

**TE KAUNIHERA
Ā-ROHE O HERE-
TAUNGA 2022-2023
PŪRONGO Ā-TAU
HASTINGS DISTRICT
COUNCIL 2022-2023
ANNUAL REPORT**



**HERETAUNGA
HASTINGS** DISTRICT COUNCIL

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

INTRODUCTION FROM THE MAYOR AND THE CHIEF EXECUTIVE

Even in the face of a natural disaster, Heretaunga Hastings has shown resilience and the past year has been defined by many successes as well as challenges.

Hastings was forever changed by the events of Cyclone Gabrielle, and as a community and a Council we are still facing the long-reaching impacts of the storm.

While it is still a long road to recovery, it's heartening that within the past six months 10 temporary bridges and crossings have been installed and roads repaired so access could be restored to our impacted communities.

Our response and recovery efforts have had substantial financial implications that will continue as we repair and rebuild our roads and bridges and support our impacted communities in their recovery.

We continue to practise good stewardship and are advocating for the best outcomes for our community as we move forward.

While Cyclone Gabrielle cast a shadow over the last half of the financial year, there have been many successes in the last 12 months that are worthy of acknowledgment.

The cyclone has had an impact but overall the Hastings economy is proving resilient and investment interest is strong across the industrial, commercial and residential housing sectors. Hundreds of public and private houses are being built, new businesses are moving to the district and activity is high in the industrial areas of Irongate, Ōmāhu and Whakatū.

This was our first year of having our Takitimu ward councillors elected by residents on the Māori roll, a reflection of our community and commitment to true partnership with mana whenua.

While works on the Waiaroha drinking water treatment, storage and education facility were delayed due to Cyclone Gabrielle, an opening date has now been set for October 2023.

This is the final project outlined in our Drinking Water Strategy and will deliver an additional 10 million litres of drinking water storage. and put in place enhanced treatment systems to reduce the risk of contamination.

It follows the Frimley Water Treatment Plant being completed in June, and seven small community drinking water upgrades are also completed.

This is a significant achievement towards ensuring Hastings has access to clean drinking water and making our three waters infrastructure as resilient as possible, and one which our Council is very proud of.

This year we also celebrated the reopening of the redeveloped Municipal Building, which was a fantastic community celebration.

The Quest Hotel behind Toitoti-Hawke's Bay Arts and Events Centre was also completed and opened, and with the new Wesley Community Centre provides fantastic support for our arts, events and hospitality precinct.

And, by the end of the year, work was just about to start on building the new Hawke's Bay Museum, Research and Archives Centre to house our region's taonga.

It's another exciting development at the eastern end of the city, with the revitalisation that's been happening over recent years recognised with a top award at this year's Taituarā Excellence Awards.

Our council formally took over the Tōmoana Showgrounds in recent months and work will continue to develop this space into a venue that continues to serve the community as well as attract large-scale events.

Providing homes for our people has continued to be a priority and a lot of progress has been made getting the infrastructure ready for about 150 new safe, affordable homes to be built in Flaxmere. This is in addition to a huge building programme happening across the district through our Hastings Place Based Housing partners and private developers.

Our parks and reserves continued to be a focus this year and it was wonderful to re-open the former tea kiosk in Cornwall Park as a community space – complete with a Changing Places bathroom and adjoining playground both designed to cater for people with disabilities.

We upgraded or installed new playgrounds in parks across the district and a highlight was the opening of our beautiful new skate plaza in Flaxmere Park, which was named Recreation Aotearoa's Most Active Park of the Year for the second time.

Looking ahead to summer, our Council agreed to undertake significant upgrades and equipment replacements at Splash Planet, in time for this season's opening in November.

We were also excited this year to adopt our new Ka hao te Rangatahi Hastings Youth Strategy setting out the aspirations of the district's young people, and our Heretaunga Ararau Te Reo Māori Action Plan was boosted with the replacing of faded directional road signs being replaced with bilingual versions.

It was a proud occasion for Council to be recognised alongside Hastings Church and Anglican Care Waiapu at the LGNZ Super Local Awards, receiving the Super Collab Award and the overall Supreme Award for Kahu Mai - Hastings Integrated Community Hub. This project is building long-term trust relationships with our most vulnerable community members – our homeless – to create a sense of whānau that enables them to overcome their personal challenges and find a pathway to a positive future.

Over the year these and many other activities kept our district moving forward while we also responded, and then began working in earnest on our district's recovery from Cyclone Gabrielle.

We are committed to ensuring recovery and resilience are embedded across the work programme while continuing to deliver the ambitious aspirations of our communities.

We would like to acknowledge all of our staff at the Council, and our partner organisations, for their continuing commitment and hard work through another very busy year. Together with our elected members, we are all striving to make Hastings the best it can be, both now and for the future.

AWARDS

LGNZ SUPER LOCAL AWARDS

- SuperCollab Award and Supreme Award for Kahu Mai – Hastings Integrated Community Hub

TAITUARĀ EXCELLENCE AWARDS

- Beca Placemaking Award for “A Place for Everyone” project, revitalising the city centre

LGNZ EXCELLENCE AWARDS

- Highly Commended – Pāharekeke, kua tae tew a! It's Flaxmere's Time!

RECREATION AOTEAROA AWARDS

- Flaxmere Park named the country's Most Active Park



Sandra Hazlehurst
Mayor



To'osavili Nigel Bickle
Chief Executive

TĀ MĀTOU ANGAMAHI RĪPOATA OUR REPORTING FRAMEWORK



OUR REPORTING FRAMEWORK

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

LEVEL ONE

Future Aspirations

LEVEL TWO

Levels of Service

Customer Experience Measures

Key Actions

LEVEL THREE

Asset Improvement Plans

THE COUNCIL HAS A THREE LEVEL REPORTING FRAMEWORK

Level One Future Aspirations

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

Level Two Today's Commitments

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

Level Three Smart Business

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

MONITORING PROGRESS

Year-end progress report on Council's Long Term Plan Commitments – as at 30 June 2023.



SUMMARY NON-FINANCIAL PERFORMANCE

INTRODUCTION

Council's performance management framework (as outlined within its 2021-2031 Long Term Plan) details what Council hopes to achieve over the medium to long term. The pages which follow illustrate how Council has progressed during the year in working towards achieving these outcomes.

The Council has made a number of judgements in preparing its service performance information. The judgements exercised do not have a significant effect on the selection, measurement, aggregation and presentation of the Council's service performance information

This report marks the second year of reporting against the 2021-2031 Long Term Plan. A summary of our progress at the end of Year Two is as follows:

LEVEL ONE: FUTURE ASPIRATIONS

The information on progress toward future aspirations is best measured by shifts over time. These measures are largely on track.

LEVEL TWO: TODAY'S COMMITMENTS

Key actions

There are 36 key actions contained within the Long Term Plan 2021-2031. These measures are largely on track or completed.

Levels of service and customer experience

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

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

In brief the Council's achievements are as follows:

LEVELS OF SERVICE (64 MEASURES)

Group of activities	Fully achieved	Substantially achieved (98.5%-99%)	Not achieved
Water & Roads (Note i)	12 (55%)	-	10 (45%)
Safe, Healthy & Liveable Communities (Note ii)	17 (77%)	5 (23%)	-
Economic & Community Development	7 (70%)	-	3 (30%)
Governance & Support Services	5 (71%)	-	2 (29%)

Notes:

i: The measure for Water Supply non-urgent response not available currently

ii: The measure for crematorium consent compliance not available currently

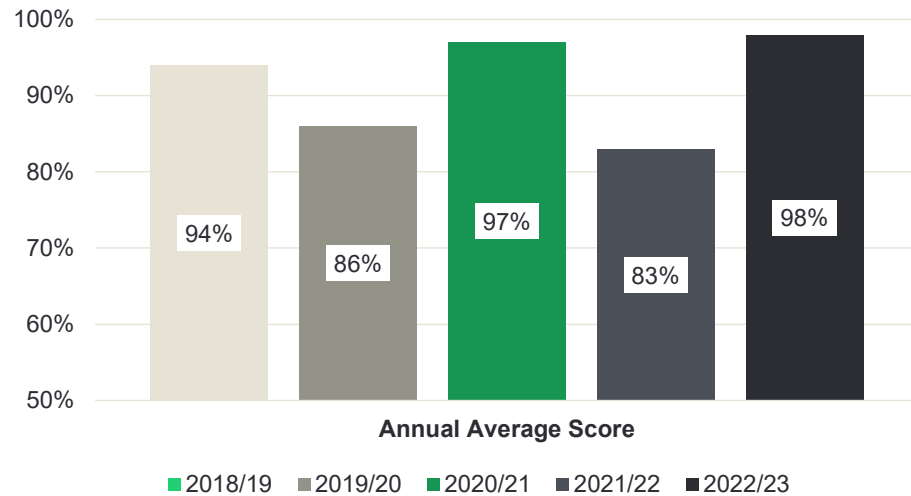
CUSTOMER EXPERIENCE (7 MEASURES)

Group of activities	Fully achieved	Substantially achieved (98.5%-99%)	Not achieved
Governance and Support Services	1 (50%)	-	1 (50%)
Safe, Healthy & Liveable Communities	1 (20%)	-	4 (80%)

Customer Service Centre: Mystery Shopping

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

YEARLY COMPARATIVE PERFORMANCE – CUSTOMER SERVICE CENTRE MYSTERY SHOPPER RESULTS



Contact Centre: Mystery Shopping

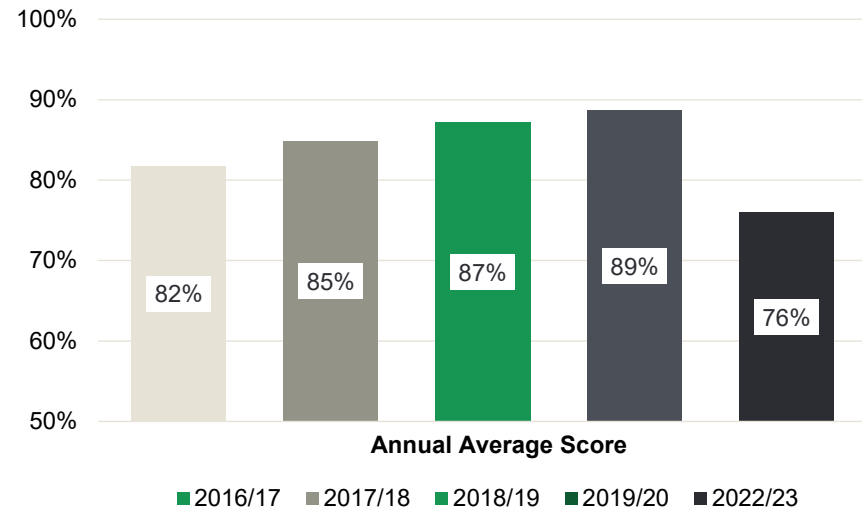
Following a two-year hiatus due to a mix of COVID and operational pressures, the mystery shop calling partnership with the Palmerston North City Council resumed this year.

The independent “shops” measure the service delivered for some of the regular call topics against a set of key performance indicators. The focus being the level of subject knowledge displayed and the overall customer experience provided.

Internal call assessments and staff coaching complement the mystery shop programme to ensure a consistent high-quality service is provided.

Note: The service level percentage was consistently in the mid-80s up until Cyclone Gabrielle. Post the cyclone, the average has been below 80% for a sustained period due to higher call volumes and longer handling times.

YEARLY COMPARATIVE PERFORMANCE – CONTACT CENTRE MYSTERY SHOPPER RESULTS



LEVEL THREE: SMART BUSINESS

Asset improvement plans

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

The focus during 2022/23 was the ongoing implementation of improvement items as identified within those plans which were adopted as part of the 2021-2031 Long Term Plan.

Since February 2023 however, the Council's focus has been on the response to and now the recovery from Cyclone Gabrielle.

LEVEL ONE – FUTURE ASPIRATIONS

ROADS & FOOTPATHS

FUTURE ASPIRATIONS	BASELINE PERFORMANCE	FUTURE TARGET	PROGRESS
FG01 Modal shift to walking/cycling.	11% (predicted 20/21).	7% annual increase over 20/21 baseline – more than 13% in 2022/23.	<ul style="list-style-type: none"> Not Measured – National reporting against this measure commences in 2023.
FG02 Walking and cycling trips.	5,500 (2018 baseline).	10% annual increase – more than 7,000 in 2022/23.	<ul style="list-style-type: none"> Not Measured – National reporting against this measure commences in 2023.
FG03 Greenhouse gas emissions from transport.	313,500 tonnes carbon dioxide equivalent (predicted 20/21).	Less than 285,600 in 2022/23.	<ul style="list-style-type: none"> Not Achieved – 290,533 tonnes carbon dioxide equivalent in 2022/23 which represents a decline from the estimated 20/21 baseline. Note: this measure is not under direct Council control but acknowledges Council's contribution to this overall goal.
FG04 Network inaccessibility.	% of network inaccessible to Class 1 and 50 Max vehicles. 11.18% (predicted 20/21).	2.50% in 2022/23.	<ul style="list-style-type: none"> Achieved – 0.5% of network inaccessible to Class1 and 50 Max vehicles.
FG05 Network availability.	% of network available to HPMV vehicles. 17.5% (predicted 20/21)	25.9% in 2022/23.	<ul style="list-style-type: none"> Not Achieved – 22.1% of network available to HPMV which represents an increase from the estimated 20/21 baseline.
FG06 Unplanned road closures.	Journeys affected due to unplanned road closures. Not more than 500,000 pa.	Less than 500,000.	<ul style="list-style-type: none"> Not Measured – Will be tracked via new maintenance contracts .

SAFE, HEALTHY & LIVEABLE COMMUNITIES

FUTURE ASPIRATIONS	BASELINE PERFORMANCE	FUTURE TARGET	PROGRESS
FG07 Public buildings meet minimum earthquake standards (34% of new building standard).	62.04%	100% by 2033 meeting future legislative standards.	<ul style="list-style-type: none"> On Track – 94.2% <p>Note: the legislation is covered under the Building Act 2004 (<i>Subpart 6A—Special provisions for earthquake-prone buildings</i>) and applicable Regulations.</p> <p>The legislation sets specific timeframes for remediation of earthquake-prone buildings. All earthquake-prone buildings in Hastings District are required to be remediated by 1 July 2037 (unless they are buildings which are not captured under the legislation and identified as earthquake-prone at a later time).</p> <p>The legislation determines which buildings within the Hastings district are captured and these buildings are then profiled against certain criteria using the EPB Methodology.</p> <ul style="list-style-type: none"> 345 buildings have been profiled within the profile categories of the EPB Methodology and are/were therefore potentially earthquake prone. Of the 345 buildings, 253 are now excluded because they have been assessed or strengthened to ≥34% NBS or are timber frame buildings. Of the remaining 92 buildings: <ul style="list-style-type: none"> 14 buildings have been identified as <u>potentially</u> earthquake prone (building owners are required to have seismic assessments completed), and 78 buildings have been determined as <u>earthquake prone</u> and owners must remediate the buildings within a specified timeframe. Of the buildings currently identified as earthquake prone, there are currently 3 building consents for strengthening (with work at various stages). To date within the Hastings district, there have been a total of 580 buildings assessed or strengthened >34% NBS (this includes multiple buildings which are not captured under the legislation).
FG08 Increased recyclables diverted from landfill.	9,800 tonnes diverted.	≥ 11,760 tonnes per annum by 2024 (20%).	<ul style="list-style-type: none"> On Track – 5,147 tonnes diverted via Hastings District Council services, NCC to report their tonnages separately. The recycling tonnage collected by HDC services had previously increased in the two years following the adoption of the Joint Waste Management and Minimisation Plan by 12.5%. However, due to the impact of COVID-19 and associated level of service disruptions, recycling tonnages fell below the baseline rate, they have since increased slightly but remained static over the past three years
FG09 Decreased organic waste going to landfill.	28,580 tonnes	≤ 19,150 to landfill by 2024 (30%).	<ul style="list-style-type: none"> On Track, some progress made – 30,816 indicative tonnes (33.5%).

SAFE, HEALTHY & LIVEABLE COMMUNITIES

FUTURE ASPIRATIONS	BASELINE PERFORMANCE	FUTURE TARGET	PROGRESS
			<ul style="list-style-type: none"> • There has been a 60% decrease in green waste disposed of to landfill since 16/17, 13,499 tonnes to 5,616 tonnes per annum. Food waste volumes have increased resulting in an overall increase in the volume of organic waste disposed of to landfill (28.8% to 33.5% for all organic waste). These figures include waste from Napier City Council. The organic waste reduction target is monitored through the Solid Waste Analysis Protocol surveys. These surveys are completed every three years and the survey was undertaken in 2022. • The total waste to Ōmarunui landfill increased to 112,226 from 91,903 tonnes in the 2021/22 year. This increase is solely due to the large volume of waste created by Cyclone Gabrielle which continues to be received by the landfill. • Diversion services at the Henderson Road Refuse Transfer Station saw 2,252 tonnes of green (garden) waste and 482 tonnes of timber diverted to reuse.

LEVEL TWO – TODAY’S COMMITMENTS

(A) LEVELS OF SERVICE

WATER SERVICES

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

The performance measures in the tables below are required to be reported in accordance with section 261B of the Local Government Act 2002. The baseline performance is based on 2021/22 actual information (unless otherwise stated).

STORMWATER

COMMUNITY OUTCOMES	LEVEL OF SERVICE STATEMENT	PERFORMANCE MEASURE	BASELINE PERFORMANCE 2021/22	2022/23 TARGET	2022/23 ACHIEVEMENT
COUNCIL OBJECTIVE <ul style="list-style-type: none"> The natural environment is enhanced and protected Council services are green and healthy 	Council will provide a safe and reliable stormwater service and ensure that service interruptions are kept to a minimum.	DIA Non-Financial Performance Measure 1 – System Adequacy The number of flooding events that occur in the Council’s district. For each flooding event, the number of habitable floors affected (expressed per 1,000 properties connected to the Council network).	0 (zero)	0 (zero) floors affected per 1,000 connections up to a 1 in 50 year ARI storm event.	Achieved- 0 (zero) floors affected per 1,000 connections up to a 1 in 50 year ARI storm event. Note: Cyclone Gabrielle records are excluded from this number due to that storm event being greater than the 50-year event and less used as the basis for this achievement target.
		DIA Non-Financial Performance Measure 2 – Discharge Compliance Compliance with Council’s resource consents for discharge from its stormwater system measured by the number of:	0		Achieved -As per below
		a) Abatement notices	0	0 (zero) Abatement notices	0
		b) Infringement notices	0	0 (zero) Infringement notices	0
		c) Enforcement orders	0	0 (zero) Enforcement orders	0

STORMWATER

COMMUNITY OUTCOMES	LEVEL OF SERVICE STATEMENT	PERFORMANCE MEASURE	BASELINE PERFORMANCE 2021/22	2022/23 TARGET	2022/23 ACHIEVEMENT
		d) Convictions	0	0 (zero) Convictions	0
		<p>DIA Non-Financial Performance Measure 3 – Response Times</p> <p>The median response time to attend a flooding event, measured from the time that the Council receives notification to the time that service personnel reach the site.</p>	58 mins	1 hour	Not Achieved – 1 hour 33 minutes. There was a reduction in response times due to Cyclone Gabrielle and the significant call volumes, and trees and flood waters blocking access to properties and infrastructure.
		<p>DIA Non-Financial Performance Measure 4 – Customer Satisfaction</p> <p>The number of complaints received by Council about the performance of its stormwater system, expressed per 1,000 properties connected to the Council's stormwater system.</p>			
		(a) Per Council Customer Services	8.37	15 complaints per 1,000 connections. NB: This is a baseline figure for stormwater-related complaints received in the past 8 years.	Achieved – 11.82 per 1,000 connections. There was an increase in complaints over the 2021/22 year due to the wettest year in 50 years of records and Cyclone Gabrielle.
		(b) Per After Hours Customer Services provider	0.61		Achieved – 1.26 per 1,000 connections.** ** Refer to page 35 for further disclosure

SEWERAGE AND THE TREATMENT AND DISPOSAL OF SEWAGE

COMMUNITY OUTCOMES	LEVEL OF SERVICE STATEMENT	PERFORMANCE MEASURE	BASELINE PERFORMANCE 2021/22	2022/23 TARGET	2022/23 ACHIEVEMENT
COUNCIL OBJECTIVE	Council will provide a safe and reliable wastewater service and ensure that	<p>DIA Non-Financial Performance Measure 1 –</p> <p>Number of dry weather sewerage overflows from the Council's wastewater system, expressed per 1000 sewerage connections to that sewerage system.</p>	0.46	5 per 1,000 connections per annum	Achieved – 0.45 per 1,000 connections.

SEWERAGE AND THE TREATMENT AND DISPOSAL OF SEWAGE

COMMUNITY OUTCOMES	LEVEL OF SERVICE STATEMENT	PERFORMANCE MEASURE	BASELINE PERFORMANCE 2021/22	2022/23 TARGET	2022/23 ACHIEVEMENT	
<ul style="list-style-type: none"> The natural environment is enhanced and protected Council services are green and healthy 	service interruptions are kept to a minimum.	DIA Non-Financial Performance Measure 2 – Compliance with Council’s resource consents for discharge from its sewerage system measured by the number of:	0 check re HBRC			
		(a) Abatement notices	0	0 (zero) Abatement notices	Achieved – nil	
		(b) Infringement notices	0	0 (zero) Infringement notices	Achieved – nil	
		(c) Enforcement orders	0	0 (zero) Enforcement orders	Achieved – nil	
		(d) Convictions	0	0 (zero) Convictions	Achieved – nil	
		DIA Non-Financial Performance Measure 3 – Where the Council attends to sewerage overflows resulting from a blockage or fault in the Council’s sewerage system, the following median response times are measured:				
		(a) Attendance time: From the time that the Council receives notification to the time that service personnel reach the site, and	41 minutes	1 hour response time to site (attendance time)	Not Achieved – 1 hour 8 minutes response time.	
		(b) Resolution time: From the time that the Council receives notification to the time that service personnel confirm resolution of the blockage or other fault.	3.08 hours	1 day permanent repair completed (resolution time)	Achieved – 2 hours 34 minutes	
		DIA Non-Financial Performance Measure 4 – Total number of complaints received by the Council about any of the following:				
		(a) Sewage odour				
(b) Sewerage system faults						
(c) Sewerage system blockages						
(d) The Council’s response to issues with its sewerage system						
Expressed per 1,000 connections to the Council’s sewerage system.						
(a) Per Council Customer Services		14.42		Achieved – 12.09 complaints per 1,000 connections		

SEWERAGE AND THE TREATMENT AND DISPOSAL OF SEWAGE

COMMUNITY OUTCOMES	LEVEL OF SERVICE STATEMENT	PERFORMANCE MEASURE	BASELINE PERFORMANCE 2021/22	2022/23 TARGET	2022/23 ACHIEVEMENT
		(b) Per After Hours Customer Services provider	6.39	30 complaints – Count expressed per 1,000 connections per annum.	Achieved – 6.70 complaints per 1,000 connections.** ** Refer to page 35 for further disclosure

WATER SUPPLY

COMMUNITY OUTCOMES	LEVEL OF SERVICE STATEMENT				
COUNCIL OBJECTIVE <ul style="list-style-type: none"> Water and land resources are used wisely The natural environment is enhanced and protected Council services are green and healthy 	Water Supply – Ensuring healthy drinking water through the provision and effective management of water services.	DIA Non-financial performance Measure 1 (safety of drinking water) The extent to which the local authority’s drinking water supply complies with:			
		(a) Part 4 of the drinking-water standards (bacteria compliance criteria); and			
		(b) Part 5 of the drinking-water standards (protozoal compliance criteria).			
		Baseline performance	Part A – Not Achieved	Part B – Not Achieved	
		2022/23 target	Percentage compliance – 100%	Target 100%	
		2022/23 Achievement (Key: Green – compliant. Orange – partially compliant. Red – Non-compliant)			
		Water supply area	Part 4 – bacterial compliance	Part 5 – protozoal compliance	
		Waimārama		Compliant	UV and Cartridge Filtration
		Haumoana/Te Awanga		Compliant	UV
		Ōmāhu	All sites compliant under DWSNZ – Waipatu compliant under DWQAR. All other sites non-compliant under DWQAR due to not having sufficient treatment infrastructure, scheduling issues against the new rules and a single loss of FAC incident at Ōmāhu.	Compliant	UV and Cartridge Filtration
Clive	Partially Compliant	Compliant Ferry Road WTP – Secure under DWSNZ & Interim Class 1 under DWQAR/Not used in reporting period. Non-compliant: Clive WTP – UV			
Hastings Urban Supply (Hastings, Havelock North, Flaxmere, Bridge Pa, Paki Paki)	Partially Compliant	Compliant: <ul style="list-style-type: none"> Wilson WTP – UV 			

WATER SUPPLY

COMMUNITY OUTCOMES	LEVEL OF SERVICE STATEMENT
	<ul style="list-style-type: none"> • Portsmouth WTP – Secure under DWSNZ/Interim Class 1 under DWQAR until new WTP (UV) installed 24/25. <p>Non-compliant:</p> <ul style="list-style-type: none"> • Brookvale WTP – UV and Cartridge Filtration • Frimley WTP – Non-compliant due to insufficient treatment infrastructure. A new WTP is due to be operational in the 23/24 compliance year. • Eastbourne WTP – Non-compliant due to insufficient treatment infrastructure. Waiaroha WTP is due to be operational in the 23/24 compliance year.

2022/23 Achievement (Key: **Green** – compliant. **Orange** – partially compliant. **Red** – Non-compliant)

Part 5 – Protozoal Compliance	Part 5 – Protozoal Compliance	Part 5 – Protozoal Compliance
Te Pōhue	Non-Compliant	Non-compliant primarily due to damage sustained from Cyclone Gabrielle.
Whirināki/Esk	Non-Compliant	Non-compliant primarily due to damage sustained from Cyclone Gabrielle.
Waipātiki	Non-Compliant	Non-compliant due to insufficient treatment infrastructure. A new WTP with cartridge filtration and UV treatment operational end of 2022.
Waipatu	Non-Compliant	Non-compliant due to not meeting monitoring requirements under DWSNZ. Compliant from December 22 under DWQAR. Supply will be connected to the Hastings Urban supply in the future.
Whakatū	Non-Compliant	Secure Groundwater under DWS. Non-compliant due to insufficient infrastructure under DWQAR. A new WTP with UV treatment operational in 23/24 compliance year.

WATER SUPPLY

COMMUNITY OUTCOMES	LEVEL OF SERVICE STATEMENT	PERFORMANCE MEASURE	BASELINE PERFORMANCE 2021/22	2022/23 TARGET	2022/23 ACHIEVEMENT	
<p>COUNCIL OBJECTIVE</p> <ul style="list-style-type: none"> Water and land resources are used wisely The natural environment is enhanced and protected Council services are green and healthy 	<p>Water Supply – Ensuring healthy drinking water through the provision and effective management of water services.</p>	<p>DIA Non-Financial performance Measure 2 – (maintenance of the reticulation network) The percentage of real water loss from the local authority's networked reticulation system. (including a description of the methodology used to calculate this).</p>	Not Achieved	20% Percentage real losses or other recognised industry standard as specified in the Hastings District Council's 'Water Conservation and Demand Management Strategy'.	<p>Not Achieved – Council has been unable to produce a statistically reliable result for this measure due to insufficient water meters across the network.**</p> <p>Council completed installation of 2,000 smart meters in the 22/23 year. Data from these meters will improve the reliability of this measure for 23/24 reporting.</p> <p>** Refer to page 35 for further disclosure</p>	
		<p>DIA Non-Financial performance Measure 3 – (fault response times) Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times are measured:</p>			95% achievement rate.	
		(a) attendance for urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site, and	52 minutes	Urgent – 1 hour response time to site.	Achieved – 55 Minutes	
		(b) resolution of urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption	1.43 hours	Urgent – 2 hour restoration of service.	Achieved – 59 Minutes	
		(c) attendance for non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site, and	2.15 days	Non-urgent – 3 days response time to site (Note i).	Achieved – 23.35hrs	
		(d) resolution of non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption.	3.97 days	Non-urgent – 7 days call resolution.	Not Yet Available	

WATER SUPPLY

COMMUNITY OUTCOMES	LEVEL OF SERVICE STATEMENT	PERFORMANCE MEASURE	BASELINE PERFORMANCE 2021/22	2022/23 TARGET	2022/23 ACHIEVEMENT
		<p>DIA Non-Financial performance Measure 4 – (customer satisfaction) The total number of complaints received by the local authority about any of the following:</p> <p>(a) drinking water clarity (b) drinking water taste (c) drinking water odour (d) drinking water pressure or flow (e) continuity of supply, and (f) the local authority's response to any of these issues expressed per 1,000 connections to the local authority's networked reticulation system.</p>			
		(a) Per Council Customer Services	155.46	3	Not Achieved – 165.71 complaints per 1,000 connections per annum.
		(b) Per After Hours Customer Services provider	30.64	Count expressed per 1,000 connections per annum.*	Not Achieved – 37.20 complaints per 1,000 connections per annum.** ** Refer to page 35 for further disclosure
		<p>DIA Non-performance Measure 5 – (demand management) The average consumption of drinking water per day per resident within the territorial authority district.</p>	633.6	410 litres per day per resident.	<p>Not Achieved – 647.7 litres per day per resident This value reflects district wide usage and includes usage, network losses and customer side losses. It does not reflect seasonal population change, only base resident population estimates. A comprehensive re-write of the Water Conservation and Demand Management Strategy is due for completion in 2023. Network-wide pressure reduction to reduce network losses will be implemented as part of a multi-tiered approach to demand management.</p>

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

ROADS AND FOOTPATHS

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

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

The baseline performance is based on 2021/22 actual information unless otherwise stated.

COMMUNITY OUTCOMES	PERFORMANCE MEASURE	BASELINE PERFORMANCE 2021/22	2022/23 TARGET	ACHIEVEMENT 2022/23
COUNCIL OBJECTIVE The transport network links people, goods and opportunities.	DIA Non-Financial Performance Measure 1 – Road safety The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number.	39	Reducing trend of fatality and serious injury from previous year. (Base level = 40 fatalities and serious crash injuries on the local road network) based on 2017-19 average. 2022/21 target 36.	Not Achieved – 39 (6 Fatal, 33 Serious)
	DIA Non-Financial Performance Measure 2 – Condition of the sealed road network The average quality of ride on a sealed local road network, measured by smooth travel exposure.	91%	90% smooth travel exposure. (Average quality of ride)	Achieved – 91% smooth travel exposure in 2022/23.
	DIA Non-Financial Performance Measure 3 – Maintenance of a sealed local road network The percentage of the sealed local road network that is resurfaced.	6.4%	6.0% of sealed local road network is resurfaced per annum.	Not Achieved – 4.9% sealed in 2022/23, the programme was significantly interrupted by Cyclone Gabrielle
	DIA Non-Financial Performance Measure 4 – Condition of footpaths within the local road network The percentage of footpaths within a territorial authority district that fall within the level of service or service standard for the condition of footpaths that is set out in the territorial authority's relevant document (such as its annual plan, activity management plan, asset management plan, annual works programme or Long Term Plan).	0.26%	No more than 1.5% of footpaths classified poor or worse as measured by Council's condition rating system.	Not Achieved – 4.6% . Note the condition rating survey methodology has changed – a new target in the 2020-2034 LTP will reflect this.
	DIA Non-Financial Performance Measure 5 – Response to Service Requests The percentage of customer service requests relating to roads and footpaths to which the territorial authority responds within the timeframe specified in the Long Term Plan.	99%	95% of customer service requests relating to roads and footpaths responded to within 28 days.	Achieved – 97% of customer service requests responded to within 28 days

SAFE, HEALTHY AND LIVEABLE COMMUNITIES

COUNCIL OUTCOMES	PERFORMANCE MEASURE	BASELINE PERFORMANCE 2021/22	TARGET 2022/23	ACHIEVEMENT 2022/23
COUNCIL OBJECTIVE: Council services are green and healthy.	Hours of operation at refuse transfer station.	Achieved	7 days per week.	Achieved – There were no closures to the Henderson Road Refuse Transfer Station or Blackbridge Refuse Transfer Stations during the year. The Henderson Road Refuse Transfer Station was, however, limited to essential and flood waste only following Cyclone Gabrielle for a brief time (3 days).
	Hours of operation at recycling depots.	7 days per week (Achieved)	7 days per week.	Achieved – All rural recycling depots were fully operational during the year. Following a 12-month trial period a new permanent recycling depot established was at Waipātiki.
	Hours of operation at landfill.	Substantially Achieved	1 landfill (limited weekend opening)	Substantially Achieved – Operations at the landfill were temporarily paused for 5 days following Cyclone Gabrielle. Due to road closures, the site could not be accessed and repairs to the site also had to be undertaken during that time. The landfill was open 100% of its scheduled opening hours outside of the Cyclone Gabrielle closure. Ōmarunui Landfill also operates on Saturday mornings.
	% of urban dwellings serviced by kerbside refuse and recycling services.	Achieved 100% urban collection	Weekly collection to 98% of urban dwellings within the collection areas.	Substantially Achieved – All properties in the collection zones received these services throughout the year. Due to the impact of Cyclone Gabrielle, four collection days of refuse were missed, and ten collection days of recycling were missed.
	% compliance with Landfill conditions	Not Achieved (50%) – Of the four consents; two received a low-risk non-compliance	100%	Achieved – The landfill believes it was fully compliant during the last reporting period. However, compliance reports are still to be received from the Hawke’s Bay Regional Council to confirm this, or otherwise. Previously the landfill was graded as Fully Compliant for two of its four consents with the other two receiving a low-risk non-compliance and moderate non-compliance respectively. The moderate non-compliance related to an odour complaint that was upheld by the Hawke’s Bay Regional Council.

