal programme in both urban and rural areas.	<ul style="list-style-type: none"> In Progress – No road pavement renewal works were implemented in 2024-25, focus was given to designs. This was due to late approval and reduced funding of subsidies and associated LTP budgets.

SAFE, HEALTHY & LIVEABLE COMMUNITIES

KEY ACTION	ACHIEVEMENT
KA10 Advance actions within Hastings City Centre revitalisation plan.	<ul style="list-style-type: none"> On Track – Completed delivery of Eastbourne Street carpark and laneway provision and associated Karamu Road streetscape upgrade.
KA11 Complete Civic Square and Central Mall flagship projects.	<ul style="list-style-type: none"> On Track – Completed Civic Square paving renewal and pou landscape improvement works. On Track – Completed planning for Central Mall upgrade in conjunction with Kiwi Rail safety improvement works, to commence 25/26.
KA12 Rollout 10 year streetscape strategy.	<ul style="list-style-type: none"> On Track – Completed King Street 100 North and 100 South Streetscape Upgrade. On Track – Commenced planning for Market Street streetscape upgrade to commence 25/26.
KA13 Advance future cemetery space capacity.	<ul style="list-style-type: none"> Completed – Mangaroa cemetery extensions as reported in the previous financial year, will provide approximately 8 years of new burial space.
KA14 Complete earthquake strengthening on remaining identified public buildings.	<ul style="list-style-type: none"> On Track – All Council-owned buildings identified as earthquake-prone or potentially prone buildings have either been strengthened or assessed and scheduled for strengthening work. Completed Mangaroa Cemetery storage shed and public toilets. Completed Haumoana Hall.

SAFE, HEALTHY & LIVEABLE COMMUNITIES

KEY ACTION	ACHIEVEMENT
KA15 Enhancements on key reserves.	<ul style="list-style-type: none"> • On Track – key achievements below: • Awarded 2025 Green Flag accreditation Havelock Village Green, Flaxmere Park, Frimley Park, Cornwall Park • Completed Puketapu Park Cyclone remediation works (playground and toilet) • Commenced Grant Street playground upgrade, completion in 25/26 • Completed safety surfacing renewal of Frimley and Meissner playgrounds • Completed new surfacing of Haumoana courts • Completed 14 bridge replacement works in Havelock Reserves (damaged by Cyclone Gabrielle)
KA16 Complete strategic review into elder housing provision.	<ul style="list-style-type: none"> • On Track – This is scheduled for the 2025/26 financial year.
KA17 Advance remaining Reserve Management Plans.	<ul style="list-style-type: none"> • On Track as per below: • Continuation of review of Draft Havelock Hills Reserve Management Plan • Continuation of review of Draft Eskdale Park Reserve Management Plan
KA18 Complete planned toilet enhancements from Sanitary Services Assessment.	<ul style="list-style-type: none"> • On Track as per below: • Puketapu Park toilet refurbishment (Cyclone remediation) • Eskdale Park toilet refurbishment (Cyclone remediation) • St Leonards Park new toilet
KA19 Provision of community education programmes on waste minimisation.	<p>On Track as per below</p> <ul style="list-style-type: none"> • There continued to be significant progress with education and behaviour change delivery, focusing on mana whenua, community & schools, rural & business and the construction sectors. • Examples include educational tours of Henderson Road RTS /and Ōmarunui Landfill, waste minimisation talks, Home and Living Show stand, monthly waste awareness newsletters and frequent Facebook posts about waste related information or events. These engagements are effective in educating people how to reduce waste and correctly dispose of it. There were 2037 unique “face to face” engagements with individuals at the above events • The waste webpages have been regularly updated to provide up to date information to the community, including the A-Z Waste guide where people can search how to recycle, or dispose of specific items. • Educational tours to the landfill increased with 11 tours for 557 attendees. Work is continuing to develop content for a regional waste minimisation education programme for schools in line with the national curriculum. • New waste minimisation funding framework was introduced with \$180,000 awarded to 30 applicants.

SAFE, HEALTHY & LIVEABLE COMMUNITIES

KEY ACTION	ACHIEVEMENT
KA20 Complete landfill valley development.	<ul style="list-style-type: none"> On Track – Development work required to maintain available disposal space at the landfill is progressing as planned. The last stage of Area D development work will be completed by late 2026 when the area is estimated to be full (i.e. no remaining airspace and dependant on waste volumes received). The landfill has obtained new consents to extend operations into Area B of the site. This area will last approximately 30 years at current filling rates. Stage 1 of Area B has been constructed and is now able to accept waste as and when required (i.e. once Area D is full).
KA21 Implement remaining actions within the Waste Management and Minimisation Plan.	<ul style="list-style-type: none"> On Track – The achievements for this year include the opening of the education room at Ōmarunui Landfill; Te Whare Mukupara. Improvements are underway at the Henderson Road Refuse Transfer Station to increase the range of construction materials that can be diverted away from landfill and a review of the local waste minimisation funding resulted in an increased funding pool to support local initiatives. The Waste Management and Minimisation Plan will be reviewed (as required under legalisation) this coming year. On Track – The review of the Joint Waste Management and Minimisation Plan (WMMP) was completed with a new WMMP for the period 2025 to 2031 adopted on 13 June 2025. The new construction and demolition diversion area was opened at the Henderson Road Refuse Transfer Station. The new WMMP targets are: <ul style="list-style-type: none"> Waste generation: reduce the amount of material entering the waste management system by 10 per cent per person. Waste disposal: reduce the amount of material that needs final disposal by 30 per cent per person. Waste emissions: reduce the biogenic methane emissions from waste by at least 30 per cent (a national target).
KA22 Complete strategic review into Splash Planet.	<ul style="list-style-type: none"> On Track – Targeted to be completed in time for Long Term Plan 2027 preparation.

ECONOMIC & COMMUNITY DEVELOPMENT

KEY ACTION	ACHIEVEMENT
KA23 Support industrial land uptake at Irongate, Omāhu and Whakatū.	<ul style="list-style-type: none"> On Track – Council continues to support industrial land uptake. Significant uptake over past three-five years has tailed off due to the current economic conditions. Mainfreight Depot and Trade Academy at Irongate were the notable new developments
KA24 Promote inner city living opportunities.	<ul style="list-style-type: none"> On Track Progression of 206 Queen Street public private partnerships PPP – Inner City Living, an 8 Townhouse and public Amenity project in the heart of the Hastings CBD. Recruitment of new Local Areas Plan + Intensification Program Manager. Focus includes leadership around enable residential intensification projects within the Hastings District.

ECONOMIC & COMMUNITY DEVELOPMENT

KEY ACTION	ACHIEVEMENT
KA25 Advance various HDC housing initiatives and housing partnership agreements.	<ul style="list-style-type: none"> • On Track • HDC participation / leadership into Hastings Housed Initiative & Hastings Housing Plan. • Various public private partnerships (PPPs) in formative stages – focus is on enabling both housing and wider growth outcomes, on terms beneficial to Council. • Continue to invest in productive and reciprocal partnership relationships with the development community.
KA26 Implementation of Future Development Strategy (FDS) and sub strategies.	<ul style="list-style-type: none"> • Completed – Strategy adopted by the three partner Councils.
KA27 Advance business attraction and job creation initiatives.	<ul style="list-style-type: none"> • On Track – Hastings is a desirable place to live, work, and invest in (9-month online campaign run during 2024/25): • 3x promotional videos, 4x Business Leaders videos • Target audience: business leaders and skilled workers in primary, processing, manufacturing, packaging, logistics and technology industries from out of region • Results: 125,507 completed views, 285% uplift in web traffic
KA28 Rollout the Heretaunga Ararau action plan.	<ul style="list-style-type: none"> • On Track – This activity is ongoing and will continue to be ongoing – the Heretaunga Ararau Policy and Action Plan are due for their natural review cycle with a 2.0 version of the Action Plan to be developed for presentation to the Heretaunga Takoto Noa Kōmiti in Q2 2026.
KA29 Development of various place based (Local Area) plans.	<ul style="list-style-type: none"> • On Track – 4x priority Hastings Local Area Plan in final stages of stakeholder engagement, before being finalised and adopted by Council. Subsequent work will be focused on implementation planning, sequencing and funding.

PERFORMANCE MEASURE DISCLOSURE

*The following notes relate to the mandatory DIA performance measures noted with a double asterisk (**) on pages 15 to 20.*

The Council has received a qualified opinion for the 2024/25 audit relating to:

- the completeness of data for after hour calls for the three customer complaint/customer satisfaction performance measures within the Water Services activity group. This covers complaints relating to water supply, stormwater and the treatment and disposal of sewage.

Completeness of After-Hours calls

Council acknowledged in the 2023/24 Annual Report that not all after hour complaints have been captured for the full financial year. This is due to the manner in which after hour calls are recorded by the service provider as their system doesn't capture all calls.

Since then, Hastings District Council has worked with Palmerston North City Council to revise the call category coding and to update the information included in the reporting supplied each month. These changes should enable the accurate testing of each call.

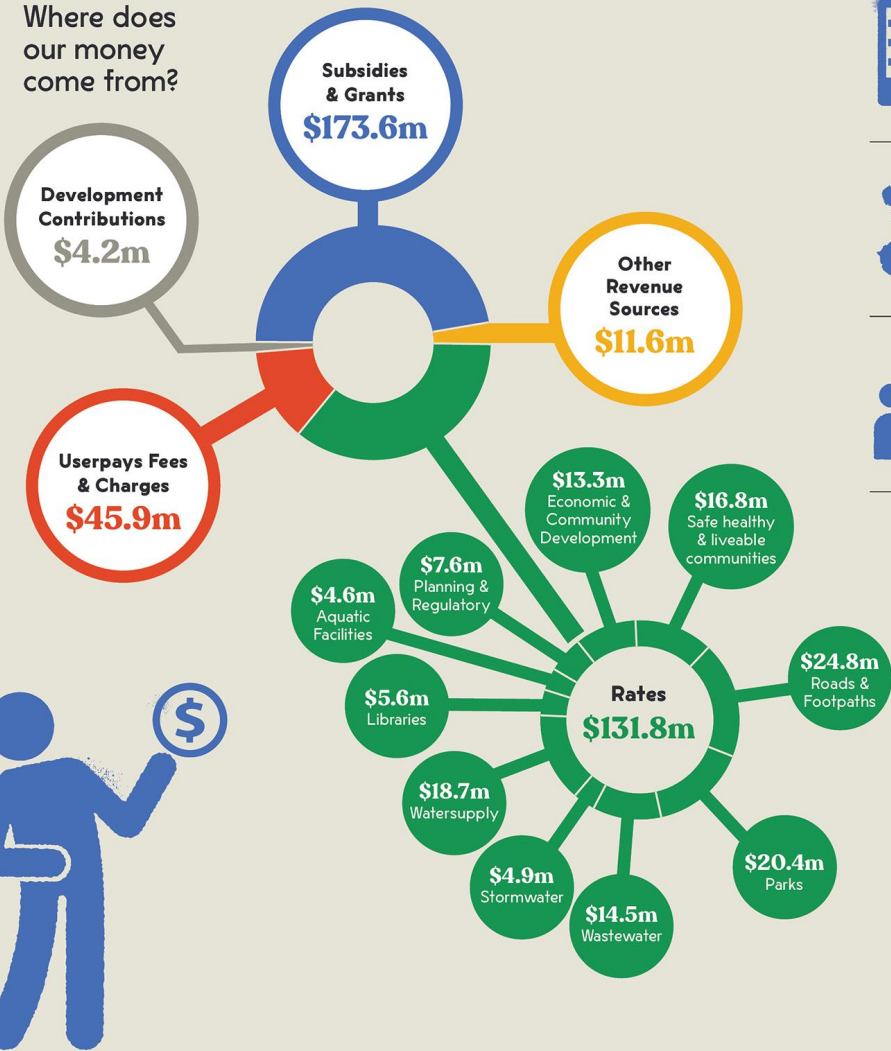


TE MAWHITI KI TE AHUMONI FINANCE AT A GLANCE



FASCINATING FINANCE FACTS

Where does our money come from?



What is the value of Council's assets

\$3.6bn



Hastings District population growth

↑ 2.6%

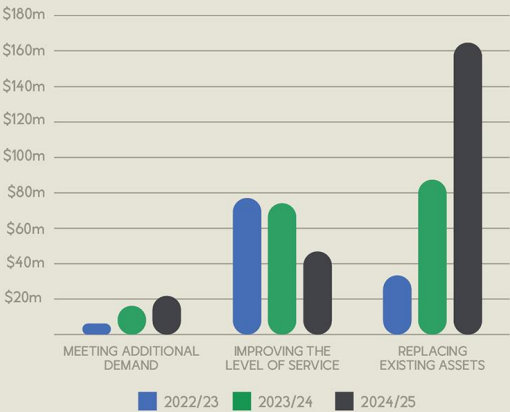


Hastings District population

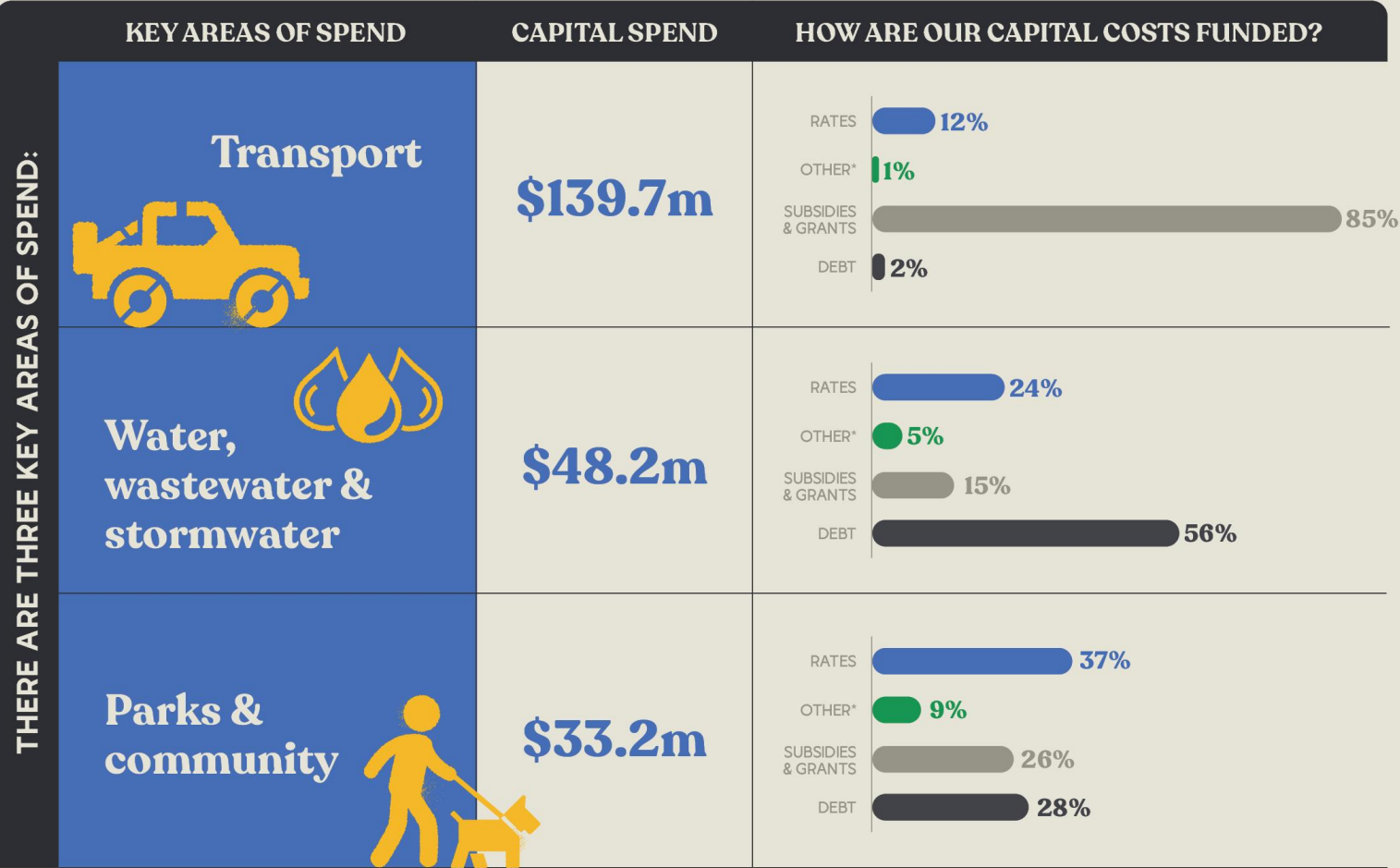
91,500

This is Stats NZ's 'medium' projection for the district's population for the year ending June 2025.

How much is spent on our assets?



How are our capital projects funded?



*Other includes development contributions, asset sales and lump sum contributions.

ANNUAL FINANCIAL OVERVIEW

A YEAR OF RECOVERY

2024-25 was a very busy year for Council, with a strong focus on recovery from Cyclone Gabrielle. Council invested a total of \$175.7m in cyclone related activities, comprising \$127.8m in capital expenditure and \$47.9m in operational costs.

Capital expenditure was primarily directed to major transport projects, including the Kererū Gorge and Puketapu bridge rebuilds. The figure also includes costs associated with the Voluntary Buyout (VBO) programme for cyclone affected properties, which was co-funded 50% by the Crown. Property write downs associated with the VBO totalled \$7.4m. The VBO programme has now been completed and formally closed.

The total cost to restore our roading network following Cyclone Gabrielle is estimated at almost \$800m. Full restoration will take several years, reflecting the scale and complexity of the damage.

RATING DEFICIT

Council operates two broad rating groups, Rating Area One and Rating Area Two, with Rating Area Two mainly reflecting the rural areas of the Hastings District.

Costs and revenue are allocated between the two rating groups to determine how much Council collects through general rates each year. In addition, Council charges a number of targeted rates where any surplus (of deficit) between the costs and revenues is transferred to a reserve so that the costs and revenues continue to be met from the specific groups of ratepayers in the serviced area.

The rating surplus (deficit) is the difference between the rates collected and spending from those rates, including the funding of capital renewal projects and debt repayment.

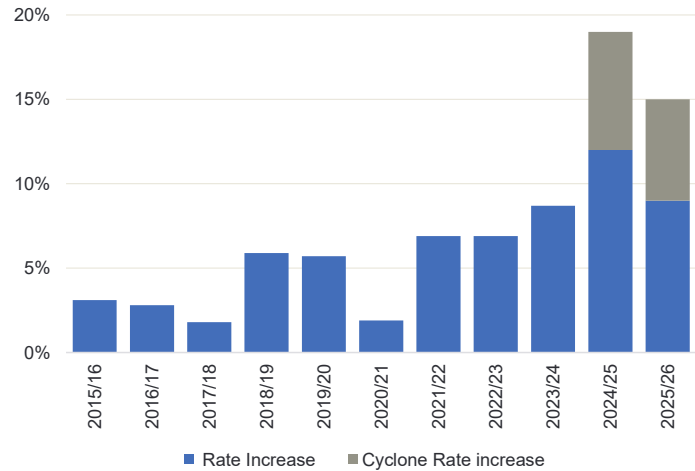
In the 2024/25 financial year, Council adopted a budget with a funding deficit of \$14m, to be funded through debt in order to achieve a balanced budget. Council ultimately delivered a rating deficit of \$4.3m, also funded through debt – an improvement of \$9.7m compared to budget.

RATES

Council's Financial Strategy, updated in the 2024-34 LTP, sets out that rates will only increase by the Local Government Cost Index +4%, while acknowledging that sometimes events happen that Council needs to react to.

Looking forward, the 2025/26 rates is set to increase by 15% as outlined in the 2024-34 Long Term Plan. This increase includes a 6% rate for cyclone recovery.

RATE INCREASE

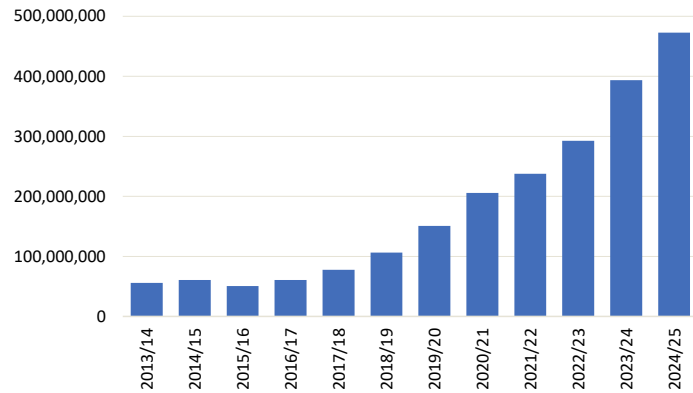


DEBT AND LIQUIDITY

External debt at year end was \$472m, which is \$17m lower than the budgeted \$489m. Council's cash holdings were \$29.6m, an increase of \$22.6m compared to the Annual Plan budget. This has resulted in an improved liquidity position of 115.8%.

Council continues to carefully manage its debt and cash holdings while delivery the capital programme set out the 2024-34 Long Term Plan, alongside addressing the ongoing impacts of Cyclone Gabrielle.

EXTERNAL DEBT



CAPITAL PROJECTS

Council invested \$231.8m in capital projects during the year, up from \$162.8m in the previous year. Of this total spend 70% was funded from external sources. Key contributions included \$92.4m from the National Infrastructure and Finance Fund (NIFF), \$26.9m from NZTA and \$6.8m from the Infrastructure Acceleration Fund (IAF).

CAPITAL EXPENDITURE

Of the capital expenditure incurred in the 2024-25 year, business as usual (BAU) capital investment totalled \$103.6m. This comprised \$43.3m on asset renewals (replacing existing assets), \$37.3m on projects to improve the level of service for the community, and \$22.9m to meet the additional demands of population growth.



NGĀ KAUPAPA MATUA KEY INITIATIVES AND PROJECTS



These are some of the services and facilities that Hastings District Council provided for ratepayers:

AQUATICS HASTINGS

156,250

Visitors to Aquatics Hastings Pools

2,286

Enrolments in Aquatics Hastings Learn to Swim programme



HASTINGS DISTRICT LIBRARIES

454,255

Visitors to Hastings District Libraries

704,142

Visitors to the Hastings District Libraries website and mobile app

416,619

Physical issues from Hastings District Libraries

194,986

Digital issues (downloads) from the Hastings District Libraries website (both virtual collections issues and eResources)



CUSTOMER SERVICE

77,980

Phone calls answered by customer service centre staff

34,477

Email and web enquiries received by customer service centre staff

24,443

Face-to-face interactions between customer service staff and community

TOITOI – HAWKE’S BAY ARTS & EVENTS CENTRE

67,132

People attended events, functions, and performances at Toitoi

110,315

Visitors to the Toitoi website

247

Number of events, functions and performances held at Toitoi

9,330

Followers of the Toitoi Facebook page



TE WHARE TOI O HERETAUNGA – HASTINGS ART GALLERY

22,465

Visitors to the Hastings City Art Gallery

15,204

Visitors to the Art Gallery website

9,271

Public programme and student visitors to Hastings Art Gallery

4,857

Followers of the Art Gallery Facebook page

MAHI FOR YOUTH

147

Rangitahi engaged with through Mahi for Youth

74

Of those rangitahi are now employed for 30+ hours

18

Of those rangitahi have returned to education or training



HDC ONLINE CHANNELS

488,170

Visitors to the Hastings District Council website

1,536,832

Page views of the Hastings District Council website

34,866

Followers of the Hastings District Council Facebook page



839

Posts published on the Hastings District Council Facebook page

7,916,086

Impressions on the Hastings District Council Facebook page

447,080

Engagements on the Hastings District Council Facebook page



WASTE

10,605

Tonnes of rubbish collected



3,715

Average number of rubbish wheelie bin collections per day



777

Tonnes of paper and cardboard collected

6,574

Average number of recycling crate collections per day



1,558

Tonnes of glass collected



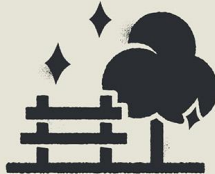
574

Tonnes of plastics and cans collected

PARKS AND RESERVES

6,947

Shrubs and trees planted in our parks and reserves



- Paving renewal Civic Square
- King Street Streetscape Upgrade
- Pedestrian bridge repairs in Havelock Hills reserves
- Restoration of Puketapu Park post-cyclone
- Resurfaced Haumoana Courts



CYCLONE GABRIELLE

This year's Cyclone Gabrielle recovery programme saw major progress in supporting some of our most impacted families and communities. Significant progress was achieved in supporting Category 3 homeowners through the Voluntary Buyout Programme, restoring essential roads and bridges, and strengthening emergency preparedness for future events.

In terms of the roading recovery, Council is in year two of an estimated \$800 million, 7-10 year work programme across our 1,640km roading network. The past financial year has seen the completion of the permanent rebuilds of Chrystal Culvert in Tutira, Kererū Gorge, and Matapiro Bridge. Major slip and road repairs were also completed on Dartmoor and Springfield Roads, while the new Moteo-Puketapu Bridge was well advanced. Large-scale repairs were underway on more than 30 rural slip sites, including 11 on Taihape Road. Central Government funding of \$91m was secured to support this work.

Emergency resilience has been a key focus, and the first five of more than 40 community emergency hubs were fully established across the district, supporting local preparedness by providing supplies, plans, and training for future events. Emergency preparedness planning continues across the district, with a commitment to implementing the recommendations of Hawke's Bay's Civil Defence Emergency Management review.

The Category 3 Voluntary Buyout Programme was completed during the reporting period, providing a pathway forward for residents unable to return to their properties. The programme achieved a 93 per cent uptake and was delivered within the agreed funding cap, cost-shared equally between Council and Government.

Protecting our waterways and critical infrastructure has been a priority. Enhanced monitoring and management of Havelock North's dams and streams is now in place, guided by an independent Ombudsman's report and a dedicated community advisory group. This work helped enable the recategorization of 38 2C properties in Havelock North.

Cyclone recovery has also been about recognising and supporting our people. The Civic Honours Awards celebrated outstanding contributions from individuals and groups during and after the cyclone.

Through strong leadership, community partnerships, and sustained investment, Hastings continues to move forward from the devastation of Cyclone Gabrielle - building a safer, more resilient future for all.



THE ECONOMIC POWERHOUSE

Despite a challenging national economic climate, Hastings district continues to stand out as a regional economic leader, underpinned by strong performance, bold investment, and a clear vision for future growth.

Its economic resilience could be seen in Infometrics data showing low unemployment, steady business activity, and encouraging signs across housing and tourism sectors. This ongoing strength reflects the confidence of local investors and the effectiveness of Council's long-term planning.



A 30-year development blueprint for Hastings and Napier was released for consultation, setting out how the region will accommodate population expansion while protecting amenity, infrastructure, and economic opportunity. Community input is also helping to shape a future-focused Local Area Plan for the Havelock North village centre.

In Flaxmere, the building of a new Woolworths supermarket was confirmed — a significant investment in local amenity and job creation. Meanwhile, Council's strategic partnership with other Hawke's Bay councils culminated in the proposed Hawke's Bay Regional Deal, seeking Central Government support for collaborative investment in housing, infrastructure and the regional economy.

From housing and retail to infrastructure and innovation, Hastings is driving regional prosperity and demonstrating what it means to be an economic powerhouse.



HOMES FOR OUR PEOPLE

Over the past year, Hastings District Council has continued to deliver the infrastructure and partnerships needed to support new housing across the district.

In Flaxmere, significant milestones were reached. Four Council-owned sites had roads, power and water services completed, enabling the development of up to 200 new homes. The community gathered to celebrate the opening of these new streets - a visible sign of progress. In the town centre, construction began on Hastings' first new senior housing in nearly 40 years – a 39-unit development that will provide warm, safe homes that reflect whānau values and local heritage.

Council's development partners began preparing to build housing at Whakaruru Crescent in Flaxmere, and in Hastings city plans advanced for the inner-city redevelopment of Queen Street West into a new residential, commercial and green space precinct.

At Howard Street, roading and three waters infrastructure was completed, unlocking another major development area, while the naming of new streets reflected the history of this growing neighbourhood.

Together, these initiatives are helping ensure that Hastings is a place where everyone can access safe, affordable housing – with the infrastructure, planning and partnerships to support a growing and inclusive district.





GETTING AROUND

Hastings District Council is committed to building and maintaining a safe, efficient, and accessible transport network for our growing community.

Over the past year road and bridge repairs have been a major focus, with the completion of permanent rebuilds at key cyclone-damaged sites including the Chrystal Culvert in Tūtira, Dartmoor Road, Kererū Gorge, and the new Matapiro Bridge. Crews continued working across rural Hastings, with more than \$90 million in government funding secured to support the recovery of our local roads.



Forward-looking investment is also helping shape the region's transport future. As part of the Government's National Land Transport Programme, funding was confirmed to begin construction of a four-lane Hawke's Bay Expressway and to progress a realignment of the Waikare Gorge corridor on State Highway 2 – vital links for safety and economic resilience.

At a local level, improvements to urban movement included the rollout of a smart parking management system in Hastings and Havelock North to make finding a park easier and improve warden safety. Meanwhile, the completion of road and infrastructure works at Howard Street is unlocking new homes and better connectivity.

Seasonal vehicle access rules at Waimārama Beach were retained to enhance public safety and protect the environment.



RURAL LIVING

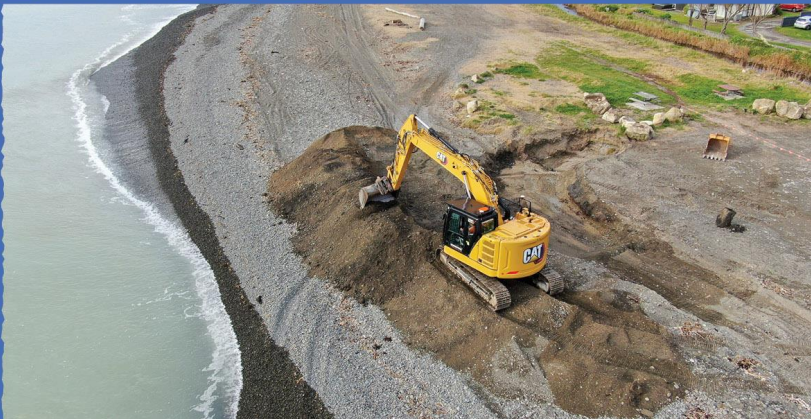
Rural communities are the backbone of Hastings district, and over the past year Council has focused on delivering the infrastructure, support and resilience rural residents need to thrive – now and into the future.

A major focus has been on the cyclone recovery reconnecting isolated communities following Cyclone Gabrielle and undertaking the Category 3 Voluntary Buyout Programme.

Beyond recovery, Council continued investing in long-term resilience. More than 40 community emergency hubs were in various stages of establishment across rural Hastings, each being stocked with supplies and supported by local response plans. Emergency planning also advanced, with Council committed to fully implementing the recommendations of the independent review of Civil Defence preparedness.

Meanwhile, Council honoured rural identity and community spirit – celebrating the 100th anniversary of Tūtira Hall and supported resilience with the building of a new protective Eco reef at Te Awanga.

Through infrastructure, emergency planning and meaningful partnership, Hastings District Council remains committed to ensuring our rural and coastal communities are safe, connected, and supported for generations to come.





OUR NATURAL TREASURES

From rivers and reefs to reserves and recycling, Hastings District Council continued to enhance and protect the natural environment that sustains and inspires our communities.

Council continued its leadership in water reform through the Local Water Done Well process, launched community engagement on future service delivery models, and marked one year of success for Waiaroha – Heretaunga's award-winning Water Discovery Centre. A trial of smart water meters helped identify serious leaks in the network, a new, large wastewater project installing more pipes to service housing growth continued, and Havelock North's dams and streams were placed under enhanced management, with a dedicated community advisory group helping guide improvements.

On the coast, construction began on an innovative Ecoreef to protect Te Awanga lagoon, while the summer vehicle bylaw returned to protect the natural beauty of Waimārama Beach. A blessing marked the handover of restored Eskdale Park following cyclone recovery.

Recycling and waste minimisation was a focus, with Council achieving 96 per cent landfill diversion during the Tōmoana Showgrounds deconstruction and a national first in plasterboard recycling was launched. Community feedback was sought on a new joint Waste Management and Minimisation Plan with Napier City.

Our green spaces flourished through local leadership — from a growing community garden in Flaxmere to volunteer-led planting at Tainui Reserve.

Together, we are protecting what matters most — for today and tomorrow.



CITY CENTRE REVITALISATION

The ongoing revitalisation of Hastings city centre is driven by a combination of infrastructure upgrades, place-making projects, arts and culture, and award-winning events. One key development was the signing of a landmark agreement to redevelop a formerly Council-owned site at 206 Queen Street West into a mix of inner-city housing, commercial spaces and a new pocket park — enhancing vibrancy and increasing residential presence in the CBD. The build of a new sustainable office building using engineered timber on a vacant lot on the corner of Lyndon and Warren Streets was also announced, adding to the modernisation of central Hastings.

Major events brought thousands into the heart of the city, including the nationally recognised Taste Hastings, Al Fresco Fridays, Taste Hastings, the inaugural Hastings Meatball Festival, and the Osmanthus Gardens Lantern Festival, which welcomed over

22,000 visitors. Creative programming through Hastings Art Gallery, school holiday activities, NZ Chinese Language Week, and summer Christmas events continued to draw people in, while youth-focused art education at the gallery helped grow future cultural leaders.

Civic Square improvements were undertaken enhancing safety, access, and public space quality, and Ngā Pou o Heretaunga were refurbished and rededicated in upgraded surrounds, further anchoring cultural significance in the heart of our city.

Together, these initiatives are reactivating the city centre — making it a dynamic place where people gather, celebrate, shop, create, and connect.





ENHANCING WHERE WE LIVE

Over the past year, Hastings District Council has worked closely with communities to enhance the places and spaces that make our district vibrant, resilient, and connected.

In our natural environment, volunteers partnered with Council to restore cyclone-damaged areas at Tainui Reserve, while a new ecological reef at Te Awanga will help protect the lagoon. Flaxmere's community garden also grew, providing fresh produce and opportunities for connection.

Arts and culture continued to thrive. The Hastings Art Gallery hosted exhibitions ranging from local artist commissions through the Gwen Malden Trust to works exploring Toi Māori and New Zealand's relationship with the land. In Civic Square, Ngā Pou o Heretaunga underwent careful renewal, while striking new aluminium feathers began cloaking the Hawke's Bay research and archive centre. Local tamariki also shared their creativity, with their artwork brightening facilities in Waimārama.



Public spaces were enriched with new amenities and events. St Leonard's Park welcomed its playground sheep, MultiBall brought fun and learning to the Flaxmere Community Centre, and Tutira Hall marked its centenary as a rural hub. Festive traditions, including Christmas lights, Santa's sleigh, and the Manu Comp, continued to delight.

The city centre thrived as a cultural and social hub. Al Fresco Fridays, the award-winning Taste Hastings, and the inaugural Meatball Festival drew thousands, while the Lantern Festival returned with record crowds, reinforcing Hastings' reputation as a place where community, culture, and celebration come together.

Community connectedness and safety were also strengthened, with Council supporting neighbourhood support groups across the district, including 15 new groups this year.



PATHWAYS FOR OUR PEOPLE

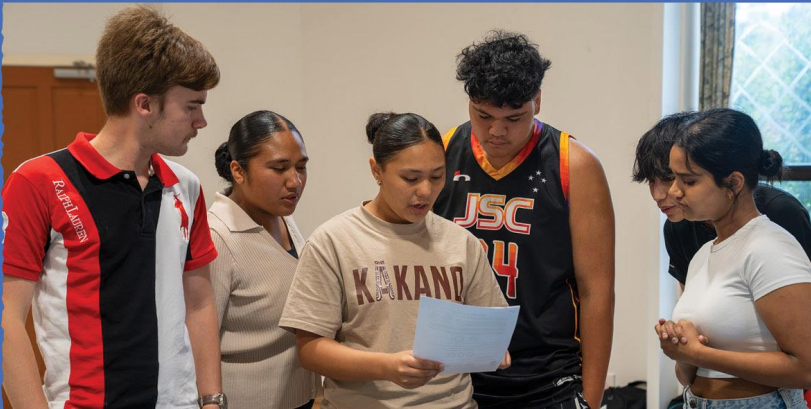
This year Hastings District Council continued to provide opportunities that empower our people, strengthen leadership, and recognise the contributions that make our communities thrive.

Celebrating community achievement remained central. The Civic Honours Awards, and the annual Mayoral Community Thank You event recognised individuals and groups who had gone above and beyond for Hastings. The Youth Potential Awards highlighted the achievements of more than 30 young people and youth groups, while the Annie Aranui Scholarship supported local mana wāhine to further their studies and careers.

Supporting rangatahi leadership was another priority. The 2025 Hastings Youth Council was appointed, providing a platform for 19 young residents to represent their peers, while Teina Kihirini was selected for the Tuia mayoral mentoring programme, nurturing Māori youth leadership. A new art gallery programme also gave young people hands-on experience in running exhibitions and exploring creative careers.

Providing pathways for rangatahi remained a key focus for Council's Mahi for Youth team, which supported more than 100 young people into education or employment through wrap-around services. Toitōi also introduced an NZQA-accredited, two-day entertainment and event technology course, creating sustainable pathways into the industry for local rangatahi.

Council also advanced inclusive decision-making. Residents were invited to help guide sustainable growth through the Local Area Plan programme, shaping the future of housing, open spaces, infrastructure, and transport. In Havelock North, a community advisory group was established to ensure local voices guide the management of dams and streams impacted by Cyclone Gabrielle.



