

Summary of Non-Financial Performance

Introduction

The following outlines how the Council has progressed against its performance management framework within its 2018-2028 Long Term Plan. This report marks the second year of reporting against the 2018-2028 Long Term Plan. A summary of our progress at the end of Year Two is as follows:

Key Actions

There are 27 key actions contained within the Long Term Plan 2018-2028. All actions are on track or completed.

Levels of Service and Customer Experience

There are 72 measures focused on our service levels to the community. They relate both to the things Council provides (Levels of Service) and to how the customer interacts with Council's services (Customer Experience). The aim of Council is to fully achieve/substantially achieve these. For reporting purposes we group our activities into the following groups:

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

In brief, the Council's achievements are:

LEVELS OF SERVICE (65 MEASURES)

Group of activities	Notes	Fully achieved	Substantially achieved (98.5%-99%)	Not achieved
Water & Roads		11 (50%)	1 (5%)	10 (45%)
Safe, Healthy & Liveable Communities	(i)	15 (68%)	2 (9%)	5 (23%)
Economic & Community Development	(ii)	8 (80%)	-	2 (20%)
Governance & Support Services		7 (88%)	1 (12%)	-

Notes:

- The Opera House measure is not applicable at this time due to the closure of the Theatre and Municipal Building during 2019/20. The Food Safety measure has been superseded by the introduction of the Food Act 2014.
- The level of service measure in relation to the Opera House is not applicable at this time due to the closure of the Theatre and Municipal Building during 2019/20.

CUSTOMER EXPERIENCE (7 MEASURES)

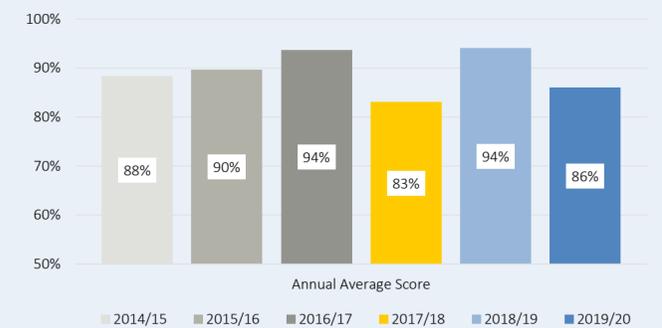
Group of activities	Fully achieved	Substantially achieved (98.5%-99%)	Not achieved
Governance and Support Services	2 (100%)		
Safe, Healthy & Liveable Communities	1 (25%)		3 (75%)

Customer Service Centre: Mystery Shopping

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

Yearly Comparative Performance –

Customer Service Centre Mystery Shopper Results



Note: The 2017/18 result is skewed by an isolated mystery shop issue which has been resolved during 2018/19.

Notes:

The specific disclosures in the summary annual report have been extracted from the full annual report adopted by Council on 8 December 2020. This summary has been prepared in accordance with FRS-43: Summary Financial Statements. The figures are presented in NZ dollars rounded to \$000s. The summary annual report cannot be expected to provide as complete an understanding as provided by the full annual report. The full annual report was authorised by the Mayor and Chief Executive on 8 December 2020 and received an unmodified opinion on the audited information, excluding the non-financial performance information. A qualified opinion was received on the non-financial performance information with respect to the verification of the number of complaints for some services – refer customer satisfaction performance results on pages 16 (Stormwater), 18 (Wastewater), and pages 21 and 22 (Water Supply).

Independent Auditor's Report

To the readers of the Hastings District Council and Group's summary of the annual report for the year ended 30 June 2020

The summary of the annual report was derived from the annual report of the Hastings District Council and Group (the District Council) for the year ended 30 June 2020.

The summary of the annual report comprises the following summary statements on pages 1 to 4:

- the summary statement of financial position as at 30 June 2020;
- the summaries of the statement of comprehensive revenue and expenses, statement of changes in equity and statement of cash flows for the year ended 30 June 2020;
- the summary additional disclosures; and
- the summary activity groups statement.