SAFE, HEALTHY AND LIVEABLE COMMUNITIES

COUNCIL OUTCOMES	PERFORMANCE MEASURE	BASELINE PERFORMANCE 2021/22	TARGET 2022/23	ACHIEVEMENT 2022/23
<p>COUNCIL OBJECTIVE:</p> <ul style="list-style-type: none"> Sustainable development is encouraged and carbon emissions are reduced The natural environment is enhanced and protected Water and land resources are used wisely. 	A District Plan current at all times within statutory timeframes.	Achieved	Achieved	Achieved – District Plan fully operational
<p>COUNCIL OBJECTIVE:</p> <p>Communities are safe and resilient</p>	% compliance with swimming pool fencing regulations.	99.9%	98%	Achieved – 99.7% compliance in 2022/23
	Number of public cemeteries.	4 cemeteries at Hastings, Havelock North, Puketapu, Mangaroa.	4	Achieved – 4 cemeteries operational during 2022/23
	Compliance level with crematorium consent conditions.	32 out of 34 met.	All conditions met.	Not yet available
	% of public buildings with current warrant of fitness.	100%	95%	Substantially Achieved – 94% compliance achieved in 2022/23.
	% of dog registrations of known dogs.	98.3%	98%	Achieved – 98% registration of known dogs
	% release rate of impounded dogs suitable for release.	100% – all dogs suitable were home placed (79% release rate).	100%	Substantially Achieved – 98% of all dogs suitable for release were home placed (overall 78.9% release rate)
	Number of after-hour compliance operations on licensed premises per year.	4	4	Achieved – 4 after-hour compliance operations undertaken.
	CCTV camera downtime.	2%	<5%	Achieved – CCTV camera downtime 2%.
CCTV live monitoring.	83%	>70% of running time.	Achieved – 75% live monitoring achieved. Performance was impacted by loss of staff member.	

SAFE, HEALTHY AND LIVEABLE COMMUNITIES

COUNCIL OUTCOMES	PERFORMANCE MEASURE	BASELINE PERFORMANCE 2021/22	TARGET 2022/23	ACHIEVEMENT 2022/23
COUNCIL OBJECTIVE: There are great spaces for all people.	Number of public swimming pools that meet Pool Safe water quality standards.	4	4	Achieved – 4 pools meet Pool Safe water quality standards.
	Days of operation of public libraries.	3 public libraries	3 public libraries (6day service Flaxmere/ Havelock North, 7 days Hastings)	Achieved – (6-day service Flaxmere/ Havelock North, 7 days Hastings).
	% of urban properties within 500m radius (walking distance) of a park.	93%	88%	Achieved – 92% of urban properties within walking distance to a park.
	% of urban properties within 500m radius (walking distance of a playground).	61%	60%	Achieved – 64% of urban properties within walking distance to a playground.
	Number of elderly housing units and average occupancy.	220 units with occupancy of 95%.	95% average occupancy.	Achieved – 95% average occupancy in 2022/23.
	Number of Art Gallery exhibitions per annum.	14	12	Substantially Achieved – 11 exhibitions held.
	Opera House Qualmark Rating.	Not measured	No measure	Achieved – Gold Qualmark rating. Note the Qualmark classification system has changed since the LTP was adopted. Gold is the highest rating under the new classification system.
	% of Indoor Sports Centre available booking hours booked.	66%	50%	Achieved – 57% of available hours booked.
	Days of operation of Splash Planet.	Closed due to Covid-19 pandemic	Mid November to Waitangi Day (7 days a week)	Achieved – Mid November to Waitangi Day (7 days a week), exception of 3 days closure due to extreme weather events.

ECONOMIC AND COMMUNITY DEVELOPMENT

COUNCIL OUTCOMES	PERFORMANCE MEASURE	BASELINE PERFORMANCE 2021/22	TARGET 2022/23	ACHIEVEMENT 2022/23
<p>COUNCIL OBJECTIVE:</p> <ul style="list-style-type: none"> We enable employment and growth Housing supply matches need 	% of vacant industrial land.	Achieved Industrial land vacancy 32.5%.	A minimum of 20% of industrial land is vacant.	Achieved 2021/22 vacancy was 208ha and there was a 6.5ha uptake in 2022/23 leaving 201.5ha from a total of 640ha of industrial zoned land. Vacancy rate is 31.5%.
	Number of hectares of vacant greenfield land.	Achieved – 30% vacant greenfield land.	A minimum of 20% vacant greenfield land.	Achieved 2021/22 Vacancy was 56.4ha comprising Lyndhurst 13.2, Waingākau 7.2 and Brookvale 36. The vacancy rates as at 2022/23 are now Lyndhurst 4.65, Waingākau. 0.72 and Brookvale 33 giving a total vacancy of 38.37ha. Vacancy rate is 21.3%. Howard and the first stage of Iona are soon to come on stream
	Number of significant strategies completed per annum.	1	1	Not Achieved – no significant strategies completed in 2022/23.
	Number of structure plans completed per annum.	0	1	Achieved – structure plan completed for Wairatahi site.
<p>COUNCIL OBJECTIVE:</p> <p>There are great spaces for all people.</p>	Opera House (Toitōi Qualmark Rating).	Not measured	Five star	Achieved – Gold Qualmark rating. Note the Qualmark classification system has changed since the LTP was adopted. Gold is the highest rating under the new classification system.
	Number of visitors to i-Site visitor centres per annum.	19,906 – lockdown disruption impacted numbers	73,000	Not Achieved – 31,494 visitors. Note: Cyclone Gabrielle disrupted tourism during peak season (Feb – Apr)
	Total financial support to events.	\$652,047	\$892,000	Not Achieved – \$887,785 – includes marketing support, grants and sponsorship. \$306,690 – HDC-owned and delivered events.
	Total visitors to Splash Planet.	Closed due to Covid-19.	100,000 total 45% from outside Hastings.	Achieved – 100,522 total visitors to Splash Planet.
COUNCIL OBJECTIVE:	Number of completed Place Based Plans.	1	1 Place Based plan completed per annum.	Achieved – Completion of the Maraekākaho Community Plan.

ECONOMIC AND COMMUNITY DEVELOPMENT

COUNCIL OUTCOMES	PERFORMANCE MEASURE	BASELINE PERFORMANCE 2021/22	TARGET 2022/23	ACHIEVEMENT 2022/23
<ul style="list-style-type: none"> Communities are safe and resilient There are pathways for youth 	Number of Social Development Reviews completed.	1	1 Social Development Review completed per annum.	Achieved – Youth Strategy completed.

GOVERNANCE AND SUPPORT SERVICES

COUNCIL OUTCOMES	PERFORMANCE MEASURE	BASELINE PERFORMANCE 2021/22	TARGET 2022/23	ACHIEVEMENT 2022/23
COUNCIL OBJECTIVE:	% Compliance with statutory planning processes.	100%	100%	Achieved – 100% compliance.
Smart innovation connects citizens and services.	Council and Committee agendas are available within statutory timeframes.	100%	100%	Achieved – 100% compliance.
	Complete Annual Report and audit within statutory timeframes.	Achieved	Achieved	Achieved – All statutory timeframes complete.
	Budgets are set within Financial Strategy limits.	Achieved	Achieved	Achieved – Achieved as per 2022/23 Annual Plan.
	Calls to Council's main number are always answered by a person rather than an answer phone service.	Achieved (94% of calls answered within 60 seconds)	90% of calls answered within 60 seconds.	Not Achieved – 88% of calls answered within 60 seconds. Cyclone Gabrielle has resulted in higher call volumes since February 2023 and the more complex calls take longer, thus increasing the average wait times for callers.
	% of calls to Council's main number answered within 20 seconds.	87%	80%	Not Achieved – 78% of calls answered within 20 seconds. The service level percentage was consistently in the mid-80s up until Cyclone Gabrielle. Post the Cyclone the average has been below 80% for a sustained period due to higher call volumes and longer handling times.
	Usage of Council website.	45,845 unique visitors per month.	15,000 unique visitors per month.	Achieved – 61,581 unique visitors per month.

(B) CUSTOMER EXPERIENCE

CUSTOMER EXPERIENCE – SAFE, HEALTHY AND LIVEABLE COMMUNITIES

COUNCIL OUTCOMES	PERFORMANCE MEASURE	BASELINE PERFORMANCE 2021/22	TARGET 2022/23	ACHIEVEMENT 2022/23
COUNCIL OBJECTIVE: <ul style="list-style-type: none"> Communities are safe and resilient There are great spaces for all people 	Time taken to process a building consent.	72% within 20 working days.	100% within 20 working days.	Not Achieved – 59% A number of factors impacted on the processing team during the 2022/23 year including under resourcing for several months due to staff movements, significant interruption due to Covid sickness and, as a result of Cyclone Gabrielle, no consents were processed for a period as staff assisted with the recovery.
	Time taken to process code of compliance.	95% within 10 days.	100% within 20 days.	Not Achieved – 94% A number of factors impacted on the inspection team during the 2022/23 year including under resourcing for several months due to staff movements, significant interruption due to Covid sickness and, as a result of Cyclone Gabrielle, no inspections were carried out for a period as staff assisted with the recovery. Given the disrupted year an achievement of 94% was still a good result.
	Time taken to process a resource consent.	84% within statutory timeframe. (20 working days)	97% within statutory timeframe. (20 working days)	Not Achieved – 91% A number of factors impacted on the resource consents area during the 2022/23 year. The introduction of the National Policy Statement – Highly Productive Land has added complexity to resource consents as has many comprehensive residential developments. Cyclone Gabrielle also had a significant impact both in terms of staff assisting with cyclone recovery duties and the added complexity of assessing resource consents post the cyclone event.

CUSTOMER EXPERIENCE – SAFE, HEALTHY AND LIVEABLE COMMUNITIES

COUNCIL OUTCOMES	PERFORMANCE MEASURE	BASELINE PERFORMANCE 2021/22	TARGET 2022/23	ACHIEVEMENT 2022/23
	Time taken to respond to noise complaints.	Achieved – 100%	Zone 1 (<30 minutes) – 80% (<40 minutes) – 20% Zone 2 (<1 hour) – 100%	Achieved – 99.9% compliance Zone 1, 100% compliance Zone 2.
	Parks user satisfaction.	Not measured 21/22	97%	Not Achieved – 88% Note: reduced surveys undertaken due to Cyclone Gabrielle.

CUSTOMER EXPERIENCE – GOVERNANCE AND SUPPORT SERVICES

COUNCIL OUTCOMES	PERFORMANCE MEASURE	BASELINE PERFORMANCE 2021/22	TARGET 2022/23	ACHIEVEMENT 2022/23
COUNCIL OBJECTIVE: Smart innovation connects citizens and services.	Quality of customer service. (contact centre)	Not measured 21/22	85%	Not Achieved – average score of 76% in mystery shopper calls to the contact centre.
	Quality of customer service. (customer service centre)	Average score of 83% in mystery shopper visits	85%	Achieved – average score of 98% in mystery shopper visits to the customer service centre.

LEVEL TWO – TODAY’S COMMITMENTS

(C) KEY ACTIONS

WATER & ROADS

KEY ACTION	ACHIEVEMENT
Water Services	
KA01 Implement final stages of water security and optimisation programme.	<ul style="list-style-type: none"> • On Track • Frimley Water treatment facility complete and entering commissioning. Waiaroha Water treatment facility substantively complete with both programmed for completion in the 23/24 year. • All Small Community Water treatment facilities are now operational including Haumoana, Waimārama, Te Pōhue, Whirināki, Clive, Waipātiki and Whakatū. • Reservoir investigations and upgrades underway at Waipātiki, Havelock North and Waimārama. Whirināki reservoir replacement programmed for 23/24 year. • Focus shifting to demand management programme and initiatives.
KA02 Enhancements to Havelock North streams.	<ul style="list-style-type: none"> • Under Review – Consideration of enhancements and management of the five main Havelock North streams are now under review following Cyclone Gabrielle.
KA03 Rollout stormwater quality improvement programme.	<ul style="list-style-type: none"> • On Track – Project is progressing but is on hold whilst data is collected from those quality improvements made, such that the ongoing rollout can be optimised.
KA04 Rollout of wastewater rising main and trunk main renewal programme.	<ul style="list-style-type: none"> • On Track – Inland trunk renewals and investigation term contracts in place. Delivery in 2022/23 was impacted by cyclone. Design for rising mains underway and budgets being worked through.
KA05 Implement critical Wastewater Treatment Plant renewals.	<ul style="list-style-type: none"> • On Track – Programme has been identified and investigations, design, budget, procurement, and installation are currently being worked through.
Roads and Footpaths	
KA06 Strengthen key bridges to allow continued heavy vehicle access.	<ul style="list-style-type: none"> • On Track – however a report is before Council seeking an increase in budgets due to increase in scope and costs to complete the remainder of the programme
KA07 Completion of approved walking and cycling projects within the iWay network.	<ul style="list-style-type: none"> • On Track • <i>The following projects were completed:</i> <ul style="list-style-type: none"> • Clifton Rd Pathway – Kuku St to path end. • <i>The following projects were designed:</i> <ul style="list-style-type: none"> • Southern Cycle Link – Akina to Mayfair. • Beach Rd Pathway – Springfield Rd to path end. • Portsmouth Rd Shared Path – Stock Rd to Wilson Rd. • Tauroa Rd Pathway – Stage 2. • Pākōwhai Rd Pathway – Ōmāhu Rd to Evenden Rd.

WATER & ROADS

KEY ACTION	ACHIEVEMENT
KA08 Implement safety treatments on high risk rural routes and urban intersections.	<ul style="list-style-type: none"> • On Track – Programmed safety interventions have been completed, and new interventions have been identified and designed for the upcoming LTP.
KA09 Road pavement renewal programme in both urban and rural areas.	<ul style="list-style-type: none"> • On Track – Mt Erin Road AWPT completed (length 2km completed over two years).

SAFE, HEALTHY & LIVEABLE COMMUNITIES

KEY ACTION	ACHIEVEMENT
KA10 Advance actions within Hastings City Centre revitalisation plan.	<ul style="list-style-type: none"> • On Track – Albert Square upgrade complete, Hospitality improvements in Heretaunga Street 100 block.
KA11 Complete Civic Square and Central Mall flagship projects.	<ul style="list-style-type: none"> • Delayed – Deferred until completion of Opera House/Municipal works.
KA12 Rollout 10-year streetscape strategy.	<ul style="list-style-type: none"> • On Track – Eastbourne Street East 300 and minor upgrade of Joll Rd completed. Planning for King Street 100 North and South underway.
KA13 Advance future cemetery space capacity.	
KA14 Complete earthquake strengthening on remaining identified public buildings.	<ul style="list-style-type: none"> • On Track – Opera House completed – Duart House, Hastings Clocktower and Flaxmere Park Changing Rooms are in design phase.
KA15 Complete strategic assessment on future of Heretaunga House.	<ul style="list-style-type: none"> • On Track – Demolition of building currently in progress as is a proposal for future use of the site being taken to the market.
KA16 Enhancements on key reserves (Cornwall, Windsor, Havelock North Village Green and other various reserves).	<ul style="list-style-type: none"> • On Track – Cornwall Park Kiosk, Aviary and disabled playground completed. Playground enhancements at Havelock Village Green and Ron Giorgi Park complete, new skate park at Flaxmere Park complete, new playgrounds at Laurie Cooke, Ngāruroro Avenue Reserve complete.
KA17 Complete strategic review into elder housing provision.	<ul style="list-style-type: none"> • On Track – Strategic review well underway and scheduled for presentation to Council in September 2023.
KA18 Advance remaining Reserve Management Plans.	<ul style="list-style-type: none"> • On Track – Frimley RMP adopted, Havelock Hills and Eskdale Park reporting on hold due to Cyclone Gabrielle damage to reserves affecting key park elements.
KA19 Complete planned toilet enhancements from Sanitary Services Assessment.	<ul style="list-style-type: none"> • On Track – New toilet for Te Awanga designed but awaiting community agreement, new toilet at St Leonards underway. New Akina toilet integrated into softball clubrooms complete.

SAFE, HEALTHY & LIVEABLE COMMUNITIES

KEY ACTION	ACHIEVEMENT
KA20 Provision of community education programmes on waste minimisation.	<ul style="list-style-type: none"> • On Track – A number of waste minimisation programmes have been delivered over the year including; the local contestable waste minimisation fund, establishment of an event waste minimisation trailer, construction and demolition waste advisory role and supporting the Sustainable is Attainable project for business.
KA21 Complete landfill valley development.	<ul style="list-style-type: none"> • On Track – Development work required to maintain available workspace at the landfill is ongoing. Area D development work will continue each year until late 2025 when the area is estimated to be full (i.e. no remaining airspace). The landfill has obtained new consents to extend the landfill into Area B of the site. This area will last approximately 30 years at current filling rates. Construction work has started on this extension, and it's expected to be in a position to accept waste from mid-2025 onwards.
KA22 Implement remaining actions within the Waste Management and Minimisation Plan.	<ul style="list-style-type: none"> • Achieved – Completed and operational. The services provide a 120-litre wheelie bin collection service (weekly) for rubbish and a 3-crate system for kerbside recycling collection (weekly) for urban households. Overall, these services are working well, and the RFID technology has allowed Council to provide rates remission to low waste producing households as indicated in the Joint Waste Management and Minimisation Plan. Work continues to implement other actions identified in the WMMP.
KA23 Complete Hastings and Havelock North strategic parking acquisition and development.	<ul style="list-style-type: none"> • Ongoing – A recent parking study indicates Hastings' parking assets are currently adequate, however more lease space could be utilised. • There are currently no acquisitions pending in Havelock North.
KA24 Complete strategic review into aquatics provision (including Splash Planet).	<ul style="list-style-type: none"> • On Track – Refresh of 2018 masterplan for Splash Planet in progress. • On Track – The aquatics facilities have been included in the Sport & Active Recreation Facilities Plan that is due for completion approximately October 2023.
KA25 Advance actions to meet National Policy statement on Indigenous Biodiversity.	<ul style="list-style-type: none"> • Delayed – Agreed to keep engagement with rural community on hold post cyclone.

ECONOMIC & COMMUNITY DEVELOPMENT

KEY ACTION	ACHIEVEMENT
KA26 Support industrial land uptake at Irongate, Ōmāhu and Whakatū.	<ul style="list-style-type: none"> • On Track – Strong demand continued to develop in the industrial zones of Irongate, Ōmāhu and Whakatū. The Council is working with landowners in Whakatū on a potential stormwater upgrade which would unlock more industrial land in the area.
KA27 Promote inner city living opportunities.	<ul style="list-style-type: none"> • On Track – Resource consent obtained by Council for 20 apartments at 206 Queen Street West
KA28 Advance various HDC housing initiatives and housing partnership agreements.	<ul style="list-style-type: none"> • On Track – Founding of the Integrated Hub, a collaboration between Hastings District Council, the Connect Community Trust (the social arm of the Hastings church) and Anglican Care Waiapu.

ECONOMIC & COMMUNITY DEVELOPMENT

KEY ACTION	ACHIEVEMENT
KA29 Progress of various youth futures programmes.	<ul style="list-style-type: none"> • On Track – 5 Annie Aranui scholarships awarded via the Hawke’s Bay Youth Futures Trust • On Track – Pre-Employment event successfully completed. • On Track – Hawke’s Bay Youth Services Database – soft launch completed. <p><i>HDC Youth Employment Programme</i></p> <ul style="list-style-type: none"> • On Track – 2020-2022 He Poutama Rangatahi MSD contract completed successfully exceeding target numbers of rangatahi in employment or further education. 2023-2025 He Poutama Rangatahi MSD contract awarded and started.
KA30 Implementation of Heretaunga Plains Urban Development Strategy (HPUDs) sub strategies.	<ul style="list-style-type: none"> • On Track – Project Co-ordinator for Local Area Plans appointed and investigations begun.
KA31 Advance business attraction and job creation initiatives.	<ul style="list-style-type: none"> • Ongoing – Continuing to work with partners as opportunities arise, specific examples include Eastern Screen Alliance, Foodeast-haumako.
KA32 Economic Development delivery model review.	<ul style="list-style-type: none"> • On Track – Regional Economic Development Agency (REDA) has appointed a Board and CEO. KPIs for the first year have been agreed.
KA33 Rollout the Heretaunga Ararau action plan.	<ul style="list-style-type: none"> • On Track – This last year has also seen the continued implementation by Council of Heretaunga Ararau Te Reo Māori Action Plan to support the place and use of te reo Māori across the whole Council and its facilities; including new facilities that have been revamped and or built anew, new bilingual road signage, internal te reo Māori signage and working with Te Kauwaka Ltd and other local registered te reo Māori translators/interpreters to ensure the accuracy and integrity of te reo Māori is maintained.
KA34 Undertake HPUD’s review (explore spatial plan creation).	<ul style="list-style-type: none"> • On Track – Future Development Strategy commenced with ‘call for opportunities’ process completed
KA35 Development of various place based plans.	<ul style="list-style-type: none"> • On Track – Maraekākaho Community Plan draft completed.
KA36 Explore Rangatahi co-lab initiative.	<ul style="list-style-type: none"> • On Track – Business case 80% completed and stakeholder group established.

PERFORMANCE MEASURE DISCLOSURE

*The following notes relate to the mandatory DIA performance measures noted with a double asterisk (**) on pages 17 to 32.*

The Council has received a qualified opinion for the 2022/23 audit relating to:

- the completeness of data for after hour calls for the three customer complaint/customer satisfaction performance measures within the Water Services activity group. This covers complaints relating of water supply, stormwater and the treatment and disposal of sewage; and
- the percentage of real water loss from the Council's networked water reticulation system.

COMPLETENESS OF AFTER-HOURS CALLS

Council acknowledges that not all after hour complaints have been captured for the full financial year. This is due to the way in which after hour calls are recorded by the service provider as their system doesn't recognise all calls. Only calls that result in a request for service are captured and retained for reporting by the after-hours service provider. Subsequent calls for the same issue are not retained.

To resolve this matter, the Council will work with its after-hours provider to ensure integrity of the data received is compliant with DIA mandatory performance reporting and that all subsequent complaints are captured in year-end reporting.

WATER LOSS PERFORMANCE

This performance measure represents the percentage of real water loss from the Council's networked water reticulation system. This measure is subject to wide variance as coarse data is used to calculate the final result. The measure uses data from a small number of water meters installed on residential connections and extrapolates data from these connections to get an estimated usage figures for domestic demand across the city. Due to the limited number of water meters across the Council's reticulation network it is acknowledged that Council have been unable to report a reliable water loss percentage.

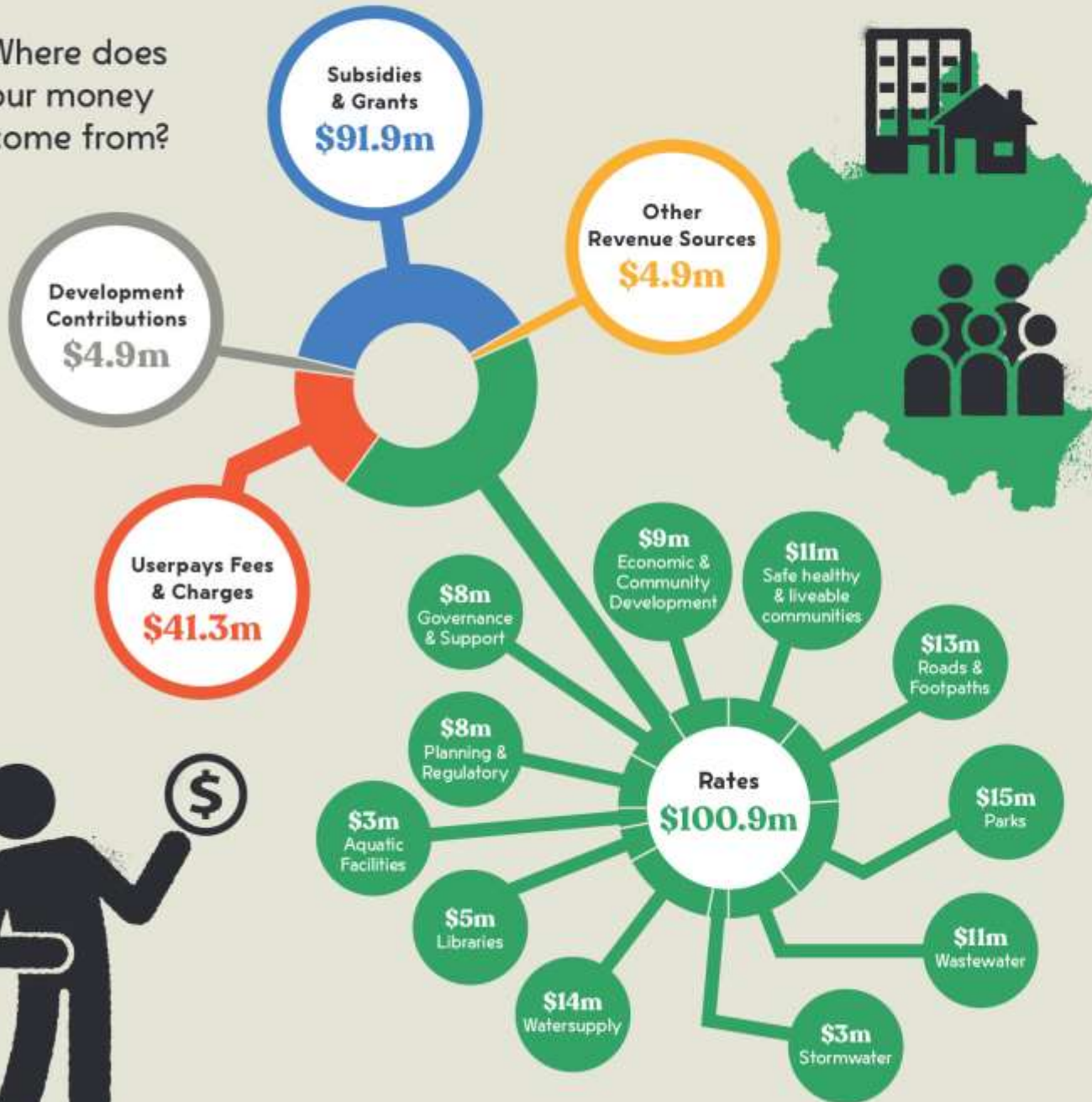
Council will continue to work through its water meter installation programme to decrease the level of uncertainty for this measure.



**TE MAWHITI KI TE AHUMONI
FINANCE AT A GLANCE**

FASCINATING FINANCE FACTS

Where does our money come from?



What is the value of Council's assets

\$2.9bn

Hastings District population growth

↑ 0.6%




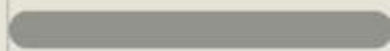





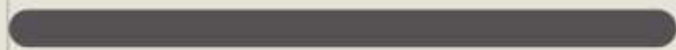




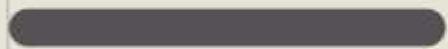
Hastings District population

90,600

How much is spent on our assets?



How are our capital projects funded?

THERE ARE THREE KEY AREAS OF SPEND:	KEY AREAS OF SPEND	CAPITAL SPEND	HOW ARE OUR CAPITAL COSTS FUNDED?
	 <p>Transport</p>	<p>\$23.5m</p>	<p>RATES  42%</p> <p>OTHER*  6%</p> <p>SUBSIDIES & GRANTS  43%</p> <p>DEBT  10%</p>
	 <p>Water, wastewater & stormwater</p>	<p>\$48.3m</p>	<p>RATES  16%</p> <p>OTHER*  5%</p> <p>SUBSIDIES & GRANTS  2%</p> <p>DEBT  77%</p>
	 <p>Parks & community</p>	<p>\$43.3m</p>	<p>RATES  29%</p> <p>OTHER*  3%</p> <p>SUBSIDIES & GRANTS  18%</p> <p>DEBT  50%</p>

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

ANNUAL FINANCIAL OVERVIEW

A YEAR FULL OF CHALLENGES

2022-23 was a very challenging year for Council. Council faced higher than expected costs due to inflationary pressures, higher interest rates and response costs incurred following the devastating impacts of Cyclone Gabrielle in February 2023.

Our statement of financial performance on page 79 reflects the elevated levels of expenditure together with increased revenues (mainly from Central Government). Some of our response costs, such as silt and debris removal were funded 100% by Central Government funding. While approximately \$61m of expenditure on roads was supported by a 93% subsidy from Waka Kotahi.

Despite this additional funding, Council's share of cyclone response costs included asset write-offs of \$14.71m. Council suffered considerable damage to its infrastructure assets from the Cyclone, mainly in roading with 16 bridges lost and many more bridges and culverts significantly damaged, but also the total loss of the newly completed Whirinaki Water Treatment plant in Esk Valley.

The cost to restore our roading network has been estimated at almost \$800m and it will be several years before the roading network can be fully restored.

To recognise the impact the cyclone has had on the condition of the roading network, Council has needed to impair the value of its roading network significantly resulting in a loss in value of \$275m.

The remaining assets (mainly bridges) have increased in value resulting in a valuation increase of \$91m.

The net result of all these factors is that Council has recorded an overall loss of \$221m for the year.

RATING SURPLUS

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

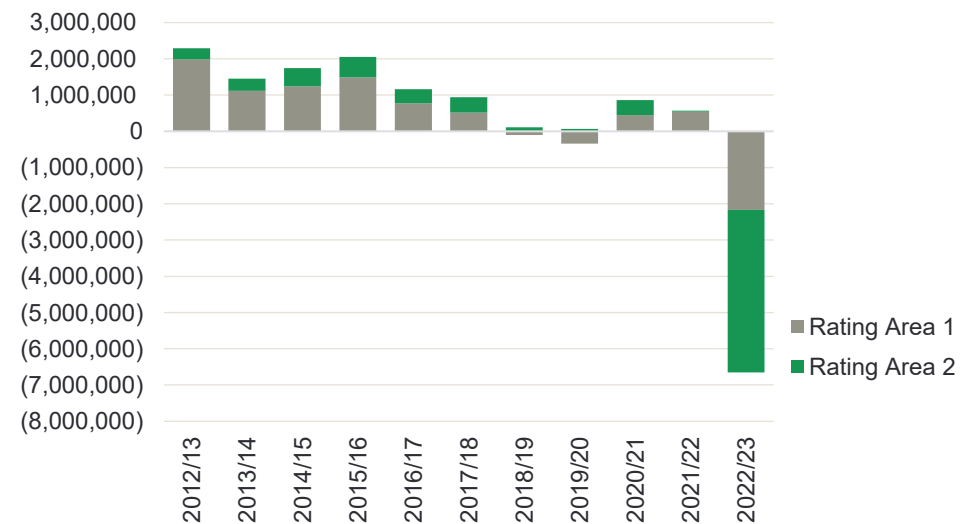
Costs and revenue are allocated between the two rating groups to determine how much Council collects through general rates each year. In addition, Council charges a number of targeted rates where any surplus (of deficit) between the costs and revenues is transferred to a reserve so that the costs and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

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

This year Council has recorded a rating deficit of \$6.48m with Cyclone Gabrielle being the major driver in the general rate deficit.

In addition, a deficit of \$4m was recorded on targeted rate funded activities with significant cost pressures in the water supply and wastewater areas.

RATING RESULT

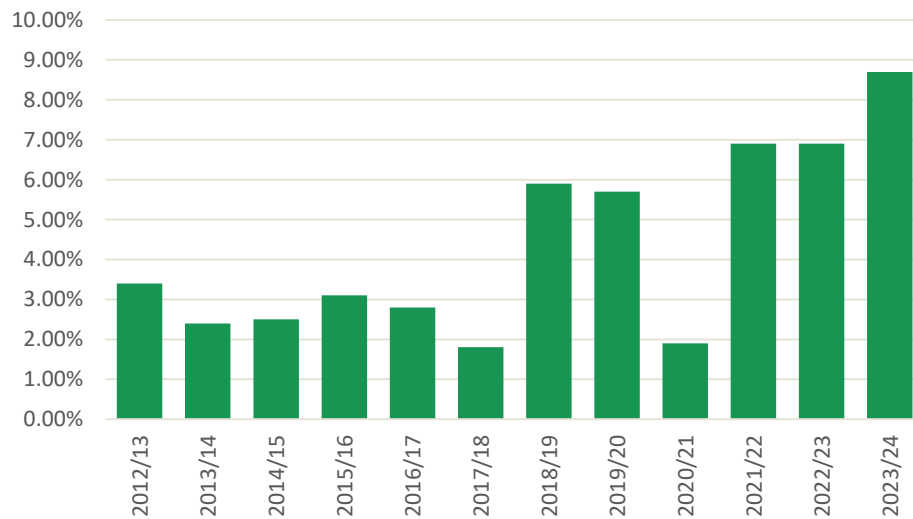


RATES

Council's Financial Strategy, updated in the 2021-31 LTP, sets out that rates will only increase by the Local Government Cost Index +4%, while acknowledging that sometimes events happen that Council needs to react to.

The 2023/24 rates increase of 8.5% is above Year 3 of the 2021-31 Long Term Plan at 5.7%, largely due to higher inflationary impacts, debt servicing costs and increased capital works programme.

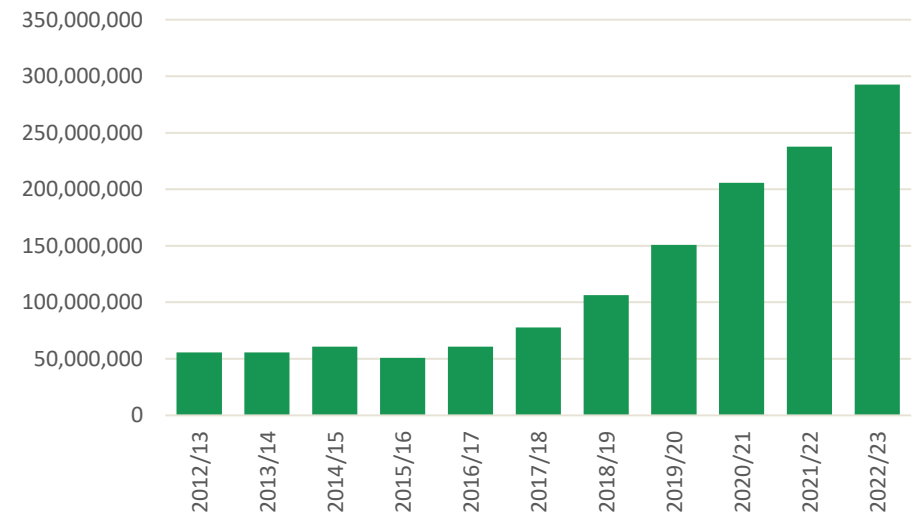
RATE INCREASE



DEBT

Core external debt increased this year by \$55m to \$292m. Council's external debt continues to increase as it works through the delivery of the capital programme in line with the 2021-31 Long Term Plan budgets. Projects including the major water supply upgrade programme are a significant contributor to this increase and Council also approved additional works valued at \$26.7m. Additional debt was also raised to fund Council's operating deficit for the year.

