

# Annual Report 2013/14

Hastings District Council: Planning for a sustainable future

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# Message from the Mayor and the Chief Executive

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# Introduction from the Mayor and Chief Executive

It is our privilege to introduce the Annual Report for the Hastings District Council for the 2013/14 financial year.

This year has been one of progress and endeavour for the Council on behalf of its community, one unfortunately blemished by a tragic accident involving the Council and one of its younger citizens.

The Council has continued to refine and work toward the sustainable development goals set out in the 2012 to 2015 Long Term Plan. In October 2013, the local government triennial elections were held with three new councillors being elected to office (two of these due to retirements). This term, councillors will place a greater focus on social and economic development activities – specifically programmes that help grow jobs and develop the skills and opportunities of our young people.

We have already begun to see results from this activity. The youth futures programme, delivered through and in conjunction with the Youth Futures Trust, continues to grow work experience and training opportunities for young people in the district and across the region. During the year, the trust was successful in being awarded a government contract to deliver trade training opportunities for 150 Māori and Pasifika youth.

Job creation was also the focus when Council partnered with a property owner, local consultants and service providers in encouraging Kiwibank to open a major office and internal service centre in Hastings. This initiative is expected to bring in excess of 140 jobs to the CBD. As a result of this work, we expect to be able to announce further business development success in the year ahead. Encouraged by these results, the Council has decided to invest further in developing the skills of our young people, and to grow and attract jobs to our district.

Alongside these areas of increased focus, our on-going work in looking after the community's assets, keeping our communities safe and clean, and making our district an attractive place in which to live and do business continues unabated. Despite budget constraints brought about by road funding decisions from the Government and the New Zealand Transport Agency, the Council continues to maintain our roads, the economic life lines of the district, in a functional and safe state. Maintenance and improvement of our water supply, sewerage and stormwater networks is ongoing, as we provide one of the most high quality, cost-effective infrastructure networks in the country; one that is proudly publicly owned and democratically controlled. Our work to improve the amenity of the district continues to receive strong public support with Nga Pou o Heretaunga and William Nelson Park being just two high profile examples of the quality public space projects delivered during 2013/14.

Safety is something that has also been at the forefront of the Council's work during the year. We continue to address the threat to public safety from dangerous dogs, and in the transport area we looked to implement new speed limits in parts of the Heretaunga Plains. There has been some public opposition to a number of the speed measures, and further public consultation was undertaken during August and September 2014. However, we view most of the measures as having a positive safety effect.

The Council and our regulatory teams also continue to focus on various safety-related issues such as food hygiene, alcohol harm, building safety and harm from so-called 'legal highs'. This latter issue saw the Council at the forefront of steps to both regulate the location of premises used for the sale of 'legal highs', and lobby Government to address this issue of significant community concern. The Council was very pleased when the Government finally listened to communities and reversed its previous position and moved to more strongly regulate the sale of legal highs.

Unfortunately this year also saw a tragic blight on the Council's safety record; one that devastated a family, turned another's world upside down, and deeply affected councillors and staff at the Council. The tragic accident in October 2013 that saw four year old Uetaha Ransfield-Wanoha fatally struck by a Council mower was among the worst things that could happen to a family. As an organisation, we work assiduously to improve our District for our citizens and to make our communities safer and better places for children to grow up. Being involved in a tragic accident such as this runs counter to everything the Council works and stands for. Our thoughts and deepest sympathies continue to go to the family of Uetaha as they struggle to cope with their loss. We also think of the driver and his family, for whom the accident has also been tragic and life changing.

We also received some very unwelcome news during the year regarding the Hawke's Bay Opera House. Following precautionary engineering examinations, two key buildings in the Opera House were declared earthquake prone. This resulted in the closure of the Opera House complex. The closure has been a significant blow to the entertainment and community events sectors in Hastings District, and has also brought the great work of Hawke's Bay Opera House Limited in growing activity at the complex to a grinding halt. We greatly appreciate the efforts of the directors and staff of the company for the professional way in which they worked with promoters, the community, other stakeholders and the Council to manage the impacts of this unfortunate closure.

There has been some speculation as to the future of the Opera House complex. We want to put people's minds at ease. The Council is very keen to restore the Opera House to full use. By the time this report goes to print, a process to design and cost a solution for strengthening the buildings will be in full swing. Strengthening costs and options should be known in early 2015 and the Council will then be able to consider the best method of restoring facilities for the District's entertainment, performing arts, conference and community needs.

It would not be possible to carry out the valuable work mentioned above or address some of the difficult issues facing the community, without good governance, an effective organisation and strong financial management. We believe all three of these are present at the Council. Once again the Council has vigorously implemented a sound financial strategy. An affordable budget has been set and Council is managing its activities to reduce costs and debt as much as possible while still delivering the services the community requires. The Council takes every opportunity to save ratepayers money where extra life can be eked out of assets and project costs can be delayed. However projects are undertaken when they are needed so that we are not drawn into false, short term economies.

Debt and investments are managed very closely to ensure low costs of debt. In 2013/2014 this strategy has resulted in a rating surplus of \$1,456,590. Once again, the Council has voted to allocate the majority of this surplus (\$777,329) to debt repayment with a further \$229,261 to the Rural Flood and Emergency Reserve. This prudent financial approach has resulted in the Council keeping its actual gross external debt constant at \$55.7 million over the last 2 years, in spite of projections that its debt would rise well above this. While the elected Council takes a strong leadership role in the strategy, it acknowledges the excellent work of the management team and staff in driving these positive financial results.

In the 2014/15 financial year, the Council will undertake a review of its 10 year plan. This will be open for public input as the plan develops. From what we are hearing from the community so far it is likely that the plan will be an extension of the sustainable development approach the Council has been taking since 2009, rather than a massive change in approach. Many challenges remain for our communities from economic conditions, demographic changes, inequality and negative social conditions and environmental degradation. Our plan will again be about helping our community to overcome these challenges and realise the opportunities that are available. We strongly encourage our citizens to participate in the long-term plan process and advise us on where they think the Council's priorities should be.

As a Council, we also firmly believe that the people of Hastings District and the wider region will be much better able to meet these challenges if local government reorganisation proceeds and there is a unitary Council for Hawke's Bay. It remains to be seen whether this solution will emerge from the current Local Government Commission process and it is likely a poll of electors will occur sometime in 2015 before the issue is finally decided. We strongly encourage everyone to make their opinions on local government reorganisation known through the poll process.



Thank you for taking the time to read the 2013/14 Annual Report. We hope you find the information that follows is a useful summary of the Council's activities, performance and financial situation.

As a closing note, we reflect on a temporary change in the Council's own arrangements. Ross McLeod, the Council's Chief Executive, has been selected to undertake the one-year Master of Public Administration degree at the prestigious John F Kennedy School of Government at Harvard University.

The Council has granted Mr McLeod 11 months' unpaid leave of absence to undertake this degree. While he is away, John O'Shaughnessy, normally the Council's Group Manager Planning and Regulatory Services will fill the role of Chief Executive. The elected Council is delighted at the selection of its Chief Executive to undertake this programme, and that it is able to fill the Chief Executive role temporarily from within the ranks of its own senior staff.



A handwritten signature in black ink, appearing to read 'L Yule'.

**Lawrence Yule**  
Mayor



A handwritten signature in black ink, appearing to read 'J O'Shaughnessy'.

**John O'Shaughnessy**  
Acting Chief Executive

# Our operating framework

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# Our reporting framework

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

## Level One

- Future Goals (page 17)

## Level Two

- Levels of Service (page 19)
- Customer Experience Measures (page 28)
- Key Actions (page 30)
- Long Term Plan Submission Commitments (page 37)

## Level Three

- Asset Improvement Plans (page 41)

The Council has a **three level reporting** framework.

**Level One Future Goals** – has a future looking focus and measures desired trends over time.

**Level Two Today's Promises** – is about the promises 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 –  
June 2014



# Summary performance

## Introduction

The pages which follow outline in detail how the Council has progressed against its performance management framework. This is a three year programme of action, therefore full achievement of the programme is not expected at the end of year one. In any case much of the programme has been either fully or substantially achieved as at 30 June 2014. A summary of our progress at the end of Year Two is as follows:

### Level One: Future Goals

The information on progress toward future goals is best measured by shifts over time. As this is the second year of reporting against these longer term measures, we have simply outlined any progress made during 2013/14.

### Level Two: Today's Promises

#### Key actions

There are 56 key actions contained within the Long Term Plan 2012-2022. In brief the Council's achievement is as follows:

Completed	Substantially completed	On track	Not on track
7 (13%)	1 (2%)	44 (78%)	4 (7%)

Note: The actions 'Not on track' are related to the removal of New Zealand Transport Agency funding for the forward transportation work programme in the LTP, and the changing scope of the Civic Square project.

## Long Term Plan submission commitments

There are 28 commitments which were made during the 2012-2022 Long Term Plan submission process. In brief the Council's achievement is as follows:

Completed	Substantially completed	On track	Not on track
24 (86%)	0 (0%)	4 (14%)	0 (0%)

### Customer Service Centre: Mystery Shopping

A Mystery shopper program is continuing where 'Shoppers' visit Council to measure the service delivered against a set of pre-determined criteria. The assessment focuses on the surroundings in the centre, staff interaction with the customer and subject knowledge. The standards are set high and staff are expected to go the extra mile for customers.

The findings are analysed to identify improvement areas for both individuals and the teams as a whole. 'Shops' undertaken during 2013/14 resulted in the following outcomes:

#### 2013/14 CSC Mystery Shopper results

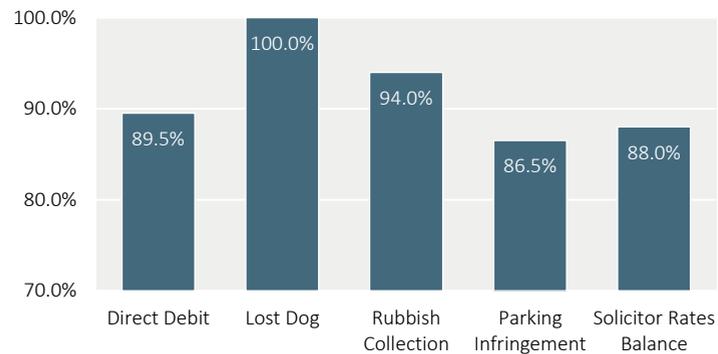
Subject	Score 1	Score 2	Score 3	Average
Dog Registration	92%	92%	86%	90.0%
Property Enquiry with Rates Payment Options	76%	96%		86.0%
LIM Application Enquiry			73%	73.0%
Overall Average				83.0%

The minimum target is set at 80% with anything above 90% considered exceptional.

### Contact Centre: Mystery Shopping

The results of mystery 'shops' in partnership with the Palmerston North City Council are outlined below. The overall average for Palmerston North City Council was 89% of the customer service standard, very comparable with the Hastings District Council result below.

#### 2013/14 Scenario average

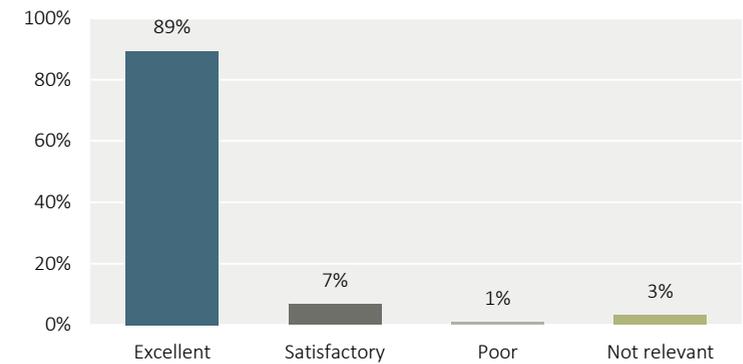


### Water Service Requests

At the completion of each job the team from City Care (the Councils contracted service provider) leave a 'Survey Card' in the mailbox of the customer who requested assistance. On average 11 customers every month complete and return the cards.

The results of the survey cards are discussed with the staff at regular 'tool box' meetings, which provide an opportunity to relay the positive comments received from the public and any issues that are identified. The results are extremely positive with 89% of respondents rating the service excellent and only 1% being unsatisfied.

#### Average results (March 2013 to February 2014)



### Levels of service and customer experience

There are 71 measures in total focused on the annual promises 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 & Roads
- Safe, Healthy & Liveable Communities
- Economic & Community Development
- Governance & Support Services

In brief the Council's achievement is as follows:

#### Levels of service (59 measures)

Group of activities	Fully achieved	Substantially achieved (80%-99%)
Water & Roads (note i)	5 (50%)	4 (40%)
Safe, Healthy & Liveable Communities (note ii)	24 (92%)	2 (8%)
Economic & Community Development (note iii)	9 (75%)	2 (20%)
Governance & Support Services (note iiiii)	8 (100%)	-

Notes:

- The measure for footpaths is not achieved in 2013/14, however this measure is better assessed over its longer term annual renewal rate which is on target.
- The level of service measure in relation to District Plan monitoring is not currently applicable due to the process being undertaken to notify a new District Plan.
- The structure planning programme can span multiple years, so whilst not completed in 2013/14, future plans are in development.
- Performance against two public perception measures is yet to be obtained and is not intended to be reported annually. This will take place in 2014/15.

#### Customer experience (13 measures)

Group of Activities	Fully achieved	Substantially achieved (80%-99%)
Water & Roads (note i)	4 (80%)	
Safe, Healthy & Liveable Communities	2 (25%)	6 (75%)

Note:

- The measure in respect of taste and odour complaints in the Water Supply area was exceeded on the Hastings/Havelock North supply – this related to one isolated event. All other Water Supply (taste and odour measures) were achieved.

#### Level Three: Smart Business

##### Asset improvement plans

A significant amount of Councils expenditure is allocated to maintaining the core assets for the community. For this reason we have detailed Asset Management Plans which set out the optimal management of these assets.

As part of these plans the Council has a process of continuous improvement in the collection of asset data, planning and risk management. In the detailed performance section which follows we have outlined where relevant the progress made against the key improvement items for each asset area.

Whilst this is a three year programme of continuous improvement a number of items have been completed while other improvement items are on track to be completed.

## Detailed performance

### A THREE LEVEL FRAMEWORK

<b>LEVEL ONE – FUTURE GOALS</b>	17	FG01 – FG09
<b>LEVEL TWO – TODAY'S PROMISES</b>		
(A) Levels Of Service	19	LS01 – LS59
(B) Customer Experience	28	CE01 – CE13
(C) Key Actions	30	KA01 – KA56
(D) LTP Submission Commitments	37	OC01 – OC28
<b>LEVEL THREE – SMART BUSINESS</b>		
(A) Asset Improvement Plans	41	SB01 – SB59

## Level One – Future Goals

### Water & Roads

Future goal	Baseline performance	Future target	Progress
<b>FG01</b> Management of water demand.	Continue to maintain and implement a Water Conservation and Demand Management Strategy.	The strategy is in place and has been endorsed by the HBRC.	<ul style="list-style-type: none"> <li><b>On track</b> – The primary strategy is generic across the whole district; however as new water permits are updated, site specific responses are being established in conjunction with the Regional Council.</li> </ul>
<b>FG02</b> Modal shift to walking/cycling.	9% of school and work journeys.	20% by 2020.	<ul style="list-style-type: none"> <li><b>On track</b> – The iWay monitoring programme shows that previous years' declining rates of walking and cycling have now been reversed and the 2020 target remains achievable.</li> </ul>
<b>FG03</b> Annual shift to walking and cycling.	8% per annum (school and work journeys).	8% per annum.	<ul style="list-style-type: none"> <li><b>On track</b> – Global level increase in walking and cycling is 5%. Community and organisational monitoring exceeds the target of 8%.</li> </ul>
<b>FG04</b> Reduced death and serious injury on roads.	7.3 per 100 million vehicle kilometres travelled.	Reducing trend per 100m/vkt.	<ul style="list-style-type: none"> <li><b>On track</b> – 5 year trend position has reduced to 5.3 fatal and serious crashes per 100 million vkt.</li> </ul>
<b>FG05</b> Street lighting efficiency.	Installed wattage (2.6kw/km).	20% reduction by 2022.	<ul style="list-style-type: none"> <li><b>Not on track</b> – Streetlight conversion programme has been suspended due to lack of matching subsidy from the New Zealand Transport Agency.</li> </ul>

Safe, Healthy & Liveable Communities

Future goal	Baseline performance	Future target	Progress
<b>FG06</b> Public buildings meet earthquake standards.	55.4% meet current standards.	100% meeting future legislative standards.	<ul style="list-style-type: none"> <li>• <b>On track</b> –817 buildings (out of an initial 1,401) require a seismic risk assessment.</li> <li>• 327 buildings are assessed as above the current statutory threshold.</li> <li>• 44 buildings fall below the 34% threshold. 2 of these are confirmed as earthquake-prone as defined under s.122 Building Act 2004.</li> <li>• Final changes to building seismic performance standards as proposed in the Earthquake-prone Buildings Amendment Bill are yet to be announced by Government.</li> </ul>
<b>FG07</b> Uncontrolled dog behaviour incidents.	60% of total complaints.	35% by 2013/14.	<ul style="list-style-type: none"> <li>• <b>Achieved</b> – 33.86%. Continuing to decline against the baseline.</li> </ul>
<b>FG08</b> Waste diversion rates.	20% waste diversion rate.	Improvement over baseline.	<ul style="list-style-type: none"> <li>• <b>Achieved</b> – Diversion rate of 20.3% (rounded to 20%).</li> </ul>
<b>FG09</b> Declining tonnages to landfill.	72,000 tonnes.	68,000 tonnes by 2013.	<ul style="list-style-type: none"> <li>• <b>Not achieved</b> – Waste volumes increased to 72,570 tonnes for the 2013/14. This is a reflection of an increase in economic activity in the region. This increase has been reflected nationally.</li> </ul>

## Level Two – Today’s Promises

### (A) LEVELS OF SERVICE

#### Water & Roads

Level of service	Achievement
<b>WATER SUPPLY</b>	
<b>LS01</b> 100% compliance with NZ drinking water bacteria standards.	<b>Substantially achieved</b> <ul style="list-style-type: none"> <li>• <b>Clive (368 properties)</b> – Routine testing picked up a transgression within the reticulation; however subsequent testing all provided clear results. The supply remained compliant.</li> <li>• <b>Omahu (38 properties)</b> – During this year, age testing carried out on the Townships bore, indicated the aquifer at its location was no longer secure (i.e. water is older than 1 year since being exposed to the surface). As a result the HDC is now required to implement full time Chlorination. Other treatment options that don’t require chlorination are being investigated.</li> <li>• <b>Havelock North (4,897 properties)</b> – During the year, a low level but widespread contamination event was detected. This initiated the use of council’s emergency chlorination system, resulting in all of Havelock North being chlorinated. The source was traced to works carried out in the Te Aute Rd/Anderson Park area. The HDC’s response was carried out to the satisfaction of the DHB. Non return valves have been installed on the source, and the HDC is continuing with its wider backflow prevention and installation program which aims to have a backflow device on every connection by 2020.</li> <li>• <b>Parkhill</b> – This is a new water supply vested with the HDC. The HDC are currently waiting for formal confirmation that the source is secure. The source meets all the requirements for achieving secure status, and routine sampling within the reticulation have returned clear results.</li> </ul>

Water & Roads

Level of service	Achievement
	<ul style="list-style-type: none"> <li data-bbox="1065 500 2153 618">• Waipatiki (76 properties) – Poor aesthetic water quality in the Waipatiki aquifer continues to provide operational difficulties for the HDC. During the year, the District Health Board allowed the HDC to lift its long standing boil water notice. Given the summer holiday nature of the community, there is little interest for investing in expensive treatment options. Cheaper treatment options continue to be investigated.</li> <li data-bbox="1065 630 2153 808">• Whirinaki/Esk and Waimarama (519 properties) – Both these supplies use Micro Filtration and UV systems not certified under the latest Drinking Water Standards (i.e. The technology used pre-dates the standards). Therefore these can never achieve full compliance without unnecessary and expensive upgrades. However the treatment systems are operated and maintained to achieve the same drinking water safety outcomes as a fully compliant system. No transgressions were found during routine testing within the reticulation.</li> <li data-bbox="1065 820 1724 846">• All other supplies achieved full compliance (16,857 properties)</li> </ul> <p data-bbox="1065 857 2153 967">Note: A transgression is where sensitive testing indicates there may be an issue within the supply, resulting in immediate action. If a transgression is identified, the original sample is enumerated, and follow-up testing is carried over a wider area. If there is a transgression, the enumeration is used to rule out or confirm the original finding. 3 days of clear readings are needed to rule out any contamination.</p> <p data-bbox="1065 976 2153 1052">A transgression is often found to be a sampling error. E.g. A sample bottle may become compromised, or wind born contaminants accidentally enter the sample. Therefore a supply can have a transgression but still remain compliant if the required procedures are followed.</p>
<p><b>LS02</b> 100% compliance with resource consent conditions.</p>	<ul style="list-style-type: none"> <li data-bbox="1065 1094 2153 1333">• <b>Substantially achieved</b> – 9 of the 10 water supplies fully complied with their Environmental and Technical consent conditions. The Waipatu supply complied fully with its Technical Conditions, and substantially complied with its Environmental Conditions. The water supply exceeded its weekly limit during one 7 day period from 16 February 2013 to 23 February 2014. The 7 day consent limit is 176m<sup>3</sup> and Waipatu used 200m<sup>3</sup> during that period. Given there’s only 12 properties in the scheme, a single user can accidentally breach the consent by simply leaving an outdoor house running. Trigger levels on the HDC’s early warning telemetry systems will be brought forward to ensure the supply fully complies with its consent. The HBRC are not pursuing any action over this single incident.</li> </ul> <p data-bbox="1065 1344 1579 1370">Source: HBRC Compliance Report. TRIM WAT-20-10-14-835</p>

## Water &amp; Roads

Level of service	Achievement
<b>URBAN STORMWATER DRAINAGE</b>	
<b>LS03</b> 100% compliance with resource consent conditions.	<ul style="list-style-type: none"> <li>• <b>Substantially achieved</b> – Hawke’s Bay Regional Council is yet to confirm compliance for the Havelock North and Te Awanga Detention dams; however no major issues are expected. One minor technical non-compliance has been identified for the Whakatu West stormwater consent, related to reporting of new developments. All other stormwater related consents achieved full compliance.</li> <li>• The 2013/14 Annual Compliance and Monitoring Report for the global stormwater consent has been submitted on time and full compliance with the consent conditions is expected.</li> </ul>
<b>LS04</b> No flooding of inhabitable dwellings in an up to a one in 50 year event.	<ul style="list-style-type: none"> <li>• <b>Achieved</b> – No dwellings were reported to be inundated in the past twelve months. However a small number of properties in Te Awanga experienced ponding within the property. Work is underway to reduce the ponding at various locations.</li> </ul>
<b>SEWAGE COLLECTION, TREATMENT AND DISPOSAL</b>	
<b>LS05</b> 100% compliance with resource consent conditions.	<ul style="list-style-type: none"> <li>• <b>Substantially achieved</b> – The discharge through the long offshore ocean outfall is showing no indication of any adverse effects beyond the mixing zone. Overall the compliance with the consent has been well achieved with only minor non-compliance with any of the conditions.</li> </ul>
<b>LS06</b> No wastewater events from routine operations.	<ul style="list-style-type: none"> <li>• <b>Achieved</b> – There have been no major events related to routine wastewater operations, the contractor has performed within their KPI targets.</li> </ul>
<b>ROADS AND FOOTPATHS</b>	
<b>LS07</b> Less than 5% of roads exceed national rough ride limits.	<ul style="list-style-type: none"> <li>• <b>Achieved</b> – 4.3% of roads exceed national rough ride limits.</li> </ul>
<b>LS08</b> Less than 3% of roads with condition poor or worse.	<ul style="list-style-type: none"> <li>• <b>Achieved</b> – Currently 2.0% classified poor or worse.</li> </ul>
<b>LS09</b> Less than 1km of footpaths classified poor or worse.	<ul style="list-style-type: none"> <li>• <b>Not achieved</b> – 5km of footpaths are currently classified as poor or worse. The current 5km in backlog is less than the long term annual footpath renewal rate and work on a number of the poor footpaths has been deferred because renewal of the whole street is on Council’s 5 year renewal programme.</li> </ul>

## Water & Roads

Level of service	Achievement
<p><b>LS10</b> All property accessible by vehicles meeting maximum as-of-right limits except where otherwise agreed with the community.</p>	<ul style="list-style-type: none"> <li>• <b>Achieved</b> – Weight postings on Mangatahi low level bridge, McKenzie low level bridge, Tiakitai Bridge and Peka-Peka culvert restrict access to small areas of rural property. These restrictions have minimal impact on economic productivity and have been in place for a number of years. Council has no plans to strengthen currently posted structures.</li> </ul>

## Safe, Healthy & Liveable Communities

Level of service	Achievement
<b>MAINTAIN AND ENHANCE PUBLIC HEALTH AND SAFETY</b>	
<p><b>LS11</b> A refuse transfer station open seven days a week.</p>	<ul style="list-style-type: none"> <li>• <b>Achieved</b> – The refuse transfer station was open and operational seven days a week, excluding Christmas Day, New Year’s Day and Good Friday.</li> </ul>
<p><b>LS12</b> 2 recycling depots (24 hour service at Martin Place).</p>	<ul style="list-style-type: none"> <li>• <b>Achieved</b> – The recycling depots were open and operational seven days a week, excluding Christmas Day, New Year’s Day and Good Friday at the Henderson Road facility.</li> </ul>
<p><b>LS13</b> 1 Landfill (limited weekend opening).</p>	<ul style="list-style-type: none"> <li>• <b>Achieved</b> – The Omarunui Landfill was open and operational five days a week (Monday to Friday) and a limited number of Saturdays. The facility does not open on Christmas Day, New Year’s Day and Good Friday.</li> </ul>
<p><b>LS14</b> Weekly kerbside refuse and recycling servicing 92% of urban dwellings.</p>	<ul style="list-style-type: none"> <li>• <b>Achieved</b> – All urban dwellings within the collection zones received a weekly refuse and recycling service. New collection contracts have commenced and the collection zones were reviewed.</li> </ul>
<p><b>LS15</b> 100% compliance with Landfill consent conditions.</p>	<ul style="list-style-type: none"> <li>• <b>Achieved</b> – No abatement notices were issued.                             <ul style="list-style-type: none"> <li>• <b>Roys Hill closed landfill</b> – The Hawke’s Bay Regional Council (HBRC) state that the capped area of the landfill is in good condition and that excellent work has been carried out on the landscaping of the site. Hawke’s Bay Regional Council and Hastings District Council need to reach formal agreement on groundwater trigger levels for the site. A meeting between the two parties was held in June 2014. Further information is now being gathered to present to the HBRC.</li> <li>• <b>Omarunui landfill</b> – The Hawke’s Bay Regional Council state that the landfill continues to be very well managed. Revised surface water trigger levels have now been approved by the regional council. Groundwater and tell-tale trigger levels still need to be agreed. A new monitoring well is to be constructed in the 2014/15 year.</li> </ul> </li> </ul>

## Safe, Healthy &amp; Liveable Communities

Level of service	Achievement
<b>LS16</b> 95% of food premises have an excellent or very good grading.	<ul style="list-style-type: none"> <li><b>Achieved</b> – Currently 100% of food premises have an excellent or very good grading.</li> </ul>
<b>LS17</b> 98% compliance with swimming pool fencing regulations.	<ul style="list-style-type: none"> <li><b>Achieved</b> – 99% compliance with Swimming Pool Fencing Act.</li> </ul>
<b>LS18</b> 4 cemeteries at Hastings, Havelock North, Puketapu and Mangaroa.	<ul style="list-style-type: none"> <li><b>Achieved</b> – Additional capacity at Havelock North and Hastings cemeteries also established.</li> </ul>
<b>LS19</b> A crematorium meeting resource consent conditions.	<ul style="list-style-type: none"> <li><b>Achieved</b> – All consent conditions met.</li> </ul>
<b>LS20</b> 95% of current buildings with current warrant of fitness.	<ul style="list-style-type: none"> <li><b>Achieved</b> – 100% of Council buildings with current warrant of fitness.</li> </ul>
<b>MANAGE THE USE OF LAND</b>	
<b>LS21</b> A District Plan current at all times within statutory timeframes.	<ul style="list-style-type: none"> <li><b>Achieved</b> – Current Hastings District Plan (2003) is operative, with Proposed District Plan notified for submissions.</li> </ul>
<b>LS22</b> Monitoring of two District Plan issues per year.	<ul style="list-style-type: none"> <li><b>Not yet measured</b> – This measure is not currently applicable as the District Plan has been under review during this time frame. A Proposed District Plan was notified for submissions on 9th November 2013. The hearing of submissions is ongoing through until early 2015 with decisions on submissions anticipated in July 2015.</li> </ul>
<b>REDUCE PUBLIC NUISANCE AND THREATS TO PUBLIC SAFETY</b>	
<b>LS23</b> Dog pound with capacity for 32 dogs.	<ul style="list-style-type: none"> <li><b>Achieved</b> – Currently 34 including two outside enclosures.</li> </ul>
<b>LS24</b> 95% dog registration rate of known dogs.	<ul style="list-style-type: none"> <li><b>Achieved</b> – Currently achieving a 100% dog registration rate prior to the start of re-registration.</li> </ul>
<b>LS25</b> National Rural Fire audits are passed.	<ul style="list-style-type: none"> <li><b>Achieved</b> – The Hastings District Council received a <i>Satisfactory</i> rating from the National Rural Fire Authority Performance Evaluation (PMEF).</li> </ul>
<b>LS26</b> 15 minute response time to a national emergency warning.	<ul style="list-style-type: none"> <li><b>Achieved</b> – Hastings Emergency Management meets this level of service.</li> </ul>

### Safe, Healthy & Liveable Communities

Level of service		Achievement
<b>LS27</b>	4 night time compliance operations on licensed premises per year.	<ul style="list-style-type: none"> <li><b>Achieved</b> – 12 night time compliance operations on licensed premises, which included 4 controlled purchase operations.</li> </ul>
<b>LS28</b>	19 CCTV cameras.	<ul style="list-style-type: none"> <li><b>Achieved</b> – 22 cameras currently on CCTV system, including the skate park cameras.</li> </ul>
<b>PROVIDE A RANGE OF ACCESSIBLE SOCIAL AND RECREATIONAL ACTIVITY</b>		
<b>LS29</b>	94% of urban property within 500m radius (walking distance) of a park.	<ul style="list-style-type: none"> <li><b>Substantially achieved</b> – 93.8% of urban properties within a 500m radius of a park. The 2012-2022 Long Term Plan contains funding provision for additional reserve purchase and development to meet the target level of service.</li> </ul>
<b>LS30</b>	56% of urban properties within 500m radius of a playground.	<ul style="list-style-type: none"> <li><b>Substantially achieved</b> – 55.6% of urban properties within a 500m radius of a playground. The 2012-2022 Long Term Plan contains funding provision for additional playground development to meet the target level of service.</li> </ul>
<b>LS31</b>	4 public swimming pools that meet water quality standards.	<ul style="list-style-type: none"> <li><b>Achieved</b> – 4 public swimming pools operated within Pool Safe water quality standards.</li> </ul>
<b>LS32</b>	3 public libraries – 6 day service Flaxmere/ Havelock North, 7 days Hastings.	<ul style="list-style-type: none"> <li><b>Achieved</b> – Opening hours as per stated level of service</li> </ul>
<b>LS33</b>	220 housing of the elderly units with 90% average occupancy.	<ul style="list-style-type: none"> <li><b>Achieved</b> – The overall occupancy level was 93.3% for the 2013/14 financial year which is a substantial increase on the previous financial year's average of 84%.</li> </ul>
<b>LS34</b>	Art Gallery hosting 12 exhibitions per annum.	<ul style="list-style-type: none"> <li><b>Achieved</b> – The Hastings City Art Gallery hosted fourteen exhibitions across the three exhibition spaces in the 2013/14 financial year, and received more than 18,000 visitors.</li> </ul>
<b>LS35</b>	Opera House retained at a five star Qualmark rating.	<ul style="list-style-type: none"> <li><b>Achieved</b> – The Opera House retained its five star Qualmark rating up until its temporary closure in March 2014.</li> </ul>
<b>LS36</b>	Indoor Sports Centre booked 40% of total available booking hours.	<ul style="list-style-type: none"> <li><b>Achieved</b> – Approximately 50% of total available booking hours were booked.</li> </ul>
<b>LS37</b>	Splash Planet open from labour weekend to 31 March.	<ul style="list-style-type: none"> <li><b>Achieved against updated target</b> – Opening hours were from mid Nov to early February (7 days a week), and weekends only from early February to the end of March. (Note: the level of service statement within the Long Term Plan is subject to minor correction).</li> </ul>

## Economic and Community Development

Level of service	Achievement
<b>MAKE LAND AVAILABLE FOR INDUSTRIAL, COMMERCIAL AND RESIDENTIAL GROWTH</b>	
<b>LS38</b> A minimum of 20% of industrial land is vacant.	<ul style="list-style-type: none"> <li>• <b>Achieved</b> – 20.3% of the zoned land is vacant (excluding Irongate and Omaha).</li> <li>• Unserved deferred industrial land is available at Irongate. Omaha Road deferred zone is pending Appeal.</li> </ul>
<b>LS39</b> A minimum of 20 hectares vacant greenfield land.	<ul style="list-style-type: none"> <li>• <b>Achieved</b> – 68.8ha of un-subdivided greenfield land and 102 vacant sites are available at Arataki, Lyndhurst and Williams Street.</li> </ul>
<b>LS40</b> 1 significant strategy completed per annum.	<ul style="list-style-type: none"> <li>• <b>Substantially achieved</b> – Medium Density Housing Strategy 100% complete over two years. To be reported to Council in September 2014.</li> </ul>
<b>LS41</b> 1 structure plan completed per annum.	<ul style="list-style-type: none"> <li>• <b>Not achieved</b> – Stage One master plan for Cape Coast commissioned and Stage Two on hold pending Regional Coastal Strategy development.</li> </ul>
<b>WORKING WITH PARTNERS TO GROW BUSINESS AND JOBS</b>	
<b>LS42</b> \$50,000 per annum funding support to Business Hawke's Bay.	<ul style="list-style-type: none"> <li>• <b>Achieved against updated target</b> – Delivered as part of contract agreement with Business Hawke's Bay. (Note: \$40,000 was the agreed value as per Council resolution and the adopted Long Term Plan).</li> <li>• Further \$60,000 was allocated to support Business Hawke's Bay in the 2014/15 Annual Plan.</li> </ul>
<b>SUPPORT VISITOR ATTRACTION</b>	
<b>LS43</b> Top 10 Holiday Park maintained at Qualmark rating of 4 star plus.	<ul style="list-style-type: none"> <li>• <b>Achieved</b> – Retained current Qualmark rating of 4 star plus.</li> </ul>
<b>LS44</b> Splash Planet attracting 90,000 visitors per annum (45% visitors to Hastings).	<ul style="list-style-type: none"> <li>• <b>Achieved</b> – 103,046 total visitation for the 2013/14 summer (48,685 visitors to Hastings 47.1%).</li> </ul>
<b>LS45</b> Total event support of \$75,000 per annum.	<ul style="list-style-type: none"> <li>• <b>Achieved</b> – Total direct support for events in 2014/15 was \$75,000. This does not include indirect support or Contestable Grants funding.</li> </ul>