Opinion

In our opinion:

- the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS-43: Summary Financial Statements.

However, the summary non-financial performance information includes a limitation in scope to the equivalent extent as the full audited non-financial performance information. This limitation is explained below in *The Full Annual Report and Our Audit Report Thereon* section.

Summary of the Annual Report

The summary of the annual report does not contain all the disclosures required by generally accepted accounting practice in New Zealand. Reading the summary of the annual report and the auditor's report thereon, therefore, is not a substitute for reading the full annual report and the auditor's report thereon.

The summary of the annual report does not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full annual report.

The Full Annual Report and Our Audit Report Thereon

We expressed a modified audit opinion on the activity groups statement and an unmodified audit opinion on the District Council's audited financial statements and other audited information in the full annual report for the year ended 30 June 2020 in our report dated 8 December 2020. The basis for our modified opinion on the activity groups statement is explained below.

The District Council is required to report against the performance measures set out in the Non-Financial Performance Measure Rules 2013 (the Rules) made by the Secretary for Local Government. These mandatory performance measures include the total number of complaints (per 1,000 connections) received about the drinking water, sewerage, and the stormwater systems. These measures are important because the number of complaints is indicative of the quality of services received by ratepayers.

The Department of Internal Affairs has issued guidance to assist local authorities in applying the Rules, including on how to count complaints. Our audit testing found that the District Council has not been counting complaints in accordance with this guidance and that the District Council's method of counting was likely to have understated the actual number of complaints received both in the current year and in the comparative year to 30 June 2019. Complete records for all complaints made to the District Council were not available and we were unable to determine whether the District Council's reported results for these performance measures were materially correct. We also found that the District Council's system for classifying complaints between these performance measures is deficient and we were unable to determine whether this deficiency resulted in a material misstatement of the number of complaints reported per performance measure. The District Council has indicated their best estimate of the number of complaints based on a "worst-case" scenario for each of the performance measures above which has not been audited. As a result, our work was limited and there were no practicable audit procedures we could apply to obtain assurance over the number of complaints reported against these three performance measures. Information about this matter is also disclosed on page 4 of the District Council's summary annual report. Our auditor's report on the full annual report also includes an emphasis of matter paragraph drawing attention to the disclosures about the impact of Covid-19 on the District Council as set out in the full Annual Report in the Covid-19 note on page 91 to the financial statements and pages 27, 29 to 30 and 31 of the non-financial performance information.

Council's Responsibility for the Summary of the Annual Report

The Council is responsible for preparing the summary of the annual report which includes preparing summary statements, in accordance with PBE FRS-43: Summary Financial Statements.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the full annual report and whether the summary statements comply with PBE FRS 43: Summary Financial Statements.

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

Other than in our capacity as auditor and the performance of a limited assurance engagement related to the District Council's debenture trust deed, we have no relationship with, or interests in the District Council.

Karen Young

Karen Young, Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand
22 December 2020



Welcome from the Mayor and the Chief Executive

We would like to acknowledge the way our community managed the challenges of COVID-19 and the lockdown - the kindness, patience and understanding of our community helped us through this difficult time.

Our focus is now on working with central government and the business sector to support our community's economic and social recovery.

The backbone of our economy is our primary sector, and our council was pleased to support our district's farming community with a contribution towards extra feed through our regional Mayoral Relief Fund.

Keeping people employed is also a focus and this year we initiated the 'Jobs for Heretaunga Programme' with the Ministry of Social Development to maximise employment opportunities for our community.

Working with Toitō - Hawke's Bay Arts and Events Centre and our arts community, we are delivering an Arts, Culture and Events Recovery Plan.

Bringing safe drinking water to our people continues to be our council's number one priority. This year's achievements include new water treatment facilities, a booster pump station, and preliminary work for water treatment and storage at Frimley and Eastbourne as well as upgrades to our small community water supplies.