EXTERNAL DEBT



CAPITAL PROJECTS

Council invested \$115.5m (\$90.7m last year) on capital projects during the year.

CAPITAL EXPENDITURE

Of the capital expenditure incurred in the 2022/23 year, \$32m was spent on replacing existing assets (renewals), \$77m on improving the level of service offered to the community, and \$6.3m meeting additional demands being put on the community through growth.

The capital expenditure delivered was below that budgeted due to a number of factors including ongoing constraints on resources and a number of roads projects were deferred as all available resources were diverted to respond to repair our roads following the devastating impact of Cyclone Gabrielle.





**NGĀ KAUPAPA
MATUA
KEY INITIATIVES
AND PROJECTS**

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

AQUATICS HASTINGS

168,433

Visitors to Aquatics Hastings Pools

2,708

Enrolments in Aquatics Hastings Learn to Swim programme

20,000

Visitors to the Aquatics website

3,218

Followers of the Aquatics Facebook page



HASTINGS DISTRICT LIBRARIES

394,213

Visitors to Hastings District Libraries

102,637

Visitors to the Hastings District Libraries

443,140

physical issues from Hastings District Libraries

36,259

digital issues (downloads) from the Hastings District Libraries website



CUSTOMER SERVICE

91,546

Phone calls answered by customer service centre staff

36,918

Email and web enquiries received by customer service centre staff

22,677

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

TOITOI - HAWKE'S BAY ARTS & EVENTS CENTRE

63,046

People attended events, functions, and performances at Toitoi

43,401

Visitors to the Toitoi website

8,000

Followers of the Toitoi Facebook page



HASTINGS CITY ART GALLERY

33,805

Visitors to the Hastings City Art Gallery

9,958

Public programme and student visitors to Hastings Art Gallery

11,836

Visitors to the Art Gallery website

4,621

Followers of the Art Gallery Facebook page



MAHI FOR YOUTH*

31

Rangitahi engaged with through Mahi for Youth

8

Of those rangitahi are now employed for 30+ hours

4

Of those rangitahi have returned to education or training

**Due to the temporary pause of the service between December 2022-April 2023, outcomes are down on the previous financial year.*



HDC SOCIAL MEDIA

738,974

Visitors to the Hastings District Council website

1,717,026

Page views of the Hastings District Council website

31,545

Followers of the Hastings District Council Facebook page



1,479

Posts published on the Hastings District Council Facebook page

17,760,282

Impressions on the Hastings District Council Facebook page

1,555,131

Engagements on the Hastings District Council Facebook page



PARKS AND RESERVES

9,000+

Shrubs and trees planted in our parks and reserves



Te Pae Whīra o Pā Harakeke Flaxmere Skate Park

Playground at Lawrie Cooke Reserve, Lyndhurst

Accessible playground and Changing Places bathroom at Cornwall Park, Mahora

Enhanced playground at Havelock North Village Green

Enhanced playground at Ngāruroro Ave Reserve, Whakatū

Enhanced playground at Ron Giorgi III Playground, Flaxmere

Eastbourne Street 300 block upgrade
Heretaunga Street 300 block upgrade



WASTE

9,590

Tonnes of rubbish collected



594

Tonnes of plastics and cans collected

3,535

Total average wheelie bin collections per day



931

Tonnes of paper and cardboard collected

5,954

Total average crate collections per day



1,821

Tonnes of glass collected



CYCLONE GABRIELLE

Half-way through this reporting year Cyclone Gabrielle struck the region, causing significant damage and changing parts of the district forever.

Sixteen bridges were destroyed and hundreds of kilometres damaged by the event. Within six months 10 temporary bridges had been reinstated and roads repaired to a condition that isolated communities could reconnect.

The impacted areas were swamped with hundreds of thousands of cubic metres of silt, the collection of which had amounted to 700,000 cubic metres within six months.

While Central Government funding has been received to assist with the clean-up, the damage left Council with a \$800m bill to fix roads and restore permanent bridges, and this will be a focus in the years ahead.

Council acknowledges the enormous input from the community and contractors towards recovering from such a devastating event.

While the response and recovery from the Cyclone was a primary focus for the last part of the 2022/23 year, other significant projects in the work programme also continued to meet community expectations.



THE ECONOMIC POWERHOUSE

Hastings' economy continued to grow over the past year despite the impact of Cyclone Gabrielle.

While the primary sector was hit hard during the event, overall Hastings' economy continued to grow faster than the national average and the district was in the top 20 per cent of local economies for GDP growth.

Strong demand to develop in the industrial zones of Ōmāhu, Whakatū and Irongate continued, and Council approved more detailed design on an upcoming stormwater upgrade for Whakatū that will help unlock more industrial land in this area.

Council supported the Hawke's Bay Fruitgrowers Association to run Pick the Bay expo events to attract horticultural workers, and ran three Focus on Business breakfasts

hosting informed and inspiring guest speakers.

Council was also involved in job creation and business support initiatives including Edmund Hilary Foundation Fellows and the Building Futures programme.

The opening of the Quest Hotel was a highlight of the year, a development that will help support and stimulate activity in the city centre and beyond.

Council officially took over the Tōmoana Showgrounds, and will begin developing a Reserve Management Plan, establishing a trust, and considering how it looks after the venue in terms of creating opportunities for more events, and improving the facilities for future use.



HOMES FOR OUR PEOPLE

In the past year Council received Government infrastructure funding to improve road access, resolve capacity constraints in the district's wastewater network, and provide a drinking water supply to the Waipatu area. This investment will enable about 4000 new homes to be built across multiple developments in Hastings – including Māori-owned developments, affordable homes, social housing and homes for the general market.

In Flaxmere, Council continued to put in the roads and network for drinking, storm and waste-water on three sites that will deliver around 150 affordable new homes. The civil works for the 244 Flaxmere site were virtually completed by year's end, and the preferred development partners for this subdivision were chosen – Veros and NZ Housing Foundation.

The completion of 40 new houses at Kauri Place was celebrated alongside Council's Hastings Place Based Housing plan partner Kāinga Ora, and Council consulted on Plan Change 5, which aims to allow more houses to be built in existing residential areas – at the same time protecting the district's fertile growing soils.

This year Council's work with the Hastings Place Based Housing Plan was recognised in the LGNZ Excellence Awards where it won the LGNZ Kāinga Ora Homes and Communities Excellence Award category for social wellbeing.





GETTING AROUND



More Hastings students will soon be walking, cycling or scooting to school, with Hastings District Council securing funding to improve journeys to a number of primary and high schools.

Waka Kotahi NZ Transport Agency funding for the Heretaunga Arakura (Hastings Journeys to School) programme was received this year that will help encourage more students to take active transport to school. The programme will see physical traffic calming near school zones, safe cycling classes to give children confidence on the road, and students will be actively involved in identifying safety issues on their journey to school.

Cyclone Gabrielle caused extensive damage to the roading network – destroying 16 bridges and damaging hundreds of kilometres of roads. Within six months of the event, 10 temporary crossings had been installed and many roads repaired to ensure people in all impacted and rural communities had their access restored.

The Napier Rd/Crosses Rd roundabout in Havelock North was completed, improving traffic flow and safety in this area.

The Tauroa Road Boardwalk and Shared Path, was highly commended in the Excellence in Road Safety Category in the IPWEA 2022 Asset Management Excellence Awards.



RURAL LIVING

In the 2022/23 year just over \$61,000 was granted to eight rural halls across the district to help with maintenance and repairs. This fund acknowledges the important role these facilities play in keeping rural communities connected.

Council's ongoing roading and bridge maintenance and strengthening programme was progressing in the first half of the year, but had to be re-prioritised following Cyclone Gabrielle. Rural roads and bridges were the most severely impacted by the weather event and reinstating permanent resilient access to these communities will be a focus for council for years to come.



OUR NATURAL TREASURES

The last phase of the on-site testing and commissioning of the Frimley drinking water storage and treatment plant was completed, enabling the final testing of the pumping infrastructure and the integration with the network to be carried out.

New water treatment facilities at Waipatiki and Whakatū were completed marking the end of the programme of seven small community drinking water upgrades programmed in the Hastings Drinking Water Strategy.

The final project in the strategy – the Waiaroha water treatment, storage and discovery centre in central Hastings was well-advanced by year's end – set to be officially opened in October 2023.

A plan change was adopted to prohibit new buildings on the eastern face of Te Mata Peak in order to acknowledge and protect the significance and value of this outstanding natural landscape for both current and future generations.

The building of the extension to the Ōmarunui Landfill (Area B) began to provide capacity for the next 30 years. In conjunction with this, construction began on an education building for people to learn more about what happens to waste, as well as ways to minimise waste.

Council also worked with 3R Group running Tradie Breakfasts to raise awareness on reducing waste in the demolition and construction space.





CITY CENTRE REVITALISATION



The revitalisation of the Hastings city centre continued with the Toitū Municipal Building officially opening, attracting around 4000 people to the celebrations held over two days. Within the Toitū complex the relocated Hastings isite opened for business, and featured pop-up cellar doors and tasting tables showcasing Hawke's Bay wines and produce.

Council supported a public art installation "The Big Apple Project" to showcase the district's apple industry and support local artist, and two new murals were installed to brighten up the old Farmers Co-op Association building on Queen St and the fence on an empty site opposite Toitū.

The city's first hotel, The Quest, comprising 34 apartment-style rooms, opened and Council supported Rush Munro's to relocate to Albert Square after its previous site was sold.

A F.A.W.C! Taste Hastings event drew hundreds of people to Heretaunga St East for a street party featuring wine, food and live entertainment. Progressing the vision to have more people living in the city centre, the community was asked to give feedback on a proposal to transform the former Hawke's Bay Farmers Coop Association building on Queen St West to quality inner city apartments.

In July the 150th anniversary of Hastings township being founded was commemorated with a weekend of events for the community.

The Hawke's Bay Museum, Research and Archive Centre received \$9m from the Government's Regional Culture and Heritage Fund, and construction was due to start in September 2023.

The 10-year regeneration of Hastings city's East Block, including the Toitū Municipal Building restoration project, earned Council the Beca Award for Placemaking at the 2023 Taituarā Excellence Awards.

Council's state-of-the-art technology used for building management (Digital Twins for Optimal Asset Management project) won a second national award – the IPWEA 2022 Excellence in Asset Management Award, after taking out the Best Public Works Project in the under \$2m category.

The Digital Twin project also won a Taituarā Local Government Excellence Award (Transforming Service Delivery).



PATHWAYS FOR OUR PEOPLE

In the 2022/23 Single Year Community Grants round 35 groups were awarded a share of \$245,000. Recipients ranged from playcentres to health and welfare support groups to creative and musical providers.

A Friendship Agreement was signed with the village of Poutasi in the Falealili district in Samoa. The aim is for Hastings and Falealili districts to work together and help each other to sustainably build on primary industry relationships, as well as exploring other business and trade opportunities, and community development in areas such as education, health and welfare and parks and planning.

Hastings District Council's revitalisation programme – Pāharakeke, kua tae te wa! It's Flaxmere's Time! – was highly commended at the Local Government NZ EXCELLENCE awards, recognising the value of creating strong partnerships to make positive changes in communities.

It's Flaxmere's Time! Was also one of eight finalists in the Kāinga Ora Homes and Communities EXCELLENCE Award for Social Wellbeing, and the recognition followed the project taking out the Beca Award for Placemaking in the Taituara Awards.

The Ka hao te Rangatahi, Hastings Youth Strategy 2022-2027 was adopted replacing an earlier one created in 2012, setting a pathway to support the aspirations of local young people, aged between 12 and 24 years.

In line with the Heretaunga Ararau Te Reo Māori Action Plan, directional road signs that were becoming faded and illegible were replaced with bilingual versions.





ENHANCING WHERE WE LIVE



The Frimley Park 10-year Reserve Management Plan was adopted outlining actions to enhance the heritage, recreational and landscape value of the park, making it even more of a drawcard for locals and visitors.

In Cornwall Park, an upgrade of the aviary was completed and the former tea kiosk renovation was completed and the facility re-opened as a community space available for hire. In conjunction with this space, a new Changing Places bathroom was opened.

A first for Hawke's Bay, it caters for people with multiple or complex disabilities and complements the adjoining playground that has a number of play opportunities for disabled users.

A number of playgrounds were either upgraded or installed. Play equipment donated by the Mackersey family was put into the Village Green playground, and the Ron Georgi III

and Ngaruroro Reserve playgrounds were upgraded.

A new playground was installed in the Lawrie Cooke Reserve in Lyndhurst, and work began on the St Leonards playground upgrade beginning with new public toilet facilities.

The new Flaxmere Skate Plaza Te Pae Whīra o Pā Harakeke, comprising more than 20 ramps, rails, bowls, quarter pipes and jumps spread across 1400 square metres, was officially opened.

Its installation contributed to Flaxmere Park winning Recreation Aotearoa's Most Active Park Award in 2023, an award also received in 2020.

Council agreed to invest in significant upgrades and equipment replacements at Splash Planet ahead of its 2023/24 season opening.

NGĀ KOHINGA MAHI GROUPS OF ACTIVITIES



This section shows how we have performed financially in delivering the work programme for 2022/2023.

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

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

WATER AND ROADS

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

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

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

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

WATER AND WASTEWATER SERVICES

- 2022/23 represents the eighth year of reporting against mandatory performance measures, with many measures achieved against target, but some impacted by Cyclone Gabrielle. The Council’s safe drinking water investment programme is nearing completion which will position the Council for full compliance with drinking water standards.
- The provision of safe drinking water is the Council’s number one priority. A variety of projects were commenced during the year as detailed in the ‘Key Initiatives and Projects’ section in this document.
- A significant renewal programme in the wastewater area relating to rising mains and trunk main infrastructure is being rolled out. This programme is ongoing in future years. The Council also consulted the community during 2022/23 on planned new wastewater infrastructure investment to ensure sufficient capacity for future growth.

Negative effects

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

ROADS

- The Council achieved mixed progress against the mandatory performance measures for roads and footpaths. The road sealing programme was particularly impacted by Cyclone Gabrielle.
- A number of walking and cycling projects were either completed or designed in 2022/23, the Tauroa Road Boardwalk and Shared Path being a highlight.
- The Council’s bridge strengthening project progressed in the first half of the year but was then severely impacted by Cyclone Gabrielle.

Negative effects

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

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

FUNDING IMPACT STATEMENT: Water & Roads		LTP Council 2022 \$'000	LTP Council 2023 \$'000	Actual Council 2023 \$'000	Variance \$'000
	Notes				
SOURCES OF OPERATING FUNDING					
General Rates, uniform annual general charge, rates penalties		21,676	23,713	21,203	(2,510)
Targeted Rates		20,713	22,122	20,549	(1,573)
Subsidies and grants for operating purposes		7,106	7,342	62,987	55,645
Fees and charges		4,857	5,158	12,090	6,932
Internal charges and overheads recovered		10,768	11,223	11,110	(113)
Local Authorities fuel tax, fines, infringement fees and other receipts		302	311	819	508
Total operating funding (A)		65,422	69,869	128,758	58,889
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers		29,254	30,310	90,120	(59,810)
Finance costs		5,378	6,039	7,811	(1,772)
Internal charges and overheads applied		15,214	15,946	16,207	(261)
Other operating funding applications		28	29	12,032	(12,003)
Total applications of operating funding (B)		49,874	52,324	126,170	73,846
Surplus (deficit) of operating funding (A-B)		15,548	17,545	2,588	(14,957)
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure		21,699	13	10,852	(2,600)
Development and financial contributions		4,895	4,927	3,895	(1,032)
Increase (decrease) in debt		46,864	17,694	39,570	21,876
Gross proceeds from sale of assets		152	68	94	26
Lump sum contributions		271	279	45	(234)
Other dedicated capital funding		3,397	4,606	-	(4,606)
Total sources of capital funding (C)		77,278	41,026	54,456	13,430
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure					
To meet additional demand		20,019	9,938	5,510	4,428
To improve the level of service		44,051	19,746	39,891	(20,145)
To replace existing assets		28,755	28,886	26,422	2,464
Increase (decrease) in reserves		-	-	(14,781)	(14,781)
Increase (decrease) of investments		-	-	-	-
Total applications of capital funding (D)		92,825	58,570	57,044	(1,526)
Surplus (deficit) of capital funding (C-D)		(15,548)	(17,545)	(2,588)	14,957
Total funding balance (A-B) + (C-D)		-	-	-	-
Group depreciation and amortisation		27,757	29,861	45,891	(16,030)

FUNDING IMPACT STATEMENT:					
Water Supply	Notes	LTP Council 2022 \$'000	LTP Council 2023 \$'000	Actual Council 2023 \$'000	Variance \$'000
SOURCES OF OPERATING FUNDING					
General Rates, uniform annual general charge, rates penalties	1	154	161	1,985	1,824
Targeted Rates	2	12,530	13,518	11,736	(1,782)
Subsidies and grants for operating purposes		-	-	466	466
Fees and charges	3	317	328	2,447	2,119
Internal charges and overheads recovered		5,004	5,221	5,284	63
Local Authorities fuel tax, fines, infringement fees and other receipts		-	-	223	223
Total operating funding (A)		18,005	19,228	22,140	2,912
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	4	9,219	9,136	11,065	(1,929)
Finance costs		2,395	2,657	3,156	(499)
Internal charges and overheads applied		3,862	4,084	4,290	(206)
Other operating funding applications	5	3	3	3,004	(3,001)
Total applications of operating funding (B)		15,479	15,881	21,515	5,634
Surplus (deficit) of operating funding (A-B)		2,526	3,347	626	(2,721)
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure		7,679	-	768	768
Development and financial contributions		1,021	1,027	987	(40)
Increase (decrease) in debt	6	26,108	(175)	25,798	25,973
Gross proceeds from sale of assets		104	68	76	8
Lump sum contributions		-	-	22	22
Other dedicated capital funding		-	-	-	-
Total sources of capital funding (C)		34,912	920	27,651	26,731
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure					
To meet additional demand		3,330	311	682	(371)
To improve the level of service	7	30,243	1,116	26,301	(25,185)
To replace existing assets	8	3,865	2,841	4,282	(1,441)
Increase (decrease) in reserves	9	-	-	(2,988)	2,988
Increase (decrease) of investments		-	-	-	-
Total applications of capital funding (D)		37,438	4,267	28,277	24,010
Surplus (deficit) of capital funding (C-D)		(2,526)	(3,347)	(626)	2,721
Total funding balance (A-B) + (C-D)		-	-	-	-
Group depreciation and amortisation		2,795	3,877	6,619	(2,742)

KEY FINANCIAL VARIANCES

Significant operating variances

- The split between activities for General rates in actuals differed to the LTP due to differing activities needs.
 - LTP incorrectly overstates the targeted rates for water supply and understates the targeted rates for Governance and Support. Offsetting variance is within the Governance and Support FIS.
 - Fees & charges revenue is high from:
 - Cyclone Gabrielle insurance proceeds \$0.4m;
 - Industrial water \$0.4m;
 - Connection fees \$0.2m.
 - Payments to staff and suppliers are driven by contract services and are higher than LTP from:
 - Cyclone Gabrielle response \$0.8m;
 - 3 Waters reform management \$0.2m;
 - Escalation of costs
 - Due to unbudgeted write off of the Whirinaki Water treatment plant as a result of significant damage sustained in Cyclone Gabrielle.
- Significant asset acquisitions or replacements and other variances
- Debt is much higher than LTP due to timing of capital projects
 - Capital expenditure to improve the level of service is much higher than LTP due to the timing of:
 - Eastbourne water treatment project \$19.4m
 - Frimley bore & treatment project \$2.7m
 - Connections \$0.8m
 - Whakatu upgrade \$0.7m
 - This is higher than LTP due to Easter Interceptor reticulation (\$0.8m) and various upgrades
 - Reserves have been utilised during the year.

STATEMENT OF PLANNED CAPITAL WORKS:		LTP	Actual Council	Variance
Water Supply	Notes	2022/23	2023	\$'000
CAPITAL EXPENDITURE		\$'000	\$'000	\$'000
Meet additional demand		311	682	(371)
Improve level of service		1,116	26,301	(25,185)
To replace existing assets		2,841	4,282	(1,441)
Total capital expenditure		4,267	31,265	(26,997)

STATEMENT OF MAJOR CAPITAL PROJECTS:		LTP	Actual Council	Variance
Water Supply	Notes	2022/23	2023	\$'000
		\$'000	\$'000	\$'000
Collection Network Reactive Renewals		414	413	(1)
Treatment Upgrades – Waipataki		707	344	(363)
Toby Replacements		621	338	(283)
Major Capital projects delivery		299	197	(102)
Replace defective Valve		78	73	(5)
Reservoir Upgrades		414	42	(372)
Collection Network Planned Renewals	1	1,035	16	(1,019)
Havelock Hills: New Reservoir and Pumpstation	1	52	-	(52)
Replace defective Hydrant	1	78	-	(78)
Havelock Hills – Tauroa link to Burbury	1	52	-	(52)
Flow and Pressure monitoring equipment	1	52	-	(52)
Advanced Investigations	1	52	-	(52)
Backflow preventer replacements	1	21	-	(21)

1. Reprioritisation of project timings across years.

FUNDING IMPACT STATEMENT:		LTP Council	LTP Council	Actual Council	Variance
Stormwater Drainage		2022	2023	2023	
	Notes	\$'000	\$'000	\$'000	\$'000
SOURCES OF OPERATING FUNDING					
General Rates, uniform annual general charge, rates penalties		2,852	3,196	3,153	(43)
Targeted Rates		23	23	23	()
Subsidies and grants for operating purposes		-	-	-	-
Fees and charges		43	44	183	139
Internal charges and overheads recovered		14	14	14	
Local Authorities fuel tax, fines, infringement fees and other receipts		-	-	57	57
Total operating funding (A)		2,932	3,278	3,429	151
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers		875	1,000	1,793	(793)
Finance costs		666	717	928	(211)
Internal charges and overheads applied		1,088	1,133	1,164	(31)
Other operating funding applications		5	5	2	3
Total applications of operating funding (B)		2,634	2,856	3,887	1,031
Surplus (deficit) of operating funding (A-B)		298	422	(458)	(880)
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure				-	-
Development and financial contributions		710	713	365	(348)
Increase (decrease) in debt	1	3,397	4,606	5,351	745
Gross proceeds from sale of assets		-	-	-	-
Lump sum contributions		-	-	-	-
Other dedicated capital funding		-	-	-	-
Total sources of capital funding (C)		4,107	5,319	5,716	397
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure					
To meet additional demand		2,955	1,129	1,421	(292)
To improve the level of service		561	3,680	3,491	189
To replace existing assets		889	932	1,100	(168)
Increase (decrease) in reserves		-	-	(753)	753
Increase (decrease) of investments		-	-	-	-
Total applications of capital funding (D)		4,405	5,741	5,258	(483)
Surplus (deficit) of capital funding (C-D)		-298	(422)	458	880
Total funding balance (A-B) + (C-D)		-	-	-	-
Group depreciation and amortisation		3,912	3,883	6,318	(2,435)

KEY FINANCIAL VARIANCES
Significant asset acquisitions or replacements and other variances

1. Debt funding is higher than LTP to fund:

- 195 Portsmouth Rd purchase \$2.0m;
- RA1 stormwater \$2.0m;
- Howard St growth \$0.5m;
- Whakatu Industrial \$0.1m

STATEMENT OF PLANNED CAPITAL WORKS: Stormwater Disposal		LTP 2022/23 \$'000	Actual Council 2023 \$'000	Variance \$'000
	Notes			
CAPITAL EXPENDITURE				
Meet additional demand		1,129	1,421	(292)
Improve level of service		3,680	3,491	189
To replace existing assets		932	1,100	(168)
Total capital expenditure		5,741	6,012	(271)

STATEMENT OF MAJOR CAPITAL PROJECTS: Stormwater Disposal		LTP 2022/23 \$'000	Actual Council 2023 \$'000	Variance \$'000
	Notes			
195 Portsmouth road – land purchase	1	-	2,002	(2,002)
Collection Network Reactive Renewals		119	273	(154)
Stormwater quality – Improvements	2	569	-	569
Lyndhurst – Mahora Drain	2	533	-	533
Collection Network Planned Renewals	2	414	-	414
Havelock North – Medium Density Housing strategy	2	342	-	342
Hastings – Medium Density Housing Strategy	2	166	-	166
Network Modelling and Analysis	2	104	-	104
Parkvale – Medium Density Housing Strategy	2	89	-	89
Havelock North Streams	2	52	-	52

1. Land purchase to mitigate increased stormwater flows and improve quality from new residential developments in Flaxmere
2. Reprioritisation of project timings across years.

FUNDING IMPACT STATEMENT:		LTP Council	LTP Council	Actual Council	Variance
Sewerage and the treatment and disposal of sewerage		2022	2023	2023	
		\$'000	\$'000	\$'000	\$'000
SOURCES OF OPERATING FUNDING		Notes			
General Rates, uniform annual general charge, rates penalties	1	379	388	3,415	3,027
Targeted Rates (other than a targeted rate for water supply)		7,596	8,000	8,219	219
Subsidies and grants for operating purposes		-	-	-	-
Fees and charges		2,115	2,366	2,868	502
Internal charges and overheads recovered		2,631	2,723	2,630	(93)
Local Authorities fuel tax, fines, infringement fees and other receipts		-	-	133	133
Total operating funding (A)		12,720	13,476	17,265	3,789
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	2	3,144	3,330	6,030	(2,700)
Finance costs		1,467	1,592	2,216	(624)
Internal charges and overheads applied		4,944	5,132	5,099	33
Other operating funding applications		7	8	2	6
Total applications of operating funding (B)		9,562	10,061	13,347	3,286
Surplus (deficit) of operating funding (A-B)		3,158	3,415	3,918	503
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure		-	-	-	-
Development and financial contributions		1,343	1,349	1,164	(185)
Increase (decrease) in debt	3	5,602	5,053	6,165	1,112
Gross proceeds from sale of assets		-	-	-	-
Lump sum contributions		244	252	23	(229)
Other dedicated capital funding		-	-	-	-
Total sources of capital funding (C)		7,189	6,654	7,352	698
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure					
To meet additional demand		2,200	2,613	1,673	940
To improve the level of service	4	199	(134)	1,492	(1,626)
To replace existing assets		7,948	7,590	7,837	(247)
Increase (decrease) in reserves		-	-	268	(268)
Increase (decrease) of investments		-	-	-	-
Total applications of capital funding (D)		10,347	10,070	11,270	1,200
Surplus (deficit) of capital funding (C-D)		(3,158)	(3,415)	(3,919)	(503)
Total funding balance (A-B) + (C-D)		-	-	-	-
Group depreciation and amortisation		7,159	7,610	13,866	(6,256)

KEY FINANCIAL VARIANCES

Significant operating variances

1. The split between activities for General rates in actuals differed to the LTP due to differing activities needs.
2. Sewer & Effluent Disposal Contracted Services costs are \$2.4m higher than planned in LTP due to cost escalation and from:

- Cyclone Gabrielle \$0.4m; and
- Preventive & reactive maintenance \$0.8m

Significant asset acquisitions or replacements and other variances

3. Debt has increased by more than planned in the LTP due to timing of capital projects and cost escalation (Waipatiki campground \$0.7m, Flaxmere rising main \$0.4m, Telemetry upgrade \$0.4m)
4. Capital expenditure to improve the level of service is higher than LTP due to Howard st development \$1.3m, Flaxmere Main \$0.3m and Lyndhurst \$0.3m.

STATEMENT OF PLANNED CAPITAL WORKS: Sewerage and the treatment and disposal of sewerage		LTP 2022/23 \$'000	Actual Council 2023 \$'000	Variance \$'000
	Notes			
CAPITAL EXPENDITURE				
Meet additional demand		2,613	1,673	940
Improve level of service		(134)	1,492	(1,626)
To replace existing assets		7,590	7,837	(247)
Total capital expenditure		10,069	11,002	(933)

STATEMENT OF MAJOR CAPITAL PROJECTS: Sewerage and the treatment and disposal of sewerage		LTP 2022/23 \$'000	Actual Council 2023 \$'000	Variance \$'000
	Notes			
Eastern Interceptor Upper Section Upgrade		2,070	1,903	167
WWTP BTF Repairs	1	-	1,171	(1,171)
Outfall PS Manifold	2	2,070	486	1,584
Consent Review		311	412	(101)
Collection Network Reactive Renewals		259	297	(38)
Inland Trunk Sewer Renewals	3	2,070	99	1,971
Flaxmere Urban Development	4	2,588	48	2,540
Outfall – Landbased Section	5	1,035	13	1,022
Urban Trunk Sewer Renewals	5	518	-	518
Collection Network Planned Renewals	5	414	-	414
Pumpstation Renewal	5	207	-	207
Rising Main Renewals	5	207	-	207
Advanced Investigations	5	83	-	83
Various resulting from CCTV	5	62	-	62
Frimley Interceptor – Hapuka to Inland S	5	52	-	52
Flow Monitoring Improvements	5	52	-	52
Frederick St West	5	52	-	52

1. Wastewater Treatment Plant Repairs due to Cyclone Gabrielle damage.
2. New Subdivision projects are dependent on timing of developers' activities.
3. Trunk sewer project timing has changed since LTP
4. New Subdivision projects are dependent on timing of developers' activities
5. Reprioritisation of project timings across years.

*This does not match the LTP due to a change in project budgets. A comparison with the revised budget has been provided.

FUNDING IMPACT STATEMENT: Roads and Footpaths		LTP Council 2022 \$'000	LTP Council 2023 \$'000	Actual Council 2023 \$'000	Variance \$'000		
	Notes						
SOURCES OF OPERATING FUNDING							
General Rates, uniform annual general charge, rates penalties	1	18,291	19,968	12,650	(7,318)	KEY FINANCIAL VARIANCES Significant operating variances <ol style="list-style-type: none"> The split between activities for General rates in actuals differed to the LTP due to differing activities needs. Subsidies revenue is higher due to government funding for Emergency Reinstatement from damage sustained in Cyclone Gabrielle \$56m. Fees revenue is higher than LTP due to insurance reimbursement for Cyclone Gabrielle \$5m, offset by a \$0.9m loss in Parking due to staff shortages. Payments to staff and suppliers are higher than LTP from Contract services for Cyclone emergency reinstatement (\$46m) and bridges (\$12.1m) 	
Targeted Rates		564	581	570	(11)		
Subsidies and grants for operating purposes	2	7,103	7,342	62,521	55,179		
Fees and charges	3	2,382	2,420	6,593	4,173		
Internal charges and overheads recovered		3,119	3,265	3,182	(83)		
Local Authorities fuel tax, fines, infringement fees and other receipts		302	311	407	96		
Total operating funding (A)		31,764	33,887	85,923	52,036		
APPLICATIONS OF OPERATING FUNDING							
Payments to staff and suppliers	4	16,016	16,844	71,234	(54,390)		Significant asset acquisitions or replacements and other variances <ol style="list-style-type: none"> Capital subsidies are lower than LTP due to redirection of works towards reinstatement resulting in less capital works completed (mainly minor safety & bridge strengthening projects). Debt is lower than planned in LTP from timing of capital projects (Napier/Crosses \$0.9m, Howard St \$0.8m, CBD \$1.2m). Timing of private works contributions Capital expenditure to improve level of service is lower than LTP from timing of projects: <ul style="list-style-type: none"> Lyndhurst \$2.8m Nottingly rd roundabout \$2.6m Major safety \$2.5m Omahu roundabout \$2.5m Brookfield Rd \$2.0m Capital works to replace existing assets is lower than LTP due to timing of projects being delays as a result of Cyclone recovery focus. Reserves were affected by revaluation of Rooding Assets during the year as well as the significant impairments.
Finance costs		850	1,073	1,511	(438)		
Internal charges and overheads applied		5,320	5,597	5,654	(57)		
Other operating funding applications		13	13	9,024	(9,011)		
Total applications of operating funding (B)		22,199	23,528	87,423	63,895		
Surplus (deficit) of operating funding (A-B)		9,566	10,359	(1,500)	(11,859)		
SOURCES OF CAPITAL FUNDING							
Subsidies and grants for capital expenditure	5	14,020	13,452	10,084	(3,368)		
Development and financial contributions		1,821	1,838	1,380	(458)		
Increase (decrease) in debt	6	15,154	12,816	2,256	(10,560)		
Gross proceeds from sale of assets		48	-	19	19		
Lump sum contributions		27	27	-	(27)		
Other dedicated capital funding		-	-	-	-		
Total sources of capital funding (C)		31,069	28,133	13,738	(14,395)		
APPLICATIONS OF CAPITAL FUNDING							
Capital expenditure							
To meet additional demand	7	11,534	5,885	1,734	4,151		
To improve the level of service	8	13,048	15,084	8,607	6,477		
To replace existing assets	9	16,053	17,523	13,203	4,320		
Increase (decrease) in reserves	10	-	-	(11,305)	(11,305)		
Increase (decrease) of investments		-	-	-	-		
Total applications of capital funding (D)		40,635	38,493	12,238	(26,255)		
Surplus (deficit) of capital funding (C-D)		-9,566	(10,359)	1,500	11,859		
Total funding balance (A-B) + (C-D)		-	-	-	-		
Group depreciation and amortisation		13,892	14,491	19,088	(4,597)		

STATEMENT OF PLANNED CAPITAL WORKS: Roads and Footpaths		LTP 2022/23 \$'000	Actual Council 2023 \$'000	Variance \$'000
	Notes			
CAPITAL EXPENDITURE				
Meet additional demand		5,885	1,734	4,151
Improve level of service		15,084	8,607	6,477
To replace existing assets		-	13,203	(13,203)
Total capital expenditure		20,969	23,545	(2,576)

STATEMENT OF MAJOR CAPITAL PROJECTS: Roads and Footpaths		LTP 2022/23 \$'000	Actual Council 2023 \$'000	Variance \$'000
	Notes			
Various Maintenance Seals	1 -		3,455	(3,455)
Napier/ Crosses Road RAB	1	-	1,835	(1,835)
Mt Erin Road	1	-	1,351	(1,351)
Road to Zero – St Georges Road	1	-	1,267	(1,267)
Nottingley Roundabout (30% Subdivision Support)	2	2,784	166	2,617
Omahu Industrial Development		940	102	839
Footpath Renewals – Maintenance		1,055	87	968
Subdivision Support – Development Response		52	27	25
Brookvale Road Development	2	2,062	19	2,043
MC- Collector		309	14	295
Lyndhurst – Stage 2 Lyndhurst Rd Roundabout	2	2,784	-	2,784
Extension Percival Road – Stage 3		886	-	886
Mahora – Medium Density housing Strategy		5	-	5

1. Prioritisation/timing of capital projects is different from LTP.
2. Residential & industrial growth projects are lower than LTP due to project delays because Cyclone recovery has been prioritised.