### Economic and Community Development

Level of service	Achievement
<b>LS46</b> i-SITE visitor centre attracting 84,000 visits per annum.	<ul style="list-style-type: none"> <li><b>Substantially achieved</b> – Visits are up 10% on 12/13 with the Hastings i-SITE attracting 67,190 visits and the new Havelock North i-SITE attracting 9,800 visitors in its first complete 9 months of operation.</li> </ul>
<b>DEVELOP LONG TERM PLANS FOR OUR COMMUNITIES</b>	
<b>LS47</b> 1 place based plan completed per annum.	<ul style="list-style-type: none"> <li><b>Achieved</b> – Place Plans for Anderson Park, Waimarama and Haumoana/Te Awanga adopted 23 April 2014, 13 August 2013, 11 March 2014 respectively.</li> </ul>
<b>LS48</b> 1 social development strategy review completed per annum.	<ul style="list-style-type: none"> <li><b>Achieved</b> – Positive Ageing Strategy received by Social Development Subcommittee 9 July 2014.</li> </ul>
<b>LS49</b> \$40,000 per annum for Hapu development planning.	<ul style="list-style-type: none"> <li><b>Achieved</b> – Funding included in Long Term Plan 2012-22 and 2013/14 Annual Plan. \$30,000 spent in 2013/14 on:                             <ul style="list-style-type: none"> <li>Omahu Marae Development Plan presented to Māori Joint Committee in May 2014.</li> <li>Review of Hapu Development Planning adopted by Māori Joint Committee in May 2014.</li> <li>Development of a Hapu Plan for Waipatu Marae and Kahuranaki initiated in June 2014.</li> </ul> </li> </ul>

### Governance and Support Services

Level of service	Achievement
<b>MAKE OPEN, INCLUSIVE AND EFFECTIVE DECISIONS</b>	
<b>LS50</b> 74% level of community confidence in decision making.	<ul style="list-style-type: none"> <li><b>Not yet measured</b> – Awaiting completion of major statutory planning exercises (District Plan and Long Term Plan 2015) and term of incoming Council.</li> </ul>
<b>LS51</b> 47% community satisfaction with involvement in decision making.	<ul style="list-style-type: none"> <li><b>Not yet measured</b> – Awaiting completion of major statutory planning exercises (District Plan and Long Term Plan 2015) and term of incoming Council.</li> </ul>
<b>LS52</b> 100% compliance with statutory planning processes.	<ul style="list-style-type: none"> <li><b>Achieved</b> – No breaches of statutory planning processes during 2013/14.</li> </ul>

## Governance and Support Services

Level of service	Achievement
<b>LS53</b> Council and Committee agendas available within statutory timeframes.	<ul style="list-style-type: none"> <li><b>Achieved</b> – 100% compliance with required timeframes.</li> </ul>
<b>ENSURE EASY ACCESS TO COUNCIL KNOWLEDGE AND SERVICES</b>	
<b>LS54</b> Calls to Council's main number always answered by a person.	<ul style="list-style-type: none"> <li><b>Achieved</b> – All calls to Council's main number are directed to the first available person in the contact centre – if all agents are busy callers receive a recorded message and remain on hold until someone becomes available. 92% of calls are answered within 60 seconds and only 1.35% of callers abandon after holding for 10 seconds.</li> </ul>
<b>LS55</b> Customer service centre open from Monday to Friday 8am to 5pm.	<ul style="list-style-type: none"> <li><b>Achieved</b> – The Customer Service Centre continues to be open to the public every working day of the year.</li> </ul>
<b>LS56</b> 80% of calls to Council's main number answered within 20 seconds.	<ul style="list-style-type: none"> <li><b>Achieved</b> – The contact centre exceeded the service level target by answering 87.8% of the 117,586 calls received in 2013/14 within 20 seconds.</li> </ul>
<b>LS57</b> Usage of Council's website – 9,500 unique visitors per month.	<ul style="list-style-type: none"> <li><b>Achieved</b> – The Council's website received an average of 10,700 unique visitors per month, 12% over target.</li> </ul>
<b>ENSURE PRUDENT FINANCIAL MANAGEMENT</b>	
<b>LS58</b> Complete Annual Report and audit within statutory timeframes.	<ul style="list-style-type: none"> <li><b>Achieved</b> – An unmodified audit opinion was issued within statutory timeframes. No significant issues raised by Audit New Zealand.</li> </ul>
<b>LS59</b> Budgets are set within Financial Strategy limits.	<ul style="list-style-type: none"> <li><b>Achieved</b> – The 2014/15 budget and Annual Plan was completed and approved by Council and set within the financial strategy limits.</li> </ul>

Level Two – Today’s Promises

**(B) CUSTOMER EXPERIENCE**

Water & Roads

What this measure tells us	Baseline performance	Future target	Progress
<b>WATER SUPPLY</b>			
<b>CEO1</b> Unplanned interruptions to the water supply (per supply area).	Four or less per property per year, per supply area.	No change.	<ul style="list-style-type: none"> <li><b>Achieved</b> – No more than four service interruptions per property per year.</li> </ul>
<b>CEO2</b> Number of taste and odour complaints.	Five or less per annum per scheme.	No change.	<ul style="list-style-type: none"> <li><b>Partially achieved</b> – The Hastings/Havelock North Supply did not meet this objective, receiving 11 Taste and Odour Complaints. A large number of complaints related to the Havelock North Contamination event. Many of the calls related to Chlorine being added to the supply. The combination of Chlorine and burning off the Biofilm on the pipes can produce an organic smell that residents are not used to. An additional dead end line has also been added to the routine flushing schedule, as 3 of the 11 complaints were from a single property owner on the dead end main.</li> <li>All nine remaining supplies achieved this target.</li> </ul>
Source: HDC HANSEN			
<b>SEWAGE DISPOSAL</b>			
<b>CEO3</b> Loss of service complaints.	Four or less per property per year.	No change.	<ul style="list-style-type: none"> <li><b>Achieved</b> – The target of four or less service complaints per property per year was not exceeded. There were a total of 220 sewer connection blockage and overflow complaints during the year.</li> </ul>
<b>ROADS AND FOOTPATHS</b>			
<b>CEO4</b> Number of street lighting complaints.	Limited to 150 per annum.	No change.	<ul style="list-style-type: none"> <li><b>Achieved</b> – 105 complaints during the 2013/14 financial year.</li> </ul>
<b>CEO5</b> Cycling safety perception.	31% feel it’s safe.	42% by 2013.	<ul style="list-style-type: none"> <li><b>Achieved</b> – 82% of those surveyed (February 2013) feel it is safe walking and cycling round the Hastings area.</li> </ul>

## Safe, Healthy &amp; Liveable Communities

What this measure tells us	Baseline performance	Future target	Progress
<b>CEO6</b> Time taken to process a building consent.	100% within 20 working days.	No change (internal targets in place for low risk consents).	<ul style="list-style-type: none"> <li>• <b>Substantially achieved</b> – 99.86% achieved within 20 working days.</li> </ul>
<b>CEO7</b> Time taken to process code of compliance.	89.4% within 10 working days.	100% by 2014/15.	<ul style="list-style-type: none"> <li>• <b>Achieved</b> – 97.6% within 10 working days; 98.62% within the statutory 20 working days.</li> </ul>
<b>CEO8</b> Time taken to process a non-notified resource consent.	97% within 20 working days.	100% (being monitored due to RMA changes).	<ul style="list-style-type: none"> <li>• <b>Substantially achieved</b> – 95% compliance achieved. Target was exceeded during period when 3 consents staff left Council.</li> </ul>
<b>CEO9</b> Time taken to respond to noise complaints.	Zone 1 (20-30 minutes). Zone 2 (< 45 minutes).	No change.	<ul style="list-style-type: none"> <li>• <b>Substantially achieved</b> – 96.5% achieved in Zone 1.</li> <li>• <b>Substantially achieved</b> – 98% achieved in Zone 2.</li> </ul>
<b>CE10</b> Parks user satisfaction.	88.8% satisfaction with parks.	At least 85%.	<ul style="list-style-type: none"> <li>• <b>Achieved</b> – 97% overall satisfaction with parks as measured in Parkcheck 2014 survey.</li> </ul>
<b>CE11</b> Customer satisfaction with services.	Various by facility (new).	Above baseline.	<ul style="list-style-type: none"> <li>• <b>Substantially achieved</b> – See customer feedback section.</li> </ul>
<b>CE12</b> Quality of customer service (Customer Centre and Contact Centre).	Average score of 80% in mystery shopper visits and phone.	90% by 2012/13.	<ul style="list-style-type: none"> <li>• <b>Substantially achieved</b> – Contact Centre Average 91% (raw score range – high 100% to low 86%).</li> <li>• <b>Substantially achieved</b> – Customer Service Centre Average 84% (raw score range – high 92% to low 73%).</li> </ul>
<b>CE13</b> Quality of customer service (Customer Centre).	Interactive survey of customer centre users (new).	90% by 2012/13.	<ul style="list-style-type: none"> <li>• <b>Substantially achieved</b> – 82% of customers surveyed rated the service received in the customer service centre as very good or excellent.</li> </ul>

## Level Two – Today’s Promises

### (C) KEY ACTIONS

#### Water & Roads

Key action	Achievement
<b>WATER SERVICES</b>	
<b>KA01</b> Develop a long term strategy for the Brookvale bores.	<ul style="list-style-type: none"> <li>• <b>On track</b> – The Frimley bore field has been identified as a suitable long term source to replace Brookvale and Portsmouth Rd. Budgeting and staging of infrastructure to support this has been completed. A new bore at the Frimley Site has already been drilled and will give greater flexibility to withdraw from the Brookvale Rd and Portsmouth Rd bore. Under the Hastings water permit, the HDC have committed to swapping the operation of the Portsmouth and Wilson Road bores due to the surface water influences from Portsmouth Road bore. Planning and Design is underway.</li> <li>• The Framework for the Brookvale Bore strategy itself has been established, and multiple consultants will be feeding into the report during the 2014/15 year. The report will identify historical issues, existing demands and constraints and future options to consider.</li> <li>• A number of modelling solutions that exclude the Brookvale and Portsmouth Road bores have been developed, and funding to support these design solutions are in the LTP.</li> </ul>
<b>KA02</b> Complete enhancement works to Havelock North sewage system.	<ul style="list-style-type: none"> <li>• <b>On track</b> – Investigations completed and Napier Road budget approved for 2014/15 and 2015/16. Other related project timing and budgets will be included in 2015 LTP.</li> </ul>
<b>KA03</b> Undertake wastewater system investigations and assessments to assist with renewals and key works planning.	<ul style="list-style-type: none"> <li>• <b>On track</b> – Network wide modelling project underway. Condition assessment CCTV works continue on renewals projects and to assist in forward works plan. Priority renewals are underway.</li> </ul>
<b>KA04</b> Implementation of the 2014 wastewater consent programme and achievement of a new long term discharge consent.	<ul style="list-style-type: none"> <li>• <b>On track</b> – A long term wastewater discharge consent has been granted by the Hawke’s Bay Regional Council for a 35 year term.</li> </ul>
<b>KA05</b> Rollout of drinking water compliance programme.	<ul style="list-style-type: none"> <li>• <b>On track</b> – The Public Health Risk Management Plan for Hastings has been approved by the Ministry of Health and is currently in operation.</li> </ul>
<b>KA06</b> Enhancements to Haumoana/Te Awanga water supply.	<ul style="list-style-type: none"> <li>• <b>On track</b> – Community consultation regarding growth and potential rezoning has been largely completed. Timing of the source upgrade will be determined by actual growth demands.</li> </ul>

## Water & Roads

Key action	Achievement
<b>KA07</b> Complete Havelock North stream investigations.	<ul style="list-style-type: none"> <li><b>On track</b> – Stream bed erosion review and condition survey for the Herehere and Mangarau streams is complete. Currently developing a priority of remedial works to be undertaken in the 2014/15 summer period. Assessment of the remaining Havelock North streams will be progressed in 2014/15.</li> </ul>
<b>KA08</b> Rollout stormwater quality improvement programme.	<ul style="list-style-type: none"> <li><b>On track</b> – As a result of stormwater quality monitoring, high risk and industrial catchments are being investigated to determine contaminant sources and potential treatment options for these catchments.</li> <li>Guidance material is being developed for new industrial zones at Omahu and Irongate.</li> </ul>
<b>KA09</b> Detention dam security investigations in Havelock North.	<ul style="list-style-type: none"> <li><b>On track</b> – Draft dam safety plans have been compiled, ready for new legislation coming into force in 2015. This legislation has again been delayed until mid-2015. Consultants are also assessing dam capacity to confirm any upgrading requirements.</li> </ul>
<b>ROADS AND FOOTPATHS</b>	
<b>KA10</b> Rollout of mercury vapour lighting conversion programme.	<ul style="list-style-type: none"> <li><b>Not on track</b> – Streetlight conversion programme has been suspended due to lack of matching subsidy from the New Zealand Transport Agency.</li> </ul>
<b>KA11</b> Strengthen some key bridges to allow continued heavy vehicle access.	<ul style="list-style-type: none"> <li><b>On track</b> – Detailed design of priority strengthening work continuing.</li> </ul>
<b>KA12</b> Completion of approved walking and cycling projects.	<ul style="list-style-type: none"> <li><b>On track</b> – For completion of 2012/15 programme by 30 June 2015.</li> </ul>
<b>KA13</b> Implement safety improvements on high risk rural routes and urban intersections.	<ul style="list-style-type: none"> <li><b>On track</b> – New Zealand Transport Agency has approved Council's high risk safety programme and physical works are continuing throughout the district.</li> </ul>
<b>KA14</b> A gradual escalation in road pavement renewals in both urban and rural areas.	<ul style="list-style-type: none"> <li><b>Not on track</b> – Renewal levels are suppressed due to lack of matching subsidy from the New Zealand Transport Agency.</li> </ul>
<b>KA15</b> Complete Whakatu Arterial Road investigations/consultation and if appropriate complete construction by 2016/17.	<ul style="list-style-type: none"> <li><b>On track</b> – Design and Assessment of Environmental Effects phase is complete. The Notice of Requirement (NOR) application was lodged with Hastings District Council on 30 June 2014.</li> </ul>

## Safe, Healthy &amp; Liveable Communities

Key action	Achievement
<b>KA16</b> Proposed District Plan notified for statutory submission process by 1 December 2013.	• <b>Completed</b> – Proposed Hastings District Plan was notified for submissions on 9 November 2013.
<b>KA17</b> Implement mobile inspection recording devices for building officers.	• <b>Completed</b> – Completed and fully implemented.
<b>KA18</b> Introduce a programme to promote construction of energy efficient homes.	• <b>Substantially completed</b> – Best Home initiative launched with opening of Havelock North show home in 2012/13. Best Home initiative has continued in 2013/14 through residential development of the ex-nursery site in Fitzroy Road.
<b>KA19</b> Develop and implement a solar saver scheme for residential properties.	• <b>On track</b> – Business case developed; final approval required from HBRC.
<b>KA20</b> Implement a sustainable design and advisory and information service.	• <b>Not on track</b> – This role has not been funded.
<b>KA21</b> Complete an assessment of possible exempt building work in 2012/13.	• <b>Completed</b> – Further amendments have been made to the Building Act to extend the type of work exempt from requiring consent.
<b>KA22</b> Creation of additional burial plots at Havelock North cemetery and purchase of new cemetery site by 2016/17.	• <b>On track</b> – Creation of additional burial plots completed at Hastings and Havelock North cemetery. The purchase of a new cemetery site will be progressed in 2016/17.
<b>KA23</b> Complete Flax Rock extension.	• <b>Completed</b> – The extended and upgraded Flaxmere Community Centre facility reopened in March 2014.
<b>KA24</b> Reconfiguration of public library space by 2014/15.	• <b>On track</b> – Reconfiguration of the Flaxmere Library completed 13/14 as part of the redevelopment of the Flaxmere Community Centre. Interim work will be completed at the Hastings Library in 2014/15 in anticipation of changes required for Civic Square.
<b>KA25</b> Investigate opportunities for Kaupapa Māori research centre for contemporary art.	• <b>On track</b> – Rather than establishing a Kaupapa Māori research centre for contemporary art, the Hastings City Art Gallery continues to programme for Māori audiences and artists, plus those interested in contemporary Māori art. Recent contemporary Māori exhibitions have included E Kata Te Rakau; At the Edge of a Mirror by Reuben Paterson; Momo Kauae: Moko Kauae in contemporary art and Ātahirā. The gallery also won the 2014 Museums Aotearoa award for 'Most Innovative Use of Te Reo Māori'.

## Safe, Healthy &amp; Liveable Communities

Key action	Achievement
<b>KA26</b> Complete development of Recreation and Open Space Strategy.	<ul style="list-style-type: none"> <li>• <b>On track</b> – Sports ground Review reported in 2012. Reserves, Gateways and Routeway Enhancement Strategies in progress. For completion in 2014.</li> </ul>
<b>KA27</b> Complete enhancements on key reserves (Flaxmere and Havelock North domain).	<ul style="list-style-type: none"> <li>• <b>On track</b> – Stage 1 Flaxmere Park enhancements complete, stage 2 commenced in July 2014. First stages of Frimley Park Garden and Stoneycroft Reserve upgrades complete. Reserve Management Plan for Waimarama Reserves complete and Plans for Havelock North Domain and Duart Gardens in progress.</li> </ul>
<b>KA28</b> Implement sports fields' facility upgrades.	<ul style="list-style-type: none"> <li>• <b>On track</b> – Planning work on buildings awaiting Earthquake Prone engineering assessments are underway. Pop up irrigation rollout underway with Anderson Park and Romanes Drive Reserves completed. Upgrade of Flaxmere and Frimley Changing Rooms complete.</li> </ul>
<b>KA29</b> Complete planned toilet enhancements from Sanitary Services assessment.	<ul style="list-style-type: none"> <li>• <b>On track</b> – New toilets built at William Nelson Park. Haumoana – Te Awanga Beach toilet under construction and due for November 2014 completion.</li> </ul>
<b>KA30</b> Commence E-Waste service from 2012/13 and recycling drop off point trials in rural communities (firstly Maraekakaho and Tutira).	<ul style="list-style-type: none"> <li>• <b>Completed</b> – Recycling drop off centres have been established and are operating on a trial basis at both Maraekakaho and Tutira for a 12 month period. Further rollout of rural recycling drop-off points in progress. Full E-waste recycling service now offered in partnership with Sustaining Hawke's Bay Trust Environment Centre. Participated in the National TV Takeback programme between October and February resulting in 11,500 TV being collected for recycling.</li> </ul>
<b>KA31</b> Introduce joint kerbside refuse collection and recycling contract with Napier City in 2013.	<ul style="list-style-type: none"> <li>• <b>Completed</b> – New Joint contracts have been tendered and awarded. Start date for the contracts was 1 May 2013.</li> </ul>
<b>KA32</b> Maximise gas extraction at Omarunui landfill to minimise ETS obligation.	<ul style="list-style-type: none"> <li>• <b>Completed</b> – Nine new horizontal gas wells have been installed in Area D of the landfill in addition to the existing vertical wells. These wells have now been connected to the Area A Gas System and Flare. As a result the methane composition of the captured gas has increased from 40% to 65% and the flow has increase from around 200m<sup>3</sup> to 600m<sup>3</sup> per hour.</li> </ul>
<b>KA33</b> Provision of community education programmes on waste minimisation.	<ul style="list-style-type: none"> <li>• <b>On track</b> – Waste minimisation programmes provided include: New look educational information being promoted community wide. Paper4Trees is in 62 educational facilities. Kids 4 Drama delivered performance to 12 Hastings Schools. 48 waste tours provided to school groups.</li> </ul>

### Safe, Healthy & Liveable Communities

Key action	Achievement
<b>KA34</b> Implement possible extension to dog pound (pending new legislation).	<ul style="list-style-type: none"> <li><b>On track</b> – New Code of Practice open for consultation to August 2014. Additionally, Council is undertaking a review of the Animal Control team, including the physical requirements of the Pound. The new requirements of the Code of Practice are not yet known, but both these factors will be used to inform a decision on renewing the Pound.</li> </ul>
<b>KA35</b> Civic Square redevelopment project ready for construction by 2014/15.	<ul style="list-style-type: none"> <li><b>Not on track</b> – The potential scope of the Civic Square Project has expanded, now to give consideration as to how an Ngati Kahungunu Innovation Centre could be incorporated within the wider Cultural Precinct including Civic Square while being commensurate with the proposed CBD Hotel and Hawke’s Bay Opera House strengthening works. Council continues to work in collaboration with a range of stakeholders on this project.</li> </ul>
<b>KA36</b> Rollout of additional emergency centres and community response plans.	<ul style="list-style-type: none"> <li><b>On track</b> – Emergency centres have been formally established with Hukarere College, Lindisfarne, St John Church, Maraekakaho School, Collins Woolshed, and Elwood Park. Centre agreements are being finalised with five other groups.</li> <li><b>On track</b> – Community response plans are being prepared for Whirinaki, Clive, Cape Coast, Whakatu, Esk Valley, Ruahine and Waimarama/Ocean Beach and have been completed for Waipatiki.</li> </ul>
<b>KA37</b> Investigate carbon reporting toolkit.	<ul style="list-style-type: none"> <li><b>On track</b> – Officers have assessed one product to date, which was determined as unsuitable for the Council.</li> </ul>

### Economic & Community Development

Key action	Achievement
<b>KA38</b> Develop a regional migration strategy.	<ul style="list-style-type: none"> <li><b>On track</b> – Regional collaboration on regional trade, including migration underway.</li> </ul>
<b>KA39</b> Assist with development of an E-Commerce business centre.	<ul style="list-style-type: none"> <li><b>On track</b> – Delivered via Chamber of Commerce business hub. Business Hub still running through process of establishment.</li> </ul>
<b>KA40</b> Support industrial land uptake at Irongate and Whakatu.	<ul style="list-style-type: none"> <li><b>On track</b> – Identified land and property available within the District for development and developing district business case. The industrial/commercial areas are actively being marketed and promoted.</li> </ul>

## Economic &amp; Community Development

Key action	Achievement
<b>KA41</b> Implementation of China action plan.	<ul style="list-style-type: none"> <li>• <b>On track</b> – Implementation has led to securing Business HB support for developing local business capacity to export to China. Progress being made on the HB red wine sector, education sector opportunities, tourism and marketing and business investment. Additional resource included in 2014/15 Annual Plan for China Strategy implementation.</li> </ul>
<b>KA42</b> Development of national flight training school.	<ul style="list-style-type: none"> <li>• <b>On track</b> – Efforts are now directed through Air Hawke’s Bay and Aviation NZ.</li> </ul>
<b>KA43</b> Hastings CBD Hotel – Business case development.	<ul style="list-style-type: none"> <li>• <b>On track</b> – Market research and business case developing. Draft financial model prepared. Market engagement underway.</li> </ul>
<b>KA44</b> Progress of various youth futures programmes.	<ul style="list-style-type: none"> <li>• <b>Substantially completed</b> – Youth Futures initiative underway, Youth Link Project initiated, Council youth services provision enhanced by the inclusion of additional resourcing in the 2014/15 Annual Plan. Regional trade training programme awarded to Youth Futures for implementation.</li> </ul>
<b>KA45</b> Implementation of Heretaunga Plains Urban Development Strategy sub strategies.	<ul style="list-style-type: none"> <li>• <b>Substantially completed</b> – Medium Density Housing Strategy completed. To be reported to Council September 2014.</li> </ul>
<b>KA46</b> Development of place based plans for Haumoana/Te Awanga, Waimarama, Havelock North and Hastings CBD.	<ul style="list-style-type: none"> <li>• <b>Substantially completed</b> – CBD, Te Awanga and Waimarama all adopted. Havelock North in final stages of adoption.</li> </ul>
<b>KA47</b> Support the completion of Hapu development plans.	<ul style="list-style-type: none"> <li>• <b>Substantially completed</b> – Omaha Marae Development Plan presented to Māori Joint Committee in May 2014.</li> <li>• Review of Hapu Development Planning adopted by Māori Joint Committee in May 2014.</li> <li>• Development of a Hapu Plan for Waipatu Marae and Kahuranaki initiated in June 2014.</li> </ul>
<b>KA48</b> Review Council’s Positive Ageing Strategy.	<ul style="list-style-type: none"> <li>• <b>Completed</b> – Positive Ageing Strategy received by Social Development Subcommittee 9 July 2014.</li> </ul>
<b>KA49</b> Investigate development of economic and social monitor report.	<ul style="list-style-type: none"> <li>• <b>On track</b> – Council reporting requirements currently being scoped and in discussion with other local authorities.</li> </ul>

### Governance & Support Services

Key action	Achievement
<p><b>KA50</b> Increase customer self-help options and online payment options via the Council website and other social networking tools.</p>	<ul style="list-style-type: none"> <li>• <b>Substantially completed</b> – The range of payment options available online has been expanded and now includes: rates; dog registrations; debtor accounts; and various infringement fines; all are payable via shopping basket style system. Continued expansion and enhancement of the online customer experience is on-going.</li> </ul>
<p><b>KA51</b> Minimising customer wait times.</p>	<ul style="list-style-type: none"> <li>• <b>Substantially achieved</b> – The average call wait time in the contact centre has reduced to 8 seconds, and in 2013/14 only 1% callers had to wait longer than 2 minutes. In the front of house area it is difficult to accurately measure wait times, however survey feedback indicates customers are happy with the speed of service they receive.</li> </ul>
<p><b>KA52</b> Reduce the environmental impact of Council's vehicle fleet.</p>	<ul style="list-style-type: none"> <li>• <b>On track</b> – Council has adopted use of low rolling resistance tyres where practical, which have the potential to improve fuel economy by 5%. Through the managed replacement of existing vehicles within the corporate road going fleet the average engine capacity has been reduced by 2.5% and the fleet includes two hybrid vehicles.</li> </ul>
<p><b>KA53</b> Improve IT connection speed with remote Council offices.</p>	<ul style="list-style-type: none"> <li>• <b>Completed</b> – 50% improvement in speed to Parks Business Unit and 40% improvement in speed to Havelock North library.</li> </ul>
<p><b>KA54</b> Further development of Council's Geographic Information System (GIS).</p>	<ul style="list-style-type: none"> <li>• <b>Completed</b> – Upgrade completed to new solution resulting in external maps being produced faster and with a more reliable connection.</li> </ul>
<p><b>KA55</b> Investigate establishment of a joint planning committee with mana whenua for water (similar to joint Wastewater Committee).</p>	<ul style="list-style-type: none"> <li>• <b>On track</b> – Still being investigated.</li> </ul>
<p><b>KA56</b> Develop corporate wide customer experience measurement programme.</p>	<ul style="list-style-type: none"> <li>• <b>Substantially completed</b> – Surveys are being targeted at users of Council services. Although a feedback section has been made available on the HDC website to provide citizens with a forum to give specific or general feedback, the facility is not widely used. Other tools such as mystery shopper, customer call backs, survey cards and targeted surveys have been rolled out. A Citizen's Panel has also been formed to provide regular comment in relation to key issues in the district. The latest initiative further expands the range of mediums by which Council gathers feedback from customers.</li> </ul>

**(D) LONG TERM PLAN SUBMISSION COMMITMENTS**

Action	Progress report
<b>OC01</b> HDC, Clifton Reserve Society and HBRC work together and report back to Council on the protection of access to the Clifton boat ramp.	<ul style="list-style-type: none"> <li>• <b>Completed</b> – Initial investigations into boat ramp issues commenced in January 2013. Consultation was undertaken via the 2013/14 Annual Plan on this matter. On-going work is being undertaken with the Society on the erosion issue. Resource consent was obtained and work completed on the installation of a temporary solution (short revetment to provide time for implementation of a long term plan).</li> </ul>
<b>OC02</b> Opportunities for the region in promoting the horse riding offering to be raised by the Mayor at a Regional Forum.	<ul style="list-style-type: none"> <li>• <b>Completed</b> – Has been discussed, with the view being that sufficient opportunity exists with the investment in new recreational routes in Hawke’s Bay.</li> </ul>
<b>OC03</b> Report to Council by 30 November 2012 on planning for the Fluoridation Referendum.	<ul style="list-style-type: none"> <li>• <b>Completed</b> – Report presented to 13 December 2012 Council meeting and resolutions passed by Council outlining the approach to the referendum.</li> </ul>
<b>OC04</b> Officers to check that CBD toilet opening times are consistent with the inner city bus timetable.	<ul style="list-style-type: none"> <li>• <b>Completed</b> – While the main Hastings CBD toilets are open daily from 7.00am to 7.30 pm, the disabled toilet is left open 24 hours a day to services bus patrons. All toilet opening times now listed on HDC website.</li> </ul>
<b>OC05</b> Officers to bring back a masterplan for Romanes Drive in August 2012.	<ul style="list-style-type: none"> <li>• <b>Completed</b> – Master plan for use of Romanes Drive reserve for dirt bike track and junior football approved by Council. Work has commenced.</li> </ul>
<b>OC06</b> Officers to check that the design standard is appropriate for pedestrian cut-downs.	<ul style="list-style-type: none"> <li>• <b>Completed</b> – The design standard for pedestrian cut-downs is specified in Council’s approved Engineering Code of Practice. The standard is based on industry best practice.</li> </ul>
<b>OC07</b> Officers to add Haumoana Road to the network deficiency register to ensure it is monitored.	<ul style="list-style-type: none"> <li>• <b>Completed</b> – Haumoana Road added to register and monitored. Investigation, design and estimates for Haumoana Road footpath completed.</li> </ul>
<b>OC08</b> Officers to start a register of interested parties who could make productive use of felled trees.	<ul style="list-style-type: none"> <li>• <b>Completed</b> – Officers have commenced a register of community groups interested in the use of felled trees.</li> </ul>
<b>OC09</b> A Council transportation workshop is held once NZTA funding approvals are known.	<ul style="list-style-type: none"> <li>• <b>Completed</b> – Workshops have been held with Council and the Rural Community Board and the 2013/14 Annual Plan outlines the Councils decisions in respect of managing the funding shortfall as a result of reduced funding approvals from NZTA.</li> </ul>

Action	Progress report
<p><b>OC10</b> Consider pedestrian crossing provision as part of the Flaxmere Park and village centre development.</p>	<ul style="list-style-type: none"> <li>• <b>On track</b> – Planning for the proposed Flaxmere CBD Plan recognises the need to make a strong connection between the town centre and Flaxmere Park. It is intended that a strong pedestrian connection will be designed and implemented once the CBD development progresses.</li> </ul>
<p><b>OC11</b> Consider relocation of names of non-World War One fallen soldiers from the library to the Cenotaph.</p>	<ul style="list-style-type: none"> <li>• <b>On track</b> – This is incorporated into the design for the redevelopment of Civic Square.</li> </ul>
<p><b>OC12</b> A place based plan for Haumoana/Te Awanga is commenced by 30 June 2013.</p>	<ul style="list-style-type: none"> <li>• <b>Completed</b> – Plan adopted in March 2014.</li> </ul>
<p><b>OC13</b> Additional funding support for Marae Development is referred to the HDC: Māori Joint Committee for a strategic approach and further consideration.</p>	<ul style="list-style-type: none"> <li>• <b>Completed</b> – Policy for Marae development fund revised. Report on collaborative approach to up-grade Marae for Hastings Matatini submitted to Māori Joint Committee in May 2014.</li> </ul>
<p><b>OC14</b> That a statement on working together on the HB Regional Sports and Active Recreation Strategy is included in the LTP and that local authorities liaise with Sport HB on the development of a Regional Cycling Strategy.</p>	<ul style="list-style-type: none"> <li>• <b>Completed</b> – Long Term Plan 2012/22 adopted with amended statement included. A workshop for HDC, NCC and HBRC councillors and a variety of other interested groups and businesses has been held in Hastings, and arising from that a new Regional Cycling Strategy is now under consultation.</li> </ul>
<p><b>OC15</b> Progress a Place Based Plan for Waimarama and integrate with the Reserve Management Plan process.</p>	<ul style="list-style-type: none"> <li>• <b>Completed</b> – Public consultation has been completed. Waimarama Plan adopted in August 2013. Work Undertaken in close collaboration with the Reserve Management Plan process. The Reserve Management Plan has been approved for submissions as per Reserve Act process.</li> </ul>
<p><b>OC16</b> Officers to make arrangements for the Children’s Commissioner to present to Council.</p>	<ul style="list-style-type: none"> <li>• <b>Completed</b> – The Children’s Commissioner, Dr Russell Wills presented to Council on 18 April 2013.</li> </ul>
<p><b>OC17</b> Request Quotable Value NZ to review its valuations for properties in the new Irongate Industrial area.</p>	<ul style="list-style-type: none"> <li>• <b>Completed</b> – Work has been completed-no changes made and a response has been provided to the affected parties.</li> </ul>

Action	Progress report
<b>OC18</b> The Rating Review Working Party reviews the treatment of lifestyle blocks in DRA2 as part of its work programme and introduces any changes in 2013/14.	<ul style="list-style-type: none"> <li>• <b>Completed</b> – Council approved changes on 31 January 2013 and these were consulted on and adopted in the 2013/14 Annual Plan.</li> </ul>
<b>OC19</b> The Rating Review Working Party reviews the classification of new residential sectors in 2012/13.	<ul style="list-style-type: none"> <li>• <b>Completed</b> – The Clive residential area has been reviewed and changes were approved by Council on 31 January 2013 and these were consulted on and adopted in the 2013/14 Annual Plan. No further changes were recommended by the RRWP in relation to other residential areas.</li> </ul>
<b>OC20</b> Officers to prepare a detailed business case for the establishment of a Parks CCTO for Council consideration.	<ul style="list-style-type: none"> <li>• <b>On track</b> – Officers in conjunction with the Parks Services Delivery Unit Establishment Board have considered this matter. The Parks Service Delivery Unit Establishment board have been very successful in achieving significant efficiencies without having to establish a CCTO. The board and officers have reviewed the business case for a CCTO but it has been agreed that at this stage that the business case does not support the establishment of a CCTO. This will be reviewed again in 12 months.</li> </ul>
<b>OC21</b> The CE looks to absorb the \$53,345 whole of district unrecovered capital cost for the Waipatiki Water Supply from within the 2011/12 budget.	<ul style="list-style-type: none"> <li>• <b>Completed</b> – \$53,345 was allocated from the 2011/12 rating surplus to repay Waipatiki debt.</li> </ul>
<b>OC22</b> That \$40,000 for a sealed parking area on Te Mata Park at the top of Tauroa Road is referred to the 2011/12 surplus for funding consideration.	<ul style="list-style-type: none"> <li>• <b>On Track</b> – \$40,000 was allocated from the 2011/12 rating surplus towards the improvement of parking facilities at Tauroa Road. Works are to be completed in October 2014.</li> </ul>
<b>OC23</b> Further consideration of the Waimarama Seawall targeted rate is referred to the Rating Review Committee prior to the draft Annual Plan 2013/14.	<ul style="list-style-type: none"> <li>• <b>Completed</b> – Council approved on 31 January 2013 that a change from a land value basis to a per property basis be included in the draft 2013/14 Annual Plan and consulted on. The proposal was subsequently adopted by Council.</li> </ul>
<b>OC24</b> Officers work as soon as possible toward a regional forum on GMO to be led by Hastings District Council.	<ul style="list-style-type: none"> <li>• <b>Completed</b> – Regional Forum held October 2012. Outcome of the forum has flowed into Draft District Plan.</li> </ul>

Action	Progress report
<p><b>OC25</b> Officers undertake an occupancy survey in Cunningham Crescent and to report back to Council.</p>	<ul style="list-style-type: none"> <li>• <b>Completed</b> – Survey completed and Council provided with a report on the outcomes. Decision taken not to provide additional carparks.</li> </ul>
<p><b>OC26</b> Officers to report back to Council on oil exploration/hydraulic fracturing once the Parliamentary Commissioner for the Environment report has been made to Parliament.</p>	<ul style="list-style-type: none"> <li>• <b>Completed</b> – The preliminary report by the Commissioner was released November 2012; and the final report was released in June 2014. Rather than a report to Council a public Oil &amp; Gas Exploration Symposium was hosted by HDC at the Hawke’s Bay Opera House in October 2013, with all Councillors invited to attend. Speakers were arranged from both within the Oil &amp; Gas industry and those opposed to oil exploration/hydraulic fracturing on environmental grounds. Independent experts from GNS and the Parliamentary Commissioner for the Environment also spoke. In February 2014 relevant officers and the Mayor went on an oil and gas fact finding trip to Taranaki. Hawke’s Bay Regional Council recently announced that they are to fund further investigation on this issue.</li> </ul>
<p><b>OC27</b> A working group on Haumoana coastal hazards is formed and reports back to Council by June 2014, and that a framework for interim reporting back to Council is developed.</p>	<ul style="list-style-type: none"> <li>• <b>Completed</b> – Council has now agreed to progress a ‘Hawke’s Bay regional coastal strategy’ in conjunction with the Hawke’s Bay Regional Council and the Napier City Council. This was committed to following the ‘Komar’ report on the impacts of climate change on coastal processes and erosion in Hawke’s Bay and in response to submissions made to the Annual Plan.</li> </ul>
<p><b>OC28</b> Council have discussions with Napier City in the first instance on the future strategic direction of the HB Airport.</p>	<ul style="list-style-type: none"> <li>• <b>Completed</b> – Council officers and Mayors of HDC and NCC have considered this issue and have forwarded a letter to the Chairman of Hawke’s Bay Airport responding to the draft airport master plan and providing the Board with the Local Councils view on the strategic direction.</li> </ul>