NGĀ KOHINGA MAHI GROUPS OF ACTIVITIES

This section shows how we have performed financially in delivering the work programme for 2023/2024. For reporting purposes, we group our activities into the following groups:

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



WATER AND ROADS

The section titled ‘Our Reporting Framework’ outlines the detailed achievement for the year for this activity group. Summary information on the key matters within this activity group can also be found within the section titled ‘Key Initiatives and Projects’.

This group of activities primarily contributes to the following community outcomes:

- healthy drinking water and wise water use
- management of negative impacts on people, air, land and water
- a community that wastes less
- an environment where people can move around safely
- an attractive and safe walking and cycling environment
- accessible transport options
- efficient movement of goods.

A snapshot of the key aspects of performance for this group of activities during the year is as follows:

WATER, WASTEWATER AND STORMWATER SERVICES

- 2024/25 represents the tenth year of reporting against mandatory performance measures, with the majority of measures achieved against target.
- The key projects for the year are detailed in the ‘Key Initiatives and Projects’ section in this document.
- A key focus has been the preparation and consultation on options in response to the governments water reforms (Local Water Done Well). The Council have resolved to transfer water services into a regional water council-controlled organisation. The focus is now on establishing the new water entity.

Negative effects

Any potential negative effects from the water supply, wastewater disposal and stormwater disposal activities are mitigated via a programme of environmental monitoring and compliance with consent conditions.

ROADS

- The Council achieved mixed progress against the mandatory performance measures for roads and footpaths. Those not achieved were a result of funding challenges for some categories of work as per National Land Transport funding approvals. Cyclone Gabrielle recovery is also an ongoing competing priority.
- A key Council focus has been on the rollout of Cyclone Gabrielle recovery projects. These are detailed in the ‘Key Initiatives and Projects’ section in this document.

Negative effects

Any potential negative effects from transportation activities are mitigated by complying with resource consents, adhering to a maintenance programme for the roading network and by investing in walking and cycling infrastructure that has less environmental impact. The negative effects of road accidents are being mitigated through increased investment in safety enhancements throughout the district. The Council’s high-risk safety programme has been approved by Waka Kotahi New Zealand Transport Agency and physical works are continuing throughout the district.

The funding impact statements on the following pages include internal interest but exclude non-cash items such as vested infrastructural assets and depreciation.

FUNDING IMPACT STATEMENT:		LTP Council 2024 \$'000	LTP Council 2025 \$'000	Actual Council 2025 \$'000	
Water Supply	Notes				
SOURCES OF OPERATING FUNDING					
General Rates, uniform annual general charge, rates penalties		165	161	152	KEY FINANCIAL VARIANCES
Targeted Rates		14,078	16,932	16,819	
Subsidies and grants for operating purposes		–	–	–	
Fees and charges		336	2,517	2,512	
Internal charges and overheads recovered		5,326	6,602	6,533	1. Timing of IAF funded projects -\$2.7m, Wilson Road WTP funding \$0.3m has resulted in lower spend than budgeted
Local Authorities fuel tax, fines, infringement fees and ot		–	–	490	2. Development contributions were below LTP plan reflecting a slower growth market than budgeted for.
Total operating funding (A)		19,906	26,211	26,506	
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers		9,470	12,002	11,364	3. Lower than budgeted capital spend has meant lower debt funding than anticipated.
Finance costs		2,679	5,678	5,579	4. Lower capital spend than LTP due to timing of Romanes Growth project
Internal charges and overheads applied		4,191	5,047	4,829	5. Lower capital spend than LTP due to timing of Water Supply projects (Treatment upgrades \$1.3m, Whirinaki/Esk \$0.7m)
Other operating funding applications		3	40	91	6. Lower capital spend than LTP due to timing of Water Supply projects (Reservoir upgrades \$2.1m, Omahu Rd \$1.9m)
Total applications of operating funding (B)		16,343	22,767	21,863	
Surplus (deficit) of operating funding (A-B)		3,564	3,444	4,643	
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	1	2,723	2,723	278	
Development and financial contributions	2	2,321	1,175	721	
Increase (decrease) in debt	3	685	15,472	7,074	
Gross proceeds from sale of assets		177	136	84	
Lump sum contributions		–	25	38	
Other dedicated capital funding		–	–	–	
Total sources of capital funding (C)		5,907	19,531	8,195	
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure					
To meet additional demand	4	4,090	1,804	388	
To improve the level of service	5	1,321	6,960	4,380	
To replace existing assets	6	4,060	14,212	8,038	
Increase decrease of reserves		–	–	32	
Increase (decrease) of investments		–	–	–	
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)		9,471	22,976	12,838	
Surplus (deficit) of Capital funding (C-D)		(3,564)	(3,444)	(4,643)	
TOTAL FUNDING BALANCE (A-B) + (C-D)		–	–	–	
Group depreciation and amortisation		3,420	7,868	8,622	

54 // HASTINGS DISTRICT COUNCIL ANNUAL REPORT 2024/2025

STATEMENT OF PLANNED CAPITAL WORKS:		LTP 2024/25 \$'000	Actual Council 2025 \$'000	Variance \$'000
Water Supply	Notes			
CAPITAL EXPENDITURE				
Meet additional demand		1,804	388	1,416
Improve level of service		6,960	4,380	2,580
To replace existing assets		14,212	8,038	6,174
Vested Infrastructural Assets		250	794	(544)
Total capital expenditure		23,226	13,600	9,626

STATEMENT OF MAJOR CAPITAL PROJECTS:		LTP 2024/25 \$'000	Actual Council 2025 \$'000	Variance \$'000
Water Supply	Notes			
Drinking Water Capital Overhead Allocation	1	–	819	(819)
New Water Connections – Establishment	2	–	726	(726)
Esk Ridge – Firefighting Water Supply	2	–	571	(571)
Backflow Preventers and New Water Meter Installations		1,000	1,048	(48)
Flaxmere Booster Pump Station (BPS)	3	200	58	142
Wastewater Collection Network – Reactive Renewals	3	500	49	451
Eastbourne Street to Sylvan Road – Pipeline Upgrade	3	700	243	457
Whirinaki/Esk Valley – Water Supply Resilience	3	750	65	685
Wastewater Collection Network – Planned Renewals	3	1,000	49	951
Brookfield Road – Development Infrastructure	3	1,500	–	1,500
Omahu Road – Drinking Water Main Renewal	3	3,770	1,903	1,867
Reservoir Infrastructure Upgrades	3	2,500	332	2,168

1. Represents a range of projects where funding was not separately allocated to individual initiatives.
2. Includes priority projects that were not budgeted for in the Long Term Plan.
3. Reflects projects that have been reprioritised, with completion now scheduled for a later date than originally planned in the Long Term Plan.

		LTP Council 2024 \$'000	LTP Council 2025 \$'000	Actual Council 2025 \$'000	
FUNDING IMPACT STATEMENT:					
Stormwater Drainage	Notes				
SOURCES OF OPERATING FUNDING					
General Rates, uniform annual general charge, rates penalties		3,543	5,897	4,995	KEY FINANCIAL VARIANCES Significant asset acquisitions or replacements and other variances 1. Lower than budgeted capital spend has meant lower debt funding than anticipated. 2. Lower capital spend than LTP due to timing of Lyndhurst – Mahora drainage, Howard St, & Flaxmere Urban stormwater projects 3. Lower capital spend than LTP due to timing of various Stormwater Projects
Targeted Rates		23	23	23	
Subsidies and grants for operating purposes		–	–	292	
Fees and charges		45	124	179	
Internal charges and overheads recovered		15	14	18	
Local Authorities fuel tax, fines, infringement fees and other receipts		–	–	97	
Total operating funding (A)		3,626	6,058	5,604	
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers		1,124	2,096	1,627	
Finance costs		750	1,155	1,134	
Internal charges and overheads applied		1,161	1,722	1,665	
Other operating funding applications		5	75	41	
Total applications of operating funding (B)		3,039	5,047	4,467	
Surplus (deficit) of operating funding (A-B)		587	1,010	1,137	
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure		–	1,000	1,125	
Development and financial contributions		766	845	89	
Increase (decrease) in debt	1	2,261	10,747	6,655	
Gross proceeds from sale of assets		–	–	–	
Lump sum contributions		–	–	–	
Other dedicated capital funding		–	–	–	
Total sources of capital funding (C)		3,027	12,592	7,869	
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure					
To meet additional demand	2	–	5,460	2,864	
To improve the level of service	3	2,437	6,644	4,946	
To replace existing assets		1,177	1,498	1,196	
Increase (decrease) in reserves		–	–	–	
Increase (decrease) of investments		–	–	–	
Total applications of capital funding (D)		3,614	13,602	9,006	
Surplus (deficit) of capital funding (C-D)		(587)	(1,010)	(1,137)	
Total funding balance (A-B) + (C-D)		–	–	–	
Group depreciation and amortisation		3,912	6,995	6,539	

STATEMENT OF PLANNED CAPITAL WORKS: Stormwater Disposal		LTP 2024/25 \$'000	Actual Council 2025 \$'000	Variance \$'000	
	Notes				
CAPITAL EXPENDITURE					
Meet additional demand		5,460	2,864	2,596	
Improve level of service		6,644	4,946	1,698	
To replace existing assets		1,498	1,196	302	
Vested Infrastructural Assets		250	1,705	(1,455)	
Total capital expenditure		13,852	10,711	3,141	
STATEMENT OF MAJOR CAPITAL PROJECTS: Stormwater Disposal		LTP 2024/25 \$'000	Actual Council 2025 \$'000	Variance \$'000	
	Notes				
Havelock North Streams – Catchment Management Plan (CMP)	1	1,000	1,705	(705)	1. Havelock North streams work was reprioritised due to the impacts of the Cyclone.
Havelock North Streams – Stage 2C Works	1	1,000	1,125	(125)	
Telemetry System Renewals		88	199	(111)	2. Reflects the timing of residential growth projects, with some activities occurring later than originally planned.
Collection Network – Planned Renewals		300	326	(26)	
Brookvale Road – Development Project	2	1,300	1,322	(22)	
Connection Establishment – All Sites		100	115	(15)	
Stormwater – Capex Overhead Allocation		320	301	19	
Iona–Middle Road Infrastructure	2	823	785	38	
Collection Network – Reactive Renewals		105	–	105	
Havelock North – Dam Break Risk Analysis	1	250	132	118	
Advanced Infrastructure Investigations		270	126	144	
Pump Stations – Various Locations		375	186	189	
Stormwater Quality – Improvement Initiatives	2	400	–	400	
Te Awanga Lagoon – Eco Reef Project	2	735	318	417	
Flaxmere – Urban Development Programme	2	1,000	236	764	
Howard Street – External Works	2	1,062	164	898	
Lyndhurst–Mahora Drainage Improvements	2	1,000	–	1,000	

FUNDING IMPACT STATEMENT: Sewerage and the treatment and disposal of sewerage		LTP Council 2024 \$'000	LTP Council 2025 \$'000	Actual Council 2025 \$'000		
	Notes					
SOURCES OF OPERATING FUNDING						
General Rates, uniform annual general charge, rates penalties		396	708	609	KEY FINANCIAL VARIANCES Significant asset acquisitions or replacements and other variances 1. Due to lower capital spend than budgeted (on which subsidies and grants are claimed against), lower than budgeted subsidies and grants were received. 2. Lower than budgeted capital spend has meant lower debt funding than anticipated. 3. Lower capital spend than LTP due to timing of Karamu, Waipatu, Paharakeke, Brookvale and Irongate growth projects 4. Lower capital spend than LTP due to timing of Flaxmere Rising Main and WWTP Projects (vs LTP).	
Targeted Rates (other than a targeted rate for water supply)		8,456	12,647	12,583		
Subsidies and grants for operating purposes		–	–	–		
Fees and charges		2,504	3,366	3,684		
Internal charges and overheads recovered		2,793	3,741	3,923		
Local Authorities fuel tax, fines, infringement fees and other receipts		–	–	258		
Total operating funding (A)		14,149	20,462	21,057		
APPLICATIONS OF OPERATING FUNDING						
Payments to staff and suppliers		3,548	6,194	5,326		
Finance costs		1,947	3,069	3,014		
Internal charges and overheads applied		5,263	6,756	6,683		
Other operating funding applications		8	107	57		
Total applications of operating funding (B)		10,766	16,125	15,080		
Surplus (deficit) of operating funding (A-B)		3,383	4,336	5,977		
SOURCES OF CAPITAL FUNDING						
Subsidies and grants for capital expenditure	1	14,795	7,000	5,859		
Development and financial contributions		4,817	2,552	1,323		
Increase (decrease) in debt	2	25,449	31,466	13,286		
Gross proceeds from sale of assets		–	24	–		
Lump sum contributions		259	–	23		
Other dedicated capital funding		–	–	–		
Total sources of capital funding (C)		45,320	41,041	20,491		
APPLICATIONS OF CAPITAL FUNDING						
Capital expenditure						
To meet additional demand	3	34,834	25,382	13,510		
To improve the level of service		912	1,923	1,224		
To replace existing assets	4	12,957	18,072	11,733		
Increase (decrease) in reserves		–	–	–		
Increase (decrease) of investments		–	–	–		
Total applications of capital funding (D)		48,703	45,378	26,467		
Surplus (deficit) of capital funding (C-D)		(3,383)	(4,336)	(5,977)		
Total funding balance (A-B) + (C-D)		–	–	–		
Group depreciation and amortisation		9,644	15,301	13,805		

STATEMENT OF PLANNED CAPITAL WORKS: Sewerage and the treatment and disposal of sewerage	Notes	LTP 2024/25 \$'000	Actual Council 2025 \$'000	Variance \$'000	
CAPITAL EXPENDITURE					
Meet additional demand		25,382	13,510	11,872	
Improve level of service		1,923	1,224	699	
To replace existing assets		18,072	11,733	6,339	
Vested Infrastructural Assets		250	416	(166)	
Total capital expenditure		45,627	26,883	18,744	
STATEMENT OF MAJOR CAPITAL PROJECTS: Sewerage and the treatment and disposal of sewerage	Notes	LTP 2024/25 \$'000	Actual Council 2025 \$'000	Variance \$'000	
Wastewater Treatment Plant – Infrastructure Renewals	1	–	2,322	(2,322)	1. Wastewater Treatment Plant (WWTP) infrastructure renewals have been reprioritised, with work now scheduled for a later date than originally planned in the Long Term Plan.
Inland Trunk Sewer – Renewal Works	2	2,850	3,508	(658)	
Wastewater Network – CCTV Investigations	2	100	730	(630)	
Howard Street – Wastewater Infrastructure		2,362	2,405	(43)	2. The timing of trunk sewer and investigation work differs from what was planned in the Long Term Plan.
Process Investigations – Treatment and Network		100	108	(8)	3. Reflects changes in the timing of projects compared to the original schedule.
Hastings Medium-Density – Capacity Upgrade & Renewal	3	100	–	25	
Iona–Middle Road – Wastewater Infrastructure		686	647	39	
Railway Corridor – Industrial Wastewater Development	3	50	–	50	
Groyne Structure – Renewal Works	3	100	–	100	
Wastewater Network – Hydraulic Model Build	3	100	–	100	
Pipework and Chambers – Renewals	3	100	–	100	
Collection Network – Reactive Renewals		500	205	113	
Lyndhurst (Stage II) – Wastewater Infrastructure		200	76	124	
Construction of Third Biological Trickling Filter (BTF)	3	157	–	157	
Reactive Rising Main – Renewals	3	200	–	200	
Urban Trunk Sewer – Renewal Programme		1,000	795	205	
Advanced Wastewater Investigations		300	90	210	
Pump Station – Upgrades & Renewals		600	368	232	
Park Road North Pump Station – Capacity Upgrade & Renewal	3	400	123	277	
Major Capital Projects – Delivery Programme	3	324	–	324	
Outfall System – Diffuser, Manifold & Submarine Section Engagement	3	500	85	415	
Collection Network – Planned Renewals	3	900	387	513	
Flaxmere Pump Station – Capacity Upgrade & Renewals	3	1,000	90	910	
HTST Irongate/York – Pump Station & Rising Main	3	4,000	2,575	1,425	
Flaxmere Rising Main – Capacity Upgrade & Renewal	3	3,175	1,075	2,100	
Paharakeke Wastewater Main – Growth Infrastructure	3	9,500	6,177	3,323	
Karamu/Waipatu/Otene – Pump Station & Wastewater Trunk	3	6,500	264	6,236	

FUNDING IMPACT STATEMENT:		LTP Council	LTP Council	Actual Council		
Roads and Footpaths	Notes	2024 \$'000	2025 \$'000	2025 \$'000		
SOURCES OF OPERATING FUNDING						
General Rates, uniform annual general charge, rates penalties		21,830	24,389	21,925	KEY FINANCIAL VARIANCES Significant operating variances	
Targeted Rates		597	595	603		
Subsidies and grants for operating purposes	1	7,731	7,981	15,919		1. Operational grants include \$7.9 million for Cyclone Gabrielle and emergency reinstatement, and \$7.6 million from other operational grants. 2. Recovery of Cyclone Gabrielle and emergency reinstatement costs from the Cyclone Activity cost centre. 3. Payments to staff and suppliers include \$5.1 million for Cyclone Gabrielle and emergency reinstatement costs. Significant asset acquisitions or replacements and other variances
Fees and charges		2,482	2,208	2,120		
Internal charges and overheads recovered	2	3,352	5,052	10,391		
Local Authorities fuel tax, fines, infringement fees and other receipts		319	522	671		
Total operating funding (A)		36,310	40,747	51,629		
APPLICATIONS OF OPERATING FUNDING						
Payments to staff and suppliers	3	17,641	18,589	25,657	4. Capital grants for Cyclone Recovery total \$110.3 million, including: Emergency Reinstatement (\$17.8 million), Kereru Gorge (\$27.1 million), Puketapu Bridge (\$20.1 million), and Dartmoor Road (\$12.8 million). Expenditure on asset replacements related to Cyclone Gabrielle is reported for consistency with the previous Annual Report and Schedule 10 of the Local Government Act 2002, although classified as "Cyclone Related" in the 2024–34 Long Term Plan.	
Finance costs		1,184	1,520	1,534		
Internal charges and overheads applied		5,770	7,473	7,847		
Other operating funding applications		14	17	14		
Total applications of operating funding (B)		24,609	27,599	35,052		
Surplus (deficit) of operating funding (A-B)		11,701	13,149	16,577		
SOURCES OF CAPITAL FUNDING						
Subsidies and grants for capital expenditure	4	14,703	14,002	119,006	5. Lower than budgeted capital spend (non Cyclone projects) has meant lower debt funding required. 6. Due to the prioritisation of Cyclone Gabrielle projects, works budgeted to improve levels of service have been moved to a later timing. 7. Replacement of existing assets includes \$118 million for Cyclone Gabrielle projects, consistent with the previous Annual Report and Schedule 10 of the Local Government Act 2002, although classified as "Cyclone Related" in the 2024–34 Long Term Plan.	
Development and financial contributions		2,648	1,503	1,675		
Increase (decrease) in debt	5	(53)	3,745	2,528		
Gross proceeds from sale of assets		33	70	9		
Lump sum contributions		28	–	–		
Other dedicated capital funding		–	–	–		
Total sources of capital funding (C)		17,359	19,320	123,218		
APPLICATIONS OF CAPITAL FUNDING						
Capital expenditure						
To meet additional demand		2,467	6,516	6,108		
To improve the level of service	6	7,393	5,120	1,706		
To replace existing assets	7	19,200	20,833	131,901		
Increase (decrease) in reserves		–	–	80		
Increase (decrease) of investments		–	–	–		
Total applications of capital funding (D)		29,060	32,469	139,795		
Surplus (deficit) of capital funding (C-D)		(11,701)	(13,149)	(16,577)		
Total funding balance (A-B) + (C-D)		–	–	–		
Group depreciation and amortisation		13,898	20,793	24,955		

STATEMENT OF PLANNED CAPITAL WORKS:		LTP 2024/25 \$'000	Actual Council 2025 \$'000	Variance \$'000
Roads and Footpaths	Notes			
CAPITAL EXPENDITURE				
To meet additional demand		6,516	6,108	408
To improve the level of service		5,120	1,706	3,414
To replace existing assets		20,833	131,901	(111,068)
Vested Infrastructural Assets		–	3,515	(3,515)
Total capital expenditure		32,469	143,230	(110,761)
STATEMENT OF MAJOR CAPITAL PROJECTS:		LTP 2024/25 \$'000	Actual Council 2025 \$'000	Variance \$'000
Roads and Footpaths (Non-Cyclone Related)	Notes			
AWPT – Sealed Pavement Rehabilitation	1	7,583	–	7,583
Subdivision Infrastructure Support	1	6,516	–	6,516
Maintenance Seals – Sealed Road Surfacing		4,979	6,716	(1,737)
Iona Road – Infrastructure Works	1	4,541	–	4,541
Brookvale Road – Development Project	1	2,450	–	2,450
Minor Safety Improvements Programme	1	2,300	–	2,300
Howard Street – Roding Infrastructure	1	2,280	–	2,280
New Road Construction	1	1,975	–	1,975
Road Drainage – Renewal Works		1,953	2,014	(61)
Nottingley Roundabout – Subdivision Support (30%)		1,870	1,438	(432)
Traffic Services – Renewals	1	1,633	–	1,633
Omahu – Industrial Development	1	1,216	–	1,216
Unsealed Roads – Metalling Programme		1,068	1,263	(195)
Footpath – Renewals Programme		2,102	266	1,836
Associated Roding Improvements		857	–	857
Structural Components – Replacement Programme		761	–	761
CBD & Suburban – Commercial Development		900	521	379
Advance Fees – Investigations & Options Reporting	1	484	–	484
Kerb & Channel – Renewals	1	190	–	190
Plant, Machinery & Vehicle – Renewals		133	–	133
Street Lighting – Infrastructure Upgrades		162	–	162
Public Transport – Infrastructure Improvements		172	–	172
CBD Havelock North – Development Works		100	65	37
Cycleways & Pathways – Network Expansion		91	–	91
Information & Directional Signage & Kiosks		32	–	32
Other Machinery, Furniture & Equipment – Renewals		18	–	18

1. Timing of Roding projects planned in the Long Term Plan, in some cases disrupted by prioritisation of Cyclone Recovery works.

STATEMENT OF MAJOR CAPITAL PROJECTS: Roads and Footpaths (Cyclone Related)		LTP 2024/25 \$'000	Actual Council 2025 \$'000	Variance \$'000	The \$118 million spent on replacing existing assets relates to Cyclone Gabrielle recovery projects. This treatment is consistent with last year's Annual Report and Schedule 10 of the Local Government Act 2002, although these amounts are classified as "Cyclone Related" within the 2024–34 Long Term Plan.
	Notes				
Matapiro Bridge – Replacement Project		–	3,313	(3,313)	
Puketapu Bridge – Replacement Project		–	19,389	(19,389)	
Dartmoor Road – Slip Repairs		–	12,778	(12,778)	
Glengarry Road – Slip Repairs		–	2,430	(2,430)	
Kahuranaki Road – Slip Repairs		–	1,093	(1,093)	
Kereru Gorge – Culvert Replacement		–	27,112	(27,112)	
McVicars Road – Culvert Replacement		–	1,801	(1,801)	
Puketitiri Road – Slip Repairs		–	2,917	(2,917)	

SAFE, HEALTHY AND LIVEABLE COMMUNITIES

The section titled ‘Our Reporting Framework’ outlines the detailed achievement for the year for this activity group. Summary information on the key matters within this activity group can also be found within the section titled ‘Key Initiatives and Projects’.

In summary this group of activities primarily contributes to the following community outcomes:

- best use of productive land
- managing negative effects on people, air, land and water
- a community that wastes less
- energy efficiency
- an attractive location to live
- diversity in housing choice
- attractive and usable public spaces
- safe, multi-functional urban centres
- safe neighbourhoods for people
- connected open space
- urban areas resilient to hazards and shocks
- places and space for learning and interaction
- places and space for recreation and fun
- a strong district identity
- putting people at the centre of planning and service
- effective working relationships with mana whenua
- assisting our people to succeed.

A snapshot of the key aspects of performance for this group of activities during the year is as follows:

- This activity group contains a broad range of services and facilities. The majority (92%) of the levels of service for this group of activities which were measured, were achieved or substantially achieved. However, the dog registration rate and impounded release rates were down in 2024/25.
- Splash Planet attracted over 82,000 visitors during the 2024/25 summer period.
- The Landfill development programme continued through the year with progress as planned to provide new landfill space for the future.
- Further enhancements on our parks include the Grant Street reserve playground upgrade and renewal of playgrounds at Meisner and Frimley reserves.
- Recovery work from Cyclone Gabrielle was focussed on new bridges within the Havelock North reserves and remedial work at Puketapu Park.

Negative effects

The only significant negative effect identified for this group of activities is the potential discharge of contaminants from the landfill. The Council mitigates these potential adverse effects through adherence with resource consent conditions. No significant breaches were recorded in 2023/24. The Council is also accredited under the ISO9000:2001 standard which is adhered to.

FUNDING IMPACT STATEMENT: Safe, Healthy and Liveable Communities		LTP Council 2024 \$'000	LTP Council 2025 \$'000	Actual Council 2025 \$'000	KEY FINANCIAL VARIANCES Significant operating variances
	Notes				
SOURCES OF OPERATING FUNDING					
General Rates, uniform annual general charge, rates penalties	1	41,385	54,209	47,437	1. Both operational and capital expenditure were less than budgeted for, as such the rate requirement for this activity group was lower than budgeted.
Targeted Rates		6,207	7,028	6,863	
Subsidies and grants for operating purposes		30	3,173	2,935	
Fees and charges	2	32,881	39,394	34,236	
Internal charges and overheads recovered	3	14,789	18,884	21,370	2. Fees and charges are lower than planned, primarily due to reduced landfill volumes, Emissions Trading Scheme (ETS) and Waste Levy revenue (\$4.2 million), and lower Splash Planet revenue (\$0.6 million).
Local Authorities fuel tax, fines, infringement fees and other receipts	4	94	29	1,762	
Total operating funding (A)		95,386	122,718	114,603	
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	5	50,529	66,353	62,675	3. Internal charges and overheads recovered include revenue from landfill refuse transfer station (RTS), ETS, and Waste Levy.
Finance costs		2,465	5,238	5,610	
Internal charges and overheads applied	6	23,234	29,724	27,997	4. Other receipts include proceeds from land sales related to Flaxmere developments.
Other operating funding applications	7	4,737	7,227	3,389	
Total applications of operating funding (B)		80,964	108,543	99,671	5. Lower than budgeted costs were driven by staff vacancies in this activity group.
Surplus (deficit) of operating funding (A-B)		14,422	14,175	14,932	
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	8	306	12,480	8,661	6. Internal charges and overheads applied reflect costs associated with landfill RTS, ETS, and Waste Levy.
Development and financial contributions		879	493	366	
Increase (decrease) in debt	9	2,414	16,412	9,297	7. Other operating funding is favourable and includes landfill ETS costs (\$3.5 million). The Regional Sports Park grant for the carpark (\$1.35 million) has been withheld until 2025–26.
Gross proceeds from sale of assets		405	2,598	2,518	
Lump sum contributions		—	—	—	— Significant asset acquisitions or replacements and other variances
Other dedicated capital funding		—	—	—	
Total sources of capital funding (C)		4,004	31,983	20,842	
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure					
To meet additional demand		37	50	22	8. Subsidies and grants for capital expenditure were unfavourable to budget due to the timing of the Affordable Housing capital grant (\$3.5 million) and Hawke's Bay Museum grant (\$1.9 million), both funded by government grants.
To improve the level of service	10	12,416	35,632	25,620	
To replace existing assets	11	5,973	10,476	7,615	9. The lower debt requirement is due to lower spending than budgeted for.
Increase (decrease) in reserves	12	—	—	2,516	
Increase (decrease) of investments		—	—	—	10. Capital expenditure to improve the level of service is lower than the LTP, mainly due to timing of Affordable Housing (\$5.7 million), Hawke's Bay Museum storage (\$2.5 million), and CBD projects (\$1.4 million).
Total applications of capital funding (D)		18,425	46,158	35,773	
Surplus (deficit) of capital funding (C-D)		(14,422)	(14,175)	(14,932)	
Total funding balance (A-B) + (C-D)		—	—	—	
Group depreciation and amortisation		6,802	10,755	11,353	11. Capital expenditure to replace existing assets is lower than planned, reflecting the deferment of new cemetery development (\$0.8 million) and playground projects (\$0.8 million).
					12. The building reserve, previously in deficit, has now been converted to debt.

STATEMENT OF PLANNED CAPITAL WORKS: Safe Healthy and Liveable Communities	Notes	LTP 2024/25 \$'000	Actual Council 2025 \$'000	Variance \$'000
CAPITAL EXPENDITURE				
Meet additional demand		50	22	28
Improve level of service		35,632	25,620	10,012
To replace existing assets		10,476	7,615	2,861
Total capital expenditure		46,158	33,257	12,901

STATEMENT OF MAJOR CAPITAL PROJECTS: Safe Healthy Liveable Communities	Notes	LTP 2024/25 \$'000	Actual Council 2025 \$'000	Variance \$'000
CBD & Suburban Parks – Redevelopment (Miscellaneous)	1	2,200	759	1,441
Hawke's Bay Museum – Storage Development	2	14,029	11,520	2,508
Affordable Housing Fund – Senior Housing Projects	3	7,770	2,054	5,717
Haumoana Hall – Facility Improvements		410	655	(245)
Tomoana Showgrounds Park – Development Works		100	315	(215)
Elm Flats – Housing Upgrades		62	263	(201)
Cambridge Flats – Housing Upgrades		65	196	(132)
Puketapu Domain – Toilet Facilities Upgrade		68	152	(84)
Havelock North Community Centre – Enhancements		30	102	(72)
General Reserve – Reinstatement Works		500	568	(68)
Waterworld – Facility Maintenance & Upgrades		86	145	(59)
Playgrounds – Upgrade Programme		110	165	(55)
Hastings Sports Centre – Facility Improvements		78	108	(30)
Civic Square – Urban Enhancement Works		950	964	(14)
Streetscape – New Works Programme		196	208	(12)
Windsor Park – Reserve Management Plan Implementation		150	152	(2)
Park Assets – New Installations		150	148	2
Computer & Office Equipment – Renewals		151	146	5
Adult Books – Library Collection Renewal		210	204	6
Oakleigh Flats – Housing Upgrades		584	548	36
Swansea Flats – Housing Upgrades		783	747	36
Other Machinery & Equipment – Renewals		287	236	51
Office Furniture & Fittings – Renewals		232	172	60
Clive Pool – Facility Upgrades		500	393	107
Tui Flats – Housing Upgrades		246	108	138
Landfill Valley – Development Stages B & C		4,726	4,486	240
Parkhaven Flats – Housing Upgrades		437	100	337
Plant, Machinery & Vehicles – Renewals		1,044	550	494
Splash Planet – Facility Enhancements		704	121	583
Landfill Valley – Development Stages A & D		2,315	1,694	621

1. CBD development was delayed, with priority given to H Central and Civic Square projects.
2. The favourable variance is due to the timing of the completion of the museum storage facility (due to be completed early 25/26).
3. The Flaxmere Affordable Housing Project was not included in the Long Term Plan budget.

ECONOMIC AND COMMUNITY DEVELOPMENT

The section titled ‘Our Reporting Framework’ outlines the detailed achievement for the year for this activity group. Summary information on the key matters within this activity group can also be found within the section titled ‘Key Initiatives and Projects’.

This group of activities primarily contributes to the following community outcomes:

- an enhanced traditional economic base
- new and diversified business investment
- an appealing visitor destination
- skilled and enterprising people
- an attractive location to live
- diversity in housing choice
- attractive and useable public spaces
- safe, multi-functional urban centres and neighbourhoods
- a strong district identity
- putting people at the centre of planning and service
- effective working relationships with mana whenua
- young people connect and develop positively within the community
- appropriate services and facilities for an ageing population.

A snapshot of the key aspects of performance for this group of activities during the year is as follows:

- Significant progress was made on various housing developments within the Flaxmere area which are further detailed in the ‘Key Initiatives and Projects’ section in this document.
- Council provided on-going active support to facilitate industrial land uptake at Irongate, Ōmāhu and Whakatū.
- A 9-month online campaign run during 2024/25 focused on Hastings as a desirable place to live, work, and invest in. Results: 125,507 completed views, 285% uplift in web traffic
- Council helped to facilitate a new supermarket development in Flaxmere.

Negative effects

Negative effects can result in the form of environmental issues associated with increased development. The Council have adopted an Infrastructure Code of Practice developed on sustainability principles and best practice which sets out infrastructure guidelines for new developments.

FUNDING IMPACT STATEMENT:		LTP Council	LTP Council	Actual Council
Economic and Community Development		2024	2025	2025
SOURCES OF OPERATING FUNDING		\$'000	\$'000	\$'000
General Rates, uniform annual general charge, rates penalties	Notes	10,073	12,157	11,586
Targeted Rates		346	469	465
Subsidies and grants for operating purposes		53	292	446
Fees and charges		366	344	744
Internal charges and overheads recovered		–	–	410
Local Authorities fuel tax, fines, infringement fees and other receipts		–	–	1
Total operating funding (A)		10,838	13,261	13,652
APPLICATIONS OF OPERATING FUNDING				
Payments to staff and suppliers		7,345	9,402	9,144
Finance costs		43	13	14
Internal charges and overheads applied		1,783	3,095	2,937
Other operating funding applications		1,580	1,768	1,771
Total applications of operating funding (B)		10,750	14,279	13,866
Surplus (deficit) of operating funding (A-B)		88	(1,018)	(214)
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure		–	–	67
Development and financial contributions		–	–	–
Increase (decrease) in debt		107	1,067	394
Gross proceeds from sale of assets		34	18	74
Lump sum contributions		–	–	–
Other dedicated capital funding		–	–	–
Total sources of capital funding (C)		141	1,085	535
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure				
To meet additional demand		–	–	–
To improve the level of service		–	68	209
To replace existing assets		228	–	99
Increase (decrease) in reserves		–	–	12
Increase (decrease) of investments		–	–	–
Total applications of capital funding (D)		228	68	320
Surplus (deficit) of capital funding (C-D)		(88)	1,018	214
Total funding balance (A-B) + (C-D)		–	–	–
Group depreciation and amortisation		72	90	120
STATEMENT OF PLANNED CAPITAL WORKS:		LTP	Actual Council	Variance
Economic and Community Development		2024/25	2025	
CAPITAL EXPENDITURE		\$'000	\$'000	\$'000
Meet additional demand	Notes	–	–	–
Improve level of service		68	209	(141)
To replace existing assets		–	99	(99)
Total capital expenditure		68	308	(240)

GOVERNANCE AND SUPPORT SERVICES

The section titled ‘Our Reporting Framework’ outlines the detailed achievement for the year for this activity group. Summary information on the key matters within this activity group can also be found within the section titled ‘Key Initiatives and Projects’.

This group of activities primarily contributes to the following community outcomes:

- putting people at the centre of planning and service
- effective working relationships with mana whenua
- a future we can fund.

A snapshot of the key aspects of performance for this group of activities during the year is as follows:

- Customer feedback for the Customer Service Centre and Call Centre remains steady, broadly achieving the targets that have been set.
- The Council's targets for website usage were exceeded with an average of 40,681 unique visitors per month.
- No breaches of statutory planning processes were recorded during the year.
- The section titled ‘*Exercising Partnership – Council, Tangata Whenua, Mana Whenua*’ outlines the activities undertaken during 2024-25 to establish and maintain processes to provide opportunities for mana whenua to exercise partnership in decision making.



FUNDING IMPACT STATEMENT: Governance and Support		LTP Council 2024 \$'000	LTP Council 2025 \$'000	Actual Council 2025 \$'000	
Notes					
SOURCES OF OPERATING FUNDING					
General Rates, uniform annual general charge, rates penalties	1	3,073	(12,820)	–	KEY FINANCIAL VARIANCES Significant operating variances
Targeted Rates		(1,309)	154	–	
Subsidies and grants for operating purposes		–	–	652	
Fees and charges		531	442	754	
Internal charges and overheads recovered		18,304	23,180	22,127	
Local Authorities fuel tax, fines, infringement fees and other receipts		566	740	1,076	1. General rates in the budget incorrectly included the planned deficit instead of correctly reflecting this as a debt increase. 2. Payments to staff and suppliers includes Local Water Done Well operational expenditure (\$0.8 million) that was not budgeted for.
Total Operating Funding (A)		21,165	11,697	24,609	
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	2	14,482	17,731	20,206	Significant asset acquisitions or replacements and other variances
Finance costs		109	3,232	3,250	
Internal charges and overheads applied		5,301	5,360	5,231	3. Budget is incorrect – this should have gone through debt. 4. Increase in investments includes the LGFA investment (\$4.9 million) and Food East investment (\$0.1 million).
Other operating funding applications		1,233	1,231	1,343	
Total applications of operating funding (B)		21,124	27,553	30,030	
Surplus (deficit) of operating funding (A-B)		40	(15,856)	(5,421)	
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure			–	306	
Development and financial contributions			–	–	
Increase (decrease) in debt	1&3	3,121	714	12,227	
Gross proceeds from sale of assets		137	61	19	
Lump sum contributions			–	–	
Other dedicated capital funding			–	–	
Total sources of capital funding (C)		3,258	775	12,552	
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure					
To meet additional demand		–	–	–	
To improve the level of service	3	–	(20,000)	64	
To replace existing assets		2,895	927	785	
Increase (decrease) in reserves		–	–	1,161	
Increase (decrease) of investments	4	404	3,992	5,121	
Total applications of capital funding (D)		3,299	(15,081)	7,131	
Surplus (deficit) of capital funding (C-D)		(40)	15,856	5,421	
Total funding balance (A-B) + (C-D)		–	–	–	
Group depreciation and amortisation		1,234	1,839	1,526	

STATEMENT OF PLANNED CAPITAL WORKS: Governance and Support Services		LTP 2024/25 \$'000	Actual Council 2025 \$'000	Variance \$'000
	Notes			
CAPITAL EXPENDITURE				
Meet additional demand		—	—	—
Improve level of service		(20,000)	64	(20,064)
To replace existing assets		927	785	142
Total capital expenditure		(19,073)	849	(19,922)
STATEMENT OF MAJOR CAPITAL PROJECTS: Governance and Support Services		LTP 2024/25 \$'000	Actual Council 2025 \$'000	Variance \$'000
	Notes			
Technology One systems	1	817	—	817
PC / Laptop Replacements		225	228	(3)
Server Room Environmental costs		0	123	(123)

1. The Tech One upgrade has been delayed from the timing planned in the Long Term Plan. Costs incurred to date have been treated as operating expenditure rather than capital expenditure.
2. The server room upgrade was brought forward and completed earlier than planned due to operational necessity.