SAFE, HEALTHY AND LIVEABLE COMMUNITIES

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

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

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

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

- This activity group contains a broad range of services and facilities. The majority of the levels of service for this group of activities which were measured, were achieved or substantially achieved.
- After the closure of Splash Planet over the 2021/22 summer period, over 100,000 visitors attended during the 2022/23 summer period.
- The Landfill development programme continues through to 2025 and made further progress during 2022/23.
- Further enhancements were completed at a number of the district's parks including a new playground at the Lawrie Cooke Reserve in Lyndhurst, new play equipment in the village green, and the Ron Georgi III and Ngāruroro Reserve playgrounds were upgraded. The new Flaxmere Skate Plaza was officially opened.

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 2022/23. The Council is also accredited under the ISO9000:2001 standard which is adhered to.

FUNDING IMPACT STATEMENT: Safe, Healthy and Liveable Communities		LTP Council 2022 \$'000	LTP Council 2023 \$'000	Actual Council 2023 \$'000	Variance \$'000		
	Notes						
SOURCES OF OPERATING FUNDING							
General Rates, uniform annual general charge, rates penalties	1	37,171	39,317	37,102	(2,215)	KEY FINANCIAL VARIANCES Significant operating variances <ol style="list-style-type: none"> The split between activities for General rates in actuals differed to the LTP due to differing activities needs. Funding received from the Government for Cyclone Gabrielle cost recovery in relation to silt collection (\$1.3m) Fees and charges is lower than LTP by \$1.8m as the impact of Cyclone Gabrielle resulted in less Landfill ETS revenue, building consent & inspection revenue. Internal recovers are higher than planned in the LTP due to greater support provided to Council departments from IT, CE Office and Corporate Services. Payments to suppliers are high against the LTP mostly due to Cyclone Gabrielle: <ul style="list-style-type: none"> Residential waste collection (\$6m); Landfill increased running costs due to higher volumes of waste from the Cyclone (\$3m) Finance Costs have increased due to higher debt levels and increasing interest rates. Other operating funding applications are higher than the LTP due to Pettigrew Green Arena Grant (\$2m) and asset write offs from assets damaged in Cyclone Gabrielle (\$2.5m) 	
Targeted Rates		5,297	5,704	5,019	(685)		
Subsidies and grants for operating purposes	2	2,073	29	2,470	2,441		
Fees and charges	3	28,340	30,318	27,669	(2,649)		
Internal charges and overheads recovered	4	13,796	14,458	17,715	3,257		
Local Authorities fuel tax, fines, infringement fees and other receipts		89	92	281	189		
Total operating funding (A)		86,764	89,918	90,256	338		
APPLICATIONS OF OPERATING FUNDING							
Payments to staff and suppliers	5	45,781	47,909	57,249	(9,340)		
Finance costs	6	2,228	2,394	3,922	(1,528)		
Internal charges and overheads applied		20,932	22,170	23,145	(975)		
Other operating funding applications	7	4,513	4,631	9,598	(4,967)		
Total applications of operating funding (B)		73,454	77,104	93,914	16,810		
Surplus (deficit) of operating funding (A-B)		13,311	12,814	(3,658)	(16,472)		
SOURCES OF CAPITAL FUNDING							
Subsidies and grants for capital expenditure	8	9,990	5,698	7,818	2,120		
Development and financial contributions		620	620	985	365		
Increase (decrease) in debt	9	8,778	1,826	21,613	19,787		
Gross proceeds from sale of assets		225	176	183	7		
Lump sum contributions		-	-	19	19		
Other dedicated capital funding		-	-	-	-		
Total sources of capital funding (C)		19,613	8,321	30,618	22,297		
APPLICATIONS OF CAPITAL FUNDING							
Capital expenditure							
To meet additional demand		1,690	103	820	(717)		
To improve the level of service	9	19,726	14,956	36,855	(21,899)		
To replace existing assets		11,508	6,076	5,676	400		
Increase (decrease) in reserves	10	-	-	(16,391)	16,391		
Increase (decrease) of investments		-	-	-	-		
Total applications of capital funding (D)		32,924	21,135	26,960	5,825		
Surplus (deficit) of capital funding (C-D)		(13,311)	(12,814)	3,658	16,472		
Total funding balance (A-B) + (C-D)		-	-	-	-		
Group depreciation and amortisation		6,307	6,307	10,262	(2,873)		

STATEMENT OF PLANNED CAPITAL WORKS: Safe Healthy and Liveable Communities		LTP 2022/23 \$'000	Actual Council 2023 \$'000	Variance \$'000
	Notes			
CAPITAL EXPENDITURE				
Meet additional demand		103	820	(717)
Improve level of service		14,956	36,855	(21,899)
To replace existing assets		6,076	5,676	400
Total capital expenditure		32,924	43,351	(22,216)

ECONOMIC AND COMMUNITY DEVELOPMENT

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

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

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

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

- Significant progress was made on various housing developments within the Flaxmere area.
- Council provided on-going active support to facilitate industrial land uptake at Irongate, Ōmāhu and Whakatū, where strong demand continued for development. The Council is working with landowners in Whakatū on a potential stormwater upgrade which would unlock more industrial land in the area.
- The Regional Economic development Agency (REDA) was established during the year.
- A range of social programmes with particular focus on helping young people into jobs continued during the year. A Pre-Employment event was successfully completed, and the soft launch of a Hawke’s Bay Youth Services Database completed.
- The Maraekākaho Community Plan (outlining aspirations for the Maraekākaho community) was completed in 2022/23.

Negative effects

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

FUNDING IMPACT STATEMENT: Economic and Community Development		LTP Council 2022 \$'000	LTP Council 2023 \$'000	Actual Council 2023 \$'000	Variance \$'000
	Notes				
SOURCES OF OPERATING FUNDING					
General Rates, uniform annual general charge, rates penalties		9,109	9,690	8,888	(802)
Targeted Rates		346	346	436	90
Subsidies and grants for operating purposes	1	544	51	1,131	1,080
Fees and charges		347	357	622	265
Internal charges and overheads recovered		-	-	-	-
Local Authorities fuel tax, fines, infringement fees and other receipts		-	-	2	2
Total operating funding (A)		10,346	10,444	11,079	635
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	2	7,367	7,165	9,249	(2,084)
Finance costs		46	45	34	11
Internal charges and overheads applied		1,594	1,728	1,784	(56)
Other operating funding applications		1,258	1,419	1,334	85
Total applications of operating funding (B)		10,265	10,357	12,401	2,044
Surplus (deficit) of operating funding (A-B)		81	87	(1,323)	(1,410)
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure		-	-	-	-
Development and financial contributions		-	-	-	-
Increase (decrease) in debt		(36)	(33)	(65)	(32)
Gross proceeds from sale of assets		20	46	24	(22)
Lump sum contributions		-	-	-	-
Other dedicated capital funding		-	-	-	-
Total sources of capital funding (C)		(16)	14	(41)	(55)
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure					
To meet additional demand		-	-	-	-
To improve the level of service		-	-	69	(69)
To replace existing assets		65	101	142	(41)
Increase (decrease) in reserves	3	-	-	(1,574)	1,574
Increase (decrease) of investments		-	-	-	-
Total applications of capital funding (D)		65	101	(1,364)	(1,465)
Surplus (deficit) of capital funding (C-D)		(81)	(87)	1,323	1,410
Total funding balance (A-B) + (C-D)		-	-	-	-
Group depreciation and amortisation		65	78	86	(8)
STATEMENT OF PLANNED CAPITAL WORKS: Economic and Community Development					
	Notes	LTP 2022/23 \$'000	Actual Council 2023 \$'000	Variance \$'000	
CAPITAL EXPENDITURE					
Meet additional demand		-	-	-	-
Improve level of service		-	69	(69)	
To replace existing assets		101	142	(41)	
Total capital expenditure		101	211	(110)	

KEY FINANCIAL VARIANCES

Significant operating variances

1. Grant revenue is higher than LTP due to:

- "Better Off" government funding \$0.9m,
- He Poutama Rangatahi government funding \$0.2m.

2. Staff & Suppliers are high due to:

- new Growth and Urban Department (Future Development Strategy) team not in the LTP \$0.8m
- Cyclone related spend (Social development) \$1.3m

Significant asset acquisitions or replacements and other variances

3. Funding has come from Growth and Urban Planning reserve to cover increased costs.

GOVERNANCE AND SUPPORT SERVICES

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

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

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

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

- Customer feedback for the Customer Service Centre remains positive despite the difficult operating conditions brought about by Cyclone Gabrielle.
- A sustained period of higher call volumes and longer handling times through the Contact Centre as a result of Cyclone Gabrielle impacted on the mystery shopping result for the 2022/23 year.
- The Council’s targets for website usage were exceeded with an average of 61,581 unique visitors per month.
- No breaches of statutory planning processes were recorded during the year.
- The section titled ‘*Exercising Partnership – Council, Tangata Whenua, Mana Whenua*’ outlines the activities undertaken during 2021-23 to establish and maintain processes to provide opportunities for mana whenua to exercise partnership in decision making.



FUNDING IMPACT STATEMENT: Governance and Support		LTP Council 2022 \$'000	LTP Council 2023 \$'000	Actual Council 2023 \$'000	Variance \$'000
	Notes				
SOURCES OF OPERATING FUNDING					
General Rates, uniform annual general charge, rates penalties	1	2,924	3,000	7,739	4,739
Targeted Rates	2	(1,957)	(1,723)	-	1,723
Subsidies and grants for operating purposes	3	-	-	7,087	7,087
Fees and charges		504	518	496	(22)
Internal charges and overheads recovered	4	16,810	17,701	19,257	1,556
Local Authorities fuel tax, fines, infringement fees and other receipts		537	553	600	47
Total Operating Funding (A)		18,817	20,048	35,180	15,132
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	5	13,624	14,101	23,949	(9,848)
Finance costs		94	101	213	(112)
Internal charges and overheads applied		4,929	5,178	5,607	(429)
Other operating funding applications		1,169	1,383	1,523	(140)
Total applications of operating funding (B)		19,816	20,763	31,292	10,529
Surplus (deficit) of operating funding (A-B)		(999)	(714)	3,888	4,602
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure		-	-	-	-
Development and financial contributions		-	-	-	-
Increase (decrease) in debt	6	3,292	2,655	1,455	(1,200)
Gross proceeds from sale of assets		70	25	32	7
Lump sum contributions		-	-	-	-
Other dedicated capital funding		-	-	-	-
Total sources of capital funding (C)		3,362	2,679	1,487	(1,192)
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure					
To meet additional demand		-	-	-	-
To improve the level of service		-	-	89	(89)
To replace existing assets		2,135	1,731	1,320	411
Increase (decrease) in reserves	7	-	-	2,893	(2,893)
Increase (decrease) of investments		228	235	1,072	(837)
Total applications of capital funding (D)		2,363	1,965	5,374	3,409
Surplus (deficit) of capital funding (C-D)		999	714	(3,888)	(4,602)
Total funding balance (A-B) + (C-D)		-	-	-	-
Group depreciation and amortisation		941	984	1,429	(358)

KEY FINANCIAL VARIANCES

Significant operating variances

1. The split between activities for General rates in actuals differed to the LTP due to differing activities needs
2. LTP incorrectly overstates the targeted rates for water supply and understates the targeted rates for Governance and Support. Offsetting variance is within the Water Supply FIS.
3. Increased subsidies received from the Government to reimburse Silt Collection, Rural bulk fuel supply and Flood Damage Waste Collection costs that resulted from Council's response to Cyclone Gabrielle.
4. Government & Support operating costs are recovered by internal charges across Council.
5. Unplanned costs due to Cyclone Gabrielle (\$9.4m)
6. Debt did not increase as much as planned in the LTP due to capital programme timing.
7. Contributions to reserves have been made.

STATEMENT OF PLANNED CAPITAL WORKS: Governance and Support Services		LTP 2022/23 \$'000	Actual Council 2023 \$'000	Variance \$'000
	Notes			
CAPITAL EXPENDITURE				
Meet additional demand		-	-	-
Improve level of service		-	89	(89)
To replace existing assets		1,731	1,320	411
Total capital expenditure		1,731	1,409	322
STATEMENT OF MAJOR CAPITAL PROJECTS: Governance and Support Services		LTP 2022/23 \$'000	Actual Council 2023 \$'000	Variance \$'000
	Notes			
PC / Laptop Replacements		185	199	(14)
Business Intelligence / Data Warehouse	1	1,235	21	1,214
Technology One systems		31		31

1. Timing of project was rephased compared to LTP.



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

EXERCISING PARTNERSHIP – COUNCIL, TANGATA WHENUA, MANA WHENUA

Ko te manu e kai i te miro, nōna te ngahere; ko te manu e kai i te mātauranga, nōna te ao whānui: Te Kaunihera ā-Rohe o Heretaunga | Hastings District Council continues its intent to nurture its commitment to growing and strengthening partnership relationships with mana whenua across the various hapū precincts of Hastings district, as well as to ensure equitable decision-making across a range of contexts for mana whenua here at Council and across the wider Hastings district. The opening whakataukī expresses an aspiration of Council to continue work hard to conduct its affairs at the interface of indigenous knowledge and western science in order to reap richer and more meaningful rewards for all: – the bird that feasts on the miro berry has the forest as its resource; the bird that feasts on knowledge and new learnings has the whole world at its disposal, not just the forest. Te ao Māori, te reo Māori and tikanga Māori open up a greater potential for Council to not only meet its obligations but to also enhance the potential of projects and effective policies that reflect genuine biculturalism in action.

Titiro ake au ki te hāro o te kāhu e tui, tui, tui, tuia. E tuia tātau ki te rangi e tū nei, e tuia tātau ki te papa e takoto nei. E tuia tātau ko te here tangata kua herea nei e Heretaunga takoto noa, ka rongo te pō, ka rongo te ao. E tuia anōtia tātau te muka tangata arā, ko ngā moko ā ngā mātua tūpuna i ekengia Te Moana-nui-a-Kiwa, i takea mai i Hawaiki-nui, Hawaiki-roa, Hawaiki-pāmao; te hono i wairua ki te whai-ao ki te ao mārama!

Kei ngā mana, kei ngā reo, kei ngā pari kārangaranga o tēnā pito, o tēnā marae, o tēnā hapū o te rohe whānui o Heretaunga, anei ngā kupu whakamiha ki a tātau katoa.

E tika ana kia tukuna atu ngā whakaaro rangatira ki a rātau mā ko ngā taumata rau o Heretaunga whānui kua haere atu ki tua o te ārai, arā ko rātau mā kua whetū-rangitia i te tau kua taha ake nei. Kāti, ko rātau te tira mātai pō ki a rātau, waiho ake ko tātau te tira mātai ao ki a tātau.

Tēnā rā tātau katoa kei te kāinga o Heretaunga i raro i te āhua o ngā kupu kōrero ā kui mā, ā koro mā me ngā tāhuhu kōrero o te rohe taurikura o Heretaunga tō tēnā whānau, tō tēnā hapū, tō tēnā marae.

Kei ngā marae katoa e noho mai nei i raro i te rohenga o Te Kaunihera ā-Rohe o Heretaunga, kei ngā hapū kārangaranga, kei ngā Taiwhenua o te takiwā, kei ngā Rōpū Whakataunga ā-Tiriti o Waitangi, nei anō te maioha ki a koutou, ā, nō mātau o te Kaunihera hoki te whakamīharo ki te tukua nei ngā mihi ki a koutou otirā, ki a tātau katoa.

Kāti rā, Heretaunga-ara-rau, Heretaunga-haukū-nui, Heretaunga-hāro-o-te-kāhu, Heretaunga-raorao-haumako, Heretaunga-ringahora, Heretaunga takoto noa; tihei Heretaunga!



The 2022/2023 year saw another year impacted to some degree by COVID-19 but that has otherwise seen another significant year of continued learning, growth, and development for the Hastings District Council (HDC) with respect to exercising partnership and engaging relationships with mana whenua across Heretaunga | Hastings district. Here at Council with respect to mana whenua engagement and partnership relationships, this has become increasingly notable because of the growing number of opportunities that we have been able to capitalise on across a range of contexts including, reforms in water management and resource management, social cohesion, local and regional community celebrations, housing, and sadly following February 13th/14th, our Cyclone Gabrielle response and recovery. Aside from the cyclone, perhaps of most significance for exercising partnership was the election of three Takitimu Ward Māori Councillors to Hastings District in October 2022.

The following narrative, provides a summary of key highlights across the 2022/2023 year:

- **Te Rōpū Pou Ahurea:** Relationships, Responsiveness and Heritage Advisors have continued to engage with multiple layers and contexts across our wide and diverse community. The team has grown and in particular regard to the cyclone recovery phase that HDC is now fully immersed in; Paddy, JR, Julie nau mai haere mai! Relationship building with mana whenua and community to enhance strategic relationships between whānau, marae, hapū, Taiwhenua, Post Settlement Governance Entities (PSGEs) including Ngāti Pāhauwera Development Trust, Maungaharuru-Tangitū Trust, Hineuru Iwi Trust, Mana Ahuriri Trust, Heretaunga Tamatea Settlement Trust, and Ngāti Kahungunu Iwi Incorporated alongside Te Taiwhenua o Heretaunga and Te Taiwhenua o Te Whanganui-a-Orotū, and the Hastings District Council is ongoing.
- The Hastings District Council **Heretaunga Takoto Noa Māori Standing Committee** maintains its focus on strategic priorities for mana whenua across the specific cultural precincts of the district. The committee at present comprises mana whenua appointments from eight entities from:
 - Ngāti Pāhauwera Development Trust;
 - Maungaharuru-Tangitū Trust,
 - Hineuru Iwi Trust;
 - Te Taiwhenua o Te Whanganui-a-Orotū;
 - Mana Ahuriri Trust;
 - Te Taiwhenua o Heretaunga;
 - Heretaunga Tamatea Settlement Trust; and,
 - Ngāti Kahungunu Iwi Incorporated.

The committee also includes the Mayor, three Takitimu Ward Councillors, the Flaxmere Ward Councillor and the two Heretaunga Ward Councillors. The committee's first major task aside from supporting the cyclone recovery is a review of the committee's terms of reference to ensure that its relevance and function are fit for purpose moving forward into the second quarter of the 21st century.

- Council continues with its aspirations and intent to contribute to opportunities of nurturing genuine partnership relationships for the district's Tiriti o Waitangi legislated **Post-Settlement Governance Entities (PSGEs)**, and to support engagement in district planning, economic development, social growth, cultural initiatives and environmental wellbeing. With a range of reforms coming out of Central Government, our partnership relationships with our Tiriti partners are critical and not only include these high-level entities but also iwi, hapū, marae and taiwhenua. Three Waters and Resource Management Act reforms are well underway and we (local government) are having to drive these out at the regional level where mana whenua engagement across the district remains critical to ensuring genuine partnership.

- **Housing** remains a priority for Council across the district and Council continues to encourage and support the development of Papakāinga housing through effective cross-sectoral engagement with whānau and hapū, Te Puni Kōkiri, the Māori Land Court, and project consultants. As other organisations including Te Taiwhenua o Heretaunga and the PSGEs ramp up their own aspirations around housing for Māori, Council are also at various stages of engagement in supporting our respective statutory partners' aspirations, strategies and or visions moving forward. Council have supported our partners with their respective and or our collective applications to Central Government for funding to supporting infrastructure development to support housing. The Waingākau housing development in Flaxmere exemplifies the role that Council can play and support its partners like Te Taiwhenua o Heretaunga.
- A requirement of the wastewater discharge consent (Condition 29) is that HDC establishes, and retains the **HDC: Tangata Whenua Wastewater Joint Committee**, as a committee of the Hastings District Council under Clause 31, Schedule 7, Local Government Act 2002, a Council Committee, half of the members of which shall be Tangata Whenua representatives, whose functions include but are not limited to the receiving, reviewing and recommending action on reports such as the Annual Wastewater Compliance Report, involvement in the Nine Yearly Consent Review and more. The Tangata Whenua Wastewater Committee continues to provide sound governance to Council through the development of wastewater solutions integrating tikanga Māori (customary values) alongside the provisions of the [current] Resource Management Act. Accordingly, the biological trickling filter system for the wastewater treatment plant at East Clive has a consent to operate (granted by the Hawke's Bay Regional Council) for a period of 35 years. To meet the requirements of condition 29, in particular 29e, the committee and key representatives facilitated input into the Nine-Year Review Report. During this process the committee also identified that the Nine-Year Review Report needed to incorporate a Cultural Review to better understand the effects on the cultural values associated with the treatment wastewater at the East Clive WWTP and the discharge treated wastewater to Hawke Bay over the past nine years. It is important to note that Tangata Whenua were a key driver for the change of domestic wastewater treatment in Hastings and these changes were predominantly brought about to address cultural concerns.
- This last year has also seen the continued implementation by Council of Heretaunga Ararau, the Hastings District Council Te Reo Māori Policy and of **Heretaunga Ararau Te Reo Māori Action Plan**, to support the place and use of te reo Māori across the whole Council and its facilities; including new facilities that have been revamped and or built anew, new bilingual road signage, internal te reo Māori signage and working with Te Kauwaka Ltd. and other local registered te reo Māori translators/interpreters to ensure the accuracy and integrity of te reo Māori is maintained. Aligned with this work is the direction from Council's Lead Team for staff to have cultural indicators included in performance objectives. Māori Language Planning elements included in the Heretaunga Ararau Te Reo Māori Action Plan and are:

- **Te Mārama Pū | Critical Awareness:** When people accept the need for language revitalisation and understand the ambitious role that Council has in achieving the goal to be a te reo city in the not too distant future.
- **Mana | Status:** When people understand the value of te reo Māori and accept it as an integral part of our city and national identity.
- **Te Whakamahahi | Use:** People can speak, listen to, read, write and comprehend te reo Māori at a level that supports their use and have access to reo-rich environments and domains.
- **Ako | Acquisition:** Council supports people to have increased opportunities to acquire te reo Māori at a level that supports their use.
- **Te Puna | Corpus:** Quality new words, terms and standards are developed and available to support the use of te reo Māori.
- **Māori Wards:** 2021/2022 saw HDC vote to establish a Māori [Takitimu] Ward and as mentioned in the October triennial elections, three Takitimu Ward Māori Councillors were elected to Council. This was and remains a significant milestone for local government, for Hastings District Council, and our partnership relationships with tangata whenua including mana whenua, iwi, hapū, whānau, marae and PSGEs. *Ko koutou ki tēnā kīwai o te kete, ko mātau ki tēnei kīwai, ka anga whakamua tātau – with General Ward Councillors holding the handle of the basket, and the Takitimu Ward/Māori Councillors at the other basket handle, we will move forward together (to represent Māori and non-Māori interests and forge genuine partnership relationships).* The metaphor of the 'kete' in the whakataukī (proverb), refers to the notion of a kete that is held together, by Council on one side and, mana whenua/tangata whenua on the other side. Consequently, the capacity to exercise partnership in decision-making processes recognises and brings to life, equitable contributions where Council remains committed to pursuing partnership with mana whenua across Heretaunga.



- **Te Aranga Design:** These design principles adopted by Council in 2020 have been continually applied and continue to be across multiple council projects and initiatives from housing projects through to reserve management plans, city-scapes, parks and reserves, urban landscape and design, new builds and or refits in the CBD such as the Toitōi and the Municipal Buildings, Waiaroha (opening October 2023), new CBD Laneways, and or to the Hawke's Bay Collection and Museum Storage facility being retrofitted and designed. The embedding of these principles in Council's work is also occurring across our district and not just in the CBD – Havelock North, Flaxmere, our parks and reserves, roading and bridge network, and supporting our communities' aspirations for celebrating notions of place, history and whakapapa.



- **Te Haumātakataka o Gabrielle:** the night of February 13th and then the following day, February 14th saw Cyclone Gabrielle mark its presence here in Aotearoa with devastating effect on several areas in the North Island. Hawke's Bay was one of these areas to suffer significant impact, including loss of life, and 1000s of displaced/impacted whānau across the region from Wairoa in the north to Tararua in the south. Heretaunga suffered significantly too: Tūtira, Waikoau, Tangoio, Arapawanui, Pētane, Eskdale, State Highway 5, State Highway 2, Whirinaki, Waiohiki, Mōteo, Dartmoor, Puketapu, Rissington, Fernhill/Ōmāhu, Ōhiti, Swamp Road, Pakowhai, Twyford and our coastal regions were just some of the areas hit by the cyclone. The cyclone was one of the most significant weather events to impact the region on record, delivering staggering amounts of rain over a relatively short period of time, and this was the largest rainfall event at a number of sites ever recorded in the region. The impacts of Cyclone Gabrielle have been significant and widespread, and they will be felt across our region and communities for a long time to come.

Stopbanks were overtopped by floodwater in Hawke's Bay, caused partly by the build-up of debris at structures such as bridges. Overtopping caused erosion of stopbanks, leading to multiple breaches, covering a total of 5km. A flash flood swept through the Esk Valley as the Esk River burst its banks, submerging properties under 7 metres of water and burying homes in silt up to their roof lines. The Ngaruroro River burst its banks, flooding the small settlement of Ōmāhu. Floodwaters washed away spans and piers of bridges and destroyed hundreds of the roading network's culverts. Brookfields Bridge over the Tūtaekurī at Pakowhai, Redclyffe Bridge, a major crossing of the Tūtaekurī from Taradale to Waiohiki and the Vicarage Road bridge over the Tūtaekurī at the settlement of Puketapu were all destroyed.

The impact of this destruction including to houses, infrastructure, lifestyles, livelihoods and more has not only impacted the whole community but our Māori communities have suffered significant loss, damage and devastation too. *Ka mate kāinga tahi, ka ora kāinga rua* – as one home suffers and is destroyed, a second haven comes o the rescue to offer warmth, shelter and protection. Hastings District Council acknowledges in particular those Māori kāinga, marae and communities that stood up during the response opening their doors, their hearts and their minds to those directly impacted ... *Mei kore ake nei koutou katoa hei whakarauora i te iwi!*



Nō reira, ehara i te mea ko tēnei te katoa o ngā kaupapa Māori i kōkiringia e te Kaunihera heoi anō rā, hei whakamutunga kōrero mā matau o te Rōpū Pou Ahurea, mā te Atua koutou e te iwi, e manaaki, e tiaki, e whakakahangia anōtia kia piki ake ki te taro o te ora; mauri tū, mauri ora!



NGĀ TAUĀKĪ AHUMONI FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

Actual Council 2022 \$'000	Actual Group 2022 \$'000	Statement of comprehensive revenue and expense	Notes	Budget Council 2023 \$'000	Actual Council 2023 \$'000	Actual Group 2023 \$'000		
REVENUE								
94,974	94,974	Rates, excluding metered water supply charges	3(a)	102,494	100,935	100,935	<p>The accompanying notes form part of these financial statements.</p> <p>The major reasons for the variance between actual and budgeted surplus on operations were:</p> <p>i. Fees and charges revenues were favourable to budget due to higher than budgeted water meter and connection fees.</p> <p>ii. Interest revenue is income received from bank interest on funds at bank along with monies received from favourable swap transactions.</p> <p>iii. Vested Assets are up because of higher than budgeted infrastructure assets constructed and vested to Council as developers' complete development.</p> <p>iv. Operational costs are higher than budget, with the drivers being challenges in the 3waters operational space, Toitoto and Roothing, with higher contracted service costs, insurance costs, inflationary pressure, and increased personnel costs across Council to meet the increased needs of the organisation and the community. In addition, there was budget brought forward from the previous financial year for uncompleted projects that does not show in the annual plan budget</p> <p>v. Finance costs are higher than budget due to the higher debt levels for budgeted projects along with an increase in the average cost of debt due to market conditions.</p> <p>vi. Unrealised gain on swaps recognises the value that Council would receive should they replace all its interest swaps at the prevailing swap rates as at 30 June 2023</p> <p>vii. Cyclone Gabrielle has impacted Council revenue with significant subsidies received from Waka Kotahi for transport reinstatement along with reimbursement relating to flood damage waste and silt collection and also insurance proceeds received.</p> <p>viii. Cyclone Gabrielle has impacted Council expenses significantly with large transport reinstatement costs, response, and recovery costs.</p>	
31,091	31,154	Fees, charges and metered water supply charges (i)		33,672	35,843	35,968		
30,131	31,994	Subsidies and Grants		25,433	25,443	26,939		
5,125	5,125	Development and financial contributions		5,785	4,944	4,944		
243	243	Donations		3	379	379		
99	104	Interest revenue (ii)	3(b)	-	775	797		
786	1,527	Other revenue	3(c)	537	577	1,431		
5,462	5,462	Vested infrastructural assets (iii)		1,000	4,198	4,859		
167,911	170,583	Total revenue before impact of Cyclone Gabrielle		168,924	173,094	176,252		
EXPENSES								
102,247	102,997	Operational costs (iv)	4	112,932	119,952	120,861		
38,782	39,318	Depreciation and amortisation expense	9	40,079	57,668	58,224		
5,932	5,932	Finance costs (v)		8,624	11,459	11,459		
146,961	148,247	Total expenses before impact of Cyclone Gabrielle		161,635	189,079	190,544		
11,974	11,974	Unrealised Gain/(Loss) on Swaps (vi)		-	2,472	2,472		
(411)	(411)	Fair value loss on other revaluations		-	-	-		
-	314	Share of associate surplus/(deficit)		-	-	649		
32,513	32,513	Surplus/(deficit) before impact of Cyclone Gabrielle		7,289	(13,513)	(11,171)		
-	-	Cyclone Gabrielle revenue (vii)	5	-	71,941	71,941		
-	-	Cyclone Gabrielle costs (viii)	5	-	(85,679)	(85,679)		
-	-	Income Tax Expense	6	-	-	-		
32,513	34,213	Surplus/(deficit) after tax		7,289	(27,251)	(24,909)		
Other comprehensive revenue and expense:								
-	-	Impairment of Property, plant and equipment and Infrastructure assets	9	-	(275,028)	(275,028)		
550,786	550,786	Gain/(Loss) on infrastructural revaluations	9	84,770	90,606	90,606		
(598)	(670)	Gain/(Loss) on other revaluations		-	243	355		

Actual Council 2022 \$'000	Actual Group 2022 \$'000	Statement of comprehensive revenue and expense	Notes	Budget Council 2023 \$'000	Actual Council 2023 \$'000	Actual Group 2023 \$'000
252	333	Gain/(Loss) on Financial assets at fair value through other comprehensive revenue and expense		-	7	48
550,440	551,789	Total other comprehensive revenue and expense		84,770	(184,172)	(184,019)
582,953	586,002	Total comprehensive revenue and expense		92,059	(211,423)	(208,928)

Actual Council 2022 \$'000	Actual Group 2022 \$'000	Statement of changes in equity for the year ended 30 June 2023	Notes	Budget Council 2023 \$'000	Actual Council 2023 \$'000	Actual Group 2023 \$'000
2,238,691	2,263,536	Balance at 1 July	14	2,232,107	2,821,769	2,851,832
125	2,294	Adjustments on adoption of PBE IPSAS 41*		-	(25)	(69)
2,238,816	2,265,830	Adjusted balance at 1 July		2,232,107	2,821,744	2,851,763
32,513	34,213	Surplus/(Deficit)		7,289	(27,251)	(24,909)
550,440	551,789	Other comprehensive revenue/(expense) for the year		84,770	(184,172)	(184,019)
582,953	586,002	Total comprehensive revenue/(expense) for the year		92,059	(211,423)	(208,928)
2,821,769	2,851,832	Balance at 30 June		2,324,166	2,610,321	2,642,835

*Remeasurements as a result of the Council's adoption of PBE IPSAS 41 have been recognised directly in accumulated funds – for more details refer to note 20.

Actual Council 2022 \$'000	Actual Group 2022 \$'000	Statement of financial position as at 30 June 2023	Notes	Budget Council 2023 \$'000	Actual Council 2023 \$'000	Actual Group 2023 \$'000
CURRENT ASSETS						
31,439	32,622	Cash & cash equivalents (i)		33,859	2,344	3,016
21,528	21,795	Receivables (ii)	7	13,514	50,356	50,877
39	39	Inventory		76	55	55
3,392	3,392	Non-current assets held for sale	9	-	3,392	3,392
-	-	Derivative financial instruments	13	-	30	30
-	395	Short Term Investments		-	-	364
56,398	58,243	Total current assets		47,449	56,177	57,734
NON-CURRENT ASSETS						
Other financial assets						
1,714	1,714	Derivative financial instruments	13	-	3,664	3,664
1,063	11,815	Investments in associates	8(a)	1,063	1,063	12,617
15	-	Investments in CCOs and similar entities	8(b)	15	15	-
5,987	5,987	Investment in other entities (iii)	8(b)	4,757	7,558	7,558
913	913	Other non-current assets		-	1,086	1,086
9,692	20,429	Total other financial assets		5,835	13,386	24,925
391,191	409,859	Plant, property and equipment (iv)	9	398,001	409,828	429,764
2,639,814	2,639,814	Infrastructural assets (iv)	9	2,156,397	2,483,708	2,483,708
60	60	Biological Assets	9	-	60	60
1,419	1,423	Intangible assets	9	509	1,262	1,266
3,042,176	3,071,585	Total non-current assets		2,560,742	2,908,244	2,939,723
3,098,574	3,129,828	Total assets		2,608,191	2,964,421	2,997,457
LIABILITIES						
Current liabilities						
31,181	32,255	Payables and deferred revenue (v)	10	21,457	53,206	53,654
4,517	4,524	Employee entitlements	11	3,761	5,057	5,064
-	-	Derivative financial instruments	13	501	-	-
21,000	21,000	Borrowings and other financial liabilities (vi)	12	24,581	29,000	29,000
56,698	57,779	Total current liabilities		50,300	87,263	87,718
Non-current liabilities						
2,091	2,201	Provisions and other non-current liabilities	10,19	1,559	2,336	2,403
783	783	Employee entitlements	11	684	760	760
492	492	Derivative financial instruments	13	10,251	-	-
216,741	216,741	Borrowings and other financial liabilities (vi)	12	221,231	263,741	263,741
220,107	220,217	Total non-current liabilities		233,725	266,837	266,904
276,805	277,996	Total liabilities		284,025	354,100	354,622
2,821,769	2,851,832	Net assets (assets minus liabilities)		2,324,166	2,610,321	2,642,835
Equity						
1,306,958	1,333,103	Accumulated funds	14	1,240,979	1,293,533	1,322,094
4,007	4,007	Restricted Reserves	14(a)	3,437	4,865	4,865
1,510,804	1,514,722	Revaluation and other reserves	14(b)	1,079,751	1,311,923	1,315,876
2,821,769	2,851,832	Total equity		2,324,166	2,610,321	2,642,835

The accompanying notes form part of these financial statements.