## Level Three – Smart Business



### (A) ASSET IMPROVEMENT PLANS

#### Roading

Improvement action	Achievement
<b>HIGH PRIORITY ITEMS BELOW</b>	
<b>SB01</b> Asset condition data collection improvement programme.	<ul style="list-style-type: none"> <li>• <b>On track</b> – Ongoing.</li> </ul>
<b>SB02</b> Complete programme of strategic corridor studies to support growth, embargo areas and identify optimisation opportunities.	<ul style="list-style-type: none"> <li>• <b>On track</b> – Pakowhai Road corridor study and Hastings Area Wide Study were completed during 2013/14 and are due for Council adoption in November 2014.</li> </ul>
<b>SB03</b> Complete survey of night-time light levels and consult with Council regarding lighting levels of service.	<ul style="list-style-type: none"> <li>• <b>On track</b> – The survey is complete.</li> </ul>
<b>SB04</b> Improve as-built data collection accuracy for capital works undertaken via network maintenance contracts.	<ul style="list-style-type: none"> <li>• <b>On track</b> – Ongoing.</li> </ul>
<b>SB05</b> Create a register and survey of quarries and aggregate sources owned and operated by Council.	<ul style="list-style-type: none"> <li>• <b>On track</b> – Asset Management system has been amended to accommodate aggregate sources. Data collection and implementation planned for 2014/15.</li> </ul>
<b>SB06</b> Complete bridge strengthening strategy.	<ul style="list-style-type: none"> <li>• <b>Completed</b> – Strategy finalised in March 2013.</li> </ul>
<b>SB07</b> Prepare individual bridge management plans for significant structures.	<ul style="list-style-type: none"> <li>• <b>On track</b> – Black Bridge management plan completed during 2012/13. Chesterhope Bridge completed in 2013/14. Redclyffe and Red Bridges are planned to be completed as part of the next LTP 2015-18.</li> </ul>
<b>SB08</b> Undertake seismic screening of the bridge stock and detailed seismic assessments of critical high risk structures. Develop and consult with Council on a bridge seismic risk response plan.	<ul style="list-style-type: none"> <li>• <b>On track</b> – Seismic screening of bridge stock has been completed and detailed seismic assessments are progressing.</li> </ul>

Improvement action	Achievement
<b>HIGH PRIORITY ITEMS BELOW</b>	
<b>SB09</b> Review and improve level of service and performance measures.	<ul style="list-style-type: none"> <li>• <b>On hold</b> – Awaiting ‘One-Network’ classification system and associated LOS. Department of Internal Affairs performance measures are released.</li> </ul>
<b>SB10</b> Complete external independent audit of RAMM asset management system.	<ul style="list-style-type: none"> <li>• <b>On hold</b> – Pending RAMM development priorities.</li> </ul>
<b>SB11</b> Develop and implement an integrated capital project co-ordination and planning system to ensure works co-ordination and cross asset implementation.	<ul style="list-style-type: none"> <li>• <b>On hold</b> – Awaiting conclusion of cross-council asset management systems review decision.</li> </ul>
<b>SB12</b> Improve integration of long and short term programming by making long term programme available to contractors on site.	<ul style="list-style-type: none"> <li>• <b>Completed</b> – Long term programme is now accessible to the contractors on their mobile field devices.</li> </ul>
<b>SB13</b> Undertake travel demand management study and develop long term strategy.	<ul style="list-style-type: none"> <li>• <b>Substantially complete</b> – Pending adoption by Council.</li> </ul>
<b>SB14</b> Undertake heavy transport management study and develop long term strategy.	<ul style="list-style-type: none"> <li>• <b>Substantially complete</b> – Pending adoption by Council.</li> </ul>
<b>SB15</b> Update the Transportation Policy Manual. Priority updates to include the AC surfacing policy and seal extension policy.	<ul style="list-style-type: none"> <li>• <b>On-going</b> – Policy review is on-going.</li> </ul>

## Solid Waste Services

Improvement action	Achievement
<b>SB16</b> HDC will monitor the need to extend refuse and recycling services to outlying settlement areas. Levels of service provided would vary depending on geographical location and proximity to Hastings City.	<ul style="list-style-type: none"> <li>• <b>On track</b> – Two rural recycling drop-off points have been trialled and will be made permanent. An additional six rural recycling drop off points will be established. Establishment costs are covered by the Waste Levy fund and while operational costs will be covered by a targeted rate. Extension of kerbside services is being considered.</li> </ul>
<b>SB17</b> Investigate the provision of access to kerbside recycling for educational facilities through a targeted rate.	<ul style="list-style-type: none"> <li>• <b>New improvement action (last year)</b> – This is now to be considered under the wider ‘Waste Futures’ project.</li> </ul>
<b>SB18</b> The Councils will investigate access to kerbside recycling for CBD businesses through a targeted rate.	<ul style="list-style-type: none"> <li>• <b>New improvement action (last year)</b> – This is now to be considered under the wider ‘Waste Futures’ project.</li> </ul>
<b>SB19</b> Continue to support green waste/organic waste diversion and monitor the impact of green waste collection services.	<ul style="list-style-type: none"> <li>• <b>On track</b> – Processed green waste from the Henderson Road refuse transfer station increased from 2,330 tonnes to 2,730 tonnes in the 2013/14 year. This represents a 17% increase. Preparation of a new composting contract is on hold while a report is completed on options and how green waste composting fits into future waste strategies (Waste Futures).</li> </ul>
<b>SB20</b> Assess service delivery options as part of a potential joint kerbside contract between HDC and NCC prior to 2013.	<ul style="list-style-type: none"> <li>• <b>Completed</b> – Options were assessed and it was jointly (HDC/NCC) decided to award the contracts on a status quo basis of methodology.</li> </ul>
<b>SB21</b> Investigate the provision of an E-Waste Recycling service.	<ul style="list-style-type: none"> <li>• <b>On track</b> – New contract with the Environment Centre has been setup for some E-Waste items and collection points are now located at Karamu Road North and Henderson Road Recycling Centre. Some issues with processing at national level received media attention. 34 pallets of E-waste recycled in the past year.</li> </ul>

### Solid Waste Services

Improvement action	Achievement
<b>SB22</b> Monitor the effectiveness of the installed public place recycling bins with the view to install further bins at key locations, funded through the levy.	<ul style="list-style-type: none"> <li><b>On track</b> – Each recycling bin content is being surveyed and data collated on contamination levels to determine the viability of increasing the number of these bins across the district.</li> </ul>
<b>SB23</b> Improvement options for the Martin Place and Henderson Road recycling depots are to be investigated. This is in response to the growing demand and a need to control the recycling process.	<ul style="list-style-type: none"> <li><b>On track</b> – Major improvements at Martin Place are currently on hold while the future of the old Nimon’s site is determined by the new land owners. However, other improvement options have been considered and as a result two modified shipping containers have been installed at the site. The new containers are working well and due to their capacity and ease of use (operationally) cost saving have been made at the site.</li> </ul>

### Parks & Reserves

Improvement action	Achievement
<b>HIGH PRIORITY ITEMS BELOW</b>	
<b>SB24</b> Develop Park Asset resource capability and capacity.	<ul style="list-style-type: none"> <li><b>Completed</b> – Restructuring of Parks planning and operational areas completed and implemented. Improved resources for operational, project delivery and asset management planning.</li> </ul>
<b>SB25</b> Change to contracting model.	<ul style="list-style-type: none"> <li><b>On track</b> – Improved and more cost effective methods of service delivery across all parks operations under on-going refinement.</li> </ul>
<b>SB26</b> Improvement in data collection and management.	<ul style="list-style-type: none"> <li><b>On track</b> – Review of asset management systems has led to trialling use of RAMM database to inform park asset planning and budgeting. Improved collection regimes being instigated.</li> </ul>
<b>SB27</b> Review of parks assets assessment processes.	<ul style="list-style-type: none"> <li><b>On track</b> – Reviewed service levels on park elements including trees, playgrounds and gardens assets now included in Parks Maintenance Group Service level agreement (SLA).</li> </ul>
<b>SB28</b> Integrated management of maintenance and renewal elements of the parks asset area.	<ul style="list-style-type: none"> <li><b>On track</b> – Improved understanding of the Parks SLA and the relationship between the maintenance and renewal spend under development for integration into 2015/25 LTP.</li> </ul>





## Buildings & Facilities

Improvement action	Achievement
<b>HIGH PRIORITY ITEMS BELOW</b>	
<b>SB29</b> Complete Document Review against AM policy review.	<ul style="list-style-type: none"> <li>• <b>On track</b> – Work currently progressing.</li> </ul>
<b>SB30</b> Complete Earthquake Assessment Programme.	<ul style="list-style-type: none"> <li>• <b>On track</b> – First 54, Group 1-4 priority buildings assessments completed.</li> </ul>
<b>SB31</b> Update shared management and service level agreements on facilities.	<ul style="list-style-type: none"> <li>• <b>On track</b> – Drafts complete and key facilities finalised.</li> </ul>
<b>SB32</b> Council to compile a corporate buildings risk policy.	<ul style="list-style-type: none"> <li>• <b>On hold</b> – Awaiting policy completion.</li> </ul>
<b>SB33</b> Perform a formal risk assessment process across the building area.	<ul style="list-style-type: none"> <li>• <b>On hold</b> – Dependant on completion of Council's Corporate Policy.</li> </ul>
<b>SB34</b> Complete a needs assessment across the building portfolio to assist with future renewal and disposal planning.	<ul style="list-style-type: none"> <li>• <b>On track</b> – Work progressing and on target for completion and integration into 2015/25 LTP.</li> </ul>

Wastewater

Improvement action	Achievement
<b>WASTEWATER – HIGH PRIORITY ITEMS BELOW</b>	
<b>SB35</b> Review asset condition and remaining life.	<ul style="list-style-type: none"> <li>• <b>On track</b> – With CCTV Assessment and physical inspection on several key reticulation pipelines.</li> </ul>
<b>SB36</b> Confirm major renewal requirements – Frimley Interceptor, Trunk Mains, Ocean Outfall.	<ul style="list-style-type: none"> <li>• <b>On track</b> – Condition assessments on all three assets are underway. Priority renewals undertaken in 2013/14 and further works planned for 2014/15. Long term programme extent, timing and budgets will be included in 2015 Long Term Plan.</li> </ul>
<b>SB37</b> Confirm requirements for new capital items – Havelock North Sewer, Napier Road, Northern Catchment Study.	<ul style="list-style-type: none"> <li>• <b>On track</b> – Investigations completed and Napier Road budget approved for 2014/15 2015/16. Other related project timing and budgets will be included in 2015 Long Term Plan.</li> </ul>
<b>SB38</b> Development of wastewater network system model.	<ul style="list-style-type: none"> <li>• <b>On track</b> – Wastewater modelling strategy and technical report completed, flow monitoring and survey work has been undertaken, model built underway and initial model calibration 2014/15.</li> </ul>
<b>SB39</b> Complete network models to support growth, embargo areas and identify optimisation opportunities.	<ul style="list-style-type: none"> <li>• <b>On track</b> – Linked to SB38. Once model built growth and optimisation scenarios will be able to be run.</li> </ul>
<b>SB40</b> Enhance asset failure data collection.	<ul style="list-style-type: none"> <li>• <b>On track</b> – Condition assessment data collected as part of 2013/14 and 2014/15 investigations have improved knowledge and fed into the 2014/15 asset revaluation. Work is on-going.</li> </ul>

## Water Supply

## Improvement action

## Achievement

## WATER SUPPLY – HIGH PRIORITY ITEMS BELOW



**SB41** Asset condition data collection improvement programme.

- **On track (30% complete)** – Independent audits by internal staff are carried out.
- Physical condition data is now being obtained directly from the Maintenance Contractor each time a main is exposed. This data collection is on-going. An isolated investigation to assess the condition of copper water pipes installed in Flaxmere will commence in the 2014/15 year.
- Assessment on the performance of the HDC's fibrous Cement water pipes shows they fall within typical national performance standards, allowing for accurate renewal planning.
- Further investigation on the condition of Hastings Cast Iron pipes will be carried out, as initial findings suggest these mains are lasting well beyond their 100 year theoretical life. A separate assessment on the connections from these mains will also be done as a separate renewal strategy will be needed.

**SB42** Development of Plant & Equipment Operations manuals.

- **Completed** – All pump station manuals have been completed. The format of the manuals is to be improved and incorporated into the quality management system.

**SB43** Development of network optimisation models.

- **Completed** – Further versions of the model may be implemented following new growth and development projections.

**SB44** Review economic lives of fire hydrants – optimise to water mains.

- **On track (70% complete)** – Indicative studies suggest hydrant ages can be aligned with their associated mains. A number of hydrants from 100 year + old main have been assessed and found to be in good condition. In some cases, the internals have been replaced with newer materials which are still available today. A new report to monitor hydrant maintenance trends will identify if this assessment needs to be reviewed.

**SB45** Confirm economic lives of AC water mains.

- **On track (90% complete)** – AC water mains have been classified into four age brackets representing the different construction techniques used over various years. The construction methods have a direct impact on pipe wall strength, and resistance to silica cement loss from the pipe wall. Soils mapping has been completed, and has been overlaid with the water supply. Further analysis on average system pressures is needed to complete this study which will provide accurate renewal assessment on AC Mains. The soils mapping showed that there are very few areas where AC mains are at risk of advanced corrosion through cement loss.

Water Supply

Improvement action	Achievement
<b>WATER SUPPLY – HIGH PRIORITY ITEMS BELOW</b>	
<b>SB46</b> Secure sustainable water allocations.	<ul style="list-style-type: none"> <li>• <b>On track (95% complete)</b> – The Hastings water permit has been issued in accordance with the HDC’s expectations. Priority has been given to developing the Frimley bore field, and moving away from the Portsmouth Road bore which is supported by budgeting in the LTP.</li> </ul>
<b>SB47</b> Establish new primary water source.	<ul style="list-style-type: none"> <li>• <b>On track</b> – Planning 100% complete, Stage 1 (Bore 1) Implementation 80% complete.</li> </ul>
<b>SB48</b> Complete system wide water network model.	<ul style="list-style-type: none"> <li>• <b>On track</b> – Hastings, Havelock North and Flaxmere model has been in place since the early 1990’s with continued calibration works being carried out. The Haumoana and Te Awanga Model has been completed (full calibration is still required).</li> <li>• As the complexity of some other smaller supplies grow, the need for a network model may be required. E.g. Whirinaki and Esk is reaching a point where a network model may be useful.</li> </ul>
<b>SB49</b> Staged construction of Havelock Hills High Water Zone.	<ul style="list-style-type: none"> <li>• <b>On track (90% complete)</b> – The primary trunk main ‘spine’ across the Havelock North hills has been completed. The booster pump station stage is currently being designed. The large high level reservoir has been deferred due to the slowdown in growth. A revised design with a smaller reservoir at a lower elevation is being considered, as this will likely reduce long term operational costs.</li> </ul>

## Stormwater

Improvement action	Achievement
<b>STORMWATER – HIGH PRIORITY ITEMS BELOW</b>	
<b>SB50</b> Complete catchment management plans.	<ul style="list-style-type: none"> <li>• <b>On track</b> – Catchment Management Plans are due for completion in May 2015; document currently being compiled with draft plan due January 2015.</li> </ul>
<b>SB51</b> Complete dam safety assurance programme.	<ul style="list-style-type: none"> <li>• <b>On track</b> – Currently developing a scope of work with specialist consultants to formally classify the risk category and prepare a dam safety assurance programme for each dam, in preparation for new legislation in 2015. Consultants are also reviewing capacity and upgrade requirements for each dam.</li> </ul>
<b>SB52</b> Use network models to assess asset performance.	<ul style="list-style-type: none"> <li>• <b>On track</b> – A pilot study is underway covering the wider Pakowhai catchment, with the intention being to expand the network model to include all the urban Hastings areas. Network data collection and verification is being undertaken as part of the initial model build stage. Costs for the pilot study will be used for future budget setting to complete area wide model.</li> </ul>
<b>SB53</b> Undertake community wide questionnaire to identify outstanding flooding issues.	<ul style="list-style-type: none"> <li>• <b>On hold</b> – An area wide questionnaire planned for September 2013 to canvas the views and experiences of property owners was postponed due to mild winter without significant rainfall events. Questionnaire planned for 2015 in conjunction with the release of catchment management plan.</li> </ul>

# Finance at a glance

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## 2013/14 Annual Report: The Chief Financial Officer overview

During the 2013/14 year, Council has continued to exercise prudent financial management.

Debt has been carefully managed and gross external debt at \$55.7 million at 30 June 2014 is in line with debt at 30 June 2013. Council's strong financial position is reflected in the prudential ratios as at 30 June 2014.

Ratio	Macro limits	Actual 30 Jun 2014
Net debt as a percentage of equity	<20%	2.77%
Net debt as a percentage of budgeted income	<150%	43.30%
Net interest as a percentage of income	<15%	3.22%
Net interest as a percentage of annual rates income	<20%	5.22%
Liquidity (term debt + committed loan facilities to existing debt)	>110%	188.51%

The overall rating result was also very pleasing, with a rating surplus of \$1,456,590. The overall rating surplus for the 2013/14 year consists of:

	\$
Rating Area 1	1,122,044
Rating Area 2	334,546
<b>Total for District</b>	<b>1,456,590</b>

In line with Council's prudent financial policies, the majority of this rating surplus was used to repay debt. This will benefit all ratepayers by reducing interest costs in the future.

A significant part of the rating surplus was due to interest rate savings. This was a result of the careful management of debt levels,

resulting in debt being below budget, interest rates being at historic lows and active treasury management. The weighted average cost of debt was 5.94%, this being the lowest weighted average cost of debt for many years. The Reserve Bank is expected to continue to increase the Official Cash Rate and although Council is largely protected from this in the medium term by prudently managing its interest rate risk, increases in the Official Cash Rate will, over time flow through to additional interest costs.

Savings were made across a number of areas of Council's activities by exercising prudent financial management. Strong disciplines are applied to expenditure decisions, to ensure that expenditure was only incurred, particularly with infrastructure assets, as late as possible in line with leading asset management techniques. There is a very strong focus on financial management throughout the organisation, and this continues to be an overarching priority of Council. Council operates to a balanced budget and maintains a tight fiscal control while maintaining service levels to ratepayers.

The Statement of Comprehensive Income report for 2013/14 has an accounting net surplus of \$2,472,000, compared to a budgeted net surplus of \$5,487,000. This included a non-cash impairment on the Hawke's Bay Opera House and Municipal Buildings of \$5,968,000.

The Hawke's Bay Opera House and Municipal Buildings were assessed for earthquake risk and were found to be below acceptable levels and as a consequence Council took a prudent decision to close the facility. Consultants have been engaged to prepare detailed designs and cost estimates for the strengthening work.

Because detailed cost estimates were not available at the time of preparing the accounts, the impairment is based on an assessment by Logan Stone, Registered Valuers of the reduction in the value of the buildings as a consequence of the buildings being below acceptable levels for earthquake risk. Adjustments for this impairment will be made, if required, in the 2014/15 Annual Accounts when final cost estimates are available.

Council has also provided for an impairment of \$215,000 to its investment in Hastings District Holdings Ltd. This was primarily as a consequence of operating losses being occurred due to the closure of the Hawke’s Bay Opera House and reduced activity levels in Hastings District Properties Ltd.

These impairments are accounted for with Council’s total operating cost. The overall net surplus variance prior to these impairments was better than budget by \$3,015,000 (Council), driven by savings in net finance costs, unrealised gains of interest rate swaps and some minor cost savings and improvements in revenue performance.

During the year we continued to restructure our debt facilities. The Council has replaced bonds that had matured with more cost effective and longer dated debt from the Local Government Funding Agency. This further strengthens Council’s debt maturity profile and facilitates a reduction in interest rate costs.

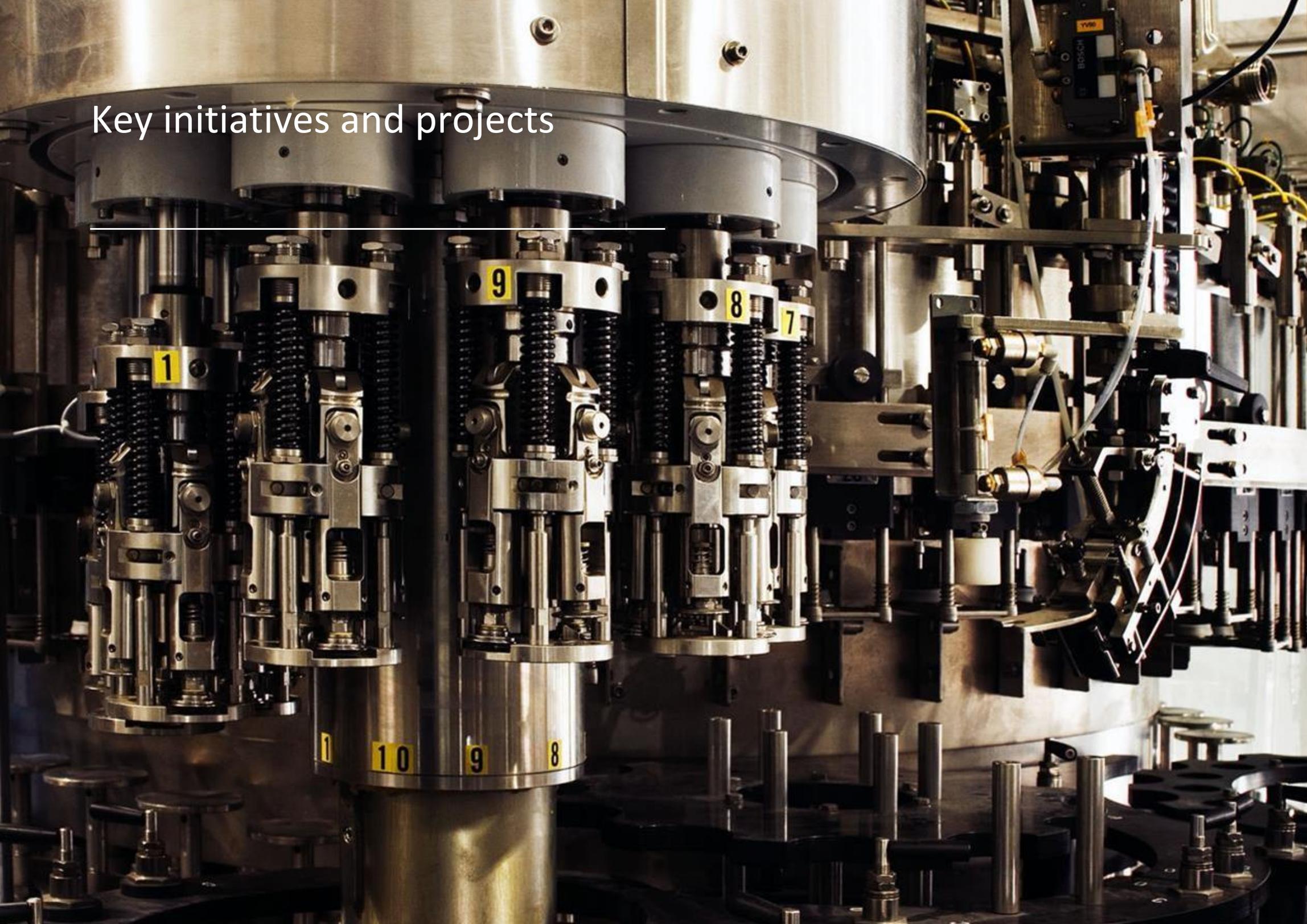
Council finances are in a very sound position. Debt is modest and is carefully managed. Interest costs are being actively managed using best practice treasury management policies and tools. Council operates well within its best practice prudential financial ratios. The organisation has a strong financial management culture with expenditure being prudently managed and only being incurred when required. Council is very much aware of the challenging economic times for many ratepayers and aims to keep rates to affordable levels whilst at the same time maintaining levels of service expected by our ratepayers.



**Tony Gray**  
Chief Financial Officer

	Actual \$
<b>Accounting surplus</b>	<b>2,472,427</b>
Non-cash expenses	33,904,762
Accumulated funds (including Reserve Transfers)	(790,614)
Net capital expenditure	(33,467,066)
Non-current investments	(240,000)
Opening balance to fund projects carried forward	3,707,583
Carry forwards to 2013/14	(3,396,606)
Net surplus and carry forwards on separate rates	(733,896)
<b>Rating surplus</b>	<b>1,456,590</b>

# Key initiatives and projects





Anderson Park Community Garden

## Key initiatives and projects

### A Community Plan for Anderson Park

The development of a Community Plan for the Anderson Park area of Havelock North gave a huge boost to a number of neighbourhood projects.

The development of the plan was an opportunity to connect with and inspire a wide range of people from schools, churches, clubs, agencies, businesses and other groups. With lots of 'can-do' attitude and working bees, there was an amazing amount achieved in this neighbourhood.

A sponsored 'Community Toolbox' was organised which includes a trailer, waterblaster, lawn mower and other tools. The equipment is used by volunteer-supported working bees and proved invaluable during enhancement projects in the Lipscombe Crescent and McDuff walkways and during the beautification of O'Connell Place.

Other projects included the creation of a stunning mural in the Lipscombe Crescent walkway by Lucknow School students. A '4 friends' weekly sports programme was initiated for senior Lucknow School students and a community garden and picnic space in Mangarau Crescent was established. This was coordinated by Red Cross and the garden was created by volunteers with support from church, school and other groups.

### Fitzroy in the Park

A housing subdivision is currently under construction on land that was formerly the site of Council's nursery.

Fitzroy in the Park is located at 511 Fitzroy Avenue, Hastings and is a collaborative project between Hastings District Properties Ltd (Council's property company) and Horvath Homes. The 12 lots are being developed as a showcase for medium density living with a strong push to improve the sustainability of the homes and the development as a whole.

The ground work on the site was completed in December 2013 and construction of the first home began in May 2014.

Photovoltaic panels will generate electricity for each of the homes while streetlights in the development will also be lit from this source. Each home features solar orientation, best-practice insulation which will ensure they are warmer, dryer and healthier than most new homes. The aim is to have each home achieve at least a seven star energy efficiency rating. On site stormwater storage will also be a feature of the homes.

A gas-to-energy power plant being constructed at Omarunui Landfill will soon be supplying power to Hawke's Bay homes.

### Gas to energy plant for the Omarunui Landfill

The station will be powered by methane gas which is created from waste at the landfill. Currently the gas is flared from an onsite chimney. Converting the gas into electricity at the power plant makes good economic and environmental sense as it utilises a renewable energy source. The sale of the gas is expected to provide income of \$70,000 per year.

Pioneer Generation Ltd is providing the management and operation expertise for the one megawatt plant while Council has taken a 40% share in the operating company. Power is expected to begin flowing in October 2014 and it is estimated that there will be enough electricity to supply up to 1,000 homes.

The gas to energy project achieves Council's objective of finding new ways to maximise income from Council's assets by utilising the expertise that is available in the private sector. The total cost of the project is approximately \$1.8 million with Council's equity share being approximately \$744,000.





**International hockey comes to  
Regional Sports Park**

### International hockey comes to Regional Sports Park

Construction of New Zealand's first Tier 1 hockey facility was completed at the Hawke's Bay Regional Sports Park in March 2014.

The \$3.8 million project included the construction of one and a half turfs, moveable grandstands, media facilities and improved changing facilities within the main grandstand. Council's contribution to this development was \$663,000.

In April 2014, the Sports Park hosted a six nations International Women's Hockey tournament. The tournament was organised in association with FIH and New Zealand Hockey. The feedback from the tournament was extremely positive, particularly from participating national teams. The event will be expanded to eight teams in 2015. The new turfs have proved to be a major boost for hockey players in the region and are now being used by primary and secondary schools and clubs.

### Waimarama Community Plan

Community safety was identified as a major priority during the development of a vision for the future of the coastal settlement of Waimarama.

A number of initiatives that were identified in the Waimarama Community Plan have been initiated including a restriction on vehicle access to the beach over the summer months. Children's safety has been addressed with the construction of a walkway from the township to the school and a speed restriction has been placed on the road leading to the township.

The supply of water was also identified as being a key issue for the community. The Hawke's Bay Regional Council recently issued a Water Consent for Waimarama township and this is being evaluated by Council to assess the implications and whether changes can be made to improve the seasonal water shortage situation.

A significant milestone was reached with an agreement to redirect the Waingongoro stream to its original course near the marae.

### Waimarama Reserve Management Plan

The Waimarama community responded positively and contributed to the development of a reserve management plan for the seaside settlement.

The Waimarama Reserves Management Plan covers all seven reserves within the area, totalling 18.18ha. This includes: Waimarama Domain, Pouhokio Stream Reserve, Waingongoro Reserve, Harper Road Esplanade Reserve, Paparewa Reserve, Waimarama and Maraetotara Memorial Hall and Gillies Crescent Reserve.

A number of key projects have been identified including improved vehicle access and traffic circulation, development of enhanced drainage and wetland areas, new tree and shrub plantings and the further development of public facilities.

### New vision for Civic Square

Design and development continues to make Civic Square the vibrant hub at the heart of the Hastings community.

A design concept for the square has advanced over the past 12 months with the aim of enhancing the greenspace and further incorporating the Library and Art Gallery.

Links will be developed with the Hawke's Bay Opera House and other facilities which make up the cultural precinct of the Hastings city centre. This will build on the impressive and nationally recognised Nga Pou o Heretaunga taonga installation which was unveiled in July 2013.

Council has acknowledged the importance of the need to establish an integrated scheme for the delivery of a number of pivotal city centre vibrancy projects, including Civic Square, the Hawke's Bay Opera House, a proposed city centre hotel, and other specific central city initiatives.

An overall work programme is being developed which will allow all these projects to progress in a cohesive manner. This programme is anticipated to be finalised prior to Christmas.

### Upgrade for Clive Pool

Clive Pool was closed in September 2013 for an eight month, \$2.1 million upgrade. The requirement for an upgrade was identified in Council's Aquatic Facilities Strategy and included recladding and reroofing the building, installation of a new, separated filtration system and the resurfacing of the pool floor.

The pool reopened for community use at the end of April 2014, with a 40% increase in its public opening hours. The extended hours and seven day a week operation, particularly the family fun sessions during the weekend, have been well received by the community.

### Rowing greats honoured with naming of reserve

Hawke's Bay rowing greats Caroline and Georgina Evers Swindell were honoured with the renaming of a riverside reserve at Clive. The former Clive Ski Reserve was renamed Evers Swindell Reserve in honour of the double Olympic and world champions.

The Hastings-born rowers won gold in the women's double sculls at the Athens Olympics in 2004 and repeated the feat at the Beijing Olympics in 2008 before retiring from the sport later that year. They also won gold at the Rowing World Championships in 2002 (Seville), 2003 (Milan) and 2005 (Gifu).

Prior to the naming ceremony, the reserve was given a makeover that included new signage, the installation of a playground and substantial landscaping.



### Upgrade for Flaxmere Community Centre

The Flaxmere Community Centre was closed in September 2013 to allow a \$1.8 million upgrade and extension of the facility to be undertaken. The five month project included the construction of a new entrance and extensions to the library and existing rooms to create two new recreation spaces and a greatly enhanced gym area.

Local carver, Thompson Hokianga, created a pou which now proudly stands at the entrance to the facility. Students from four Flaxmere schools created artwork for the entrance foyer.

Since the reopening in March 2014, use by the local community has steadily increased.

### Hawke's Bay Opera House closes

The Hawke's Bay Opera House was closed to the public in March 2014 when preliminary engineering advice indicated that the building was earthquake prone.

The Municipal Building was subsequently closed, and in late May, it was confirmed that the buildings would remain closed for around 18 months to two years to enable decisions to be made on the engineering work required to bring the buildings up to a safe standard.

Hawke's Bay Opera House Council has budgeted for design and some repair work to be undertaken in the 2014/15 Annual Plan.

### Kiwibank regional office comes to Hastings

Kiwibank is to develop a regional centre in the Hastings city centre which will employ over 130 people. The relocation of the service came through collaboration between Council and the private sector that was able to demonstrate to Kiwibank the long term benefits of locating in Hastings.

Council has a strong focus on economic development and continues to be involved in projects that target local growth and attract new businesses.

We continue to work with the private sector in an effort to convince businesses to consider the economic advantages of operating in our region. This coordinated approach will remain key to attracting new investment and businesses to the district.

Through this work, Council is pursuing further opportunities to bring new business and career opportunities into our community.



### Nga Pou o Heretaunga; a landmark in Civic Square

Eighteen pou representing the marae of Heretaunga were unveiled in Civic Square during a dawn ceremony on 26 July 2013.

Nga Marae o Heretaunga and Council worked in partnership on the project with the pou being carved from totara logs gifted by Tuhoe.

A team of 20 carvers plus additional support crew took around 4 months to carve the pou. The pou represent Tipuna (ancestor) of each Marae and it is the first time that Tipuna have been publically displayed in Hastings, outside a marae.

Each pou tipuna faces the marae to which it belongs.

The project brings a promise of greater participation in the cultural life of the city by the whole community. The installation signals the start of the wider redevelopment of Civic Square.

A celebration will take place on 26 of July each year to mark the installation of the pou and to coincide with Matariki celebrations.

### Hastings City Night markets attract the crowds

A very successful Night Market began in the Hastings city centre during 2013. The market was organised by the Hastings City Business Association with support from Council.

The market provides a quality source of locally made products and services for the community and helps to promote Hastings city as a destination. It also became the catalyst for late night shopping and entertainment with several retailers choosing to open late on Thursday nights.

The market ran for 26 weeks from 7 November before taking a break for winter. A total of 87 vendors were represented over the season, 30 different acts entertained the shoppers and 24 non-profit community groups set up stalls at various times. The market succeeded in increasing customer activity in the city centre which contributed to a vibrant atmosphere for people of all ages.

The night market begins again in October 2014.

### New reserve development

The purchase of additional park space in the Northwood development area has enabled the development of a 3,000m<sup>2</sup> neighbourhood park, complete with a new children's playground, paths, furniture and landscaped grounds.

This playground provides a much needed recreation area for residents in the north eastern area of the city.

### Football and BMX benefit from Romanes Drive development

The development of a reserve in Romanes Drive, Havelock North will bring major benefits to football and BMX cycling.

The reserve stands on 3.5 hectares of land that is bounded by the Karitwhenua Stream on the southern boundary and by Romanes Drive/Napier Road on the west, north and east boundaries.

The project involves an extension to Guthrie Park which will allow the development of two additional playing fields for Havelock North Wanderers Football Club.

The balance of the reserve land is being developed by the Hawke's Bay BMX Club. The club has begun construction of a track which will meet national standards.

Future development of the reserve includes a new toilet block and a bridge across the stream to offer a pedestrian/cycling link between the reserve and nearby Guthrie Park.

### A new plan for the Cape Coast

The aspirations of those living in Haumoana, Te Awanga, Clifton and the surrounding area were widely canvassed during the development of the Cape Coast Community Plan in 2013/14.