CYCLONE GABRIELLE RECOVERY

The section titled ‘Our Reporting Framework’ outlines the detailed achievement for the year for this activity group. Summary information on the key matters within this activity group can also be found within the section titled ‘Key Initiatives and Projects’.

This group of Council activities is focused on the recovery from Cyclone Gabrielle inclusive of property buy-outs and transport recovery activity and contributes to the following community outcomes:

- Our communities are safe and resilient.
- The transport network links people, goods and opportunities

A snapshot of the key aspects of performance for this group of activities during the year is as follows:

- Around 96% of Category 3 property owners have engaged in the buy-out process with the Voluntary Buyout Office (VBO).
- 90.4% of voluntary buyouts were completed through the buy-out process and the policy was formally concluded and closed 30 June 2025.
- 35% completion of the total 7-year roading recovery programme as of 30 June 2025.
- Key recovery projects included Chrystal Culvert in Tutira, culvert and road repairs at Kereru Gorge and Dartmoor Road, construction of Matapiro and Puketapu bridges and numerous slip repairs across the network.



FUNDING IMPACT STATEMENT: Cyclone Gabrielle Recovery		LTP Council 2024 \$'000	LTP Council 2025 \$'000	Actual Council 2025 \$'000		
Notes						
SOURCES OF OPERATING FUNDING						
General Rates, uniform annual general charge, rates penalties		875	–	–	KEY FINANCIAL VARIANCES Significant operating variances 1. The budget did not include Cyclone rate remissions. 2. Crown funding /grants \$3.3m, Red Cross Funding \$0.1m. 3. Timing of Insurance Reimbursements \$5.5m, Revenue Relating to Category 3 property sales \$1.6m. 4. At the time of forecasting the budget it was not clear the level of costs required to demolish property buildings for Category 3 properties, and actuals ended up much lower than anticipated. 5. Costs charged internally from Infrastructure activities (mainly Roothing) that were not budgeted for. 6. Asset Write offs relating to Cyclone Gabrielle were not budgeted for. Significant asset acquisitions or replacements and other variances 7. Increased Debt requirement from Cyclone Activities. 8. Proceeds from Sale of Properties in relation to Category 3 land. 9. There were a number of forecasted properties that opted out of the Category 3 land purchase programme. 10. \$120m spend replacing existing assets relates to Cyclone Gabrielle projects. To be consistent with last year's Annual Report and the interpretation of Schedule 10 of the Local Government Act 2002, this has been included under the Funding Impact Statement for the relevant activity mainly Water and Roads which differs from where the budget was set in the 2024-34 Long Term Plan.	
Targeted Rates	1	–	8,670	7,751		
Subsidies and grants for operating purposes	2	35,000	22,696	19,264		
Fees and charges	3	–	8,220	1,119		
Internal charges and overheads recovered		–	–	–		
Local Authorities fuel tax, fines, infringement fees and other receipts		–	350	178		
Total Operating Funding (A)		35,875	39,936	28,313		
APPLICATIONS OF OPERATING FUNDING						
Payments to staff and suppliers	4	–	12,304	6,530		
Finance costs		875	2,004	1,968		
Internal charges and overheads applied	5	–	1,296	7,582		
Other operating funding applications	6	70,000	22,267	31,838		
Total applications of operating funding (B)		70,875	37,870	47,918		
Surplus (deficit) of operating funding (A-B)		(35,000)	2,066	(19,605)		
SOURCES OF CAPITAL FUNDING						
Subsidies and grants for capital expenditure	10	–	113,434	–		
Development and financial contributions		–	–	–		
Increase (decrease) in debt	7	35,000	24,502	26,621		
Gross proceeds from sale of assets	8	–	–	2,385		
Lump sum contributions		–	–	–		
Other dedicated capital funding		–	–	–		
Total sources of capital funding (C)		35,000	137,936	29,006		
APPLICATIONS OF CAPITAL FUNDING						
Capital expenditure						
To meet additional demand		–	–	–		
To improve the level of service	9	–	19,747	9,401		
To replace existing assets	10	–	120,255	–		
Increase (decrease) in reserves		–	–	–		
Increase (decrease) of investments		–	–	–		
Total applications of capital funding (D)		–	140,002	9,401		
Surplus (deficit) of capital funding (C-D)		35,000	(2,066)	19,605		
Total funding balance (A-B) + (C-D)		–	–	–		
Group depreciation and amortisation		–	–	52		

STATEMENT OF PLANNED CAPITAL WORKS:		LTP	Actual Council	
Cyclone Gabrielle – Voluntary Residential Property and Property Rights		2024/25	2025	Variance
		\$'000	\$'000	\$'000
CAPITAL EXPENDITURE				
Meet additional demand		–	–	–
Improve level of service		19,747	9,401	10,346
To replace existing assets		120,255	–	120,255
Total capital expenditure		140,002	9,401	130,601
STATEMENT OF MAJOR CAPITAL PROJECTS:		LTP	Actual Council	
Cyclone Gabrielle – Voluntary Residential Property and Property Rights		2024/25	2025	Variance
		\$'000	\$'000	\$'000
Category 3 Buyout Office and Properties		4,100	9,401	(5,301)
HDC Cyclone Recovery – Culvert Replacements		13,200	–	13,200
HDC Cyclone Recovery – slips tier 2 & 3		7,750	–	7,750
Bridge 816 Redclyffe – Replacement		1,000	–	1,000
Bridge 805 Brookfield – Replacement / Construction		329	–	329
Bridge 144 Ellis Wallis – Replacement / Construction		953	–	953
Bridge 210 Follies – Replacement / Construction		440	–	440
Bridge 455 Moerangij – Replacement / Construction		184	–	184
Bridge 225 Mangatutu Low Level – Replacement / Construction		280	–	280
Whirinaki / Esk – Supply Resilience		100	–	100

1. The \$118 million spent on replacing existing assets relates to Cyclone Gabrielle recovery projects. This treatment is consistent with last year's Annual Report and Schedule 10 of the Local Government Act 2002, although these amounts are classified as "Cyclone Related" within the 2024–34 Long Term Plan.

TE WHAKATINANA I TE KŌTURINGA – TE KAUNIHERA ME TE MANA WHENUA **EXERCISING PARTNERSHIP – COUNCIL AND MANA WHENUA**



EXERCISING PARTNERSHIP – COUNCIL AND MANA WHENUA

The 2024/2025 year has been action packed for Te Rōpū Pou Ahurea in our portfolio of Relationships, Responsiveness and Heritage. Te Rōpū Pou Ahurea work vertically across all Council functions and provide high quality cultural advice to Council plans, strategies and projects. In addition, we uphold the integrity of tikanga Māori and Māori engagement across the organisation.

Te Rōpū Pou Ahurea includes Council Officer's who engage with mana whenua for the purposes of their work across Learning & Development, Three Waters, Waste Minimisation, Parks & Reserves, Community Engagement, and the Cyclone Transport Recovery Programme.

The primary workstreams for the team this year have been:

- Mana Whenua Relationships and Partnerships
- Ngā Pou o Heretaunga Renewal
- Cyclone Gabrielle Transport Recovery Programme
- Marae Resilience
- Heretaunga Ararau Te Reo Māori Action Plan
- Te Hā o Waiaroha Principles
- Mukupara Waste Minimisation

The following narrative provides a summary of the 2024/2025 year for Te Rōpū Pou Ahurea:

COUNCIL GOVERNANCE

COUNCIL KAUMĀTUA

Mr Owen Jerry Hāpuku MNZM holds the role of Council Kaumātua with the primary task of supporting the Mayor in her ceremonial duties across Heretaunga Hastings. Pāpa Jerry is a calming presence alongside the Mayor and Council at public events and official Council business.

Of significance this year is the installation of portrait for the Council Kaumātua to the Council Chamber Foyer alongside the painted portraits for current and past Mayors of Hastings.



MAYORAL KOROWAI 'TE HONONGA TĀNGATA'

In January *Te Hononga Tāngata* was presented to the Mayor by Master Weaver Karmen Thompson of Ngāti Upokoiri and Ngāti Rangikoianake. *Te Hononga Tāngata* is a korowai made entirely of muka *phormium fibre* with pāheke *adornments of red wool*. Everything has been hand extracted using a kuku mussel shell and is hand spun on the leg. The korowai took 26 months to make.

Te Hononga Tangata symbolises, union, binding of people/ cultures, connections and nurturing relationships.

**HERETAUNGA TAKOTO NOA MĀORI
STANDING COMMITTEE**

The Pou Ahurea Matua is the Reporting Officer for the Heretaunga Takoto Noa Kōmiti, which comprises the Mayor, six Councillors (three Takitimu Māori Ward Councillors), and eight Mana Whenua Members supported by the Council Kaumātua.

The Kōmiti is underpinned by kotahitanga *unity*, bringing together Council and the Māori Authorities that represent mana whenua:

- Ngāti Kahungunu Iwi Inc.
- Te Taiwhenua o Heretaunga
- Te Taiwhenua o Te Whanganui-a-Orotū
- Ngāti Pāhauwera Development Trust
- Maungaharuru-Tangitū Trust
- Ngāti Hineuru Trust
- Tamatea Pōkai Whenua Trust
- Mana Ahuriri Trust

The Kōmiti have welcomed Mr Api Robin as the representative for Te Taiwhenua o Te Whanganui a Rotu and have farewelled Mr Tipene Cotterill as the representative for Mana Ahuriri Trust.

**HDC: TANGATA WHENUA WASTEWATER
JOINT COMMITTEE**

The Tangata Whenua Wastewater Joint Committee is established as a requirement of Council's Wastewater Discharge Consent (Condition 29). The Committee maintains Governance oversight of Te Whare o Whiro The Wastewater Treatment Plant at Waipureku East Clive.

Half the Committee are Tangata Whenua representatives whose functions include, but are not limited to receiving, reviewing, and recommending action on reports such as the Annual Wastewater Compliance Report and involvement in the nine yearly consent review.

The Committee is currently chaired by Takitimu Ward Councillor Ana Apatu and a key focus is a cultural review as a part of the nine-year consent review.

RELATIONSHIPS

A core function of Te Rōpū Pou Ahurea is establishing, maintaining, and strengthening relationships with Māori Authorities, Māori Communities, Whānau, Hāpu, and marae.

Te Tiriti o Waitangi The Treaty of Waitangi is central to Council's mana whenua relationships which now demands a shift to formalised partnerships with legislated Post Settlement Governance Entities (PSGE's) and Iwi Authorities. Having maintained positive mana whenua relationships for a long time, Council is well positioned to move into formalised partnerships to realise the cultural, economic, social, and environmental aspirations of their respective Treaty of Waitangi Settlement Claims Acts.

Through the Cyclone Recovery there has been a strengthening of direct relationships with Marae Committees and Hapū Trusts. For the purposes of the Cyclone Recovery Council engage directly with:

- Ngā Piringa Hapū o Ōmāhu
- Ngāti Pārau Hapū Trust
- Ngā Uri o Te Heipora (Karanema Reserve)

Through the workplan of Te Rōpū Pou Ahurea relationships have been strengthened with Iwi Arts Organisations and Te Reo Māori providers. The key relationships Te Rōpū Pou Ahurea engage with are:

- Iwi Toi Kahungunu
- Ngāti Kahungunu Rūnanga Arts & Culture Board
- Ngā Marae o Heretaunga
- Te Rōpū Raranga Whatu o Ngāti Kahungunu ki Heretaunga
- Kauwaka Ltd.

At an operational level, relationships are guided by Heretaunga Ringahora Council's Māori Engagement Framework, which ensures that all relationships with Māori are genuine, authentic, and contribute to positive participation and partnership into Council business.

Of note this year is a Memorandum of Understanding signed between Council and Para Kore for the delivery of Māori waste minimisation programmes at marae and in communities.

RESPONSIVENESS

TE HĀ O WAIAROHA THE WAIAROHA WAY

Through a series of workshops and engagement with Council's Māori Members of Committees, PSGE's, and wai *water* leader's, Council have adopted four key principles for the development of Te Hā o Waiaroha:

01. Mana Atua	The wellbeing of Atua in the natural environment
02. Mana Taiao	The health of the natural environment
03. Mana Tangata	The wellbeing of People
04. Mātauranga Māori	The application of Māori knowledge

Te Hā o Waiaroha Case Studies have been completed for the Ruahāpia Stream at Cornwall Park and the Mākirikiri Stream at Windsor Park. The case studies provide a template in which Te Hā o Waiaroha can be understood in the context of co-designing water infrastructure solutions.

Te Hā o Waiaroha is the foundation for cultural development training for Council's Three Waters teams who have undertaken a series of workshops to better understand how to operationalise and normalise The Waiaroha Way within their workplans.

HERETAUNGA ARARAU TE REO MĀORI ACTION PLAN

The Action Plan for Heretaunga Ararau Te Reo Māori Policy drives much of the work of Te Rōpū Pou Ahurea. Key highlights achieved for 2024/2025 are:

- Toitū Te Reo Symposium and Street Festival
- CBD business engagement and support to implement Māori signage and Māori infused menus
- Installation of Marae safety signs and Marae directional signage on local roads
- Naming of Te Pā Harakeke senior housing development
- Support of the Big Sing Te Reo Māori Award
- Translation of Council communications into te reo Māori
- Support of Te Huinga Kauheke te reo Māori lessons for kaumatua *seniors*
- Ongoing rollout of dual-placename signage and bilingual signage



A key highlight of the year has been a partnership with Kauwaka Ltd. and Aotearoa Reo Rua to deliver the Toitū Te Reo Symposium and Street Festival. The two-day event attracted over 6000 participants to the Symposium and outdoor Street Festival with CBD businesses engaged and supported to communicate in te reo Māori and to sell Māori themed merchandise and food.

TE ARANGA DESIGN PHILOSOPHY

Te Aranga Design Philosophy is a key part of the Heretaunga Ararau Action Plan that leads major Council projects, and robust cultural mapping has been completed to support place-based design and appropriate engagement for commissioning mana whenua ringatoi *artists* to provide cultural design expertise for Council projects.

Key highlights achieved for the 2024/2025 year are:

- The design and completion of Te Pae o Karamū Hastings Civic Square and the landscaping of Ngā Pou o Heretaunga
- Cyclone Transport Recovery design work for bridges and art installation
- Cultural Landscape Mapping for Local Area Plans
- Place-based education programmes for the Libraries and Hastings Art Gallery
- External advisory to local developers and architects

The collaborative process of Te Aranga Co-design has strengthened the skills and capabilities of Ngāti Kahungunu ringatoi *artists* who have been teamed with landscape architects, building architects, and designers.



In addition to implementing Te Aranga Co-design for Council projects, Pou Ahurea support and advise the application of Te Aranga Co-design for non-Council projects and developments. This external advisory allows for consistency in the application of cultural narratives and design work across the district, ensuring the mana whenua artists are engaged and supported to effectively work with non-Council projects.

TE WHARE MUKUPARA WASTE MINIMISATION

Through the development of the new Joint Waste Management and Minimisation Plan, Officers have partnered with mana whenua to achieve the Joint Waste Futures Project Steering Committee's aspiration of enhancing partnerships with Māori and mana whenua for a partnered future in waste minimisation. This process has been guided by the Māori Partnerships teams of Heretaunga Hastings District Council and Ahuriri Napier City Council. The hope is that through partnership, the Councils' ability not only to comply with their governing legislation and regulation but deliver strong waste minimisation practices enhanced by genuinely and seamlessly incorporating the knowledge and guidance that mana whenua deem appropriate.

Over the past year Council's Mātanga Whakaiti Para Waste Minimisation Specialist delivered five Te Mahi Wairākau wānanga *composting workshops* to local marae and community centres in partnership with Para Kore. Sharing knowledge and teaching people the benefits of creating their own soil/compost for their māra *vegetable garden* and keeping this organic material out of landfill.

ORGANISATIONAL CULTURAL DEVELOPMENT

Te Rōpū Pou Ahurea work closely with Learning & Development to curate bespoke cultural development workshops to uplift the cultural competency of Council Officer's. This year there has been targeted cultural development with:

- New staff pōwhiri *welcome* at Waiaroha as a part of Council's Heretaunga Ara Tika induction programme
- Three Waters team embedding the principles of Te Hā o Waiaroha *The Waiaroha Way*
- Te Tiriti o Waitangi Treaty of Waitangi training for senior leaders
- Cultural training for contractors working in the Transport Recovery Programme
- Council Officer attendance and participation in the inaugural Toitū Te Reo Symposium
- ½ day staff cultural development at EIT

The primary cultural resource provided to all Council Officer's is Te Kupenga, a cultural app with localised cultural content relating to tikanga Māori. Resources are provided such as preparing for a pōwhiri, leading a karakia, or reciting a pepeha.

Online e-learning modules have been developed for Council Officers to strengthen their knowledge of Te Tiriti o Waitangi The Treaty of Waitangi and Ngā Taonga o Te Ao Māori *The Gifts of the Māori World*.

HERITAGE

NGĀ POU O HERETAUNGA

Ngā Pou o Heretaunga at Te Pae o Karamū Civic Square were removed from Civic Square in March this year for the 10-year maintenance work while the landscaping and pathways for Ngā Pou o Heretaunga were completed.

The pou were returned to Te Pae o Karamū Civic Square on Friday 20 June the Matariki Public Holiday and were re-dedicated by tohunga *priests* from each marae represented in Ngā Pou o Heretaunga. The special guest for the morning was Pā Ariki Takitumu Queen of Rarotonga.

TE PĀ HARAKEKE O TE AWA O TE ATUA

Pou Ahurea have worked closely with the Parks and Reserves team for the cultivation and distribution of harakeke varieties to parts of the country requesting cultivars from the Orchiston Collection to repopulate harakeke in their areas.

The cultivation of harakeke has required appropriate cultural guidance and training for Council Officer's identify the cultivars and appropriately harvest the harakeke without damage to the plants.

MĀORI PUBLIC ART INVENTORY

Pou Ahurea have completed a Māori Public Art Inventory and conducted an assessment of Māori art with an outlook to working with Council Asset Management Team to ensure all Māori art has an Asset Management Plan for its ongoing care and protection in the public realm.

ANZAC DAY SERVICES

Te Rōpū Pou Ahurea took the lead to organise the annual ANZAC Dawn Service and coordination and support of the Districts commemorative services during the remembrance month of April which included:

- The reopening of the Haumoana Hall and rededication of the Haumoana Roll of Honour
- ANZAC Services at the Hastings and Havelock North Services Lawn Cemeteries and laying of poppies with the Scouts and Girl Guides
- The Hastings Civic Dawn Service at the Hastings Cenotaph
- The Heretaunga Māori Service at Houngarea Marae



9TH WELLINGTON EAST COAST MOUNTED RIFLES (9WECMR) GUIDON

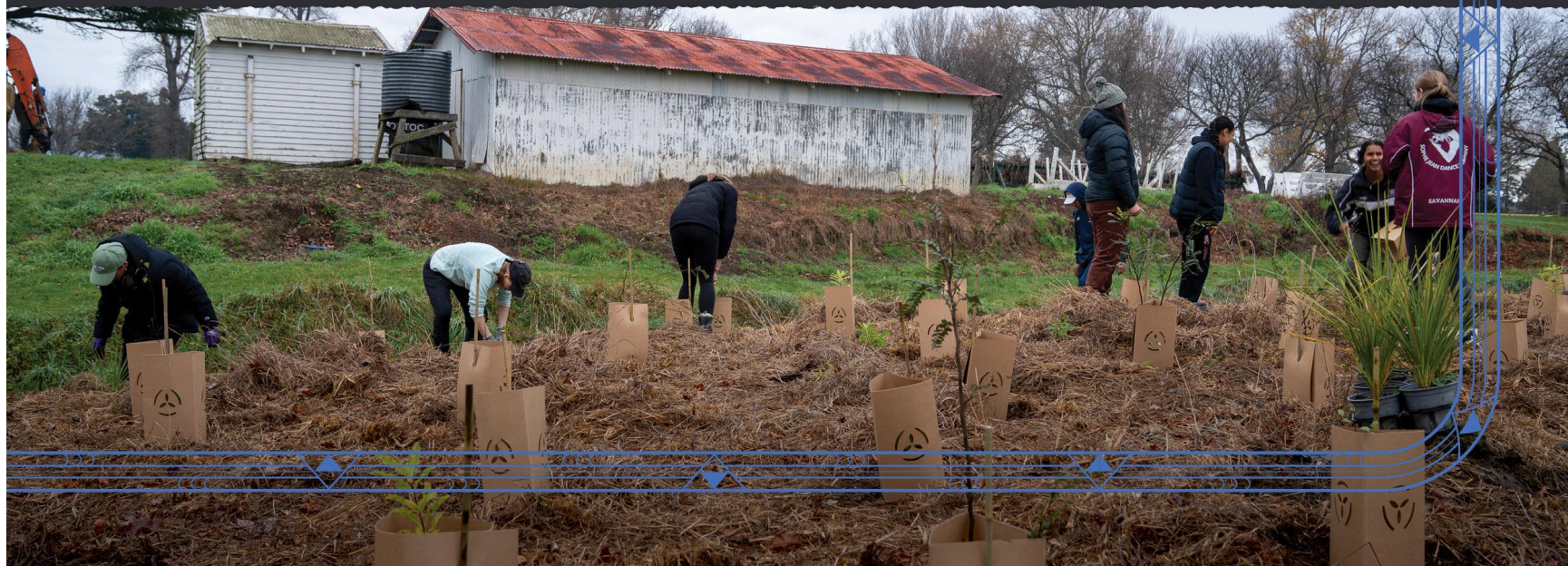
On the 8th August 2024 the Wellington East Coast Squadron Queen Alexandra's Mounted Rifles returned the 9WECMR Guidon which had been at Linton Camp since Armistice Day 2021. The Guidon was returned in a solemn ceremony and placed into its encasement moved to the Council Chamber from the foyer.

Prior to the Guidon being returned the Pou Ahurea worked with the Regimental Sergeant Major QAMR for the Guidon to receive conservation work, which was undertaken by the Carmelite Nuns of Christ the King Monastery in Christchurch.



To ensure ongoing remembrance of the Guidon and its sacred significance, Council have adopted a Policy for the Care and Active Remembrance of the 9WECMR Guidon. The policy ensures public access to the Guidon, and commits Council to an Act of Remembrance on days when a Council meeting coincides with a World War One commemorative anniversary associated with the Guidon.

NGĀ TAUĀKĪ AHUMONI FINANCIAL STATEMENTS



FINANCIAL STATEMENTS

Actual Council 2024 \$'000	Actual Group 2024 \$'000	Statement of comprehensive revenue and expense	Notes	Budget Council 2025 \$'000	Actual Council 2025 \$'000	Actual Group 2025 \$'000	
REVENUE							
110,943	110,943	Rates, excluding metered water supply charges	3(a)	131,218	131,812	131,812	The accompanying notes form part of these financial statements. The major reasons for the variance between actual and budgeted surplus on operations were:
42,307	42,379	Fees, charges and metered water supply charges (i)		48,945	44,791	44,870	
34,876	35,160	Subsidies and Grants (ii)		39,495	37,257	37,496	
5,013	5,013	Development and financial contributions (iii)		6,617	4,235	4,235	
80	80	Donations		6,503	130	130	
1,218	1,249	Interest revenue (iv)	3(b)	539	1,690	1,728	
663	1,535	Other revenue	3(c)	1,090	2,103	2,986	
2,617	2,617	Vested infrastructural assets (v)		1,000	6,430	6,430	
112,988	112,988	Cyclone Gabrielle revenue (vi)	3(d)	144,700	138,720	138,720	
310,705	311,963	Total revenue		381,873	367,168	368,407	
EXPENSES							
127,068	128,158	Operational costs (vii)	4(a)	142,532	137,234	138,474	i. Fees and charges revenues were unfavourable to budget due to lower volumes in the transfer station, along with lower Landfill fees and Splash Planet closing earlier. ii. Subsidies and Grants were below budget due to logistics delays meaning project spend and reimbursement were delayed. Govt. change in direction relating to some Transport projects have meant these have not gone ahead. iii. Development and financial contributions are lower to budget, and this is reflective of market conditions with a significant reduction in development activity occurring across the district. iv. Interest rates were more favourable than anticipated resulting in greater interest income. v. Vested assets are typically budgeted quite low as it is difficult to determine the timing of developer's projects. The increase on budget reflects more developer activity than anticipated for assets constructed and vested to Council. vi. Cyclone Gabrielle revenues were below budget due to lower Voluntary Buyout offer (VBO) reimbursements due to lower VBO spend along with insurance reimbursement yet to be received. vii. Operational costs are lower than budget, with the drivers being lower personnel costs due to vacancies, along with lower project Genesis contracted service costs. viii. Depreciation was higher than budget due to the impact of previous years revaluations. ix. Finance costs are lower than budget with a decrease in the average cost of debt due to market conditions. x. Cyclone Gabrielle Costs higher than budget largely due to assets written down that reflecting their market value.
61,771	62,338	Depreciation and amortisation expense (viii)	8	63,641	66,972	67,456	
17,934	17,934	Finance costs (ix)		21,909	19,841	19,841	
90,983	90,983	Cyclone Gabrielle costs (x)	4(b)	37,870	47,743	47,743	
297,756	299,413	Total expenses		265,952	271,790	273,514	
(1,016)	(1,016)	Unrealised Gain/(Loss) on Swaps (xi)		–	(4,632)	(4,632)	
(3,947)	(3,947)	Unrealised Gain/(Loss) on ETS (xi)		–	(924)	(924)	
–	(179)	Share of associate surplus/(deficit) after distribution	7(a)	–	–	470	
7,986	7,408	Surplus/(deficit)		115,921	89,822	89,807	
–	–	Income Tax Expense	5	–	–	–	
7,986	7,408	Surplus/(deficit) after tax		115,921	89,822	89,807	
Other comprehensive revenue and expense:							
(1,107)	(1,107)	Impairment of Property, plant and equipment and Infrastructure assets	8	–	(4,174)	(4,174)	
274,851	274,851	Gain/(Loss) on infrastructural revaluations	8	52,259	33,050	33,050	
12,201	12,201	Gain/(Loss) on land and building revaluations	8	–	–	–	

Actual Council 2024 \$'000	Actual Group 2024 \$'000	Statement of comprehensive revenue and expense	Notes	Budget Council 2025 \$'000	Actual Council 2025 \$'000	Actual Group 2025 \$'000
101	416	Gain/(Loss) on other revaluations		–	22	127
777	736	Gain/(Loss) on Financial assets at fair value through other comprehensive revenue and expense		–	646	573
286,823	287,097	Total other comprehensive revenue and expense		52,259	29,544	29,576
294,809	294,505	Total comprehensive revenue and expense		168,180	119,366	119,383

xi. Unrealised loss on swaps/ETS recognises the value that Council would receive should they replace all its interest swaps at the prevailing swap rates as at 30 June 2025

Actual Council 2024 \$'000	Actual Group 2024 \$'000	Statement of changes in equity for the year ended 30 June 2025	Notes	Budget Council 2025 \$'000	Actual Council 2025 \$'000	Actual Group 2025 \$'000
2,610,321	2,642,835	Balance at 1 July	13	2,707,254	2,905,130	2,936,954
–	(386)	Opening balance adjustments from subsidiaries		–	–	(24)
2,610,321	2,642,449	Opening balance 1 July		2,707,254	2,905,130	2,936,930
7,986	7,408	Surplus/(Deficit)		115,921	89,822	89,807
286,823	287,097	Other comprehensive revenue/(expense) for the year		52,259	29,544	29,576
294,809	294,505	Total comprehensive revenue/(expense) for the year		168,180	119,366	119,383
2,905,130	2,936,954	Balance at 30 June		2,875,434	3,024,496	3,056,313

Actual Council 2024 \$'000	Actual Group 2024 \$'000	Statement of financial position as at 30 June 2025	Notes	Budget Council 2025 \$'000	Actual Council 2025 \$'000	Actual Group 2025 \$'000	
CURRENT ASSETS							
12,762	13,140	Cash & cash equivalents (i)		7,000	29,613	30,161	The accompanying notes form part of these financial statements.
61,724	61,885	Receivables (ii)	6	38,187	45,704	46,017	
110	110	Inventory		76	83	83	The major reasons for the variance between actual and budgeted balances at 30 June 25 were:
9,740	9,740	Non-current assets held for sale (iii)	8	–	5,570	5,570	
941	941	Derivative financial instruments	11	–	1	1	i. Cash is higher than budget due year end reimbursement of capital projects completed over the year by government through National Infrastructure Funding & Financing (NIFF).
–	283	Short Term Investments		–	–	461	
85,277	86,099	Total current assets		45,263	80,971	82,293	
NON-CURRENT ASSETS							
Other financial assets							
2,445	2,445	Derivative financial instruments	11	–	257	257	ii. Receivables are significantly up due to the timing of NZTA and NIFF subsidies at year end.
1,063	13,149	Investments in associates	7(a)	1,063	1,063	13,182	iii. Non-current assets held for sale are not budgeted for and actuals that Council plan to sell in 2025/26 and relate to Flaxmere subdivision plots to be sold.
15	–	Investments in CCOs and similar entities	7(b)	15	15		
11,067	11,067	Investment in other entities (iv)	7(b)	11,550	16,055	16,055	iv. Investment in other entities is higher than anticipated due to increased borrower notes from the LGFA because of higher debt borrowing.
1,241	1,241	Other non-current assets		–	1,300	1,300	
15,831	27,465	Total other financial assets		12,628	18,690	30,794	
437,149	456,655	Plant, property and equipment	8	493,355	452,115	471,217	v. The variance reflects budget timing, with opening infrastructure asset values set below 23/24 actuals. This was partly offset by a lower 3 waters valuation reduced capital works compared to budget.
2,837,183	2,837,183	Infrastructural assets (v)	8	2,880,697	3,012,818	3,012,818	
163	163	Biological Assets	8	–	163	163	
5,572	5,890	Intangible assets	8	1,645	1,855	1,859	vi. Payables are lower than budget, this is a reflection of the timing of capital spend due to the increased capital programme.
3,295,898	3,327,356	Total non-current assets		3,388,325	3,485,641	3,516,851	
3,381,175	3,416,455	Total assets		3,433,588	3,566,612	3,599,144	
LIABILITIES							
Current liabilities							
69,251	69,631	Payables and deferred revenue (vi)	9	57,375	53,037	53,671	vii. Loan levels were lower than budgeted due to a reduced capital works programme compared to budget.
5,356	5,374	Employee entitlements	10	5,057	5,402	5,434	
–	–	Derivative financial instruments	11	–	2,574	2,574	
69,000	69,000	Borrowings and other financial liabilities (vii)	12	55,000	74,000	74,000	
143,607	144,005	Total current liabilities		117,432	135,013	135,679	
Non-current liabilities							
2,311	2,369	Provisions and other non-current liabilities	9,18	2,336	3,097	3,146	
731	731	Employee entitlements	10	760	756	756	
4,655	4,655	Derivative financial instruments	11	3,500	4,509	4,509	
324,741	324,741	Borrowings and other financial liabilities (vii)	12	434,126	398,741	398,741	
332,438	332,496	Total non-current liabilities		440,722	407,103	407,152	
476,045	476,501	Total liabilities		558,154	542,116	542,831	
2,905,130	2,936,954	Net assets (assets minus liabilities)		2,875,434	3,024,496	3,056,313	
Equity							
1,302,144	1,329,859	Accumulated funds	13	1,504,824	1,390,584	1,418,390	
4,240	4,240	Restricted Reserves	13(a)	6,428	5,622	5,622	
1,598,746	1,602,855	Revaluation and other reserves	13(b)	1,364,182	1,628,290	1,632,301	
2,905,130	2,936,954	Total equity		2,875,433	3,024,496	3,056,313	

Actual Council 2024 \$'000	Actual Group 2024 \$'000	Statement of cash flows for the year ended 30 June 2025	Notes	Budget Council 2025 \$'000	Actual Council 2025 \$'000	Actual Group 2025 \$'000
CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES						
Cash was provided from:						
113,989	113,989	Receipts from rates revenue		132,985	131,899	131,899
49,099	49,675	Receipts from customers		63,106	68,431	68,961
1,218	1,245	Interest received		–	1,858	1,894
153,874	155,456	Subsidies and grants received		184,782	155,909	157,262
6,234	6,240	GST (net)		–	2,560	2,579
324,414	326,604			380,873	360,657	362,595
Cash was applied to:						
232,947	234,981	Payments to suppliers and employees		175,402	160,872	162,699
17,934	17,934	Interest paid		21,909	21,809	21,809
–	–	GST (net)		–	–	–
250,880	252,914			197,311	182,681	184,508
73,533	73,690	Net cash flows from operating activities (A)	14	183,563	177,976	178,087
CASH FLOWS FROM INVESTING ACTIVITIES						
Cash was provided from:						
872	872	Receipts from sale of property, plant and equipment (i)		2,883	12,690	12,694
43	43	Maturing/sale of investments		–	–	133
915	915			2,883	12,690	12,827
Cash was applied to:						
162,100	162,319	Purchase of property, plant & equipment and infrastructural assets		281,579	247,760	247,791
199	431	Purchase of investments		3,992	133	180
162,299	162,750			285,571	247,893	247,971
(161,384)	(161,835)	Net cash flows to investing activities (B)		(282,688)	(235,203)	(235,144)
CASH FLOWS FROM FINANCING ACTIVITIES						
Cash was provided from:						
126,751	126,751	Proceeds from borrowings		165,126	142,578	142,578
Cash was applied to:						
28,482	28,482	Repayment of borrowings		69,000	68,500	68,500
98,269	98,269	Net cash flows from financing activities (C)		96,126	74,078	74,078
10,418	10,124	Net increase (decrease) in cash, cash equivalents and bank overdraft (A+B+C)		(3,000)	16,851	17,021
2,344	3,016	Cash, cash equivalents and bank overdraft at the beginning of the year		10,000	12,762	13,140
12,762	13,140	Cash, cash equivalents and bank overdraft at the end of the year		7,000	29,613	30,161
CASH AT END OF YEAR COMPRISES						
12,762	13,140	Cash and cash equivalents		7,000	29,613	30,161

NOTES TO FINANCIAL STATEMENTS

1. STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

Hastings District Council ('the Council') is a territorial local authority established under the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002.

The operations of the Council are divided into the following activity groups:

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

The Hastings District Council Group consists of the ultimate parent, the Council, and the following subsidiaries (the Group):

TE MATA PARK TRUST BOARD	HB REGIONAL SPORTS PARK TRUST	HASTINGS DISTRICT HOLDINGS LTD
100%	100%	100%

The Council also has the following investments in associates:

- Hawke's Bay Airport Limited, a Council Controlled Organisation, is an equity-accounted associate in which the Council holds a 24% shareholding.
- Horse of the Year (Hawke's Bay) Limited is an equity-accounted associate in which the Council holds a 33% shareholding.

The Council has a 1.7% interest in the Local Government Funding Agency.

The Ōmarunui Refuse Landfill is a jointly controlled asset. The Council includes only its 63.68% share of all revenue, expenditure, assets and liabilities of the landfill facility.

The primary objective of the Council and Group is to provide goods and services for the community or social benefit rather than making a financial return. Accordingly, the Group is a public benefit entity (PBE) for the purposes of financial reporting.

The financial statements of the Council and Group are for the year ended 30 June 2025. The financial statements were authorised for issue by Council on 9 October 2025.

BASIS OF PREPARATION

Statement of compliance

The financial statements of the Council and Group have been prepared in accordance with the requirements of the LGA and the Local Government (Financial Reporting and Prudence) Regulations 2014 (LG(FRP)R), which include the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP).

The financial statements have been prepared in accordance with and comply with PBE Accounting Standards.

Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000), other than the unused tax losses in Note 5, remuneration and the severance payment disclosures in Note 15, and the related party transaction disclosures in Note 21. The functional currency of the Council is New Zealand dollars.

Standards issued and not yet effective that have been early adopted

There have been no standards and amendments issued but not yet effective that have been early adopted.

Other changes in accounting policies

Council has adopted the following accounting standards issued with mandatory effect for the accounting period.

Disclosure of Fees for Audit Firms' Services (Amendments to PBE IPSAS 1)

This amendment was issued in May 2023. This amending standard updates the required disclosures for fees relating to services provided by the entity's audit or review firm. The fees must be disaggregated into specified categories and there is guidance to assist entities in

determining the types of services to include in each category. This amending standard is effective for reporting period beginning on or after 1 January 2024 with early adoption permitted. This amendment has not resulted in a significant impact on the financial statements.

Standards issued and not yet effective and not early adopted

There are no standards issued and not yet effected or early adopted.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies are included in the notes to which they relate. Significant accounting policies that do not relate to a specific note are outlined below.