The major reasons for the variance between actual and budgeted balances at 30 June 23 were:

- i. Cash is lower than budgeted due to the high demand for cash to fund the Cyclone Gabrielle response and recovery.
- ii. Receivables are significantly up due to:
 - a. Very high Waka Kotahi subsidies receivable at year end (\$20m); and
 - b. Timing of received funds for other large government grants accrued for (\$12m).
- iii. Investment in other entities is higher than anticipated due to increased borrower notes from the LGFA as a result of higher debt borrowing.
- iv. Both infrastructure assets and plant, property and equipment assets have had much larger than anticipated valuation increases. This is offset by the significant impairment and write offs to these assets from damage sustained in Cyclone Gabrielle.
- v. Payables are significantly up due to the increased spend on Cyclone Gabrielle over the last four months of the year along with a large capital programme.
- vi. Secured loan levels were higher than budgeted due to the significant increase in spending as a result of Cyclone Gabrielle.

Actual Council 2022 \$'000	Actual Group 2022 \$'000	Statement of cash flows for the year ended 30 June 2023	Notes	Budget Council 2023 \$'000	Actual Council 2023 \$'000	Actual Group 2023 \$'000
CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES						
Cash was provided from:						
94,807	94,807	Receipts from rates revenue		102,494	100,336	100,336
36,489	37,077	Receipts from customers		39,994	43,640	44,277
263	267	Interest received		-	775	795
25,060	27,960	Subsidies and grants received		25,436	73,984	75,751
156,619	160,111			167,924	218,735	221,159
Cash was applied to:						
99,269	101,514	Payments to suppliers and employees		112,932	174,345	176,400
5,529	5,529	Interest paid		8,624	11,459	11,459
(40)	49	GST (net)		-	253	230
104,758	107,092			121,555	186,057	188,088
51,861	53,019	Net cash flows from operating activities (A)	15	46,368	32,678	33,071
CASH FLOWS FROM INVESTING ACTIVITIES						
Cash was provided from:						
1,481	1,481	Receipts from sale of property, plant and equipment (i)		306	334	334
-	-	Maturing/sale of investments		-	36	209
1,481	1,481			306	370	543
Cash was applied to:						
91,048	92,627	Purchase of property, plant & equipment and infrastructural assets		55,124	115,012	116,088
524	125	Purchase of investments		228	567	567
91,572	92,752			55,352	115,579	116,656
(90,091)	(91,271)	Net cash flows to investing activities (B)		(55,046)	(115,209)	(116,113)
CASH FLOWS FROM FINANCING ACTIVITIES						
Cash was provided from:						
53,626	53,626	Proceeds from borrowings		18,624	74,100	74,100
Cash was applied to:						
22,632	22,636	Repayment of borrowings		9,812	20,664	20,664
30,994	30,990	Net cash flows from financing activities (C)		8,812	53,436	53,436
(7,236)	(7,262)	Net increase (decrease) in cash, cash equivalents and bank overdraft (A+B+C)		134	(29,095)	(29,606)
38,675	39,884	Cash, cash equivalents and bank overdraft at the beginning of the year		33,725	31,439	32,622
31,439	32,622	Cash, cash equivalents and bank overdraft at the end of the year		33,859	2,344	3,016
CASH AT END OF YEAR COMPRISES						
31,439	32,622	Cash and cash equivalents		33,859	2,344	3,016

NOTES TO FINANCIAL STATEMENTS

1. STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

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

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

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

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

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

The Council also has the following investments in associates:

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

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

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

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

The financial statements of the Council and Group are for the year ended 30 June 2023. The financial statements were authorised for issue by Council on 26 October 2023.

BASIS OF PREPARATION

Statement of compliance

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

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

Functional and presentation currency

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

Standards issued and not yet effective that have been early adopted

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

Other changes in accounting policies

One new standard is effective for the first time for periods beginning on 1 July 2022 and has been adopted in these financial statements. The nature and effect of this new standard adopted by the Council is detailed below.

PBE FRS 48 Service Performance Reporting

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 Presentation of Financial Statements and is effective for reporting periods beginning on or after 1 January 2022, with earlier adoption permitted.

The Council has applied this standard in preparing its 30 June 2023 financial statements. The main changes relevant for Council are increased disclosures to provide users with sufficient information to understand:

- Why the Council exists;
- What Council hopes to achieve over the medium to long term, and how it goes about this; and
- What the Council has done during the reporting period in working towards achieving its desired aims and objectives.

These disclosures have been disclosed in “Our Reporting Framework” on page 11.

Standards issued and not yet effective and not early adopted

There are no Standards and amendments, issued but not yet effective that have not been early adopted, and which are relevant to the group.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of consolidation

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

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

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

Foreign currency transactions

Foreign currency transactions (including those for which forward foreign exchange contracts are held) are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit. See Note 20.

Cost allocation

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

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

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

Goods and Services Tax (GST)

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

Budget figures

The budget figures are those approved by the Council in its 2022/23 Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Council for the preparation of the financial statements.

Borrowing costs

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

Statement of cash flows

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

The cash flows are classified into three sources:

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

Inventories

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

Cash and cash equivalents

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

Investment properties

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

Comparative figures

Comparative figures disclosed in the accounts may have minor changes to those presented in the 2021/22 Annual Report. This has only been done in cases where the changes result in more meaningful comparisons, or to comply with any new standards, interpretations or amendments that have been adopted in these financial statements for the first time (see above for detail on these).

Critical accounting estimates and assumptions

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

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

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

- Estimating the fair value of land, buildings, and infrastructure assets – see Note 9
- Estimating the impairment of assets damaged by Cyclone Gabrielle – see Note 9
- Land fill aftercare provision – see Note 19

Critical judgements in applying Council's accounting policies

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

- Classification of property – see Note 9
- Other investments – see Note 8b
- Estimating retirement and long service leave obligations – see Note 11

2. FUNDING IMPACT STATEMENT FOR THE WHOLE OF COUNCIL AS AT 30 JUNE 2023

	Budget Council 2022 \$'000	Actual Council 2022 \$'000	Budget Council 2023 \$'000	Actual Council 2023 \$'000	Variance \$'000		
SOURCES OF OPERATING FUNDING							
General rates, uniform annual general charge, rates penalties	70,880	70,720	75,744	74,931	(813)	Reconciliation of statement of comprehensive revenue and expense to funding impact statement for the whole of Council for the year ended 30 June 2023	
Targeted rates	24,399	24,253	26,750	26,004	(746)		
Subsidies and grants for operating purposes	9,722	6,754	7,570	73,676	66,106		
Fees and charges	34,046	30,664	33,339	40,877	7,538	Total revenue from statement of comprehensive revenue and expense	245,035
Interest and dividends from investments	17	113	17	793	776		
Local authorities fuel tax, fines, infringement fees and other receipts	911	989	853	910	57	Less total funding from funding impact statement	217,191
Total operating funding (A)	139,976	133,493	144,273	217,191	72,918		
APPLICATIONS OF OPERATING FUNDING						Variance	27,844
Payments to staff and suppliers	96,026	95,013	102,830	180,569	(77,739)	Variance is made up of:	
Finance costs	7,747	6,235	8,624	11,980	(3,356)	Capital subsidies	18,670
Other operating funding applications	6,968	6,648	8,267	24,486	(16,219)	Development and financial contributions	4,944
Total applications of operating funding (B)	110,739	107,896	119,721	217,035	(97,314)	Vested infrastructural assets	4,198
Surplus (deficit) of operating funding (A-B)	29,237	25,597	24,552	156	(24,396)	Other revenue	32
SOURCES OF CAPITAL FUNDING						Total operating expenditure from statement of comprehensive revenue	275,258
Subsidies and grants for capital expenditure	31,689	23,620	17,866	18,670	804	Less total applications of funding from funding impact statement	217,035
Development and financial contributions	5,515	5,080	5,515	4,880	(635)		
Increase (decrease) in debt	62,295	30,889	8,813	62,573	53,760		
Gross proceeds from sale of assets	467	1,463	306	335	29		
Lump sum contributions	270	45	270	64	(206)		
Other dedicated capital funding	-	-	0	-	-		
Total sources of capital funding (C)	100,235	61,097	32,770	86,522	53,752	Variance	58,223
APPLICATIONS OF CAPITAL FUNDING						Variance is made up of:	
Capital expenditure						Depreciation and amortisation	57,668
To meet additional demand	21,709	6,656	2,921	6,330	(3,409)	Payments made to suppliers	576
To improve the level of service	63,777	41,968	25,513	76,904	(51,391)	Finance costs	(21)
To replace existing assets	43,758	41,986	28,660	32,222	(3,562)		
Increase (decrease) in reserves	-	(5,574)	0	(29,850)	29,850		
Increase (decrease) of investments	228	1,658	228	1,072	(844)		
Total applications of capital funding (D)	129,472	86,694	57,322	86,678	(29,356)		
Surplus (deficit) of capital funding (C-D)	(29,237)	(27,088)	(24,552)	(156)	24,396		
Total funding balance (A-B) + (C-D)	-	-	-	-	-		
Group depreciation and amortisation	36,566	38,782	40,079	57,668	(17,589)		

3. REVENUE

ACCOUNTING POLICY

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

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

Revenue from non-exchange transactions

General and targeted rates (excluding user charge water rates)

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

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

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

Fees and charges

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

Government grants

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

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

Vested assets

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

Revenue from exchange transactions

Development contributions

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

User pays water rates

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

Fees and charges

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

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

Other revenue

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

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

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

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

Actual Council 2022 \$'000	Budget Council 2023 \$'000	Actual Council 2023 \$'000
50,490	54,537	53,773
13,541	14,516	14,344
6,287	6,482	6,351
TARGETED RATES		
53	143	143
141	145	145
169	172	171
293	293	293
399	404	404
320	320	320
80	80	80
23	23	23
5,679	6,983	6,356
27	50	29
1	(104)	1
1,813	1,181	1,833
11,179	12,533	11,736
1,421	1,925	1,642
2,634	3,343	2,829
-	50	-
21	-	-
403	(1,885)	463
94,974	101,191	100,935

The Council is required by the LGFA Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates revenue. That Deed defines annual rates revenue as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating Act) 2002 together with any revenue received by the Council from other local authorities for services provided by that Council for which those other Local Authorities rate. The annual rates revenue of the Council for the year ended 30 June 2023 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown below:

Actual Council 2022 \$'000	Budget Council 2023 \$'000	Actual Council 2023 \$'000
94,974	101,191	100,935
1,391	1,303	1,601
96,365	102,494	102,536

3(B). FINANCE REVENUE

Actual Council 2022 \$'000	Actual Group 2022 \$'000	Actual Council 2023 \$'000	Actual Group 2023 \$'000
145	145	364	364
99	104	775	797
244	249	1,139	1,161
(145)	(145)	(364)	(364)
99	104	775	797

3(C). OTHER REVENUE

Actual Council 2022 \$'000	Actual Group 2022 \$'000	Actual Council 2023 \$'000	Actual Group 2023 \$'000
561	561	526	526
212	212	33	33
-	741	-	854
13	13	18	18
786	1,527	577	1,431

4. OPERATIONAL COSTS

ACCOUNTING POLICY

Leases

Operating leases

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

Finance leases

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

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

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

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

Grant expenditure

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

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

Superannuation schemes

Defined contribution schemes

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

BREAKDOWN OF OPERATING EXPENSES

Actual Council 2022 \$'000	Actual Group 2022 \$'000		Actual Council 2023 \$'000	Actual Group 2023 \$'000
1,036	1,036	Councillors' remuneration	1,077	1,077
36,076	36,076	Contractors	41,794	42,146
3,841	3,946	Consultants and legal fees	5,302	5,302
639	639	Operating lease expense	704	704
136	154	Fees to auditors for audit of financial statements	190	203
-	-	Fees to Ernst Young for audit of Long Term Plan Amendment	28	28
6	6	Fees to auditors for other services (Debenture Trust Deed audit)	3	3
76	76	Total bad debts written off	139	139
(12)	(12)	Change in provision for doubtful debts	22	22
562	562	Loss on sale of property, plant and equipment	1,756	1,756
3	3	Assets written off	-	-
6,475	6,475	Maintenance and asset costs	8,457	8,457
3,438	3,438	Energy costs	3,795	3,795
36,669	37,119	Salary and wages	40,938	41,363
1,231	1,231	Defined contribution plan – employer contributions	1,367	1,367
593	593	Increase/(decrease) in employee entitlements/liabilities	199	199
1,273	1,273	Administration costs	1,822	1,822
2,668	2,735	Sponsorships and grants	4,818	4,818
7,537	7,647	Other costs	7,541	7,660
102,247	102,997		119,952	120,861

5. CYCLONE GABRIELLE

BREAKDOWN OF TOTAL REVENUE ARISING FROM CYCLONE GABRIELLE

Actual Council 2022 \$'000	Actual Group 2022 \$'000	Actual Council 2023 \$'000	Actual Group 2023 \$'000
-	-	57,051	57,051
	- Waka Kotahi (NZTA) subsidies		
-	-	9,472	9,472
	- Other government grants		
		5,418	5,418
	- Insurance payments		
-	- Total	71,941	71,941

There are no unfulfilled conditions or other contingencies attached to subsidies and grants recognised (2022: \$nil).

Due to the impact of Cyclone Gabrielle, the Council received \$57.05m from Waka Kotahi for emergency reinstatement works on the roading network, and the following one-off grants:

- \$4.5m from the National Emergency Management Agency for costs incurred in collecting and disposing of residential household waste;
- \$1.24m from the National Emergency Management Agency for costs incurred in delivering bulk fuel supplies to rural residents impacted by Cyclone Gabrielle.
- \$3.7m from the Department of Internal Affairs for costs incurred in collecting and disposing of silt.

BREAKDOWN OF OPERATING EXPENSES ARISING FROM CYCLONE GABRIELLE

	Actual Council 2023 \$'000	Actual Group 2023 \$'000
Contractors	68,375	68,375
Consultants and legal fees	98	98
Assets written off		
• Land and buildings	2,613	2,613
• Water supply	2,867	2,867
• Bridges	8,136	8,136
• Other roading	873	873
• Parks	221	221
Maintenance and asset costs	782	782
Energy costs	1,295	1,295
Salary and wages	88	88
Administration costs	45	45
Other costs	286	286
Total	85,679	85,679

Contractor costs because of Cyclone Gabrielle were mainly a result of:

- \$57.5m spent on emergency reinstatement works over the roading network;
- \$4.5m on collection of residential household waste;
- \$1.5m in responding to parks and reserves emergency works (mainly tree damage); and
- \$1.1m for Council's share of increased landfill waste processing costs.

6. TAXATION

ACCOUNTING POLICY

Income tax

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

Income tax expense includes current tax and deferred tax.

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

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

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

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

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

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

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

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

BREAKDOWN OF TAXES AND FURTHER INFORMATION

Actual Council 2022 \$'000	Actual Group 2022 \$'000		Actual Council 2023 \$'000	Actual Group 2023 \$'000
32,513	34,213	Net operating surplus/(deficit) before taxation	(27,251)	(24,909)
	314	Share of associate's retained surplus	-	649
32,513	33,899		(27,251)	(24,260)
9,104	9,492	Tax at 28%	(7,630)	(6,793)
PLUS (LESS) TAX EFFECT OF:				
(9,104)	(9,492)	Permanent differences	7,630	6,793
-	-	Imputation credits	-	-
-	-	Residual taxation payable	-	-
COMPRISING:				
-	-	Current tax	-	-
-	-	Future income tax benefit	-	-
FUTURE TAX BENEFIT:				
-	-	Opening balance	-	-
-	-	Movement	-	-
-	-	Closing balance	-	-

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

UNUSED TAX LOSSES		
Hastings District Holdings Limited	\$839,898	(2022: \$839,898)
Hastings District Properties Limited	\$129,629	(2022: \$129,629)
Hawke's Bay Opera House Limited	\$86,911	(2022: \$86,911)
Hastings District Council	\$1,226,873	(2022: \$1,176,997)

7. RECEIVABLES

ACCOUNTING POLICY

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

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

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

Rates are 'written-off':

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

BREAKDOWN OF RECEIVABLES AND FURTHER INFORMATION

Actual Council 2022 \$'000	Actual Group 2022 \$'000		Actual Council 2023 \$'000	Actual Group 2023 \$'000
2,328	2,328	Rates receivables	2,896	2,896
14,524	14,791	Other receivables	39,841	39,841
3,492	3,492	GST receivables	5,645	5,645
1,200	1,200	Other current assets	2,012	2,012
21,544	21,811		50,394	50,394
(16)	(16)	Less: allowance for credit losses	(38)	(38)
21,528	21,795		50,356	50,356

There are no material exchange transactions

RATES RECEIVABLES

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

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

OTHER RECEIVABLES

The ECL rates for other receivables at 30 June 2023 and 30 June 2022 are based on the payment profile of revenue on credit over the prior two years at the measurement date and the corresponding historical credit losses experienced for that period. The historical loss rates are adjusted for current and forward-looking macroeconomic factors that might affect the expected recoverability of receivables. Given the short period of credit risk exposure, the effects of macroeconomic factors are not considered significant.

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

COUNCIL

Gross 2022 \$'000	Expected Credit Loss Rate 2022	Lifetime ECL 2022 \$'000	The status of other receivables are detailed below:	Gross 2023 \$'000	Expected Credit Loss Rate 2023	Lifetime ECL 2023 \$'000
DEBTORS						
13,667	0.15%	15	Not past due	38,319	0.09%	34
512	0.05%	-	Past due 1-60 days	1,209	0.26%	3
230	0.59%	1	Past due 61-90 days	138	0.12%	-
115	0.10%	-	Past due > 90 days	174	0.47%	1
14,524		16		39,841		38

GROUP

Gross 2022 \$'000	Expected Credit Loss Rate 2022	Lifetime ECL 2022 \$'000	The status of receivables are detailed below:	Gross 2023 \$'000	Expected Credit Loss Rate 2023	Lifetime ECL 2023 \$'000
DEBTORS						
13,934	0.15%	15	Not past due	38,319	0.09%	34
512	0.05%	-	Past due 1-60 days	1,209	0.26%	3
230	0.59%	1	Past due 61-90 days	138	0.12%	-
115	0.10%	-	Past due > 90 days	174	0.47%	1
14,791		16		39,841		38

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

Movements in the allowance for credit losses are as follows:

Actual Council 2022 \$'000	Actual Group 2022 \$'000		Actual Council 2023 \$'000	Actual Group 2023 \$'000
215	215	Balance at 1 July	16	16
(184)	(184)	ECL adjustment due to adoption of PBE IPSAS 41*	-	-
31	31	Opening balance for credit losses at 1 July	16	16
		Additional provisions made during the year	22	22
(8)	(8)	Provisions reversed during the year	20	20
(7)	(7)	Other receivables written off during the year	(20)	(20)
16	16	Balance at 30 June	38	38

*PBE IPSAS 41 was early adopted in 2021/22

8(A). INVESTMENT IN ASSOCIATES

ACCOUNTING POLICY

Associate

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

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

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

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

Breakdown of investment in associates

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

The Council's 33% share of the profit of Horse of the Year (Hawke's Bay) Limited is recognised in the period which matches the reporting period ending 31 May 2023.

8(A). INVESTMENT IN ASSOCIATES

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

Actual Council 2022 \$'000	Actual Group 2022 \$'000		Actual Council 2023 \$'000	Actual Group 2023 \$'000
1,063	11,709	Hawke's Bay Airport Limited	1,063	12,529
-	106	Horse of the Year (Hawke's Bay) Limited	-	88
1,063	11,815	Total investments in associates	1,063	12,617
HAWKE'S BAY AIRPORT LIMITED				
Name of entity: Hawke's Bay Airport Limited				
Principal activities: Airport				
Ownership: 24% (2022: 24%)				
Owner: Hawke's Bay Airport Limited				
Balance date: 30 June				
Movements in the carrying amount of investments in associate				
1,063		Hastings District Council Investment in Hawke's Bay Airport Limited	1,063	
6,843		Retained Earnings at the beginning of year		10,646
7,906		Carrying amount at beginning of year		11,709
Council's share of the results of Hawke's Bay Airport Limited				
192		Share of Surplus		668
85		Share of other recognised revenues and expenses		118
277		Share of total recognised revenues and expenses		785
Carrying Amount of Investment in Hawke's Bay Airport Limited				
7,906		Carrying amount at beginning of year		11,709
277		Share of total recognised revenues and expenses		785
1,268		Revaluation reserves		(5)
81		Other reserves		40
2,177		Prior year adjustment		-
11,709		Carrying amount at end of year		12,529
There are no contingent liabilities at 30 June 2023				
Summarised Financial Information				
465		Current Assets		692
19,594		Non-Current Assets		19,701
398		Current Liabilities		665
7,952		Non-Current Liabilities		7,199
1,616		Revenues		3,229

Actual Council 2022 \$'000	Actual Group 2022 \$'000		Actual Council 2023 \$'000	Actual Group 2023 \$'000
	(4)	Tax Expense		(231)
	277	Surplus/(deficit)		785
	24%	Group's interest		24%
HORSE OF THE YEAR (HAWKE'S BAY) LIMITED				
Name of Entity: Horse of the Year (Hawke's Bay) Limited				
Principal activities: Equestrian Show				
Ownership: 33% (2022: 33%)				
Owner: Horse of the Year (Hawke's Bay) Limited				
Balance date: 31 May				
Movements in the carrying amount of investments in associate				
	-	Hastings District Council Investment in Horse of the Year (Hawke's Bay) Limited		-
	69	Retained earnings at the beginning of year		106
	69	Carrying amount at beginning of year		106
Council's share of the results of Horse of the Year (Hawke's Bay) Limited				
	37	Share of Surplus		(18)
		Share of other recognised revenues and expenses		-
	37	Share of total recognised revenues and expenses		(18)
Carrying Amount of Investment in Horse of the Year (Hawke's Bay) Limited				
	69	Carrying amount at beginning of year		106
	37	Share of total recognised revenues and expenses		(18)
	-	Revaluation reserves		-
	106	Carrying amount at end of year		88
There are no contingent liabilities at 30 June 2023				
Summarised Financial Information				
	254	Current Assets		164
	21	Non-Current Assets		226
	168	Current Liabilities		300
	30	Non-Current Liabilities		30
	312	Revenues		196
	-	Tax Expense (exempt)		-
	37	Surplus/(deficit)		(18)
	33%	Group's interest		33%

8(B). OTHER FINANCIAL ASSETS

ACCOUNTING POLICY

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

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

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

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

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

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

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

Subsequent measurement of financial assets at amortised cost

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

Subsequent measurement of financial assets at FVTOCRE

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

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

Subsequent measurement of financial assets at FVTSD

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

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

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

Expected Credit Loss allowance (ECL)

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

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

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

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

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

Subsidiaries

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

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

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

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

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

BREAKDOWN OF OTHER FINANCIAL ASSETS AND FURTHER INFORMATION

Actual Council 2022 \$'000	Actual Group 2022 \$'000		Actual Council 2023 \$'000	Actual Group 2023 \$'000
Investment in Subsidiaries				
15	-	Hastings District Holdings Limited	15	-
15	-	Total Investment in Subsidiaries	15	-
Investment in other entities				
867	867	Unlisted shares in LGFA	875	875
4,963	4,963	Borrower notes in LGFA	6,526	6,526
157	157	New Zealand Local Government Insurance Association	157	157
5,987	5,987	Total investment in other entities	7,558	7,558
6,002	5,987	Total non-current portion	7,573	7,558
6,002	5,987	Total other financial assets	7,573	7,558

CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Other investments – fair value

Term deposits

The carrying amount of term deposits approximates their fair value.

Unlisted shares and borrower notes

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

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

INVESTMENT IN OTHER ENTITIES (OTHER THAN SHARES IN SUBSIDIARIES)

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

Equity investments designated at FVTOCRE comprise of:

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

HASTINGS MAYORAL RELIEF FUND

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

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

Council administered the fund completely separately to normal Council operations using a separate bank account, and a review panel made up of Council's Community Grants Advisor, Councillors and the Mayor to assess grant applications.



9. PROPERTY, PLANT AND EQUIPMENT

ACCOUNTING POLICY

Property, plant and equipment consist of:

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

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

(a) Revaluation

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

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

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

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

(b) Additions

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

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

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

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

(c) Disposals

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

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

(d) Subsequent costs

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

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

(e) Depreciation

Land is not depreciated.

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

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

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

Intangible assets

Software acquisition and development

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised in the surplus or deficit when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit. The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

COMPUTER SOFTWARE	3 years	33.3%
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Impairment of property plant and equipment and intangible assets

Property, plant and equipment

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

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

surplus or deficit. For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the surplus or deficit.

Value in use for non-cash generating assets

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

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

Value in use for cash-generating assets

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

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

Impairment of Intangible assets

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

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

Non-current assets held for sale

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

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

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

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

9. PROPERTY, PLANT AND EQUIPMENT: 2023

	1 Jul 2022	1 Jul 2022	1 Jul 2022										30 Jun 2023	30 Jun 2023	30 Jun 2023
\$'000	Cost/ Revaluation	Accumulated depreciation and impairment charges	Carrying amount	Additions	Disposals	Impairment charges	Depreciation and Amortisation	Destroyed assets	Depreciation write back	Revaluation Depreciation write back	Revaluation/ Other Movements	Cost/ Revaluation	Accumulated depreciation and impairment charges	Carrying amount	
COUNCIL OPERATIONAL ASSETS															
Operational Buildings	50,860	(1,144)	49,716	2,318	-	-	(1,176)	-	-	-	-	53,179	(2,320)	50,858	
Operational Land	57,944	-	57,944	252	-	(300)	-	(275)	-	-	-	57,621	-	57,621	
Heritage	521	-	521	24	-	-	-	-	-	-	232	777	-	777	
Library Books	1,785	-	1,785	407	-	-	(194)	-	-	194	(183)	2,009	-	2,009	
Computers & Office Equipment	14,767	(10,523)	4,244	1,212	-	-	(1,226)	-	-	-	-	15,978	(11,748)	4,230	
Furniture & Fittings	3,722	(2,449)	1,273	99	(3)	-	(169)	-	1	-	-	3,819	(2,618)	1,201	
Plant, Equipment & Vehicles	17,425	(8,874)	8,550	2,066	(604)	-	(1,509)	-	238	-	-	18,885	(10,145)	8,741	
Landfill	26,045	(18,662)	7,383	3,121	-	-	(1,129)	-	-	-	-	29,167	(19,792)	9,375	
Total Operational Assets	173,071	(41,652)	131,416	9,498	(607)	(300)	(5,404)	(275)	239	194	50	181,435	(46,623)	134,812	
COUNCIL RESTRICTED ASSETS															
Restricted Buildings	109,058	(2,240)	106,819	10,328	-	-	(3,157)	(249)	8	-	-	119,138	(5,389)	113,749	
Restricted Land	152,956	-	152,956	10,478	-	(70)	-	(2,097)	-	-	-	161,267	-	161,267	
Total Restricted Assets	262,015	(2,240)	259,775	20,806	-	(70)	(3,157)	(2,346)	8	-	-	280,405	(5,389)	275,016	
Total Operational & Restricted Assets	435,085	(43,892)	391,191	30,304	(607)	(370)	(8,561)	(2,621)	247	194	50	461,840	(52,013)	409,828	
SUBSIDIARIES PROPERTY, PLANT AND EQUIPMENT															
Plant & Equipment	4,073	(2,119)	1,954	11	(47)	-	(166)	-	47	-	-	4,037	(2,238)	1,799	
Restricted Buildings	19,981	(3,650)	16,331	1,748	-	-	(373)	-	-	-	50	21,779	(4,023)	17,756	
Restricted Land	395	(15)	380	15	-	-	(14)	-	-	-	-	410	(28)	382	
Office Equipment	34	(32)	2	-	1	-	(3)	-	-	-	-	35	(35)	-	
Total Subsidiary Assets	24,483	(5,815)	18,668	1,775	(46)	-	(556)	-	47	-	50	26,261	(6,325)	19,936	
Total Group	459,568	(49,707)	409,859	32,078	(653)	(370)	(9,117)	(2,621)	293	194	100	488,101	(58,337)	429,764	
BIOLOGICAL ASSETS															
Landfill Forestry	60	-	60	-	-	-	-	-	-	-	-	60	-	60	
Total Biological Assets	60	-	60	-	-	-	-	-	-	-	-	60	-	60	
INTANGIBLE ASSETS															
Computer Software	7,202	(5,783)	1,419	283	-	-	(440)	-	-	-	-	7,486	(6,224)	1,262	
Total Intangible Assets	7,202	(5,783)	1,419	283	-	-	(440)	-	-	-	-	7,486	(6,224)	1,262	

9. PROPERTY, PLANT AND EQUIPMENT: 2023

	1 Jul 2022	1 Jul 2022	1 Jul 2022									30 Jun 2023	30 Jun 2023	30 Jun 2023
\$'000	Cost/ Revaluation	Accumulated depreciation and impairment charges	Carrying amount	Additions	Disposals	Impairment charges	Depreciation and Amortisation	Destroyed assets	Depreciation write back	Revaluation Depreciation write back	Revaluation/ Other Movements	Cost/ Revaluation	Accumulated depreciation and impairment charges	Carrying amount
COUNCIL INFRASTRUCTURAL ASSETS														
Bridges	83,315	-	83,315	2,115	-	(250)	(1,600)	(8,288)	152	1,449	61,927	138,820	-	138,820
Roading – Land	129,124	-	129,124	-	-	-	-	-	-	-	-	129,124	-	129,124
Roading – Other	1,270,978	-	1,270,978	25,315	-	(274,234)	(17,398)	(873)	-	17,398	15,716	1,036,903	-	1,036,903
Stormwater Disposal Network	355,072	-	355,072	7,400	(193)	(105)	(6,315)	-	-	-	-	362,175	(6,315)	355,859
Wastewater Disposal Network	489,515	-	489,515	14,288	(890)	(25)	(13,790)	-	-	-	-	502,887	(13,790)	489,097
Water Supply Network	268,629	-	268,629	34,252	(605)	(45)	(6,556)	(2,887)	20	-	-	299,344	(6,536)	292,808
Parks	44,900	(1,719)	43,181	7,028	-	-	(3,007)	(408)	187	4,539	(10,423)	41,097	-	41,097
Total Infrastructural Assets	2,641,534	(1,719)	2,639,814	90,398	(1,689)	(274,658)	(48,666)	(12,455)	359	23,385	67,220	2,510,349	(26,641)	2,483,708

REVALUATION SUMMARY

Asset Class	Revaluation movement \$000	Revaluation depreciation write back \$000	Total revaluation increase/(decrease) \$000
Heritage	232	-	232
Library books	(183)	194	11
Bridges	61,927	1,449	63,376
Roading – Other	15,716	17,398	33,114
Parks	(10,423)	4,539	(5,884)
Total	67,270	23,579	90,849

9. PROPERTY, PLANT AND EQUIPMENT: 2022

	1 Jul 2021	1 Jul 2021	1 Jul 2021									30 Jun 2022	30 Jun 2022	30 Jun 2022
\$'000	Cost/ Revaluation	Accumulated depreciation and impairment charges	Carrying amount	Additions	Disposals	Impairment charges	Amortisation charges	Depreciation	Revaluation Depreciation write back	Revaluation/ Other Movements	Cost/ Revaluation	Accumulated depreciation and impairment charges	Carrying amount	
COUNCIL OPERATIONAL ASSETS														
Operational Buildings	48,889	-	48,889	1,965	-	-	-	(1,144)	-	6	50,860	(1,144)	49,716	
Operational Land	66,076	-	66,076	-	(867)	-	-	-	-	(7,265)	57,944	-	57,944	
Heritage	527	-	527	-	-	-	-	-	-	(6)	521	-	521	
Library Books	2,747	-	2,747	342	-	-	-	(295)	295	(1,304)	1,785	-	1,785	
Computers & Office Equipment	12,742	(9,583)	3,159	2,073	(48)	-	-	(988)	48	-	14,767	(10,523)	4,244	
Furniture & Fittings	3,207	(2,317)	890	520	(4)	-	-	(134)	1	-	3,722	(2,449)	1,273	
Plant, Equipment & Vehicles	16,362	(7,841)	8,521	1,972	(910)	-	-	(1,417)	385	-	17,425	(8,874)	8,550	
Landfill	23,902	(17,624)	6,278	2,143	-	-	-	(1,038)	-	-	26,045	(18,662)	7,383	
Total Operational Assets	174,452	(37,365)	137,087	9,016	(1,830)	-	-	(5,017)	729	(8,568)	173,071	(41,652)	131,416	
COUNCIL RESTRICTED ASSETS														
Restricted Buildings	99,309	-	99,309	9,750	-	-	-	(2,240)	-	-	109,058	(2,240)	106,819	
Restricted Land	148,098	-	148,098	30	-	-	-	-	-	4,828	152,956	-	152,956	
Total Restricted Assets	247,407	-	247,407	9,780	-	-	-	(2,240)	-	4,828	262,015	(2,240)	259,775	
Total Operational & Restricted Assets	421,859	(37,365)	384,494	18,795	(1,830)	-	-	(7,256)	729	(3,740)	435,085	(43,892)	391,191	
SUBSIDIARIES PROPERTY, PLANT AND EQUIPMENT														
Plant & Equipment	4,072	(1,950)	2,122	-	1	-	-	(169)	-	-	4,073	(2,119)	1,954	
Restricted Buildings	18,304	(3,301)	15,003	1,732	(55)	-	-	(349)	-	-	19,981	(3,650)	16,331	
Restricted Land	318	-	318	77	-	-	-	(14)	-	-	395	(15)	380	
Office Equipment	31	(28)	3	4	(2)	-	-	(3)	-	-	34	(32)	2	
Total Subsidiary Assets	22,725	(5,279)	17,446	1,813	(56)	-	-	(536)	-	-	24,483	(5,813)	18,668	
Total Group	444,584	(42,644)	401,940	20,608	(1,885)	-	-	(7,793)	729	(3,740)	459,568	(49,707)	409,859	
BIOLOGICAL ASSETS														
Landfill Forestry	60	-	60	-	-	-	-	-	-	-	60	-	60	
Total Biological Assets	60	-	60	-	-	-	-	-	-	-	60	-	60	
INTANGIBLE ASSETS														
Computer Software	6,196	(5,592)	604	1,006	-	-	(191)	-	-	-	7,202	(5,783)	1,419	
Total Intangible Assets	6,196	(5,592)	604	1,006	-	-	(191)	-	-	-	7,202	(5,783)	1,419	

9. PROPERTY, PLANT AND EQUIPMENT: 2022

	1 Jul 2021	1 Jul 2021	1 Jul 2021									30 Jun 2022	30 Jun 2022	30 Jun 2022
\$'000	Cost/ Revaluation	Accumulated depreciation and impairment charges	Carrying amount	Additions	Disposals	Impairment charges	Amortisation charges	Depreciation	Revaluation Depreciation write back	Revaluation/ Other Movements	Cost/ Revaluation	Accumulated depreciation and impairment charges	Carrying amount	
COUNCIL INFRASTRUCTURAL ASSETS														
Bridges	73,161	-	73,161	1,303	-	-	-	(1,341)	1,341	8,851	83,315	-	83,315	
Roading – Land	129,124	-	129,124	-	-	-	-	-	-	-	129,124	-	129,124	
Roading – Other	1,103,042	-	1,103,042	28,133	-	-	-	(13,058)	13,058	139,802	1,270,978	-	1,270,978	
Stormwater Disposal Network	237,111	(3,806)	233,305	4,880	(1)	-	-	(3,880)	7,686	113,083	355,072	-	355,072	
Wastewater Disposal Network	282,260	(7,247)	275,013	9,104	(71)	-	-	(7,534)	14,781	198,220	489,515	-	489,515	
Water Supply Network	195,564	(3,254)	192,309	26,581	(400)	-	-	(3,824)	7,078	46,884	268,629	-	268,629	
Parks	38,539	(22)	38,517	6,363	-	-	-	(1,697)	-	-	44,900	(1,719)	43,181	
Total Infrastructural Assets	2,058,801	(14,329)	2,044,471	76,364	(472)	-	-	(31,334)	43,944	506,841	2,641,534	(1,719)	2,639,814	

IMPAIRMENT

Impairment losses for assets damaged due to flooding that occurred in February 2023 from Cyclone Gabrielle are outlined below.