Each village has its own distinct character and the Cape Coast is well known for its lively and dynamic communities. The area's natural beauty, vibrant art scene, wineries, world renowned tourist attractions and recreational activities makes it a superb place to live and visit.

**"We love living here"** was a key message received from the Cape Coast community. Residents said that they chose to live on the coast because of its beauty and quiet, laid-back lifestyle.

A number of objectives were identified by the public during the development of the plan including matters such as parks and playgrounds; safety; community togetherness and infrastructure.

### 20 year strategy for Hastings City centre

A 20-year strategy has been developed for Hastings which aims to address many of the challenges the city faces as it positions itself as a sustainable, competitive and resilient city centre.

The strategy aims to ensure that in 2033 the Hastings city centre will be a growing, vibrant and fun place and will be living up to its reputation as the Heart of Hawke's Bay.

Landowners, businesses, the wider community and Council are encouraged to embrace the strategy to secure the long term future of the city centre.

A number of initiatives from the strategy have been implemented in the past 12 months including the Hastings City Night Markets, installation of Nga Pou o Heretaunga, the opening of William Nelson Park, and the beginning of City Assist patrols in the city centre as well as the attraction of the Kiwibank service centre.

Other initiatives are being considered as part of the development of the 2015/25 LTP.

### William Nelson Park becomes a hub for the community

William Nelson Park was opened, with a gala ceremony, in October 2013.

The park is located on 6,000m<sup>2</sup> of land bordered by St Aubyn Street, King Street and Avenue Road and incorporates a large green space, a children's playground and a skate plaza.

William Nelson Park acknowledges the pioneering efforts of an eminent Hawke's Bay father (William Nelson) and recognises the needs of the district's youth culture.

The park has been an instant hit with the whole community, thanks in no small part to the energetic community involvement in the whole process. The community, and youth, have ownership of the facility, and they are grateful for the recreational and social opportunities that have been given to them.

The result is a beautiful park in the centre of Hastings that is well-used and respected, with more than 12,000 visitors in the first five months. It's also a space where parents feel it is safe for their children to play.

### Youth Futures Trust works to secure employment opportunities for young people

The Hawke's Bay Youth Futures Trust, with support from Council, continues to encourage our young people to become skilled and capable members of the local workforce.

A key activity of the Trust is to provide youth with the chance to speak with local employers and gather information relating to different employment opportunities. This will allow them to make informed decisions about what training and work they will do in the future.

### Youth on Site

Youth on Site enabled 40, Year 10 students from Hastings secondary schools to visit two workplaces. They were able to talk with people in the business which helped them learn about the skills and qualifications required to enter the industry and what sort of job opportunities are available.

The students were able to select one of four vocational areas; horticulture, event management and tourism, furniture and design, and engineering. The programme will become a yearly activity, with a wider range of workplaces involved.

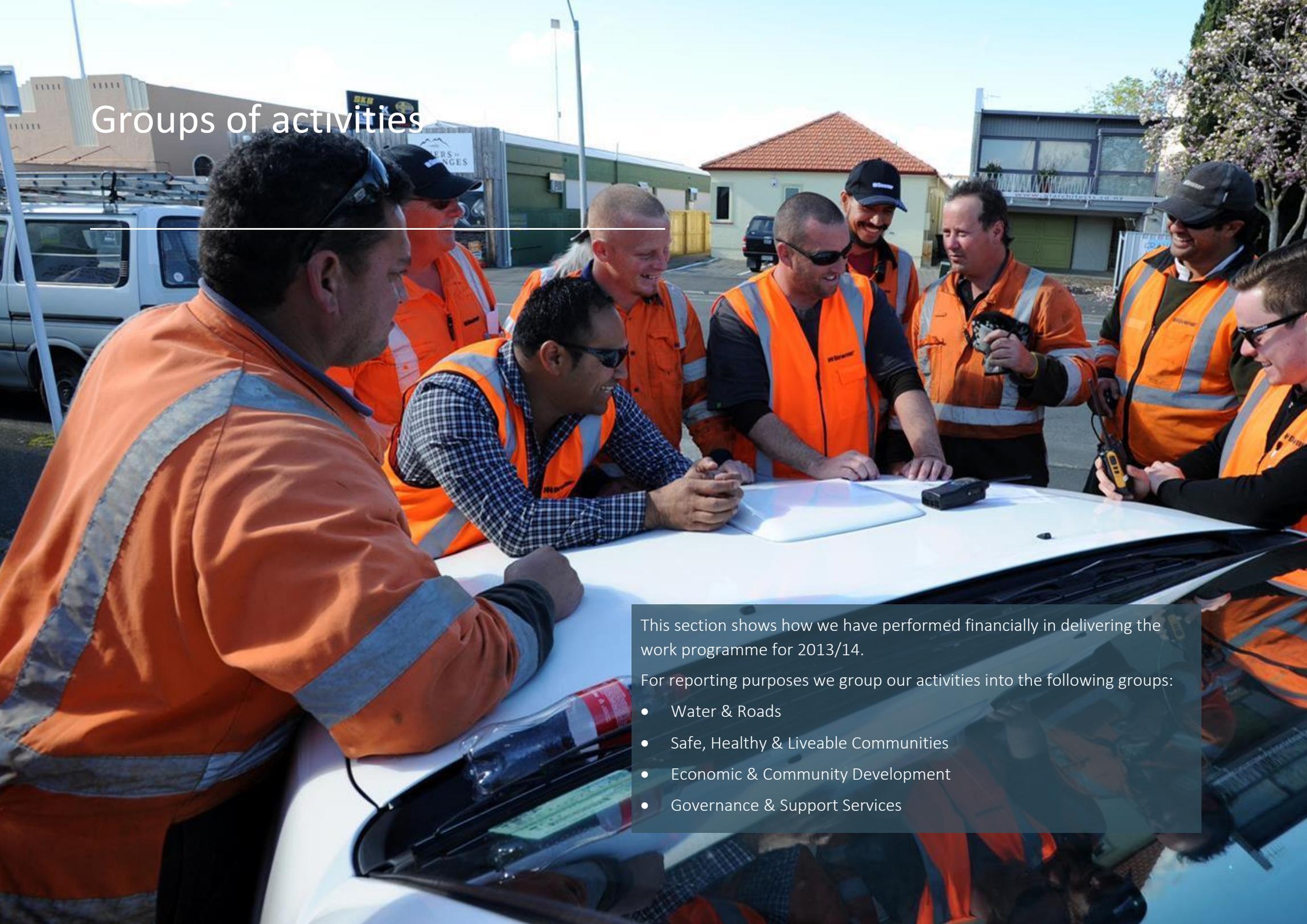
### Futures for Tamariki

Youth Futures worked with schools and local businesses to provide work exploration activities for more than 300 Flaxmere intermediate school students. There were 22 businesses involved in the event and each business provided at least one activity for the students.

The activities included assembling chairs with Furnware, donning work gear with Unison, building planter boxes with Council's Maintenance Team, testing the sugar content of apples with Crasborn Group, and learning about CPR with St Johns Ambulance.

This event gave students hands-on experience in a range of work activities. Many of the employers were so impressed by the enthusiasm of the students that they have already signed up to be involved in the next Futures for Tamariki.

## Groups of activities



This section shows how we have performed financially in delivering the work programme for 2013/14.

For reporting purposes we group our activities into the following groups:

- Water & Roads
- Safe, Healthy & Liveable Communities
- Economic & Community Development
- Governance & Support Services

# Water & Roads

## Water & 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:

- Health, 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 and Wastewater Services

Water conservation measures continue to achieve a consistent reduction in water usage during the peak summer periods and the community response to the implementation of water restrictions has been very encouraging. Water quality compliance was consistently achieved on all schemes apart from a low level incidence in Havelock North which required the introduction of chlorine disinfection while the problem was rectified. This did however result in a number of taste and odour complaints.

Stormwater and wastewater were fully compliant with their environmental consent conditions and a new 35 year discharge consent has recently been granted for the East Clive Wastewater Treatment Plant.

### Negative effects

Any potential negative effects from the Water Supply, Wastewater Disposal and Stormwater Disposal activities are mitigated via a program of environmental monitoring and compliance with consent conditions. No significant breaches of any consent conditions occurred during 2013/14.

## Roads

Good progress continues with Council's sustainable transport objectives. We are on track in pursuit of our objective to have 20% of school and work journeys to be undertaken through walking and cycling by 2020. Further work on the I-way walking and cycling project was completed in 2013/14.

The roading programme was substantially completed. However, reductions in New Zealand Transport Agency funding, as signalled in the 2013/14 Annual Plan have meant that the Council has had to make some service level reductions. This has also impacted on our streetlight conversion programme which has had to be suspended, and the desired level of renewals on the road pavement has not been able to be completed.

Good progress has been made on the Whakatu Arterial Road – a project to create a stronger link to the Port of Napier from the Hastings Industrial areas. This project is on track for construction in 2016/17 and will facilitate the efficient movement of goods within the region.

## Negative effects

Any potential negative effects from transportation activities are mitigated by complying with resource consents, adhering to a maintenance program for the roading network and by investing in walking and cycling infrastructure which 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 the 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: Water & Roads	Notes	LTP Council 2013 \$'000	LTP Council 2014 \$'000	Actual Council 2014 \$'000	Variance \$'000
<b>SOURCES OF OPERATING FUNDING</b>					
General rates, uniform annual general charge, rates penalties		19,084	19,412	18,753	(659)
Targeted rates		9,144	9,765	9,638	(126)
Subsidies and grants for operating purposes		4,832	5,008	4,442	(566)
Fees and charges		3,916	4,049	4,213	164
Internal charges and overheads recovered		6,706	6,889	6,738	(151)
Local authorities fuel tax, fines, infringement fees and other receipts		157	162	170	8
<b>Total operating funding (A)</b>		<b>43,839</b>	<b>45,285</b>	<b>43,955</b>	<b>(1,330)</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>					
Payments to staff and suppliers		17,324	17,798	16,735	1,062
Finance costs		4,383	5,201	3,180	2,021
Internal charges and overheads applied		10,478	10,838	10,556	282
Other operating funding applications		24	25	55	(30)
<b>Total applications of operating funding (B)</b>		<b>32,209</b>	<b>33,862</b>	<b>30,526</b>	<b>3,335</b>
<b>Surplus (deficit) of operating funding (A-B)</b>		<b>11,630</b>	<b>11,424</b>	<b>13,429</b>	<b>2,005</b>
<b>SOURCES OF CAPITAL FUNDING</b>					
Subsidies and grants for capital expenditure		6,090	8,640	6,053	(2,587)
Development and financial contributions		2,582	2,667	2,009	(658)
Increase (decrease) in debt		2,499	1,064	(4,698)	(5,762)
Gross proceeds from sale of assets		52	326	86	(240)
Lump sum contributions		300	310	544	233
<b>Total sources of capital funding ( C)</b>		<b>11,524</b>	<b>13,008</b>	<b>3,994</b>	<b>(9,014)</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>					
<b>Capital expenditure</b>					
To meet additional demand		4,389	4,585	1,552	3,033
To improve the level of service		7,645	7,551	5,453	2,099
To replace existing assets		13,713	14,744	12,582	2,162
Increase (decrease) in reserves		(2,593)	(2,449)	(2,164)	(285)
Increase (decrease) of investments		-	-	-	-
<b>Total applications of capital funding (D)</b>		<b>23,154</b>	<b>24,431</b>	<b>17,423</b>	<b>7,008</b>
<b>Surplus (deficit) of capital funding (C-D)</b>		<b>(11,630)</b>	<b>(11,424)</b>	<b>(13,429)</b>	<b>(2,005)</b>
<b>Total funding balance (A-B) + (C-D)</b>		<b>-</b>	<b>-</b>		
<b>DEPRECIATION AND AMORTISATION EXPENSE</b>					
Depreciation and amortisation expense		20,634	22,562	22,910	(348)
Less unfunded		51	51	45	5
<b>Net funding transferred to Renewals Reserve</b>		<b>20,583</b>	<b>22,512</b>	<b>22,865</b>	<b>(353)</b>

The funding impact statement includes internal interest, but excludes non-cash items such as vested infrastructural assets and depreciation.

	Notes	LTP Council 2013 \$'000	LTP Council 2014 \$'000	Actual Council 2014 \$'000	Variance \$'000
<b>FUNDING IMPACT STATEMENT: Water Supply</b>					
<b>SOURCES OF OPERATING FUNDING</b>					
General rates, uniform annual general charge, rates penalties		57	59	54	(4)
Targeted rates		4,327	4,726	4,538	(188)
Subsidies and grants for operating purposes		-	-	-	-
Fees and charges	1	874	904	596	(308)
Internal charges and overheads recovered		2,285	2,338	2,311	(26)
Local authorities fuel tax, fines , infringement fees and other receipts		-	-	-	-
<b>Total operating funding (A)</b>		<b>7,543</b>	<b>8,027</b>	<b>7,500</b>	<b>(527)</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>					
Payments to staff and suppliers	2	3,290	3,456	3,331	125
Finance costs	3	863	1,045	545	500
Internal charges and overheads applied		1,869	1,918	1,813	106
Other operating funding applications		2	2	28	(26)
<b>Total applications of operating funding (B)</b>		<b>6,024</b>	<b>6,421</b>	<b>5,717</b>	<b>705</b>
<b>Surplus (deficit) of operating funding (A-B)</b>		<b>1,519</b>	<b>1,605</b>	<b>1,783</b>	<b>177</b>
<b>SOURCES OF CAPITAL FUNDING</b>					
Subsidies and grants for capital expenditure		-	-	-	-
Development and financial contributions		601	617	505	(112)
Increase (decrease) in debt	4	2,937	1,130	(93)	(1,222)
Gross proceeds from sale of assets		34	-	32	32
Lump sum contributions		-	-	-	-
<b>Total sources of capital funding ( C)</b>		<b>3,573</b>	<b>1,746</b>	<b>444</b>	<b>(1,302)</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>					
<b>Capital expenditure</b>					
To meet additional demand	5	2,119	1,206	292	914
To improve the level of service		1,940	734	811	(77)
To replace existing assets	6	1,036	1,320	1,014	306
Increase (decrease) in reserves		(3)	92	110	(18)
Increase (decrease) of investments		-	-	-	-
<b>Total applications of capital funding (D)</b>		<b>5,092</b>	<b>3,352</b>	<b>2,227</b>	<b>1,124</b>
<b>Surplus (deficit) of capital funding (C-D)</b>		<b>(1,519)</b>	<b>(1,605)</b>	<b>(1,783)</b>	<b>(177)</b>
<b>Total funding balance (A-B) + (C-D)</b>		<b>( )</b>			
<b>DEPRECIATION AND AMORTISATION EXPENSE</b>					
Depreciation and amortisation expense		1,507	1,742	1,698	44
Less unfunded		-	-	-	-
<b>Net funding transferred to Renewals Reserve</b>		<b>1,507</b>	<b>1,742</b>	<b>1,698</b>	<b>44</b>

The funding impact statement includes internal interest, but excludes non-cash items such as vested infrastructural assets and depreciation.

### Key financial variances

#### Significant operating variances

1. Fees and charges is \$308,000 lower than budget. This is mainly due to lower than budgeted connection fees (\$176,700) as a result of lower building activity levels and reduced water meter revenue (\$125,600).
2. Payments to staff and suppliers is \$125,000 lower than budget mainly due to reduced reticulation costs.
3. Finance costs are \$500,000 lower than budget due to interest savings as capital projects haven't proceeded as planned and interest rates were lower than forecast.

#### Significant asset acquisitions or replacements and other variances

4. Debt has reduced due to reduced capital spending in 2013-14.
5. Capital expenditure for additional demand projects is below budget by \$914,000. Capital projects such as Irongate Industrial Development and Omahu Industrial development have been deferred due to economic conditions.
6. Capital expenditure to improve the level of service is \$306,000 below budget as several projects such as Frimley New Bore and pump and Reservoir investigations weren't completed in 2013-14 and have been deferred into 2014-15.

FORECAST STATEMENT OF PLANNED CAPITAL WORKS: Water Supply	LTP 2013/14 \$'000	Actuals 2013/14 \$'000	Variance \$'000
<b>CAPITAL EXPENDITURE</b>			
Meet additional demand	1,206	292	914
Improve level of service	734	811	(77)
To replace existing assets	1,320	1,014	306
<b>Total capital expenditure</b>	<b>4,466</b>	<b>2,410</b>	<b>2,056</b>
FORECAST STATEMENT OF MAJOR CAPITAL PROJECTS: Water Supply	LTP 2013/14 \$'000	Actuals 2013/14 \$'000	Variance \$'000
Irongate Ind. – Stage 1 Flaxmere to stage 1	923	14	909
Heretaunga St W – Tomoana to Stortford Lodge	414	1	413
New Bore, Rising Main and Reservoir	207		207
New Bore and Pump/Frimley		224	(224)

1. Growth project work has not proceeded as planned due to economic conditions. Deferred into future years.

2. Heretaunga Street project has been rebudgeted to 2014-15.

3. Frimley New Bore and Pump project was a project brought forward from previous years.

FUNDING IMPACT STATEMENT: Stormwater Drainage	Notes	LTP Council 2013 \$'000	LTP Council 2014 \$'000	Actual Council 2014 \$'000	Variance \$'000
<b>SOURCES OF OPERATING FUNDING</b>					
General rates, uniform annual general charge, rates penalties		3,307	3,453	3,371	(83)
Targeted rates		128	128	114	(13)
Subsidies and grants for operating purposes		-	-	-	-
Fees and charges		101	104	54	(51)
Internal charges and overheads recovered		14	15	14	()
Local authorities fuel tax, fines, infringement fees and other receipts		-	-	-	-
<b>Total operating funding (A)</b>		<b>3,550</b>	<b>3,700</b>	<b>3,553</b>	<b>(147)</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>					
Payments to staff and suppliers	1	588	599	551	48
Finance costs	2	764	1,149	671	478
Internal charges and overheads applied		726	756	739	16
Other operating funding applications		3	3	14	(11)
<b>Total applications of operating funding (B)</b>		<b>2,081</b>	<b>2,506</b>	<b>1,975</b>	<b>531</b>
<b>Surplus (deficit) of operating funding (A-B)</b>		<b>1,469</b>	<b>1,194</b>	<b>1,578</b>	<b>384</b>
<b>SOURCES OF CAPITAL FUNDING</b>					
Subsidies and grants for capital expenditure		-	-	-	-
Development and financial contributions	3	696	720	428	(291)
Increase (decrease) in debt	4	437	(119)	(1,111)	(992)
Gross proceeds from sale of assets		-	-	-	-
Lump sum contributions		-	-	-	-
<b>Total sources of capital funding (C)</b>		<b>1,133</b>	<b>601</b>	<b>(683)</b>	<b>(1,284)</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>					
<b>Capital expenditure</b>					
To meet additional demand	5	466	671	81	590
To improve the level of service	6	2,136	1,124	612	512
To replace existing assets		-	-	9	(9)
Increase (decrease) in reserves		-	-	193	(193)
Increase (decrease) of investments		-	-	-	-
<b>Total applications of capital funding (D)</b>		<b>2,602</b>	<b>1,795</b>	<b>896</b>	<b>899</b>
<b>Surplus (deficit) of capital funding (C-D)</b>		<b>(1,469)</b>	<b>(1,194)</b>	<b>(1,578)</b>	<b>(384)</b>
<b>Total funding balance (A-B) + (C-D)</b>		<b>-</b>	<b>-</b>	<b>()</b>	<b>()</b>
<b>DEPRECIATION AND AMORTISATION EXPENSE</b>					
Depreciation and amortisation expense		2,532	2,892	2,510	381
Less unfunded		-	-	-	-
<b>Net funding transferred to Renewals Reserve</b>		<b>2,532</b>	<b>2,892</b>	<b>2,510</b>	<b>381</b>

The funding impact statement includes internal interest, but excludes non-cash items such as vested infrastructural assets and depreciation.

#### Key financial variances

##### Significant operating variances

1. Payments to staff and suppliers is \$48,000 lower than budget mainly due to savings in reticulation maintenance costs.
2. Finance costs are \$478,000 lower than budget mainly due to interest savings, as capital projects haven't proceeded as planned and interest rates were lower than forecast.

##### Significant asset acquisitions or replacements and other variances

3. Development contributions below budget by \$291,000 due to the continuing of the economic pressure in the market.
4. Debt has reduced by \$1.11 million due to reduced capital spending in 2013-14.
5. Capital expenditure for additional demand projects is below budget by \$291,000. Capital projects such as Irongate Industrial Development and Omahu Industrial development have been deferred due to economic conditions.
6. Capital expenditure to improve the level of service is \$512,000 below budget as several projects such as Frimley Road and Water Services Quality improvements weren't completed in 2013-14 and have been deferred into 2014-15.

FORECAST STATEMENT OF PLANNED CAPITAL WORKS: Stormwater Disposal		LTP 2013/14 \$'000	Actuals 2013/14 \$'000	Variance \$'000
	Notes			
<b>CAPITAL EXPENDITURE</b>				
Meet additional demand		671	81	590
Improve level of service		1,124	612	512
To replace existing assets			9	(9)
<b>Total capital expenditure</b>		<b>1,795</b>	<b>702</b>	<b>1,093</b>
FORECAST STATEMENT OF MAJOR CAPITAL PROJECTS: Stormwater Disposal		LTP 2013/14 \$'000	Actuals 2013/14 \$'000	Variance \$'000
	Notes			
Orbell Drain – NAR to Williams Street	1	482		482
Irongate (i)	1	408	13	395
Dam Break Mitigation	2	259		259

1. Growth project work hasn't proceeded as planned due to economic conditions. Deferred into future years.
2. Dam Break mitigation work hasn't proceeded as planned and is deferred to 2014-15.

FUNDING IMPACT STATEMENT:		LTP Council 2013	LTP Council 2014	Actual Council 2014	Variance
Sewerage and the Treatment and Disposal of Sewerage		\$'000	\$'000	\$'000	\$'000
Notes					
<b>SOURCES OF OPERATING FUNDING</b>					
	General rates, uniform annual general charge, rates penalties	73	75	73	(2)
	Targeted rates (other than a targeted rate for water supply)	4,556	4,745	4,802	57
	Subsidies and grants for operating purposes	-	-	-	-
	Fees and charges	1,578	1,633	1,704	70
	Internal charges and overheads recovered	2,135	2,210	2,159	(51)
	Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-	-
	<b>Total operating funding (A)</b>	<b>8,342</b>	<b>8,663</b>	<b>8,738</b>	<b>75</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>					
1	Payments to staff and suppliers	2,419	2,592	2,201	391
2	Finance costs	1,673	1,793	1,263	530
	Internal charges and overheads applied	3,344	3,468	3,421	46
	Other operating funding applications	15	15	6	9
	<b>Total applications of operating funding (B)</b>	<b>7,450</b>	<b>7,868</b>	<b>6,892</b>	<b>976</b>
	<b>Surplus (deficit) of operating funding (A-B)</b>	<b>892</b>	<b>795</b>	<b>1,846</b>	<b>1,051</b>
<b>SOURCES OF CAPITAL FUNDING</b>					
	Subsidies and grants for capital expenditure	-	-	-	-
3	Development and financial contributions	693	718	603	(114)
4	Increase (decrease) in debt	130	(449)	(1,263)	(813)
	Gross proceeds from sale of assets	-	-	-	-
	Lump sum contributions	244	252	378	125
	<b>Total sources of capital funding ( C)</b>	<b>1,067</b>	<b>521</b>	<b>(282)</b>	<b>(803)</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>					
<b>Capital expenditure</b>					
5	To meet additional demand	799	802	313	489
	To improve the level of service	1,176	351	416	(65)
	To replace existing assets	2,275	2,559	2,638	(79)
	Increase (decrease) in reserves	(2,291)	(2,397)	(1,803)	(594)
	Increase (decrease) of investments	-	-	-	-
	<b>Total applications of capital funding (D)</b>	<b>1,959</b>	<b>1,315</b>	<b>1,564</b>	<b>(249)</b>
	<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(892)</b>	<b>(795)</b>	<b>(1,846)</b>	<b>(1,051)</b>
	<b>Total funding balance (A-B) + (C-D)</b>		<b>()</b>	<b>()</b>	<b>()</b>
<b>DEPRECIATION AND AMORTISATION EXPENSE</b>					
	Depreciation and amortisation expense	5,349	5,632	5,539	93
	Less unfunded	44	44	44	(1)
	<b>Net funding transferred to Renewals Reserve</b>	<b>5,305</b>	<b>5,588</b>	<b>5,494</b>	<b>94</b>

The funding impact statement includes internal interest, but excludes non-cash items such as vested infrastructural assets and depreciation.

#### Key financial variances

##### Significant operating variances

1. Payments to staff and suppliers is \$391,000 lower than budget mainly due to savings in reticulation maintenance costs.
2. Finance costs are \$530,000 lower than budget mainly due to interest savings, as capital projects haven't proceeded as planned and interest rates were lower than forecast.

##### Significant asset acquisitions or replacements and other variances

3. Development contributions below budget by \$114,000 due to the continuing of the economic pressure in the market.
4. Debt has reduced by \$813,000 due to reduced capital spending in 2013-14.
5. Capital expenditure for additional demand projects is below budget by \$594,000. Capital projects such as Irongate Industrial Development and Omahu Industrial development have been deferred due to economic conditions.

FORECAST STATEMENT OF PLANNED CAPITAL WORKS: Sewerage and the Treatment and Disposal of Sewerage	Notes	LTP 2013/14 \$'000	Actuals 2013/14 \$'000	Variance \$'000
<b>CAPITAL EXPENDITURE</b>				
Meet additional demand		802	313	489
Improve Level of service		351	416	(65)
To replace existing assets		2,559	2,638	(79)
<b>Total capital expenditure</b>		<b>3,712</b>	<b>3,367</b>	<b>345</b>
FORECAST STATEMENT OF MAJOR CAPITAL PROJECTS: Sewerage and the Treatment and Disposal of Sewerage	Notes	LTP 2013/14 \$'000	Actuals 2013/14 \$'000	Variance \$'000
Irongate (i)	1	682	18	664
Outfall PS Manifold	2	673		673
Outfall – Diffuser	2	673		673
Charles St – Southampton to Gordon			247	(247)
Warren St N – St Aubyn to Jervois			240	(240)
Trunk Sewers	3		1,187	(1,187)

1. Growth project work has not proceeded as planned due to economic conditions. Deferred into future years.
2. Resource consent at Wastewater treatment plant didn't require the extra capital that was budgeted.
3. Trunk sewer project funded from Capital that has been brought forward from previous years.

	Notes	LTP Council 2013 \$'000	LTP Council 2014 \$'000	Actual Council 2014 \$'000	Variance \$'000
<b>FUNDING IMPACT STATEMENT: Roads &amp; Footpath</b>					
<b>SOURCES OF OPERATING FUNDING</b>					
General rates, uniform annual general charge, rates penalties		15,647	15,824	15,254	(570)
Targeted rates		133	167	185	18
Subsidies and grants for operating purposes	1	4,832	5,008	4,442	(566)
Fees and charges	2	1,363	1,407	1,860	453
Internal charges and overheads recovered		2,272	2,327	2,254	(73)
Local authorities fuel tax, fines, infringement fees and other receipts		157	162	170	8
<b>Total operating funding (A)</b>		<b>24,404</b>	<b>24,896</b>	<b>24,165</b>	<b>(731)</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>					
Payments to staff and suppliers	3	11,027	11,151	10,652	498
Finance costs		1,083	1,214	701	513
Internal charges and overheads applied		4,540	4,696	4,583	114
Other operating funding applications		5	5	7	(2)
<b>Total applications of operating funding (B)</b>		<b>16,654</b>	<b>17,066</b>	<b>15,943</b>	<b>1,123</b>
<b>Surplus (deficit) of operating funding (A-B)</b>		<b>7,749</b>	<b>7,829</b>	<b>8,222</b>	<b>393</b>
<b>SOURCES OF CAPITAL FUNDING</b>					
Subsidies and grants for capital expenditure	4	6,090	8,640	6,053	(2,587)
Development and financial contributions		592	613	473	(141)
Increase (decrease) in debt	5	(1,006)	503	(2,231)	(2,734)
Gross proceeds from sale of assets		18	326	54	(272)
Lump sum contributions		56	58	166	108
<b>Total sources of capital funding (C)</b>		<b>5,751</b>	<b>10,140</b>	<b>4,514</b>	<b>(5,626)</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>					
<b>Capital expenditure</b>					
To meet additional demand	6	1,006	1,906	866	1,040
To improve the level of service		2,392	5,342	3,614	1,728
To replace existing assets	8	10,401	10,865	8,921	1,944
Increase (decrease) in reserves		(299)	(144)	(665)	520
Increase (decrease) of investments		-	-	-	-
<b>Total applications of capital funding (D)</b>		<b>13,500</b>	<b>17,969</b>	<b>12,736</b>	<b>5,233</b>
<b>Surplus (deficit) of capital funding (C-D)</b>		<b>(7,749)</b>	<b>(7,829)</b>	<b>(8,222)</b>	<b>(393)</b>
<b>Total funding balance (A-B) + (C-D)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>DEPRECIATION AND AMORTISATION EXPENSE</b>					
Depreciation and amortisation expense		11,247	12,297	13,163	(866)
Less unfunded		7	7	1	6
<b>Net funding transferred to Renewals Reserve</b>		<b>11,240</b>	<b>12,290</b>	<b>13,162</b>	<b>(872)</b>

The funding impact statement includes internal interest, but excludes non-cash items such as vested infrastructural assets and depreciation.

### Key financial variances

#### Significant operating variances

1. Subsidies and grant income is lower than budget due to a funding shortfall from the New Zealand Transport Agency.
2. Fees and charges is \$453,000 higher than budget mainly due to Hawke's Bay Regional Council reimbursement of costs for the handrails at Black bridge.
3. Payments to staff and suppliers are lower than budget due to the reduced work programme in the roading area. These projects have been put on hold until funding issues are resolved.

#### Significant asset acquisitions or replacements and other variances

4. Subsidies and grant income is lower than budget due to a funding shortfall from the New Zealand Transport Agency.
5. Debt has reduced by \$1,529,000 due to reduced capital spending in 2013-14.
6. Capital expenditure for additional demand projects is below budget by \$1,040,000. Capital projects such as Irongate Industrial Development and Omaha Industrial development have been deferred due to economic conditions.
7. Capital expenditure to improve the level of service is \$1,728,000 below budget as several projects such as Whakatu Industrial weren't completed in 2013-14 and have been deferred into 2014-15.
8. Capital works is \$1,944 million below budget, mainly due to the postponement of roading works as a result of the shortfall of NZTA funding.

FORECAST STATEMENT OF PLANNED CAPITAL WORKS: Roads & Footpaths		LTP 2013/14 \$'000	Actuals 2013/14 \$'000	Variance \$'000
	Notes			
<b>CAPITAL EXPENDITURE</b>				
Meet additional demand		1,906	866	1,040
Improve level of service		5,342	3,614	1,728
To replace existing assets		10,865	8,921	1,944
<b>Total capital expenditure</b>		<b>18,113</b>	<b>13,401</b>	<b>4,713</b>
FORECAST STATEMENT OF MAJOR CAPITAL PROJECTS: Roads & Footpaths		LTP 2013/14 \$'000	Actuals 2013/14 \$'000	Variance \$'000
	Notes			
Maintenance Seals (Sealed Road Surfacing)	1	3,491	2,369	1,122
AWPT – Sealed (Pavement Rehabilitation)	1	2,584	2,259	326
Subdivision support	2	1,550	227	1,324
New roads	1	1,483	1,071	412
State highway projects	3	1,428	86	1,342
Cycleways & Pathways		1,085	635	450
Minor safety improvements	4	1,035	1,934	(899)
Traffic services renewals		923	678	245
Other machinery and equipment		379	16	364
Major safety improvements		269		269
Unsealed road metalling		269	486	(218)

#### Notes:

1. Funding shortfall from New Zealand Transport Agency has led to a reduction in capital work undertaken.
2. Irongate Road Growth project has not proceeded as planned due to economic conditions. Deferred into future years.
3. Unbudgeted state highway project. This was 100% funded from New Zealand Transport Agency.
4. Major safety budget rebudgeted to fund minor safety projects plus increased New Zealand Transportation funding of minor safety works.

## Safe, Healthy & 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:

- A key focus in respect of community safety is our response to meeting Earthquake Prone Building legislation.
- Another community safety focus is on uncontrolled dog behaviour incidents. These have traditionally formed 60% of all dog related complaints. That has been reduced to 33.86% in 2013/14.
- Waste volumes to the landfill have increased. This is an indication of an increase in economic activity in the region. This increase in waste has been reflected nationally.
- This group of activities contains a broad range of services and facilities. 92% of the levels of service for this group of activities were fully achieved with the remaining 8% substantially achieved.
- A key project is the review of the District Plan. This project has progressed, with the Proposed Hastings District Plan being notified for submissions on the 9 November 2013. The subsequent hearings process occurred during 2014.
- Flaxmere Park has seen stage one of an enhancement programme completed and stage 2 began in July 2014. The first part of an upgrade to Frimley Park Garden and Stonecroft Reserve has been completed.

- The first stage of the Civic Square redevelopment project was commenced during 2012/13 with the successful installation and unveiling of Nga Pou o Heretaunga. Council has acknowledged the importance of the need to establish an integrated scheme for the delivery of a number of pivotal CBD vibrancy projects, which includes the redevelopment of Civic Square. Over the next 12 months, we will continue to engage with a number of stakeholders including Ngati Kahungunu Iwi Incorporated to bring the redevelopment aspirations for Civic Square to life.
- Community resilience continues to be a priority for Council with emergency centres being formally established with Hukarere College, Lindisfarne, St Johns Church, Maraekakaho School, Collins Woolshed, and Elwood Park. Community response plans are being prepared for Whirinaki, Clive, Cape Coast, Whakatu, Esk Valley, Ruahine and Waimarama/Ocean Beach. A plan has been completed for Waipatiki.
- A programme of significant investment in the districts aquatic facilities is on-going with the upgrade of Clive War Memorial Pool completed in 2013/14.

#### **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 2013/14. The Council is also accredited under the ISO9000:2001 standard which is adhered to.

	Notes	LTP Council 2013 \$'000	LTP Council 2014 \$'000	Actual Council 2014 \$'000	Variance \$'000
<b>FUNDING IMPACT STATEMENT: Safe, Healthy &amp; Liveable Communities</b>					
<b>SOURCES OF OPERATING FUNDING</b>					
General rates, uniform annual general charge, rates penalties		23,508	25,145	24,543	(601)
Targeted rates		1,320	1,410	1,426	16
Subsidies and grants for operating purposes		28	29	108	79
Fees and charges	1	14,629	15,485	14,981	(504)
Internal charges and overheads recovered		17,481	18,471	22,168	3,697
Local authorities fuel tax, fines , infringement fees and other receipts		94	101	78	(23)
<b>Total operating funding (A)</b>		<b>57,059</b>	<b>60,641</b>	<b>63,305</b>	<b>2,664</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>					
Payments to staff and suppliers	2	27,739	29,267	27,865	1,402
Finance costs		1,607	1,846	1,272	574
Internal charges and overheads applied		18,815	19,733	23,405	(3,672)
Other operating funding applications	3	3,590	2,066	3,539	(1,473)
<b>Total applications of operating funding (B)</b>		<b>51,751</b>	<b>52,912</b>	<b>56,082</b>	<b>(3,169)</b>
<b>Surplus (deficit) of operating funding (A-B)</b>		<b>5,309</b>	<b>7,729</b>	<b>7,223</b>	<b>(506)</b>
<b>SOURCES OF CAPITAL FUNDING</b>					
Subsidies and grants for capital expenditure		390	402	468	65
Development and financial contributions		699	722	663	(59)
Increase (decrease) in debt	4	2,952	845	3,064	2,220
Gross proceeds from sale of assets	5	139	988	135	(853)
Lump sum contributions		-	-	-	-
<b>Total sources of capital funding ( C)</b>		<b>4,180</b>	<b>2,957</b>	<b>4,330</b>	<b>1,373</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>					
<b>Capital expenditure</b>					
To meet additional demand		1,379	56	617	(561)
To improve the level of service	6	3,733	4,279	5,092	(813)
To replace existing assets	7	5,743	5,742	4,945	797
Increase (decrease) in reserves		(1,366)	610	899	(289)
Increase (decrease) of investments		-	-	-	-
<b>Total applications of capital funding (D)</b>		<b>9,489</b>	<b>10,686</b>	<b>11,553</b>	<b>(867)</b>
<b>Surplus (deficit) of capital funding (C-D)</b>		<b>(5,309)</b>	<b>(7,729)</b>	<b>(7,223)</b>	<b>506</b>
<b>Total funding balance (A-B) + (C-D)</b>		<b>-</b>	<b>( )</b>	<b>( )</b>	<b>( )</b>
<b>DEPRECIATION AND AMORTISATION EXPENSE</b>					
Depreciation and amortisation expense		4,423	4,581	4,887	(306)
Less unfunded		2,648	2,718	2,855	(137)
<b>Net funding transferred to Renewals Reserve</b>		<b>1,775</b>	<b>1,863</b>	<b>2,032</b>	<b>(169)</b>

The funding impact statement includes internal interest, but excludes non-cash items such as vested infrastructural assets and depreciation.