Basis of consolidation

The consolidated financial statements are prepared adding together like items of assets, liabilities, equity, revenue and expenses on a line-by-line basis. All significant intragroup balances, transactions, revenue and expenses have been eliminated on consolidation.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. The consolidation of an entity begins from the date when the Council obtains control of the entity and ceases when the Council loses control of the entity.

Control over an entity is determined when the Council has exposure, or rights, to variable benefits from its involvement with the entity and has the ability to affect the nature or amount of those benefits through its power over the other entity. The Council considers all relevant facts and circumstances in assessing whether it has power over another entity. For example, the ability to appoint or remove a majority of the entity's governance and management, binding arrangements the Council enters into, group voting rights, and pre-determination mechanisms. The Council reassesses whether or not it controls another entity if facts and circumstances change.

Foreign currency transactions

Foreign currency transactions (including those for which forward foreign exchange contracts are held) are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit. See Note 19.

Cost allocation

The cost of service for each significant activity of Council has been derived using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific significant activity.

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers and floor area.

Goods and Services Tax (GST)

All items in the financial statements are stated exclusive of goods and services tax (GST), except for debtors and other receivables and creditors and other payables, which are presented on a GST-inclusive basis. GST not recoverable as input tax is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Budget figures

The budget figures are those approved by the Council in its 2024/25 Long Term Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Council for the preparation of the financial statements.

Borrowing costs

All borrowing costs are recognised as an expense in the period in which they are incurred.

Statement of cash flows

The year-end cash balance in the Statement of Cash Flows consists of cash on hand; bank account balances, plus call deposits that form part of the day-to-day cash management of the Council.

The cash flows are classified into three sources:

- 1) **Operating activities** – includes cash received from all revenue sources of Council and cash paid for the supply of goods and services, including interest on debt
- 2) **Investing activities** – includes the purchase and sale of long-term assets and investments such as land and buildings, term investments, infrastructural and other operational assets
- 3) **Financing activities** – includes movements in the Council's public debt from loans raised and loans repaid

Inventories

Inventory held for use in the production of goods and services on a commercial basis is valued at the lower of cost and net realisable value. The cost of purchased inventory is determined using the first in first out basis.

Cash and cash equivalents

Cash and Cash Equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments, original maturities of three months or less, and bank overdrafts.

Investment properties

Investment Properties are valued at fair value which is measured annually. Revaluation increments and decrements are recognised in the surplus or deficit. Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation. Council currently has no properties classified as investment properties. Properties owned to provide housing for pensioners are held as part of the Council's social housing policy and are accounted for as property, plant and equipment.

Comparative figures

Comparative figures disclosed in the accounts may have minor re-classifications to those presented in the 2023/24 Annual Report. This has only been done in cases where the changes result in more meaningful comparisons.

Critical accounting estimates and assumptions

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results.

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- Estimating the fair value of land, buildings, and infrastructure assets – see Note 8
- Land fill aftercare provision – see Note 18

Critical judgements in applying Council's accounting policies

Management has exercised the following critical judgements in applying accounting policies:

- Classification of property – see Note 8
- Other investments – see Note 7b
- Estimating retirement and long service leave obligations – see Note 10

2. FUNDING IMPACT STATEMENT FOR THE WHOLE OF COUNCIL AS AT 30 JUNE 2025

	Notes	Budget Council 2024 \$'000	Actual Council 2024 \$'000	Budget Council 2025 \$'000	Actual Council 2025 \$'000	Variance \$'000	Reconciliation of statement of comprehensive revenue and expense to funding impact statement for the whole of Council for the year ended 30 June 2025
SOURCES OF OPERATING FUNDING							
General Rates, uniform annual general charge, rates penalties		81,339	81,585	84,701	86,705	2,004	Total revenue from statement of comprehensive revenue and expense 367,168
Targeted Rates		28,399	29,357	48,284	45,107	(3,177)	
Subsidies and grants for operating purposes		42,814	88,473	34,142	39,507	5,365	Less total operating funding from funding impact statement 221,201
Fees and charges		39,145	44,534	54,849	45,348	(9,501)	
Interest and dividends from investments		18	1,218	171	1,858	1,687	Variance 145,967
Local Authorities fuel tax, fines, infringement fees and other receipts		961	1,265	1,471	2,676	1,205	Variance is made up of:
TOTAL OPERATING FUNDING (A)		192,676	246,433	223,617	221,201	(2,416)	Capital Subsidies 135,302
APPLICATIONS OF OPERATING FUNDING							Development and lump sum contributions 4,235
Payments to staff and suppliers		104,138	173,214	144,671	142,529	2,142	
Finance costs		10,051	18,565	21,909	22,104	(195)	Vested Infrastructural Assets 6,430
Other operating funding applications		77,579	47,811	32,732	38,546	(5,814)	Total operating expenditure from statement of comprehensive revenue 277,346
TOTAL APPLICATIONS OF OPERATING FUNDING (B)		191,768	239,590	199,312	203,179	(3,866)	Less: Total applications of funding from funding impact statement 203,179
Surplus (deficit) of operating funding (A-B)		908	6,843	24,305	18,022	(6,283)	Variance 74,166
SOURCES OF CAPITAL FUNDING							Variance is made up of:
Subsidies and grants for capital expenditure		32,527	56,645	6,568	135,302	128,734	Depreciation and amortisation 66,972
Development and financial contributions		11,431	4,969	104,126	4,173	(99,953)	Loss on Sale of Assets 2,080
Increase (decrease) in debt		68,984	100,469	2,883	78,084	75,202	Unrealised losses 5,556
Gross proceeds from sale of assets		786	914	—	5,088	5,088	Finance Costs (internal interest) (442)
Lump sum contributions		287	44	49	62	13	
Other dedicated capital funding		—	—	—	—	—	
TOTAL SOURCES OF CAPITAL FUNDING (C)		114,015	163,041	264,265	222,709	(41,556)	
APPLICATIONS OF CAPITAL FUNDING							
Capital expenditure							
To meet additional demand		41,427	16,298	39,212	22,891	16,321	
To improve the level of service		24,479	59,039	56,027	47,550	8,477	
To replace existing assets		48,613	87,432	189,340	161,367	27,973	
Increase decrease in investments		404	4,141	3,992	5,121	(1,129)	
Increase decrease of reserves		—	2,974	—	3,802	(3,802)	
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)		114,923	169,884	288,570	240,731	47,839	
Surplus (deficit) of Capital funding (C-D)		(908)	(6,843)	(24,305)	(18,022)	6,283	
TOTAL FUNDING BALANCE (A-B) + (C-D)		—	—	—	—	—	
Group depreciation and amortisation		38,981	61,771	63,641	66,972	(3,331)	

3. REVENUE

ACCOUNTING POLICY

Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to the Group and the revenue can be reliably measured, regardless of when payment is made. Revenue is measured at the fair value of consideration received or receivable.

The specific recognition criteria described below must also be met before revenue is recognised.

Revenue from non-exchange transactions

General and targeted rates (excluding user charge water rates)

Rates are set annually by a resolution from Council and relate to a financial year.

All ratepayers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised at the start of the financial year to which the rates resolution relates.

Rates collected on behalf of the Hawke's Bay Regional Council (HBRC) are not recognised in the financial statements, as the Council is acting as an agent for the HBRC.

Fees and charges

Revenue from the provision of services in a non-exchange transaction is recognised when the Group obtains control of the transferred asset and when the transfer is free from conditions that require the asset to be refunded or returned if the conditions are not met. To the extent there is a condition attached that gives rise to a liability to return the asset, a deferred-revenue liability is recognised. Revenue is then recognised when the Group has satisfied the conditions. Fees and charges that are non-exchange transactions include parking fines and infringements and dog licences.

Government grants

Government grants are received from Waka Kotahi New Zealand Transport Agency, which subsidises part of the costs of maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

Other Government grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

Vested assets

Assets vested in the Council are recognised when control over the asset is obtained and as revenue when the transferred asset is free from conditions that require the asset to be returned if the conditions are not met. Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised.

Revenue from exchange transactions

Development contributions

Development and financial contributions are recognised as revenue when the Council provides, or is able to provide, the service for which the contribution was charged. Otherwise development and financial contributions are recognised as liabilities until such time as the Council provides, or is able to provide, the service.

User pays water rates

Revenue from water rates by meter is recognised on an accrual basis. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.

Fees and charges

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided. Fees and charges that are exchange transactions include consent fees and permits.

Revenue from the sale of goods is recognised when the risks and rewards of ownership pass to the buyer.

Other revenue

Investment revenue in the form of interest is recognised using the effective interest method.

Dividend revenue is recognised when the right to receive payment has been established.

Revenue from insurance claims is recognised when a claim is notified as approved by the insurance provider.

3(A). RATES REVENUE EXCLUDING METERED WATER SUPPLY CHARGES

Actual Council 2024 \$'000	Budget Council 2025 \$'000	Actual Council 2025 \$'000
58,584	60,506	61,346
15,906	16,912	16,650
6,382	7,269	7,159
TARGETED RATES		
– Cyclone Recovery Rate	8,670	8,525
163 Havelock North Business Association	149	148
153 Swimming Pools	154	186
173 Havelock North Parking	195	206
293 Hastings City Marketing	320	317
457 Security Patrols	455	452
320 CBD Hastings	320	317
79 CBD Havelock North	80	80
23 Waimārama Seawall	23	23
6,513 Wastewater	10,063	9,969
30 Waipātiki Wastewater Operational	53	–
– Waipātiki Wastewater Capital		48
1,850 Wastewater Levy (80%)	2,531	2,567
13,775 Water supply	16,932	16,819
2,180 Kerbside Recycling	2,364	2,300
3,348 Refuse Collection	4,130	3,924
– Waimārama Refuse Collection	79	–
713 Change in Targeted Rates Reserve	13	776
110,943	131,218	131,812

The Council is required by the LGFA Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates revenue. That Deed defines annual rates revenue as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating Act) 2002 together with any revenue received by the Council from other local authorities for services provided by that Council for which those other Local Authorities rate. The annual rates revenue of the Council for the year ended 30 June 2025 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown below:

Actual Council 2024 \$'000	Budget Council 2025 \$'000	Actual Council 2025 \$'000
110,943	131,218	131,812
1,818	1,766	1,726
112,761	132,984	133,538

3(B). FINANCE REVENUE

Actual Council 2024 \$'000	Actual Group 2024 \$'000	Actual Council 2025 \$'000	Actual Group 2025 \$'000
485	485	385	385
1,218	1,249	1,690	1,728
1,704	1,735	2,075	2,113
(485)	(485)	(385)	(385)
1,218	1,249	1,690	1,728

3(C). OTHER REVENUE

Actual Council 2024 \$'000	Actual Group 2024 \$'000	Actual Council 2025 \$'000	Actual Group 2025 \$'000
553	553	523	523
79	79	1,313	1,313
4	876	–	883
27	27	267	267
663	1,535	2,103	2,986

3(D). CYCLONE GABRIELLE REVENUE

Actual Council 2024 \$'000	Actual Group 2024 \$'000		Actual Council 2025 \$'000	Actual Group 2025 \$'000
50,272	50,272	NZTA (Waka Kotahi) subsidies	25,665	25,665
59,236	59,236	Government Grants	110,727	110,727
652	652	Other grants	1,030	1,030
505	505	Insurance payments	–	–
–	–	Interest revenue	168	168
2,323	2,323	Other revenue	1,130	1,130
112,988	112,988	Total	138,720	138,720

There are no unfulfilled conditions or other contingencies attached to subsidies and grants recognised (2024: \$nil).

Due to the impact of Cyclone Gabrielle, Council received significant funds from the Government for various streams of work:

- **\$25.6m from NZTA (Waka Kotahi)** for response and recovery works on the roading network (2024: \$50.3m);
- **\$92.4m from National Infrastructure & Funding (NIFF)** for rebuilding the roading network (2024: \$30.2m);
- **\$17.9m from National Infrastructure & Funding (NIFF)** as part of the Crown funding 50/50 agreement for the purchase of Category 3 properties (2024: \$19.7m).

4(A). OPERATIONAL COSTS

ACCOUNTING POLICY

Leases

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and reward incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Finance leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The finance charge is charged to the surplus or deficit over the lease period so as to procure a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the Council will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Grant expenditure

Non-discretionary grants criteria are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of Council's decision.

Superannuation schemes

Defined contribution schemes

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the surplus or deficit as incurred.

BREAKDOWN OF OPERATING EXPENSES

Actual Council 2024 \$'000	Actual Group 2024 \$'000		Actual Council 2025 \$'000	Actual Group 2025 \$'000
1,074	1,074	Councillors' remuneration	1,181	1,181
47,810	48,224	Contractors	48,352	48,766
5,748	5,748	Consultants and legal fees	7,131	7,131
731	731	Operating lease expense	816	816
210	248	Fees to auditors for audit of financial statements	230	268
3	3	Fees to auditors for other services (Debenture Trust Deed audit)	3	3
289	289	Total bad debts written off	78	78
35	35	Change in provision for doubtful debts	(26)	(26)
1,306	1,306	Loss on sale of property, plant and equipment	1,791	1,791
499	499	Assets written off	–	–
11,028	11,028	Maintenance and asset costs	11,707	11,707
4,531	4,531	Energy costs	5,518	5,518
44,059	44,572	Salary and wages	46,745	47,258
1,457	1,457	Defined contribution plan – employer contributions	1,548	1,548
17	17	Increase/(decrease) in employee entitlements/liabilities	(20)	(20)
1,859	1,859	Administration costs	1,788	1,788
2,469	2,469	Sponsorships and grants	3,001	3,001
3,943	4,068	Other costs	7,390	7,665
127,068	128,158		137,234	138,474

4(B). CYCLONE GABRIELLE

BREAKDOWN OF OPERATING EXPENSES ARISING FROM CYCLONE GABRIELLE

Actual Council 2024 \$'000	Actual Group 2024 \$'000		Actual Council 2025 \$'000	Actual Group 2025 \$'000
44,205	44,205	Contractors	5,668	5,668
1,527	1,527	Consultants and legal fees	698	698
58	58	Operating lease expense	33	33
14,623	14,623	Asset write offs – land and buildings	7,427	7,427
1,968	1,968	Maintenance and asset costs	4,101	4,101
8	8	Energy costs	3	3
2,500	2,500	Salary and wages	1,901	1,901
80	80	Defined contribution plan – employer contributions	64	64
2	2	Increase/(decrease) in employee entitlements/liabilities	(37)	(37)
25	25	Administration costs	2	2
21,364	21,364	Category 3 Relocation grants	23,062	23,062
114	114	Sponsorship and other grants	13	13
–	–	Finance costs	1,968	1,968
4,509	4,509	Other costs	2,840	2,840
90,983	90,983	Total	47,743	47,742

As part of the Recovery Funding Agreement with the Crown, Council initiated a Voluntary Buyout programme (VBO) in relation to Category 3 properties.

Category 3 properties are defined as properties where future severe weather event risk cannot be sufficiently mitigated and this unacceptable level of future risk means it is no longer safe for people to live there.

Council's VBO process was initiated to either purchase these Category 3 properties or provide a relocation grant to compensate the property owner for the loss of residential living rights.

Property purchases were settled based on pre-Cyclone market valuations and the \$7.4m of asset write downs reflect the difference in value between these pre-Cyclone valuations and the value of the properties as at 30 June 2025.

5. TAXATION

ACCOUNTING POLICY

Income tax

The Council is exempt from income tax except on income received from Council Controlled Trading Organisations.

Income tax expense includes current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable surplus for the current year, plus any adjustments to income tax in respect of prior years. Current tax is calculated using rates that have been enacted or substantially enacted by balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable surplus.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that any taxable surplus will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting surplus nor taxable surplus.

Deferred tax is neither recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the company can control the reversal of the temporary difference and the temporary difference will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance day. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the group expects to recover or settle the current amount of its assets and liabilities.

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive revenue and expenses or directly in equity.

Future tax benefits attributable to tax losses or timing differences are only recognised when there is virtual certainty of realisation.

BREAKDOWN OF TAXES AND FURTHER INFORMATION

Actual Council 2024 \$'000	Actual Group 2024 \$'000		Actual Council 2025 \$'000	Actual Group 2025 \$'000
7,986	7,408	Net operating surplus/(deficit) before taxation	89,822	89,807
	179	Share of associate's retained (surplus)/deficit		(470)
7,986	7,587		89,822	89,337
2,236	2,124	Tax at 28%	25,150	25,014
PLUS (LESS) TAX EFFECT OF:				
(2,236)	(2,124)	Permanent differences	(25,150)	(25,014)
–	–	Imputation credits	–	–
–	–	Residual taxation payable	–	–
COMPRISING:				
–	–	Current tax	–	–
–	–	Future income tax benefit	–	–
FUTURE TAX BENEFIT:				
–	–	Opening balance	–	–
–	–	Movement	–	–
–	–	Closing balance	–	–

The following entities unused tax losses are available to carry forward and offset against future taxable income:

UNUSED TAX LOSSES		
Hastings District Holdings Limited	\$839,898	(2024: \$839,898)
Hastings District Properties Limited	\$129,629	(2024: \$129,629)
Hawke's Bay Opera House Limited	\$86,911	(2024: \$86,911)
Hastings District Council	\$1,354,056	(2024: \$1,263,995)

6. RECEIVABLES

ACCOUNTING POLICY

Short-term receivables are recorded at the amount due, less an allowance for Expected Credit Losses (ECL).

The Council and group apply the simplified ECL model of recognising lifetime ECL for short-term receivables.

In measuring ECLs, receivables have been grouped into rates receivables, and other receivables, and assessed on a collective basis as they possess shared credit risk characteristics. They have then been grouped based on the days past due. A provision matrix is then established based on historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

Rates are ‘written-off’:

- When remitted in accordance with the Council’s rates remission policy; and
- In accordance with the write off criteria of sections 90A (where rates cannot be reasonably recovered) and 90B (in relation to Māori freehold land) of the Local Government (Rating) Act 2002.

BREAKDOWN OF RECEIVABLES AND FURTHER INFORMATION

Actual Council 2024 \$'000	Actual Group 2024 \$'000		Actual Council 2025 \$'000	Actual Group 2025 \$'000
3,967	3,967	Rates receivables	3,851	3,851
50,409	50,570	Other receivables	37,884	38,197
5,682	5,682	GST receivables	3,043	3,043
1,739	1,739	Other current assets	973	973
61,797	61,958		45,751	46,064
(73)	(73)	Less: allowance for credit losses	(47)	(47)
61,724	61,885		45,704	46,017
There are no material exchange transactions				

RATES RECEIVABLES

The Council does not provide for ECL on rates receivable, with the exception of Māori land arrears, as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. These powers allow the Council to commence legal proceedings to recover any rates that remain unpaid four (4) months after the due date for payment. If payment has not been made within three (3) months of the Court’s judgment, then the Council can apply to the Registrar of the High Court to have the judgment enforced by sale or lease of the rating unit.

Ratepayers can apply for payment plan options in special circumstances. Where such repayment plans are in place, debts are discounted to their present value of future payments if the impact of discounting is material.

OTHER RECEIVABLES

The ECL rates for other receivables at 30 June 2025 and 30 June 2024 are based on the payment profile of revenue on credit over the prior two years at the measurement date and the corresponding historical credit losses experienced for that period. The historical loss rates are adjusted for current and forward-looking macroeconomic factors that might affect the expected recoverability of receivables. Given the short period of credit risk exposure, the effects of macroeconomic factors are not considered significant.

The ageing profile of other receivables at year end is detailed below:

Gross 2024 \$'000	Expected Credit Loss Rate 2024	Lifetime ECL 2024 \$'000	The status of other receivables are detailed below:	Gross 2025 \$'000	Expected Credit Loss Rate 2025	Lifetime ECL 2025 \$'000
DEBTORS						
49,052	0.13%	60	Not past due	36,603	0.11%	39
444	0.47%	2	Past due 1-60 days	919	0.22%	2
343	0.00%	0	Past due 61-90 days	123	0.00%	–
570	1.85%	11	Past due > 90 days	239	2.57%	6
50,409		73		37,884		47

GROUP						
Gross 2024 \$'000	Expected Credit Loss Rate 2024	Lifetime ECL 2024 \$'000	The status of receivables are detailed below:	Gross 2025 \$'000	Expected Credit Loss Rate 2025	Lifetime ECL 2025 \$'000
DEBTORS						
49,213	0.13%	60	Not past due	36,916	0.11%	39
444	0.47%	2	Past due 1-60 days	919	0.22%	2
343	0.00%	–	Past due 61-90 days	123	0.00%	–
570	1.85%	11	Past due > 90 days	239	2.57%	6
50,570		73		38,197		47

All receipts greater than 30 days in age are considered to be past due.

Movements in the allowance for credit losses are as follows:

Actual Council 2024 \$'000	Actual Group 2024 \$'000		Actual Council 2025 \$'000	Actual Group 2025 \$'000
38	38	Balance at 1 July	73	73
27	27	Additional provisions made during the year	–	–
(50)	(50)	Provisions reversed during the year	(77)	(77)
59	59	Other receivables written off during the year	51	51
73	73	Balance at 30 June	47	47

7(A). INVESTMENT IN ASSOCIATES

ACCOUNTING POLICY

Associate

An associate is an entity over which the Council has significant influence and that is neither a subsidiary nor an interest in a joint arrangement. The Council's associate investment is accounted for in the Group financial statements using the equity method. The investment in an associate is initially recognised at cost and the carrying amount in the Group financial statements is increased or decreased to recognise the Group's share of the surplus or deficit of the associate after the date of acquisition. Distributions received from an associate reduce the carrying amount of the investment.

If the share of deficits of an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further deficits. After the Group's interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that the Council has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports surpluses, the Group will resume recognising its share of those surpluses only after its share of the surpluses equals the share of deficits not recognised.

Where the group transacts with an associate, surpluses or deficits are eliminated to the extent of the group's interest in the associate.

The investment in the associate is carried at cost in the Council's parent entity financial statements.

Breakdown of investment in associates

The Council's 24% share of the profit or losses of Hawke's Bay Airport Limited is recognised in the period which matches the reporting period of the Airport Authority.

The Council's 33% share of the profit or losses of Horse of the Year (Hawke's Bay) Limited is recognised in the period which matches the reporting period ending 31 May 2025.

7(A). INVESTMENT IN ASSOCIATES

The summary financial information for associates only shows the Group's interest.

Actual Council 2024 \$'000	Actual Group 2024 \$'000		Actual Council 2025 \$'000	Actual Group 2025 \$'000
1,063	12,598	Hawke's Bay Airport Limited	1,063	13,178
–	114	Horse of the Year (Hawke's Bay) Limited	–	4
1,063	12,712	Total investments in associates	1,063	13,812
		HAWKE'S BAY AIRPORT LIMITED		
		Name of entity: Hawke's Bay Airport Limited		
		Principal activities: Airport		
		Ownership: 24% (2024: 24%)		
		Owner: Hawke's Bay Airport Limited		
		Balance date: 30 June		
		Movements in the carrying amount of investments in associate		
	1,063	Hastings District Council Investment in Hawke's Bay Airport Limited		1,063
	11,466	Retained Earnings at the beginning of year		11,535
	12,529	Carrying amount at beginning of year		12,598
		Council's share of the results of Hawke's Bay Airport Limited		
	(205)	Share of Surplus		787
	274	Share of other recognised revenues and expenses		31
	69	Share of total recognised revenues and expenses		818
		Carrying Amount of Investment in Hawke's Bay Airport Limited		
	12,529	Carrying amount at beginning of year		12,598
	(205)	Share of total recognised revenues and expenses		787
	274	Revaluation reserves		31
	–	Distribution		(238)
	12,598	Carrying amount at end of year		13,178
		There are no contingent liabilities at 30 June 2025		
		Summarised Financial Information		
	970	Current Assets		446
	20,484	Non-Current Assets		21,961
	800	Current Liabilities		639
	8,057	Non-Current Liabilities		8,590
	3,127	Revenues		3,540
	(948)	Tax Expense		270

Actual Council 2024 \$'000	Actual Group 2024 \$'000		Actual Council 2025 \$'000	Actual Group 2025 \$'000
	(205)	Surplus/(deficit)		787
	24%	Group's interest		24%
		HORSE OF THE YEAR (HAWKE'S BAY) LIMITED		
		Name of Entity: Horse of the Year (Hawke's Bay) Limited		
		Principal activities: Equestrian Show		
		Ownership: 33% (2024: 33%)		
		Owner: Horse of the Year (Hawke's Bay) Limited		
		Balance date: 31 May		
		Movements in the carrying amount of investments in associate		
		Hastings District Council Investment in Horse of the Year (Hawke's Bay) Limited		
	88	Retained earnings at the beginning of year		114
	88	Carrying amount at beginning of year		114
		Council's share of the results of Horse of the Year (Hawke's Bay) Limited		
	26	Share of Surplus		(79)
	–	Share of other recognised revenues and expenses		–
	26	Share of total recognised revenues and expenses		(79)
		Carrying Amount of Investment in Horse of the Year (Hawke's Bay) Limited		
	88	Carrying amount at beginning of year		114
	26	Share of total recognised revenues and expenses		(79)
	–	Revaluation reserves		–
	–	Prior year adjustment		(31)
	114	Carrying amount at end of year		4
		There are no contingent liabilities at 30 June 2025		
		Summarised Financial Information		
	63	Current Assets		32
	219	Non-Current Assets		198
	166	Current Liabilities		197
	30	Non-Current Liabilities		30
	821	Revenues		736
	–	Tax Expense (exempt)		–
	26	Surplus/(deficit)		(79)
	33%	Group's interest		33%

7(B). OTHER FINANCIAL ASSETS

ACCOUNTING POLICY

Other financial assets (other than shares in subsidiaries) are initially recognised at fair value. They are then classified as, and subsequently measured under, the following categories:

- Amortised cost;
- Fair value through other comprehensive revenue and expense (FVTOCRE); and
- Fair value through surplus and deficit (FVTSD).

Transaction costs are included in the value of the financial asset at initial recognition unless the asset has been designated at FVTSD, in which case it is recognised in surplus or deficit.

The classification of a financial asset depends on its cash flow characteristics and the Council and group's management model for managing them.

A financial asset is classified and subsequently measured at amortised cost if it gives rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal outstanding and is held within a management model whose objective is to collect the contractual cash flows of the asset.

A financial asset is classified and subsequently measured at FVTOCRE if it gives rise to cash flows that are SPPI and held within a management model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Financial assets that do not meet the criteria to be measured at amortised cost of FVTOCRE are subsequently measured at FVTSD. However, the Council and group may elect at initial recognition to designate an equity investment not held for trading as subsequently measured at FVTOCRE.

Subsequent measurement of financial assets at amortised cost

Financial assets classified at amortised cost are subsequently measured at amortised cost using the effective interest method, less any expected credit losses (ECL). Where applicable, interest accrued is added to the investment balance. Instruments in this category include term deposits and LGFA Borrower notes.

Subsequent measurement of financial assets at FVTOCRE

Financial assets in this category that are debt instruments are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense, except ECL and foreign exchange gains and losses are recognised in surplus or deficit. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified to surplus and deficit. The Council has no instruments in this category.

Financial assets in this category that are equity instruments designated as FVTOCRE are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense. There is no assessment for impairment when fair value falls below the cost of the investment. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to accumulated funds within equity. The Council and group designate into this category all equity investments that are not held for trading as they are strategic investments that are intended to be held for the medium to long-term.

Subsequent measurement of financial assets at FVTSD

Financial assets in this category are subsequently measured at fair value with fair value gains and losses recognised in surplus or deficit.

Interest revenue and dividends recognised from these financial assets are separately presented within revenue.

Other than for derivatives, the Council and group have no instruments in this category.

Expected Credit Loss allowance (ECL)

The Council and group recognise an allowance for ECLs for all debt instruments not classified as FVTSD. ECLs are the probability-weighted estimate of credit losses, measured at the present value of cash shortfalls, which is the difference between the cash flows due to Council and group in accordance with the contract and the cash flows it expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

ECLs are recognised in two stages. ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). However, if there has been a significant increase in credit risk since initial recognition, the loss allowance is based on losses possible for the remaining life of the financial asset (Lifetime ECL).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Council and group consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Council and group's historical experience an informed credit assessment and including forward-looking information.

The Council and group consider a financial asset (excluding receivables, refer to Note 6) to be in default when the financial asset is more than 90 days past due. The Council and group may determine a default occurs prior to this if internal or external information indicates the entity is unlikely to pay its credit obligations in full.

Council measure ECLs on loan commitments at the date the commitment becomes irrevocable. If the ECL measured exceeds the gross carrying amount of the financial asset, the ECL is recognised as a provision.

Subsidiaries

The Council consolidates in the Group financial statements all entities where the Council has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the subsidiary. The power exists where the Council controls the majority voting power on the governing body or where such policies have been irreversibly predetermined by the Council or where the determination of such policies is unable to materially affect the level of potential ownership benefits that arise from the activities of the subsidiary.

Investments in subsidiaries are carried at cost in the Council's parent entity financial statements.

The interest in the Te Mata Park Trust Board has been reflected in the consolidated financial statements and accounted for using the purchase method. This involves adding corresponding assets, liabilities, revenues and expenses on a line-by-line basis.

The interest in the Hawke's Bay Regional Sports Park Trust has been reflected in the consolidated financial statements and accounted for using the purchase method. This involves adding corresponding assets, liabilities, revenues and expenses on a line-by-line basis.

Hastings District Holdings Limited is 100% owned by the Council and provides Council with an extra layer of governance and a monitoring structure for Council's other CCOs which include Hawke's Bay Opera House Limited and Hastings District Properties Limited.

BREAKDOWN OF OTHER FINANCIAL ASSETS AND FURTHER INFORMATION

Actual Council 2024 \$'000	Actual Group 2024 \$'000		Actual Council 2025 \$'000	Actual Group 2025 \$'000
Investment in Subsidiaries				
15	–	Hastings District Holdings Limited	15	–
15	–	Total Investment in Subsidiaries	15	–
Investment in other entities				
1,652	1,652	Unlisted shares in LGFA	1,717	1,717
9,258	9,258	Borrower notes in LGFA	14,181	14,181
157	157	New Zealand Local Government Insurance Association	157	157
11,067	11,067	Total investment in other entities	16,055	16,055
11,082	11,067	Total non-current portion	16,070	16,055
11,082	11,067	Total other financial assets	16,070	16,055

CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Other investments – fair value

Term deposits

The carrying amount of term deposits approximates their fair value.

Unlisted shares and borrower notes

The fair value of the unlisted shares has been determined as follows:

- If an active market is present for unlisted shares, the fair value of such shares is determined by their market value.
- If an active market is absent for unlisted shares, the fair value of such shares is determined by their redemption value.

INVESTMENT IN OTHER ENTITIES (OTHER THAN SHARES IN SUBSIDIARIES)

The Council has designated all of its equity investments at FVTOCRE, other than shares in subsidiaries. This measurement basis is considered more appropriate than through surplus or deficit because the investments have been made for long-term strategic purposes rather than to generate a financial return through trading.

Equity investments designated at FVTOCRE comprise of:

- Unlisted shares in LGFA; and
- Investment in NZ Local Government Insurance Association.

HASTINGS MAYORAL RELIEF FUND

The Hawke's Bay Disaster Relief Trust (HBDRT) was re-activated by the five Hawke's Bay councils (who are the trustees of HBDRT) in response to Cyclone Gabrielle in 2023. It was anticipated that donations made to this fund would be distributed to individual Councils for them to administer to their affected ratepayers.

In order to do this, and to provide assistance to families and individuals in the Hastings district who were undergoing extreme financial distress the Council set up the Hastings Mayoral Relief Fund. Once set up, the fund began to receive public donations.

Council administered the fund completely separately to normal Council operations using a separate bank account, and a review panel made up of Council's Community Grants Advisor, Councillors and the Mayor to assess grant applications. As at 30 June 2025 there was \$89,029 remaining to be paid out to grant applicants.

8. PROPERTY, PLANT AND EQUIPMENT

ACCOUNTING POLICY

Property, plant and equipment consist of:

- **Operational assets** – these include land, buildings, landfill post closure, library books, plant and equipment, and motor vehicles.
- **Restricted assets** – restricted assets are parks and reserves owned by the Council and Group that provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.
- **Infrastructural assets** – infrastructure assets are the fixed utility systems owned by the Council and Group. Each asset class includes all items that are required for the network to function. For example, sewer reticulation includes reticulation piping and sewer pump stations.

Property, plant and equipment are shown at cost or valuation, less accumulated depreciation and impairment losses.

(a) Revaluation

Land and Buildings (operational and restricted), library books, and infrastructural assets (except land under roads) are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years with the exception of heritage assets which are valued every five years. All other asset classes are carried at depreciated historical cost.

The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued.

Revaluations of property, plant, and equipment are accounted for on a class-of-asset basis. The net revaluation results are credited or debited to other comprehensive revenue and expenses and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expenses but is recognised in the surplus or deficit.

Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expressed, and then recognised in other comprehensive revenue and expenses.

(b) Additions

The cost of an item of property, plant, and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Council and Group and the cost of the item can be measured reliably.

Infrastructural asset additions between valuations are recorded at cost, except for assets which are vested in the Council as part of the sub-divisional consent process. Vested infrastructure assets are valued based on the Council's standard unit cost rate.

Work-in-progress is recognised at cost less impairment and is not depreciated.

Property, plant, and equipment are recognised at cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

(c) Disposals

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluations reserves in respect of those assets are transferred to accumulated funds.

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits or service potential are expected from its use or disposal.

(d) Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

(e) Depreciation

Land is not depreciated.

All other assets with the exception of Plant, Machinery and Vehicles are depreciated on a straight-line basis at rates estimated to write off their cost over the expected useful economic life. Plant, Machinery and Vehicles are depreciated using a combination of straight line and diminishing value. The expected lives of major classes of assets are as follows:

Expected life (years)		Expected life (years)	
BUILDINGS		Furniture and Fittings	4 – 14
Structure/Envelope	20 – 65	Computer and Office Equipment	2 – 5
Building Services	15 – 35	Library Collections	5 – 10
Building Fit Out	30 – 50	LANDFILL	
Heavy Plant and Machinery	7 – 10	Permanent Facilities	42
Other Plant and Machinery	2 – 15	Valley A & D Development	12 – 15
Motor Vehicles	4 – 15	Other	5
WATER SUPPLY		ROADING NETWORK	
Pipes	27 – 120	Top Surface (seal)	13
Valves, hydrants	50 – 80	Pavement (including kerbs)	30 – 85
Pump Stations	15 – 80	Formation	Not depreciated
Bores	50	Footpaths	20 – 75
Reservoirs	100	Street Lights (poles)	50
Treatment Plant	5 – 20	Traffic Signals	15
STORMWATER DISPOSAL		Signs	10 – 15
Pipes	100	Unsealed Roads	8 – 10
Manholes	100	Roading Land	Not depreciated
Detention Dams	100	Bridges & Culverts	85
Open Channels	50		
Service Laterals	80		
PARKS		WASTERWATER	
Soft Landscaping	38 – 75	Pipes	25 – 100
Hard Landscaping	6 – 100	Manholes	80
Playgrounds	7 – 50	Pump Stations	15 – 80
Services	30 – 80	Treatment Plant	20
Structures	6 – 100	Submarine Outfall	50
Buildings	6 – 100		

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

Intangible assets		
Software acquisition and development		
Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.		
Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.		
Staff training costs are recognised in the surplus or deficit when incurred.		
Costs associated with maintaining computer software are recognised as an expense when incurred.		
Amortisation		
The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit. The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:		
COMPUTER SOFTWARE	3 years	33.3%
Carbon Credits		
Purchased carbon credits are recognised at cost on acquisition. Free carbon credits received from the Crown are recognised at fair value on receipt. They are subsequently measured at fair value and not amortised but are instead tested for impairment annually. They are derecognised when they are used to satisfy carbon emission obligations.		
Carbon units have been assessed as having an indefinite useful life because they have no expiry date and will continue to have economic benefit for as long as the Emissions Trading Scheme is in place.		

Impairment of property plant and equipment and intangible assets

Property, plant and equipment

Property, plant, and equipment are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

If the asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit. For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit. For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the surplus or deficit.

Value in use for non-cash generating assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return. The majority of the Council and Groups assets are non-cash generating. For non-cash-generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, a restoration cost approach, or a service units approach.

The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in use for cash-generating assets

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return.

The value in use for cash-generating assets and cash-generating units is the present value of expected future cash flows.

Impairment of Intangible assets

Intangible assets subsequently measured at cost that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment.

The same approach outlined above for impairment of property, plant and equipment applies to the impairment of intangible assets.