The recoverable amount for the land and building assets was based on value in use using the depreciated replacement cost approach, which was determined by Mr John Reid (M Property Studies, B Com, ANZIV, SNZPI) of Added Valuation Ltd.

The recoverable amount for infrastructure assets was based on value in use using the restoration cost approach, which was determined by reference to the depreciated replacement cost of the asset less the costs to repair the damage.

There are a number of underlying assumptions in determining the depreciated replacement cost and costs to repair. Management have used their professional judgement based on the best available information at the time of preparing the information presented. Given the ongoing work being undertaken on the roading network over the next 12 months, there is potential for these underlying assumptions and judgements to change as more refined information is made available.

The impairments have been recognised in the statement of comprehensive revenue and expense in the line item "Impairment of fixed assets".

Actual Council 2022 \$000	Class	Actual Council 2023 \$000
-	Operational Land	300
-	Restricted Land	70
-	Stormwater	105
-	Wastewater	25
-	Water Supply	45
-	Bridges	250
-	Roading – other	274,234
-	Total	275,029

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimating the fair value of Infrastructural assets

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

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

Buildings (operational and restricted)

Land and Buildings were revalued in June 2021 by Mr John Reid (M Property Studies, B Com, ANZIV, SNZPI) of Added Valuation Ltd. Wherever possible, land and buildings are valued at net current value. Those buildings which cannot be easily sold are valued at depreciated replacement cost. Future revaluations will take place at three yearly intervals. The Te Mata Park Trust Board assets are recorded at cost less accumulated depreciation to date.

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

Infrastructure assets for Roading were valued at June 2023 by Kevin Dunn of Beca, using the depreciated replacement cost method. Future revaluations (excluding land) will take place at two yearly intervals.

Infrastructure assets for water (excluding land) were valued at June 2022 at depreciated replacement cost by the Council's engineers and independently reviewed by Ms Jennifer Fox of Waugh Infrastructure Management Ltd. These values were determined by calculation of the current cost of replacement adjusted by the estimated remaining useful life of the asset. Future revaluations (excluding land) will take place at two yearly intervals.

Parks assets replacement cost values were completed by Council's staff in June 2023 and independently reviewed by Pauline True (BE Civil) of Stantec. The values were determined by calculation at the current cost of replacement adjusted by the estimated remaining useful life of the asset. Future revaluations (excluding land) will take place at two yearly intervals.

Other property, plant, and equipment

Library Collections are valued at depreciated replacement cost in accordance with guidelines established by the New Zealand Libraries Association. Library valuations are performed through a model created by an independent valuer, Dr Robin Watt MA (Hons.) PhD of R.J. Watt & Associates. The last valuation was performed as at June 2023.

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

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

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

CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Classification of property

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

Classification of roading costs incurred since 15th February in relation to repairing roads damaged by Cyclone Gabrielle

The Council have made a number of key judgements when determining whether costs incurred to repair slips which resulted from Cyclone Gabrielle are capital or operational in nature. Council have determined that remediated slips which required extensive works that resulted in permanent fixtures to damaged roads meet the criteria for capitalisation. Any other works completed were put to emergency reinstatement in operating expenses.

CAPITALISED FINANCE LEASES

The net carrying amount of plant and equipment held under finance leases is \$nil (2022: \$nil). There is no class of the Property, Plant or Equipment that has been pledged as security for liabilities.

NON-CURRENT ASSETS HELD FOR SALE

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

- One remaining land plot at Korowai St;
- Two lots from the town centre; and
- Land at 244 Flaxmere Ave.

WORK IN PROGRESS

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

The total amount per class is as listed below:

Actual Council 2022 \$'000	Class	Actual Council 2023 \$'000
1,597	Buildings	3,269
70	Computers & Office Equipment	42
24	Furniture & Fittings	-
61	Plant, Equipment & Vehicles	146
-	Heritage	24
6,334	Stormwater	8,394
3,612	Wastewater	8,159
44,532	Water Supply	57,665
-	Roading	3,637
56,231	Total	81,336

2023 core assets	Assets constructed	Assets transferred	Closing value	Replacement cost
WATER SUPPLY				
Treatment Plants and Facilities	6,892		51,318	39,099
Other Assets	12,989	1,239	242,815	184,998
Total	19,881	1,239	294,133	224,097
SEWERAGE				
Treatment Plants and Facilities	179		54,932	54,534
Other Assets	8,329	1,233	434,521	431,369
Total	8,508	1,233	489,453	485,903
STORMWATER				
Stormwater drainage	3,944	1,395	356,350	348,738
ROADING				
Roads & Footpaths	27,100	331	1,304,847	1,301,210

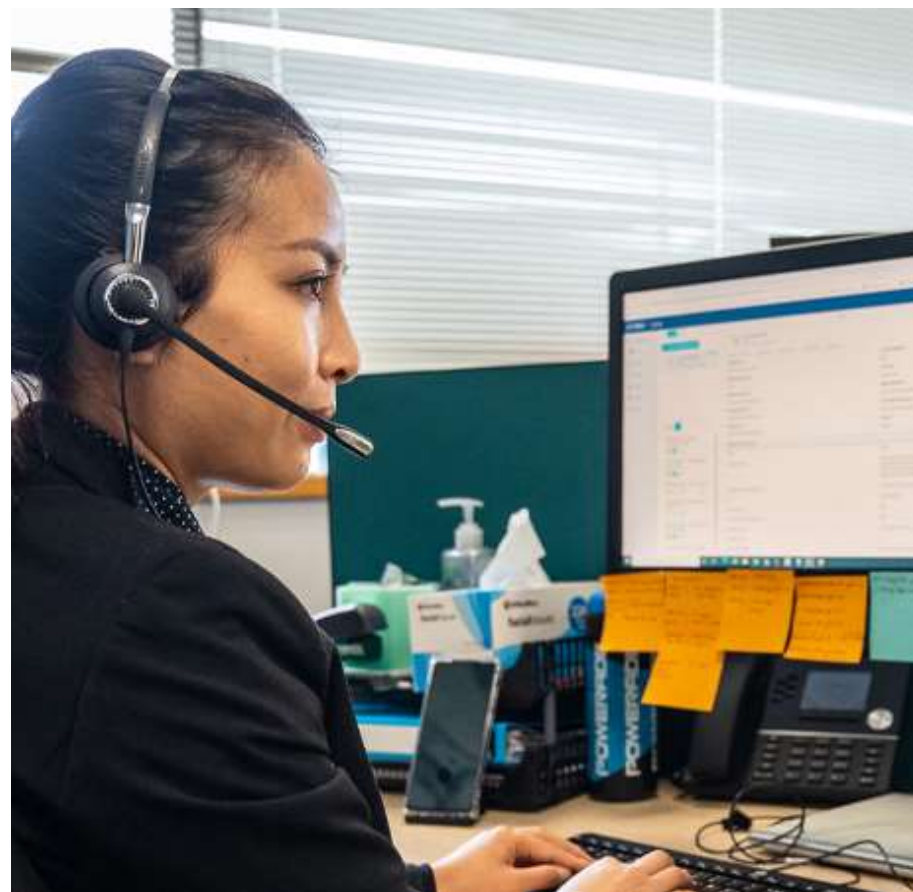
WATER SERVICES REFORM PROGRAMME

The New Zealand Government is implementing a water services reform programme that is intended to ensure all New Zealanders have safe, clean and affordable water services. The Government believes this will be achieved by establishing new public entities to take on the delivery of drinking water, wastewater and stormwater services across New Zealand. The reform will be enacted by three pieces of legislation:

- The Water Services Entities Act 2022, which (as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023) establishes ten publicly owned water services entities and sets out their ownership, governance and accountability arrangements. A water services entity is established (for transitional purposes) on the date on which the appointment of the entity's establishment board takes effect, and its establishment date (operational date) will be a date between 1 July 2024 and 1 July 2026.
- The Water Services Legislation Act 2023, which amended the Water Services Entities Act 2022 on 31 August 2023 to provide for the transfer of water services assets and liabilities to the water services entities.
- The Water Services Economic Efficiency and Consumer Protection Act 2023, which provides the economic regulation and consumer protection framework for water services. The consumer protection framework will come into force on 1 July 2024 and the rest of the Act came into force on 31 August 2023.

Hastings Council will join with Napier City Council, Wairoa District Council, Central Hawke's Bay District Council and Gisborne District Council to form the new water Entity F in late 2024.

The National Party have indicated that should they be elected in October 2023 they will repeal the above legislation.



10. PAYABLES AND DEFERRED REVENUE

ACCOUNTING POLICY

Creditors and other payables

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

BREAKDOWN OF PAYABLES AND OTHER INFORMATION

Actual Council 2022 \$'000	Actual Group 2022 \$'000		Actual Council 2023 \$'000	Actual Group 2023 \$'000
CURRENT				
20,029	21,103	Trade payables and accrued expenses	40,060	40,508
1,139	1,139	Interest on public debt	2,722	2,722
1,647	1,647	Revenue received in advance	1,570	1,570
2,182	2,182	Obligation to return ETS units (Note 18)	2,120	2,120
6,184	6,184	Other current liabilities	6,734	6,734
31,181	32,255		53,206	53,654
NON-CURRENT				
1,814	1,814	Provision for Landfill Aftercare (Note 24)	1,697	1,697
277	387	Other non-current liabilities	639	706
2,091	2,201		2,336	2,403
Payables and deferred revenue comprise of:				
1,647	1,647	Payables from non-exchange transactions – rates and dog registrations	1,570	1,570
31,625	32,809	Payables from exchange transactions – commercial payables	53,973	54,488

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.

11. EMPLOYEE ENTITLEMENTS

ACCOUNTING POLICY

Employee entitlements

Short-term employee entitlements

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

Long-term employee entitlements

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

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

Long-term employee entitlements

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

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimating retirement and long service leave obligations

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

Expected future payments are discounted using forward discount rates derived from the yield curve of New Zealand government bonds. The discount rates used have maturities that match, as closely as possible, the estimated future cash outflows. The salary inflation factor has been determined after considering historical salary inflation patterns. A weighted average discount rate of 4.30% (2022: 6.0%) and an inflation factor of 2.00% (2022: 2.0%) were used.

BREAKDOWN OF EMPLOYEE ENTITLEMENTS

Actual Council 2022 \$'000	Actual Group 2022 \$'000		Actual Council 2023 \$'000	Actual Group 2023 \$'000
4,445	4,484	Opening balance	5,300	5,307
856	824	Entitlements paid or relinquished	517	517
5,300	5,307		5,817	5,824
4,517	4,524	Current	5,057	5,064
783	783	Non-current	760	760
5,300	5,307		5,817	5,824
CURRENT				
859	859	Accrued pay	1,183	1,183
3,520	3,527	Annual leave and other benefits	3,685	3,692
138	138	Retirement and long service leave	189	189
4,517	4,524		5,057	5,064
NON-CURRENT				
783	783	Retirement and long service leave	760	760
783	783		760	760

12. BORROWINGS AND OTHER FINANCIAL LIABILITIES

ACCOUNTING POLICY

Borrowings

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

BREAKDOWN OF BORROWINGS

Actual Council 2022 \$'000	Actual Group 2022 \$'000		Actual Council 2023 \$'000	Actual Group 2023 \$'000
205,741	205,741	Opening total of external public debt	237,741	237,741
55,000	55,000	Debt raised during year	76,000	76,000
(23,000)	(23,000)	Amounts repaid	(21,000)	(21,000)
237,741	237,741	Total gross public debt	292,741	292,741
Comprises				
CURRENT				
21,000	21,000	Secured loans	29,000	29,000
NON-CURRENT				
216,741	216,741	Secured loans	263,741	263,741
237,741	237,741	Total borrowings and other financial liabilities	292,741	292,741

SECURED LOANS

The Council's secured debt of \$292.74m (2022: \$237.7m) is mostly issued at floating rates of interest. For floating rate debt, the interest rate is reset quarterly based on the 90-day bank bill rate plus a margin for credit risk. The overdraft is unsecured. The maximum amount that can be drawn down against the overdraft facility is \$0.5m (2022: \$0.5m). There are no restrictions on the use of the facility. The Council's loans are secured over either separate or general rates of the Council.

The Council has a multi-option credit facility of \$30m that can be drawn down on. The balance was not drawn down as at 30 June 2023 (2022: nil).

Actual Council 2022 \$'000	Actual Group 2022 \$'000		Actual Council 2023 \$'000	Actual Group 2023 \$'000
REPAYMENT TERMS – TERM DEBT				
21,000	21,000	Payable in less than 1 year	29,000	29,000
29,000	29,000	Payable between 1 and 2 years	49,000	49,000
105,000	105,000	Payable between 2 and 5 years	146,741	146,741
82,741	82,741	Later than 5 years	68,000	68,000
237,741	237,741		292,741	292,741
3.24%	3.24%	Weighted Average Interest Rate	5.54%	5.54%
4.26	4.26	Weighted Average Term (Years)	3.74	3.74

SUMMARY OF TOTAL PUBLIC DEBT

The statement of financial position and Note 11 (above) records the total amount of Council's external debt as at 30 June 2023.

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 2022 \$'000	Actual Group 2022 \$'000		Actual Council 2023 \$'000	Actual Group 2023 \$'000
237,741	237,741	External secured loans	292,741	292,741
4,068	4,068	Plus amount funded by internal loans	11,640	11,640
241,809	241,809	Gross borrowings for activities	304,381	304,381

INTERNAL BORROWINGS

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

2022 closing balance	Activity Group	2023 opening balance	Prior year carry forwards opening balance	CR transfer to	Interest	DR transfer from	Carry forward	2023 closing balance
(8,231)	Safe Healthy and Liveable Communities	(8,351)	120	-	-	-	-	(8,231)
(14,945)	Governance and Support Services	(15,013)	68	(3,067)	(51)	9,679	-	(8,385)
3,606	Economic and Community Development	3,229	376	(57)	(3)	(51)	-	3,496
(1,694)	Roads and Footpaths	(2,212)	518	(19,698)	(43)	20,320	-	(1,115)
1,338	Stormwater Disposal	1,338	-	(6,318)	1	6,318	-	1,339
9,483	Wastewater Disposal	9,483	-	(13,798)	(28)	17,119	-	12,776
4,136	Water Supply	4,136	-	(6,618)	()	9,024	-	6,542
2,239	Working Capital	2,239	-			(20,301)	-	(18,062)
(4,068)	Total	(5,151)	1,082	(49,556)	(124)	42,108	-	(11,640)

The fair values are based on cash flows discounted using a rate based on the average rates 4.56% (2022: 5.85%).

The carry forward column in the above table is the rating carry forward from rates collected in 2022/23 and carried forward to 2023/24.

13. DERIVATIVE FINANCIAL INSTRUMENTS

ACCOUNTING POLICY

Accounting for derivative financial instruments and hedging activities

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

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

Actual Council 2022 \$'000	Actual Group 2022 \$'000		Actual Council 2023 \$'000	Actual Group 2023 \$'000
CURRENT ASSET PORTION				
-	-	Interest rate swaps – held for trading	30	30
NON-CURRENT ASSET PORTION				
1,714	1,714	Interest rate swaps – held for trading	3,664	3,661
CURRENT LIABILITY PORTION				
-	-	Interest rate swaps – held for trading	-	-
NON-CURRENT LIABILITY PORTION				
(492)	(492)	Interest rate swaps – held for trading	-	-
1,222	1,222		3,694	3,691

FAIR VALUE

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

INTEREST RATE SWAPS

The notional principal amounts of the outstanding interest rate swap contracts for the Council were \$85.5m (2022: \$85.5m) and for the Group were \$85.5m (2022: \$85.5m). At 30 June 2023, the fixed interest rates for the interest rate swaps varied from 2.7% to 4.9% (2022: 2.7% to 4.9%).

The notional principal amounts of the forward starting interest rate swap contracts for the Council were \$36m (2022: \$15m) and for the Group were \$36m (2022: \$15m). At 30 June 2023, the fixed interest rates for the interest rate swaps varied from 3.9% to 4.0% (2022: 3.9% to 4.0%).

Council manages its interest rate risk through the use of interest rate swaps. At the end of each financial year, Council revalues its interest rate swap portfolio to the current market value. The movement in this valuation reflects what has happened to the floating interest rate during the year. As floating rates rise, the cost to Council to hold these interest rate swaps to maturity decreases, as floating rates fall, the Council's cost to maturity increases. During 2022/23 historical live contracted interest rate swap rates have fallen due to those maturing contracts, with new swap contracts at a lower rate cost than the preceding contracts and relative to the floating rate which has increased over the previous financial year. This year's recognised but unrealised gain of \$2.5m (2022: \$11.97m) on revaluation reflects this change in interest rates and essentially means that over the next 10 years, assuming interest rates continue to rise or at least remain at today's current rates, Council will continue to benefit from the reduced interest costs.

14. EQUITY

ACCOUNTING POLICY

Equity

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

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

Restricted reserves

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

Council-created reserves

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

Property revaluation reserves

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

BREAKDOWN OF ACCUMULATED FUNDS AND FURTHER INFORMATION

Actual Council 2022 \$'000	Actual Group 2022 \$'000		Actual Council 2023 \$'000	Actual Group 2023 \$'000
1,258,441	1,280,717	Balance at 1 July	1,296,955	1,323,100
125	2,294	Adjustments on adoption of PBE IPSAS 41	(25)	(69)
-	-	Transfers from property revaluation reserves on disposal	14,710	14,828
32,513	34,213	Net surplus (deficit) for the year	(27,251)	(24,909)
1,291,079	1,317,224		1,284,388	1,312,949
ADD/(LESS) NET APPROPRIATIONS OF NET SURPLUS				
6,306	6,306	(To) from council created reserves	16,084	16,084
(430)	(430)	(To) from restricted reserves	(858)	(858)
1,296,955	1,323,100	Balance at 30 June	1,299,614	1,328,175
1,296,955	1,323,100	Accumulated funds	1,299,614	1,328,175
10,003	10,003	Council created reserves	(6,081)	(6,081)
1,306,958	1,333,103	Total accumulated funds	1,293,533	1,322,094

COUNCIL-CREATED RESERVES

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

The major categories of Council-created reserves are:

Plant, Equipment and Vehicle Replacement

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

Property Maintenance and Improvements

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

General Purpose Reserves

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

Emergency Funds

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

Effluent Disposal

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

Sundry Reserves

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

Separate Rates Reserves

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

Other

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

THE BALANCES OF COUNCIL-CREATED RESERVES ARE:

Balance 2022 \$'000	Activity Group		Deposits \$'000	Interest \$'000	Withdrawals \$'000	Balance 2023 \$'000
1,533	All activities	Plant, equipment and vehicle replacement fund	2,397	147	(2,068)	2,008
1,389	All activities	Property maintenance and improvements	(1,095)	88	(1,431)	(1,049)
5,842	All activities	General purpose reserves	997	-	(8,218)	(1,379)
12	Water and roads	Wastewater treatment (HDC funds)	1,031	15	(1,031)	28
2,378	Safe healthy and liveable communities	Emergency funds	572	55	(1,104)	1,901
4,834	All activities	Sundry reserves	44,893	-	(45,036)	4,691
(4,798)	All activities	Separate reserves	856	()	(6,799)	(10,741)
788	Economic and community development	Other	226	16	(527)	504
11,978			49,877	321	(66,214)	(4,037)
(1,975)		Less: NCC share of landfill reserves	(189)	(73)	193	(2,044)
10,003			49,688	248	(66,021)	(6,081)

14(A). RESTRICTED RESERVES (COUNCIL ONLY)

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

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

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

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

Balance 2022 \$'000	Activity Group		Deposits \$'000	Interest \$'000	Withdrawals \$'000	Balance 2023 \$'000
1,368	Economic and community development	Trusts and bequests	20	37	(25)	1,400
2,060	Economic and community development	Development reserves	748	58	-	2,866
579	Economic and community development	Reserve purchase and development funds	-	20	-	599
4,007			768	115	(25)	4,865

14(B). REVALUATION AND OTHER RESERVES

Asset revaluation reserves consist of:

Balance 2022 \$'000		Revaluation movement \$'000	Transfer to retained earnings on disposal or write-off of property \$'000	Balance 2023 \$'000
COUNCIL				
Operational Assets				
162,286	Land and buildings	(370)	(2,613)	159,303
	- Library books	11		11
	- Heritage assets	232		232
162,286		(127)	(2,613)	159,546
Infrastructural Assets				
46,938	Bridges	71,262	(8,136)	110,064
520,007	Roading	(249,256)	(873)	269,879
273,844	Stormwater disposal	(104)		273,740
360,279	Wastewater disposal	(25)		360,254
130,349	Water supply	(45)	(2,867)	127,437
16,851	Park assets	(5,884)	(221)	10,746
1,348,268		(184,052)	(12,097)	1,152,120
250	Fair value through comprehensive revenue	7		257
1,510,804		(184,060)	(14,710)	1,311,923
GROUP				
3,837	Hawke's Bay Airport Revaluation Reserve	112	(118)	3,831
81	Hawke's Bay Airport Cash Flow Hedge Reserve	41	-	122
1,514,721		(184,019)	(14,828)	1,315,876

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

Actual Council 2022 \$'000	Actual Group 2022 \$'000		Actual Council 2023 \$'000	Actual Group 2023 \$'000
32,513	34,213	Net surplus/(deficit) on operations	(27,251)	(24,909)
ADD/(LESS): NON-CASH ITEMS				
38,782	39,318	Depreciation and amortisation expense	57,668	57,668
	314	Share of associates retained surplus	-	649
(5,462)	(5,462)	Vested infrastructure	(4,198)	(4,859)
-	-	Written off assets/loss on sale of assets	14,710	14,710
411	411	Devaluation of Property, Plant & Equipment	-	-
(11,974)	(11,974)	Unrealised gains/losses on derivative financial instruments	(2,472)	(2,472)
21,757	22,607	Total non-cash items	65,708	65,696
ADD/(LESS): NET MOVEMENTS IN WORKING CAPITAL				
(5,507)	(5,637)	(Increase) decrease in debtors and other receivables	(28,129)	(29,034)
820	(390)	Increase (decrease) in creditors and other payables	19,881	18,891
541	541	(Increase) decrease in inventories	(16)	(16)
1,387	1,335	Increase (decrease) in provisions and employee entitlements (non-current)	762	719
(2,759)	(4,151)	Total net movements in working capital	(7,502)	(9,439)
ADD/(LESS): ITEMS CLASSIFIED AS INVESTING OR FINANCING ACTIVITIES				
350	350	(Gains)/Losses on sale of Property, Plant & Equipment and investments	1,723	1,723
350	350	Total non-operating activities	1,723	1,723
51,861	53,019	Total net cash inflow (outflow) from operating activities	32,678	33,071

16. REMUNERATION

The Council incurred the following expenditure for the year ended 30 June 2023:

CHIEF EXECUTIVE REMUNERATION

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

Total Chief Executive remuneration for the year ending 30 June 2023 is \$421,474 (2022: \$409,060).

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

Actual Council 2022 \$		Actual Council 2023 \$
4,257	Fringe Benefit Tax	5,187
11,195	Motor Vehicle	12,121
11,464	Superannuation	13,304
382,144	Salary*	390,862

*Salary includes three weeks of annual leave paid out instead of taken.

REMUNERATION OF ELECTED REPRESENTATIVES

Actual Council 2022 \$		Remuneration \$	Allowance \$	Actual Council 2023 \$
MAYOR AND COUNCILLORS				
149,445	S Hazlehurst (Mayor)	155,117	0	155,117
86,491	T Kerr (Deputy Mayor)	78,538	4,107	82,645
56,740	A Corban	55,329	7,306	62,635
61,161	A Redstone	55,664	4,755	60,419
70,510	B Barber	19,209	1,698	20,907
53,343	D Harvey	59,552	1,885	61,437
59,338	E Lawson	60,868	2,302	63,170

Actual Council 2022 \$		Remuneration \$	Allowance \$	Actual Council 2023 \$
66,836	G Travers	19,209	449	19,658
53,310	H O'Keefe	15,230	449	15,679
57,819	K Watkins	53,199	1,453	54,652
57,819	M Dixon	56,485	2,136	58,621
48,787	P Oli	13,981	456	14,437
53,310	S Nixon	51,883	1,453	53,336
57,472	S Siers	15,316	2,238	17,554
58,483	W Schollum	55,664	2,763	58,427
9,080	M Buddo (Rural Community Board till 14/10/22, Councillor from 14/10/22)	41,526	1,569	43,095
-	A Apatu	36,731	976	37,707
-	M Fowler	36,732	2,055	38,787
-	H Heke	36,732	976	37,708
-	K Jessup	36,731	976	37,707
-	R Nepe	36,731	1,081	37,812
16,721	N Dawson (Rural Community Board – Chair)	4,463	898	5,361
10,022	S Maxwell (Rural Community Board)	2,220	838	3,058
9,080	J Stockley (Rural Community Board – Chair from 14/10/22)	12,781	2,323	15,104
-	V Scoular (Rural Community Board)	5,546	1,413	6,959
-	A Morley (Rural Community Board)	5,546	1,741	7,287
-	I Crawshaw (Rural Community Board)	5,490	2,070	7,560
1,035,767	Total elected representatives' remuneration	1,026,473	50,366	1,076,839

TOTAL ANNUAL REMUNERATION BY BAND FOR EMPLOYEES AS AT 30 JUNE

Actual Council 2022			Actual Council 2023
154	<\$60,000	<\$60,000	144
120	\$60,000-\$79,999	\$60,000-\$79,999	123
83	\$80,000-\$99,000	\$80,000-\$99,999	104
46	\$100,000-\$119,999	\$100,000-\$119,999	50
32	\$120,000-\$139,999	\$120,000-\$139,999	39
13	\$140,000-\$159,999	\$140,000-\$159,999	15
6	\$160,000-\$199,999	\$160,000-\$199,999	9
7	\$180,000-\$219,999	\$180,000-\$219,999	6
6	\$220,000-\$419,999	\$220,000-\$399,999	9
467	Total employees	Total employees	499

At balance date, the Council employed 368 (2022: 352) full-time employees, with the balance of staff equivalent representing 78 (2022: 70) 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 2023 Hastings District Council made one severance payment to an employee totalling \$8,572 (2022: \$17,925, \$12,764 and \$9,000).

17. CAPITAL COMMITMENTS AND OPERATING LEASES

CAPITAL COMMITMENTS

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

Actual Council 2022 \$'000	Actual Group 2022 \$'000		Actual Council 2023 \$'000	Actual Group 2023 \$'000
2,533	3,088	Building	6,307	6,307
29,413	29,413	Water System	19,165	19,165
3,856	3,856	Roading Network	154	154
35,802	36,357	Commitments approved and contracted	25,626	25,626

OPERATING LEASES AS LESSEE

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

Actual Council 2022 \$'000	Actual Group 2022 \$'000		Actual Council 2023 \$'000	Actual Group 2023 \$'000
NON-CANCELLABLE OPERATING LEASE COMMITMENTS				
394	394	Not later than one year	642	642
331	331	Later than one year and not later than five years	303	303
7	7	Later than five years	6	6
732	732	Total non-cancellable operating leases	951	951

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

ACCOUNTING POLICY

Joint Arrangements

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

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

Joint Operation

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

FURTHER INFORMATION ABOUT THE JOINT OPERATION

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

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

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

Actual Council 2022 \$'000	Ōmarunui Refuse Landfill	Actual Council 2023 \$'000
3,522	Current assets	3,643
8,128	Non-current assets	10,409
3,204	Non-current liabilities	3,047
9,441	Revenue	12,860
8,568	Expenses	10,809
873	Surplus	2,051

19. PROVISIONS

ACCOUNTING POLICY

Provisions

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

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

Landfill post-closure costs

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

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

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

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

LANDFILL AFTERCARE PROVISION

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

Closure responsibilities:

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

Post-closure responsibilities:

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

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

Capacity of the site

The Landfill is divided into four valleys as below:

	Total capacity	Useful life of valley	Remaining useful life
Valley A: opened in December 1988 and reached capacity in 2006	2,600,000m ³	17 years	0
Valley D: opened in December 2006 and in operation	2,099,521m ³	18 years	1.89 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 2025 for Valley D and began in 2007 for Valley A. The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and is discounted using an average discount rate of 7.5%.

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

- Aftercare will be required for 30 years after the closure of each stage.
- The annual cost of aftercare for Valley A and D is \$27,500.
- The provision reported is for Hastings District Council's share only (63.68%).

Actual Council 2022 \$'000		Actual Council 2023 \$'000
LANDFILL AFTERCARE LIABILITY		
1,239	Opening balance	1,814
(120)	Provision written back during the year	136
695	Amounts charged to provision during the year	(254)
1,814	Closing balance	1,697

The estimated aftercare costs for 2023 were \$27,500 (2022: \$36,000). These estimates are based on information received from Tonkin & Taylor and result in an adjustment in the aftercare liability estimate of (253,765) (2022: \$695,494).

OBLIGATION TO RETURN ETS UNITS

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

Actual Council 2022 \$'000		Actual Council 2023 \$'000
ETS LEVY PROVISION		
1,653	Opening balance	2,182
4,227	Additional provisions made	3,963
(3,698)	Amounts used	(4,025)
2,182	Closing balance	2,120

20(A). FINANCIAL INSTRUMENT CATEGORIES

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

Actual Council 2022 \$'000	Actual Group 2022 \$'000		Actual Council 2023 \$'000	Actual Group 2023 \$'000
FINANCIAL ASSETS				
Amortised cost				
31,439	33,017	Cash at bank and term deposits	2,344	3,380
21,528	21,795	Receivables	50,356	50,877
4,963	4,963	NZ LGFA Borrower notes	6,526	6,526
913	913	Other financial assets	1,086	1,086
58,843	60,688	Total at amortised cost	60,312	61,505
Mandatorily measured at FVTSD				
1,714	1,714	Derivative financial instrument	3,694	3,694
FVTOCRE				
157	157	Civic Financial Services Limited	157	157
867	867	NZ LGFA Unlisted shares	875	875
1,024	1,024	Total at FVTOCRE	1,032	1,032
61,581	63,426	Total Financial Assets	65,038	66,231
FINANCIAL LIABILITIES				
Amortised cost				
31,181	32,255	Payables	53,206	53,654
237,741	237,741	Secured loans	292,741	292,741
268,922	269,996	Total financial liabilities at amortised cost	345,947	346,395
Mandatorily measured at FVTSD				
492	492	Derivative financial instrument	-	-
269,414	270,488	Total Financial Liabilities	345,947	346,395

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

20(B). FAIR VALUE HIERARCHY

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

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

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

Total 2022 \$'000	Total 2023 \$'000	Quoted market price	Valuation technique observable inputs	Significant non- observable inputs
COUNCIL				
Financial assets				
1,714	Derivative financial instrument	3,694	3,694	
157	Civic Financial Services Limited	157		157
867	NZLGFA Unlisted shares	875		875
Financial liabilities				
492	Derivative financial instrument	-	-	
GROUP				
Financial assets				
1,714	Derivative financial instrument	3,694	3,694	
157	Civic Financial Services Limited	157		157
867	NZLGFA Unlisted shares	875		875
Financial liabilities				
492	Derivative financial instrument	-	-	

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

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

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

2022 \$'000	2023 \$'000
NZ LGFA UNLISTED SHARES	
615	Balance at 1 July
-	Purchases
-	Sales
252	Fair value adjustment on initial recognition
-	Transfers into level 3
-	Transfers out of level 3
867	Balance at 30 June
CIVIC FINANCIAL SERVICES LIMITED	
157	Balance at 1 July
-	Purchases
-	Sales
-	Transfers into level 3
-	Transfers out of level 3
157	Balance at 30 June

20(C). FINANCIAL INSTRUMENT RISKS

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

MARKET RISK

Currency risk

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

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

Interest rate risk

Council is exposed to interest rate risk and seeks to minimise this exposure through adopted treasury policies. This includes entering into interest rate options or interest rate swap agreements. As at 30 June 2023, the Council had entered into interest rate swap agreements to a value of \$85.5m at interest rates between 2.7% and 4.9%. (2022: \$85.5m at interest rates between 2.7% and 4.9%).