### Key financial variances

#### Significant operating variances

1. Fees and charges are \$504,000 lower than budgeted mainly due to reduced collection of revenue for the Emissions Trading Scheme.
2. Payments to staff and suppliers has reduced by \$1.4 million mainly due to a change in accounting practice for how Council accounts for its internal refuse disposal transactions.
3. Other operating funding applications are \$1.47 million higher than budget due to the timing of the grants to the Regional Sports Park.

#### Significant asset acquisitions or replacements and other variances

4. Debt has increased by \$813,000 due to the completion of the Hastings Skate Park, plus the funding of the grant to the Regional Sports Park.
5. Fitzroy Avenue residential development being done over a number of years.
6. Capital expenditure to improve the level of service is \$813,000 above Budget mainly due to the completion of several projects such as the Hastings Skate Park.
7. The remaining swimming pool renewal work has been deferred until 2014-15.

STATEMENT OF PLANNED CAPITAL WORKS: Safe Healthy & Liveable Communities		LTP 2013/14 \$'000	Actuals 2013/14 \$'000	Variance \$'000
<b>CAPITAL EXPENDITURE</b>				
Meet additional demand	Notes	56	617	(561)
Improve Level of service		4,279	5,092	(813)
To replace existing assets		5,742	4,945	797
<b>Total capital expenditure</b>		<b>10,077</b>	<b>10,655</b>	<b>(578)</b>
STATEMENT OF MAJOR CAPITAL PROJECTS: Safe Healthy & Liveable Communities		LTP 2013/14 \$'000	Actuals 2013/14 \$'000	Variance \$'000
Aquatic strategy implementation	1	2,807	2,117	690
Arataki development			207	(207)
Hastings Skate Park	2		1,148	(1,148)
New Changing Room Chatham Park		516		516
Flaxmere Park changing room upgrade		413	128	285
Romanes Drive development			348	(348)
Flaxmere Community Centre upgrade	3		1,705	(1,705)
Land and buildings new works	4	784	138	646
Soft landscaping		240	33	208
Central office building	5	534	41	493

1. Additional aquatic strategy work in 2013-14 was funded from additional funds brought forward from 2012-13.
2. Hastings skate park was completed in 2013-14 after funds from 2012-13 were brought forward. The Hastings District Council wishes to acknowledge the Lottery Community Facilities grant of \$200,000 + GST given by the Lottery Grants Board towards the building of the William Nelson Skatepark.
3. Flaxmere Community Centre upgrade completed in 2013-14.
4. Various building projects deferred into 2014-15.
5. Air conditioning project deferred into 2014-15.

## Economic & 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:

- The successful attraction of the Kiwibank Customer Service Centre to the Hastings CBD with the creation of 100 new jobs
- The slow economic conditions have meant that Council has deferred its planned investment into some of its identified growth areas. A structure plan was completed for the Omaha Road Industrial strip and further work continues on exploring those options in the 2013/14 year.
- A successful partnership with Business Hawke's Bay and Callaghan Innovation has seen the continued delivery of the High Performance Work Programme for medium sized firms.
- Programmes targeting skill development and work experience for our youth via the 'Youth Futures project' have been further enhanced with the Te Ara o Takitimu Māori and Pacifica Trade Training programme now underway.
- In terms of tourism and visitor attraction Splash Planet achieved record attendances. The Council allocated \$85,000 in direct support for events. The establishment of an i-Site presence in Havelock North was also achieved.
- A number of planning processes were undertaken in various parts of the district, particularly in Haumoana, Te Awanga and the Cape Coast Area.

### **Negative effects**

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

FUNDING IMPACT STATEMENT: Economic & Community Development		LTP Council 2013 \$'000	LTP Council 2014 \$'000	Actual Council 2014 \$'000	Variance \$'000
	Notes				
<b>SOURCES OF OPERATING FUNDING</b>					
General rates, uniform annual general charge, rates penalties		4,628	4,601	4,491	(110)
Targeted rates		266	266	266	()
Subsidies and grants for operating purposes		80	83	94	11
Fees and charges		350	365	376	10
Internal charges and overheads recovered		150	155	112	(42)
Local authorities fuel tax, fines, infringement fees and other receipts		-	-	-	-
<b>Total operating funding (A)</b>		<b>5,475</b>	<b>5,470</b>	<b>5,339</b>	<b>(131)</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>					
Payments to staff and suppliers	1	4,140	3,871	3,755	117
Finance costs		3	2	(4)	6
Internal charges and overheads applied		1,074	1,111	1,118	(8)
Other operating funding applications		206	435	462	(27)
<b>Total applications of operating funding (B)</b>		<b>5,424</b>	<b>5,418</b>	<b>5,330</b>	<b>88</b>
<b>Surplus (deficit) of operating funding (A-B)</b>		<b>52</b>	<b>52</b>	<b>9</b>	<b>(43)</b>
<b>SOURCES OF CAPITAL FUNDING</b>					
Subsidies and grants for capital expenditure		-	-	-	-
Development and financial contributions		-	-	-	-
Increase (decrease) in debt		(27)	(27)	(27)	()
Gross proceeds from sale of assets		8	-	10	10
Lump sum contributions		-	-	-	-
<b>Total sources of capital funding (C)</b>		<b>(19)</b>	<b>(27)</b>	<b>(17)</b>	<b>10</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>					
<b>Capital expenditure</b>					
To meet additional demand		-	-	-	-
To improve the level of service		-	-	63	(63)
To replace existing assets		35	2	34	(32)
Increase (decrease) in reserves		(2)	23	(105)	127
Increase (decrease) of investments		-	-	-	-
<b>Total applications of capital funding (D)</b>		<b>33</b>	<b>25</b>	<b>(8)</b>	<b>33</b>
<b>Surplus (deficit) of capital funding (C-D)</b>		<b>(52)</b>	<b>(52)</b>	<b>(9)</b>	<b>43</b>
<b>Total funding balance (A-B) + (C-D)</b>		<b>()</b>	<b>-</b>	<b>()</b>	<b>()</b>
<b>DEPRECIATION AND AMORTISATION EXPENSE</b>					
Depreciation and amortisation expense		49	49	56	(7)
Less unfunded		22	22	32	(10)
<b>Net funding transferred to Renewals Reserve</b>		<b>27</b>	<b>27</b>	<b>24</b>	<b>3</b>

The funding impact statement includes internal interest, but excludes non-cash items such as vested infrastructural assets and depreciation.

**Key financial variances**

Significant operating variances

1. Payments to staff and suppliers are lower than budget mainly due to lower than budgeted spending on Expert Advice.

STATEMENT OF PLANNED CAPITAL WORKS: Economic & Community Development		LTP 2013/14 \$'000	Actuals 2013/14 \$'000	Variance \$'000
	Notes			
<b>CAPITAL EXPENDITURE</b>				
Meet additional demand				
Improve Level of service			63	
To replace existing assets			2	34
<b>Total capital expenditure</b>				
FORECAST STATEMENT OF MAJOR CAPITAL PROJECTS: Economic & Community Development		LTP 2013/14 \$'000	Actuals 2013/14 \$'000	Variance \$'000
	Notes			
Pou Project		1	21	(21)
Plant Machinery and Vehicles Renewals			32	(32)

1. Pou project undertaken not budgeted for. Funded from a bequest.

## Governance & 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 both the Customer Service Centre and Contact Centre is very positive with high customer satisfaction levels. The introduction of a mystery shopper program in these areas has also produced pleasing results.
- The Council's targets for website usage were exceeded with an average of 10,700 unique visitors per month, 12% over target. Service levels within the customer service and contact centre areas of Council were achieved.
- No breaches of statutory planning processes were recorded during the year.
- The financial result for the year has resulted in a rating surplus which has been applied to repay debt in accordance with the Council's financial strategy.
- The section titled 'Māori and Decision Making' outlines the activities undertaken during 2013/14 to establish and maintain processes to provide opportunities for Māori to contribute to the decision making processes of the local authority.

FUNDING IMPACT STATEMENT: Governance & Support Services	Notes	LTP Council 2013 \$'000	LTP Council 2014 \$'000	Actual Council 2014 \$'000	Variance \$'000
<b>SOURCES OF OPERATING FUNDING</b>					
General rates, uniform annual general charge, rates penalties		2,942	2,845	3,371	526
Targeted rates		1,614	1,609	1,821	212
Subsidies and grants for operating purposes				()	()
Fees and charges	1	92	216	460	244
Internal charges and overheads recovered		11,094	11,396	9,952	(1,443)
Local authorities fuel tax, fines, infringement fees and other receipts		545	563	644	81
<b>Total operating funding (A)</b>		<b>16,287</b>	<b>16,629</b>	<b>16,248</b>	<b>(381)</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>					
Payments to staff and suppliers	2	8,945	9,432	9,231	201
Finance costs		35	35	(723)	758
Internal charges and overheads applied		3,492	3,591	3,422	169
Other operating funding applications		797	822	903	(81)
<b>Total applications of operating funding (B)</b>		<b>13,269</b>	<b>13,881</b>	<b>12,833</b>	<b>1,047</b>
<b>Surplus (deficit) of operating funding (A-B)</b>		<b>3,018</b>	<b>2,748</b>	<b>3,414</b>	<b>666</b>
<b>SOURCES OF CAPITAL FUNDING</b>					
Subsidies and grants for capital expenditure				-	-
Development and financial contributions				-	-
Increase (decrease) in debt		(15)	(15)	(37)	(22)
Gross proceeds from sale of assets		12	11	19	8
Lump sum contributions				-	-
<b>Total sources of capital funding (C)</b>		<b>(3)</b>	<b>(4)</b>	<b>(18)</b>	<b>(14)</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>					
<b>Capital expenditure</b>					
To meet additional demand		-	-	-	-
To improve the level of service		-	-	-	-
To replace existing assets	3	1,306	1,272	517	755
Increase (decrease) in reserves	4	1,499	1,472	2,639	(1,167)
Increase (decrease) of investments		210		240	(240)
<b>Total applications of capital funding (D)</b>		<b>3,015</b>	<b>2,744</b>	<b>3,396</b>	<b>(652)</b>
<b>Surplus (deficit) of capital funding (C-D)</b>		<b>(3,018)</b>	<b>(2,748)</b>	<b>(3,414)</b>	<b>(666)</b>
<b>Total funding balance (A-B) + (C-D)</b>			-		
<b>DEPRECIATION AND AMORTISATION EXPENSE</b>					
Depreciation and amortisation expense		825	825	710	115
Less unfunded		14	14	13	1
<b>Net funding transferred to Renewals Reserve</b>		<b>811</b>	<b>811</b>	<b>697</b>	<b>114</b>

The funding impact statement includes internal interest, but excludes non-cash items such as vested infrastructural assets and depreciation.

### Key financial variances

#### Significant operating variances

1. Fees and charges are \$244,000 higher than budget mainly due to an additional fee received for District Health Board elections.
2. Payments to staff and suppliers are lower than budget due to lower than anticipated costs for council hearings, planning advice and election expenses.

#### Significant asset acquisitions or replacements and other variances

3. Capital expenditure is lower than what was budgeted mainly due to Information Technology projects deferred into 2014-15.
4. The Information Technology projects are funded from Council reserves which were not called on in 2013-14.

STATEMENT OF PLANNED CAPITAL WORKS: Governance & Support Services		LTP 2013/14 \$'000	Actuals 2013/14 \$'000	Variance \$'000
	Notes			
<b>CAPITAL EXPENDITURE</b>				
Meet additional demand				
Improve level of service				
To replace existing assets		1,272	517	756
<b>Total capital expenditure</b>		<b>1,272</b>	<b>517</b>	<b>756</b>
STATEMENT OF MAJOR CAPITAL PROJECTS: Governance & Support Services		LTP 2013/14 \$'000	Actuals 2013/14 \$'000	Variance \$'000
	Notes			
Financial Management Information System	1	413	11	402
PABX upgrade	1		35	(35)
Opera House – Digital Strategy			60	(60)
Computer and office equipment	1	52	172	(120)
Plant machinery and vehicles renewals	1	36	64	(28)

1. Information Technology projects deferred into 2014-15.

## Māori and decision-making



The Hastings District Council is committed to establishing and maintaining processes to provide opportunities for Māori to contribute to the decision making processes of the Council.

During 2013/14 the Council provided the following opportunities for Māori contribution to decision making:

- The Council continues to run a Māori Joint Committee to focus on strategic priorities for Māori in the District. The Committee comprises six Māori appointments and six Councillors. The Committee's terms of reference include input to the Long Term Plan, the Annual Plan and the District Plan.
- The Council's Strategic Adviser Culture and Heritage has worked closely to enhance relationships between tangata whenua, hapu and mana whenua and the Council.
- The Council established a Tangata Whenua Wastewater Committee 13 years ago. This is a special purpose Committee which was established to work through the development of wastewater solutions and issues facing the District in the future. In May 2014, a long-term wastewater discharge consent was granted for a period of 35 years. The Tangata Whenua Wastewater Joint Committee was integral in achieving this outcome and recognising the specific needs of Tangata Whenua in this consent.
- The Council has resolved to encourage the development of hapu management plans, within the provisions of the Resource Management Act 1991. During 2013/14, Hapu development planning has progressed, with Omahu Marae and further development planning has been explored with Kahuranaki and Waipatu Marae.
- In 2013/14 the Council had further Hui to discuss the development of the Whakatu Arterial Road project.
- The redevelopment of Civic Square has been re-scoped in 2013/14. Hui have been held with Ngāti Kahungunu Inc about incorporating the Ngāti Kahungunu Innovation Centre into the project.
- Council has worked with Ngā Marae o Heretaunga to develop a maintenance regime for Nga Pou o Heretaunga
- District Plan review – Members of the Māori Joint Committee have participated in the District Plan review hearings

# Financial statements



# Financial statements

Actual Council 2013 \$'000	Actual Group 2013 \$'000	Statement of comprehensive income for the year ended 30 June 2014	Notes	Budget Council 2014 \$'000	Actual Council 2014 \$'000	Actual Group 2014 \$'000
<b>INCOME WAS DERIVED FROM</b>						
62,968	62,968	Rates, excluding targeted water supply rates (i)	3	64,209	64,310	64,310
19,249	19,991	Fees, charges and targeted rates for water supply		19,505	20,278	20,948
2,773	2,773	Development and financial contributions (ii)		3,687	3,215	3,215
10,090	10,133	Subsidies and grants (iii)		12,772	11,127	11,406
84	86	Donations		56	37	37
540	563	Finance income (iv)	4	-	819	840
3,201	3,202	Other income (v)	5	582	2,479	2,480
1,832	1,832	Vested infrastructural assets (vi)		1,000	1,867	1,867
<b>100,737</b>	<b>101,548</b>	<b>Total income</b>		<b>101,811</b>	<b>104,132</b>	<b>105,103</b>
<b>EXPENDITURE WAS INCURRED ON</b>						
60,115	61,057	Operational costs	6	62,602	62,954	63,618
-	-	Hawke's Bay Opera House Complex – impairment of buildings			5,968	5,968
28,414	28,421	Depreciation and amortisation	7	29,069	28,562	28,574
4,101	4,101	Finance costs (vii)		4,652	4,176	4,176
<b>92,630</b>	<b>93,579</b>	<b>Total operating expenditure</b>		<b>96,323</b>	<b>101,660</b>	<b>102,336</b>
	192	Share of associate surplus				(49)
<b>8,107</b>	<b>8,161</b>	<b>Surplus/ (deficit) before tax</b>		<b>5,488</b>	<b>2,472</b>	<b>2,718</b>
-	-	Taxation expense (benefit)	8	-	-	-
<b>8,107</b>	<b>8,161</b>	<b>Net surplus (deficit) after tax</b>		<b>5,488</b>	<b>2,472</b>	<b>2,718</b>
<b>Other comprehensive income:</b>						
128,893	128,893	Gain/loss on infrastructural revaluations		90	19,886	19,886
(140)	(140)	Gain/loss on library book revaluations		-	(244)	(244)
<b>128,753</b>	<b>128,753</b>	<b>Total other comprehensive income</b>		<b>90</b>	<b>19,642</b>	<b>19,642</b>
<b>136,860</b>	<b>136,914</b>	<b>Total other comprehensive income</b>		<b>5,578</b>	<b>22,114</b>	<b>22,360</b>
<b>Net surplus/(deficit) attributable to:</b>						
8,107	8,161	Hastings District Council		5,488	2,472	2,718
<b>8,107</b>	<b>8,161</b>			<b>5,488</b>	<b>2,472</b>	<b>2,718</b>
<b>Total comprehensive income attributable to:</b>						
136,860	136,914	Hastings District Council		5,578	22,114	22,360
<b>136,860</b>	<b>136,914</b>			<b>5,578</b>	<b>22,114</b>	<b>22,360</b>

The accompanying notes form part of these financial statements.

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

- (i) Increase in rates revenue is due to an increase in the rating base and rate increases.
- (ii) Budgeted development contributions did not materialise due to development being slower than anticipated, due challenging economic conditions.
- (iii) The reduction in New Zealand Transport Agency (NZTA) subsidies were the major factor in the unfavourable variance.
- (iv) Finance income – Interest on surplus working capital reinvested.
- (v) Other income – Unrealised gain on interest rate swaps has resulted in a favourable variance in 2014.
- (vi) Vested assets income was higher than anticipated.
- (vii) Finance costs – Lower than budget, as consequence of lower debt levels and favourable interest rates. See (IV) above which reduces the net interest figure by \$819,000 to \$3,357,000.

Actual Council 2013 \$'000	Actual Group 2013 \$'000	Statement of changes in equity for the year ended 30 June 2014	Budget Council 2014 \$'000	Actual Council 2014 \$'000	Actual Group 2014 \$'000
1,471,298	1,474,427	Balance at 1 July	1,586,232	1,608,158	1,611,341
8,107	8,161	Surplus/(deficit)	5,488	2,472	2,718
128,753	128,753	Other comprehensive income	90	19,642	19,642
<b>136,860</b>	<b>136,914</b>	<b>Total comprehensive income</b>	<b>5,578</b>	<b>22,114</b>	<b>22,360</b>
<b>1,608,158</b>	<b>1,611,341</b>	<b>Balance at 30 June</b>	<b>1,591,808</b>	<b>1,630,272</b>	<b>1,633,701</b>
		<b>Total comprehensive income attributable to:</b>			
136,860	136,914	Hastings District Council	5,577	22,114	22,360

The accompanying notes form part of these financial statements.

Actual Council 2013 \$'000	Actual Group 2013 \$'000	Statement of financial position as at 30 June 2014: Assets	Notes	Budget Council 2014 \$'000	Actual Council 2014 \$'000	Actual Group 2014 \$'000
		<b>CURRENT ASSETS</b>				
3,135	3,609	Cash and cash equivalents		269	10,439	10,928
9,185	9,319	Debtors and other receivables	9	10,316	6,330	6,383
59	61	Inventories	10	48	80	80
30	30	Short term investments		-	30	30
<b>12,409</b>	<b>13,019</b>	<b>Current assets</b>		<b>10,633</b>	<b>16,879</b>	<b>17,421</b>
		<b>NON-CURRENT ASSETS</b>				
		<b>Other financial assets</b>				
1,066	4,009	Investments in associates and CCO's	11 (a)	1,063	1,063	3,961
1,430	1,088	Other non-current assets	11 (b)	1,746	1,457	1,334
<b>2,496</b>	<b>5,097</b>	<b>Non-current assets</b>		<b>2,809</b>	<b>2,520</b>	<b>5,295</b>
153,705	153,966	Plant, property and equipment	12	169,647	150,443	150,759
1,514,538	1,514,538	Infrastructural assets	12	1,505,519	1,534,644	1,534,644
429	429	Intangible assets	12	385	351	351
<b>1,683,577</b>	<b>1,687,049</b>	<b>Total assets employed</b>		<b>1,688,993</b>	<b>1,704,837</b>	<b>1,708,470</b>
		<b>LIABILITIES AND EQUITY</b>				
		<b>Current liabilities</b>				
-	-	Bank overdraft		0	-	-
11,967	12,183	Creditors and other payables	13	12,048	12,875	13,079
2,776	2,848	Employee entitlements	14	2,334	2,574	2,574
-	-	Derivative financial instruments	16	-	-	-
15,000	15,000	Public debt (i)	15	-	-	-
<b>29,743</b>	<b>30,031</b>	<b>Current liabilities</b>		<b>14,382</b>	<b>15,449</b>	<b>15,653</b>
		<b>Non-current liabilities</b>				
413	413	Provisions	13	401	703	703
750	750	Employee entitlements	14	778	676	676
3,772	3,772	Derivative financial instruments	16	3,500	1,996	1,996
40,741	40,741	Public debt (i)	15	78,123	55,741	55,741
<b>45,676</b>	<b>45,676</b>	<b>Non-current liabilities</b>		<b>82,802</b>	<b>59,116</b>	<b>59,116</b>
		<b>Public equity</b>				
1,181,900	1,185,084	Retained earnings	17	1,194,791	1,184,125	1,187,554
2,881	2,881	Restricted reserves	18	2,800	3,079	3,079
423,377	423,377	Revaluation reserves	19	394,218	443,068	443,068
<b>1,608,158</b>	<b>1,611,342</b>	<b>Equity</b>		<b>1,591,809</b>	<b>1,630,272</b>	<b>1,633,701</b>
<b>1,683,577</b>	<b>1,687,049</b>	<b>Total funds employed</b>		<b>1,688,993</b>	<b>1,704,837</b>	<b>1,708,470</b>

The major reasons for the variance between actual and budgeted balances at 30 June 2014 were:

- (i) Public debt levels were lower than budgeted at the end of the financial year due to projects not progressing as originally planned.

The accompanying notes form part of these financial statements.

Actual Council 2013 \$'000	Actual Group 2013 \$'000	Statement of cash flows for the year ended 30 June 2014	Notes	Budget Council 2014 \$'000	Actual Council 2014 \$'000	Actual Group 2014 \$'000
<b>CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES</b>						
<b>Cash was provided from:</b>						
63,286	63,286	Receipts from rates revenue		64,209	64,538	64,538
23,179	23,907	Receipts from customers		23,774	25,734	26,438
540	563	Interest received		-	819	840
10,174	10,337	Subsidies received		12,828	11,164	11,438
157	157	Goods and services tax (net)		-	1,142	1,142
<b>97,336</b>	<b>98,250</b>			<b>100,811</b>	<b>103,397</b>	<b>104,396</b>
<b>Cash was applied to:</b>						
57,950	59,145	Payments to suppliers and employees		62,601	58,753	59,667
3,952	3,952	Interest paid		4,652	4,137	4,137
<b>61,902</b>	<b>63,097</b>			<b>67,253</b>	<b>62,890</b>	<b>63,804</b>
<b>35,434</b>	<b>35,153</b>	<b>Net cash flows from operating activities (note 20)</b>	<b>A)</b>	<b>33,558</b>	<b>40,507</b>	<b>40,592</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
<b>Cash was provided from:</b>						
262	262	Sale of Property, Plant & Equipment (i)		1,318	211	211
-	17	Investments withdrawn		-	-	-
<b>262</b>	<b>279</b>			<b>1,318</b>	<b>211</b>	<b>211</b>
<b>Cash was applied to:</b>						
27,367	27,369	Purchase of Property, Plant & Equipment and infrastructural assets		37,902	33,171	33,238
274	274	Purchase of investments			244	247
<b>27,641</b>	<b>27,643</b>			<b>37,902</b>	<b>33,415</b>	<b>33,485</b>
<b>(27,379)</b>	<b>(27,364)</b>	<b>Net cash flows to investing activities</b>	<b>B)</b>	<b>(36,584)</b>	<b>(33,204)</b>	<b>(33,274)</b>
<b>Cash flows from financing activities</b>						
<b>Cash was provided from:</b>						
97,270	97,300	Loans raised		11,108	60,940	60,940
<b>Cash was applied to:</b>						
103,270	103,270	Repayment of loans		8,197	60,940	60,940
<b>(6,000)</b>	<b>(5,970)</b>	<b>Net cash flows from financing activities</b>	<b>C)</b>	<b>2,912</b>	<b>-</b>	<b>-</b>
<b>2,054</b>	<b>1,818</b>	<b>Net increase (decrease) in cash, cash equivalents and bank overdraft</b>	<b>(A+B+C)</b>	<b>(115)</b>	<b>7,304</b>	<b>7,319</b>
1,081	1,791	Cash, cash equivalents and bank overdraft at the beginning of the year		383	3,135	3,609
3,135	3,609	Cash, cash equivalents and bank overdraft at the end of the year		269	10,439	10,928
<b>CASH AT END OF YEAR COMPRISES</b>						
3,135	3,609	Cash and cash equivalents		269	10,439	10,928
<b>3,135</b>	<b>3,609</b>			<b>269</b>	<b>10,439</b>	<b>10,928</b>

The accompanying notes form part of these financial statements.

# Notes to financial statements

## 1. Statement of accounting policies

### Reporting entity

Hastings District Council ('the Council') is a territorial authority within the definition of the Local Government Act 2002 and domiciled in New Zealand.

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

- Water & Roads
- Safe, Healthy & Liveable Communities
- Economic & Community Development
- Governance & Support Services

The Hastings District Council Group consists of Hastings District Council and the following subsidiaries and associates:

<b>Te Mata Park Trust Board</b>	<b>Hastings District Holdings Limited</b>
100%	100%

HB LASS Limited is a Council Controlled Organisation of which Hastings District Council holds a 20% shareholding.

Hastings District Council has a 24% shareholding in Hawke's Bay Airport Limited, a Council Controlled Organisation.

Horse of the Year (Hawke's Bay) Limited is an associate that Hastings District Council hold a 33% shareholding.

Hastings District Holdings Limited provides Council 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 the Hastings District Properties Limited.

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

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

The financial statements include the activities of the Council and of all subsidiaries and associates.

The primary objective of the Hastings District Council is to provide goods and services for the community or social benefit rather than making a financial return. Accordingly the Hastings District Council has designated itself and the group as public benefit entities for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

All available reporting exemptions allowed under the framework for Public Benefit Entities have been adopted.

The financial statements of the Hasting District Council and group are for the year ended 30 June 2014. The financial statements were authorised for issue by Council on 23 October 2014.

#### Basis of preparation

##### **Statement of compliance**

The financial statements of the Hastings District Council and groups have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

These financial statements have been prepared in accordance with NZ GAAP. They comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The Council financial statements and the Group financial statements presented in this Annual Report include a statement of comprehensive income, a statement of cash flows, a statement of financial position and a statement of changes in equity, with supporting notes, encompassing all activities of the Council.

In order to meet its obligations of public accountability, the Hastings District Council has also included for each group of activity funding impact statements for the whole of council.

##### **Measurement base**

The measurement base adopted is that of historical cost, modified by the revaluation of certain classes of property, plant and equipment, and financial instruments (including derivative instruments).

##### **Functional and presentation currency**

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000). The functional currency of the Hastings District Council and group is New Zealand dollars.

##### **Changes in accounting policies**

There were no changes in accounting policies for the 2013/14 financial year.

The Council and group have adopted the following revisions to accounting standards during the financial year, which have had only a presentational or disclosure effect:

Standards, amendments, and interpretations issued that are not yet effective and have not been early adopted:

Standards, amendments, and interpretations issued but not yet effective that have not been early adopted, and which are relevant to the Council and group, are:

- NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following 3 main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus/deficit. The new standard is required to be adopted for the year ended 30 June 2016. However, as a new Accounting Standards Framework will apply before this date, there is no certainty when an equivalent standard to NZ IFRS 9 will be applied by public benefit entities.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Hastings District Council is classified as a Tier 1 reporting entity and it will be required to apply full Public Benefit Entity Accounting Standards (PAS). These standards are being developed by the XRB based on current International Public Sector Accounting Standards. The effective date for the new standards for public sector entities is expected to be for reporting periods beginning on or after 1 July 2014. This means the Council expects to transition to the new standards in preparing its 30 June 2015 financial statements. As the PAS are still under development, the Council is unable to assess the implications of the new Accounting Standards Framework at this time.

Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standard Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

## Significant accounting policies

### **Basis of consolidation**

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

### **Subsidiaries**

The Hastings District Council consolidates in the group financial statements all entities where the Hastings District 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 Hastings District 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 Hastings District 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.

Hastings District Holdings Limited are 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.

### **Associate**

The Hastings District Council's associate investment is accounted for in the group financial statements using the equity method. An associate is an entity over which the Hastings District Council has significant influence and that is neither a subsidiary nor an interest in a joint venture. 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 Hastings District 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.

The Hastings District Council's 23.88% share of the profit of Hawke's Bay Airport Limited is recognised in the period which matches the reporting period of the Airport Authority. The investment has been equity accounted.

The Hastings District Council's 33% share of the profit of Horse of the Year (Hawke's Bay) Limited is recognised in the period which matches the reporting period ending 31 May 2014. The investment has been equity accounted

The Hastings District Council's has a 20% shareholding in HB LASS, which is a Council Controlled Organisation.

#### Joint venture

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. For jointly controlled operations, the Council and group recognises in its financial statements the assets it controls, the liabilities and expenses it incurs, and the share of income that it earns from the joint venture.

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

#### Revenue

Revenue is measured at the fair value of consideration received or receivable.

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 when payable.

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.

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.

#### Government grants

Government grants are received from the 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.

#### Development contributions

Development and financial contributions are recognised as revenue when the Hastings District 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 the Council provides, or is able to provide, the service.

**Vested assets**

Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as income. Assets vested in the Council are recognised as income when control over the asset is obtained.

**Other revenue**

- Other Government grants are recognised as income when eligibility has been established by the grantor agency.
- Investment income in the form of interest is recognised using the effective interest method.
- Dividend income is recognised when the right to receive payment has been established.

**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.

**Income tax**

The Hastings District 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 income or directly in equity.

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

## 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 Hastings District 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.

### Construction contracts

Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract at balance date. The stage of completion is measured by reference to the contract costs incurred up to balance date as a percentage of total estimated costs for each contract.

Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms for the contract, and an allocation of overhead expenses incurred in connection with the group's construction activities in general.

### 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 Hastings District 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.

### Borrowing costs

The Hastings District Council and group have elected to defer the adoption of NZ IAS 23 Borrowing Costs (Revised 2007) in accordance with its transitional provisions that are applicable to public benefit entities.

Consequently 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 Hastings District Council.

The cash flows are classified into three sources:

- **Operating activities** – Includes cash received from all income sources of Council and cash paid for the supply of goods and services, including interest on debt.
- **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.
- **Financing activities** – Includes movements in the Council's public debt from loans raised and loans repaid.

### Financial assets

The Hastings District Council classifies its financial assets into the following four categories: financial assets at fair value through surplus or deficit, held to maturity investments, loans and receivables and financial assets at fair value through other comprehensive income.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets and liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the statement of comprehensive income.

The four categories of financial assets are:

(a) **Financial assets at fair value through surplus or deficit**

This category has two sub categories: financial assets held for trading, and those designated at fair value through surplus or deficit at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management.

Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

After initial recognition they are measured at their fair values with gains or losses on re-measurement recognised in the statement of comprehensive income. Financial Assets in this category include Interest Rate Swaps.

(b) **Loans and receivables**

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial recognition they are measured at amortised cost using the effective interest method less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit. Loans and receivables are classified as 'Debtors and other receivables' in the statement of financial position.

(c) **Held to maturity investments**

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Council has the positive intention and ability to hold to maturity.

After initial recognition they are measured at amortised cost using the effective interest rate method less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

(d) **Financial assets at fair value through other comprehensive income**

Financial assets at fair value through other comprehensive income are those that are designated into the category at initial recognition or are not classified in any of the other categories above. After initial recognition these investments are measured at their fair value.

Gains and losses are recognised in other comprehensive income except for impairment losses, which are recognised in the statement of comprehensive income. On derecognition the cumulative gain or loss previously recognised in other comprehensive income is re-classified from equity to the Statement of comprehensive income.

**Accounting for derivative financial instruments and hedging activities**

Council uses derivative financial instruments to hedge exposure to interest rate risk arising from financing activities. Council's derivative financial instruments are not designated as hedging instruments for accounting purposes. Accordingly, derivative financial instruments are reported as financial instruments at fair value through surplus or deficit.

### Impairment of financial assets

Financial assets are assessed for objective evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit.

#### Loans and other receivables, and held-to-maturity investments

Impairment is established when there is objective evidence that the Council and group will not be able to collect amount due according to the original terms of the debt. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy and default in payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written-off against the allowance account. Overdue receivable that have been renegotiated are reclassified as current (that is, not past due), Impairment is term deposits, local authority stock, government stock, and community loans are recognised directly against the instrument's carrying amount.

#### Financial assets at fair value through other comprehensive income

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment.

For debt investments, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered objective indicators that the asset is impaired.

If impairment evidence exists for investments at fair value through other comprehensive income, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive income is reclassified from equity to the surplus or deficit.

Equity instrument impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit. If in a subsequent period the fair value of a debt instrument increase and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed in the surplus or deficit.

### Property, Plant & Equipment

Property, Plant & 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 Hastings District 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 & 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 & Equipment are accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to other comprehensive income 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 income 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 income.

- Land and buildings were revalued in June 2012 by Mr John Reid (M Property Studies, B Com, ANZIV, SNZPI) of Logan Stone 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 Trust Board Asset is recorded at cost less accumulated depreciation to date.
- Library Collections are valued at depreciated replacement cost in accordance with guidelines established by the New Zealand Libraries Association. Library valuations are performed by an independent valuer, Dr Robin Watt MA (Hons.) PhD of R.J. Watt & Associates. The last valuation was performed as at June 2014.
- Plant, Machinery & Vehicles are recorded at cost less accumulated depreciation to date.

- Landfill. The Hastings District Council's 63.68% share of all assets of the Omarunui Refuse Landfill has been included at cost less accumulated depreciation.
- Brian Wood of Peter Webb Galleries Ltd valued the heritage assets in June 2013, 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.
- Infrastructure assets for water were valued at June 2014 at depreciated replacement cost by the Hastings District engineers and independently reviewed by Mr Neville West of NW Solutions. These values were determined by calculation of the current cost of replacement adjusted by the estimated remaining useful life of the asset. Future revaluations will take place at two yearly intervals.
- Parks assets were valued at June 2013 at depreciated replacement cost by Hastings District Council's parks asset manager and independently reviewed by John Reid (M Property Studies, B Com, FNZIV, FPINZ) of Logan Stone Ltd, registered valuers. The values were determined by calculation at the current cost of replacement adjusted by the estimated remaining useful life of the asset. Future revaluations will take place at two yearly intervals.

#### (b) Additions

The cost of an item of Property, Plant & 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 Hastings District Council and group and the cost the item can be measure reliable.