Non-current assets held for sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write downs of non-current assets held for sale are recognised in the surplus or deficit.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

8. PROPERTY, PLANT AND EQUIPMENT: 2025

	1 Jul 2024	1 Jul 2024	1 Jul 2024										30 Jun 2025	30 Jun 2025	30 Jun 2025
\$'000	Cost/ Revaluation	Accumulated depreciation and impairment charges	Carrying amount	Additions	Disposals	Impairment charges	Depreciation and Amortisation	Asset write offs	Depreciation write back	Revaluation Depreciation write back	Revaluation/ Other Movements	Cost/ Revaluation	Accumulated depreciation and impairment charges	Carrying amount	
COUNCIL OPERATIONAL ASSETS															
Operational Buildings	65,165	–	65,165	16,072	–	–	(1,279)	–	–	–	–	81,237	(1,279)	79,958	
Operational Land	61,630	–	61,630	10,539	(2,746)	(2,625)	–	(7,827)	–	–	–	63,428	–	63,428	
Heritage	789	–	789	58	–	–	–	–	–	–	–	847	–	847	
Library Books	2,197	–	2,197	393	–	–	(238)	–	–	238	(216)	2,373	–	2,374	
Computers & Office Equipment	16,791	(13,101)	3,690	760	–	–	(1,428)	–	–	–	–	17,551	(14,529)	3,022	
Furniture & Fittings	4,014	(2,804)	1,210	91	–	–	(191)	–	–	–	–	4,105	(2,995)	1,110	
Plant, Equipment & Vehicles	20,982	(11,424)	9,559	1,686	(686)	–	(1,771)	–	278	–	–	21,983	(12,917)	9,065	
Landfill	37,346	(20,959)	16,387	6,182	–	–	(1,366)	–	–	–	–	43,529	(22,325)	21,203	
Total Operational Assets	208,915	(48,288)	160,627	35,781	(3,432)	(2,625)	(6,273)	(7,827)	278	238	(216)	235,052	(54,045)	181,007	
COUNCIL RESTRICTED ASSETS															
Restricted Buildings	113,807	–	113,806	2,351	–	(2,984)	(3,087)	–	1,435	–	–	113,174	(1,651)	111,522	
Restricted Land	162,716	–	162,716	177	1,150	–	–	–	–	–	–	159,586	–	159,586	
Total Restricted Assets	276,523	–	276,522	2,528	1,150	(2,984)	(3,087)	–	1,435	–	–	272,760	(1,651)	271,108	
Total Operational & Restricted Assets	485,436	(48,288)	437,149	38,309	(2,282)	(5,609)	(9,360)	(7,827)	1,713	238	(216)	507,812	(55,697)	452,115	
SUBSIDIARIES PROPERTY, PLANT AND EQUIPMENT															
Plant & Equipment	4,102	(2,400)	1,702	5	(39)	–	(140)	–	11	–	–	4,068	(2,529)	1,539	
Restricted Buildings	21,847	(4,426)	17,421	–	–	–	(324)	–	–	–	–	21,847	(4,750)	17,097	
Restricted Land	410	(28)	382	–	–	–	(19)	–	–	–	–	514	(47)	467	
Office Equipment	38	(37)	1	104	–	–	–	–	–	–	–	38	(38)	0	
Total Subsidiary Assets	26,397	(6,891)	19,506	109	(39)	–	(484)	–	–	–	–	26,467	(7,364)	19,103	
Total Group	511,835	(55,179)	456,654	38,415	(2,321)	(773)	(9,842)	(7,827)	1,724	238	(216)	534,279	(63,061)	471,218	
BIOLOGICAL ASSETS															
Landfill Forestry	163	–	163	–	–	–	–	–	–	–	–	163	–	163	
Total Biological Assets	163	–	163	–	–	–	–	–	–	–	–	163	–	163	
INTANGIBLE ASSETS															
Computer Software	7,747	(6,612)	1,136	128			(404)					7,876	(7,016)	860	
Carbon Credits	4,437	–	4,437	2,963	(6,984)						580	996	–	996	

8. PROPERTY, PLANT AND EQUIPMENT: 2025

	1 Jul 2024	1 Jul 2024	1 Jul 2024											30 Jun 2025	30 Jun 2025	30 Jun 2025
\$'000	Cost/ Revaluation	Accumulated depreciation and impairment charges	Carrying amount	Additions	Disposals	Impairment charges	Depreciation and Amortisation	Asset write offs	Depreciation write back	Revaluation Depreciation write back	Revaluation/ Other Movements	Cost/ Revaluation	Accumulated depreciation and impairment charges	Carrying amount		
Total Intangible Assets	12,184	(6,612)	5,572	3,092	(6,984)	–	(404)	–	–	–	580	8,872	(7,016)	1,856		
COUNCIL INFRASTRUCTURAL ASSETS																
Bridges	233,002	–	233,002	36,604			(4,601)			–	–	269,607	(4,601)	265,006		
Roading – Land	129,124	–	129,124	–								129,124	–	129,124		
Roading – Other	1,274,999	–	1,274,999	106,488	(9)		(20,258)			–	–	1,381,478	(20,258)	1,361,220		
Stormwater Disposal Network	369,948	(12,539)	357,409	10,627	–		(6,526)			17,434	47,407	427,983	(1,632)	426,352		
Wastewater Disposal Network	524,594	(27,690)	496,905	26,948	–		(13,727)			38,347	(70,932)	480,610	(3,070)	477,540		
Water Supply Network	315,989	(13,481)	302,508	13,490	–		(8,543)			20,012	(27,573)	301,905	(2,011)	299,894		
Parks	46,384	(3,148)	43,236	5,645			(3,553)			6,701	1,653	53,682		53,683		
Total Infrastructural Assets	2,894,041	(56,858)	2,837,183	199,803	(9)	–	(57,208)	–	–	82,494	(49,445)	3,044,389	(31,572)	3,012,818		

REVALUATION SUMMARY

Asset Class	Revaluation movement \$000	Revaluation depreciation write back \$000	Total revaluation increase/(decrease) \$000
Carbon Credits	580	–	580
Library books	(216)	238	22
Stormwater Disposal Network	47,407	17,434	64,841
Wastewater Disposal Network	(70,932)	38,347	(32,585)
Water Supply Network	(27,573)	20,012	(7,561)
Parks	1,653	6,701	8,355
Total	(49,081)	82,732	33,651

8. PROPERTY, PLANT AND EQUIPMENT: 2024

	1 Jul 2023	1 Jul 2023	1 Jul 2023									30 Jun 2024	30 Jun 2024	30 Jun 2024
\$'000	Cost/ Revaluation	Accumulated depreciation and impairment charges	Carrying amount	Additions	Disposals	Impairment charges	Depreciation and Amortisation	Destroyed assets	Depreciation write back	Revaluation Depreciation write back	Revaluation/ Other Movements	Cost/ Revaluation	Accumulated depreciation and impairment charges	Carrying amount
COUNCIL OPERATIONAL ASSETS														
Operational Buildings	53,179	(2,320)	50,858	15,027	(3)	–	(1,228)	(2,584)	28	3,520	(453)	65,165	–	65,165
Operational Land	57,621	–	57,621	14,291	(6,942)	–	–	(12,401)	–	–	9,060	61,630	–	61,630
Heritage	777	–	777	12	–	–	–	–	–	–	–	789	–	789
Library Books	2,009	–	2,009	411	–	–	(222)	–	–	222	(223)	2,197	–	2,197
Computers & Office Equipment	15,978	(11,748)	4,230	813	–	–	(1,353)	–	–	–	–	16,791	(13,101)	3,690
Furniture & Fittings	3,819	(2,618)	1,201	195	–	–	(186)	–	–	–	–	4,014	(2,804)	1,210
Plant, Equipment & Vehicles	18,885	(10,145)	8,741	3,008	(911)	–	(1,642)	–	363	–	–	20,982	(11,424)	9,559
Landfill	29,167	(19,792)	9,375	8,213	(33)	–	(1,187)	–	19	–	–	37,346	(20,959)	16,387
Total Operational Assets	181,435	(46,623)	134,812	41,971	(7,888)	–	(5,817)	(14,985)	410	3,742	8,384	208,915	(48,288)	160,627
COUNCIL RESTRICTED ASSETS														
Restricted Buildings	119,138	(5,389)	113,749	2,309	(153)	(773)	(3,284)	(179)	24	8,649	(6,536)	113,807	–	113,807
Restricted Land	161,267	–	161,267	3,411	(421)	–	–	–	–	–	(1,541)	162,716	–	162,716
Total Restricted Assets	280,405	(5,389)	275,016	5,721	(574)	(773)	(3,284)	(179)	24	8,649	(8,077)	276,523	–	276,522
Total Operational & Restricted Assets	461,840	(52,013)	409,828	47,691	(8,463)	(773)	(9,101)	(15,164)	434	12,391	307	485,437	(48,288)	437,149
SUBSIDIARIES PROPERTY, PLANT AND EQUIPMENT														
Plant & Equipment	4,037	(2,238)	1,799	66	(1)	–	(162)	–	–	–	–	4,102	(2,400)	1,702
Restricted Buildings	21,779	(4,023)	17,756	68	–	–	(403)	–	–	–	–	21,847	(4,426)	17,421
Restricted Land	410	(28)	382	–	–	–	–	–	–	–	–	410	(28)	382
Office Equipment	35	(35)	–	3	–	–	(2)	–	–	–	–	38	(37)	1
Total Subsidiary Assets	26,261	(6,325)	19,936	137	(1)	–	(567)	–	–	–	–	26,397	(6,891)	19,506
Total Group	488,101	(58,337)	429,764	47,828	(8,464)	(773)	(9,668)	(15,164)	434	12,391	307	511,835	(55,179)	456,654
BIOLOGICAL ASSETS														
Landfill Forestry	60	–	60	–	–	–	–	–	–	–	103	163	–	163
Total Biological Assets	60	–	60	–	–	–	–	–	–	–	103	163	–	163
INTANGIBLE ASSETS														
Computer Software	7,486	(6,224)	1,262	261	–	–	(388)	–	–	–	–	7,747	(6,612)	1,136
Carbon Credits	–	–	–	4,437	–	–	–	–	–	–	–	4,437	–	4,437

8. PROPERTY, PLANT AND EQUIPMENT: 2024

	1 Jul 2023	1 Jul 2023	1 Jul 2023									30 Jun 2024	30 Jun 2024	30 Jun 2024
\$'000	Cost/ Revaluation	Accumulated depreciation and impairment charges	Carrying amount	Additions	Disposals	Impairment charges	Depreciation and Amortisation	Destroyed assets	Depreciation write back	Revaluation Depreciation write back	Revaluation/ Other Movements	Cost/ Revaluation	Accumulated depreciation and impairment charges	Carrying amount
Total Intangible Assets	7,486	(6,224)	1,262	4,698	–	–	(388)	–	–	–	–	12,184	(6,612)	5,572
COUNCIL INFRASTRUCTURAL ASSETS														
Bridges	138,820	–	138,820	5,414	–	–	(2,807)	–	–	2,807	88,769	233,002	–	233,002
Roading – Land	129,124	–	129,124	–	–	–	–	–	–	–	–	129,124	–	129,124
Roading – Other	1,036,903	–	1,036,903	74,078	–	–	(19,256)	–	–	19,256	164,018	1,274,999	–	1,274,999
Stormwater Disposal Network	362,175	(6,315)	355,859	7,836	(62)	–	(6,224)	–	–	–	–	369,948	(12,539)	357,409
Wastewater Disposal Network	502,887	(13,790)	489,097	22,202	(494)	–	(13,900)	–	–	–	–	524,594	(27,690)	496,905
Water Supply Network	299,344	(6,536)	292,808	16,843	(198)	–	(6,945)	–	–	–	–	315,989	(13,481)	302,508
Parks	41,097	–	41,097	5,286	–	–	(3,148)	–	–	–	–	46,384	(3,148)	43,236
Total Infrastructural Assets	2,510,349	(26,641)	2,483,708	131,658	(754)	–	(52,281)	–	–	22,064	252,787	2,894,041	(56,858)	2,837,183

IMPAIRMENT

Actual Council 2024 \$000	Class	Actual Council 2025 \$000
	– Operational Land	2,625
	– Restricted Land	–
	– Stormwater	–
	– Wastewater	–
	– Water Supply	–
	– Bridges	–
	– Roading – other	–
773	Restricted Buildings	1,549
773	Total	4,174

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimating the fair value of Infrastructural assets

There are a number of assumptions and estimates used when performing depreciated replacement cost valuations over infrastructural assets. These include:

- The physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets which are not visible, for example storm water, wastewater and water supply pipes which are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets;
- Estimating any obsolescence or surplus capacity of an asset; and
- Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then Council could be over or under estimating the annual depreciation charge recognised as an expense in the statement of comprehensive revenue and expenses. To minimise this risk, Council's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the Council's asset management planning activities, which gives Council further assurance over its useful life estimates.

Buildings (operational and restricted)

Land and Buildings were revalued in June 2024 by Mr John Reid (M Property Studies, B Com, ANZIV, SNZPI) and Rob Douglas (BBS [V&PM], ANZIV, SPINZ) of Added Valuation Ltd. Wherever possible, land and buildings are valued at net current value. Those buildings which cannot be easily sold are valued at depreciated replacement cost. Future revaluations will take place at three yearly intervals. The Te Mata Park Trust Board assets are recorded at cost less accumulated depreciation to date.

Infrastructural asset classes: water supply, wastewater, stormwater, parks and roading

Infrastructure assets for Roading were valued at June 2024 by Kevin Dunn of Beca, using the depreciated replacement cost method. Future revaluations (excluding land) will take place at two yearly intervals.

Infrastructure assets for water (excluding land) were valued at March 2025 at depreciated replacement cost by Mr Colin Gerrard of GHD. These values were determined by calculation of the current cost of replacement adjusted by the estimated remaining useful life of the asset. Future revaluations (excluding land) will take place at two yearly intervals.

Parks assets were valued at June 2025 at depreciated replacement cost by Pauline True (BE Civil) of Stantec. Future revaluations (excluding land) will take place at two yearly intervals.

Other property, plant, and equipment

Library Collections are valued at depreciated replacement cost in accordance with guidelines established by the New Zealand Libraries Association. Library valuations are performed through a model created by an independent valuer, Dr Robin Watt MA (Hons.) PhD of R.J. Watt & Associates. The last valuation was performed as at June 2025.

Plant, Machinery and Vehicles are recorded at cost less accumulated depreciation to date.

The Council's 63.68% share of all assets of the Ōmarunui Refuse Landfill has been included at cost less accumulated depreciation.

Charles Tongue of Webb's valued the heritage assets in June 2023, with the valuation being based on images and descriptions provided. The assets were valued on the basis of net current replacement costs. Future revaluations will take place at five yearly intervals.

**CRITICAL JUDGEMENTS IN APPLYING
ACCOUNTING POLICIES**

Classification of property

The Council owns a number of properties held to provide housing to pensioners. The receipt of market-based rental from these properties is incidental to holding them. The properties are held for service delivery objectives as part of the Council's social housing policy. The properties are therefore accounted for as property, plant and equipment.

CAPITALISED FINANCE LEASES

The net carrying amount of plant and equipment held under finance leases is \$nil (2024: \$nil). There is no class of the Property, Plant or Equipment that has been pledged as security for liabilities.

NON-CURRENT ASSETS HELD FOR SALE

This relates to the following land lots which are due to be sold within the next financial year. The majority relates to land for social and affordable housing development as part of the Flaxmere Land Development project:

- Land at Caenarvon Drive;
- Heretaunga House Land;
- Whakaruru Cres; and
- Category 3 land

WORK IN PROGRESS

Work in progress is included in the tables on pages 100 to 103. Work in progress is not depreciated.

The total amount per class is as listed below:

Actual Council 2024 \$'000	Class	Actual Council 2025 \$'000
13,084	Buildings	24,338
66	Computers & Office Equipment	69
–	Furniture & Fittings	2
3	Plant, Equipment & Vehicles	25
35	Heritage	31
8,527	Stormwater	11,844
23,798	Wastewater	21,335
2,933	Water Supply	6,540
5,414	Roading	35,997
53,860	Total	100,181

2025 core assets	Assets constructed	Assets transferred	Closing value	Replacement cost
WATER SUPPLY				
Treatment Plants and Facilities	1,012		71,275	117,034
Other Assets	8,077	794	228,619	375,394
Total	9,090	794	299,894	492,427
SEWERAGE				
Treatment Plants and Facilities	8,225		88,116	165,526
Other Assets	20,769	416	389,424	731,531
Total	28,994	416	477,540	897,057
STORMWATER				
Stormwater drainage	5,607	1,705	426,352	691,643
ROADING				
Roads & Footpaths	108,994	3,515	1,755,349	2,530,669

9. PAYABLES AND DEFERRED REVENUE

ACCOUNTING POLICY

Creditors and other payables

Short-term creditors and other payables are recorded at their face value.

BREAKDOWN OF PAYABLES AND OTHER INFORMATION

Actual Council 2024 \$'000	Actual Group 2024 \$'000		Actual Council 2025 \$'000	Actual Group 2025 \$'000
CURRENT				
34,235	34,615	Trade payables and accrued expenses	35,081	35,715
3,916	3,916	Interest on public debt	3,437	3,437
22,034	22,034	Revenue received in advance	6,397	6,397
1,074	1,074	Obligation to return ETS units (Note 18)	1,434	1,434
7,992	7,992	Other current liabilities	6,688	6,688
69,251	69,631		53,037	53,671
NON-CURRENT				
1,681	1,681	Provision for Landfill Aftercare (Note 18)	1,692	1,692
630	688	Other non-current liabilities	1,405	1,454
2,311	2,369		3,097	3,146
Payables and deferred revenue comprise of:				
5,577	5,577	Payables from non-exchange transactions – rates and dog registrations	6,397	6,397
65,985	66,423	Payables from exchange transactions – commercial payables	49,737	50,420

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms. Therefore, the carrying value of creditors and other payables approximates their fair value.

10. EMPLOYEE ENTITLEMENTS

ACCOUNTING POLICY

Employee entitlements

Short-term employee entitlements

Employee benefits that are expected to be settled wholly within twelve months after the end of the year in which the employee provides the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

Long-term employee entitlements

Employee benefits that are not expected to be settled wholly before twelve months after the end of the reporting period in which the employee provides the related service, such as long service leave, have been calculated on an actuarial basis. The calculations are based on:

- Likely future entitlements accruing to employees, based on years of service, years of entitlement, the likelihood that employees will reach the point of entitlement, and contractual entitlement information; and
- The present value of the estimated future cash flows.

Long-term employee entitlements

Sick leave, annual leave, and vested long service leave are classified as a current liability. Non-vested retirement and long service leave expected to be settled within 12 months of balance date are also classified as a current liability. All other employee entitlements are classified as a non-current liability.

CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Estimating retirement and long service leave obligations

The present value of retirement and long service leave obligations depends on a number of factors that are determined on an actuarial basis. Two key assumptions used in calculating this liability include the discount rate and the salary inflation factor. Any changes in these assumptions will affect the carrying amount of the liability.

Expected future payments are discounted using forward discount rates derived from the yield curve of New Zealand government bonds. The discount rates used have maturities that match, as closely as possible, the estimated future cash outflows. The salary inflation factor has been determined after considering historical salary inflation patterns. A weighted average discount rate of 4.30% (2024: 4.30%) and an inflation factor of 2.00% (2024: 2.0%) were used.

BREAKDOWN OF EMPLOYEE ENTITLEMENTS

Actual Council 2024 \$'000	Actual Group 2024 \$'000		Actual Council 2025 \$'000	Actual Group 2025 \$'000
5,356	5,374	Current	5,402	5,434
731	731	Non-current	756	756
6,087	6,105		6,158	6,190
CURRENT				
1,527	1,527	Accrued pay	1,697	1,697
3,677	3,695	Annual leave and other benefits	3,530	3,562
152	152	Retirement and long service leave	175	175
5,356	5,374		5,402	5,434
NON-CURRENT				
731	731	Retirement and long service leave	756	756
731	731		756	756

11. DERIVATIVE FINANCIAL INSTRUMENTS

ACCOUNTING POLICY

Accounting for derivative financial instruments and hedging activities

Council uses derivative financial instruments to economically hedge exposure to interest rate risk arising from financing activities.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance date. Council's derivative financial instruments are not designated as hedging instruments for accounting purposes. Accordingly, the associated gains or losses on derivatives are recognised in surplus or deficit.

Actual Council 2024 \$'000	Actual Group 2024 \$'000		Actual Council 2025 \$'000	Actual Group 2025 \$'000
CURRENT ASSET PORTION				
237	237	Interest rate swaps – held for trading	1	1
704	704	Forward start contract – ETS units	–	–
NON-CURRENT ASSET PORTION				
2,445	2,445	Interest rate swaps – held for trading	257	257
CURRENT LIABILITY PORTION				
–	–	Interest rate swaps – held for trading	(18)	(18)
		Forward start contracts – ETS units	(2,556)	(2,556)
NON-CURRENT LIABILITY PORTION				
(4)	(4)	Interest rate swaps – held for trading	(2,194)	(2,194)
(4,651)	(4,651)	Forward start contracts – ETS units	(2,315)	(2,315)
(1,269)	(1,269)		(6,824)	(6,824)

FAIR VALUE

The fair values of interest rate swaps have been determined by calculating the expected future cash flows under the terms of the swaps and discounting these values to present value. The inputs into the valuation model are from independently sourced market parameters such as interest rate yield curves. Most market parameters are implied from instrument prices.

INTEREST RATE SWAPS

The notional principal amounts of the outstanding interest rate swap contracts for the Council were \$114.5m (2024: \$83.5m) and for the group were \$114.5m (2024: \$83.5m). At 30 June 2025 the fixed interest rates for the interest rate swaps varied from 2.7% to 4.2% (2024: 2.7% to 4.9%).

The notional principal amounts of the forward starting interest rate swap contracts for the Council were \$221m (2024: \$104) and for the group were \$221m (2024: \$104). At 30 June 2025, the fixed interest rates for the interest rate swaps varied from 3.6% to 4.4% (2024: 3.9% to 4.2%).

Council manages its interest rate risk through the use of interest rate swaps. At the end of each financial year, Council revalues its interest rate swap portfolio to the current market value. The movement in this valuation reflects what has happened to the floating interest rate during the year. As floating rates rise, the cost to Council to hold these interest rate swaps to maturity decreases, as floating rates fall, the Council's cost to maturity increases. During 2024/25 historical live contracted interest rate swap rates have not moved materially. This year's recognised but unrealised loss of \$4.6m (2024 \$1.0m) on revaluation reflects a lower number of live swaps as at year end, with forward starts and some fixed debt being taken out during the financial year helping to provide cover required to maintain treasury policy.

FORWARD START CONTRACTS

Council have contracts in place to purchase Emission Trading Scheme (ETS) units at set prices for future unit obligations from landfill activities. The unrealised loss on these contracts occurs because the current market value of the ETS units falls below the agreed purchase price in the forward contracts. The unrealised loss reflects the potential financial impact if the market conditions remain unchanged before the contracts are executed.

12. BORROWINGS AND OTHER FINANCIAL LIABILITIES

ACCOUNTING POLICY

Borrowings

Borrowings are initially recognised at their fair value net of transaction costs incurred. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

BREAKDOWN OF BORROWINGS

Actual Council 2024 \$'000	Actual Group 2024 \$'000		Actual Council 2025 \$'000	Actual Group 2025 \$'000
292,741	292,741	Opening total of external public debt	393,741	393,741
130,000	130,000	Debt raised during year	148,000	148,000
(29,000)	(29,000)	Amounts repaid	(69,000)	(69,000)
393,741	393,741	Total gross public debt	472,741	472,741
Comprises				
CURRENT				
69,000	69,000	Secured loans	74,000	74,000
NON-CURRENT				
324,741	324,741	Secured loans	398,741	398,741
393,741	393,741	Total borrowings and other financial liabilities	472,741	472,741

SECURED LOANS

The Council's secured debt of \$472.74m (2024: \$393.7m) is mostly issued at floating rates of interest. For floating rate debt, the interest rate is reset quarterly based on the 90-day bank bill rate plus a margin for credit risk. The overdraft is unsecured. The maximum amount that can be drawn down against the overdraft facility is \$0.5m (2024: \$0.5m). There are no restrictions on the use of the facility. The Council's loans are secured over either separate or general rates of the Council.

The Council has a multi-option credit facility of \$45m that can be drawn down on. The balance was not drawn down as at 30 June 2025 (2024: nil).

Actual Council 2024 \$'000	Actual Group 2024 \$'000		Actual Council 2025 \$'000	Actual Group 2025 \$'000
REPAYMENT TERMS – TERM DEBT				
69,000	69,000	Payable in less than 1 year	74,000	74,000
55,000	55,000	Payable between 1 and 2 years	96,000	96,000
181,000	181,000	Payable between 2 and 5 years	272,741	272,741
88,741	88,741	Later than 5 years	30,000	30,000
393,741	393,741		472,741	472,741
5.34%	5.34%	Weighted Average Interest Rate	3.95%	3.95%
3.43	3.43	Weighted Average Term (Years)	3.02	3.02

SUMMARY OF TOTAL PUBLIC DEBT

The statement of financial position and Note 12 records the total amount of Council's external debt as at 30 June 2025.

In addition to the external debt, the Council also utilises funds which are held for other purposes (Council-created and restricted reserves) to reduce the amount of external funding required.

Actual Council 2024 \$'000	Actual Group 2024 \$'000		Actual Council 2025 \$'000	Actual Group 2025 \$'000
393,741	393,741	External secured loans	472,741	472,741
12,800	12,800	Plus amount funded by internal loans	2,743	2,743
406,541	406,541	Gross borrowings for activities	475,484	475,484



INTERNAL BORROWINGS

Information about internal borrowings is provided below. Internal borrowings are eliminated on consolidation of activities in the Council's financial statements.

2024 closing balance	Activity Group	2025 opening balance	CR transfer to	Interest	DR transfer from	2025 closing balance
(5,769)	Safe Healthy and Liveable Communities	(5,769)	(4,438)	(179)	2,056	(8,330)
(5,877)	Governance and Support Services	(5,877)	(1,941)	(75)	781	(7,112)
	– Economic and Community Development	–	(128)	(1)	116	(13)
(1,153)	Roads and Footpaths	(1,153)	(25,603)	2	25,523	(1,231)
	– Stormwater Disposal	–	(6,528)	1	6,526	(1)
	– Wastewater Disposal	–	(8,085)	1	8,085	1
	– Water Supply	–	(2,803)		2,771	(32)
	– Working Capital	–			13,975	13,975
(12,800)	TOTAL	(12,800)	(49,526)	(251)	59,833	(2,743)

The notional interest rate used (4.32% (2024: 5.15%)) is based on the average rates at the beginning of each quarter between the 90 day rate and the 5 year Government Stock.

13. EQUITY

ACCOUNTING POLICY

Equity

Equity is the community's interest in Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves.

The components of equity are: accumulated funds, restricted reserves and property revaluation reserves.

Restricted reserves

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by Council. Restricted reserves are those subjected to specific conditions accepted as binding by the Council and which may not be revised by Council without reference to the Courts or a third party. Transfers from these reserves may only be made for certain specified purposes or when certain specified conditions are met.

Council-created reserves

Council-created reserves are reserves established by Council decision. The Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of Council.

Property revaluation reserves

Property revaluation reserves relate to the revaluation of property, plant and equipment to fair value.

BREAKDOWN OF ACCUMULATED FUNDS AND FURTHER INFORMATION

Actual Council 2024 \$'000	Actual Group 2024 \$'000		Actual Council 2025 \$'000	Actual Group 2025 \$'000
1,299,614	1,327,790	Balance at 1 July	1,295,804	1,323,519
–	–	Prior year adjustments	–	(24)
–	118	Transfers from property revaluation reserves on disposal	–	130
7,986	7,408	Net surplus (deficit) for the year	89,822	89,807
1,307,600	1,335,315		1,385,626	1,413,432
ADD/(LESS) NET APPROPRIATIONS OF NET SURPLUS				
(12,421)	(12,421)	(To) from council created reserves	(2,8632	(2,862)
625	625	(To) from restricted reserves	(1,382)	(1,382)
1,295,804	1,323,519	Balance at 30 June	1,381,382	1,409,188
1,295,804	1,323,519	Accumulated funds	1,381,382	1,409,188
6,340	6,340	Council created reserves	9,202	9,202
1,302,144	1,329,859	Total accumulated funds	1,390,584	1,418,390

COUNCIL-CREATED RESERVES

The Council has created a number of reserves, commonly referred to as special funds, to set aside funds for various purposes (e.g., asset replacements, emergency funds, etc). The Council sets aside and invests funds for these reserves with any interest earned on the investments being credited to the reserves.

The major categories of Council-created reserves are:

Plant, Equipment and Vehicle Replacement

Funds are set aside to provide for the ongoing replacement of operational assets such as essential plant, vehicles and equipment.

Property Maintenance and Improvements

Funds are set aside to maintain and enhance existing Council assets and also to provide funds for new projects such as motorway linkages.

General Purpose Reserves

Each of the Council's rating groups has a general purpose reserve. Any year-end balance for the rating group is placed into the general purpose reserves to enable the use of those funds to be debated at the next budget round. It has been the practice of Council to use the general purpose reserves to either reduce debt or to reduce the rating requirement in subsequent years.

Emergency Funds

Council has set aside funds to assist in the event of an emergency. Purposes for which funds are currently set aside are flood damage and rural fire.

Effluent Disposal

Council operates an effluent disposal scheme together with major users. Each year, funds are placed into a reserve for the maintenance of the scheme with funds withdrawn to fund major works.

Sundry Reserves

This represents a number of other reserves set aside for various purposes.

Separate Rates Reserves

This represents the balance of funds collected from various targeted rates which have not yet been spent.

Other

This represents reserves to be used for the Leachate Treatment Disposal System project.

THE BALANCES OF COUNCIL-CREATED RESERVES ARE:

Balance 2024 \$'000	Activity Group		Deposits \$'000	Interest \$'000	Withdrawals \$'000	Balance 2025 \$'000
2,977	All activities	Plant, equipment and vehicle replacement fund	2,941	176	(1,533)	4,561
4,090	All activities	Property maintenance and improvements	2,209	91	(1,166)	5,224
–	All activities	General purpose reserves	–	–	–	–
–	Water and roads	Wastewater treatment (HDC funds)	1,620	(1)	(1,620)	(1)
–	Safe healthy and liveable communities	Emergency funds		(2)	–	(2)
–	All activities	Sundry reserves	40,673	–	(40,671)	2
775	All activities	Separate reserves	622	–	(586)	811
718	Economic and community development	Other	265	17	(76)	924
8,560			48,330	281	(45,652)	11,519
(2,220)		Less: NCC share of landfill reserves	(175)	(77)	155	(2,317)
6,340			48,155	204	(45,497)	9,202

**13(A). RESTRICTED RESERVES
(COUNCIL ONLY)**

These are reserves, the use of which is restricted by some external force, e.g., trust deeds or legislation.

Trusts and bequests are funds which have been bequeathed to Council for specific purposes. Funds are separately invested with the interest earned on these investments added to the balance of the various special funds.

Reserve purchase and development funds are funds which have been levied on subdivisions under Section 274 of the Local Government Act 1974.

Loan redemption reserves reflect the balance of funds held in sinking fund investments, which are funds set aside for the repayment of debt.

Balance 2024 \$'000	Activity Group		Deposits \$'000	Interest \$'000	Withdrawals \$'000	Balance 2025 \$'000
1,355	Economic and community development	Trusts and bequests	20	29	(50)	1,354
2,885	Economic and community development	Development reserves	1,659	152	(427)	4,269
–	Economic and community development	Reserve purchase and development funds	–	(1)	–	(1)
4,240			1,679	180	(477)	5,622

13(B). REVALUATION AND OTHER RESERVES

Asset revaluation reserves consist of:

Balance 2024 \$'000		Revaluation Reserve movement \$'000	Transfer to retained earnings on disposal or write-off of property \$'000	Balance 2025 \$'000
COUNCIL				
Operational Assets				
170,396	Land and buildings	(4,174)	–	166,223
10	Library books	22	–	32
232	Heritage assets	–	–	232
103	Landfill Forestry	–	–	103
170,741		(4,151)	–	166,590
Intangible Assets				
–	Carbon credits	580	–	580
–		580	–	580
Infrastructural Assets				
201,641	Bridges	–	–	201,641
453,154	Roading	–	–	453,154
273,740	Stormwater disposal	64,841	–	338,581
360,254	Wastewater disposal	(32,585)	–	327,669
127,436	Water supply	(7,561)	–	119,875
10,746	Park assets	8,355	–	19,101
1,426,971		33,050	–	1,460,021
1,034	Fair value through comprehensive revenue	65	–	1,099
1,598,746		28,169	–	1,628,290
GROUP				
4,028	Hawke's Bay Airport Revaluation Reserve	105	(130)	4,003
81	Hawke's Bay Airport Cash Flow Hedge Reserve	(73)	–	8
1,602,855		24,190	(130)	1,632,301

14. RECONCILIATION OF NET SURPLUS/(DEFICIT) AFTER TAX TO NET CASH FLOWS FROM OPERATING ACTIVITIES

Actual Council 2024 \$'000	Actual Group 2024 \$'000		Actual Council 2025 \$'000	Actual Group 2025 \$'000
7,986	7,408	Net surplus/(deficit) on operations	89,822	89,807
ADD/(LESS): NON-CASH ITEMS				
61,771	61,771	Depreciation and amortisation expense	66,972	67,456
–	(179)	Share of associates retained surplus	–	(470)
(2,617)	(2,617)	Vested infrastructure	(6,430)	(6,430)
14,672	14,672	Written off assets/loss on sale of assets	7,827	7,827
3,947	3,947	Fair value loss on other valuations	924	924
1,016	1,016	Unrealised gains/losses on derivative financial instruments	4,632	4,632
78,789	78,610	Total non-cash items	73,925	73,939
ADD/(LESS): NET MOVEMENTS IN WORKING CAPITAL				
(11,343)	(10,051)	(Increase) decrease in debtors and other receivables	16,094	16,115
(3,316)	(3,696)	Increase (decrease) in creditors and other payables	(3,227)	(3,138)
(55)	(55)	(Increase) decrease in inventories	27	27
245	246	Increase (decrease) in provisions and employee entitlements (non-current)	857	857
(14,469)	(13,555)	Total net movements in working capital	13,751	13,861
ADD/(LESS): ITEMS CLASSIFIED AS INVESTING OR FINANCING ACTIVITIES				
1,227	1,227	(Gains)/Losses on sale of Property, Plant & Equipment and investments	478	478
1,227	1,227	Total non-operating activities	478	478
73,533	73,690	Total net cash inflow (outflow) from operating activities	177,976	178,087

15. REMUNERATION

The Council incurred the following expenditure for the year ended 30 June 2025:

REMUNERATION OF ELECTED REPRESENTATIVES

Actual Council 2024 \$		Remuneration \$	Allowance \$	Actual Council 2025 \$
MAYOR AND COUNCILLORS				
156,235	Hazlehurst S (Mayor)	167,067	0	167,067
84,757	Kerr T (Deputy Mayor)	83,648	1,455	85,103
58,912	Apatu A	59,313	1,455	60,768
58,557	Buddo M	59,313	1,455	60,768
63,145	Corban A	60,833	1,455	62,289
59,853	Dixon M	60,834	1,455	62,289
63,577	Fowler M	68,946	1,455	70,401
58,608	Harvey D	54,752	1,455	56,207
54,045	Heke H	54,752	1,455	56,207
54,045	Jessup K	54,752	1,455	56,207
59,347	Lawson E (resigned 2 May 2025)	46,132	1,227	47,359
4,982	Montaperto-Hendry H	54,752	1,583	56,334
54,014	Nixon S	54,752	1,455	56,207
67,708	Schollum W	68,947	1,455	70,402
4,982	Skipworth H	54,752	1,583	56,334
54,409	Watkins K	59,313	1,455	60,769
33,877	Nepe R (resigned 14 February 2024)	–	–	–
35,215	Redstone A (resigned 2 February 2024)	–	–	–

Actual Council 2024 \$		Remuneration \$	Allowance \$	Actual Council 2025 \$
9,866	Crawshaw I (Rural Community Board – Chair)	14,945	1,455	16,400
9,727	Morley A (Rural Community Board)	8,353	1,455	9,808
9,474	Scoular V (Rural Community Board)	8,353	1,455	9,808
18,898	Stockley J (Rural Community Board)	10,113	1,455	11,568
1,074,234	Total elected representatives' remuneration	1,104,622	27,673	1,132,295

CHIEF EXECUTIVE REMUNERATION

The Chief Executive of the Council is appointed under section 42 of the Local Government Act 2002.

Total Chief Executive remuneration for the year ending 30 June 2025 is \$438,356 (2024: \$435,880).

In terms of the contract, the Chief Executive received the following additional benefits:

Actual Council 2024 \$		Actual Council 2025 \$
5,210	Fringe Benefit Tax	5,303
12,671	Motor Vehicle	12,821
12,175	Superannuation	12,240
405,824	Salary*	407,993

*Salary includes two weeks of annual leave paid out instead of taken in 2025 (2024: nil).

**TOTAL ANNUAL REMUNERATION BY BAND FOR
EMPLOYEES AS AT 30 JUNE**

Actual Council 2024		Actual Council 2025
116	<\$60,000	<\$60,000
149	\$60,000-\$79,999	\$60,000-\$79,999
106	\$80,000-\$99,999	\$80,000-\$99,999
58	\$100,000-\$119,999	\$100,000-\$119,999
42	\$120,000-\$139,999	\$120,000-\$139,999
21	\$140,000-\$159,999	\$140,000-\$159,999
11	\$160,000-\$179,999	\$160,000-\$179,999
9	\$180,000-\$219,999	\$180,000-\$199,999
8	\$220,000-\$419,999	\$200,000-\$259,999
		\$260,000-\$439,999
520	Total employees	Total employees

At balance date, the Council employed 402 (2024: 393) full-time employees, with the balance of staff equivalent representing 82 (2024: 85) full-time employees. A full-time employee is determined on the basis of a 40-hour working week.

SEVERANCE PAYMENTS

Severance payments include any consideration (monetary or non-monetary) provided to any employee in respect of the employee's agreement to the termination of their employment with Council.

For the year ended 30 June 2025 Hastings District Council made zero severance payments to employees (2024: three severance payments to employees of \$26,916, \$5,535 and \$5,200).

**16. CAPITAL COMMITMENTS AND
OPERATING LEASES**

CAPITAL COMMITMENTS

Capital commitments are capital expenditure contracted for at balance date but not yet incurred for property, plant and equipment.