Cash flow interest rate risk

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

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

LIQUIDITY RISK

Management of liquidity risk

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

The Council is exposed to liquidity risk and seeks to minimise this exposure by being able to realise various short-term investments and by being able to draw on committed and uncommitted bank facilities totalling \$322m (2022: \$252m). Included in the committed facilities is a bank overdraft limit of \$0.5m at an interest rate of 6.5%.

The Council is exposed to liquidity risk as a guarantor of all of LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in Note 22.

CREDIT RISK

Credit risk is the risk that a third party will default on its obligations to the Council and group, causing Council to incur a loss. Due to the timing of its cash inflows and outflows, the Council invests surplus cash into term deposits which gives rise to credit risk. As at 30 June 2023, Council had \$nil (2022: \$nil) on term deposit. The Group, at 30 June 2023, had \$364,000 (2022: \$395,000) on term deposit. The Council is exposed to credit risk as a guarantor of all of LGFA's borrowings. Information about this exposure is explained in Note 22.

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

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

Maximum exposure to credit risk

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

Actual Council 2022 \$'000	Actual Group 2022 \$'000		Actual Council 2023 \$'000	Actual Group 2023 \$'000
31,439	33,017	Cash at bank and term deposits	2,344	3,380
21,528	21,795	Receivables	50,356	50,877
157	157	NZ Local Govt Insurance Corporation Limited	157	157
4,962	4,962	NZ LGFA Borrower notes	6,526	6,526
913	913	Other financial assets	1,086	1,086
1,714	1,714	Derivative financial instrument assets	3,694	3,694
60,668	62,513	Total Credit Risk	64,163	65,356

Credit risk exposure by credit risk rating grades, excluding receivables

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

Actual Council 2022 \$'000	Actual Group 2022 \$'000	Counterparties with Credit Ratings	Actual Council 2023 \$'000	Actual Group 2023 \$'000
CASH AT BANK AND TERM DEPOSITS				
31,349	33,017	Credit Rating AA-	2,344	3,380
CIVIC FINANCIAL SERVICES LIMITED				
157	157	Credit Rating B+	157	157
DERIVATIVE FINANCIAL INSTRUMENT ASSETS				
1,714	1,714	Credit Rating AA-	3,694	1,086
NZ LGFA BORROWER NOTES				
4,962	4,962	Credit Rating AA+	6,526	6,526
NZ LGFA UNLISTED SHARES				
867	867	Credit rating AA+	875	875

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

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

Contractual maturity analysis of financial liabilities and assets

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

Carrying amount \$'000	Contractual cash flows \$'000	Contractual maturity analysis	Less than 1 year \$'000	1-2 years \$'000	2-5 years \$'000	More than 5 years \$'000
2023						
Contractual maturity analysis of financial liabilities						
-	-	Derivative financial instruments liabilities	-	-	-	-
34,165	34,165	Payables	34,165	-	-	-
292,741	351,357	Secured loans	44,827	61,939	171,763	72,828
292,741	351,357	Total	44,827	61,939	171,763	72,828
Contractual maturity analysis of financial assets						
2,344	2,344	Cash and cash equivalents	2,344	-	-	-
50,067	50,067	Debtors and other receivables	50,067	-	-	-
3,694	5,653	Derivative financial instruments assets	1,629	1,350	2,430	244
1,086	1,130	Other financial assets	450	104	312	264
56,105	59,194	Total	54,490	1,454	2,742	508
2022						
Contractual maturity analysis of financial liabilities						
31,181	31,181	Payables	31,181	-	-	-
492	1,502	Derivative financial instruments liabilities	559	534	291	117
237,741	260,402	Secured loans	26,123	33,651	115,160	85,468
269,414	293,089	Total	57,863	34,185	115,451	85,588
Contractual maturity analysis of financial assets						
31,439	31,439	Cash and cash equivalents	31,439	-	-	-
21,528	21,528	Debtors and other receivables	21,528	-	-	-
1,714	(1,000)	Derivative financial instruments assets	(239)	(239)	(461)	(62)
50,226	51,967	Total	52,728	(239)	(461)	(62)

Group figures are the same as the Council figures except for payables that increase by \$448,000 (2022: \$1,074,000), receivables that increase by \$521,000 (2022: \$267,000) and cash and cash equivalents increased by \$672,000 (2022: \$1,183,000).

SENSITIVITY ANALYSIS

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

Actual Council 2022 \$'000 -100bps Surplus	Actual Council 2022 \$'000 +100bps Surplus		Actual Council 2023 \$'000 -100bps Surplus	Actual Council 2023 \$'000 +100bps Surplus
FINANCIAL ASSETS				
(314)	314	Cash and cash equivalents	(23)	23
(2,502)	2,334	Derivative financial instruments assets	(3,169)	3,029
(2,816)	2,648	Total sensitivity on financial assets	(3,192)	3,052
FINANCIAL LIABILITIES				
(1,004)	952	Derivative financial instruments liabilities	-	-
(1,292)	1,648	Secured loans (floating interest rate) ¹	(2,280)	2,280
(2,296)	2,600	Total sensitivity on financial liabilities	(2,280)	2,280

1. The Council has floating rate debt with a principal amount totalling \$228m (2022: \$179m). A movement in interest rates of plus 1% has an effect on interest expense of \$2.28m (2022: \$1,648,225). A movement in market interest rates of minus 1% has an effect on interest expense of \$2.28m (2022: \$1,291,775). A movement in market interest rates on fixed rate debt does not have any impact because secured loans are accounted for and amortised using the effective interest method.

EXPLANATION OF INTEREST RATE RISK SENSITIVITY

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

The sensitivity for derivatives (interest rate swaps) has been calculated using a derivative valuation model based on a parallel shift in interest rates of -100bps/+100bps. (2022 -100bps/+100bps).

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

	Balance at 1 Jul 2022 – Council and Group \$'000	Net cash flows \$'000	Fair value \$'000	Other changes \$'000	Balance at 30 Jun 2023 – Council and Group \$'000
Secured loans	237,741	55,000			292,741
Interest rate swaps	1,222		2,472	-	3,694

21. POST BALANCE DATE EVENTS

Cyclone Gabrielle had a devastating impact across the Hawkes Bay region with the Hastings District severely impacted. With the damage being so widespread it financially stretched every Council. As a region financial and resourcing support was also required from central government as a contribution to support the recovery that would fall as a cost on the community.

A cost sharing agreement was reached with the Crown that will see Councils with Category 3 residential properties and central Government adopting a 50/50 cost-sharing approach to the voluntary buyout of Category 3 residential properties within their respective districts, with the Government contributing up to an estimated \$50m towards the Hastings District with Council making a matching contribution of \$50m.

This agreement with the Crown has been negotiated and signed subsequent to the end of the 2022/23 financial year. The agreement with the Crown was accepted by Council on 14 September 2023 and it will have a significant financial impact on Hastings District Council, with the Council's \$50m contribution to be funded by debt.

The agreement with the Crown also allocates \$228m of funding to Council (at a 100% subsidy rate) under the National Resilience Plan in relation to Regional Transport Projects. This will help Council rebuild its severely damaged roading network including destroyed bridges and is a \$50m increase over standard transport funding normally received through Waka Kotahi.

To receive the agreed Regional Transport funding for the Hastings District, the Crown required Council to contribute the \$50m towards Category 3 residential property buyouts with the Council's contribution to Category 3 residential property buyouts being offset by the \$50m in increased transport funding.

Council anticipates that there is still an estimated \$700m required to bring the roading network back up to the level of services that were in place pre-Cyclone Gabrielle. While the Crown funding allocated through the National Resilience Plan outlined above, along with standard transport funding provided by Waka Kotahi is expected to cover a significant portion of this, Council still anticipates debt levels to rise substantially to complete the repairs required.

22. RELATED PARTY TRANSACTIONS

RELATED PARTY TRANSACTIONS

No related party debts have been written off or forgiven during the year (2022: nil).

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

The Council made grants to Hawke's Bay Museum Trust \$581,460 (2022: \$601,117) which is a Council Controlled Organisation.

The Council disposed of refuse at the Ōmarunui Landfill and receipts amounted to \$2,297,406 (2022: \$1,594,071). The Ōmarunui Landfill is jointly owned by the Council (63.68% share) and the Napier City Council (36.32% share). The Council manages the operations of the Landfill.

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

Hawke's Bay Opera House Limited and Hastings District Properties Limited are dormant entities. The Council did not enter into any transactions with these subsidiaries for the year ending 30 June 2023 (2022: nil transactions).

The Council paid to the Hawke's Bay Regional Sports Park Trust operational grants and services to the value of \$377,535 (2022: \$305,800) and Capital funding grants of \$49,777 (2022: \$209,538). The balance outstanding to the Hawke's Bay Regional Sports Park Trust at 30 June 2023 was \$nil (2022: nil).

The Council provided a number of services to the Trust during the year including parks maintenance, building consents and other services totalling \$106,246 (2022: \$87,596). The balance outstanding to the Council at 30 June 2023 was \$6,368 (2022: \$55,112).

KEY MANAGEMENT PERSONNEL RELATED PARTY TRANSACTIONS

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

Actual Council 2022 \$'000		Actual Council 2023 \$'000
COUNCILLORS		
1,036	Remuneration	1,077
19*	Full-time equivalent members	20*
SENIOR MANAGEMENT TEAM, INCLUDING CHIEF EXECUTIVE		
2,588	Remuneration	2,590
11	Full-time equivalent members	11
3,624	Total key management personnel compensation	3,667
30	Total full-time equivalent personnel	31

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

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

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

Councillor/key management personnel	Organisation	Position/relationship to organisation		\$ Amount service received/provided 2022/23	\$ Amount service received/provided 2021/22	\$ Amount balance year end
Mayor Hazlehurst	Central Building Surveyors	Director	Services received	\$522	Nil	Nil
Councillor Kerr	HB Regional Sports Park	Trustee	Receipts	\$36,535	\$107,777	\$6,368
	HB Regional Sports Park	Trustee	Operating Grant/Funding	\$390,777	\$515,338	Nil
	HB Future Farming	Trustee	Funding	\$25,000	Nil	Nil
Councillor Corban	HB Regional Sports Park	Trustee	Receipts	\$36,535	\$107,777	\$6,368
	HB Regional Sports Park	Trustee	Operating Grant/Funding	\$390,777	\$515,338	Nil
	Waipureku Waitangi Trust	Trustee	Operating Grant/Funding	\$6,000	\$6,000	Nil
	HB Wine Growers Inc	Executive Officer	Funding	\$222	\$8,000	Nil
	Graeme Dingle Foundation	Trustee	Funding	\$10,000	Nil	\$10,000
Councillor Harvey	Havelock North Business Association	Council appointed representative	Subscription & Contract for Events	\$18,000	\$14,500	Nil
	Hastings Business Association	Council appointed representative	Receipts	\$8,022	\$7,453	Nil
	Hastings Business Association	Council appointed representative	Funding for Night Markets and Community Grant	\$290,565	\$358,104	Nil
	Attention Communication Limited	Director/Shareholder	Advertising in The Profit	\$11,410	\$2,650	Nil
	Sport Hawke's Bay	Chairman	Funding	\$318,554	\$270,550	\$53,166
	Sport Hawke's Bay	Chairman	Receipts	\$9,178	\$88,137	\$968
Councillor Schollum	Hastings Business Association	Council appointed representative	Receipts	\$8,022	\$7,453	Nil
	Hastings Business Association	Council appointed representative	Funding for Night Markets and Community Grant	\$290,565	\$358,104	Nil
Councillor Dixon	Te Mata Park Trust Board	Trustee	Funding	\$120,000	\$138,837	Nil
Councillor Redstone	Waipureku Waitangi Trust	Chair	Operating Grant/Funding	\$6,000	\$6,000	Nil
Councillor Apatu	HB Rescue Helicopter	Trustee	Funding	\$3,000	NA	Nil
	Art Inc Heretaunga	Council appointed representative	Funding	\$417,348	NA	\$10,000
	Te Mata Park Trust Board	Trustee	Funding	\$120,000	NA	Nil
Bronwyn Bayliss	Manufacturing Suppliers Ltd	Partner is employee	Purchasing of product by different department	Nil	\$32	Nil
Naomi Fergusson	Sport Hawke's Bay	Trustee	Funding	\$318,554	\$270,550	\$53,166
	Sport Hawke's Bay	Trustee	Receipts	\$9,178	\$88,137	\$968
	Surveying the Bay	Partner is employee	Receipts	Nil	\$35,455	Nil
Rebekah Dinwoodie	Presbyterian Support East Coast	Board Member	Contestable Grant	\$8,000	\$8,000	Nil
	Family VIP Services	Chair	Payments	Nil	\$46,159	Nil

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

23. CONTINGENCIES

UNQUANTIFIED CLAIMS

RiskPool

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

The likelihood of any call in respect of historical claims diminishes with each year as limitation periods expire. However, as a result of the Supreme Court decision on 1 August 2023 in Napier City Council v Local Government Mutual Funds Trustee Limited, it has been clarified that Riskpool has a liability for that member's claim in relation to non-weather-tight defects (in a mixed claim involving both weather-tight and non-weather-tight defects). Riskpool has advised that it is working through the implications of the Supreme Court decision. At this point any potential liability is unable to be quantified.

Provision for building claims under Financial Assistance Package (FAP)

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

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

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

New Zealand Local Government Funding Agency

The Council is a guarantor of the New Zealand Local Government Funding Agency Limited (LGFA). The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. LGFA has a current credit rating from Standard and Poor's of AAA for local currency and a foreign currency rating of AA+ as at 2 March 2023.

As at 30 June 2023, the Council is one of 30 local authority shareholders and 68 local authority guarantors of the LGFA. The New Zealand Government also has a 20% shareholding in the LGFA. It has uncalled capital of \$1.0m. When aggregated with the uncalled capital of other shareholders, \$20m is available in the event that an imminent default is identified. Also, together with the other shareholders, the Council is a guarantor of all of LGFA's borrowings. At 30 June 2023, LGFA had borrowings totalling \$16.351bn (2022: \$15.789bn).

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

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

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

Legal proceedings and disputes

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

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

Accordingly, no provision for these matters have been made in these financial statements.

INSURANCE PROCEEDS

With the extent of the damage to Council bridges from Cyclone Gabrielle, Council received \$5m in insurance proceeds in the 2022/23 financial year as part settlement of its claim. Council is currently working through the process to receive the remaining \$5m of its claim. The remaining portion is expected before the end of 2023.

24. RATE REMISSIONS

Rates revenue is shown net of rate remissions. The Council allowed for rate remissions under the Local Government Rating Act 2002 in six broad categories. During the year, the Council allowed remission of \$1.43m (2022: \$592,352) 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 2022 \$'000	Actual Council 2023 \$'000
19 Special Rateable Value	19
73 Community & Sporting Organisations	73
20 Covenant	20
1 Voluntarily Protected Land	1
10 Swimming Pool Safety	10
62 Penalties	62
267 Refuse	267
7 Unutilised Māori Land	7
133 Sundry	133
592	592

25. CAPITAL MANAGEMENT

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

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

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

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

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

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

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

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

26. ASSET INSURANCE

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

INSURANCE CONTRACTS

Actual Council 2022 \$'000	Policy type (maximum amount insured)	Actual Council 2023 \$'000
545,063	Material Damage (mainly buildings and contents)	609,036
4,232	Motor Vehicles (includes mobile plant and equipment)	4,155

Assets (mainly buildings and contents) with a replacement value of \$609,036,292 (2022: \$545,063,115) are insured under Council's Material Damage Policy. The cover is for replacement value plus an allowance for inflation and the cost of demolition.

The Council's vehicles, mobile plant and equipment are insured under a Motor Vehicle Policy that covers all such equipment which is owned or otherwise the responsibility of the insured. Cover provides for cost of replacement for vehicles under twelve months old and market value for vehicles over twelve months old. The original purchase price of vehicles, plant and equipment insured under this policy is \$4,155,183 (2022: \$4,232,313).

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 2022/23, the maximum payable by LAPP was up to a limit of \$150m per event for all member councils (being 40% of \$375m). LAPP provides cover for 3 events across the annual insurance period (November to October) of \$65m, \$105m and the maximum amount of \$150m. The central government share is unlimited.

The value of infrastructural assets declared by the Council to be covered by the LAPP fund is \$1,798,020,669 (2022: \$1,162,730,892). Payments from both LAPP and central government are subject to various thresholds and excesses.

The value of bridge assets declared by the Council to be covered for insurance is \$141,925,503 (2022: \$118,497,157). 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 are therefore self-insured. The major category in this group would be roads valued at 30 June 2023 \$1,045,038,734 (excluding land), (2022: \$1,279,816,087). There would also be a number of other sundry items that would fall into this group.

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



HAWKE'S BAY MUSEUMS TRUST

POLICIES AND OBJECTIVES REGARDING OWNERSHIP AND CONTROL

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

SCOPE AND NATURE OF ACTIVITIES

The objectives of the Trust are:

- To hold and protect its collection, known as 'The Regional Collection' for the people of Hawke's Bay
- To encourage the development of quality cultural facilities capable of accessing or drawing upon the collection within Hawke's Bay
- To advance and promote cultural heritage and 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 which maximises benefit to the collection
- There has been no change between the intended and actual nature and scope of activities delivered.

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	2022/23 target	2022/23 actual
Protection	Full insurance cover is provided for the collection.	Yes	Yes
	Collections are stored in an acceptable environment.	No items reported to have suffered deterioration due to the environment.	One item damaged due to water ingress – chair (2012/11/3)
Quality	Every item accessioned into the collection has undergone a detailed selection process within the framework of the Collection Strategy.	Yes	Yes
	De-accessions are managed in accordance with the Collection Strategy and reported to the Board.	Yes	Yes
Access	HBMT collections are used for academic and personal research.	1,500 enquiries	50,667 visitors to online catalogue 471 enquiries
	Collections are made available to the public through quality exhibitions.	2-5 collection-based exhibitions.	Two: 1) Silver Shadows: The Story of Marineland 2) Finding Refuge in Fashion: Minh Ta
Development	Bequests fund income is used in the manner determined by the donor.	Yes	Yes
	Conservation funds income is used solely for collection care.	Yes	Yes

DEVELOPMENT

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

FINANCIAL PERFORMANCE

(\$)	2022/23 budget	2022/23 actual
Total revenue	1,167,421	1,357,639
Total expenses	1,167,421	1,165,760
Surplus/(deficit)	-	191,879
Ratio of Shareholders Funds to Total Assets	95.0%	99.7%

HAWKE'S BAY AIRPORT LIMITED

POLICIES AND OBJECTIVES REGARDING OWNERSHIP AND CONTROL

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

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

SCOPE AND NATURE OF ACTIVITY

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

PERFORMANCE

The following is a statement of service performance relating to key specific objectives listed in the Company's Statement of Intent for the year ending 30 June 2022.

(\$)	2022/23 target	2022/23 actual
Total revenue	7,802,463	6,734,776
Profit before income tax	3,728,321	820,066
Profit after tax	44,079	801,347

Net dividend declared in December 2022 was \$Nil in line with NIL target set in the company's Statement of Intent for the year ending 30 June 2023.

Activity	Measure	Status
Operations	Maintain our Civil Aviation Act Part 139 operating certificate which allows us to continue to use and operate the airport.	Meets or Exceeds target
	Nil harm to staff contractors or customers.	10% or more below target
	Nil security incidents in accordance with Civil Aviation Rules (CAR) Part 12. Part 12 defines a security incident as an incident that involves unlawful interference.	Meets or Exceeds target
	Review Wildlife Management Plan to proactively identify and manage wildlife hazards.	Meets or Exceeds target
	Review aeronautical infrastructure requirements by adopting Beca recommendations to ensure key infrastructure remains fit for purpose.	10% or more below target
	Implement our Customer Experience Strategy.	Within 10% of target
	Review and implement relevant online and on ground technology advancements.	Meets or Exceeds target
Commercial	Ensure all team are engaged with HBAL's vision, purpose and goals.	Meets or Exceeds target
	Continue to implement our wellbeing programme.	Meets or Exceeds target
	Develop cross-functional team capabilities and succession planning.	Meets or Exceeds target
Environment	Ensure our team have development plans in place to allow them to grow to their full potential.	Meets or Exceeds target
	Work with out stakeholders on the Proposed Ahuriri Regional Park long term planning to ensure the continued safe and efficient operation of Hawke's Bay Airport.	Within 10% of target
	Achieve Level 3 Airport Carbon Accreditation (ACA).	Meets or Exceeds target
Partnerships	Business case presented to Board for approval to proceed with solar farm project.	Within 10% of target
	Implement our stakeholder engagement strategy.	Meets or Exceeds target
	Regular kanohi-ki-te-kanohi meetings/hui with key representatives from mana whenua.	Meets or Exceeds target
Commercial	Partner with other regional airports, airlines, and tourism sector to grow Hawke's Bay as a destination.	Meets or Exceeds target
	Plus 30% year on year (YOY) revenue from 30 June 2022 to 30 June 2023	Meets or Exceeds target
	Revenue – \$9m based on budget for FY2023.	Meets or Exceeds target
	Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) margin – 53% based on budget for FY2023.	Meets or Exceeds target
	Net Profit After Tax Before Valuation Adjustments – \$258k as per FY2023 Budget.	Meets or Exceeds target
	Passenger numbers – 520K	Meets or Exceeds target
	Agree and implement our Property Development Strategy.	Within 10% of target
Progress RMA Planning Framework via Napier City Council District Plan review to enable appropriate property development at HBAL.	Within 10% of target	
Increased customer spend rates YOY from financial year June 2022 to June 2023.	Meets or Exceeds target	

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

NZ LOCAL GOVERNMENT FUNDING AGENCY LIMITED

POLICIES AND OBJECTIVES REGARDING OWNERSHIP AND CONTROL

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

SCOPE AND NATURE OF ACTIVITY

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

In lending to Participating Local Authorities, LGFA will:

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

PERFORMANCE INDICATORS

LGFA has the following performance targets:

Strategic Priority	Performance measure	Result	Outcome (target met?)
Governance, capability, and business practice	Comply with the Shareholder Foundation Policies and the Board-approved Treasury Policy at all times	No breaches	Yes
	Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating where both entities are rated by the same Rating Agency	Our ratings remain equivalent to the NZ Government for both S&P Global Ratings and Fitch Ratings.	Yes
	LGFA's total operating income for the period to 30 June 2023.	\$11.6m	No
	LGFA's total operating expenses for the period to 30 June 2023	\$9.1m	Yes
Optimising financing services for local government	Share of aggregate long-term debt funding to the Local Government sector.	93.3%	Yes
	Total lending to Participating Borrowers	\$16,314 million	Yes
	Conduct an annual survey of Participating Borrowers who borrow from LGFA as to the value added by LGFA to the borrowing activities.	100% satisfaction score in August 2022 Stakeholder Survey	Yes
	Successfully refinance existing loans to councils and LGFA bond maturities as they fall due	Met	Yes
	Meet all lending requests from Participating Borrowers, where those requests meet LGFA operational and covenant requirements.	Met	Yes

Strategic Priority	Performance measure	Result	Outcome (target met?)
Effective management of loans	Review each participating borrower's financial position under LGFA policies.	Met	Yes
	Arrange to meet each Participating Borrower at least annually, including meeting with elected officials as required, or if requested.	Met	Yes
Environmental and social responsibility	Comply with the Health and Safety at Work Act 2015	No breaches	Yes
	Maintain Toitū net carbon-zero certification.	Toitū Net Carbon-zero recertification approved 11 October 2022	Yes
	Meet reduction targets outlined in our carbon reduction management plan.	Met	Yes
	Increase our GSS lending book.	Three new participating borrowers approved for GSS lending	Yes
	Ensure Annual Report is prepared in compliance with applicable GRI Standards.	2023 Annual Report prepared to meet the requirements of the Global Reporting Initiative (GRI) Standards (core option)	Yes
	Meet all mandatory climate reporting standards.	There are no mandatory climate reporting standards applying at the date of this report. LGFA has elected to prepare this annual report in compliance with the GRI standard (Core option)	Yes



OTHER COUNCIL CONTROLLED ORGANISATIONS

HASTINGS DISTRICT HOLDINGS LIMITED

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

HDHL holds the shares in:

HAWKE'S BAY OPERA HOUSE LTD

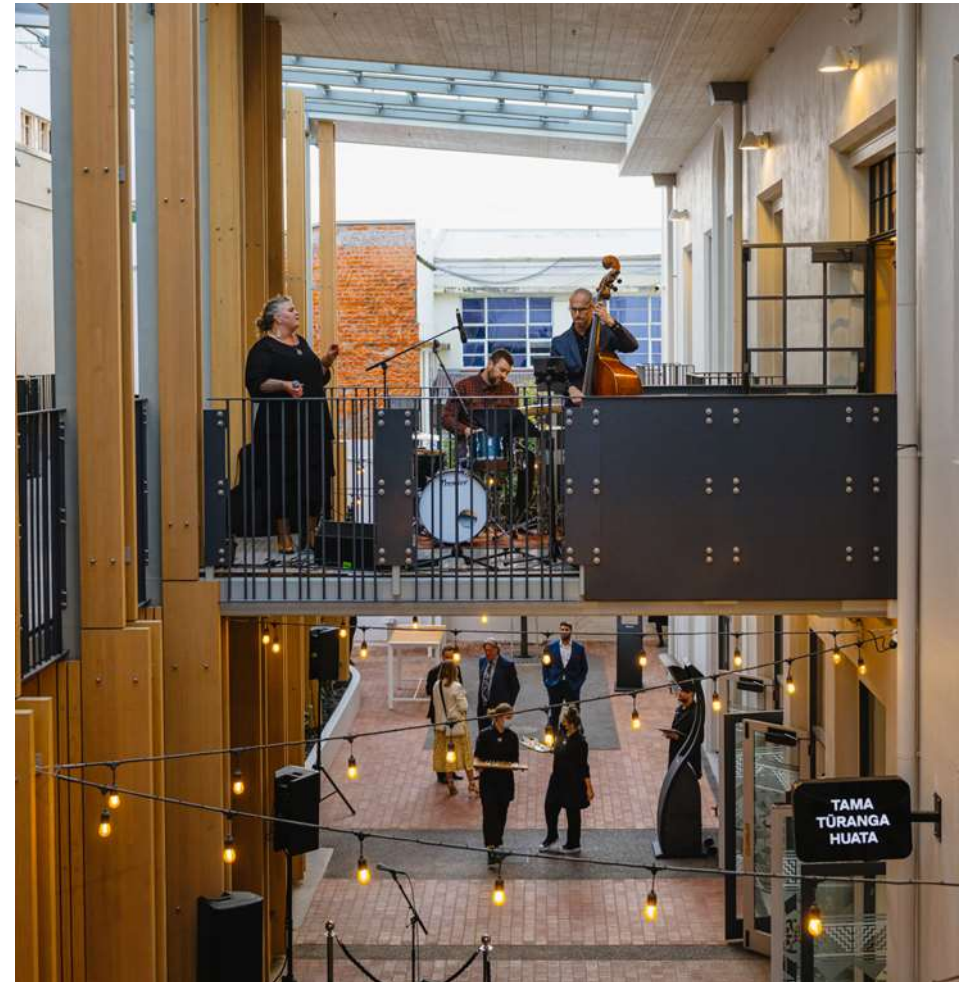
Due to the closure of the Hawke's Bay Opera House and the Municipal Building for earthquake strengthening, Hawke's Bay Opera House Ltd has ceased trading and as at 30 June 2014 has been exempted by Council from being a CCO under section 7(3) of the Local Government Act 2002. Toitōi – Hawkes Bay Arts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

HASTINGS DISTRICT PROPERTIES LTD

Due to the lack of new developments coming on stream the property company was put into recession in December 2016. As at 30 June 2022 it has been exempted by Council from being a CCO under section 7(3) of the Local Government Act 2002.

TE MATA PARK TRUST BOARD

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



HAWKE'S BAY REGIONAL SPORTS PARK TRUST

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

SCOPE AND NATURE OF ACTIVITIES

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

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

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

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

FOODEAST LIMITED PARTNERSHIP

Foodeast is a council-controlled trading organisation (CCTO) under the Local Government Act. It is owned by Hastings District Council (16.64%), Hawke's Bay Regional Council Investment Company (66.72%) and Progressive Meats Limited (16.64%).

SCOPE AND NATURE OF ACTIVITIES

The physical facilities of Foodeast will consist of a food innovation centre modelled on the existing Waikato Innovation Park and supported with sector-specific soft services focussed on Māori economic development, and commercialisation services.

The food innovation hub will promote more cost-effective food and beverage product innovation, and a centre of excellence in food processing education and engineering services.

It will provide a base for clustering food technology firms and improve cooperation and bring scientific and technical expertise. In time, it is also expected to expand its centre of excellence role to integrating research activity around waste product, and co-ordination of regional effort on sustainable packaging and resource allocation.

HAWKE'S BAY DISASTER RELIEF TRUST

The Hawke's Bay Disaster Relief Trust (the Trust) is a council-controlled organisation (CCO) under the Local Government Act. The Trust was created by the Hawke's Bay Civil Defence Emergency Management (CDEM) Group in March 2020. As Hawke's Bay CDEM is made up of all five Hawke's Bay local authorities and the Trustees are the Mayors and Regional Council Chair, the Trust fall under the CCO categorisation and is administered by Hawke's Bay Regional Council.

SCOPE AND NATURE OF ACTIVITIES

The purpose of the trust is to provide financial and other relief or assistance to meet the welfare and other needs of people who have suffered any injury, damage or loss following the occurrence of a disaster that qualifies as an "emergency" under the Civil Defence Emergency Act 2002, whether natural or otherwise, within the legal boundaries of Wairoa, Hastings, Central Hawke's Bay District Council and Napier City Council.

The Trust was activated in February 2023 after Cyclone Gabrielle and donations made to the Trust were paid out to applicants who fit the criteria. Since 27 March, the HBDRT, has made payments of over \$2m to approximately 3,500 applicants.



**KAUPAPAHERE
TAKOTORANGA MONI
TREASURY POLICY**

PURPOSE OF POLICY

The purpose of the Treasury Policy is to outline approved policies and procedures in respect of all treasury activity to be undertaken by the Council. The formalisation of such policies and procedures will enable treasury risks within the Council to be prudently managed.

A) LIABILITY MANAGEMENT POLICY

Council's liabilities comprise borrowings and various other liabilities. Council's Liability Management Policy focuses on borrowings as this is the most significant component and exposes the council to the most significant risks. Other liabilities are generally non-interest bearing.

EXTERNAL DEBT RATIOS AND LIMITS

Debt will be managed within the following macro limits:

Ratio	Target	Actual 30 Jun 2023
Net debt as a percentage of equity	<20%	11.12%
Net debt as a percentage of income	<175%	123.11%
Net interest as a percentage of income	<15%	4.86%
Net interest as a percentage of annual rates income	<20%	11.35%
Liquidity (Term Debt + Committed Loan Facilities v Existing Debt)	110%-170%	111.03%

There were no breaches of the Treasury Policy during the year.

B) INVESTMENT POLICIES

As Council is a net borrower of funds and applies surplus funds to debt repayment, investments are only maintained to meet specified business reasons.

**TAUĀKĪ WHĀKI O TE PŪRONGO
Ā-TAU MŌ TE MUTUNGA TAU I
30 O HUNE 2023
ANNUAL REPORT DISCLOSURE
STATEMENT FOR THE YEAR
ENDED 30 JUNE 2023**



FINANCIAL REPORTING AND PRUDENCE BENCHMARKS

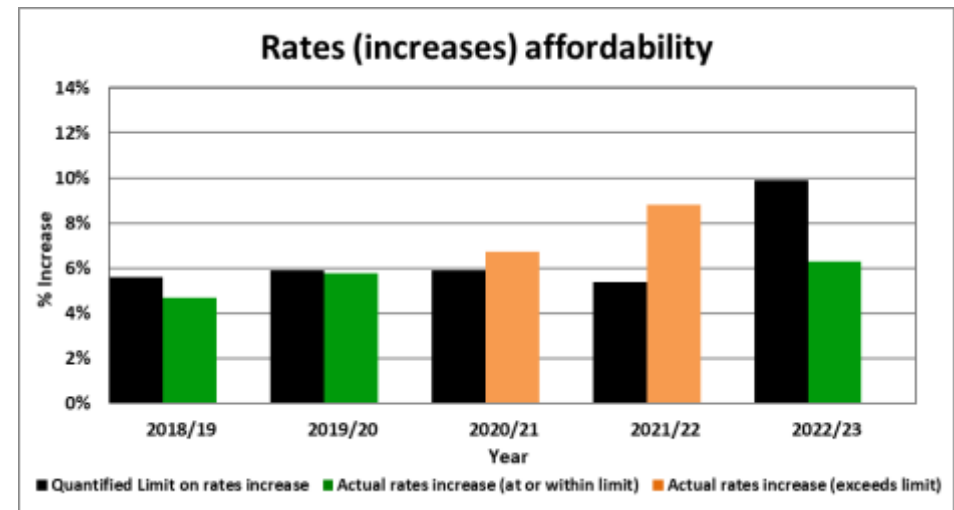
ANNUAL REPORT DISCLOSURE STATEMENT FOR THE YEAR ENDED 30 JUNE 2023.

The purpose of this statement is to disclose the Council's financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The Council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014. Refer to the regulations for more information, including definitions of some of the terms used in this statement.