Infrastructural asset additions between valuations are recorded at cost, except for assets which are vested in the Hastings District Council as part of the sub-divisional consent process. Vested infrastructure assets are valued based on the Hastings District Council's standard unit cost rate and independently reviewed by Mr Ross Waugh of Waugh Infrastructure Management Ltd.

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

Property, Plant & Equipment are recognised at its 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.

#### (d) Depreciation

Land is not depreciated.

All other assets with the exception of Plant, Machinery & Vehicles are depreciated on a straight-line basis at rates estimated to write off their cost over the expected useful economic life.

Plant, Machinery & 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)	
<b>BUILDINGS</b>		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
<b>WATER SUPPLY</b>		<b>WASTEWATER</b>	
Pipes	27-120	Pipes	25-100
Valves, hydrants	50-80	Manholes	80
Pump Stations	15-80	Pump stations	15-80
Bores	50	Treatment plant	20
Reservoirs	100	Submarine outfall	50
Treatment Plant	5-20		
<b>STORMWATER DISPOSAL</b>		<b>ROADING NETWORK</b>	
Pipes	100	Top surface (seal)	13
Manholes	100	Pavement (incl. kerbs)	30-85
Detention dams	100	Formation	Not depreciated
Open channels	50	Footpaths	20-75
Service laterals	80	Street lights (poles)	50
<b>PARKS</b>		Traffic signals	15
Soft landscaping	38-75	Signs	10-15
Hard landscaping	6-100	Unsealed roads	Not depreciated
Playgrounds	7-50	Roading land	Not depreciated
Services	30-80	Bridges and culverts	30-140
Structures	6-100		
Buildings	6-100		

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

#### (e) 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 & Equipment are recognised in the surplus or deficit as they are incurred.

#### Intangible assets

##### Software acquisition and development

Acquired computer software licenses 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%
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### Impairment of property plant and equipment and intangible assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may 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.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the assets ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

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

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 the revaluation reserve. 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 (other than goodwill) the reversal of an impairment loss is recognised in the surplus or deficit.

### 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.

#### **Debtors and other receivables**

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using face value, less any provision for impairment.

A provision for impairment of receivables is established when there is objective evidence that the Hastings District Council will not be able to collect all amounts due according to the original terms of receivables. The amount of provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

#### **Employee entitlements**

##### **Short term employee entitlements**

Employee benefits expected to be settled within 12 months of balance date are measured at nominal values 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.

##### **Long term employee entitlements**

Employee benefits which are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave, have been calculated on an actuarial basis. The calculation is based on:

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

Expected future payments are discounted using market yields on government bonds at balance date with terms of maturity that match, as closely as possible, the estimated future cash outflows for entitlements. The inflation factor is based on the expected long term increase in remuneration for employees.

#### **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.

##### **Defined benefit schemes**

The Hastings District Council belongs to the Defined Benefit Plan Contributors Scheme, which is managed by the National Provident Fund. The scheme is a multi-employer defined benefit scheme. Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the scheme, the extent to which the surplus/deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme.

##### **Landfill post-closure costs**

The Hastings District Council, as operator and 63.68% owner of the Omarunui landfill, has a legal obligation under the resource consent to provide ongoing maintenance and monitoring services at the landfill site after closure. Hastings District 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 Hastings District Council.

#### **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 Hastings District Council's social housing policy and are accounted for as property, plant and equipment.

#### **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.

#### **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.

#### **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'.

### **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: Retained Earnings, Restricted Reserves and Asset Revaluation 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 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 relates to the revaluation of Property, Plant & Equipment to fair value.

### **Budget figures**

The budget figures are those approved by the Hastings District Council in its 2013/14 Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Hastings District Council for the preparation of the financial statements.

### **Comparative figures**

Comparative figures disclosed in the accounts may have minor changes to those presented in the 2012/13 Annual Report. This has only been done in cases where the changes result in more meaningful comparisons, or to comply with the new presentation requirements of the Local Government (Financial Reporting) Regulations 2014.

### **Critical accounting estimates and assumptions**

In preparing these financial statements Council has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements 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 discussed below:

#### **Landfill aftercare provision**

Note 24 discloses an analysis of the exposure of Council in relation to the estimates surrounding the landfill aftercare provision.

### 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 income. 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.

Experienced independent valuers peer review the Council's infrastructural asset valuations.

### Creditors and other payables

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

### Critical judgements in applying Council's accounting policies

Management has exercised the following critical judgements in applying accounting policies for the year ended 30 June 2014:

- Classification of property; and
- The Hastings District 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 Hastings District Council's social housing policy. The properties are therefore accounted for as property, plant and equipment.

### 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.

### Other investments

The carrying amount of term deposits approximates their fair value.

2. Funding impact statement for the whole of council as at 30 June 2014	Budget Council 2013 \$'000	Actual Council 2013 \$'000	Budget Council 2014 \$'000	Actual Council 2014 \$'000	Variance \$'000
Notes					
<b>SOURCES OF OPERATING FUNDING</b>					
General rates, uniform annual general charge, rates penalties	50,159	52,468	51,300	51,158	(142)
Targeted rates	12,345	10,500	12,909	13,151	242
Subsidies and grants for operating purposes	4,940	4,514	4,609	4,643	34
Fees and charges	18,987	18,982	19,257	20,030	773
Interest and dividends from investments	5	125	5	130	125
Local authorities fuel tax, fines, infringement fees and other receipts	791	782	825	762	(63)
<b>Total operating funding (A)</b>	<b>87,229</b>	<b>87,371</b>	<b>88,905</b>	<b>89,875</b>	<b>970</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>					
Payments to staff and suppliers	58,148	55,372	59,539	57,586	1,953
Finance costs	4,828	3,902	4,951	3,724	1,227
Other operating funding applications	4,617	4,076	3,575	4,959	(1,384)
<b>Total applications of operating funding (B)</b>	<b>67,592</b>	<b>63,350</b>	<b>68,065</b>	<b>66,269</b>	<b>1,796</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>19,637</b>	<b>24,021</b>	<b>20,840</b>	<b>23,606</b>	<b>2,766</b>
<b>SOURCES OF CAPITAL FUNDING</b>					
Subsidies and grants for capital expenditure	6,480	5,660	8,219	6,520	(1,699)
Development and financial contributions	3,281	2,527	3,387	2,672	(715)
Increase (decrease) in debt	5,409	(2,634)	2,912	(1,697)	(4,609)
Gross proceeds from sale of assets	212	254	1,318	250	(1,068)
Lump sum contributions	300	246	300	544	244
<b>Total sources of capital funding ( C)</b>	<b>15,683</b>	<b>6,052</b>	<b>16,136</b>	<b>8,289</b>	<b>(7,847)</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>					
<b>Capital expenditure</b>					
To meet additional demand	5,769	1,986	4,585	2,169	2,416
To improve the level of service	11,377	8,118	12,816	10,607	2,209
To replace existing assets	20,425	16,190	19,989	17,609	2,380
Increase (decrease) in reserves	(2,461)	3,535	(414)	1,269	(1,683)
Increase (decrease) of investments	210	244		240	(240)
<b>Total applications of capital funding (D)</b>	<b>35,319</b>	<b>30,073</b>	<b>36,976</b>	<b>31,894</b>	<b>5,082</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(19,637)</b>	<b>(24,021)</b>	<b>(20,840)</b>	<b>(23,606)</b>	<b>(2,766)</b>
<b>Total funding balance (A-B) + (C-D)</b>	<b>-</b>	<b>( )</b>	<b>-</b>	<b>( )</b>	<b>( )</b>
<b>Depreciation and amortisation expense</b>					
Depreciation and amortisation expense	25,931	28,414	29,069	28,562	507
Less unfunded	2,575	2,574	2,686	2,945	(259)
Net funding transferred to renewals reserve	23,356	25,840	26,383	25,617	766

The funding impact statement includes internal interest, but excludes non-cash items such as vested infrastructural assets and depreciation.

Key financial variances have been explained at an individual Funding Impact Statement level.

Actual Council 2013 \$'000	3. Rates income excluding targeted water supply rates	Budget Council 2014 \$'000	Actual Council 2014 \$'000
36,642	General rate	37,304	37,003
8,588	Community and resource rate	9,111	9,074
4,823	Uniform annual general charge	4,894	4,865
	<b>TARGETED RATES</b>		
46	Havelock North Business Association	46	45
81	Swimming pools	109	90
111	Havelock North parking	101	112
224	Hastings City marketing	221	220
338	Security patrols	333	333
31	CBD Hastings	61	61
7	CBD Havelock North	15	15
-	Rural seal extension	-	(3)
99	Whakatu stormwater	100	99
16	Waimarama seawall	16	16
4,692	Wastewater	4,608	4,746
22	Waipatiki wastewater operational	26	23
32	Waipatiki wastewater capital	30	33
1,799	Wastewater levy (80%)	1,699	1,821
4,150	Water supply	4,746	4,517
663	Kerbside recycling	660	669
352	Refuse collection	292	335
-	Waimarama refuse collection	13	-
21	Whirinaki water supply – capital	18	21
-	Waimarama Domain	8	-
231	Rates penalties and remissions (Net)	(203)	216
<b>62,968</b>		<b>64,209</b>	<b>64,311</b>

The Hastings District Council is required by the LGFA Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates income. That Deed defines annual rates income 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 income of the Council for the year ended 30 June 2014 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown below:

Actual Council 2013 \$'000		Budget Council 2014 \$'000	Actual Council 2014 \$'000
<b>TOTAL ANNUAL RATES INCOME</b>			
62,968	Rates excluding targeted water supply rates	64,209	64,311
526	Targeted water supply rates	575	470
	Lump sum contributions		
<b>63,494</b>		<b>64,784</b>	<b>64,781</b>

Actual Council 2013 \$'000	Actual Group 2013 \$'000	4. Finance income	Actual Council 2014 \$'000	Actual Group 2014 \$'000
246	246	Special fund investment	309	309
540	563	Other investments	819	840
<b>786</b>	<b>809</b>		<b>1,128</b>	<b>1,149</b>
(246)	(246)	Less interest on internal borrowings	(309)	(309)
<b>540</b>	<b>563</b>		<b>819</b>	<b>840</b>
Actual Council 2013 \$'000	Actual Group 2013 \$'000	5. Other income	Actual Council 2014 \$'000	Actual Group 2014 \$'000
515	515	Petrol tax	514	514
78	79	Profit on sale of property, plant and equipment	58	58
2,530	2,530	Unrealised gain on interest rate swaps	1,776	1,776
78	78	Dividends received	130	130
<b>3,201</b>	<b>3,202</b>		<b>2,478</b>	<b>2,478</b>

Actual Council 2013 \$'000	Actual Group 2013 \$'000	6. Operational costs	Actual Council 2014 \$'000	Actual Group 2014 \$'000
670	670	Councillors remuneration	709	709
15,563	15,563	Contracted service costs	16,096	16,096
2,301	2,301	Consultancy services	2,758	2,758
313	313	Lease payments (operating)	303	303
93	112	Fees to Audit New Zealand for audit of the Council's financial statements	104	126
6	6	Total bad debts written off	26	26
(50)	(50)	Change in provision for doubtful debts	(92)	(92)
578	578	Loss on sale of property, plant and equipment	886	886
5,800	5,941	Maintenance and asset costs	5,873	5,992
2,928	2,928	Energy costs	3,079	3,079
23,507	24,328	Salary and wages	24,849	25,703
567	567	Defined contribution plan – employer contributions	680	680
158	158	Increase/decrease in employee entitlements/liabilities	(36)	(36)
1,395	1,447	Administration costs	1,340	1,428
3,275	2,490	Sponsorships and grants	3,452	2,746
2,730	3,424	Other costs	2,712	2,999
281	281	Revaluation decrement		
		Impairment loss on non-fixed asset	215	215
<b>60,115</b>	<b>61,057</b>		<b>62,954</b>	<b>63,618</b>

Actual Council 2013 \$'000	Actual Group 2013 \$'000	7. Depreciation and amortisation expense	Actual Council 2014 \$'000	Actual Group 2014 \$'000
614	621	Operational buildings	633	645
1,090	1,090	Restricted buildings	1,186	1,186
241	241	Library collection	247	247
935	935	Plant, equipment and motor vehicles	1,003	1,003
103	103	Furniture and fittings	99	99
740	740	Landfill	781	781
767	767	Computers and office equipment	650	650
<b>4,490</b>	<b>4,497</b>	<b>Total Property, Plant &amp; Equipment</b>	<b>4,599</b>	<b>4,611</b>
1,597	1,597	Water supply network	1,667	1,667
5,444	5,444	Wastewater disposal network	5,493	5,493
2,470	2,470	Stormwater disposal network	2,510	2,510
13,158	13,158	Roading foundations and bridges	13,117	13,117
1,017	1,017	Parks	943	943
<b>23,686</b>	<b>23,686</b>	<b>Total infrastructural assets</b>	<b>23,730</b>	<b>23,730</b>
<b>AMORTISATION</b>				
238	238	Intangible assets – computer software	234	234
<b>28,414</b>	<b>28,421</b>		<b>28,563</b>	<b>28,575</b>

Actual Council 2013 \$'000	Actual Group 2013 \$'000	8. Taxation	Actual Council 2014 \$'000	Actual Group 2014 \$'000
8,107	8,161	Net operating surplus before taxation	2,472	2,718
	(192)	Share of associate's retained surplus		49
<b>8,107</b>	<b>7,969</b>		<b>2,472</b>	<b>2,767</b>
2,270	2,231	Tax at 28%	692	775
		<b>Plus (Less) tax effect of:</b>		
(2,270)	(2,231)	Permanent differences	(692)	(775)
		Imputation credits		
-	-	<b>Residual taxation payable</b>	-	-
		<b>Comprising:</b>		
-	-	- Current tax	-	-
-	-	- Future income tax benefit	-	-
-	-		-	-
		<b>Future tax benefit:</b>		
-	-	- Opening balance	-	-
-	-	- Movement	-	-
-	-	<b>Closing balance</b>	-	-

Unused tax losses for the Hastings District Holdings Limited of \$805,642 (2013: \$793,944) are available to carry forward and offset against future taxable income. Unused Tax losses for the Hastings District Properties Limited of \$76,842 (2013: \$64,158) are available to carry forward. Unused Tax losses for the Hawke's Bay Opera House Limited of \$64,433 (2013: \$nil) are available to carry forward. Unused tax losses for the Hastings District Council of \$276,630 (2013: \$276,630) are available to carry forward and offset against future taxable income.

Actual Council 2013 \$'000	Actual Group 2013 \$'000	9. Debtors and other receivables	Actual Council 2014 \$'000	Actual Group 2014 \$'000
1,748	1,748	Rates debtors	1,351	1,351
6,264	6,398	General debtors	4,425	4,478
1,502	1,502	GST receivable	769	769
125	125	Other current assets	147	147
<b>9,639</b>	<b>9,773</b>		<b>6,692</b>	<b>6,745</b>
(454)	(454)	Less impairment of receivables	(363)	(363)
<b>9,185</b>	<b>9,319</b>		<b>6,329</b>	<b>6,382</b>

#### Fair value

Debtors and other receivables are non-interest bearing and receipt is normally on 30-day terms, therefore the carrying value of debtors and other receivables approximates their fair value.

#### Impairment

Hastings District Council does not provide for any impairment 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 months after the due date for payment. If payment has not been made within three 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.

#### Related parties

- At the end of the financial year Hawke's Bay Opera House Limited, a related party, owed Hastings District Council \$0.00 (2013: \$10,765).
- At the end of the financial year, Hawke's Bay Regional Sports Park Trust, a related party owed Hastings District Council \$6,211 (2013: \$4,503).

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

Council Gross \$'000	Impairment \$'000	The status of receivables are detailed below:	Gross \$'000	Impairment \$'000
<b>DEBTORS</b>				
7,087	-	- Not past due	5,060	-
956	-	- Past due 1-60 days	571	-
101	-	- Past due 61-90 days	48	-
1,496	(454)	Past due > 90 days	1,013	(363)
<b>9,639</b>	<b>(454)</b>		<b>6,692</b>	<b>(363)</b>
Group Gross \$'000	Impairment \$'000	The status of receivables are detailed below:	Gross \$'000	Impairment \$'000
<b>DEBTORS</b>				
7,221	-	- Not past due	5,113	-
956	-	- Past due 1-60 days	571	-
101	-	- Past due 61-90 days	48	-
1,496	(454)	Past due > 90 days	1,013	(363)
<b>9,773</b>	<b>(454)</b>		<b>6,745</b>	<b>(363)</b>

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

The impairment provision has been calculated based on a review of specific overdue receivables and a collective assessment. The collective impairment provision is based on an analysis of past collection history and debt write-offs.

Actual Council 2013 \$'000	Actual Group 2013 \$'000		Actual Council 2014 \$'000	Actual Group 2014 \$'000
74	74	Individual Impairment	97	97
380	380	Collective Impairment	266	266
<b>454</b>	<b>454</b>		<b>363</b>	<b>363</b>

Individually impaired receivables have been determined to be impaired because of the significant financial difficulties being experienced by the debtor. An analysis of these individually impaired debtors, are as follows:

Actual Council 2013 \$'000	Actual Group 2013 \$'000		Actual Council 2014 \$'000	Actual Group 2014 \$'000
		Past due 1-60 days		
		Past due 61-90 days		
74	74	Past due > 90 days	97	97
<b>74</b>	<b>74</b>		<b>97</b>	<b>97</b>

Movements in the provision for impairment of receivables are as follows:

Actual Council 2013 \$'000	Actual Group 2013 \$'000		Actual Council 2014 \$'000	Actual Group 2014 \$'000
505	505	As at 1 July	454	454
-	-	Additional provisions made during the year	-	-
(45)	(45)	Provisions reversed during the year	(65)	(65)
(6)	(6)	Receivables written-off during the year	(26)	(26)
<b>454</b>	<b>454</b>		<b>363</b>	<b>363</b>
Actual Council 2013 \$'000	Actual Group 2013 \$'000	10. Inventories	Actual Council 2014 \$'000	Actual Group 2014 \$'000
59	61	Inventories held for distribution	80	80
<b>59</b>	<b>61</b>	<b>Closing balance</b>	<b>80</b>	<b>80</b>

No inventories are pledged as security for liabilities. (2013: nil)

The carrying amount of inventory held for distribution that is measured at current replacement cost as at 30 June 2014 amounted to \$nil (2013: \$nil).

Actual Council 2013 \$'000	Actual Group 2013 \$'000	11.(a) Investment in associates and CCO's	Actual Council 2014 \$'000	Actual Group 2014 \$'000
1,063	4,006	Hawke's Bay Airport Limited	1,063	3,993
1	1	HB Lass Limited	-	1
2	2	Horse of the Year (Hawke's Bay) Limited	-	(34)
<b>1,066</b>	<b>4,009</b>	<b>Total investments in Associates</b>	<b>1,063</b>	<b>3,961</b>
		<b>HAWKE'S BAY AIRPORT LIMITED</b>		
		Name of entity: Hawke's Bay Airport Limited		
		Principal activities: Airport		
		Ownership: 24% (2012: 24%)		
		Owner: Hawke's Bay Airport Limited		
		Balance date: 30 June 2014		
	1,063	HDC investment in Hawke's Bay Airport Limited		1,063
	2,753	Retained earnings at the beginning of year		2,943
	<b>3,816</b>	<b>Carrying amount at beginning of year</b>		<b>4,006</b>
		<b>Council's share of the results of Hawke's Bay Airport Limited</b>		
	190	Share of surplus before taxation		(13)
	-	- Share of other recognised revenues and expenses		-
	<b>190</b>	<b>Share of total recognised revenues and expenses</b>		<b>(13)</b>
		<b>Carrying Amount of Investment in Hawke's Bay Airport Limited</b>		
	3,816	Carrying amount at beginning of year		4,006
	190	Share of total recognised revenues and expenses		(13)
	<b>4,006</b>	<b>Carrying amount at end of year</b>		<b>3,993</b>
		<b>HB LASS LIMITED</b>		
-	15	Assets		6
-	14	Liabilities		5
-	3	Revenues		22
-	-	Surplus/ (deficit)		-
0%	20%	Group's interest		20%
		<b>HORSE OF THE YEAR (HAWKE'S BAY) LIMITED</b>		
-	53	Share of assets		90
-	51	Share of liabilities		123
-	750	Share of revenues		764
-	2	Share of surplus/ (deficit)		(36)
0%	33%	Group's Interest		33%

### Fair value

Unlisted shares are recognised at fair value. The fair value of unlisted share are determined by market value with agreement between NZ LGFA and the shareholder.

More details on associates in Council controlled organisations and other interests section of this Annual Report.

Actual Council 2013 \$'000	Actual Group 2013 \$'000	11.(b) Other non-current assets	Actual Council 2014 \$'000	Actual Group 2014 \$'000
-	80	Term deposits	-	84
373	373	Unlisted shares in LGFA	373	373
478	478	Borrower notes in LGFA	720	720
157	157	NZ Local Government Insurance Association	157	157
422	-	Subsidiary Hastings District Holdings Limited	207	-
<b>1,430</b>	<b>1,088</b>	<b>Total other non-current assets</b>	<b>1,457</b>	<b>1,334</b>
Actual Council 2013 \$'000	Actual Group 2013 \$'000	11.(c) Investment in other entities and CCO's	Actual Council 2014 \$'000	Actual Group 2014 \$'000
	80	Term deposits		84
1,063	4,006	Hawke's Bay Airport Limited	1,063	3,993
1	1	HB LASS Limited	-	1
2	2	Horse of the Year (Hawke's Bay) Limited	-	(34)
373	373	Unlisted shares in LGFA	373	373
478	478	Borrower notes in LGFA	720	720
157	157	NZ Local Government Insurance Association	157	157
422	-	Subsidiary Hastings District Holdings Limited	207	-
<b>2,496</b>	<b>5,097</b>	<b>Total investment in other entities and CCO's</b>	<b>2,520</b>	<b>5,295</b>

12. Property, Plant & Equipment: 2014	1 Jul 2013	1 Jul 2013	1 Jul 2013								30 Jun 2014	30 Jun 2014	30 Jun 2014
	Cost/ Revaluation	Accumulated depreciation and impairment charges	Carrying amount	Additions	Disposals	Impairment charges	Amortisation charges	Depreciation	Depreciation writeback	Revaluation/ other movements	Cost/ Revaluation	Accumulated depreciation and impairment charges	Carrying amount
<b>\$'000</b>													
<b>COUNCIL OPERATIONAL ASSETS</b>													
Operational buildings	26,654	(614)	26,040	640	-	-	-	(633)	-	-	27,294	(1,247)	26,047
Operational land	23,955	-	23,956	68	-	-	-	-	-	-	24,023	-	24,023
Heritage	537	-	537	-	-	-	-	-	-	-	537	-	537
Library books	2,240	-	2,240	407	-	-	-	(247)	247	(491)	2,156	-	2,156
Computers and office equipment *	6,077	(4,743)	1,334	342	-	-	-	(649)	-	24	6,419	(5,370)	1,049
Furniture and fittings	2,218	(1,635)	583	32	(12)	-	-	(99)	11	-	2,239	(1,722)	517
Plant, Equipment & Vehicles*	12,600	(7,684)	4,916	1,323	(913)	-	-	(1,005)	750	-	13,010	(7,939)	5,071
Landfill	18,336	(10,975)	7,361	483	-	-	-	(781)	-	-	18,818	(11,756)	7,063
<b>Total operational assets</b>	<b>92,618</b>	<b>(25,652)</b>	<b>66,967</b>	<b>3,295</b>	<b>(925)</b>	<b>-</b>	<b>-</b>	<b>(3,413)</b>	<b>1,009</b>	<b>(467)</b>	<b>94,497</b>	<b>(28,034)</b>	<b>66,464</b>
<b>COUNCIL RESTRICTED ASSETS</b>													
Restricted buildings	43,475	(1,091)	42,383	5,021	-	(5,968)	-	(1,117)	-	(1,500)	41,028	(2,208)	38,820
Restricted land	44,356	-	44,356	804	-	-	-	-	-	-	45,160	-	45,160
Total restricted assets	87,831	(1,091)	86,739	5,824	-	(5,968)	-	(1,117)	-	(1,500)	86,187	(2,208)	83,979
Total operational and restricted assets	180,449	(26,743)	153,707	9,119	(925)	(5,968)	-	(4,530)	1,009	(1,967)	180,684	(30,241)	150,443
<b>SUBSIDIARIES PROPERTY, PLANT AND EQUIPMENT</b>													
Plant and equipment	19	(15)	4	67	-	-	-	(7)	-	-	87	(22)	64
Restricted buildings	137	(11)	126	-	-	-	-	(4)	-	-	137	(15)	121
Restricted land	130	()	130	-	-	-	-	-	-	-	130	-	130
Office equipment	2	(1)	1	-	-	-	-	()	-	-	2	(1)	1
<b>Total subsidiary assets</b>	<b>287</b>	<b>(27)</b>	<b>260</b>	<b>67</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(12)</b>	<b>-</b>	<b>-</b>	<b>355</b>	<b>(39)</b>	<b>316</b>
<b>Total Group</b>	<b>180,736</b>	<b>(26,770)</b>	<b>153,967</b>	<b>9,187</b>	<b>(925)</b>	<b>(5,968)</b>	<b>-</b>	<b>(4,542)</b>	<b>1,009</b>	<b>(1,967)</b>	<b>181,039</b>	<b>(30,280)</b>	<b>150,759</b>
<b>INTANGIBLE ASSETS</b>													
Computer software	4,431	(4,002)	429	154	-	-	(234)	-	4	-	4,584	(4,233)	351
<b>Total intangible assets</b>	<b>4,431</b>	<b>(4,002)</b>	<b>429</b>	<b>154</b>	<b>-</b>	<b>-</b>	<b>(234)</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>4,584</b>	<b>(4,233)</b>	<b>351</b>
<b>COUNCIL INFRASTRUCTURAL ASSETS</b>													
Bridges	68,103	-	68,103	-	-	-	-	(1,238)	-	-	68,103	(1,238)	66,865
Roading – land	128,966	-	128,966	-	-	-	-	-	-	-	128,966	-	128,966
Roading – other	882,040	-	882,040	13,258	-	-	-	(11,878)	-	-	895,298	(11,878)	883,420
Stormwater disposal network	177,628	(4,927)	172,702	885	(243)	-	-	(2,579)	7,437	(16,781)	161,489	(69)	161,420
Wastewater disposal network	191,569	(10,770)	180,799	3,723	(248)	-	-	(5,493)	16,264	(2,138)	192,907	-	192,907
Water supply network	74,733	(3,195)	71,538	3,287	(369)	-	-	(1,667)	4,862	11,790	89,442	-	89,442
Parks	10,390	-	10,390	2,177	-	-	-	(943)	-	-	12,567	(943)	11,624
<b>Total infrastructural assets</b>	<b>1,533,430</b>	<b>(18,892)</b>	<b>1,514,538</b>	<b>23,330</b>	<b>(859)</b>	<b>-</b>	<b>-</b>	<b>(23,799)</b>	<b>28,562</b>	<b>(7,130)</b>	<b>1,548,772</b>	<b>(14,129)</b>	<b>1,534,643</b>

**Property, Plant & Equipment consists of:**

- **Operational assets** – These include land, buildings, landfill, library books, plant, equipment and motor vehicles
- **Restricted assets** – Restricted assets are parks and reserves, sportsgrounds, theatre and historical buildings owned by Council which provide a benefit or service to the community and cannot be disposed because of legal or other restrictions
- **Infrastructure assets** – Infrastructure assets are the fixed utility systems owned by Council. 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.

**Capitalised finance leases**

The net carrying amount of plant and equipment held under finance leases is \$nil (2012: \$nil).

**Work in progress**

The total amount per class is as listed below:

Class	Actual Council 2014
Buildings	2,718
Computers & Office Equipment	51
Plant, Equipment & Vehicles	1
Properties sold but not settled	-
Parks	-
Roading	-
Stormwater	1,207
Wastewater	1,619
Water Supply	934
<b>Total</b>	<b>6,530</b>

2014 Core assets	Assets constructed	Assets transferred	Closing value	Replacement cost
<b>WATER SUPPLY</b>				
Treatment plants and facilities	398		3,977	8,528
Other assets	1,563	1,326	85,465	137,469
<b>Total</b>	<b>1,961</b>	<b>1,326</b>	<b>89,442</b>	<b>145,997</b>
<b>SEWERAGE</b>				
Treatment plants and facilities	61		46,574	69,693
Other assets	3,304	357	146,332	286,836
<b>Total</b>	<b>3,365</b>	<b>357</b>	<b>192,907</b>	<b>356,529</b>
Stormwater drainage	702	183	161,420	262,941
Flood protection and control works				
Roads & Footpaths	13,258	-	1,079,250	1,201,855

2013	1 Jul 2012	1 Jul 2012	1 Jul 2012								30 Jun 2013	30 Jun 2013	30 Jun 2013
	Cost/ Revaluation	Accumulated depreciation and impairment charges	Carrying amount	Additions	Disposals	Impairment charges	Amortisation charges	Depreciation	Depreciation writeback	Revaluation/ other movements	Cost/ Revaluation	Accumulated depreciation and impairment charges	Carrying amount
<b>\$'000</b>													
<b>COUNCIL OPERATIONAL ASSETS</b>													
Operational buildings	26,004	-	26,004	651				(615)			26,654	(615)	26,039
Operational land	24,035	-	24,035		(80)						23,956	-	23,956
Heritage	819	-	819							(282)	537	-	537
Library books	2,184	-	2,184	438				(241)	241	(381)	2,240	-	2,240
Computers & Office Equipment*	5,782	(3,981)	1,801	295				(768)	5		6,077	(4,743)	1,334
Furniture and fittings	2,180	(1,537)	643	39				(103)	4		2,218	(1,635)	583
Plant, Equipment & Vehicles*	12,285	(7,392)	4,893	1,149	(834)			(937)	645		12,600	(7,684)	4,916
Landfill	17,706	(10,235)	7,471	629				(740)	-		18,336	(10,975)	7,361
<b>Total operational assets</b>	<b>90,995</b>	<b>(23,145)</b>	<b>67,850</b>	<b>3,200</b>	<b>(914)</b>	<b>-</b>	<b>-</b>	<b>(3,403)</b>	<b>895</b>	<b>(663)</b>	<b>92,618</b>	<b>(25,652)</b>	<b>66,966</b>
<b>COUNCIL RESTRICTED ASSETS</b>													
Restricted buildings	40,235	(1)	40,234	3,241				(1,089)			43,475	(1,090)	42,384
Restricted land	43,740	-	43,740	616				(1)			44,356	(1)	44,355
Total restricted assets	83,975	(1)	83,974	3,856	-	-	-	(1,090)	-	-	87,831	(1,092)	86,739
<b>Total operational and restricted assets</b>	<b>174,970</b>	<b>(23,146)</b>	<b>151,824</b>	<b>7,057</b>	<b>(914)</b>	<b>-</b>	<b>-</b>	<b>(4,494)</b>	<b>895</b>	<b>(663)</b>	<b>180,449</b>	<b>(26,743)</b>	<b>153,705</b>
<b>SUBSIDIARIES PROPERTY, PLANT AND EQUIPMENT</b>													
Plant and equipment	20	(14)	6		()			(1)	-		19	(15)	4
Restricted buildings	136	(6)	130	-				(5)	-	-	137	(11)	126
Restricted land	130	-	130	-				-	-	-	130	()	130
Office equipment				2				(1)			2	(1)	1
<b>Total subsidiary assets</b>	<b>286</b>	<b>(20)</b>	<b>266</b>	<b>2</b>	<b>()</b>	<b>-</b>	<b>-</b>	<b>(7)</b>	<b>-</b>	<b>-</b>	<b>288</b>	<b>(27)</b>	<b>261</b>
<b>Total Group</b>	<b>175,256</b>	<b>(23,166)</b>	<b>152,090</b>	<b>7,059</b>	<b>(914)</b>	<b>-</b>	<b>-</b>	<b>(4,501)</b>	<b>895</b>	<b>(663)</b>	<b>180,737</b>	<b>(26,771)</b>	<b>153,966</b>
<b>INTANGIBLE ASSETS</b>													
Computer software	4,162	(3,777)	385	269			(225)		-		4,431	(4,002)	429
<b>Total intangible assets</b>	<b>4,162</b>	<b>(3,777)</b>	<b>385</b>	<b>269</b>	<b>-</b>	<b>-</b>	<b>(225)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,431</b>	<b>(4,002)</b>	<b>429</b>
<b>COUNCIL INFRASTRUCTURAL ASSETS</b>													
Bridges	67,268	(1,187)	66,081					(1,188)	2,375	835	68,103		68,103
Roading – land	128,966	-	128,966						-	-	128,966	-	128,966
Roading – other	767,681	(11,757)	755,924	11,318				(11,970)	23,728	103,041	882,040		882,040
Stormwater disposal network	175,953	(2,456)	173,496	1,676				(2,470)		-	177,628	(4,927)	172,702
Wastewater disposal network	189,229	(5,327)	183,903	2,340				(5,444)	-	-	191,569	(10,770)	180,799
Water supply network	71,739	(1,598)	70,141	2,994				(1,597)	-	-	74,733	(3,195)	71,538
Parks	11,242	(904)	10,338	2,153				(1,017)	1,921	(3,005)	10,390		10,390
<b>Total infrastructural assets</b>	<b>1,412,077</b>	<b>(23,230)</b>	<b>1,388,848</b>	<b>20,481</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(23,686)</b>	<b>28,023</b>	<b>100,871</b>	<b>1,533,430</b>	<b>(18,892)</b>	<b>1,514,538</b>

### Work in progress

The total amount per class is as listed below:

Class	Actual Council 2013
Buildings	350,519
Computers & Office Equipment	40,225
Plant, Equipment & Vehicles	
Properties sold but not settled	-
Parks	-
Roading	39,231
Stormwater	874,480
Wastewater	1,657,855
Water supply	688,718
<b>Total</b>	<b>3,651,442</b>

2014 core assets	Assets constructed	Assets transferred	Closing value	Replacement cost
<b>WATER SUPPLY</b>				
Treatment plants and facilities	249	-	3,181	6,421
Other assets	2,496	249	68,357	116,424
<b>Total</b>	<b>2,745</b>	<b>249</b>	<b>71,538</b>	<b>122,845</b>
<b>SEWERAGE</b>				
Treatment plants and facilities	702	-	43,651	134,994
Other assets	976	662	137,147	195,196
<b>Total</b>	<b>1,678</b>	<b>662</b>	<b>180,799</b>	<b>330,189</b>
Stormwater drainage	755	920	172,702	239,196
Flood protection and control works				
Roads & Footpaths	11,318	-	1,079,109	1,201,855

Actual Council 2013 \$'000	Actual Group 2013 \$'000	13. Creditors and other payables	Actual Council 2014 \$'000	Actual Group 2014 \$'000
<b>CURRENT</b>				
7,743	7,959	Creditors	8,067	8,271
371	371	Interest on public debt	410	410
596	596	Income in advance	474	474
3,257	3,257	Other current liabilities	3,924	3,924
<b>11,967</b>	<b>12,183</b>		<b>12,875</b>	<b>13,079</b>
<b>NON-CURRENT</b>				
263	263	Provision for Landfill Aftercare (Note 24)	555	555
150	150	Other non-current liabilities	148	148
<b>413</b>	<b>413</b>		<b>703</b>	<b>703</b>

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.

#### Related parties

- At the end of the financial year Hawke's Bay Opera House Limited, a related party, was owed \$3,986 (2013: \$1,469) by Hastings District Council.
- At the end of the financial year Hastings District Properties Limited, a related party, was owed \$nil (2013: \$43,125) by Hastings District Council.