Actual Council 2024 \$'000	Actual Group 2024 \$'000		Actual Council 2025 \$'000	Actual Group 2025 \$'000
23,557	23,557	Building	9,712	9,712
19,170	19,170	Water System	10,589	10,589
1,649	1,649	Roading Network	30,711	30,711
–	–	Plant & Equipment	1,140	1,140
44,375	44,375	Commitments approved and contracted	52,151	52,151

OPERATING LEASES AS LESSEE

The Council and Group lease property, plant and equipment in the normal course of its business. The majority of these have a non-cancellable term of 36 months. The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

Actual Council 2024 \$'000	Actual Group 2024 \$'000		Actual Council 2025 \$'000	Actual Group 2025 \$'000
NON-CANCELLABLE OPERATING LEASE COMMITMENTS				
311	311	Not later than one year	569	569
28	28	Later than one year and not later than five years	991	991
6	6	Later than five years	5	5
345	345	Total non-cancellable operating leases	1,565	1,565

17. ŌMARUNUI JOINT LANDFILL (63.68% OWNED BY HASTINGS DISTRICT COUNCIL)

ACCOUNTING POLICY

Joint Arrangements

The Council is a party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Council and at least one other party. Joint control is the agreed sharing of control where decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as a joint operation or a joint venture. The classification depends on the rights and obligations of each party under the joint arrangement. The Council reviews the legal form, terms of the binding agreement, and other facts and circumstances relevant to its interest in determining the classification of the joint arrangement.

Joint Operation

For joint operations, the Council and group recognise its direct right to the assets, liabilities, revenues and expense of joint operations and its share of any jointly held or incurred assets, liabilities, revenue and expenses. Assets, liabilities, revenue and expenses relating to Council's interest in a joint operation are accounted for in line with Council's accounting policies and included in the relevant line items of the Council and group financial statements.

FURTHER INFORMATION ABOUT THE JOINT OPERATION

The Ōmarunui Refuse Landfill is a jointly controlled asset and the Council's proportionate interests (63.68%) in the assets, liabilities, revenue and expenses have been incorporated in Council's financial statements under the appropriate headings.

The Council's interest in Ōmarunui Refuse Landfill joint committee is accounted for as a jointly controlled asset. The financial accounts only include Hastings District Council's 63.68% share. There are no capital commitments and contingent liabilities arising from involvement in the joint operation.

The Council's interests in the joint operation are as follows:

Actual Council 2024 \$'000	Ōmarunui Refuse Landfill	Actual Council 2025 \$'000
3,892	Current assets	4,660
23,239	Non-current assets	27,745
4,195	Non-current liabilities	2,605
13,752	Revenue	14,426
9,573	Expenses	8,840
4,180	Surplus	5,585

18. PROVISIONS

ACCOUNTING POLICY

Provisions

Council recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in 'finance costs.'

Landfill post-closure costs

The Council, as operator and 63.68% owner of the Ōmarunui landfill, has a legal obligation under the resource consent to provide ongoing maintenance and monitoring services at the landfill site after closure. The Council's 63.68% share of a provision for post-closure costs is recognised as a liability when the obligation for post-closure arises.

The provision is measured based on the present value of future cash flows expected to be incurred, taking into account future events including new legal requirements and known improvements in technology. The provision includes all costs associated with landfill post-closure.

Amounts provided for landfill post-closure are capitalised to the landfill asset where they give rise to future economic benefits to be obtained. Components of the capitalised landfill asset are depreciated over their useful lives.

The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the Council.

LANDFILL AFTERCARE PROVISION

The Ōmarunui Refuse Landfill is owned jointly by the Council (63.68%) and Napier City Council (36.32%). The Ōmarunui Refuse Landfill is operated by the Council on behalf of a joint committee (comprising elected representatives from the two councils). The joint Landfill Committee gained a resource consent in 1985 to operate the Ōmarunui Landfill. The Councils have responsibility under the resource consent to provide ongoing maintenance and monitoring of the landfill after the site is closed. There are closure and post-closure responsibilities such as the following:

Closure responsibilities:

- Final cover application and vegetation.
- Incremental drainage control features.
- Completing facilities for leachate collection and monitoring.
- Completing facilities for monitoring and recovery of gas.

Post-closure responsibilities:

- Treatment and monitoring of leachate.
- Ground water and surface monitoring.
- Gas monitoring and recovery.
- Implementation of remedial measures such as needed for cover and control systems.
- Ongoing site maintenance for drainage systems, final cover and vegetation.

The management of the landfill will influence the timing of recognition of some liabilities – for example, the current landfill will operate in four stages. A liability relating to stages three and four will only be created when the stage is commissioned and when refuse begins to accumulate in these stages.

Capacity of the site

The Landfill is divided into four valleys as below:

	Total capacity	Useful life of valley	Remaining useful life
Valley A: opened in December 1988 and reached capacity in 2006	2,600,000m³	17 years	0
Valley D: opened in December 2006 and in operation	2,099,521m³	18 years	2.4 years
Valley B & C: not in operation yet	N/A		

Estimates of the life have been made by the Council's engineers based on historical volume information. These estimates can change from year-to-year dependant on the amount of tonnages entering the landfill.

The cash outflows for landfill post-closure are expected to occur in 2027 for Valley D and began in 2007 for Valley A. The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and is discounted using an average discount rate of 6.0% (2024: 7.5%).

The following major assumptions have been made in the calculation of the provision:

- Aftercare will be required for 30 years after the closure of each stage.
- The annual cost of aftercare for Valley A and D is \$194,319.
- The provision reported is for Hastings District Council's share only (63.68%).

Actual Council 2024 \$'000	Actual Council 2025 \$'000
LANDFILL AFTERCARE LIABILITY	
1,697 Opening balance	1,681
145 Provision written back during the year	237
(161) Amounts charged to provision during the year	(226)
1,681 Closing balance	1,692

The estimated aftercare costs for 2025 were \$194,319 (2024: \$188,440). These estimates are based on information received from Tonkin & Taylor and result in an adjustment in the aftercare liability estimate of (\$226,220) (2024: \$160,220).

OBLIGATION TO RETURN ETS UNITS

The Emission Trading Scheme (ETS) Levy provision recognises Council's obligations, as joint owner of the Ōmarunui landfill, for waste levy payments due to the Ministry of Environment based on waste tonnage collected during the financial period.

Actual Council 2024 \$'000	Actual Council 2025 \$'000
ETS LEVY PROVISION	
2,120 Opening balance	1,074
4,778 Additional provisions made	1,772
(5,824) Amounts used	(1,412)
1,074 Closing balance	1,434

19(A). FINANCIAL INSTRUMENT CATEGORIES

The following tables are comparisons of carrying amounts of the Group's financial assets and liabilities in each of the financial instrument categories:

Actual Council 2024 \$'000	Actual Group 2024 \$'000		Actual Council 2025 \$'000	Actual Group 2025 \$'000
FINANCIAL ASSETS				
<i>Amortised cost</i>				
12,762	13,423	Cash at bank and term deposits	29,613	30,622
61,724	61,885	Receivables	45,704	46,017
9,258	9,258	NZ LGFA Borrower notes	14,181	14,181
1,241	1,241	Other financial assets	1,300	1,300
84,985	85,807	Total at amortised cost	90,798	92,120
<i>Mandatorily measured at FVTSD</i>				
3,386	3,386	Derivative financial instrument	258	258
FVTOCRE				
157	157	Civic Financial Services Limited	157	157
1,652	1,652	NZ LGFA Unlisted shares	1,717	1,717
1,809	1,809	Total at FVTOCRE	1,874	1,874
90,180	91,002	Total Financial Assets	92,930	94,252
FINANCIAL LIABILITIES				
<i>Amortised cost</i>				
69,251	69,631	Payables	53,037	53,671
393,741	393,741	Secured loans	472,741	472,741
462,992	463,372	Total financial liabilities at amortised cost	525,778	526,412
<i>Mandatorily measured at FVTSD</i>				
4,655	4,655	Derivative financial instrument	7,083	7,083
467,647	468,027	Total Financial Liabilities	532,861	533,495

The Council (including Group) is risk averse and seeks to minimise exposure arising from its Treasury activities. The Council has established a Treasury Policy specifying what transactions can be entered into.

19(B). FAIR VALUE HIERARCHY

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- **Level 1** – Quoted market price – financial instruments with quoted prices for identical instruments in active markets.
- **Level 2** – Valuation technique using observable inputs – financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- **Level 3** – Valuation techniques with significant non-observable inputs – financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position:

Total 2024 \$'000	Total 2025 \$'000	Quoted market price	Valuation technique observable inputs	Significant non- observable inputs
COUNCIL				
Financial assets				
3,386	Derivative financial instrument	258	258	
157	Civic Financial Services Limited	157		157
1,652	NZLGFA Unlisted shares	1,717		1,717
Financial liabilities				
4,655	Derivative financial instrument	7,083	7,083	
GROUP				
Financial assets				
3,386	Derivative financial instrument	258	258	
157	Civic Financial Services Limited	157		157
1,652	NZLGFA Unlisted shares	1,717		1,717
Financial liabilities				
4,655	Derivative financial instrument	7,083	7,083	

There were no transfers between the different levels of the fair value hierarchy:

Level 3 – Valuation techniques with significant non-observable inputs.

The table below provides reconciliation from the opening balance to the closing balance for the Level 3 fair value movements.

2024 \$'000	2025 \$'000
NZ LGFA UNLISTED SHARES	
875 Balance at 1 July	1,652
– Purchases	–
– Sales	–
777 Fair value adjustment on initial recognition	65
– Transfers into level 3	–
– Transfers out of level 3	–
1,652 Balance at 30 June	1,717
2024 \$'000	2025 \$'000
CIVIC FINANCIAL SERVICES LIMITED	
157 Balance at 1 July	157
– Purchases	–
– Sales	–
– Transfers into level 3	–
– Transfers out of level 3	–
157 Balance at 30 June	157



19(C). FINANCIAL INSTRUMENT RISKS

The Council's activities expose it to a variety of financial instrument risks, including market risk, credit risk, and liquidity risk. The Council and Group have a series of policies to manage the risks associated with financial instruments and seek to minimise exposure from their treasury activities. The Council has established Council-approved Liability Management and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

MARKET RISK

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Council purchases plant and equipment for various activities from overseas, which require it to enter into transactions denominated in foreign currencies. As a result of these activities, exposure to currency risk arises.

Interest rate risk

Council is exposed to interest rate risk and seeks to minimise this exposure through adopted treasury policies. This includes entering into interest rate options or interest rate swap agreements. As at 30 June 2025, the Council had entered into interest rate swap agreements to a notional value of \$114.5m at interest rates between 2.7% and 4.2%. (2024: \$85.5m at interest rates between 2.7% and 4.9%).

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowing and investments issued at variable interest rates expose the Council and Group to cash flow interest rate risk.

Generally, the Council and Group raise long-term borrowing at floating rates and swap them into fixed rates using interest rate swaps in order to manage the cash flow interest rate risk. Such interest rate swaps have the economic effect of converting borrowings at floating rates into fixed rates that are generally lower than those available to the Council or Group borrowed at fixed rates directly. Under the interest rate swaps, the Council and Group agree with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

LIQUIDITY RISK

Management of liquidity risk

Liquidity risk is the risk that the Council will encounter difficulty raising liquid funds to meet commitments as they fall due. The Council's treasury policy requires that sufficient facilities must be in place to ensure the Council can borrow enough to meet its projected funding requirements plus a further 10% to cover any unexpected events.

The Council is exposed to liquidity risk and seeks to minimise this exposure by being able to realise various short-term investments and by being able to draw on committed and uncommitted bank facilities totalling \$527m (2024: \$449m). Included in the committed facilities is a bank overdraft limit of \$0.5m at an interest rate of 7.45% (2024: \$0.5m and 6.5%).

The Council is exposed to liquidity risk as a guarantor of all of LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in Note 23.

CREDIT RISK

Credit risk is the risk that a third party will default on its obligations to the Council and group, causing Council to incur a loss. Due to the timing of its cash inflows and outflows, the Council invests surplus cash into term deposits which gives rise to credit risk. As at 30 June 2025, Council had \$nil (2024: \$nil) on term deposit. The Group, at 30 June 2025, had \$461,000 (2024: \$283,000) on term deposit. The Council is exposed to credit risk as a guarantor of all of LGFA's borrowings. Information about this exposure is explained in Note 23.

The Council's treasury policy limits the amount of credit exposure to any one financial institution or organisation. Treasury-related transactions would only be entered into with organisations specifically approved by the Council. Counterparties and limits can only be approved on the basis of long-term credit ratings (Standard & Poor's or Moody's) being A- and above.

The Council does not hold any collateral for any of its loan assets.

Maximum exposure to credit risk

The Council's maximum credit exposure for each class of financial instrument is as follows:

Actual Council 2024 \$'000	Actual Group 2024 \$'000		Actual Council 2025 \$'000	Actual Group 2025 \$'000
12,762	13,423	Cash at bank and term deposits	29,613	30,622
61,724	61,885	Receivables	45,704	46,017
157	157	NZ Local Govt Insurance Corporation Limited	157	157
9,258	9,258	NZ LGFA Borrower notes	14,181	14,181
1,241	1,241	Other financial assets	1,300	1,300
3,386	3,386	Derivative financial instrument assets	258	258
88,528	89,350	Total Credit Risk	91,213	92,535

Credit risk exposure by credit risk rating grades, excluding receivables

The Council's maximum credit exposure for each class of financial instrument is as follows:

Actual Council 2024 \$'000	Actual Group 2024 \$'000	Counterparties with Credit Ratings	Actual Council 2025 \$'000	Actual Group 2025 \$'000
		CASH AT BANK AND TERM DEPOSITS		
14,003	14,664	Credit Rating AA-	30,914	31,575
		CIVIC FINANCIAL SERVICES LIMITED		
157	157	Credit Rating B+	157	157
		DERIVATIVE FINANCIAL INSTRUMENT ASSETS		
3,386	3,386	Credit Rating AA-	258	1,300
		NZ LGFA BORROWER NOTES		
9,258	9,258	Credit Rating AA+	14,181	14,181
		NZ LGFA UNLISTED SHARES		
1,652	1,652	Credit rating AA+	1,717	1,717



The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates.

Receivables mainly arise from the Council's statutory functions, therefore, there are no procedures in place to monitor or report the credit quality of receivables with reference to internal or external credit ratings. The Council has no significant concentrations of credit risk in relation to receivables, as it has a large number of credit customers, mainly ratepayers, and the Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

Contractual maturity analysis of financial liabilities and assets

The table below analyses the Council and Group's financial liabilities and assets into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate on the instrument at balance date. The amounts disclosed are the contractual undiscounted cash flows and include interest payments and interest receipts.

Carrying amount \$'000	Contractual cash flows \$'000		Less than 1 year \$'000	1-2 years \$'000	2-5 years \$'000	More than 5 years \$'000
2025						
Contractual maturity analysis of financial liabilities						
53,037	53,037	Payables	53,037	–	–	–
7,083	(4,456)	Derivative financial instrument liabilities	(1,495)	(1,161)	(1,800)	–
472,741	535,133	Secured loans	92,618	112,130	299,118	31,266
532,861	583,714	Total	144,160	110,970	296,577	32,007
Contractual maturity analysis of financial assets						
29,613	29,613	Cash and cash equivalents	29,613	–	–	–
45,704	45,704	Debtors and other receivables	45,704	–	–	–
258	(1,086)	Derivative financial instruments assets	(988)	(45)	(53)	–
75,575	74,231	Total	74,329	(45)	(53)	–
2024						
Contractual maturity analysis of financial liabilities						
69,251	69,251	Payables	69,251	–	–	–
4,655	13,304	Secured loans	567	6,163	6,574	–
393,741	467,317	Total	89,098	72,038	213,082	93,100
467,647	549,872	Contractual maturity analysis of financial assets	158,915	78,201	219,656	93,100
		Cash and cash equivalents				
12,762	12,762	Debtors and other receivables	12,762	–	–	–
61,724	61,724	Derivative financial instruments assets	61,724	–	–	–
3,386	10,588	Other financial assets	5,303	2,008	3,277	–
77,872	85,075	Total	79,790	2,008	3,277	–

Group figures are the same as the Council figures except for payables that increase by \$634,000 (2024: \$380,000), receivables that increase by \$313,000 (2024: \$161,000) and cash and cash equivalents increased by \$548,000 (2024: \$378,000).

SENSITIVITY ANALYSIS

The tables below illustrate the potential effect on the surplus or deficit and equity (excluding accumulated funds) for reasonably possible interest rate movements, with all other variables held constant, based on the Council and Group's financial instrument exposure at balance date.

Actual Council 2024 \$'000 -100bps Surplus	Actual Council 2024 \$'000 +100bps Surplus		Actual Council 2025 \$'000 -100bps Surplus	Actual Council 2025 \$'000 +100bps Surplus
FINANCIAL ASSETS				
(128)	128	Cash and cash equivalents	(296)	296
(3,422)	3,256	Derivative financial instruments assets	(6,176)	5,814
(3,550)	3,384	Total sensitivity on financial assets	(6,472)	6,110
FINANCIAL LIABILITIES				
(917)	852	Derivative financial instruments liabilities	(501)	446
(2,730)	2,730	Secured loans (floating interest rate) ¹	(3,320)	3,320
(3,647)	3,582	Total sensitivity on financial liabilities	(3,821)	3,766

1. The Council has floating rate debt with a principal amount totalling \$302m (2024: \$273m). A movement in interest rates of plus 1% has an effect on interest expense of \$3.32m (2024: \$2.73m). A movement in interest rates of minus 1% has an effect on interest expense of \$3.32m (2024: \$2.73m). A movement in market interest rates on fixed rate debt does not have any impact because secured loans are accounted for and amortised using the effective interest method.

EXPLANATION OF INTEREST RATE RISK SENSITIVITY

The interest rate sensitivity is based on a reasonable possible movement in interest rates, with all other variables held constant, measured as a basis points (bps) movement. For example, a decrease in 100bps is equivalent to a decrease in interest rates of 1.0%.

The sensitivity for derivatives (interest rate swaps) has been calculated using a derivative valuation model based on a parallel shift in interest rates of -100bps/+100bps. (2023 -100bps/+100bps).

19(D). RECONCILIATION OF MOVEMENTS IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Balance at 1 Jul 2024 – Council and Group \$'000	Net cash flows \$'000	Fair value \$'000	Other changes \$'000	Balance at 30 Jun 2025 – Council and Group \$'000
Secured loans	393,741	79,000	–	–	472,741
Interest rate swaps	(2,678)	–	4,632	–	1,954
Forward start contracts	3,947	–	924	–	4,871

20. POST BALANCE DATE EVENTS

LOCAL WATER DONE WELL (LWDW)

In December 2023, the New Zealand Government announced a new direction for water services (drinking water, wastewater and stormwater services) policy and legislation which it has called Local Water Done Well. This is being implemented in three stages namely:

- **Stage 1** – repealing the previous affordable water reforms (completed in February 2024);
- **Stage 2** – enacting the Local Government (Water Services Preliminary Arrangements) Act 2024 (the Preliminary Arrangements Act) which received Royal Assent on 2 September 2024;
- **Stage 3** – establishing enduring settings through the Local Government (Water Services) Act and Local Government (Water Services) (Repeals and Amendments) Act, which received Royal Assent on 26 August 2025.

The Preliminary Arrangements Act requires the Council to submit a Water Services Delivery Plan (WSDP) to the Secretary of Local Government, by 3 September 2025. In broad terms, a WSDP must identify the current state of the Council's water services and show how the Council will deliver those services in a way that:

- Meets relevant regulatory quality standards for stormwater, wastewater and water supply networks;
- Is financially sustainable;
- Ensures compliance with drinking water quality standards; and
- Supports the council's housing growth and urban development objectives.

Hastings District Council, Napier City Council and Central Hawkes Bay District Council have developed a joint WSDP for delivering water services to Hawkes Bay residents and businesses through a new Water Services Council Controlled Organisation (WSCCO), with new funding and governance arrangements.

The joint WSDP has been approved by the three councils in August 2025 and was submitted to the Government on 2 September 2025. The plan is based on establishing a new multi-council-owned WSCCO. The new WSCCO is expected to start operating from 1 July 2026.

Councils' drinking water, wastewater and stormwater operations, and related assets and liabilities are anticipated to transfer to the new WSCCO. The rights and responsibilities of shareholding councils will be documented in the WSCCOs Constitution and

Shareholder's Agreement. These documents are expected to be finalised and presented to councils for ratification in late 2025.

Since the agreement to transfer water services, related assets and liabilities is yet to be finalised, there is uncertainty over the impact on future financial statements. However, the more significant impacts are expected to include:

- derecognition of water assets and liabilities (including any associated debt);
- a transfer between revaluation reserves and retained earnings resulting from the derecognition of water assets;
- recognition of the Council's investment in the WSCCO;
- disclosure of discontinued water operations in the 2026/27 reporting period;
- a reduction of approximately \$53.5m per annum in rates revenue, approximately \$40m in cost savings and \$32m less in depreciation charges.
- And a reduction in capital works spend by approximately \$72m.

The Council has also considered the impact of the expected transfer on the going concern basis of preparation. While there will be a decrease in the future revenue stream of the Council (since approximately 31% of current rates revenue relates to water services which will form part of the WSCCO after the transfer), this will be offset by significant savings in the associated costs (operational and capital) of providing water services. The Council therefore considers the going concern basis of preparation to still be appropriate.

21. RELATED PARTY TRANSACTIONS

RELATED PARTY TRANSACTIONS

No related party debts have been written off or forgiven during the year (2024: nil).

All related party transactions were conducted on terms equivalent to those prevailing in an arms-length transaction.

The Council made grants to Hawke's Bay Museum Trust \$761,853 (2024: \$650,313) which is a Council Controlled Organisation.

The Council disposed of refuse at the Ōmarunui Landfill and receipts amounted to \$1,746,497 (2024: \$1,861,406). The Ōmarunui Landfill is jointly owned by the Council (63.68% share) and the Napier City Council (36.38% share). The Council manages the operations of the Landfill.

The Council has a 100% ownership of the Hastings District Holdings Limited company. The Holding company provides Council and the community with an extra layer of governance and a monitoring structure for Council's other CCOs which include the Hawke's Bay Opera House Limited and Hastings District Properties Limited.

Hawke's Bay Opera House Limited and Hastings District Properties Limited are dormant entities. The Council did not enter into any transactions with these subsidiaries for the year ending 30 June 2025 (2024: nil transactions).

The Council paid to the Hawke's Bay Regional Sports Park Trust, operational grants and services to the value of \$409,176 (2024 \$366,370) and Capital funding grants of \$35,688 (2024 \$138,988). The balance outstanding to Hawke's Bay Regional Sports Park Trust at 30 June 2025 was \$nil (2024 \$nil).

The Council provided a number of services to the Trust during the year, including insurance on-charges, building inspection fees, water charges, and other services totalling \$155,158 (2024 \$161,345). The balance outstanding to the Council at 30 June 2025 was \$85,521 (2024 \$37,557).

KEY MANAGEMENT PERSONNEL RELATED PARTY TRANSACTIONS

Key Management Personnel includes the Mayor, Councillors, Chief Executive and other senior management.

Actual Council 2024 \$'000		Actual Council 2025 \$'000
COUNCILLORS		
1,074	Remuneration	1,181
21*	Full-time equivalent members	20*
SENIOR MANAGEMENT TEAM, INCLUDING CHIEF EXECUTIVE		
2,590	Remuneration	2,557
11	Full-time equivalent members	9
3,664	Total key management personnel compensation	3,738
32	Total full-time equivalent personnel	29

* Due to the difficulty in determining the full-time equivalent for the Elected Members, the full-time equivalent is taken as the number of the Mayor, Councillors and Rural Committee Board. An analysis of Councillor remuneration and further information on Chief Executive remuneration is provided in Note 16.

During the year, Councillors and key management, as part of a normal customer relationship, were involved in minor transactions with the Council (such as payment of rates, purchase of rubbish bags and purchase of dog licences).

The below table provides a summary of all other key management personnel (and their close family members) related party transactions.

Councillor/key management personnel	Organisation	Position/relationship to organisation		\$ Amount service received/provided 2024/25	\$ Amount service received/provided 2023/24	\$ Amount balance year end
Mayor Hazlehurst	Tainui Reserve	Trustee	Receipts	\$2,748	\$2,365	nil
Councillor Kerr	HB Regional Sports Park	Trustee	Receipts	\$142,633	\$3,278	\$83,202
	HB Regional Sports Park	Trustee	Operating Grant/Funding	\$444,864	\$523,838	nil
	HB Future Farming	Trustee	Funding	\$30,000	\$30,000	nil
Councillor Corban	HB Regional Sports Park	Trustee	Receipts	\$142,633	\$3,278	\$83,202
	HB Regional Sports Park	Trustee	Operating Grant/Funding	\$444,864	\$523,838	nil
	Waipureku Waitangi Trust	Trustee	Operating Grant/Funding	\$6,000	\$6,000	nil
	HB Wine Growers Inc	Executive Officer (ended in 2024)	Funding	\$6,500	\$4,888	nil
	Graeme Dingle Foundation	Trustee	Funding	\$10,000	\$10,000	nil
Councillor Fowler	Michael Fowler Publishing Ltd	Director/Owner	Payments	\$14,749	\$6,870	nil
	Heritage Services HB	Member	Payments	\$9,413	nil	nil
	Art Deco Trust	Trustee	Funding	\$15,487	\$10,025	nil
	Keirunga Gardens Arts & Craft Society Inc	Member	No longer involved 24/25	\$1,561	\$90	nil
	Havelock North Function Centre	Member	Grant/payments	\$26,917	\$30,830	\$960
Councillor Harvey	Havelock North Business Association	Council appointed representative	Subscription & Contract for Events	\$15,000	Nil	nil
	Hastings Business Association	Council appointed representative	Receipts	\$20,905	\$14,962	\$243
	Hastings Business Association	Council appointed representative	Funding for Night Markets and Community Grant	\$331,518	\$293,750	nil
	Attention Communication Limited	Director/Shareholder	Advertising in The Profit	\$9,980	\$3,880	nil
Councillor Schollum	Hastings Business Association	Council appointed representative	Receipts	\$20,905	\$14,962	\$243
	Hastings Business Association	Council appointed representative	Funding for Night Markets and Community Grant	\$331,518	\$293,750	nil
	Havelock North Business Association	Council appointed representative	Subscription & Contract for Events	\$15,000	nil	nil

Councillor/key management personnel	Organisation	Position/relationship to organisation		\$ Amount service received/provided 2024/25	\$ Amount service received/provided 2023/24	\$ Amount balance year end
Councillor Dixon	Te Mata Park Trust Board	Trustee	Funding	\$120,000	\$120,000	nil
	Orokohanga Music Trust	Board member	Funding	\$10,000	\$15,000	nil
Councillor Jessup	Mihiroa Marae	Committee member	Grant	nil	\$5,686	nil
	Pukepuke Tangiora Estate	Beneficiary	Rent	\$5,325	nil	nil
Councillor Montaperto-Hendry	Cape Coast Community Group	Committee member	Grant	\$4,000	\$2,500	nil
Councillor Apatu	HB Rescue Helicopter	Trustee	Funding	nil	\$3,000	nil
	Art Inc Heretaunga	Council appointed representative	Funding	\$359,089	\$334,514	\$3,876
	Te Mata Park Trust Board	Trustee	Funding	\$120,000	\$120,000	nil
Bruce Allan	Buddle Findlay	Son employed	Payments	\$62,125	nil	nil
John O'Shaughnessy	The Surveying Company HB Ltd	Wife is employed	Payments	\$19,752	nil	nil
Naomi Fergusson	Sport Hawke's Bay	No longer a trustee	Funding		\$306,740	
	Sport Hawke's Bay	No longer a trustee	Receipts	\$9,668	\$3,278	\$663
	Surveying the Bay	Partner is employee	Payments	\$55,427	\$64,201	\$4,399
	Surveying the Bay	Partner is employee	Receipts	\$105	\$0	nil
Nigle Bickle	Logan Stone	Daughter is employee	Payments	\$5,725	\$6,685	nil
Rebekah Dinwoodie	Presbyterian Support East Coast	Board Member	Contestable Grant	nil	\$6,500	nil

The Council as part of their core business which is providing services to the Hastings District has provided the same services to organisations that are related parties by virtue of having a director or shareholder that is part of the Council's key management personnel. There were close family members of key management personnel employed by the Council. The terms and conditions of those arrangements were no more favourable than HDC would have adopted if there were no relationship to key management personnel.

22. CONTINGENCIES

UNQUANTIFIED CLAIMS

RiskPool

Hastings District Council was previously a member of the New Zealand Mutual Liability RiskPool scheme ('Riskpool'). The Scheme is in wind down; however the Council has an ongoing obligation to contribute to the scheme should a call be made in respect of any historical claims (to the extent those claims are not covered by reinsurance), and to fund the ongoing operation of the scheme.

The likelihood of any call in respect of historical claims diminishes with each year as limitation periods expire. However, as a result of the Supreme Court decision on 1 August 2024 in Napier City Council v Local Government Mutual Funds Trustee Limited, it has been clarified that Riskpool has a liability for that member's claim in relation to non- weathertight defects (in a mixed claim involving both weathertight and non- weathertight defects). Riskpool has advised that it is working through the implications of the Supreme Court decision. At this point any potential liability is unable to be quantified.

Provision for building claims under Financial Assistance Package (FAP)

The Government's Weathertight Homes Financial Assistance Package aims to help people get their non- weathertight homes fixed faster, and centres on the Government and local authorities each contributing 25% of agreed repair costs and affected homeowners funding the remaining 50% backed by a Government loan guarantee.

The impact and cost of future and unknown claims cannot be measured reliably and therefore the Council and Group have an unquantified contingent liability.

On 11 October 2012, the Supreme Court of New Zealand released a decision clarifying that councils owe a duty of care when approving plans and inspecting construction of a building that was not purely a residential building. The Court held that there was no principled basis for distinguishing between the liability of those who played a role in the construction of residential buildings as against the construction of non-residential buildings. This extends the scope of the potential liability for the Council to include non-residential buildings consented under the Building Act 1991.

New Zealand Local Government Funding Agency

The Council is a guarantor of the New Zealand Local Government Funding Agency Limited (LGFA). The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. LGFA has a current credit rating from Standard and Poor's of AAA for local currency and a foreign currency rating of AA+ as at March 2025.

The Council is a guarantor of the New Zealand Local Government Funding Agency Limited (LGFA). The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. LGFA has a current credit rating from Standard and Poor's of AAA for local currency and a foreign currency rating of AA+ as at March 2025.

As at 30 June 2025, the Council is one of 30 local authority shareholders and 72 local authority guarantors of the LGFA. The New Zealand Government also has a 20% shareholding in the LGFA. When the NZ Governments shareholding is aggregated with the uncalled capital of other shareholders, \$20m is available in the event that an imminent default is identified. Also, together with the other shareholders, the Council is a guarantor of all of LGFA's borrowings. At 30 June 2025, LGFA had borrowings totalling \$22.646 billion (2024: \$20.574 billion).

PBE Accounting Standards require the Council to recognise the guarantee liability by applying the 12-month expected credit loss (ECL) model (as fair value could not be reliably measured at initial recognition), and subsequently at the higher of the provision for impairment at balance date determined by the ECL model and the amount initially recognised. The Council has assessed the 12-month ECL of the guarantee liability, based on market information of the underlying assets held by the LGFA. The estimated 12-month expected credit losses are immaterial due to the very low probability of default by the LGFA in the next 12 months. Therefore, the Council has not recognised a liability.

The Council considers the risk of NZLGFA defaulting on repayment of interest or capital to be very low on the basis that:

- We are not aware of any local authority debt default events in New Zealand; and
- Local Government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

Legal proceedings and disputes

At the date of these financial statements, there are matters under the Building Act 2004 indicating potential liabilities had been brought to the Council's attention. Legal counsel has advised that it is probable that the claims will proceed, however it is difficult to quantify Council's potential exposure.

Additionally, there are currently claims against Council under the Public Works Act 1981. Agreement for acquisition of land has been reached however the final compensation will be determined by the Land Valuation Tribunal at a future date.

INSURANCE PROCEEDS

With the extent of the damage to Council bridges from Cyclone Gabrielle, Council received \$5m in insurance proceeds in the 2023/24 financial year as part settlement of its claim. Council is currently working through the process to receive the remaining \$5m of its claim. The remaining portion is expected before the end of 2026.

23. RATE REMISSIONS

Rates revenue is shown net of rate remissions. The Council allowed for rate remissions under the Local Government Rating Act 2002 in six broad categories. During the year, the Council allowed remission of \$1.816m (2024: \$2.376m) excluding GST. In terms of the Act, certain properties are designated as non-rateable. The Council does not rate such properties, and they are not included in the following remission figures.

Actual Council 2024 \$'000	Actual Council 2025 \$'000
21 Special Rateable Value	22
73 Community & Sporting Organisations	76
21 Covenant	39
1 Voluntarily Protected Land	2
16 Swimming Pool Safety	20
162 Penalties	196
103 Refuse	238
10 Unutilised Māori Land	12
166 Sundry	212
1,803 Cyclone Gabrielle	773
– Natural Disaster	226
2,376	1,816

24. CAPITAL MANAGEMENT

The Council's capital is its equity (or ratepayers' funds), which comprise accumulated funds and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the LGA) requires the Council to manage its revenues, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the LGA and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long-term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure that ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The LGA requires the Council to make adequate and effective provision in its Long-Term Plan (LTP) and in its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. The LGA also sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's LTP.

For details on Council-created reserves refer to Note 13a.

Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from payers of general rates. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves.

Self-insurance reserves are built up annually from general rates and are made available for specific unforeseen events. The release of these funds can generally be approved only by the Council.

Trust and bequest reserves are set up where the Council has been donated funds that are restricted for particular purposes. Interest is added to trust and bequest reserves where applicable and deductions are made where funds have been used for the purpose they were donated.

25. ASSET INSURANCE

The total value of all assets of the Council that are covered by insurance contracts and the maximum amount to which they are insured:

INSURANCE CONTRACTS

Actual Council 2024 \$'000	Policy type (maximum amount insured)	Actual Council 2025 \$'000
716,459	Material Damage (mainly buildings and contents)	701,460
4,769	Motor Vehicles (includes mobile plant and equipment)	5,440

Assets (mainly buildings and contents) with a replacement value of \$701,460,034 (2024: \$716,459,267) are insured under councils Material Damage Policy. The cover is for replacement value plus an allowance for inflation and the cost of demolition.

The Council's vehicles, mobile plant and equipment are insured under a Motor Vehicle Policy that covers all such equipment which is owned or otherwise the responsibility of the insured. Cover provides for cost of replacement for vehicles under twelve months old and market value for vehicles over twelve months old. The original purchase price of vehicles, plant and equipment insured under this policy is \$5,440,044 (2024: \$4,769,308).

Claims under both the Material Damage and Motor Vehicle Policies are subject to various excesses dependant on the particulars of the claim.

The total value of all assets of the Hastings District Council that are covered by financial risk-sharing arrangements and the maximum amount available to the local authority under those arrangements:

In the event of a major disaster or catastrophe, the cost of replacing water, sewage and other essential services (not roads and bridges) is shared with 60% of the cost met by central government and 40% met by the local authority. Hastings District Council is a member of the Local Authority Protection Programme (LAPP). The LAPP fund is a cash accumulation mutual pool established to help local authorities meet their 40% share in the event of such a disaster; it does this by maintaining cash reserves and also purchasing infrastructure reinsurance.



For 2024/25, the maximum payable by LAPP was up to a limit of \$300m (2024: \$170m) per event for all member councils. The central government share is unlimited.

The value of infrastructural assets declared by the Council to be covered by the LAPP fund is \$1,972,985,839 (2024: \$1,899,446,785). Payments from both LAPP and central government are subject to various thresholds and excesses.

The value of bridge assets declared by the Council to be covered for insurance is \$440,786,580 (2024: \$122,886,268). Payments from both LAPP and central government are subject to various thresholds and excesses.

The total value of all assets of the Hastings District Council that are self-insured and the value of any fund maintained by the local authority for that purpose:

Hastings District Council has a number of other assets not covered by insurance contract or risk sharing arrangements and therefore self-insured. The major category in this group would be roads valued at 30 June 2025 \$1,362,493,630 (excl. land), (2024: \$1,275,926,854). There would also be a number of other sundry items that would fall into this group.

NGĀ RŌPŪ WHAKAHAERE KEI RARO I TE KAUNIHERA ME ĒTAHI ATU ARONGA **COUNCIL CONTROLLED ORGANISATIONS AND OTHER INTERESTS**



HAWKE’S BAY MUSEUMS TRUST

POLICIES AND OBJECTIVES REGARDING OWNERSHIP AND CONTROL

The Trust is a Council Controlled Organisation as three of the five-member Board are nominated jointly by Hastings District Council and Napier City Council. This is in accordance with the revised Constitution and Rules adopted on 30 October 2006. The Trust's Constitution and Rules have been amended to reflect the change in role to that of owner and guardian of the regional collection.

SCOPE AND NATURE OF ACTIVITIES

The objectives of the Trust are:

- To hold and protect its collection, known as ‘The Regional Collection,’ for the people of Hawke’s Bay.
- To encourage the development of quality cultural facilities capable of accessing or drawing upon the collection within Hawke’s Bay.
- To advance and promote cultural heritage and the arts through the use of the collection.
- To oversee collection management through the development of collection policy, conservation and risk management strategies via a contract for services with Napier City Council.
- To oversee collection development through the regulation of the acquisition and disposal of collection items.
- To manage the bequests vested in the Trust in a way in which maximises benefit to the collection.

The Scope and Nature of Activities to be undertaken by the Napier City Council are outlined below. These activities will be achieved in accordance with agreed Museum Industry Standards and consistent with HBMt policies and procedures.

- 1) **Protection:**
 - Storage including pest control, storage media, shelving and air quality
 - Security including alarm and access systems and monitoring, and insurance
 - Records management including Vernon database and other records
- 2) **Quality** including conservation, accessioning and de-accessioning.
- 3) **Access** including exhibitions, research and archives.
- 4) **Development** including fundraising, reserves management and relationship development.