As the government's pilot for a new place-based housing plan, we are delivering more homes, including additional social and transitional housing, papakāinga, inner city living and greenfield residential developments.

One of the biggest highlights this year was the re-opening of the Hawke's Bay Opera House, Cushing Foyer and Functions on Hastings at Toitō Hawke's Bay Arts and Events Centre, and another major milestone was the opening of two amazing playgrounds in our premier Flaxmere and Cornwall Parks.

Fabulous community events were held to open the Flaxmere and Cornwall Park playgrounds. The redevelopment of these much loved parks reflect our council's commitment to invest in our public spaces for the enjoyment of our community. These wonderful parks have been loved by many people for generations and their upgrades have achieved national awards. They will meet the needs of families for today and in the future.

This year has also seen the start of our new kerbside recycling and rubbish collection service, an important step in our community's efforts to reduce the amount of waste going to landfill.

We would like to take this opportunity to acknowledge the hard work and dedication of our staff and elected members who work tirelessly to serve our community. We are committed to doing the best for our people and deliver on their goals and aspirations.



Sandra Hazlehurst
Sandra Hazlehurst
Mayor | Hastings District Council

To'osavili Nigel Bickle
To'osavili Nigel Bickle
Chief Executive | Hastings District Council

Key Initiatives and Projects



Water

Council's drinking water strategy, centred on its number one priority of providing safe drinking water for the Hastings district community, has made a lot of progress over the last year.

Over last year, the Havelock North booster pump station that pressurises treated water and pushes it up into the Havelock North hills and reservoirs was built

Upgrades to treatment plants and water storage in the small community water supplies continued, with contracts awarded for this work at six community sites. Te Pōhue was added to the schedule of small community water supplies to be upgraded.

Community engagement was undertaken on the construction of a new 8,000m³ water storage reservoir to be located at the southern end of Frimley Park.

Similar preparatory work for water storage and treatment is being progressed for the Eastbourne water supply.



Homes for our people

Over the last year a key focus has been on facilitating and enabling the provision of homes for our people, and this has been supported by Central Government investment towards more housing in Hastings.

Council has continued to work with a variety of agencies, including Kāinga Ora, Te Puni Kōkiri and Te Taiwhenua o Heretaunga to progress housing consents.

Across the district sites are being investigated for a mix of social/transitional housing, affordable homes, and conventional homes.

During the year construction began on the Te Taiwhenua o Heretaunga Waingakau housing project in Flaxmere, an initiative that is a collaborative partnership with council.

Work has continued on freeing up land for greenfield residential subdivision and infill development, council has made it easier to build residential units in the inner city, and allowed for seasonal worker accommodation to be built in the light and general industrial zones at Ōmahu and Irongate.



Relaxing in our reserves

A highlight for the council this year was the opening of two upgraded playgrounds at two of the district's premier parks - Flaxmere and Cornwall.

Flaxmere Playground's grand opening was held in June last year, when the community got its first chance to enjoy the features of the new development, including the highest rope climbing frame in Hastings.

The Cornwall Park playground was also transformed into a destination playground, including a 10m high acorn tower and rope bridges, slides, trampolines and monkey bars, among other features.

Works to improve the path network in Tainui and Hikanui Reserves were also undertaken this year, making access through the parks safer and more user-friendly for all users.

Separate mountain biker and walking tracks were introduced or improved, and with the support of care groups, weed removal, tree management and native plantings were carried out.



Rubbish and recycling

Following public consultation on the Waste Minimisation and Management Plan, a new kerbside recycling and rubbish collection service was rolled out this year.

Hastings District Council awarded the recycling contract to Smart Environmental Ltd and JJ's Waste & Recycling Ltd was awarded the contract for kerbside rubbish collection.

The changes have been accompanied by an education campaign that will be ongoing to help people become more aware of what and how to recycle, and how to reduce waste overall.



City Centre Cultural Precinct

Almost six years after it was closed for earthquake strengthening, Toitō - Hawke's Bay Arts and Events Centre opened its doors in February this year.