Actual Council 2013 \$'000	Actual Group 2013 \$'000	14. Employee entitlements	Actual Council 2014 \$'000	Actual Group 2014 \$'000
2,965	3,026	Opening balance	3,114	3,167
149	141	Entitlements paid or relinquished	135	82
<b>3,114</b>	<b>3,167</b>		<b>3,249</b>	<b>3,249</b>
2,364	2,417	Current	2,573	2,573
750	750	Non-current	676	676
<b>3,114</b>	<b>3,167</b>		<b>3,249</b>	<b>3,249</b>
<b>CURRENT</b>				
413	432	Accrued pay	-	-
2,282	2,335	Annual Leave and other benefits	2,519	2,519
81	81	Retirement and long service leave	55	55
<b>2,776</b>	<b>2,848</b>		<b>2,574</b>	<b>2,574</b>
<b>NON-CURRENT</b>				
750	750	Retirement and long service leave	676	676
<b>750</b>	<b>750</b>		<b>676</b>	<b>676</b>

The present value of retirement and long service leave obligations depend 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 and after obtaining advice from an independent actuary. A weighted average discount rate of 6.0% (2013: 5.8%) and an inflation factor of 2.0% (2013: 2.5%) were used.

Actual Council 2013 \$'000	Actual Group 2013 \$'000	15. Public debt	Actual Council 2014 \$'000	Actual Group 2014 \$'000
61,741	61,741	Opening total of external public debt	55,741	55,741
97,270	97,270	Debt raised during year	60,940	60,940
(103,270)	(103,270)	Amounts repaid	(60,940)	(60,940)
55,741	55,741	Total gross external public debt	55,741	55,741
<b>55,741</b>	<b>55,741</b>		<b>55,741</b>	<b>55,741</b>
<b>COMPRISES</b>				
<b>Current</b>				
15,000	15,000	Term debt	-	-
<b>15,000</b>	<b>15,000</b>		-	-
<b>Non-current</b>				
40,741	40,741	Term debt	55,741	55,741
<b>40,741</b>	<b>40,741</b>		<b>55,741</b>	<b>55,741</b>
<b>55,741</b>	<b>55,741</b>	<b>Net loan liability</b>	<b>55,741</b>	<b>55,741</b>

### Secured loans

The Council's secured debt of \$55.7 million (2013: \$55.7 million) 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 \$0.5 million (2013: \$0.5 million). There are no restrictions on the use of the facility. The Councils' loans are secured over either separate or general rates of the Council.

Actual Council 2013 \$'000	Actual Group 2013 \$'000		Actual Council 2014 \$'000	Actual Group 2014 \$'000
<b>REPAYMENT TERMS – TERM DEBT</b>				
15,000	15,000	Payable in less than 1 year	-	-
-	-	Payable between 1 and 2 years	10,000	10,000
10,000	10,000	Payable between 2 and 5 years	20,000	20,000
30,741	30,741	Later than 5 years	25,741	25,741
<b>55,741</b>	<b>55,741</b>		<b>55,741</b>	<b>55,741</b>
6.30%	6.30%	Weighted average interest rate	5.94%	5.94%
5.03	5.03	Weighted average term (years)	5.07	5.07

### Summary of total public debt

The statement of financial position and note 15 (above) records the total amount of Council's external debt as at 30 June 2014.

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 2013 \$'000	Actual Group 2013 \$'000		Actual Council 2014 \$'000	Actual Group 2014 \$'000
55,741	55,741	External public debt	55,741	55,741
33,106	33,106	Plus amount funded by internal loans	32,111	32,111
<b>88,847</b>	<b>88,847</b>	<b>Gross debt for activities</b>	<b>87,852</b>	<b>87,852</b>

### Internal borrowings

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

2013 closing balance	Activity Group	2014 opening balance	CR transfer to	Interest	DR transfer from	Carry forward	2014 closing balance
(14,688)	Safe, Healthy & Liveable Communities	(14,688)	(1,816)	(90)	1,475	1,584	(13,535)
(11,681)	Governance & Support Services	(11,681)	(2,884)	(83)	610	786	(13,253)
(807)	Economic & Community Development	(807)	(115)	(4)	65	787	(74)
(4,377)	Roads & Footpaths	(4,377)	(14,319)	(22)	14,269	268	(4,183)
(41)	Stormwater Disposal	(41)	(2,510)	-	2,510	-	(41)
2,542	Wastewater Disposal	2,542	(4,920)	(42)	6,730	21	4,331
355	Water Supply	355	(1,848)	-	1,715	22	244
(4,409)	Working Capital	(4,409)				(1,191)	(5,600)
<b>(33,106)</b>	<b>Total</b>	<b>(33,106)</b>	<b>(28,413)</b>	<b>(242)</b>	<b>27,374</b>	<b>2,276</b>	<b>(32,111)</b>

The fair values are based on cash flows discounted using a rate based on the average rates 5.94% (2013: 6.3%).

### The cash flow is working capital cash

The carry forward column in the above table is the rating carry forward from rates collected in 2013/14 and carried forward to 2014/15.

Actual Council 2013 \$'000	Actual Group 2013 \$'000	16. Derivative financial instruments	Actual Council 2014 \$'000	Actual Group 2014 \$'000
<b>CURRENT LIABILITY PORTION</b>				
-	-	Interest rate swaps – held for trading	-	-
<b>NON-CURRENT LIABILITY PORTION</b>				
(3,772)	(3,772)	Interest rate swaps – held for trading	(1,996)	(1,996)
<b>(3,772)</b>	<b>(3,772)</b>		<b>(1,996)</b>	<b>(1,996)</b>

**Fair value**

The fair values of interest rate swaps have been determined by calculating the expected 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 \$55.5 million (2013: \$55.5 million) and for the group were \$55.5 million (2013: \$55.5 million). At 30 June 2014, the fixed interest rates for the interest rate swaps varied from 3.9% to 5.9% (2013: 3.9% to 5.9%).

**17. Retained earnings**

This component of equity comprises the accumulated retained earnings and Council Created Reserves.

Actual Council 2013 \$'000	Actual Group 2013 \$'000		Actual Council 2014 \$'000	Actual Group 2014 \$'000
1,155,256	1,158,386	Opening balance	1,160,488	1,163,673
8,107	8,161	Net surplus (deficit) for the year	2,472	2,718
<b>1,163,363</b>	<b>1,166,547</b>		<b>1,162,960</b>	<b>1,166,391</b>
<b>ADD/(LESS) NET APPROPRIATIONS OF NET SURPLUS</b>				
(3,312)	(3,312)	(To) from council created reserves	(2,130)	(2,132)
437	437	(To) from restricted reserves	(198)	(198)
<b>1,160,488</b>	<b>1,163,672</b>	<b>Closing balance</b>	<b>1,160,632</b>	<b>1,164,061</b>
1,160,488	1,163,672	Accumulated surplus	1,160,632	1,164,061
21,412	21,412	Council created reserves	23,493	23,493
<b>1,181,900</b>	<b>1,185,084</b>		<b>1,184,125</b>	<b>1,187,554</b>

**a) 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 & Vehicle replacement**

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

**Property Maintenance & 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 2013 \$'000	Activity Group		Deposits \$'000	Interest \$'000	Withdrawals \$'000	Balance 2014 \$'000
5,016	All activities	Plant, Equipment & Vehicle replacement fund	1,806	135	(1,351)	5,606
9,767	All activities	Property Maintenance & Improvements	802	54	(1,462)	9,161
3,186	All activities	General purpose reserves	1,095	-	(378)	3,903
-	Water & Roads	Wastewater Treatment (HDC) Funds)	2,237	-	(2,237)	-
2,940	Safe, Healthy & Liveable Communities	Emergency funds	492	65	-	3,497
275	All activities	Sundry reserves	21,895	-	(21,731)	439
1,386	All activities	Separate reserves	884	-	(136)	2,134
70	Economic & Community Development	Other	73	3	(25)	122
<b>22,640</b>			<b>29,284</b>	<b>257</b>	<b>(27,320)</b>	<b>24,862</b>
(1,228)		Less: NCC share of landfill reserves	(124)	(40)	24	(1,369)
<b>21,412</b>			<b>29,160</b>	<b>217</b>	<b>(27,296)</b>	<b>23,493</b>

### 18. 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 2013 \$'000	Activity Group		Deposits \$'000	Interest \$'000	Withdrawals \$'000	Balance 2014 \$'000
994	Economic & Community Development	Trusts and bequests	-	30	(34)	990
1,405	Economic & Community Development	Development reserves	225	47	(84)	1,593
482	Economic & Community Development	Reserve purchase and development funds	-	15	-	496
<b>2,881</b>			<b>225</b>	<b>92</b>	<b>(118)</b>	<b>3,079</b>

Balance 2013 \$'000	19. Revaluation Reserves Asset Revaluation Reserves consist of:	Revaluation movement \$'000	Transfer to retained earnings on disposal of property \$'000	Balance 2014 \$'000
	<b>COUNCIL</b>			
	- Land and buildings	-		-
632	Library books	(244)		388
	<b>Infrastructural assets</b>			
26,395	Bridges	-		26,395
224,746	Roading	-		224,746
86,052	Stormwater disposal	(10,843)		75,209
56,892	Wastewater disposal	14,126		71,018
26,249	Water supply	16,603		42,901
2,421	Park assets	-		2,421
<b>422,755</b>		<b>19,886</b>	-	<b>442,690</b>
(10)	Fair value through comprehensive income	-		(10)
<b>423,377</b>		<b>19,645</b>	-	<b>443,019</b>
	<b>GROUP</b>			
	- Hawke's Bay Airport – land and buildings	-	-	-
<b>423,377</b>		<b>19,645</b>	-	<b>443,068</b>

Actual Council 2013 \$'000	Actual Group 2013 \$'000	20. Reconciliation of net surplus/(deficit) after tax to net cash flows from operating activities	Actual Council 2014 \$'000	Actual Group 2014 \$'000
8,107	8,161	Net surplus/(deficit) on operations	2,472	2,718
<b>ADD/(LESS): NON-CASH ITEMS</b>				
28,414	28,421	Depreciation and amortisation expense	28,562	28,575
-	(192)	Share of associates retained surplus	-	49
(1,832)	(1,832)	Vested infrastructure	(1,867)	(1,867)
281	281	Devaluation of Property, Plant & Equipment	5,968	5,968
(2,530)	(2,530)	Unrealised gains/losses on derivative financial instruments	(1,558)	(1,558)
24,333	24,148	Non-cash items	31,105	31,105
<b>ADD/(LESS): NET MOVEMENTS IN WORKING CAPITAL</b>				
1,131	1,199	(Increase) decrease in debtors and other receivables	2,855	2,862
1,390	1,171	Increase (decrease) in creditors and other payables	3,053	2,820
(11)	(9)	(Increase) decrease in inventories	(21)	(19)
(16)	(16)	Increase (decrease) in provisions and employee entitlements (non-current)	216	216
2,494	2,345	Net movements in working capital	6,103	5,880
<b>ADD/(LESS): ITEMS CLASSIFIED AS INVESTING OR FINANCING ACTIVITIES</b>				
500	499	Loss/(profit) on sale of Property, Plant & Equipment and investments	827	828
500	499	Non-operating activities	827	828
<b>35,434</b>	<b>35,153</b>	<b>Net cash inflow (outflow) from operating activities</b>	<b>40,507</b>	<b>40,592</b>

## 21. Other information (Council only)

The Council incurred the following expenditure for the year ended 30 June 2014:

### Chief Executive Remuneration

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

Ross McLeod – Chief Executive received \$294,735 (2013: \$262,228) in salary and benefits, for the year end 30 June 2014. In addition Ross McLeod was paid 6 weeks annual leave amounting to \$40,922 which was owed to Mr McLeod, with the annual leave being taken in 2014/15.

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

Actual Council 2013 \$		Actual Council 2014 \$
4,858	Fringe Benefit Tax – R McLeod	4,894
10,978	Motor Vehicle Allowance – R McLeod	11,060
5,845	Superannuation and other – R McLeod	10,069

Total Chief Executive remuneration for the year ending 30 June 2014 is \$361,680 (2013: \$283,909).

### Remuneration of Elected Representatives

Actual Council 2013 \$		Remuneration \$	Allowance \$	Actual Council 2014 \$
<b>MAYOR AND COUNCILLORS</b>				
112,061	Yule L (Mayor)	115,843	143	115,986
47,488	Bowers C M (Deputy Mayor)	48,770	786	49,556
45,648	Lester M G	42,762	429	43,191
42,873	Twigg M C	12,750	300	13,050
37,432	Watkins K V	40,590	429	41,019
41,817	Heaps R J	37,950	704	38,654
30,979	O'Keefe H N	37,015	429	37,444
30,707	Bradshaw W L	34,758	429	35,187
45,623	Kerr T	43,183	4,964	48,147
32,765	Poulain J	35,009	429	35,438
31,893	Roil J	37,015	429	37,444
41,320	Collin R	12,750	-	12,750
35,047	Hazlehurst S	40,590	429	41,019
30,707	Henderson S	9,558	-	9,558
30,707	Nixon S	34,758	429	35,187
-	G Lyons	25,200	722	25,922
-	A Pierce	25,200	429	25,629
-	M Dixon	25,200	429	25,629
6,397	Maxwell S (Rural Community Board)	6,337	966	7,303
14,542	Kay P (Rural Community Board)	12,987	1,129	14,116
-	N Dawson	4,500	728	5,228
-	B Barber	4,500	549	5,049
5,992	McNeill P (Rural Community Board)	1,962	19	1,981
5,971	Alexander P (Rural Community Board)	1,962	7	1,969
<b>669,969</b>		<b>691,149</b>	<b>15,307</b>	<b>706,456</b>

**Total annual remuneration by band for employees as at 30 June**

Actual Council 2013 \$'000	Actual Council 2014 \$'000
231 < \$60,000	291
78 \$60,000-\$79,999	71
46 \$80,000-\$99,000	45
19 \$100,000-\$119,999	22
9 \$120,000-\$139,000	13
7 \$140,000-\$179,999	8
4 \$180,000-\$361,999	4
<b>394 Total employees</b>	<b>454</b>

Total remuneration includes non-financial benefits provided to employees. At balance date, the Hastings District Council employed 312 (2013: 331) full time employees, with the balance of staff equivalent representing 47 (2013: 27) 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 2014 Hastings District Council made one (2013: 0) severance payment to employees totalling \$7,000 (2013: \$nil).

**22. 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. Included in this figure is a commitment to acquire a 40% equity share at a fixed cost of \$744,000 in the Omarunui LFG Generation Limited Partnership.

Actual Council 2013 \$'000	Actual Group 2013 \$'000	Actual Council 2014 \$'000	Actual Group 2014 \$'000
1,731	1,731	1,315	1,315

Commitments approved and contracted

**Operating leases as lessee**

Hastings District Council and group leases Property, Plant & 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 2013 \$'000	Actual Group 2013 \$'000		Actual Council 2014 \$'000	Actual Group 2014 \$'000
<b>NON-CANCELLABLE OPERATING LEASE COMMITMENTS</b>				
6	6	Not later than one year	6	6
2	2	Later than one year and not later than five years	9	9
-	-	Later than five years	-	-
<b>8</b>	<b>8</b>	<b>Total non-cancellable operating leases</b>	<b>15</b>	<b>15</b>

**Operating leases as lessor**

Hastings District Council leases property 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 to be collected under non-cancellable operating leases are as follows:

Actual Council 2013 \$'000	Actual Group 2013 \$'000		Actual Council 2014 \$'000	Actual Group 2014 \$'000
<b>NON-CANCELLABLE OPERATING LEASE COMMITMENTS</b>				
110	110	Not later than one year	257	257
7	7	Later than one year and not later than five years	217	217
-	-	Later than five years	-	-
<b>117</b>	<b>117</b>	<b>Total non-cancellable operating leases</b>	<b>474</b>	<b>474</b>

No contingent rents have been recognised during the period.

### 23. Omarunui joint landfill (63.68% owned by Hastings District Council)

The Council's interest in Omarunui refuse Landfill joint committee is accounted for as a jointly controlled asset. The figures in the note are disclosed at full face value rather than at our ownership interest of 63.68%. The financial accounts only include HDC's 63.68% share.

Actual Council 2013 \$'000		Actual Council 2014 \$'000
1,919	Landfill operations	1,710
839	Landfill depreciation	881
<b>2,505</b>		<b>2,591</b>
<b>OPERATING REVENUE</b>		
3,723	Fees and charges	4,090
3	Rent	5
<b>3,726</b>		<b>4,095</b>
<b>1,221</b>	<b>Surplus/(deficit)</b>	<b>1,504</b>
<b>STATEMENT OF CAPITAL EXPENDITURE</b>		
614	Landfill development	478
3	Forestry development	5
26	Plant machinery and motor vehicles	28
<b>643</b>		<b>511</b>

### 24. Landfill aftercare provision

The Omarunui Refuse Landfill is owned jointly by the Hastings District Council (63.68%) and Napier City Council (36.32%). The Omarunui Refuse landfill (Landfill), is operated by the Hastings District 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 Omarunui 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 alley	Remaining useful life
Valley A – opened in December 1988 and reached capacity in 2006	2,600,000m <sup>3</sup>	17 years	0
Valley D – opened in December 2006 and in operation	1,800,000m <sup>3</sup>	17 years	10.3 years
Valley B&C – not in operation yet	Estimated		

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 2024 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 a discount rate of 7%.

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 \$76,800
- The provision reported is for Hastings District Council's share only (63.68%).

Actual Council 2013 \$'000	Actual Council 2014 \$'000
<b>LANDFILL AFTERCARE LIABILITY</b>	
262	263
1	291
<b>263</b>	<b>554</b>

The estimated aftercare costs have increased from \$24,000 in 2013 to \$76,800 in 2014. These estimates are based on information received from Tonkin & Taylor and result in an adjustment in the aftercare liability estimate of \$457,738.

## 25. Financial instruments

Actual Council 2013 \$'000	Actual Group 2013 \$'000	Financial assets	Actual Council 2014 \$'000	Actual Group 2014 \$'000
<b>FINANCIAL INSTRUMENT CATEGORIES</b>				
<b>Loans and receivables</b>				
3,135	3,609	Cash and cash equivalents	10,439	10,928
9,185	9,319	Debtors and other receivables	6,330	6,383
480	480	NZ LGFA borrower notes	720	720
<b>Fair value through surplus or deficit – held for trading</b>				
-	-	Derivative financial instrument	-	-
<b>Fair value through Other comprehensive income</b>				
157	157	NZ Local Government Insurance Corporation Limited	157	157
373	373	NZ LGFA unlisted shares	373	373
<b>13,330</b>	<b>13,938</b>		<b>18,019</b>	<b>18,561</b>
<b>FINANCIAL LIABILITIES</b>				
<b>Financial liabilities at amortised cost</b>				
11,967	12,183	Creditors and other payables	12,875	13,079
55,741	55,741	Public debt	55,741	55,741
<b>Fair value through surplus or deficit – held for trading</b>				
3,772	3,772	Derivative financial instrument	1,996	1,996
<b>71,480</b>	<b>71,696</b>		<b>70,612</b>	<b>70,816</b>

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

**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:

2013 \$'000	2014 \$'000
<b>NZ LGFA UNLISTED SHARES</b>	
<b>400</b>	<b>373</b>
<b>Balance at 1 July</b>	
0	0
Purchases	
27	0
Sales	
0	0
Transfers into level 3	
0	0
Transfers out of level 3	
<b>373</b>	<b>373</b>
<b>Balance at 30 June</b>	
2013 \$'000	2014 \$'000
<b>NZ LOCAL GOVERNMENT INSURANCE CORPORATION LIMITED SHARES</b>	
<b>157</b>	<b>157</b>
<b>Balance at 1 July</b>	
-	-
Purchases	
-	-
Sales	
-	-
Transfers into level 3	
-	-
Transfers out of level 3	
<b>157</b>	<b>157</b>
<b>Balance at 30 June</b>	

- **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:

2013		Total	Quoted market price	Valuation technique observable inputs	Significant non-observable inputs
<b>COUNCIL</b>					
<b>Financial assets</b>					
157	NZ Local Government Insurance Corporation Limited	157			157
373	NZLGFA unlisted shares	373			373
<b>Financial liabilities</b>					
3,772	Derivative financial instrument	1,996		1,996	
<b>GROUP</b>					
<b>Financial assets</b>					
157	NZ Local Government Insurance Corporation Limited	157			157
<b>Financial liabilities</b>					
3,772	Derivative financial instrument	1,996		1,996	

The table above provides a reconciliation from the opening balance for the level 3 fair value measurements.

### Currency risk

Hastings District Council had no exposure to currency risk as at 30 June 2014.

### Interest rate risk

Hastings District 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 2014 the Hastings District Council had entered into interest rate swap agreements to a value of \$55.5 million at interest rates between 3.9% and 5.9%. (2013: \$55.5 million at interest rates between 3.9% and 5.9%).

### 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 rates expose the Hastings District Council and group to cash flow interest rate risk.

Generally, the Hastings District Council and group raises long-term borrowing at floating rates and swaps 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 Hastings District Council or group borrowed at fixed rates directly. Under the interest rate swaps, the Hastings District Council and group agrees 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.

### Credit risk

Credit risk is the risk that a third party will default on its obligations to the Hastings District Council, causing HDC to incur a loss. Due to the timing of its cash inflows and outflows, the HDC invests surplus cash into term deposits which gives rise to credit risk. As at 30 June 2014 Council had \$6 million 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 28.

Hastings District Council 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.

### Maximum exposure to credit risk

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

Actual Council 2013 \$'000	Actual Group 2013 \$'000		Actual Council 2014 \$'000	Actual Group 2014 \$'000
3,135	3,609	Cash at bank and term deposits	10,439	10,928
9,185	9,319	Debtors and other receivables	6,330	6,383
157	157	NZ Local Government Insurance Corporation Limited	157	157
478	478	NZ LGFA borrower notes	720	720
373	373	NZ LGFA unlisted shares	373	373
<b>13,328</b>	<b>13,936</b>	<b>Total credit risk</b>	<b>18,019</b>	<b>18,561</b>

### Credit quality of financial assets

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

Actual Council 2013 \$'000	Actual Group 2013 \$'000		Actual Council 2014 \$'000	Actual Group 2014 \$'000
<b>CASH AT BANK AND TERM DEPOSITS</b>				
3,135	3,609	Credit rating B+	10,439	10,928
<b>NZ LOCAL GOVERNMENT INSURANCE CORPORATION LIMITED</b>				
157	157	Credit rating B+	157	157
<b>NZ LGFA BORROWER NOTES</b>				
478	478	Credit rating AA+	720	720
<b>NZ LGFA UNLISTED SHARES</b>				
373	373	Credit rating AA+	373	373

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.

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

### Liquidity risk

#### Management of liquidity risk

Liquidity risk is the risk that the Hastings District Council will encounter difficulty raising liquid funds to meet commitments as they fall due. The Hastings District Council's treasury policy requires that sufficient Facilities must be in place to ensure the Hastings District Council can borrow enough to meet its projected funding requirements plus a further 10% to cover any unexpected events. 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 \$85 million (2013: \$85 million). Included in the committed facilities is a bank overdraft limit of \$0.5 million at an interest rate of 8.95 %. The Hastings District 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 28.

The table below analyses the Council and group's financial liabilities 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.

Carrying amount \$'000	Contractual amount \$'000		Less than 1 year \$'000	1-2 years \$'000	2-5 years \$'000	More than 5 years \$'000
<b>2014</b>						
<b>Contractual maturity analysis of financial liabilities</b>						
12,875	12,875	Creditors and other payables	12,875	-	-	-
1,996	4,843	Derivative financial instruments liabilities	972	918	2,126	827
55,741	68,223	Public debt	2,324	12,131	25,668	28,101
<b>70,612</b>	<b>85,941</b>		<b>16,171</b>	<b>13,048</b>	<b>27,794</b>	<b>28,928</b>
<b>Contractual maturity analysis of financial assets</b>						
10,439	10,439	Cash and cash equivalents	10,439	-	-	-
6,330	6,330	Debtors and other receivables	6,330	-	-	-
<b>16,769</b>	<b>16,769</b>		<b>16,769</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2013</b>						
<b>Contractual maturity analysis of financial liabilities</b>						
11,967	11,967	Creditors and other payables	11,967	-	-	-
3,772	8,535	Derivative financial instruments liabilities	1,444	1,444	3,519	2,128
55,741	64,298	Public debt	16,817	1,385	13,440	32,656
<b>71,480</b>	<b>84,800</b>		<b>30,228</b>	<b>2,831</b>	<b>16,957</b>	<b>34,784</b>
<b>Contractual maturity analysis of financial assets</b>						
3,135	3,135	Cash and cash equivalents	3,135	-	-	-
9,185	9,185	Debtors and other receivables	9,185	-	-	-
<b>12,320</b>	<b>12,320</b>		<b>12,320</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Group** figures are the same as the Hastings District Council figures except for Creditors and other payables that increase by \$206,000 (2013: \$241,000), debtors and other receivables that increase by \$54,000 (2013: \$134,000) and cash and cash equivalents increased by \$489,000 (2013: \$474,000).

### Sensitivity analysis

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

Actual Council 2013 \$'000 -100bps Profit	Actual Council 2013 \$'000 +100bps Profit		Actual Council 2014 \$'000 -100bps Profit	Actual Council 2014 \$'000 +100bps Profit
<b>FINANCIAL ASSETS</b>				
(31)	31	Cash and cash equivalents	(104)	104
<b>(31)</b>	<b>31</b>		<b>(104)</b>	<b>104</b>
<b>FINANCIAL LIABILITIES</b>				
(6,691)	(1,041)	Derivative financial instruments assets	(4,638)	562
(557)	557	Public Debt (floating interest rate)	(557)	557
<b>(7,248)</b>	<b>(484)</b>		<b>(5,195)</b>	<b>1,119</b>

1. Council has floating rate debt with a principal amount totalling \$55.74 million (2013: \$55.74 million). A movement in interest rates of plus or minus 1% has an effect on interest expense of \$557,000 (2013: \$557,000). 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.

### 26. Post balance date events

There has not been any significant post balance date events.

## 27. Related party transactions

### Related party transactions

No related party debts have been written off or forgiven during the year. (2013: nil).

All related party transactions were conducted on terms equivalent to those prevailing in an arm's length transaction.

Hastings District Council made grants to Hawke's Bay Museum Trust \$439,200 (2013: \$435,050) which is a Council Controlled Organisation.

Hastings District Council disposed of refuse at the Omarunui Landfill and receipts amounted to \$755,904 (2013: \$949,965). The Omarunui Landfill is jointly owned by the Hastings District Council (63.68% share) and the Napier City Council (36.38% share). The Hastings District Council manages the operations of the Landfill.

The Hastings District 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 CCO's which include the Hawke's Bay Opera House Limited and Hastings District Properties Limited.

Hastings District Council invested an additional \$nil (2013: \$30,000) in Hastings District Holdings Limited in the 2013/14 year.

Hastings District Council made grants totalling \$596,000 (2013: \$572,802) to Hawke's Bay Opera House Limited. The outstanding balance owed to the Hawke's Bay Opera House at 30 June 2014 was \$nil (2013: \$21,965). In addition Hastings District Council charged Hawke's Bay Opera House Limited \$92,087 (2013: \$98,681) during the financial year for various expenses. The outstanding balance owed to Hastings District Council at 30 June 2014 was \$nil (2013: \$10,765).

In July 2014 Hastings District Council invoiced the Hawke's Bay Opera House for a further \$751 (2013: \$9,254). This amount was for expenses relating to June.

Hawke's Bay Opera House Limited charged Hastings District Council \$12,249 (2013: \$30,433) for various goods and services. The balance outstanding at year end was \$3,986 (2013: \$1,469).

During the year the Hawke's Bay Opera House Limited purchased consultancy services from Chris O'Reilly Consultancy Limited which is owned and managed by Chris O'Reilly who is a director of the Hawke's Bay Opera House Limited. These services were supplied during the period between the resignation of the General Manager and the appointment of a new Chief Executive Officer in 2012/13 and were supplied on normal commercial terms. There were no consultancy services provided in the 2013/14 year. 2014 \$Nil (2013: 10,920). There was no balance outstanding at 30 June 2014 (2013: nil). These services were previously approved by the Board of Directors of Hawke's Bay Opera House Limited.

At the end of the financial year Hastings District Properties Limited, a related party, was owed \$nil (2013: \$43,125) by Hastings District Council with \$31,000 (2013: \$51,000) of project management fees charged for the 2013/14 year.

Hastings District Council paid to the Hawke's Bay Regional Sports Park Trust, operational grants of \$204,800 (2013: \$209,865) and Capital funding grants of \$1,290,231 (2013: \$241,020). The balance outstanding to Hawke's Bay Regional Sports Park Trust at 30 June 2014 was \$nil (2013: \$126,740).

Hastings District Council provided maintenance services to the Hawke's Bay Regional Sports Park Trust during the year \$46,992 (2013: \$56,842) and supplied other goods and services amounting to \$60,536 (2013: \$7,743). The balance outstanding by the Hawke's Bay Regional Sports Park Trust at the 30 June 2014 was \$6,211 (2013: \$4,503).

### Key management personnel

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).

Councillor/key management personnel	Organisation	Position/relationship to organisation		\$ amount service rec'd 2013/14	\$ amount service rec'd 2012/13	\$ amount balance year end
Councillor Bradshaw	Wine Country Lodge	Joint owner	Accommodation	\$3,557	\$2,763	nil
	Havelock North Business Association	Council appointed representative	Subscription and Contract for Events	\$11,600	\$13,225	nil
	Te Mata Park Trust Board	Trustee	Funding	\$254,609	\$56	\$5,300
Mayor Yule	HB Regional Sports Park	Chairman and Trustee	Operating Grant	\$204,800	\$209,865	nil
			Capital Grants	\$1,290,231	\$241,020	nil
	LGNZ	President	HDC membership and other sundry Payments	\$62,704	\$59,073	nil
	N Z Local Authority Protection Programme Disaster Fund	Trustee	Disaster Cover for Infrastructural Assets	\$163,000	\$133,000	nil
	U-Turn Trust	Trustee	Trust	\$30,000	\$30,000	nil
	Regional Indoor Sports & Events Centre Trust	Trustee	Grants	\$249,206	\$234,596	\$14,602
	Resigned 16 August 2013					
Councillor Nixon	Simon Nixon Productions	Owner	Services and goods	nil	\$400	nil
Councillor O'Keefe	U-Turn Trust	Employee of U-Turn Trust	Grant	\$30,000	\$30,000	nil
Councillor Poulain	Regional Indoor Sports & Events Centre Trust	Trustee	Grants	\$249,206	\$234,596	\$14,602
	Resigned 16 August 2013					
Councillor Bowers	Hawke's Bay Opera House Limited	Director	Funding and Services	\$608,249	\$603,235	\$3,986
	Horse of the Year (Hawke's Bay) Limited	Director	Funding	\$52,532	\$41,489	nil
Councillor Kerr	Hastings District Holdings Limited	Director	HDC 100% shareholding	nil	\$30,000	nil
Councillor Lyons	Hawke's Bay Museum Trust	Trustee	Funding	\$439,200	\$435,050	nil

Councillor/key management personnel	Organisation	Position/relationship to organisation		\$ amount service rec'd 2013/14	\$ amount service rec'd 2012/13	\$ amount balance year end
Councillor Dixon	Hastings Business Association	Council appointed representative	Funding for Night Markets, entertainment etc	\$81,538	\$71,002	\$3,808
Councillor Hazelhurst	Te Mata Park Trust Board	Trustee	Funding	\$129,609	\$56	\$5,300
Councillor Roil	Hastings Business Association	Council appointed representative	Funding for Night Markets, entertainment etc	\$81,538	\$71,002	\$3,808
Stella Morgan, wife of Dennis Morgan HDC Strategy & Development Manager	Opus Consultants Ltd	Employee of Opus	Input into projects invoiced to HDC	\$17,564	nil	nil
Ross McLeod	SOLGM	President – Resigned 30.6.14	Training and SOLGM membership	\$28,008	\$38,270	\$1,254
	Local Government Mutual Funds Trustee Ltd	Director – Fee paid to HDC. Resigned 30.6.14	Liability & Professional Indemnity Insurance and payments associated with this	\$84,705	\$161,299	nil
	HBLASS Limited	Director – Resigned 30.6.14	Provides advisory, purchasing and related services to HDC in relation to shared service opportunities	nil	\$28,000	nil
	Hawke's Bay Youth Futures Trust	Trustee – Leave of absence from 30.6.14	Council utilises the Trust to oversee and direct programmes as part of HDC's social and economic development work	\$3,000	\$4,000	nil
	Hastings District Holdings Limited	Director – Resigned 30.6.14	HDC 100% shareholding	nil	\$30,000	nil
Anthony Gray	New Zealand Local Government Insurance Corporation Limited	Director	HDC is shareholder	nil	nil	nil
David Fraser – Resigned as HDC employee 7 February 2014	IDS (Holding) Ltd (a subsidiary of IPWEA NZ)	Director	Asset modelling software and licence fee	\$35,000	\$7,000	nil

The Hastings District Council as part of their core business which is providing services to the Hasting 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 Hastings District 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.

Key management personnel include the Mayor, Councillors, Chief Executive and other senior management.

Actual Council 2013 \$'000	Actual Group 2013 \$'000		Actual Council 2014 \$'000	Actual Group 2014 \$'000
2,157		Total salaries and short term employee benefits		2,384
-	-	Termination Benefits	-	-
<b>2,157</b>		<b>Total key management personnel compensation</b>		<b>2,384</b>

Actual Council 2013 \$'000	Actual Group 2013 \$'000	28. Statement of contingencies	Actual Council 2014 \$'000	Actual Group 2014 \$'000
-	-	Contingent liabilities in respect of guaranteed advances to various community organisations, and in respect of performance bonds	-	-

#### Risk Pool Insurance

Hastings District Council obtains public liability and professional indemnity insurance cover from New Zealand Mutual Liability Risk Pool. This operates as a mutual fund where each member makes an annual contribution to obtain cover, however should claims exceed contributions then calls can be made on the members of that fund year for the shortfall amount. For the 2012/13 financial year a final call of \$88,300 was advised and paid. Risk Pool advised there would be no call for the 2013/14 financial year. There have been no further calls or payments.

### **Provision for building claims under Financial Assistance Package (FAP)**

Hastings District Council is part of the Government's Financial Assistance Package. This package provides that Central Government will provide 25% of the repair costs for leaky buildings, Local Government a further 25% (where they certified the building) with the balance being met by the homeowner. This is available for leaky buildings meeting the criteria under the scheme.

In order to reflect a provision for potential future liability an estimate has been made based upon an assessment undertaken of potential leaky buildings that may be eligible under this scheme. Due to the uncertainty surrounding this provision only higher risk claims have been provided for in the accounts for \$1.62 million. This amount is seen as a prudent estimate based upon current information available and will be reviewed on an ongoing basis.

### **New Zealand Local Government Funding Agency**

Hastings District Council is a shareholder of the New Zealand Local Government Funding Agency Limited (NZLGFA). The NZLGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a current credit rating from Standard and Poor's of AA+.

Hastings District Council is one of 31 shareholders of the NZLGFA. In that regard it has uncalled capital of \$373,196 (2013: \$373,196). When aggregated with the uncalled capital of other shareholders, \$20 million is available in the event that an imminent default is identified. Also, together with the other shareholders, Hastings District Council is a guarantor of all of NZLGFA's borrowings. At 30 June 2014, NZLGFA had borrowings totalling \$3.695 billion (2013: \$2.481 billion).

Financial reporting standards require Hastings District Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore 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.

### **Local Authority Protection Programme Disaster Fund (LAPP)**

Hastings District Council is a member of the above scheme which is a mutual pool created by local authorities to cater for the replacement of infrastructure following catastrophic damage by natural disaster. LAPP has operated on the basis of using member contributions to purchase reinsurance to cover member authorities contribution of 40% (60% met by central government) for the replacement of infrastructure following a major natural disaster.

Following the Canterbury earthquakes, LAPP's funds were severely depleted and for the 2013/14 year members agreed to accept a collective exposure to meeting any member claims between \$6 million and \$40 million. There were no such claims during the 2013/14 year. For the 2014/15 year this exposure no longer applies with reinsurance purchased to cover the full 40% (with specified deductions) up to \$125 million.