PERFORMANCE TARGETS

Key result area	Performance indicator	2024/25 target	2024/25 actual
Protection	Full insurance cover is provided for the collection.	Yes	Yes
	Collections are stored in an acceptable environment.	No items reported to have suffered deterioration due to the environment.	No items reported to have suffered deterioration due to the environment.
Quality	Every item accessioned into the collection has undergone a detailed selection process within the framework of the Collection Strategy.	Yes	Yes
	De-accessions are managed in accordance with the Collection Strategy and reported to the Board.	Yes	Yes
Access	The Trust's collections are used for academic and personal research	1,500 enquiries	42,201 visitors to online catalogue 143 enquiries
	Collections are made available to the public through quality exhibitions.	2-5 collection-based exhibitions.	Four: 1) Art Deco on the Edge 2) Hidden in History 3) Art of the Outfit 4) Shockwave: Hawke's Bay's Great Quake
Development	Bequests fund income is used in the manner determined by the donor.	Yes	Yes
	Conservation funds income is used solely for collection care.	Yes	Yes

DEVELOPMENT

Unspent bequest fund incomes allocated for acquisitions and collection care are kept in special funds and carried forward to the next financial year for future spending.

FINANCIAL PERFORMANCE

(\$)	2024/25 budget	2024/25 actual
Total revenue	1,549,005	2,026,955
Total expenses	1,549,005	1,588,845
Surplus/(deficit)	–	438,110
Ratio of Shareholders Funds to Total Assets	95.0%	99.6%

HAWKE’S BAY AIRPORT LIMITED

POLICIES AND OBJECTIVES REGARDING OWNERSHIP AND CONTROL

Hawke’s Bay Airport Limited (HBAL) is a company incorporated in New Zealand under the Companies Act 1993 and is owned by the Crown: 50%, Napier City Council: 26%, Hastings District Council: 24%. HBAL is defined as a Council Controlled Organisation pursuant to Part 5 of the Local Government Act 2002.

HBAL is classified as an associate entity for financial reporting purposes.

SCOPE AND NATURE OF ACTIVITY

- Ensuring a safe, rewarding and delightful journey for travellers. Striving for Excellence in everything.
- Maximising the returns across the Aeronautical Business whilst delivering greater value and a strong sense of place.
- Making the best use of the land whilst safeguarding the airport to optimise returns and increase value to shareholders.
- Engaging with Customers, Stakeholders, Business Partners and Community to grow the airport in a way that benefits everyone. A great place to do business.
- Working together to get the best outcomes from HBAL people and community. A great place to work and live.

PERFORMANCE

The following is a statement of service performance relating to key specific objectives listed in the Company’s Statement of Intent for the year ending 30 June 2025.

(\$)	2024/25 target	2024/25 actual
Total revenue	15,445,239	14,750,947
Profit before income tax	4,327,874	4,401,090
Profit (loss) after tax	2,874,110	3,278,158

Net dividend declared in December 2024 was \$992,910 compared with \$nil target set in the company’s Statement of Intent for the year ending 30 June 2025.

Strategic Pou	Measure	Status
Our Operations	No significant legislative or regulatory breaches.	
	No significant adverse audit findings by MPI, CAA, HBRC.	
	Continuous improvement of the company's H&S management framework delivering improving KPI trends.	
	Fire Station design completed, consented and construction-ready.	
	Robust Asset Management Plan processes are implemented, encompassing infrastructure planning, asset renewal and proactive maintenance schedules.	
	Customer experience enhanced through the implementation of an agreed Landslide Strategy. This will include landslide opportunities and offerings, and associated performance measures.	
Our People	A competency framework is developed, outlining role expectations and required capabilities and skills.	
	A learning and development matrix is established that aligns with the competency framework to support our team to develop the capabilities and skills they need to succeed.	
	Our team is upskilled in how to provide and receive feedback by establishing a structured process for feedback and recognition programme.	
	Staff satisfaction rating shows a positive trend.	
Our Place	Develop a roadmap that supports our decisions to defend our site from the effects of climate change. The roadmap will also ensure environmental compliance requirements are met.	
	Maintain ACA Level 4+ Transition while investigating broader ESG frameworks and supporting standards e.g.: Bcorp and alternatives.	
	Collaborate with airlines and others in the aviation sector to understand and prepare for future aviation requirements.	
Our Partnerships	A Stakeholder Engagement Plan is developed and implemented.	
	Stakeholder engagement feedback trends positively.	

Strategic Pou	Measure	Status
Prosperity	Return on Equity greater than or equal to 1.5%.	
	Net Profit After Tax greater than or equal to \$2.4M pre-revaluation adjustments.	
	Develop new revenue streams that include: <ul style="list-style-type: none"> Growth of core business Land asset developments 	
	A digital transformation roadmap is developed and implementation is underway.	

KEY: ● Meets or Exceeds target ● Within 10% of target ● 10% or more below target

NZ LOCAL GOVERNMENT FUNDING AGENCY LIMITED

POLICIES AND OBJECTIVES REGARDING OWNERSHIP AND CONTROL

The New Zealand Local Government Funding Agency Limited (LGFA) is owned by 30 Local Authority Councils and the Crown. The LGFA is enabled under the Local Government Borrowing Act 2011 and is a Council-Controlled Organisation (CCO) for the purposes of the Local Government Act 2002. Hastings District Council's shareholding is 1.7%.

SCOPE AND NATURE OF ACTIVITY

LGFA will raise debt funding either domestically and/or offshore in either New Zealand dollars or foreign currency and provide debt funding to New Zealand local authorities, and may undertake any other activities considered by the Board of LGFA to be reasonably related or incidentally to, or in connection with, that business.

In lending to Participating Local Authorities, LGFA will:

- Operate in a manner to ensure LGFA is successful and sustainable in the long term.
- Educate and inform participating local authorities on matters within the scope of LGFA's operations.
- Provide excellent service to Participating Local Authorities.
- Ensure excellent communication exists and be professional in its dealings with all its stakeholders.
- Ensure its products and services are delivered in a cost effective manner.

PERFORMANCE INDICATORS

LGFA has the following performance targets:

Strategic Priority	Performance measure	Result	Outcome (target met?)
Governance, capability, and business practice	Comply with the Shareholder Foundation Policies and the Board-approved Treasury Policy at all times.	No breaches.	Yes
	Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating where both entities are rated by the same Rating Agency.	LGFA credit ratings equivalent to NZ Sovereign	Yes
	A succession plan be put in place for the Board and staff and be reviewed annually.		Yes
	LGFA's total operating income for the period to 30 June 2024.	>\$31.4m	Yes
	LGFA's total operating expenses for the period to 30 June 2024.	<\$11.5m	Yes
Optimising financing services for local government	Share of aggregate long-term debt funding to the Local Government sector.	>80%	No
	Total lending to Participating Borrowers.	>\$23,957 million	No
	Conduct an annual survey of Participating Borrowers who borrow from LGFA as to the value added by LGFA to the borrowing activities.	>85% satisfaction score	Yes
	Successfully refinance existing loans to councils and LGFA bond maturities as they fall due.	100%	Yes
	Meet all lending requests from Participating Borrowers, where those requests meet LGFA operational and covenant requirements.	100%	Yes

Strategic Priority	Performance measure	Result	Outcome (target met?)
Environmental and social responsibility	Comply with the Health and Safety at Work Act 2015.	No breaches	Yes
	Maintain Toitū net carbon-zero certification.	Net Carbon Zero certification maintained.	Yes
	Meet reduction targets outlined in our carbon reduction management plan.	Met	Yes
	Increase our GSS lending book and Climate Action Loans.	Two new GSS loans undertaken. Three new borrowers approved for CAL	No No
	Meet all mandatory climate reporting standards.	100%	Yes
Effective management of loans	Review each participating borrower's financial position under LGFA policies.	100%	Yes
	Arrange to meet each Participating Borrower over a 15-month period, including meeting with elected officials as required, or if requested.	100%	Yes
Industry leadership and development	Provide input into Local Water Done Well Legislation	Provide feedback to DIA and Treasury during legislation drafting.	Yes
	Provide quarterly updates to shareholders and borrowers on sector developments that are impacting LGFA.	Four quarterly updates to councils and CCOs.	Yes
	Meet annually with Infrastructure Commission, Local Government New Zealand, Taituara, Water New Zealand, Infrastructure New Zealand, Crown Infrastructure Partners, Department of Internal Affairs, Treasury and Minister's office to discuss sector issues from an LGFA perspective.	Nine meetings across stakeholders.	Yes



OTHER COUNCIL CONTROLLED ORGANISATIONS

HASTINGS DISTRICT HOLDINGS LIMITED

HDHL is a Limited Liability Company incorporated under the Companies Act 1993. HDHL is exempted from being a Council Controlled Organisation (CCO) as defined by Section 7(3) of the Local Government Act 2002 and is a 100% wholly owned subsidiary of the Hastings District Council.

HDHL holds the shares in:

HAWKE'S BAY OPERA HOUSE LTD

Due to the closure of the Hawke's Bay Opera House and the Municipal Building for earthquake strengthening, Hawke's Bay Opera House Ltd has ceased trading and as at 30 June 2014 has been exempted by Council from being a CCO under section 7(3) of the Local Government Act 2002. Toitōi – Hawkes Bay Arts & Events Centre has now been reopened but this activity is now operating as a business unit of Hastings District Council and not in a separate entity.

HASTINGS DISTRICT PROPERTIES LTD

Due to the lack of new developments coming on stream the property company was put into recession in December 2016. As at 30 June 2025 it has been exempted by Council from being a CCO under section 7(3) of the Local Government Act 2002.

TE MATA PARK TRUST BOARD

The Te Mata Park Trust Board has been exempted by Council under section 7(3) of the Local Government Act 2002 from being a CCO.



HAWKE'S BAY REGIONAL SPORTS PARK TRUST

The Hawke's Bay Regional Sports Park Trust is incorporated under the Charitable Trusts Act 1957 and is comprised of a Board of Five Trustees who oversee the governance of the Trust.

SCOPE AND NATURE OF ACTIVITIES

Their mission is to create an environment that drives outstanding performances from sportspeople and contributes strongly to the wellbeing of the people of Hawke's Bay. The purposes of the Trust, as set out in the Trust Deeds, specifically identify the following:

- a) Establish, promote and administer a regional sports and recreational park in Hastings (the 'Regional Sports Park') and to develop and to maintain its land and facilities,
- b) Encourage the use of the Regional Sports Park by the public in general, through recreation or other leisure-time activities, in order to improve public health, fitness and wellbeing,
- c) By promoting use of the Regional Sports Park to enhance economic growth, employment and development opportunities in the Hawke's Bay region, and
- d) Provide facilities for organised and informal sporting and recreational activities.

The Hastings District Council has influence over the Trust through two Council appointments on the appointments panel, and the Trust receives an operating grant from Hastings District Council. Council also receives benefits from the complementary activities of the Trust.

The Trust is still identified as an associate given the Council's level of influence and financial support and has been consolidated in the Group financial statements.

FOODEAST LIMITED PARTNERSHIP

Foodeast is a council-controlled trading organisation (CCTO) under the Local Government Act. It is owned by Hastings District Council (16.64%), Hawke's Bay Regional Council Investment Company (66.72%) and Progressive Meats Limited (16.64%).

SCOPE AND NATURE OF ACTIVITIES

The physical facilities of Foodeast will consist of a food innovation centre modelled on the existing Waikato Innovation Park and supported with sector-specific soft services focussed on Māori economic development, and commercialisation services.

The food innovation hub will promote more cost-effective food and beverage product innovation, and a centre of excellence in food processing education and engineering services.

It will provide a base for clustering food technology firms and improve cooperation and bring scientific and technical expertise. In time, it is also expected to expand its centre of excellence role to integrating research activity around waste product, and co-ordination of regional effort on sustainable packaging and resource allocation.

HAWKE'S BAY DISASTER RELIEF TRUST

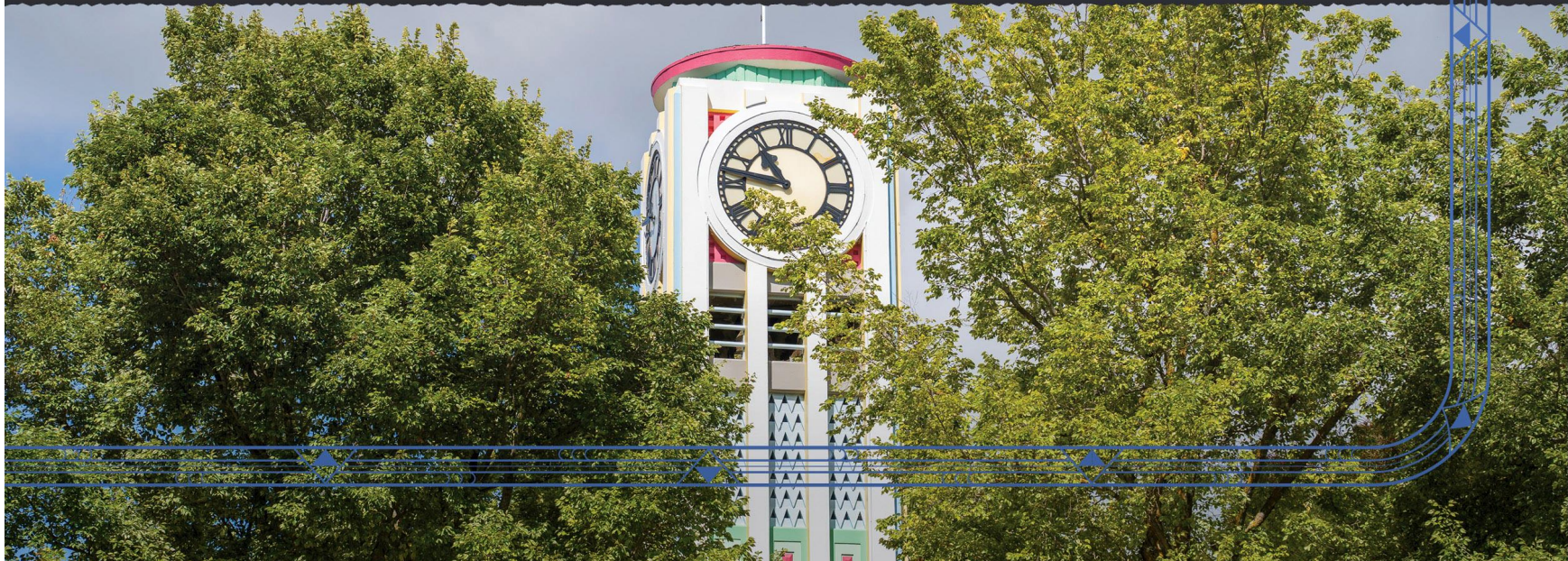
The Hawke's Bay Disaster Relief Trust (the Trust) is a council-controlled organisation (CCO) under the Local Government Act. The Trust was created by the Hawke's Bay Civil Defence Emergency Management (CDEM) Group in March 2020. As Hawke's Bay CDEM is made up of all five Hawke's Bay local authorities and the Trustees are the Mayors and Regional Council Chair, the Trust fall under the CCO categorisation and is administered by Hawke's Bay Regional Council.

SCOPE AND NATURE OF ACTIVITIES

The purpose of the trust is to provide financial and other relief or assistance to meet the welfare and other needs of people who have suffered any injury, damage or loss following the occurrence of a disaster that qualifies as an "emergency" under the Civil Defence Emergency Act 2002, whether natural or otherwise, within the legal boundaries of Wairoa, Hastings, Central Hawke's Bay District Council and Napier City Council.

The Trust was activated in February 2023 after Cyclone Gabrielle and donations made to the Trust were paid out to applicants who fit the criteria.

KAUPAPAHERE TAKOTORANGA MONI TREASURY POLICY



PURPOSE OF POLICY

The purpose of the Treasury Policy is to outline approved policies and procedures in respect of all treasury activity to be undertaken by the Council. The formalisation of such policies and procedures will enable treasury risks within the Council to be prudently managed.

A) LIABILITY MANAGEMENT POLICY

Council's liabilities comprise borrowings and various other liabilities. Council's Liability Management Policy focuses on borrowings as this is the most significant component and exposes the council to the most significant risks. Other liabilities are generally non-interest bearing.

EXTERNAL DEBT RATIOS AND LIMITS

Debt will be managed within the following macro limits:

Ratio	Target	Actual 30 Jun 2025
Net debt as a percentage of equity	<20%	14.53%
Net debt as a percentage of income	<175%	124.30%
Net interest as a percentage of income	<15%	5.57%
Net interest as a percentage of annual rates income	<20%	14.96%
Liquidity (Term Debt + Committed Loan Facilities v Existing Debt)	110%-170%	115.80%

There were no breaches of the Treasury Policy during the year.

B) INVESTMENT POLICIES

As Council is a net borrower of funds and applies surplus funds to debt repayment, investments are only maintained to meet specified business reasons.

TAUĀKĪ WHĀKI O TE PŪRONGO Ā-TAU MŌ TE MUTUNGA TAU I 30 O HUNE 2025 **ANNUAL REPORT DISCLOSURE STATEMENT FOR THE YEAR ENDED 30 JUNE 2025**



FINANCIAL REPORTING AND PRUDENCE BENCHMARKS

ANNUAL REPORT DISCLOSURE STATEMENT FOR THE YEAR ENDED 30 JUNE 2025.

The purpose of this statement is to disclose the Council's financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The Council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014. Refer to the regulations for more information, including definitions of some of the terms used in this statement.

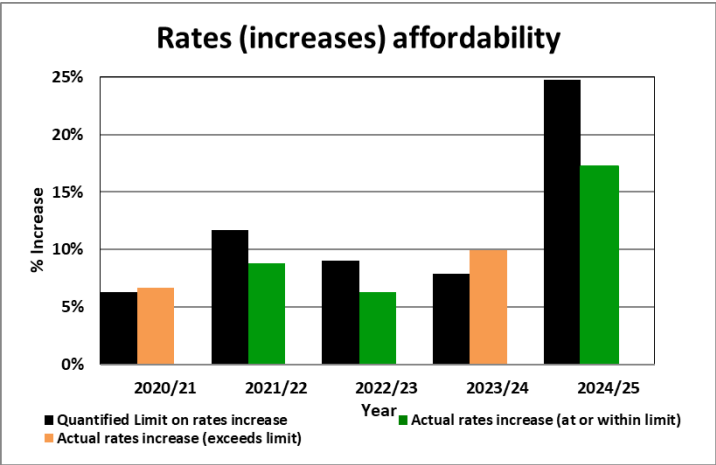
RATES (INCOME) AFFORDABILITY BENCHMARK

Section 21 of the Local Government Regulatory Systems Act 2019 removed the previous obligation to have a quantified limit on rates (income) affordability contained in the financial strategy included in the Long-Term Plan.

The following measures over the page all remain for reporting purposes as per the Local Government (Financial Reporting and Prudence) Regulations 2014.

RATES (INCREASES) AFFORDABILITY BENCHMARK

The following graph compares the Council's actual rates increases with a quantifiable limit on rates increases contained in the financial strategy included in the Council's 2018-2028, 2021-2031 and 2024-2034 Long Term Plans.



DEBT AFFORDABILITY BENCHMARK

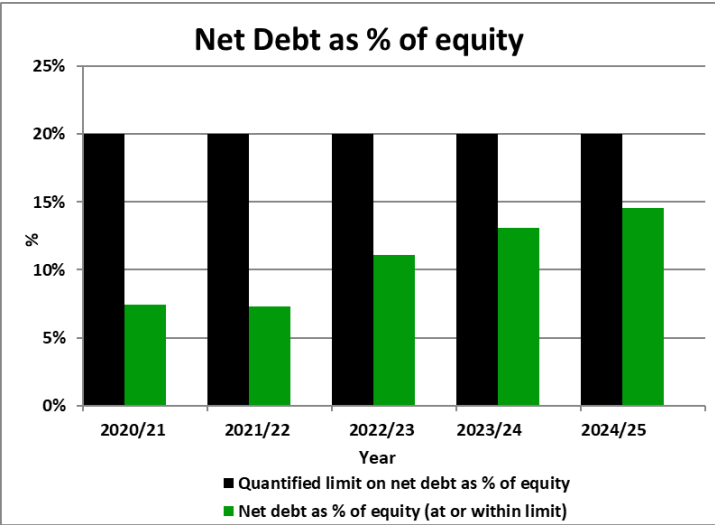
The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

The following graphs compares the Council's borrowing with the quantified limits on borrowing stated in the financial strategy included in the 2018-2028, 2021-2031 and 2024-2034 Long Term Plans.

NET DEBT AS A PERCENTAGE OF EQUITY

The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the 2018-2028, 2021-2031 and 2024-2034 Long Term Plans.

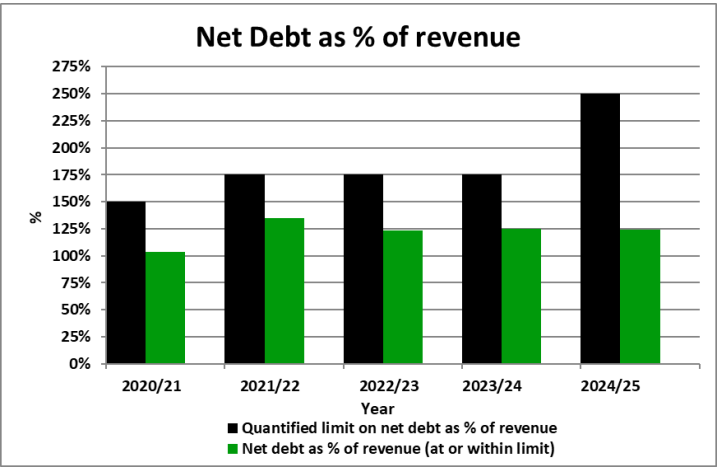
The quantified limit is net debt as a % of equity. A value of less than the quantified limit of 20% indicates compliance with the prudential limit.



NET DEBT AS A PERCENTAGE OF REVENUE

The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the 2018-2028, 2021-2031 and 2024-2034 Long Term Plans.

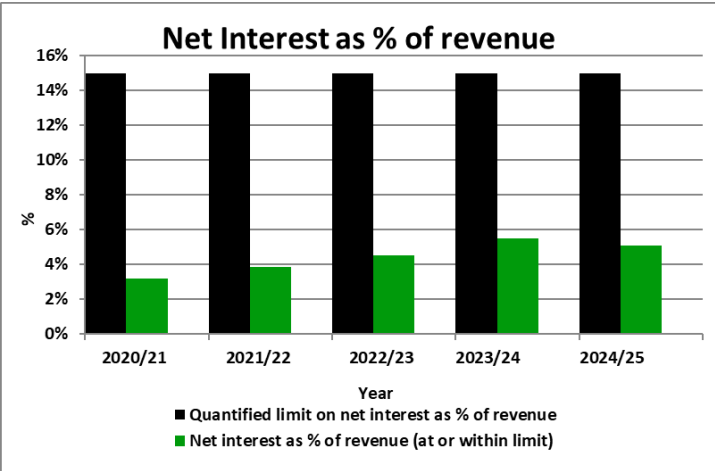
The quantified limit is net debt as a % of revenue. In the 2024-2034 Long Term Plan a value of less than 250% indicates compliance with the prudential limit. Previously these prudential limits were 150% in the 2018-2028 and 175% in the 2021-2031 Long Term Plans.



NET INTEREST AS A PERCENTAGE OF REVENUE

The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the 2018-2028, 2021-2031 and 2024-2034 Long Term Plans.

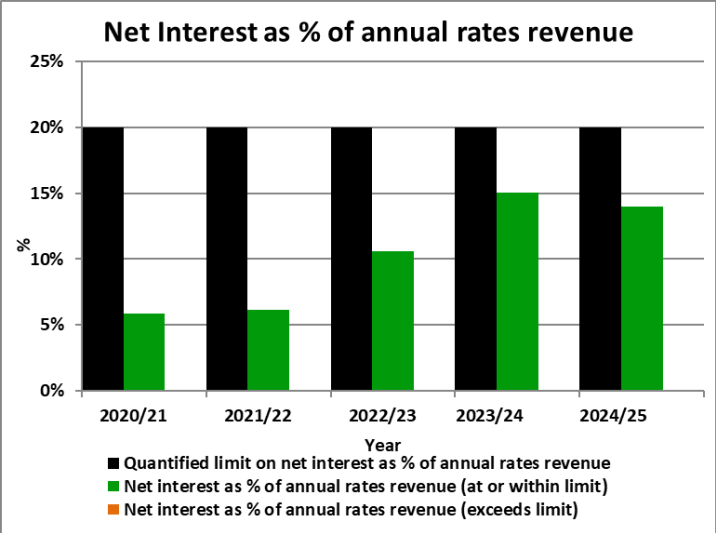
The quantified limit is net interest as a % of revenue. A value of less than the quantified limit of 15% indicates compliance with the prudential limit.



NET INTEREST AS A PERCENTAGE OF ANNUAL RATES REVENUE

The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the 2018-2028, 2021-2031 and 2024-2034 Long Term Plans.

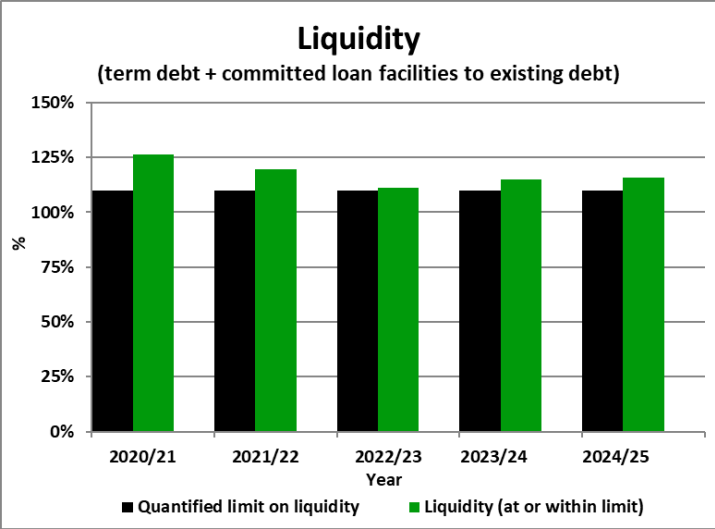
The quantified limit of 20% indicates compliance with the prudential limit. As can be seen below rising interest costs due to increased debt and higher cost of funds have seen an increase as a % of rates income.



LIQUIDITY

The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the 2018-2028, 2021-2031 and 2024-2034 Long Term Plans.

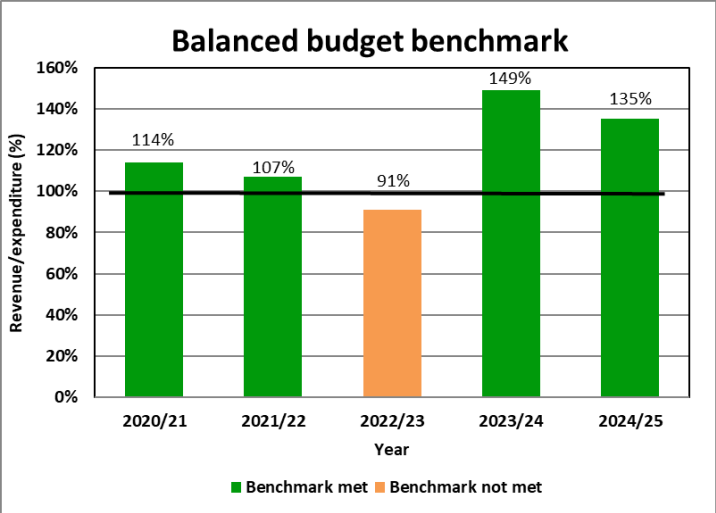
The quantified limit of 110% to 170% for the ratio of term debt plus committed loan facilities plus cash on hand to existing debt.



BALANCED BUDGET BENCHMARK

The following graph displays the Council's revenue (excluding development contributions, financial contributions vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a percentage of operating expenses (excluding losses on derivative financial instruments, and revaluations of property, plant, or equipment).

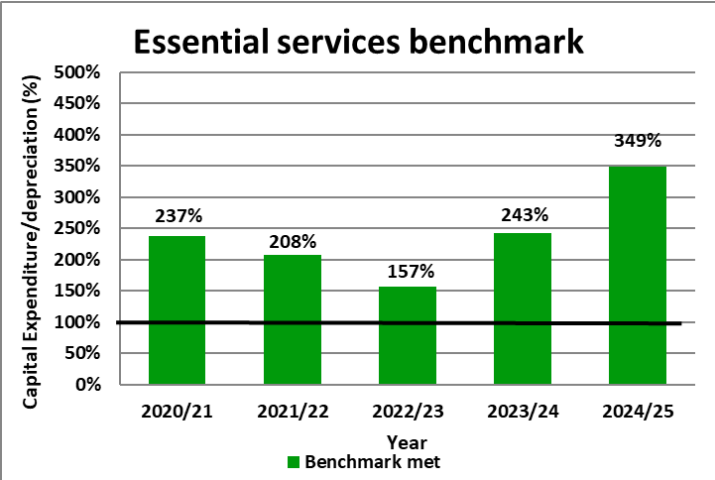
The Council meets this benchmark if its revenue exceeds its operating expenses.



ESSENTIAL SERVICES BENCHMARK

The following graph displays the capital expenditure on network services as a percentage of depreciation on network services.

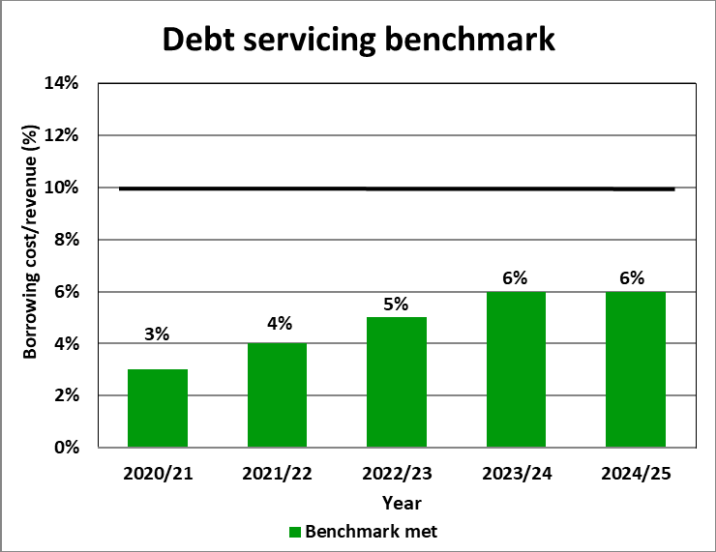
The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



DEBT SERVICING BENCHMARK

The following graph displays the Council's borrowing costs as a percentage of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant, or equipment).

Because Statistics New Zealand projects the Council's population will grow more slowly than the national population rate, the Council meets this benchmark if its borrowing costs equal or are less than 10% of its revenue.

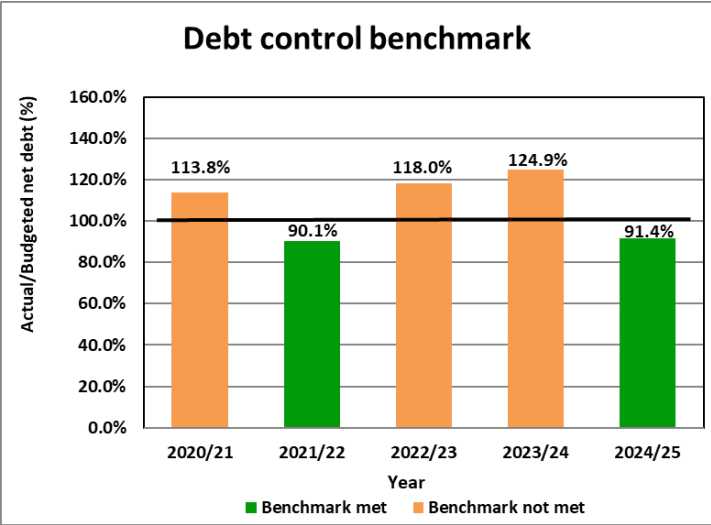


DEBT CONTROL BENCHMARK

The following graph displays the Council's net debt as a percentage of planned net debt. In this statement net debt means financial liabilities less financial assets (excluding trade and other receivables).

The Council meets the debt control benchmark if its actual net debt equals or is less than its planned debt.

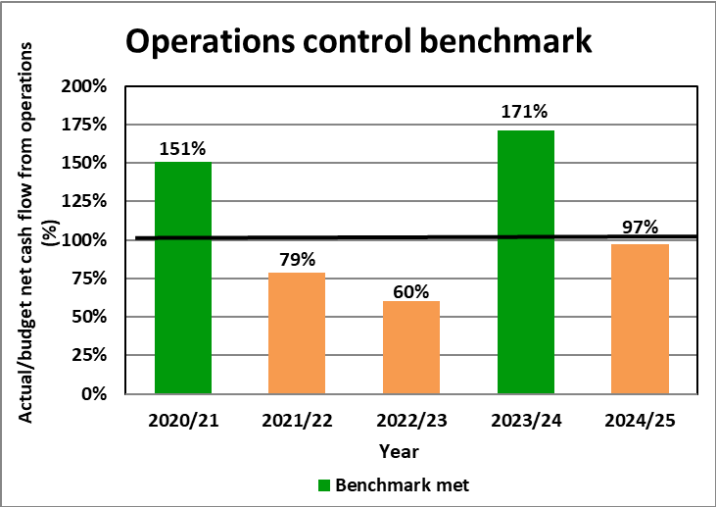
Council's debt is higher than forecast with the impact of Cyclone Gabrielle, cost pressures and additional capital projects completed but not budgeted for.



OPERATIONS CONTROL BENCHMARK

The following graph displays the Council's net cash flow from operations as a percentage of its planned net cash flow from operations.

The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations. The impact of a large capital programme, along with higher operational costs including the impact of Cyclone Gabrielle have a decrease in cash at year end.



TE RĪPOATA MOTUHAKE A TE KAITĀTARI KAUTE INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR’S REPORT

To the readers of Hastings District Council Group’s Annual Report for the year ended 30 June 2025

The Auditor-General is the auditor of Hastings District Council (the Council) and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, Stuart Mutch, using the staff and resources of Ernst & Young, to carry out the audit on his behalf.

We have audited the annual report of the Group in accordance with the Local Government Act 2002 (the Act). We refer to this information as “the audited information” in our report.

We are also required to report on:

- whether the Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the Council’s disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations).

We refer to this information as “the disclosure requirements” in our report.

OPINION ON THE AUDITED INFORMATION

In our opinion:

- the financial statements of the Council on pages 76 to 127:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2025;
 - the results of its operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;
- the statement comparing actual capital expenditure to budgeted capital expenditure for each group of activities of the Group for the year ended 30 June 2025 on pages 47 to 68, has been prepared, in all material respects, in accordance with clause 24 of Schedule 10 to the Act;
- the funding impact statement for each group of activities of the Group for the year ended 30 June 2025 on pages 47 to 68 has been prepared, in all material respects, in accordance with clause 26 of Schedule 10 to the Act.
- the funding impact statement of the Group for the year ended 30 June 2025 on page 83, has been prepared, in all material respects, in accordance with clause 30 of Schedule 10 to the Act.

Qualified opinion on the non-financial performance information

In our opinion, except for the effects of the matters describes in the "*Basis for opinions on the audited information, including our qualified opinion on the non-financial performance information*" section of our report, the non-financial information on pages 9 to 34:

- provides an appropriate and meaningful basis to enable readers to assess the Group's actual service provision for each group of activities; determined in accordance with generally accepted accounting practice in New Zealand;
- fairly presents, in all material respects, the Group's actual levels of service for each group of activities, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved; and
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
- complies with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.

REPORT ON THE DISCLOSURE REQUIREMENTS

We report that:

- the Council has complied with the information disclosure requirements of Part 3 of Schedule 10 to the Act for the year ended 30 June 2025; and
- the Council's disclosures about its performance against benchmarks required by Part 2 of the Regulations for the year ended 30 June 2025 are complete and accurate.

**BASIS FOR OUR OPINIONS ON THE
AUDITED INFORMATION, INCLUDING BASIS FOR
QUALIFIED OPINION ON THE NON-FINANCIAL
PERFORMANCE INFORMATION**

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

Reliability of performance information

Total number of complaints received - Water supply, Wastewater, and Stormwater

The Council was unable to accurately report the number of complaints for each of the three waters services for complaints received by its after hours customer services provider. Complete records of all after hours complaints were not available, and the complaints system used by the after hours customer services provider also did not classify complaints between water supply, wastewater, and stormwater.

Our opinion on the prior year statement of service performance was qualified for the same reasons as described above.

We carried out our audit in accordance with the Auditor- General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "*Responsibilities of the auditor for the audited information*" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the audited information including our qualified opinion on the non-financial performance information.

Date

We completed our work on 9 October 2025. This is the date on which we give our opinion on the audited information and our report on the disclosure requirements.

Emphasis of matter – Future of water delivery

Without modifying our opinion, we draw attention to Note 20 on page 131 which outlines that in response to the Government's Local Water Done Well reform, the Council has decided to establish a multi-council-owned water organisation with Central Hawkes Bay District Council and Napier City Council to deliver water, wastewater and stormwater services from 1 July 2026. The financial impact of this decision is unknown because details of the exact arrangements are still being considered. In addition, there is some uncertainty as the proposal is yet to be accepted by the Secretary for Local Government.

BASIS FOR OUR OPINION ON THE AUDITED INFORMATION AND THE DISCLOSURE REQUIREMENTS

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards, the International Standards on Auditing (New Zealand), and New Zealand Auditing Standard 1 (Revised): *The Audit of Service Performance Information* issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Responsibilities of the auditor for the audited information and the disclosure requirements* section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information and our report on the disclosure requirements.