While work continues on strengthening and developing the Municipal Building, the refurbished Opera House, Cushing Foyer and former Plaza, now renamed Functions on Hastings, were unveiled for the public over two days at a special dawn blessing, opening night gala and community festival.

A new type of venue for Hastings, it is also a new generation of venue for New Zealand, and will be the hub of the district's cultural, community and commercial events, intended to give locals and visitors multiple reasons to make Toitō, and its Opera House, a must-visit attraction.

Toitō has hired nine permanent staff and 32 casual event crew and, after temporarily closing to comply with the restrictions of the COVID-19 lockdown, the venue re-opened in June with a number of acts already lined up over the coming months.

Work on the Opera House, Eastbourne, Cushing Foyer and Functions on Hastings cost \$17.8m (\$13.1m Hastings District Council funding) and in July 2019, the Lottery Grants Board announced it would contribute \$4.75m towards the Municipal Building project.



COVID-19

As with the wider Hastings community, the COVID-19 pandemic had a significant impact on council operations, and planning for the future.

The recovery from the economic and community impacts of COVID-19 is now the priority for council across all its activities and its role to support the wellbeing of all the district's residents.

Council kept all essential services operating during the lockdown period, and most staff were able to continue their roles working remotely. Other staff were redeployed to support council incident management services, regional Civil Defence operations and council welfare services, particularly focused on older people and people living alone.

With the easing of restrictions, attention turned to the reopening of council facilities, resumption of programmes, and the work programme that was already underway.

Council Recovery actions have included setting up a rapid response fund to support community organisations, the establishment of an urban centres recovery fund to support the district's main retail centres in Hastings, Havelock North and Flaxmere and support for Recovery Funds to assist drought affected farmers.

To soften the rate impact while supporting the COVID-19 response and recovery, the 2020/21 Annual Plan was reviewed and an expected budgeted rates increase was proposed to be reduced from 4.4 per cent to 1.9 per cent.

Council's economic, social and arts sector recovery plans are well advanced and aim to maximise opportunities for the community.

Twenty-eight capital works projects with a value of \$16.1m were reactivated from April 2020 to help get business and people moving again.

Council successfully secured \$9m of government funding to improve traffic, walking and cycling safety and improvements in rural and urban areas, including Waipatu - this work designed to create further employment for locals.

Applications for further shovel-ready project funding from the Provincial Growth Fund were either made or identified.

Recovery plans for the district's more vulnerable residents have also been created and will guide council's approach to aiding not only a recovery, but also realising untapped potential.



Financial Statements for the Year Ended 30 June 2020

Statement of Comprehensive Revenue and Expense

Actual Council 2019 \$'000	Actual Group 2019 \$'000		Budget 2020 \$'000	Actual Council 2020 \$'000	Actual Group 2020 \$'000
137,781	139,204	Total revenue	130,425	142,477	143,819
-	107	Share of associate surplus/(deficit)	-	-	(214)
123,847	124,231	Expenses	119,190	131,057	132,364
4,605	4,605	Finance costs	6,833	4,991	4,991
7,088	7,088	Unrealised Loss on Swaps	-	5,196	5,196
2,240	3,386	Surplus before tax	4,403	1,232	1,054
-	-	Income tax expense	-	-	-
2,240	3,387	Surplus (deficit) after tax	4,403	1,232	1,054
42,580	43,309	Other comprehensive revenue:	67,470	35,899	35,815
44,820	46,696	Total comprehensive revenue and expense	71,873	37,131	36,869
Surplus (deficit) attributable to:					
2,240	3,387	Hastings District Council	4,403	1,232	1,054
2,240	3,387		4,403	1,232	1,054
Total comprehensive revenue and expense attributable to:					
44,820	46,696	Hastings District Council	71,873	37,131	36,869
44,820	46,696		71,873	37,131	36,869

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

(i) Total income is higher than budget due to increased NZTA subsidies, Development Contributions, increased revenue at Landfill along with a higher level of vested assets.