## 29. 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 2011/12. During the year the Council allowed remission of \$181,000 (2013: \$280,000) 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 2013 \$'000	Actual Group 2013 \$'000		Actual Council 2014 \$'000	Actual Group 2014 \$'000
27		Special rateable value	21	
52		Community and sporting organisations	52	
15		Covenant	16	
13		Voluntarily protected land	14	
9		Swimming pool safety	4	
126		Penalties	27	
38		Unutilised Māori land	47	
<b>280</b>			<b>181</b>	

## 30. 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 Act) 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 Act 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 Act 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 Act 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.

The Council has the following Council-created reserves:

- Reserves for different areas of benefit
- Self-insurance reserves
- Trust and bequest reserves.

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.

### 31. Asset insurance

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

#### Insurance contracts

Actual Council 2013 \$'000	Actual Group 2013 \$'000	Policy type Maximum amount insured)	Actual Council 2014 \$'000	Actual Group 2014 \$'000
225,651		Material Damage (mainly buildings and contents)	234,736	
8,297		Motor Vehicles (includes mobile plant and equipment)	7,907	

Assets (mainly buildings and contents) with a replacement value of \$234,736,100 are insured under councils Material Damage Policy. The cover is for replacement value plus an allowance for inflation and the cost of demolition.

Hastings District Councils 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 \$7,906,896.

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 2013/14 the maximum payable by LAPP was up to a limit of \$100 million per event for all member councils (being 40% of \$250 million). The central government share is unlimited. For 2012/13 the maximum payable by LAPP is up to a limit of \$100 million per event for all member councils (being 40% of \$250 million). The central government share is unlimited. The value of infrastructural assets declared by Hastings District Council to be covered by the LAPP fund is \$524,772,000. 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 and bridges valued at 30 June 2014 \$950,285,000(excl. land), (2013: \$950,144,000). There would also be a number of other sundry items that would fall into this group.

# Council controlled organisations and other interests

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# 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. The Hawke's Bay Museums Trust is classified as an associate entity for financial reporting purposes.

## Scope and nature of activities

The objectives of the Trust are:

- To hold and protect the 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 the 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	2013/14 target	2013/14 actual
Protection	Insurance cover as percentage of total collection value	100%	100%
	Air quality meeting pre-defined standards for each storage area	98%	BAT 27% MTG 70%
	Number of reported incidents of damage to collection items	0	6
Quality	HBMT Collection Strategy and Policies have been reviewed and agreed by the HBMT Board	Yes	Yes
	New items accepted into the Collection	150	333
	Items that have been removed from the Collection	5	0
Access	Number of HBMT collection enquiries per annum	2,000	240
	Number of Regional Archive research visits per annum	2,000	physical 252 online 12,487
	Number of days staff available for collection enquiries	249	245
Development	Percentage of bequest funds income used for acquisitions	100%	100%
	Percentage of conservation funds income used for collection are	100%	100%
	Te Rōpū Kaiawhina Taonga hui held	3 per annum	3 per annum

### Financial performance

(\$)	2013/14 budget	2013/14 actual
Total revenue	993,400	888,126
Total expenses	993,400	849,790
Surplus/(deficit)	0	38,336

# 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%. HBL 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

- Provide smart and efficient airport and terminal facilities that encourage use by airlines, aviation businesses, passengers and the businesses that serve these groups
- In the normal course of managing the airport, HBAL will seek to obtain an appropriate commercial rate of return in its assets and keep its costs to a minimum consistent with its objectives and meeting safety and other regulatory standards
- In conjunction with airline partners HBAL will explore innovative ways to increase passenger numbers and improve aviation revenue
- HBAL will actively pursue new approaches and opportunities to maximise concessions and rental income
- HBAL will proactively develop and secure innovative opportunities for property development on its land.

## 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 2014.

(\$)	2013/14 target	2013/14 actual
Landing charges	2,116,099	2,096,961
Other revenue	1,807,124	1,913,516
<b>Total revenue</b>	<b>3,923,223</b>	<b>4,010,477</b>
Other revenue % of total	46.1%	47.7%
Profit before income tax	1,205,281	544,210
Profit after tax	865,003	394,031
Dividend	350,000	447,580

Note: 2013/14 result included an impairment of \$696,400 on the business park asset

Objective	Measure	2013/14 actual
Stage1 of the business Park to be fully tenanted by 2017 with one new tenant added each year to achieve targeted rate of return.	One new tenant added each year.	1 New tenant secured
Enhance passenger growth by adding a competitive airline or collaboration with Air New Zealand.	Passenger growth above 3% per annum.	1.23%
Deliver a high level of customer service to all airport users.	Achieve high level of satisfaction for the services provided as measured by survey.	Over 50% of customers rated their experience above average
Achieve a satisfactory level of health and safety compliance at the airport.	No injuries to staff or visitors.	No injuries to staff or visitors reported

# Hastings District Holdings Limited Group

## Policies and objectives regarding ownership and control

Hastings District Holdings Limited (the Holding Company) is a Council Controlled Organisation (CCO), 100% owned by the Hastings District Council. 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:

### Hawke's Bay Opera House Limited

Hawke's Bay Opera House Limited was incorporated in May 2009 and commenced trading on 1 July 2009. The Company provides Council and the community with a governance structure for the delivery of activities in the conventions, performing arts, cultural and entertainment sectors and the operation and management of Opera House facilities that will optimise the utilisation of existing community assets.

Due to the closure of the Hawke's Bay Opera House for earthquake strengthening, Hawke's Bay Opera House Limited 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.

### Hastings District Properties Limited

The Property Company was incorporated in June 2010 as a property development company for Council. The objectives of The Property Company are to carry out property developments to ensure the successful implementation of Council urban development strategies achieving high quality urban outcomes, whilst at the same time carrying out property developments on a commercial basis.

## Scope and nature of activity

Activities that are to be undertaken by the Holding Company are:

- Negotiation of the individual annual Statements of Intent for the CCOs that it owns
- Negotiation of the annual Statement of Intent between Council as shareholder and the Holding Company
- Monitoring the performance of the subsidiary companies owned by the Holding Company
- Appointment and monitoring of the directors of the subsidiary companies.

## Performance

### 1. Governance of Council-Owned Entities with accountability to the community

Performance measures for the Holding Company are focused on appropriate monitoring and control of statements of intent for its subsidiaries and reporting back to Council.

**Result:** The Holding Company met all of its reporting requirements to Council during the year and ensured all reporting requirements of its subsidiaries were met as well.

### 2. Financial Return or Contribution to Council's Overall Budget

Ensuring that the Holding Company returns a dividend to Council when appropriate and ensuring that the subsidiary companies return a minimum acceptable dividend where appropriate.

**Result:** No dividends were available during 2014.

### 3. Ensure subsidiaries deliver on Council's strategic goals

Ensuring that the subsidiary companies draft SOIs are received by HDHL by the statutory deadline are appropriate, measurable, attainable and timely and are strategically aligned and compatible with the strategic goals of Council.

**Result:** All subsidiary Statements of Intent were received as required within the statutory deadlines and were compatible with Council's strategic goals.

### 4. Financial

Statement of Financial Performance for the HDHL Group:

(\$)	2013/14 budget	2013/14 actual
Total revenue	1,750,000	1,231,965
Total operating expenditure	1,761,000	1,325,040
Net surplus/(deficit)	(11,000)	(93,075)

# 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 1.66%.

## Scope and nature of activity

LGFA will raise debt funding either domestically and/or offshore in either New Zealand dollars or foreign current and provide debt funding to New Zealand 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:

Performance measure	Target	Result	Outcome (target met?)
Average cost of funds relative to NZGS	<0.50%	0.85%	No <sup>1</sup>
Average margin above LGFA's cost of funds charged to the highest rated Local Authorities	<0.25%	0.15%	Yes
Annualised operating overheads	<\$3.2m	\$3.245m	No
Lending to participating councils	<\$3.4b	\$3.696b	Yes

1. The target was not met due to the disproportionate amount of longer dated LGFA bonds issued (and hence a wider margin) over the year.

Financials	Target	Result	Outcome (target met?)
Net interest income	\$9.84m	\$10.219m	Yes
Issuance and operating expenses	\$3.2m	\$3.245m	No
Net profit	\$6.64m	\$6.974m	Yes

# HB LASS Limited

## Policies and objectives regarding ownership and control

The Councils that operate within Hawke's Bay have formed a company to investigate, develop and deliver shared services, where and when that can be done more effectively for any combinations of some or all of the councils. HB LASS is a Council-Controlled Organisation (CCO) for the purposes of the Local Government Act 2002.

## Scope and nature of activity

The principal nature and scope of the activities of HB LASS Ltd is to:

- Use Joint Procurement to add value to goods and services sourced for its constituent Councils
- Facilitate Shared Services that benefit Councils and their stakeholders through improved levels of service, reduced costs, improved efficiency, innovation and/or increased value
- Pursue best practice in the management of all activities to obtain best value and minimise risk
- Demonstrate fiduciary responsibility by ensuring that its activities are adequately funded from savings achieved, levies, Council contributions, or Government funding where available
- Allow other Councils or organisations to participate in its activities where this will benefit its constituent councils directly or indirectly
- Represent the collective views of its shareholders in matters with which it is associated.

## Performance targets

To ensure the Company continues to operate effectively in both governance and management terms over the next three years, the targets are to:

Performance target	Result		
Initiate at least three shared services in the first full year of operation and at least one shared service each year and no less than two shared services successfully implemented within the following three years.	The Company has initiated four Shared Services investigations during its first full year of operation (December 2012 to December 2013). In the 2014 Calendar year to date two additional investigations have commenced (Information Technology Services, Liquor Licensing & Environmental Health Inspection Services).		
Implement Shared Services demonstrating best practice and added value to participating councils and stakeholders.	The Company has recommended to the shareholding Councils implementation of a Regional GIS Shared Service project and further evaluation of a Building Control Shared Service. A Shared Service for Fleet Management has been implemented by the Hawke's Bay Regional Council and Hastings District Council.		
Explore Joint Procurement initiatives for goods and services from sources offering best value, service, and/or continuity of supply.	The Company explored an initiative related to Regional Fleet Management that included elements of joint procurement. Implementation of this has resulted in savings to Napier City Council and Central Hawke's Bay District Council.  As a consequence of the Information Technology initiative a shared procurement arrangement has been arranged for virtual server software. Arrangements extending some internet connection services across those Councils on the FX network were also secured.		
Ensure sufficient income is available from activities to sustain a viable company.	The Company remains viable.		
Operate in a manner that conforms with any applicable regulatory requirements.	Regulatory requirements have been met.		
Financials	Target	Result	Outcome (target met?)
Operating result	Breakeven	Breakeven	Yes

## 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.

# Treasury Policy

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# 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.

### Debt ratios and limits

Debt will be managed within the following macro limits:

Ratio	Target	30 Jun 2014
Net debt as a percentage of equity	<20%	2.77%
Net debt as a percentage of income	<150%	43.30%
Net interest as a percentage of income	<15%	3.22%
Net interest as a percentage of annual rates income	<20%	5.22%
Liquidity (term debt + committed loan facilities to existing debt)	>110%	188.51%

There were minor breaches of the treasury policy which were reported to the Audit and Risk Subcommittee 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.

### Annual Report Disclosure Statement for the year ended 30 June 2014

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.

### Rates (Income) affordability benchmark

The following graph compares the Council's actual rates income with a quantifiable limit on rates income contained in the financial strategy included in the Council's long term plan. The quantifiable limit is the rates as forecast in the 2012-2022 Long Term Plan.

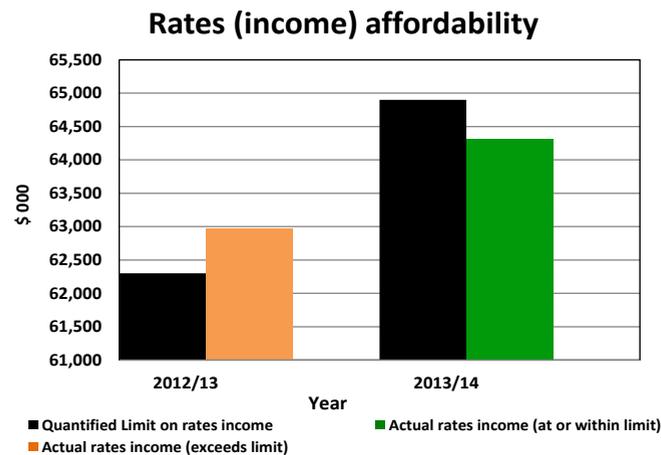
Annual Report Disclosure Statement for the year ended 30 June 2014

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.

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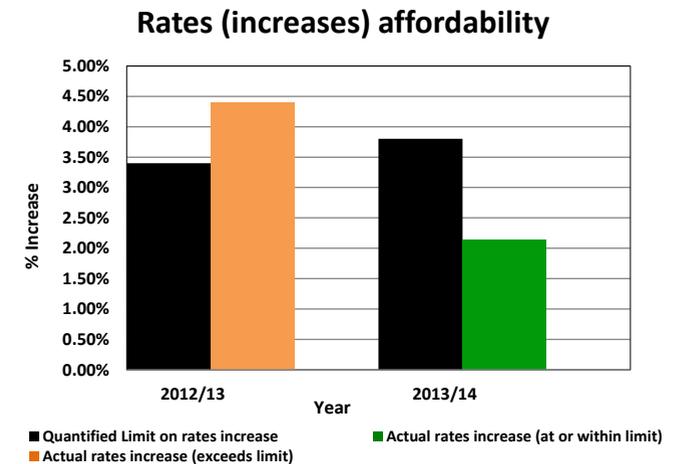
Rates (income) affordability benchmark

The following graph compares the Council’s actual rates income with a quantifiable limit on rates income contained in the financial strategy included in the Council’s long term plan. The quantifiable limit is the rates as forecast in the 2012-2022 Long Term Plan



Rates (increases) affordability benchmark

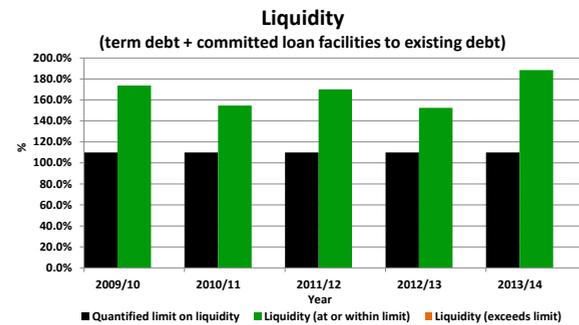
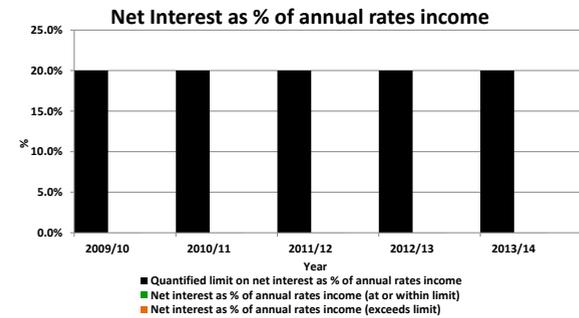
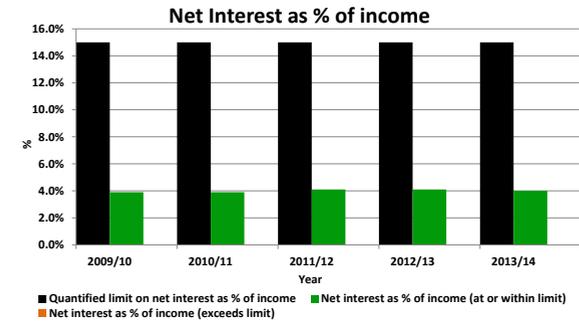
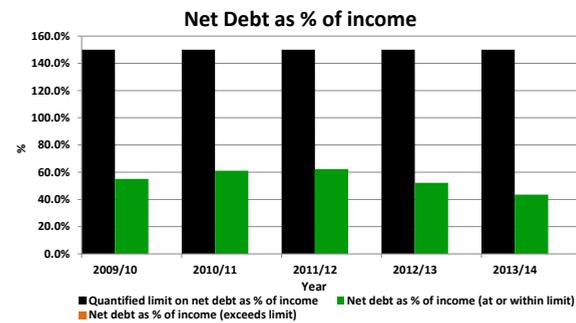
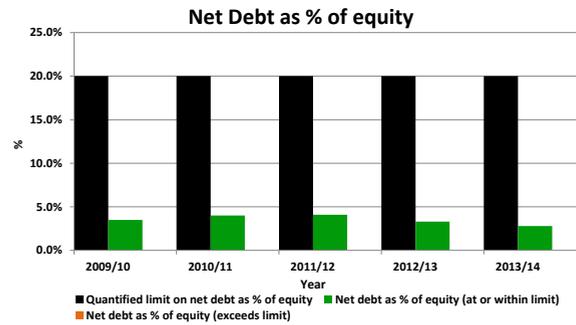
The following graph compares the Council’s actual rates increases with a quantifiable limit on rates increases contained in the financial strategy included in the Council’s 2012-2022 Long Term Plan.



### Debt affordability benchmark

The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

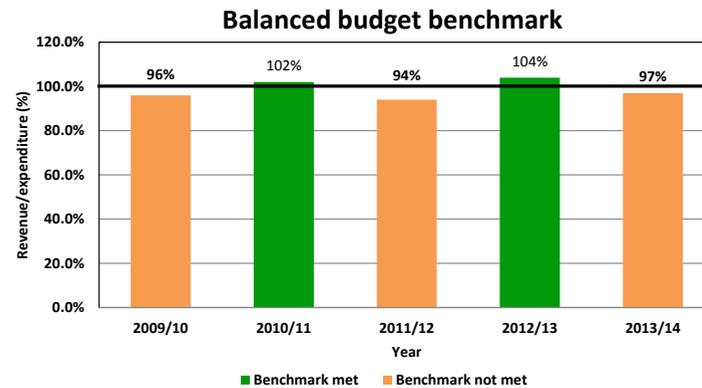
The following graph compares the Council's borrowing with the quantified limits on borrowing stated in the financial strategy included in the 2009-2019 LTCCP and 2012-2022 Long Term Plan.



### Balanced budget benchmark

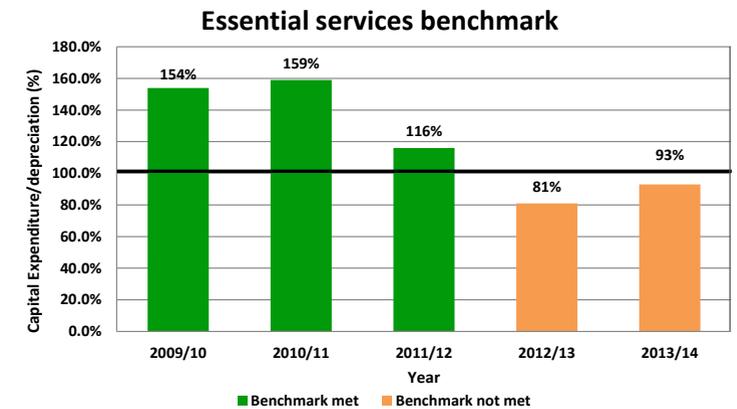
The following graph displays the Council’s revenue (excluding development contributions, financial contributions vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a percentage of operating expenses (excluding losses on derivative financial instruments, and revaluations of property, plant, or equipment).

The Council meets this benchmark if its revenue exceeds its operating expenses.



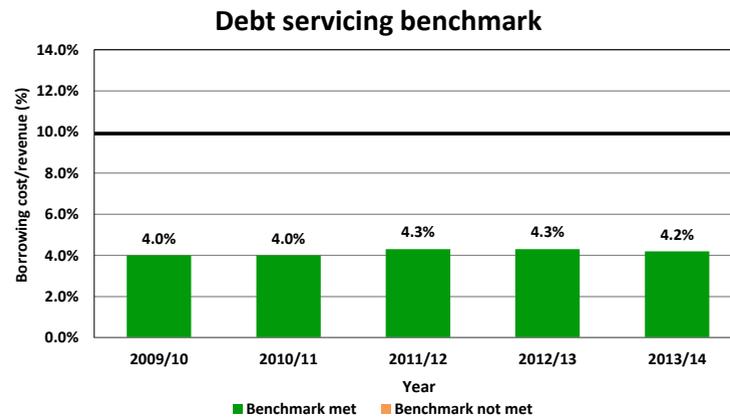
### Essential services benchmark

The following graph displays the capital expenditure (this includes both new capital and renewal capital) 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.



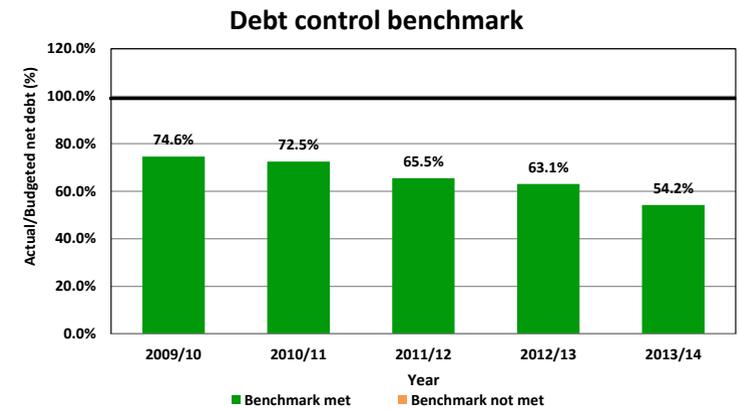
### Debt servicing benchmark

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). The Council meets this benchmark if its borrowing costs equal or are less than 10% of its revenue.



### Debt control benchmark

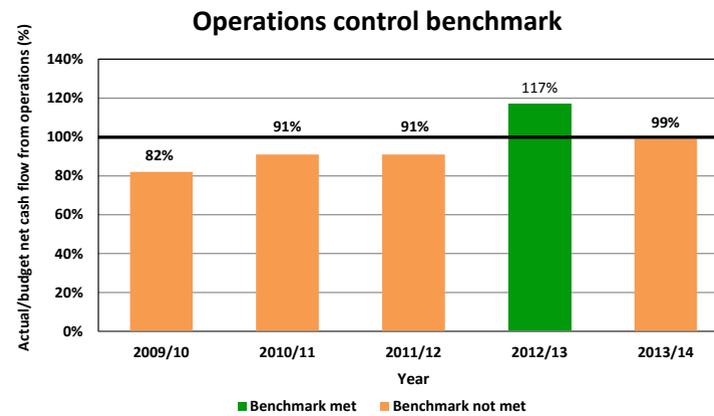
The following graph displays the Council's net debt as a percentage of planned net debt. In this statement net debt means financial liabilities less financial assets (excluding trade and other receivables). The Council meets the debt control benchmark if its actual net debt equals or is less than its planned debt.



### 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.



# Independent Auditor's Report

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# Independent Auditor's Report

To the readers of  
Hastings District Council  
and group's annual  
report for the year ended  
30 June 2014.

The Auditor General is the auditor of the Hastings District Council (the District Council) and group. The Auditor General has appointed me, Stephen Lucy, using the staff and resources of Audit New Zealand to audit:

- the financial statements of the District Council and group that comprise:
  - the statement of financial position as at 30 June 2014 on page 90;
  - the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2014 on pages 88 to 89 and page 91;
  - the funding impact statement of the District Council on page 110;
  - the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 69 to 85; and
  - the notes to the financial statements that include accounting policies and other explanatory information about the financial statements on pages 92 to 153.
- the statement of service provision (made up of Summary Performance information, Detailed Performance information, and Groups of Activities information) of the District Council on pages 13 to 49 and pages 65 to 85 and the funding impact statements in relation to each group of activities of the District Council on pages 67 to 84, and
- the disclosures of the District Council that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 165 to 169.

In addition, the Auditor General has appointed me to report on whether the District Council and group's annual report complies with the *Other Requirements* of schedule 10 of the Local Government Act 2002, where applicable, by including:

- information about:
  - internal borrowing on page 128;
  - council controlled organisations on pages 155 to 161;
  - reserve funds on pages 129 to 132;
  - each group of activities carried out by the District Council on pages 65 to 85;
  - remuneration paid to the elected members and certain employees of the District Council on pages 134 to 135;
  - employee staffing levels and remuneration on page 136;
  - severance payments on page 136;
  - rating base units on page 182; and
  - insurance of assets on page 153.
- a report on the activities undertaken by the District Council and group to establish and maintain processes to provide opportunities for Maori to contribute to the Council's decision making processes on page 86; and
- a statement of compliance signed by the mayor of the Council, and by the District Council and group's chief executive on page 176.

## Opinion

### Audited information

In our opinion:

- the financial statements of the District Council and group on pages 88 to 153:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the District Council and group's financial position as at 30 June 2014; and
    - the results of operations and cash flows for the year ended on that date.
- the funding impact statement of the District Council on page 110 fairly reflects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;
- the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 69 to 85 fairly reflects by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long term plan or annual plan; and
- the statement of service provision (made up of Summary Performance information, Detailed Performance information, and Groups of Activities information) of the District Council on pages 13 to 49 and pages 65 to 85:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects the District Council's levels of service for the year ended 30 June 2014, including:
    - the levels of service as measured against the intended levels of service adopted in the long term plan; and
    - the reasons for any significant variances between the actual service and the expected service.
- the funding impact statements in relation to each group of activities of the District Council on pages 67 to 84, fairly reflects by each group of activities, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long term plan; and
- the disclosures on pages 65 to 86, 128 to 132, 134 to 136, 153, 155 to 161, 165 to 169, 176 and 182 represent a complete list of required disclosures and accurately reflects the information drawn from the District Council's audited information.

### Compliance with the other requirements of schedule 10

In our opinion, which is not an audit opinion, the District Council and group's annual report complies with the *Other Requirements* of schedule 10 that are applicable to the annual report.

Our audit was completed on 23 October 2014. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities, and we explain our independence.

## Basis of opinion

We carried out our audit in accordance with the Auditor General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the information we audited is free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and the statement of service provision (made up of Summary Performance information, Detailed Performance information, and Groups of Activities information). If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the information we audited. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the information we audited, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the District Council and group's preparation of the information we audited that fairly reflect the matters to which they relate. We consider internal control in order to design procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the District Council and group's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;

- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of all disclosures in the information we audited;
- determining the appropriateness of the reported statement of service provision (made up of Summary Performance information, Detailed Performance information, and Groups of Activities information) within the Council's framework for reporting performance; and
- the overall presentation of the information we audited.

We did not examine every transaction, nor do we guarantee complete accuracy of the information we audited.

When reporting on whether the annual report complies with the Other Requirements of schedule 10 of the Local Government Act 2002, our procedures were limited to making sure the information required by schedule 10 was included in the annual report, where relevant, and identifying material inconsistencies, if any, with the information we audited. This work was carried out in accordance with International Standard on Auditing (New Zealand) 720; *The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements*. As a result, we do not express an audit opinion on the District Council's compliance with the requirements of schedule 10.

We did not evaluate the security and controls over the electronic publication of the information we are required to audit and report on. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate evidence to provide a basis for our opinion.

## Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and a statement of service provision (made up of Summary Performance information, Detailed Performance information, and Groups of Activities information) that:
  - comply with generally accepted accounting practice in New Zealand;
  - fairly reflect the District Council and group's financial position, financial performance and cash flows; and
  - fairly reflect its service performance, including achievements compared to forecast;
- a funding impact statement that fairly reflects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;
- funding impact statements in relation to each group of activities that fairly reflects by each group of activities the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long term plan;
- statements about budgeted and actual capital expenditure in relation to each group of activities that fairly reflects by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long term plan or annual plan;
- disclosures in accordance with the requirements of the Local Government (Financial Reporting and Prudence) Regulations 2014; and

- the other information in accordance with the requirements of schedule 10 of the Local Government Act 2002.

The Council is responsible for such internal control as it determines is necessary to ensure that the annual report is free from material misstatement, whether due to fraud or error. The Council is also responsible for the publication of the annual report, whether in printed or electronic form.

The Council's responsibilities arise under the Local Government Act 2002.

## Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the information we are required to audit, and whether the Council has complied with the *Other Requirements* of schedule 10, and reporting that opinion to you. Our responsibility arises under section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

## Independence

When carrying out this audit, which includes our report on the *Other Requirements*, we followed the independence requirements of the Auditor General, which incorporate the independence requirements of the External Reporting Board. Other than this audit, which includes our report on the *Other Requirements*, we have no relationship with or interests in the District Council or any of its subsidiaries.



S B Lucy  
Audit New Zealand  
On behalf of the Auditor General  
Wellington, New Zealand

# Statement of Compliance and Responsibility

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# 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 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 2014 fairly reflect the financial position and operations of Hastings District Council.

**Lawrence Yule**  
Mayor



**John O'Shaughnessy**  
Acting Chief Executive



Dated: 23 October 2014

# Equal Employment Opportunity Policy

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## 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 and ensured that its activities and services were carried out with an awareness of, and intent to eliminate discrimination in the area of race, colour, ethnic or national origin, gender, religion, marital status, family responsibilities, age or disabilities.

The Council will continue to ensure that the principles of Equal Employment Opportunity are developed, implemented, and regularly reviewed by way of appropriate programmes.

# Your Council

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# Directory of Council



**LAWRENCE YULE JP**  
Mayor

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027 249 6206  
lawrencey@hdc.govt.nz



**CYNTHIA BOWERS**  
Deputy Mayor

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**KEVIN WATKINS**

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Hastings – Havelock North Ward



**ROD HEAPS**

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Heretaunga Ward



**GEORGE LYONS**

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councillor.lyons@hdc.govt.nz  
Heretaunga Ward



**HENARE O'KEEFE**

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councillor.okeefe@hdc.govt.nz  
Flaxmere Ward



**JACOBY POULAIN**

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councillor.poulain@hdc.govt.nz  
Flaxmere Ward



**MICK LESTER JP**

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councillor.lester@hdc.govt.nz  
Kahuranaki Ward



**TANIA KERR**

06 834 9604  
councillor.kerr@hdc.govt.nz  
Mohaka Ward

Rural Community Board		HDC Māori Joint Committee		Council Representatives	
Mr Peter Kay, Maraekakaho Chairman	Mr Nick Dawson, Kaweka	Mr Robin Hape, Chair	Mr Barney Tihema	Mayor Lawrence Yule, JP	Cr Mick Lester, JP
Mr Bayden Barber, Poukawa	<b>Council appointees:</b>	Mr Bayden Barber	Mr Toro Waaka	Cr Wayne Bradshaw	Cr Henare O'Keefe
Mrs Sue Maxwell, Tutira	Cr Tania Kerr, Deputy Chair	Mr Te Rangihau Gilbert	Ms Tracee Te Huia	Cr Sandra Hazlehurst	Cr Adrienne Pierce
	Cr Mick Lester, JP				

# Directory of Senior Management



**ROSS  
MCLEOD**

06 871 5002  
rossm@hdc.govt.nz  
Chief Executive (on leave)



**JOHN  
O'SHAUGHNESSY**

06 871 5002  
johno@hdc.govt.nz  
Acting Chief Executive



**TONY  
GRAY**

06 871 5003  
tonyg@hdc.govt.nz  
Chief Financial Officer



**MIKE  
MAGUIRE**

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## Statistical information (Council only)

2013			2014	
	522,893ha	Land Area		522,893ha
Source – Statistics NZ	70,842	Population (2006 Census)	Source – Statistics NZ	
Land Value	\$7,699,401,400	Valuations (Net)	Land Value	\$7,731,154,600
Improvements	\$6,823,693,500	(as at 30 June 2014)	Improvements	\$6,974,011,500
Capital Value	\$14,523,094,900		Capital Value	\$14,705,166,100
Permanent Staff	358	Employee numbers as at 30 June	Permanent Staff	359
	\$23,507,000	Total Salary and Wages		\$24,849,000
	\$88,847,000	Gross Public Debt*		\$87,852,000
	\$2,940	Gross Debt per rateable assessment		\$2,890
Sealed Road	1,288.40	Roading (km)	Sealed Road	1,295.10
Unsealed Roads	340.20		Unsealed Roads	340.40
State Highways	201.10		State Highways	201.10
	30,211	Rateable Assessments		30,397
	\$72,372,965	Rates Levied (Includes GST)		\$73,930,506
<b>Average rate</b>	<b>Average land value</b>	<b>Analysis by differential category</b>	<b>Average rate</b>	<b>Average land value</b>
		Rating Area 1 (Urban)		
\$1,899	\$127,435	Residential	\$1,943	\$127,933
\$1,548	\$220,264	Residential Non-Urban	\$1,616	\$224,851
\$1,536	\$154,096	Residential Clive	\$1,557	\$150,813
\$2,450	\$505,122	Horticulture / Farming	\$2,470	\$503,845
\$9,811	\$604,800	Chartered Clubs	\$9,891	\$604,800
\$12,641	\$500,390	Commercial (CBD)	\$12,450	\$496,837
\$9,331	\$393,342	Other Commercial	\$8,902	\$383,552
\$8,670	\$480,019	Commercial Non-Urban	\$8,214	\$450,156
		Rating Area 2 (Rural)		
\$1,382	\$254,819	Residential **	\$1,299	\$215,565
\$1,945	\$214,031	Commercial	\$2,008	\$227,680
\$2,528	\$717,187	Lifestyle / Horticulture / Farming **	\$2,533	\$694,933

\* See Note 15

\*\*Differential Reclassification adopted by Council. Properties greater than 1ha reclassified from Residential to Lifestyle / Horticulture / Farming. Properties less than 1ha reclassified from Lifestyle / Horticulture / Farming to Residential.

## Glossary of terms

<b>BUDGET</b>	Refers collectively to the figures in the Annual Plan or Ten year Plan (LTP), including forecasts and projections
<b>CAPITAL EXPENDITURE</b>	Relates to the creation or enhancement of assets for the purpose of improving existing or providing new services to the community
<b>CARRY FORWARDS</b>	Are projects which, for various reasons, are unable to be completed during the year in which they were budgeted and will be undertaken in the next plan year (e.g. projects not completed in 2012/13 will be 'carried forward' to 2013/14). Funding allocated to each project will also be carried forward
<b>DEPRECIATION</b>	Is a value, which represents the wearing out of an asset over time
<b>OBJECTIVES</b>	Identify short-term targets relating to the plan period
<b>OPERATING EXPENDITURE</b>	Is expenditure, which is used for the operation and maintenance of Council assets that are used in the provision of services to the community
<b>OVERHEADS</b>	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
<b>PERFORMANCE INDICATORS</b>	Are measures by which the Council's performance is to be measured
<b>RATING AREA 1</b>	Includes all of the Urban Areas, all of the former Plains Areas, and 10.27% of the former Rural Areas
<b>RATING AREA 2</b>	Covers the remaining 89.73% of the Rural Area
<b>SIGNIFICANT ACTIVITY</b>	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

<b>AWPT</b>	Area Wide Pavement Treatment LOS Level of Service
<b>CBD</b>	Central Business District
<b>CCO</b>	Council Controlled Organisation. This is a term for a company where local authorities hold a controlling interest
<b>CR</b>	Councillor
<b>DRA 1</b>	District Rating Area One (Urban Area)
<b>DRA 2</b>	District Rating Area Two (Rural Area)
<b>GST</b>	Goods and Services Tax FRS Financial Reporting Standard
<b>HBRC</b>	Hawke's Bay Regional Council BPS Basis Points
<b>HCAG</b>	Sustaining Hawke's Bay Trust EERST Environmental Education for Resource Sustainability
<b>HDC</b>	Hastings District Council
<b>HPUDS</b>	Heretaunga Plains Urban Development Strategy
<b>LATM</b>	Local Area Traffic Management
<b>LGA</b>	Local Government Act 2002
<b>LTP</b>	Long Term Plan or Ten Year Plan
<b>NCC</b>	Napier City Council
<b>NZ GAAP</b>	NZ Generally Accepted Accounting Principles
<b>PA</b>	Per Annum IFRS International Financial Reporting Standards
<b>UAGC</b>	Uniform Annual General Charge









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TE KAUNIHERA O HERETAUNGA