RESPONSIBILITIES OF THE COUNCIL FOR THE AUDITED INFORMATION AND THE DISCLOSURE REQUIREMENTS

The Council is responsible for preparing the audited information and the disclosure requirements in accordance with the Act.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the audited information and the disclosure requirements that are free from misstatement, whether due to fraud or error.

In preparing the audited information and the disclosure requirements the Council is responsible for assessing its ability to continue as a going concern.

RESPONSIBILITIES OF THE AUDITOR FOR THE AUDITED INFORMATION AND THE DISCLOSURE REQUIREMENTS

Responsibilities for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the Group's long-term plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We evaluate whether the non-financial performance information includes all groups of activities that we consider are likely to be material to the readers of the annual report.

- We evaluate whether the measures selected and included in the non-financial performance information for groups of activities present an appropriate and meaningful basis that will enable readers to assess the Group's actual performance. We make our evaluation by reference to generally accepted accounting practice in New Zealand.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Group.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the Group audited information. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Responsibilities for the disclosure requirements

Our objective is to provide reasonable assurance about whether the Council has complied with the disclosure requirements. To assess whether the Council has met the disclosure requirements we undertake work to confirm that:

- the Council has made all of the disclosures required by Part 3 of Schedule 10 to the Act and Part 2 of the Regulations; and
- the disclosures required by Part 2 of the Regulations accurately reflect information drawn from the Council's audited information and, where applicable, the Council's long-term plan and annual plans.

Our responsibilities for the audited information and for the disclosure requirements arise from the Public Audit Act 2001.

OTHER INFORMATION

The Council is responsible for the other information included in the annual report. The other information comprises all the information included in the annual report other than the audited information and the disclosure requirements, and our auditor's report thereon.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information, and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the audited information and our report on the disclosure requirements, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENCE

We are independent of the Group in accordance with the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners (including International Independence Standards)* (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit of the audited information and our report on the disclosure requirements, we have performed a limited assurance engagement related to the Council's debenture trust deed. Other than this engagement, we have no relationship with, or interests in, the Group.

[Signature]

Stuart Mutch

Ernst & Young
Chartered Accountants
On behalf of the Auditor-General
Wellington, New Zealand

TAUĀKĪ TAUTUKU ME TE HĀEPAPA STATEMENT OF COMPLIANCE AND RESPONSIBILITY



STATEMENT OF COMPLIANCE AND RESPONSIBILITY

COMPLIANCE

The Council and Management of Hastings District Council confirm that all the statutory requirements of the Local Government Act 2002 have been complied with.

RESPONSIBILITY

- 1) The Council and Management of Hastings District Council accept responsibility for the preparation of the annual Financial Statements and the judgements used in them.
- 2) The Council and Management of Hastings District Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.
- 3) In the opinion of the Council and Management of Hastings District Council, the annual Financial Statements for the year ended 30 June 2025 fairly reflect the financial position and operations of Hastings District Council.

Sandra Hazlehurst
Mayor

To'osavili Nigel Bickle
Chief Executive

Dated: 9 October 2025

KAUPAPAHERE ARA MAHI TŌKEKE EQUAL EMPLOYMENT OPPORTUNITY POLICY



EQUAL EMPLOYMENT OPPORTUNITY POLICY

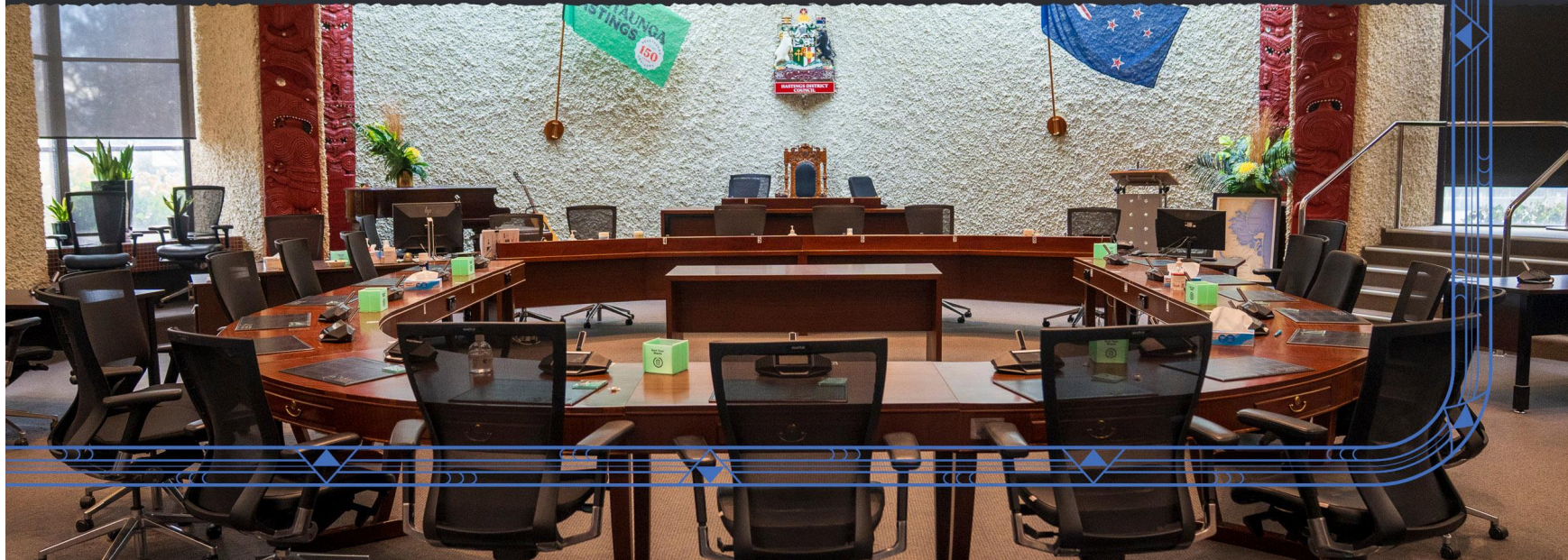
The Hastings District Council is committed to the principle of equal opportunity in the recruitment, employment, training, and promotion of its employees.

The organisation has continued to provide a welcoming, positive environment for its staff and focused on ensuring that its activities and services were carried out with an awareness of, and intent to eliminate discrimination in the areas of race and colour, ethnicity and national origins, sex (including pregnancy or childbirth), religious and ethical beliefs, marital and family status, sexual orientation, employment status, political opinion, involvement in union activities, being affected by domestic violence, age, and disability. There is a strong focus on diversity and inclusion, recognising that the collective sum of the individual differences, life experiences, knowledge, inventiveness, innovation, self-expression, unique capabilities and talent that our employees invest in their work represents a significant part of not only our organisation culture, but our reputation and organisation's achievement as well. Diversity is what makes our employees unique, and this adds to our collective ability to deliver effectively for our community. We have a number of initiatives that aim to support diversity and inclusion in the workplace.

The Council will continue to ensure that the principles of Equal Employment Opportunity are developed, implemented, and regularly reviewed.



TŌ KAUNIHERA YOUR COUNCIL



DIRECTORY OF COUNCIL AS AT 30 JUNE 2025



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Deputy Mayor

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DIRECTORY OF RURAL COMMUNITY BOARD AS AT 30 JUNE 2025



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**VICKI
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Council appointees:
Cr Ana Apatu
Cr Marcus Buddo
Cr Tania Kerr

DIRECTORY OF HERETAUNGA TAKOTO NOA MĀORI STANDING COMMITTEE AS AT 30 JUNE 2025



**MIKE
PAKU**
(Chair)



**JERRY
HAPUKU**
(Kaumātua)



**API
ROBIN**



**CHARMAIN
BUTLER**

Council appointees:
Cr Henry Heke (Deputy Chair)
Cr Sandra Hazlehurst
Cr Ana Apatu
Cr Alwyn Corban
Cr Kellie Jessup
Cr Hana Montaperto-Hendry
Cr Heather Te Au-Skipworth



**TOM
KEEFE**



**PŌHATU
PAKU**



**NGAIO
TIUKA**



**ELIZABETH
WAIWIRI-HUNT**

DIRECTORY OF SENIOR MANAGEMENT AS AT 30 JUNE 2025



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Chief Executive



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Group Manager Infrastructure



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Chief Financial Officer
Finance & Procurement

Advisors

Graeme Hansen, Director
Capital Projects Delivery

Scott Smith, General Counsel

STATISTICAL INFORMATION (COUNCIL ONLY)

		2024	2025		
Land Area		522,670ha (5,226.70 km2)	522,670ha (5,226.70 km2)		
Estimated Population	Source – Statistics NZ	89,200	91,500		
Valuations (Net)	Land Value	\$25,027,239,300	\$25,167,798,050		
	Improvements	\$16,826,930,399	\$17,336,355,349		
	Capital Value	\$41,854,169,699	\$42,504,153,399		
Employee Numbers as at 30 June	Permanent Staff	449	468		
Total Salary & Wages		\$48,114,722	\$50,201,343		
Gross Public Debt		\$393,741,000	\$472,741,000		
Gross Debt per Rateable Assessment		\$12,192	\$14,495		
Roading (km)	Sealed Road	1,308	1,311		
	Unsealed Roads	337	337		
	State Highways	202	202		
Rateable Assessments		32,295	32,614		
Rates Levied (incl GST)		\$128,563,521	\$142,476,892		
Analysis by Differential Category		Average Rate	Average Land Value	Average Rate	Average Land Value
RATING AREA 1 (URBAN)					
Residential		\$3,560	\$454,067	\$4,027	\$453,991
Residential Non Urban		\$3,008	\$667,458	\$3,176	\$660,458
Residential Clive		\$2,596	\$470,070	\$2,778	\$469,789
Horticulture / Farming		\$4,379	\$1,698,318	\$4,641	\$1,701,217
Chartered Clubs		\$25,080	\$2,900,000	\$27,451	\$2,900,000
Commercial (CBD)		\$13,112	\$887,558	\$14,324	\$886,188
Other Commercial		\$12,569	\$1,143,273	\$13,944	\$1,160,789
Commercial Non Urban		\$16,960	\$2,104,675	\$18,537	\$2,151,266
RATING AREA 2 (RURAL)					
Residential		\$1,852	\$650,713	\$1,970	\$650,616
Commercial		\$2,512	\$639,706	\$2,608	\$660,336
Lifestyle / Horticulture / Farming		\$3,748	\$1,944,267	\$3,747	\$1,936,965

GLOSSARY OF TERMS

Budget	Refers collectively to the figures in the Annual Plan or Ten Year Plan (LTP), including forecasts and projections.
Capital Expenditure	Relates to the creation or enhancement of assets for the purpose of improving existing or providing new services to the community.
Depreciation	Is a value, which represents the wearing out of an asset over time.
Objectives	Identify short-term targets relating to the plan period.
Operating Expenditure	Is expenditure, which is used for the operation and maintenance of Council assets that are used in the provision of services to the community.
Overheads	Are defined as administrative costs incurred for the common benefit of more than one centre of activity. The Council has attempted to show the true cost of providing services and amenities by adding overheads to the basic cost components.
Performance Indicators	Are measures by which the Council's performance is to be measured.
Rating Area 1	Includes all of the Urban Areas, all of the former Plains Areas, and 10.27% of the former Rural Areas.
Rating Area 2	Covers the remaining 89.73% of the Rural Area.
Significant Activity	Identifies a grouping of Council activities or functions into a major category for the purpose of reporting in the Annual Plan and Annual Report.

ABBREVIATIONS

AWPT	Area Wide Pavement Treatment	IPSAS	International Public Sector Accounting Standards
BPS	Basis Points	LATM	Local Area Traffic Management
CBD	Central Business District	LGA	Local Government Act 2002
CCO	Council Controlled Organisation. This is a term for an organisation where local authorities hold a controlling interest.	LGFA	Local Government Funding Agency
CR	Councillor	LTP	Long Term Plan or Ten Year Plan
DRA 1	District Rating Area One (Urban Area)	LOS	Level of Service
DRA 2	District Rating Area Two (Rural Area)	NBS	National Building Standard
DWSNZ	Drinking Water Standards New Zealand	NCC	Napier City Council
EERST	Environmental Education for Resource Sustainability	NZGAAP	New Zealand Generally Accepted Accounting Principles
EPB	Earthquake-Prone Building	NZTA	New Zealand Transport Agency
FRS	Financial Reporting Standard	PA	Per Annum
GST	Goods and Services Tax	PBE	Public Benefit Entities
HBRC	Hawke's Bay Regional Council	PSGE	Post Settlement Governance Entities
HCAG	Hastings City Art Gallery	PTSG	Post Treaty Settlement Groups
HDC	Hastings District Council	QRA	Quantitative Risk Assessment
HPMV	High Productivity Motor Vehicle	SHBT	Sustaining Hawke's Bay Trust
HPUDS	Heretaunga Plains Urban Development Strategy	UAGC	Uniform Annual General Charge
IFRS	International Financial Reporting Standards	VDAM	Vehicle Dimension and Mass









**HERETAUNGA
HASTINGS** DISTRICT COUNCIL

TE KAUNIHERA Ā-ROHE O HERETAUNGA
HASTINGS DISTRICT COUNCIL
207 Lyndon Road East, Hastings 4122 | Private Bag 9002, Hastings 4156
06 871 5000 | customerservice@hdc.govt.nz | hastingsdc.govt.nz



2024/2025 Annual Report Summary



INTRODUCTION FROM THE MAYOR AND CHIEF EXECUTIVE

This year has again been defined by the ongoing recovery from Cyclone Gabrielle. Marking the second anniversary of the event, our community has continued to respond with strength, compassion, and optimism, while Council has remained focused on delivering the services and infrastructure needed to support recovery and growth.

A major milestone was the adoption of the 2024-2034 Long Term Plan, shaped by our community's aspirations and focused on resilience, recovery, and future growth. The 2025/26 Annual Plan, adopted in June, reinforced this direction while responding to current economic conditions.

Cyclone recovery has been a priority. Significant progress was made across rural roads, slips, and bridges, including Chrystal Culvert, Kererū Gorge, Puketapu Bridge, and Dartmoor Road. The completion of the Category 3 voluntary property buyout programme within a year provided closure and certainty for affected residents, while improved maintenance of Havelock North's streams and dams led to the recategorisation of many properties to Category 1. Emergency preparedness was also strengthened through new community hubs, advisory groups, and implementation of independent review recommendations.

Council continued investing in critical water infrastructure, with more than \$90m committed since 2017. This year saw major upgrades progressing to supply, wastewater, and stormwater, including a wastewater project between Flaxmere and Waipatu to support housing growth. Community consultation advanced on future water service delivery, and Waiaroha marked its first anniversary as an award-winning educational hub.

Housing remained a key focus; in Flaxmere 200 new homes were enabled, the first senior housing in four decades started being built, and a new supermarket was confirmed for the suburb. Infrastructure at Howard Street, Iona, and Brookvale unlocked further development, while work progressed on a joint Future Development Strategy with Napier City.

Our town centres and facilities continued to thrive. Landmark agreements were signed for redevelopments at Queen Street West and Lyndon Street, and events from the Meatball Festival to the Blossom Festival brought vibrancy to the district. Construction advanced on the Hawke's Bay Museum research and archives centre, while libraries, galleries, and Toitō remained well-used.

Economic resilience was evident through low unemployment, steady housing and tourism growth, and major infrastructure funding secured for regional transport. Environmental initiatives included the Te Awanga Ecoreef, recycling of the Tōmoana Showgrounds grandstand, and a plasterboard recycling trial.

Through partnership, planning, and community spirit, Hastings is meeting today's challenges while preparing for the future with confidence.

Sandra Hazlehurst

Sandra Hazlehurst
Mayor
Hastings District Council
x October 2025

Nigel Bickle

To'osavili Nigel Bickle
Chief Executive
Hastings District Council
x October 2025





KEY INITIATIVES AND PROJECTS

Cyclone Gabrielle

This year saw major progress in Cyclone Gabrielle recovery, with strong support for impacted families and communities. The Category 3 Voluntary Buyout Programme was completed with 93 per cent uptake, giving residents certainty for the future. Significant milestones were achieved in roading recovery, including rebuilds at Chrystal Culvert, Kererū Gorge, Matapiro Bridge, and major slip repairs, supported by \$91m of government funding. Emergency resilience was strengthened with the first five of more than 40 community hubs established. Work to improve Havelock North's dams and streams enabled 38 2C properties to be reclassified, while Civic Honours Awards recognised outstanding community contributions during and after the cyclone.

The economic powerhouse

Despite national challenges, Hastings has continued to perform as a regional economic leader, supported by strong business activity, low unemployment, and growth in housing and tourism. Confidence in the district was reflected in major investments, including confirmation of a new Woolworths supermarket in Flaxmere. A 30-year development blueprint for Hastings and Napier was released for consultation, alongside planning for Havelock North's village centre. Council also advanced the proposed Hawke's Bay Regional Deal, working with neighbouring councils to secure Government support for housing, infrastructure, and economic growth. Hastings continues to demonstrate resilience, innovation, and long-term vision for prosperity.

Homes for our people

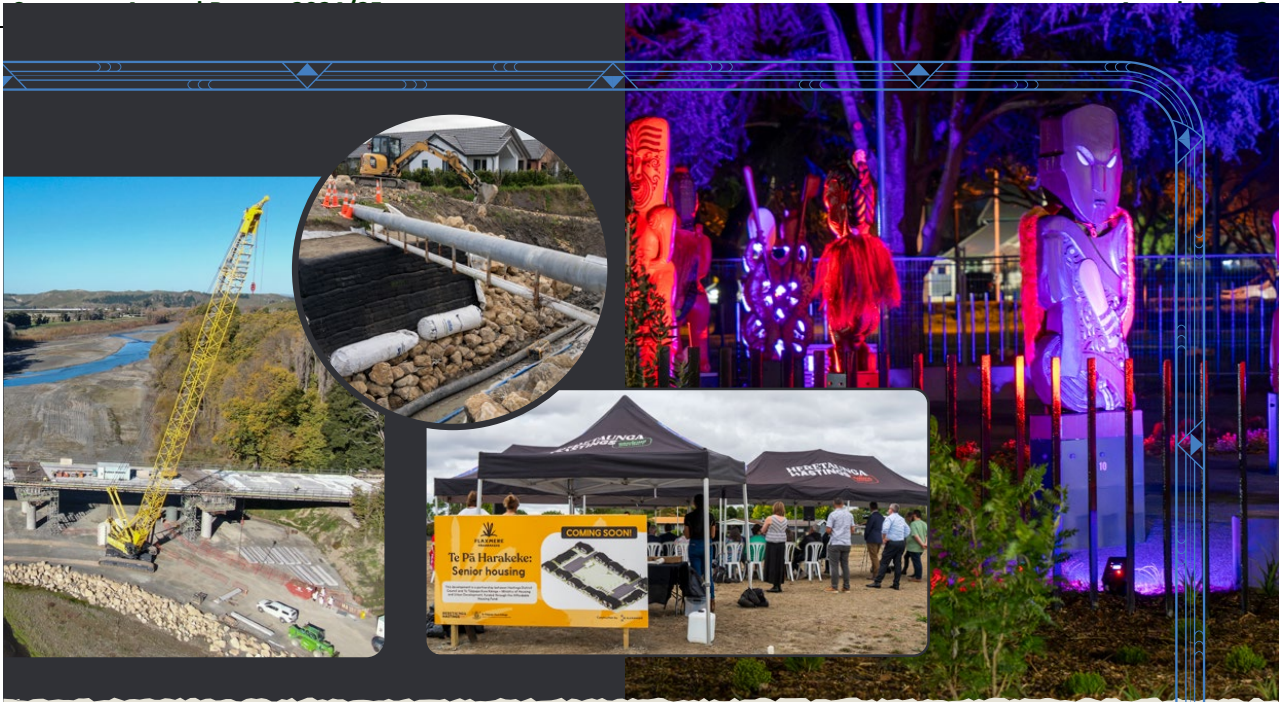
Hastings District Council has continued to deliver the infrastructure and partnerships needed to unlock new housing across the district. In Flaxmere, roads and services were completed at four Council-owned sites, enabling up to 200 new homes, while construction began on the first new senior housing in nearly 40 years – a 39-unit development reflecting whānau values and heritage. Development partners advanced plans at Whakaruru Crescent, and work progressed on the Queen Street West precinct in Hastings city. Infrastructure at Howard Street also unlocked a major new neighbourhood. These milestones highlight Council's commitment to safe, affordable, and inclusive housing for all.

Getting around

Hastings District Council remains focused on building a safe, efficient, and accessible transport network. This year saw major progress on cyclone recovery, with permanent rebuilds completed at Chrystal Culvert, Dartmoor Road, Kererū Gorge, and the new Matapiro Bridge, alongside significant rural road repairs supported by \$90m in government funding. Future resilience is being shaped through funding to deliver a four-lane Hawke's Bay Expressway and realignment of State Highway 2 at Waikare Gorge. Locally, smart parking was introduced in Hastings and Havelock North, Howard Street roadworks improved connectivity for housing, and seasonal vehicle access rules at Waimārama Beach enhanced public safety.

Rural living

Rural communities remain at the heart of Hastings, and Council has focused on delivering the infrastructure, support, and resilience they need to thrive. Cyclone recovery continued with reconnection of isolated communities and delivery of the Category 3 Voluntary Buyout Programme. Long-term



resilience was strengthened through the rollout of more than 40 community emergency hubs, stocked with supplies and backed by local response plans, alongside a commitment to fully implement recommendations from the Civil Defence review. Council also celebrated rural spirit with the centenary of Tūtira Hall and supported coastal protection with a new Ecoreef at Te Awanga.

Our natural treasures

Hastings District Council continued its focus on protecting the natural environment, leading the Local Water Done Well process and celebrating one year of Waiaroa, the award-winning Water Discovery Centre. Smart water meter trials identified leaks, a major wastewater project advanced to support housing growth, and Havelock North's dams and streams came under enhanced community-led management. Coastal protection included construction of an innovative Ecoreef at Te Awanga and seasonal vehicle rules at Waimārama Beach. Recycling milestones included 96 per cent landfill diversion from the Tōmoana Showgrounds deconstruction and a national-first plasterboard recycling trial. Volunteers also enhanced green spaces from Flaxmere to Tainui Reserve.

City centre revitalisation

The revitalisation of Hastings city centre continues to combine infrastructure upgrades, place-making, arts, and events to create a vibrant hub. A landmark agreement was signed to redevelop 206 Queen Street West into inner-city housing, commercial space, and a pocket park, while a new sustainable office building was announced for Lyndon and Warren Streets. Thousands were drawn into the CBD through major events, including Taste Hastings, Al Fresco Fridays, the Meatball Festival, and the Osmanthus Lantern Festival. Civic Square upgrades improved safety and access, while Ngā Pou o Heretaunga were refurbished and rededicated, reinforcing the cultural heart of a thriving city.

Enhancing where we live

Hastings District Council has worked alongside communities to enhance the places and spaces that make our district vibrant and connected. Volunteers helped restore cyclone-damaged areas at Tainui Reserve, Flaxmere's community garden flourished, and an ecological reef was built at Te Awanga. Arts and culture thrived through Hastings Art Gallery exhibitions, the renewal of Ngā Pou o Heretaunga, and community creativity brightening local spaces. Public amenities grew with St Leonard's Park's new playground, MultiBall at Flaxmere Centre, and Tūtira Hall's centenary celebrations. Events from Taste Hastings to the Lantern Festival drew record crowds, while 15 new neighbourhood support groups strengthened safety and resilience.

Pathways for our people

Hastings District Council continued creating opportunities that empower people, strengthen leadership, and celebrate community achievement. Civic Honours Awards, the Mayoral Thank You, and Youth Potential Awards recognised outstanding contributions, while the Annie Aranui Scholarship supported mana wāhine in their studies and careers. Rangatahi leadership was fostered through the Hastings Youth Council, the Tuia mentoring programme, and a new art gallery initiative offering hands-on creative experience. Council's Mahi for Youth team supported more than 100 young people into education or employment, while Toitoti introduced an NZQA-accredited event technology course. Community voice also guided sustainable growth and environmental management through local advisory groups.

ACTUAL COUNCIL 2024 \$'000	ACTUAL GROUP 2024 \$'000			BUDGET COUNCIL 2025 \$'000	ACTUAL COUNCIL 2025 \$'000	ACTUAL GROUP 2025 \$'000
SUMMARY STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE						
310,705	311,963	Total revenue	(i)	381,873	367,168	368,407
-	(179)	Share of associate surplus		-	-	470
279,822	281,479	Expenses	(ii)	244,043	251,949	253,673
17,934	17,934	Finance costs	(ii)	21,909	19,841	19,841
(3,947)	(3,947)	Unrealised Gain/(Loss) on ETS	(ii)	-	(924)	(924)
(1,016)	(1,016)	Unrealised Gain/(Loss) on Swaps	(ii)	-	(4,632)	(4,632)
7,986	7,408	Surplus before tax		115,921	89,822	89,807
-	-	Income tax expense		-	-	-
7,986	7,408	Surplus (deficit) after tax		115,921	89,822	89,807
286,823	287,097	Other comprehensive revenue:	(iii)	52,259	29,544	29,576
294,809	294,505	Total comprehensive revenue and expense		168,180	119,366	119,383

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

- (i) Total revenue is lower than budget due to a combination of lower fees and charges and lower subsidies and grants due to logistics delays meaning project spend and reimbursement were delayed. Offset by higher vested asset revenue due to timing of developer activity.
- (ii) Total operating and finance expenditure was lower than budget due savings with drivers being lower personnel and contracted services costs. This is offset by higher depreciation due to prior year higher revaluations along with unrealised loss on ETS and swaps.
- (iii) Other comprehensive income includes lower gains in the current year on revaluation of infrastructural assets than budgeted.

ACTUAL COUNCIL 2024 \$'000	ACTUAL GROUP 2024 \$'000			BUDGET COUNCIL 2025 \$'000	ACTUAL COUNCIL 2025 \$'000	ACTUAL GROUP 2025 \$'000
SUMMARY STATEMENT OF CHANGES IN EQUITY						
2,610,321	2,642,835	Balance at 1 July		2,707,254	2,905,130	2,936,954
0	(386)	Opening balance adjustments for subsidiaries		-	-	(24)
2,610,321	2,642,449	Opening balance 1 July		2,707,254	-	2,936,930
7,986	7,408	Surplus/ (deficit) for the year		115,921	89,822	89,807
286,823	287,097	Other comprehensive revenue and expense for the year		52,259	29,544	29,576
		Return of equity		0	0	0
294,809	294,505	Total comprehensive revenue and expense		168,180	119,366	119,383
2,905,130	2,936,954	Total Equity		2,875,434	3,024,496	3,056,313
Total equity is made up of						
1,302,144	1,329,859	Accumulated funds		1,504,824	1,390,584	1,418,390
4,240	4,240	Restricted Reserves		6,428	5,622	5,622
1,598,746	1,602,855	Revaluation Reserves		1,364,182	1,628,290	1,632,301
2,905,130	2,936,954	Total Equity		2,875,433	3,024,496	3,056,313

SUMMARY STATEMENT OF FINANCIAL POSITION						
85,277	86,099	Current assets	(i)	45,263	80,971	82,293
3,295,898	3,327,356	Non - current assets	(ii)	3,388,325	3,485,641	3,516,851
3,381,175	3,416,455	Total assets		3,433,588	3,566,612	3,599,144
143,607	144,005	Current liabilities	(iii)	117,432	135,013	135,679
332,438	332,496	Non - current liabilities	(iii)	440,722	407,103	407,152
476,045	476,501	Total liabilities		558,154	542,116	542,831
2,905,130	2,936,954	Net assets (assets minus liabilities)		2,875,434	3,024,496	3,056,313
2,905,130	2,936,954	Equity		2,875,433	3,024,496	3,056,313
2,905,130	2,936,954	Total equity		2,875,433	3,024,496	3,056,313

The major reasons for the variance between actual and budgeted balances at 30 June 2025 were:

- (i) Current assets are significantly higher than budget due to the timing of NZTA and NIFF infrastructure subsidies received and receivable at year end.
- (ii) Non-current assets are higher than budget due to Infrastructure assets having much larger than anticipated valuation increase along with a significant Capital programme of work.
- (iii) Current liabilities is higher than budget and non-current lower due to timing of when loans are due for repayment. Lower loans than budgeted are due to improved cashflow and a lower capital spend.

ACTUAL COUNCIL 2024 \$'000	ACTUAL GROUP 2024 \$'000		BUDGET COUNCIL 2025 \$'000	ACTUAL COUNCIL 2025 \$'000	ACTUAL GROUP 2025 \$'000
SUMMARY STATEMENT OF CASH FLOWS					
73,533	73,690	Net cash flows from operating activities	183,563	177,976	178,087
(161,384)	(161,835)	Net cash flows to investing activities	(282,688)	(235,203)	(235,144)
98,269	98,269	Net cash flows from financing activities	96,126	74,078	74,078
10,418	10,124	Net increase (decrease) in cash Held	(3,000)	16,851	17,021
2,344	3,016	Add cash at start of year	10,000	12,762	13,140
12,762	13,140	Cash at end of year	7,000	29,613	30,161

Notes to Financial Statements

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

The specific disclosures included in the summary financial report have been extracted from the full financial report adopted by Council on 9 October 2025. This summary has been prepared in accordance with FRS-43: Summary Financial Statements. The figures are presented in NZ dollars rounded to \$'000's.

The summary financial report cannot be expected to provide as complete an understanding as provided by the full financial report. The full financial report was authorised for issue by the Mayor and Chief Executive on 9 October 2025 and has received an unmodified audit report. A full copy of the financial report may be obtained from Council's offices, public libraries and the website hastingsdc.govt.nz

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

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

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

a WSDP must identify the current state of the Council's water services and show how the Council will deliver those services in a way that:

- meets relevant regulatory quality standards for stormwater, wastewater and water supply networks;
- is financially sustainable;
- ensures compliance with drinking water quality standards; and
- supports the council's housing growth and urban development objectives.

Hastings District Council, Napier City Council and Central Hawkes Bay District Council have developed a joint WSDP for delivering water services to Hawkes Bay residents and businesses through a new Water Services Council Controlled Organisation (WSCCO), with new funding and governance arrangements.

The joint WSDP has been approved by the three councils in August 2025 and was submitted to the Government on 2 September 2025. The plan is based on establishing a new multi-council-owned WSCCO. The new WSCCO is expected to start operating from 1 July 2026.

Councils' drinking water, wastewater and stormwater operations, and related assets and liabilities are anticipated to transfer to the new WSCCO. The rights and responsibilities of shareholding councils will be documented in the WSCCOs Constitution and Shareholder's Agreement. These documents are expected to be finalised and presented to councils for ratification in late 2025.

Since the agreement to transfer water services, related assets and liabilities is yet to be finalised, there is uncertainty over the impact on future financial statements. However, the more significant impacts are expected to include:

- derecognition of water assets and liabilities (including any associated debt);
- a transfer between revaluation reserves and retained earnings resulting from the derecognition of water assets;
- recognition of the Council's investment in the WSCCO;
- disclosure of discontinued water operations in the 2026/27 reporting period;
- a reduction of approximately \$53.5m per annum in rates revenue, approximately \$40m in cost savings and \$32m less in depreciation charges; and
- a reduction in capital works spend by approximately \$72m.

Post balance date events

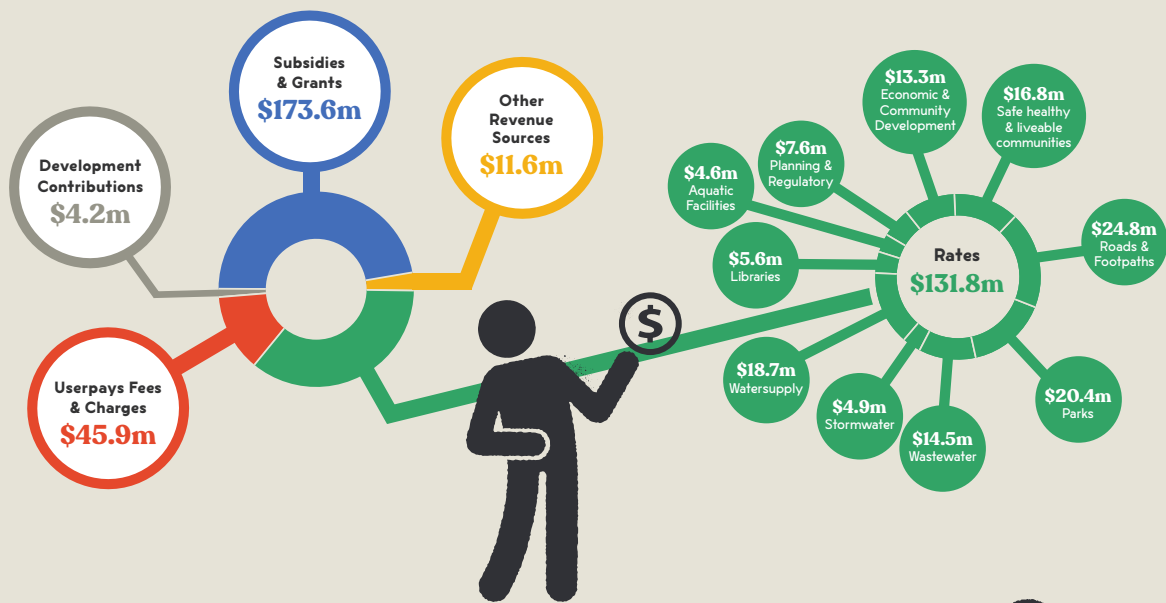
Local Water Done Well (LWDW)

In December 2023, the New Zealand Government announced a new direction for water services (drinking water, wastewater and stormwater services) policy and legislation which it has called Local Water Done Well. This is being implemented in three stages namely:

- **Stage 1** – repealing the previous affordable water reforms (completed in February 2024);
- **Stage 2** – enacting the Local Government (Water Services Preliminary Arrangements) Act 2024 (the Preliminary Arrangements Act) which received Royal Assent on 2 September 2024;
- **Stage 3** – establishing enduring settings through the Local Government (Water Services) Act and Local Government (Water Services) (Repeals and Amendments) Act, which received Royal Assent on 26 August 2025.

The Preliminary Arrangements Act requires the Council to submit a Water Services Delivery Plan (WSDP) to the Secretary of Local Government, by 3 September 2025. In broad terms,

WHERE DOES OUR MONEY COME FROM



Publication of Annual Report



A full copy of the annual report may be obtained from Council's offices, public libraries and the website hastingsdc.govt.nz. This summary annual report has been examined by the independent auditor for consistency with the full financial report. A modified independent auditor's report is included within this summary.



SUMMARY OF NON-FINANCIAL PERFORMANCE

The following outlines how the Council has progressed against its performance management framework within its 2024–2034 Long Term Plan.

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

This report marks the first year of reporting against the 2024–2034 Long Term Plan. A summary of our progress at the end of Year One is as follows:

Key actions

There are 29 key actions contained within the Long Term Plan 2024–2034. All actions are on track or completed.

Levels of service and customer experience

There are 75 measures focused on the annual commitments made to the community. They relate both to the things Council provides (Levels of Service) and to how the customer interacts with Council's services (Customer Experience). The aim of Council is to fully achieve/ substantially these. For reporting purposes, we group our activities into the following groups:

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



In brief, the Council's achievements are:

LEVELS OF SERVICE (67 MEASURES)				
GROUP OF ACTIVITIES	FULLY ACHIEVED	SUBSTANTIALLY ACHIEVED (98.5%–99%)	NOT ACHIEVED	NOT MEASURED
Water & Roads (i)	16 (70%)	–	6 (26%)	1 (4%)
Safe, Healthy & Liveable Communities	20 (83%)	2 (8.5%)	2 (8.5%)	
Economic & Community Development	5 (50%)	–	5 (50%)	
Governance & Support Services	7 (100%)	–		
Cyclone Gabrielle Recovery	3 (100%)			

Notes:

- i. Footpath survey results unknown at time of Annual Report adoption.

CUSTOMER EXPERIENCE (8 MEASURES)				
GROUP OF ACTIVITIES	FULLY ACHIEVED	SUBSTANTIALLY ACHIEVED (98.5%–99%)	NOT ACHIEVED	NOT MEASURED
Governance & Support Services	1 (50%)	–	1 (50%)	
Safe, Healthy & Liveable Communities (ii)	3 (50%)	–	2 (48%)	1 (2%)

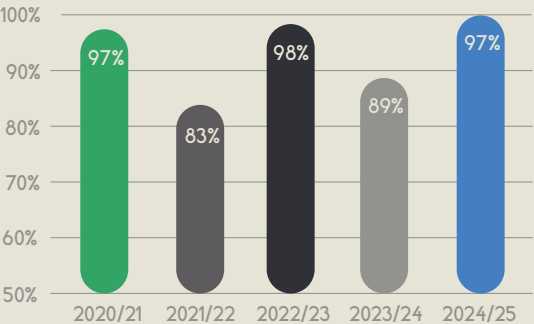
Notes:

- ii. Parks user satisfaction was not measured in 2024/25.

Customer service centre: mystery shopping

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

Yearly Comparative Performance – Customer Service Centre Mystery Shopper Results



INDEPENDANT AUDITOR'S REPORT

TO THE READERS OF HASTINGS DISTRICT COUNCIL AND GROUP'S SUMMARY OF THE A



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qualified opinion on the non-financial performance information is explained below.
The District Council is required to report against the performance measures set out in the Non-Financial Performance Measure Rules 2013 made by the

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Ernst & Young
Chartered Accountants
On behalf of the Auditor-General
Wellington, New Zealand
29 October 2024