(ii) Expenses are higher due to increased contracted services and additional personnel in the water area, mostly funded with prior year carry forwards.

(iii) Lower than budgeted debt levels caused by delayed projects resulted in lower finance costs.

(iv) Other comprehensive income includes gains on the revaluation of infrastructural assets.

Statement of Changes in Equity

\$'000	\$'000		\$'000	\$'000	\$'000
2,020,806	2,043,736	Balance at 1 July	1,860,953	2,065,626	2,090,432
2,240	3,387	Surplus/ (deficit) for the year	4,403	1,232	1,054
42,580	43,309	Other comprehensive revenue and expense for the year	67,470	35,899	35,815
44,820	46,696	Total comprehensive revenue and expense	71,873	37,130	36,869
2,065,626	2,090,432	Total Equity	1,932,827	2,102,756	2,127,302
Total equity is made up of:					
1,238,844	1,260,909	Accumulated funds	1,133,055	1,239,788	1,261,679
3,648	3,648	Restricted Reserves	3,182	3,935	3,935
823,134	825,875	Revaluation Reserves	796,589	859,033	861,689
2,065,626	2,090,432	Total Equity	1,932,827	2,102,756	2,127,302

Statement of Financial Position

\$'000	\$'000		\$'000	\$'000	\$'000
15,480	17,528	Current assets	11,807	29,220	30,641
2,197,123	2,220,479	Non-current assets	2,082,268	2,274,447	2,298,580
2,212,603	2,238,008	Total assets	2,094,075	2,303,667	2,329,221
38,208	38,625	Current liabilities	31,309	48,060	48,936
108,769	108,950	Non-current liabilities	129,940	152,851	152,983
146,977	147,575	Total liabilities	161,249	200,911	201,919
2,065,626	2,090,432	Net assets (assets minus liabilities)	1,932,827	2,102,756	2,127,302
2,065,626	2,090,432	Equity	1,932,827	2,102,756	2,127,302
2,065,626	2,090,432	Total equity	1,932,827	2,102,756	2,127,302

The major reason for the variance between actual and budgeted balances at 30 June 2020 was:

(i) Secured loans levels were lower than budgeted at the end of the financial year due to projects not progressing as budgeted.

Statement of Cash Flows

\$'000	\$'000		\$'000	\$'000	\$'000
41,402	42,829	Net cash flows from operating activities	35,553	39,109	40,470
(68,604)	(69,029)	Net cash flows to investing activities	(71,954)	(88,876)	(91,106)
28,501	28,367	Net cash flows from financing activities	36,401	46,574	46,574
1,300	2,165	Net increase (decrease) in cash held	-	(3,192)	(4,060)
1,640	2,177	Add cash at start of year	1,265	2,939	4,342
2,939	4,342	Cash at end of year	1,265	(254)	282

Notes to Financial Statements:
Part 6 s 98 of the Local Government Act 2002 requires Council to make publicly available a summary of the information contained in its Annual Report.
The Council has complied with PBE standards tier 1 reporting as applicable for public benefit entities.
The information contained in this summary financial statements and full financial statements is prepared in accordance with all measurements and recognition requirements under NZ GAAP.

Post balance date events:
The Council has entered into a loan facility agreement with Hawke's Bay Airport Limited dated 10 July 2020 for a total of \$2,160,000. The facility is based on the Council's shareholding proportion of 24% at an interest rate of 3.5% per annum for a period of up to two years. This is provided for the purpose of meeting the borrower's operating costs and capital expenditure for the Hawke's Bay Airport expansion and terminal redevelopment project.

Publication of Annual Report:
A full copy of the annual report may be obtained from Council's offices, public libraries and the website www.hastingsdc.govt.nz.
This summary annual report has been examined by the independent auditor for consistency with the full financial report. A modified independent auditor's report is included within this summary.