RATES (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 2015-2025, 2018-2028 and 2021-2031 Long Term Plans. The quantifiable limit shows the impact of the movement in the CPI of 5.9% moving it up significantly.



DEBT AFFORDABILITY BENCHMARK

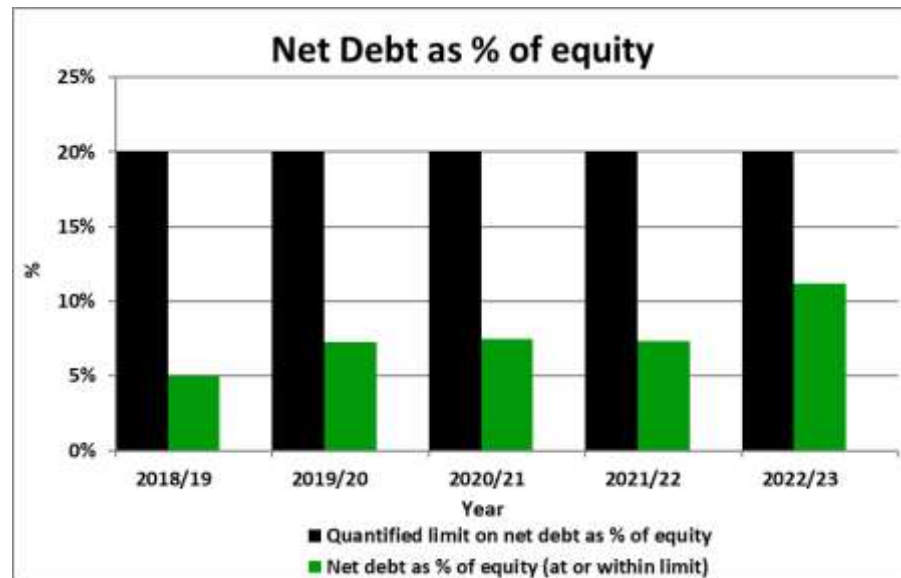
The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

The following graphs compares the Council's borrowing with the quantified limits on borrowing stated in the financial strategy included in the 2015-2025, 2018-2028 and 2021-2031 Long Term Plans.

NET DEBT AS A PERCENTAGE OF EQUITY

The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the 2015-2025, 2018-2028 and 2021-2031 Long Term Plans.

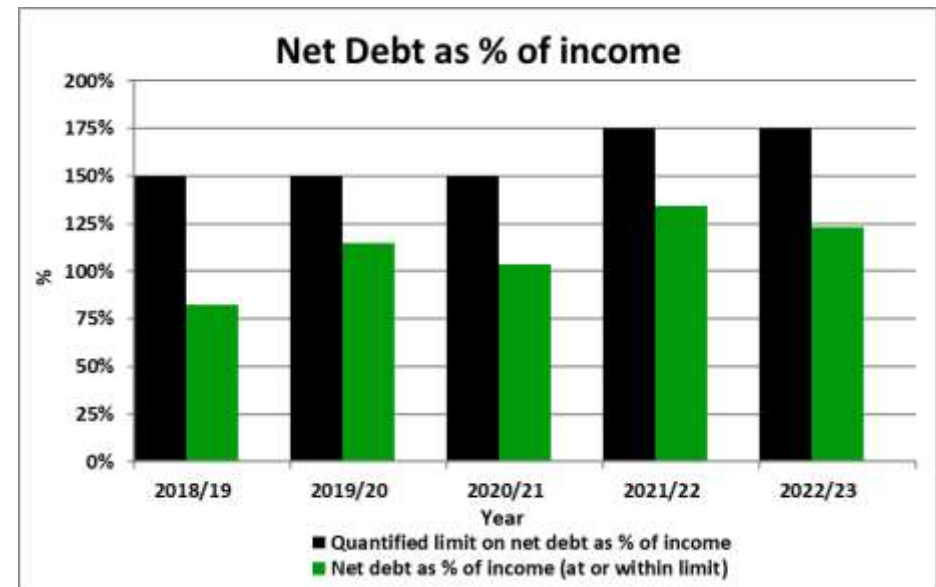
The quantified limit is net debt as a % of equity. A value of less than the quantified limit of 20% indicates compliance with the prudential limit.



NET DEBT AS A PERCENTAGE OF INCOME

The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the 2015-2025, 2018-2028 and 2021-2031 Long Term Plans.

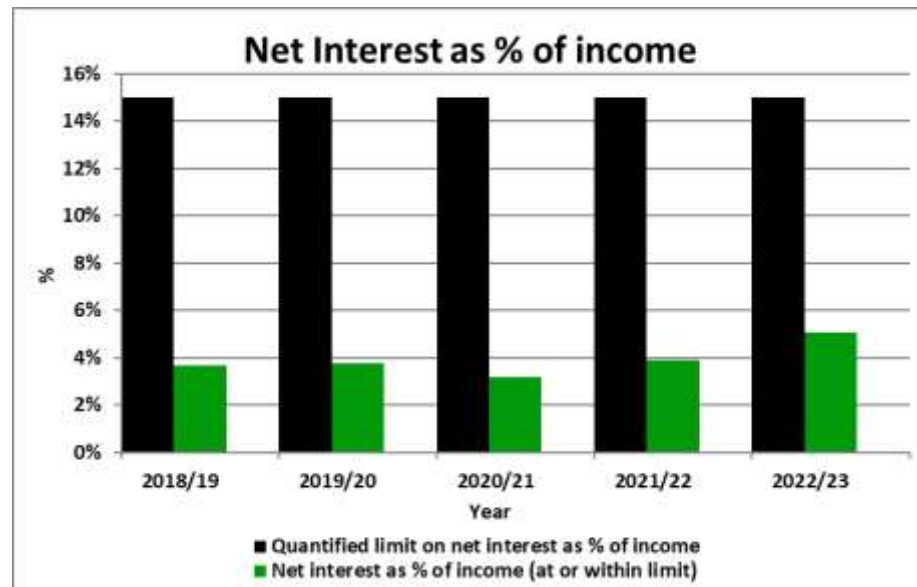
The quantified limit is net debt as a % of income. A value of less than 175% indicates compliance with the prudential limit.



NET INTEREST AS A PERCENTAGE OF INCOME

The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the 2015-2025, 2018-2028 and 2021-2031 Long Term Plans.

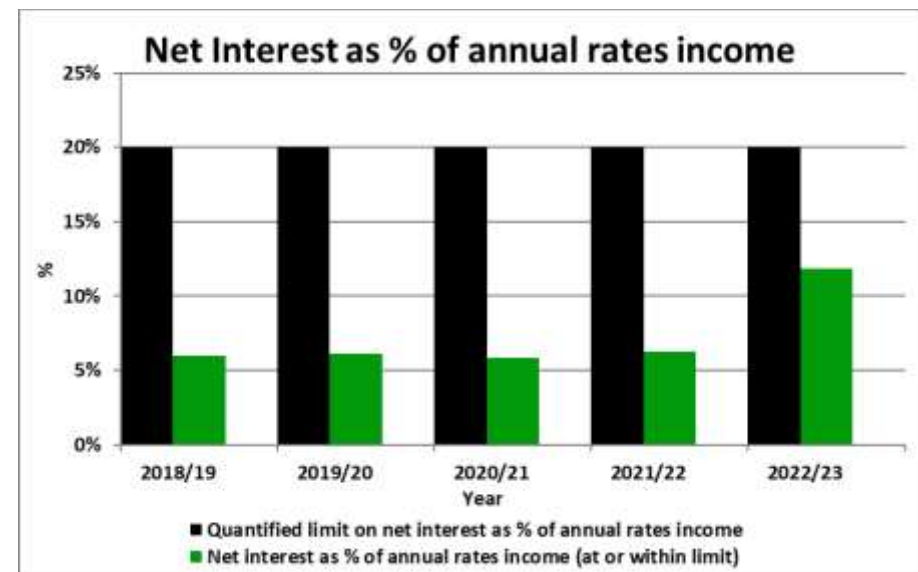
The quantified limit is net interest as a % of income. A value of less than the quantified limit of 15% indicates compliance with the prudential limit.



NET INTEREST AS A PERCENTAGE OF ANNUAL RATES INCOME

The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the 2015-2025, 2018-2028 and 2021-2031 Long Term Plans.

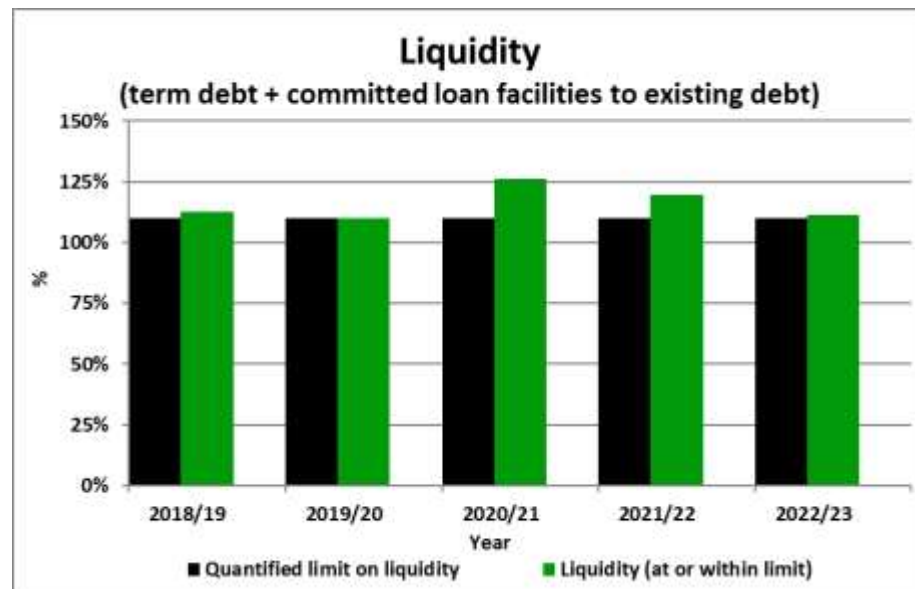
The quantified limit of 20% indicates compliance with the prudential limit. As can be seen below rising interest costs due to increased debt and higher cost of funds have seen an increase as a % of rates income.



LIQUIDITY

The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the 2015-2025, 2018-2028 and 2021-2031 Long Term Plans.

The quantified limit is term debt + committed loan facilities to existing debt. Prior to 2015/16 a value of greater than the quantified limit of 110% indicated compliance with this prudential limit. The 2018-28 Long Term Plan implemented a new range for this quantified limit of between 110% and 170% which was entrenched into the 2021-31 Long Term Plan.

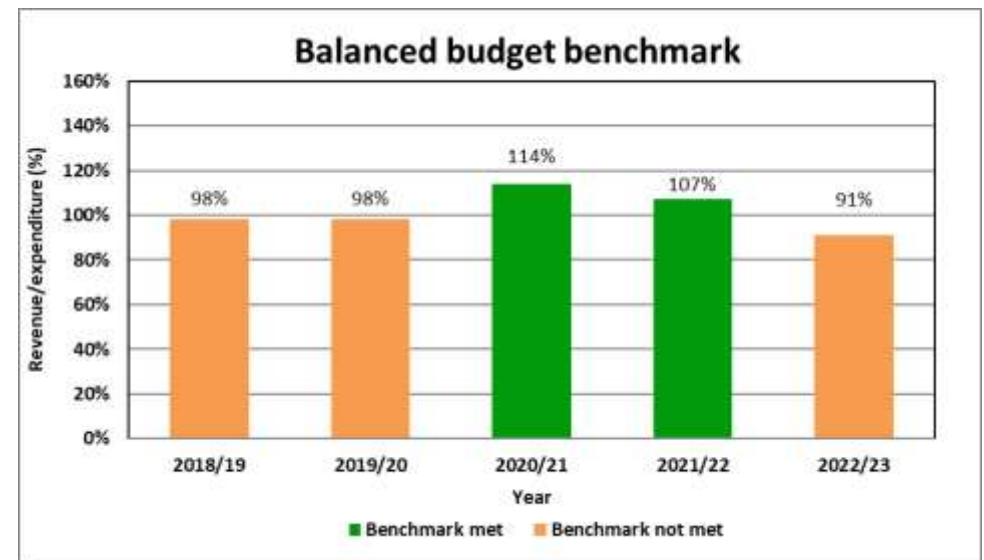


Prior periods have been restated to align with Council's Treasury Policy.

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).

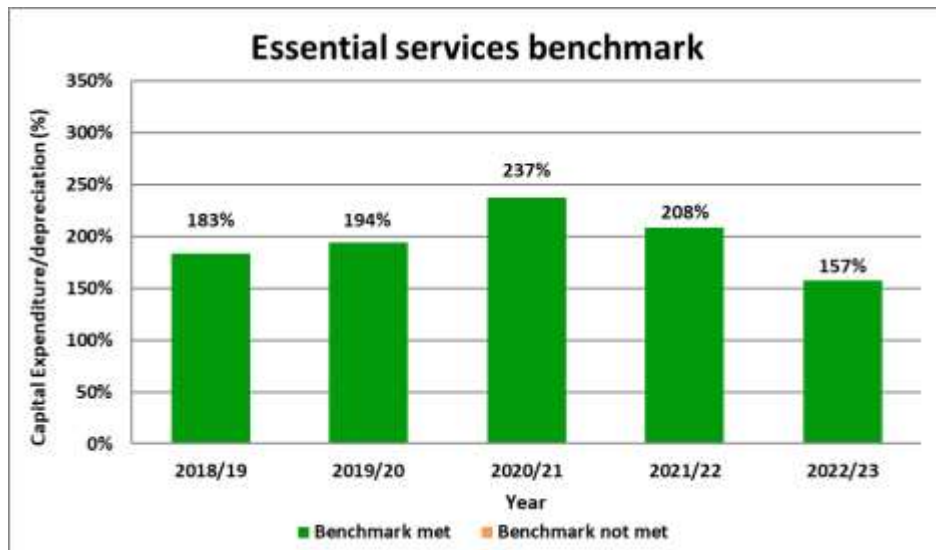
The Council meets this benchmark if its revenue exceeds its operating expenses. In the 2023 financial year, Council incurred significant operational cost impacts from Cyclone Gabrielle, inflation and cost pressures.



ESSENTIAL SERVICES BENCHMARK

The following graph displays the capital expenditure on network services as a percentage of depreciation on network services.

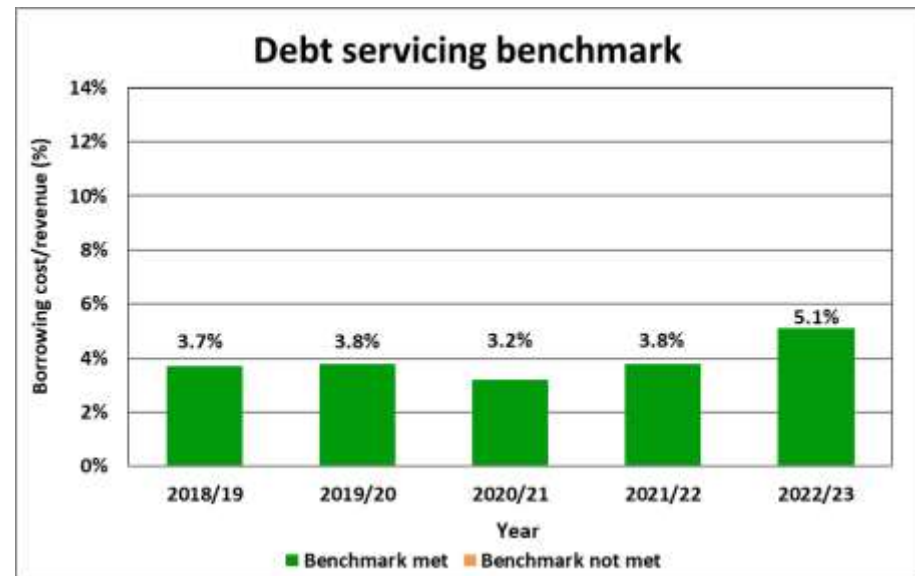
The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services. In 2023, Council had another significant spend on capital expenditure, with water services spend being a major driver.



DEBT SERVICING BENCHMARK

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

Because Statistics New Zealand projects the Council's population will grow more slowly than the national population rate, the Council meets this benchmark if its borrowing costs equal or are less than 10% of its revenue.

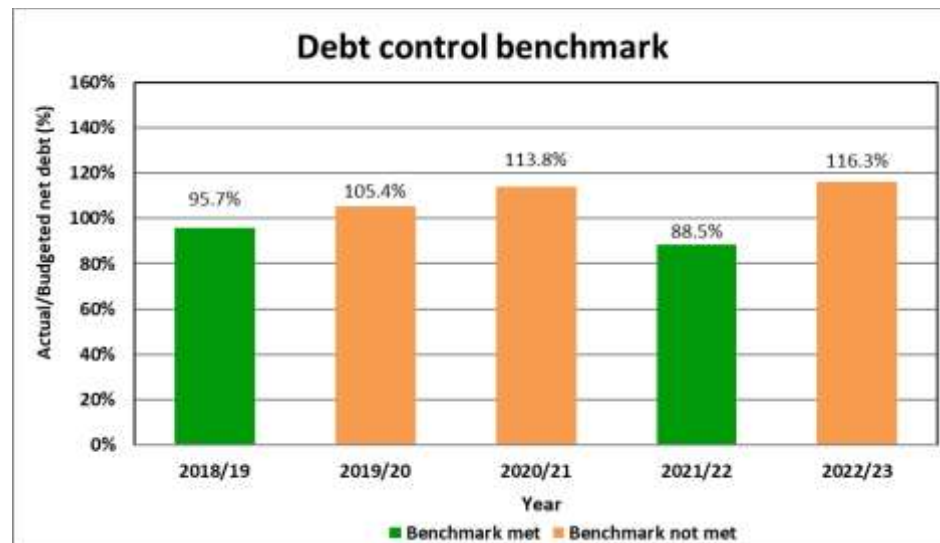


DEBT CONTROL BENCHMARK

The following graph displays the Council's net debt as a percentage of planned net debt. In this statement net debt means financial liabilities fewer financial assets (excluding trade and other receivables).

The Council meets the debt control benchmark if its actual net debt equals or is less than its planned debt.

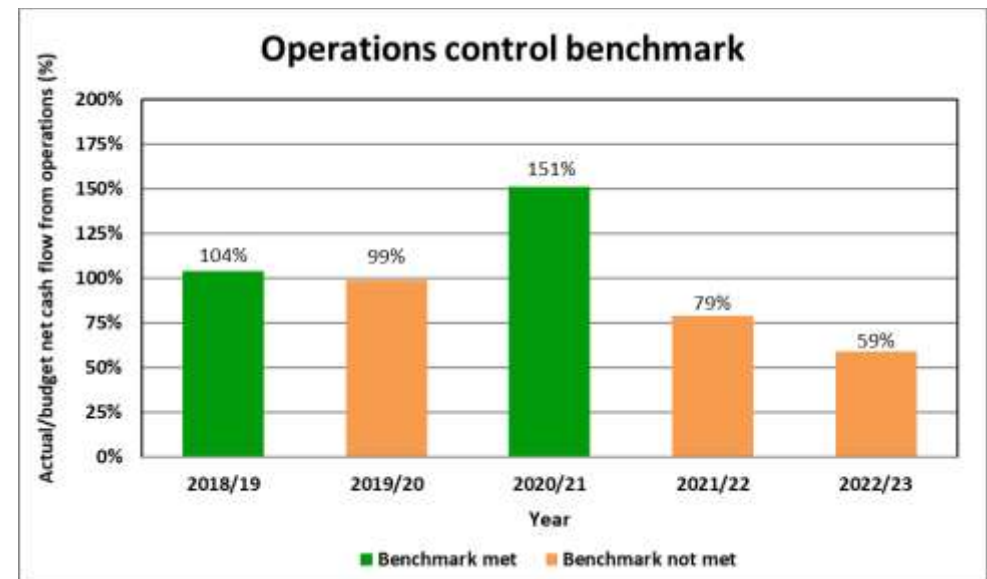
Council's debt is higher than forecast with the impact of Cyclone Gabrielle, cost pressures and additional capital projects completed but not budgeted for.



OPERATIONS CONTROL BENCHMARK

The following graph displays the Council's net cash flow from operations as a percentage of its planned net cash flow from operations.

The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations. The impact of a large capital programme, along with higher operational costs including the impact of Cyclone Gabrielle have a decrease in cash at year end.





**TE RĪPOATA MOTUHAKÉ A
TE KAITĀTARI KAUTE
INDEPENDENT
AUDITOR'S REPORT**

INDEPENDENT AUDITOR'S REPORT



To the readers of Hastings District Council's Annual Report for the year ended 30 June 2023

The Auditor-General is the auditor of Hastings District Council (the District Council) and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, Stuart Mutch, using the staff and resources of Ernst & Young, to report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the District Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the District Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 31 October 2023. This is the date on which we give our report.

OPINION ON THE AUDITED INFORMATION

Opinion on the audited information other than the non-financial performance information

In our opinion:

- the financial statements on pages 79 to 85 and pages 87 to 131:
 - present fairly, in all material respects:
 - the District Council and Group's financial position as at 30 June 2023;
 - the results of its operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on page 86, presents fairly, in all material respects, 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 statement about capital expenditure for each group of activities on pages 55 to 72, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's annual plan; and
- the funding impact statement for each group of activities on pages 55 to 72, presents fairly, in all material respects, 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.

Qualified opinion on the non-financial performance information

In our opinion, except for the effects of the matters describes in the “*Basis for opinions on the audited information, including our qualified opinion on the non-financial performance information*” section of our report, the non-financial information on pages 11 to 35:

- presents fairly, in all material respects, the District Council’s levels of service for each group of activities for the year ended 30 June 2023, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
- complies with generally accepted accounting practice in New Zealand.

REPORT ON THE DISCLOSURE REQUIREMENTS

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 143 to 148, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council’s and Group’s audited information and, where applicable, the District Council’s long-term plan and annual plans.

The basis for our opinion is explained below and we draw attention to other matters. In addition, we outline the responsibilities of the Council and our responsibilities relating to the audited information, we comment on other information, and we explain our independence.

BASIS FOR OUR OPINIONS ON THE AUDITED INFORMATION, INCLUDING BASIS FOR QUALIFIED OPINION ON THE NON-FINANCIAL PERFORMANCE INFORMATION

The District Council is required to report against the performance measures set out in the Non- Financial Performance Measure Rules 2013 made by the Secretary for Local Government. The District Council was unable to report accurate performance information in relation to four of these performance measures and so our work was limited for the reasons described below. There were no practicable alternative audit procedures we could perform to obtain assurance over these performance measures.

Reliability of performance information

Maintenance of the reticulation network - Water supply

The District Council was unable to report a reliable loss percentage for the supply of water within the District. This is because the water loss percentage is estimated using information obtained from a limited number of meters across the reticulation network. The District Council have sought to employ alternative measurement techniques since 2022 but the accuracy of these cannot be confirmed. As a result the District Council has not reported a water loss percentage.

Total number of complaints received - Water supply, Wastewater, and Stormwater

The District Council was unable to accurately report the number of complaints for each of the three waters services for complaints received by its after hours customer services provider. Complete records of all after hours complaints were not available, and the complaints system used by the after hours customer services provider also did not classify complaints between water supply, wastewater, and stormwater.

Our opinion on the prior year statement of service performance was qualified for the same reasons as described above.

We carried out our audit in accordance with the Auditor- General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the “*Responsibilities of the auditor for the audited information*” section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the audited information including our qualified opinion on the non-financial performance information.

EMPHASIS OF MATTER - UNCERTAINTY OVER THE WATER SERVICES REFORM PROGRAMME

Without further modifying our opinion, we draw attention to Note 9 on page 106, which outlines developments in the Government’s water services reform programme.

The Water Services Entities Act 2022, as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023 and the Water Services Legislation Act 2023 on 31 August 2023, establishes ten publicly owned water services entities to carry out responsibilities for the delivery of three waters services and related assets and liabilities currently controlled by local authorities. Water services entities’ establishment dates are staggered, with all the water services entities becoming operational between 1 July 2024 and 1 July 2026. The financial impact of the water services reform on the Council [as outlined in Note 9] remains uncertain until the relevant water services entity’s establishment date is known, and the allocation schedule of assets, liabilities, and other matters to be transferred is approved.

RESPONSIBILITIES OF THE COUNCIL FOR THE AUDITED INFORMATION

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the District Council and the Group or there is no realistic alternative but to do so.

RESPONSIBILITIES OF THE AUDITOR FOR THE AUDITED INFORMATION

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council's annual plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the statement of service provision referred to as "Summary Non-Financial Performance", as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the District Council to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

OTHER INFORMATION

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 1 to 10, 36 to 54, 73 to 77, 132 to 141, 156 to 164 but does not include the audited information and the disclosure requirements, and our auditor's report thereon.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information, and we do not express any form of audit opinion or assurance conclusion thereon.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENCE

We are independent of the District Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit and our report on the disclosure requirements, we have no relationship with, or interests in, the District Council.



Stuart Mutch

Ernst & Young
Chartered Accountants
On behalf of the Auditor-General
Wellington, New Zealand

TAUĀKĪ TAUTUKU ME TE HĀEPAPA STATEMENT OF COMPLIANCE AND RESPONSIBILITY



STATEMENT OF COMPLIANCE AND RESPONSIBILITY

COMPLIANCE

The Council and Management of Hastings District Council confirm that all the statutory requirements of the Local Government Act 2002 have been complied with.

RESPONSIBILITY

- 1) The Council and Management of Hastings District Council accept responsibility for the preparation of the annual Financial Statements and the judgements used in them.
- 2) The Council and Management of Hastings District Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.
- 3) In the opinion of the Council and Management of Hastings District Council, the annual Financial Statements for the year ended 30 June 2023 fairly reflect the financial position and operations of Hastings District Council.

Sandra Hazlehurst
Mayor



To'osavili Nigel Bickle
Chief Executive



Dated: 26 October 2023

Youth Employment Pathway

1 RECEIVE REFERRAL

Referrals come from:

- Flaxmere Community Centre
- Camberley Community Centre
- Police
- City Assist
- NGOs
- Library
- Whānau
- Word of Mouth
- Partnerships
- MSD

CAMBERLEY
COMMUNITY
CENTRE

2 MEET WITH YOUTH

- 1 Referral form is completed
- 2 Establish how we can support them into employment or training.

If their needs sit outside of our Youth Connector capabilities, we refer the youth onto the Whānau Connector.

3 DEVELOP A PATHWAY

DEVELOP A PATHWAY
PREPAREDNESS
improving CV
lifestyles

preparation & job
skills programs

PASTORAL CARE →

WORK
READY

GO TO 3 NO YES GO TO 4

4 OPPORTUNITIES

Begin to search for opportunities that match the particular youth's:

- current needs
- skills/qualifications
- interests
- experience
- circumstances

KAUPAPA HEI ARA
MAHI TO KEKE
EQUAL EMPLOYMENT
OPPORTUNITY POLICY

EQUAL EMPLOYMENT OPPORTUNITY POLICY

The Hastings District Council is committed to the principle of equal opportunity in the recruitment, employment, training, and promotion of its employees.

The organisation has continued to provide a welcoming, positive environment for its staff and focused on ensuring that its activities and services were carried out with an awareness of, and intent to eliminate discrimination in the areas of race and colour, ethnicity and national origins, sex (including pregnancy or childbirth), religious and ethical beliefs, marital and family status, sexual orientation, employment status, political opinion, involvement in union activities, being affected by domestic violence, age, and disability. A Diversity Policy is being introduced, alongside various initiatives in this space.

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





TŌ KAUNIHERA YOUR COUNCIL

DIRECTORY OF COUNCIL AS AT 30 JUNE 2023



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Deputy Mayor

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Mohaka Ward



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DIRECTORY OF RURAL COMMUNITY BOARD AS AT 30 JUNE 2023



**JONATHAN
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(Chair)

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Maraekakaho subdivision



**ISABELLE
CRAWSHAW**
(Deputy Chair)

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Kaweka subdivision



**ABBY
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Tutira subdivision



**VICKI
SCoulAR**

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Poukawa subdivision

Council appointees:

Cr Ana Apatu
Cr Marcus Buddo
Cr Tania Kerr

DIRECTORY OF HERETAUNGA TAKOTO NOA MĀORI STANDING COMMITTEE AS AT 30 JUNE 2023



**MIKE
PAKU**
(Chair)



**JERRY
HAPUKU**
(Kaumātua)



**TIPENE
COTTRELL**



**TOM
KEEFE**



**DR DARRYN
RUSSELL**



**NGAIO
TIUKA**



**ELIZABETH
WAIWIRI-HUNT**

Council appointees:

Cr Henry Heke (Deputy Chair)
Cr Sandra Hazlehurst
Cr Ana Apatu
Cr Renata Nepe
Cr Ann Redstone
Cr Alwyn Corban

DIRECTORY OF SENIOR MANAGEMENT AS AT 30 JUNE 2023



**TO'OSAVILI
NIGEL BICKLE**

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Chief Executive



**BRUCE
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Deputy Chief Executive



**BRONWYN
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Group Manager
People and Capability



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Marketing and Communications



**JOHN
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Group Manager
Planning & Regulatory



**CRAIG
THEW**

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Group Manager
Asset Management

Advisors

Dr James Graham, Pou Ahurea Matua
Principal Advisor: Relationships, Responsiveness & Heritage

Graeme Hansen, Director
Major Capital Projects Delivery

Scott Smith, General Counsel

STATISTICAL INFORMATION (COUNCIL ONLY)

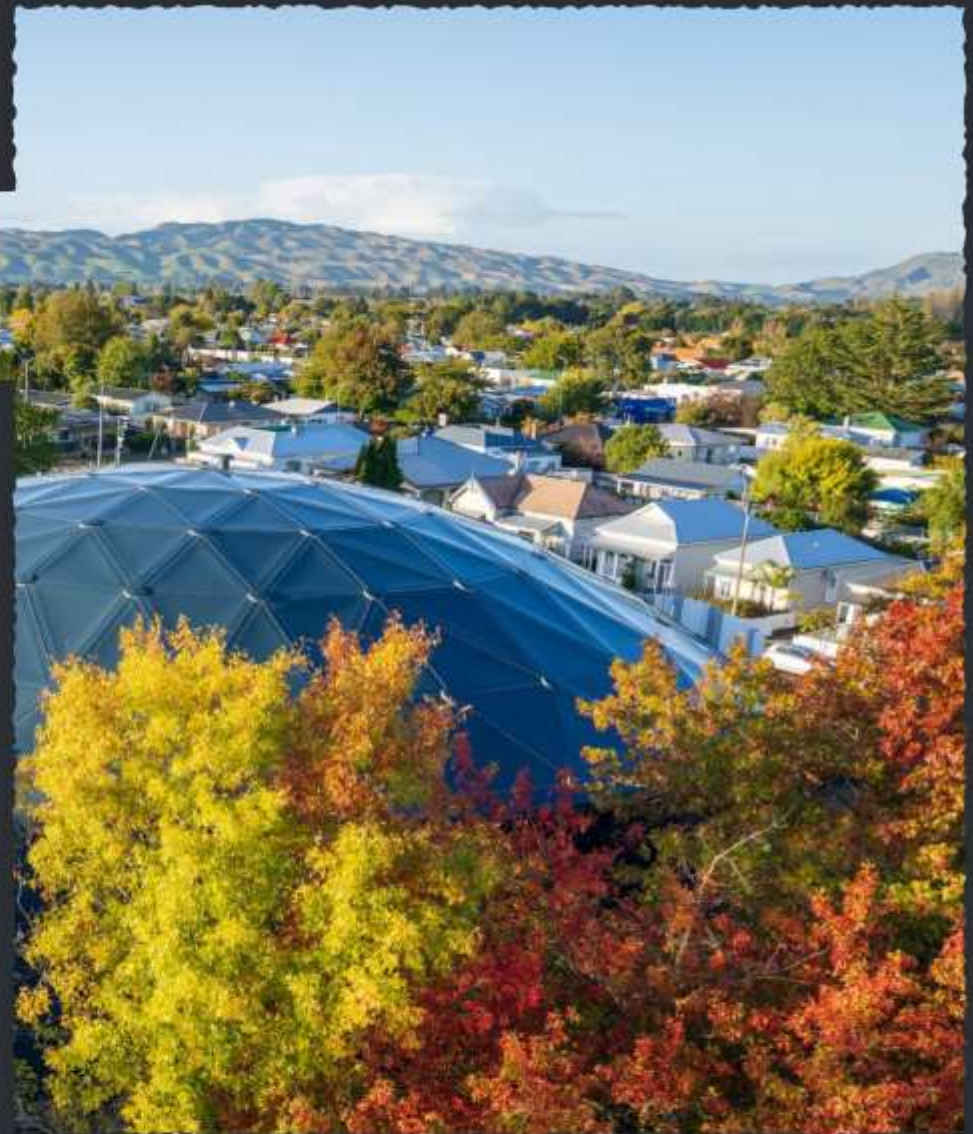
		2022	2022		
Land Area		522,893ha	522,893ha		
Population (2018 Census)	Source – Statistics NZ	90,100	90,600		
Valuations (Net)	Land Value	\$14,486,029,000	\$25,017,815,900		
	Improvements	\$12,513,914,200	\$16,534,909,499		
	Capital Value	\$26,999,943,200	\$41,552,725,399		
Employee Numbers as at 30 June	Permanent Staff	396	422		
Total Salary & Wages		\$38,493,466	\$42,593,768		
Gross Public Debt		\$237,741,000	\$292,741,000		
Gross Debt per Rateable Assessment		\$7,469	\$7,405		
Roading (km)	Sealed Road	1306	1306		
	Unsealed Roads	340	334		
	State Highways	202	202		
Rateable Assessments		31,831	32,105		
Rates Levied (incl GST)		\$109,347,687	\$116,974,468		
Analysis by Differential Category		Average Rate	Average Land Value	Average Rate	Average Land Value
RATING AREA 1 (URBAN)					
Residential		\$2,736	\$240,006	\$2,932	\$239,709
Residential Non Urban		\$2,223	\$364,978	\$2,496	\$365,993
Residential Clive		\$2,100	\$229,161	\$2,031	\$229,539
Horticulture / Farming		\$3,826	\$1,140,651	\$4,269	\$1,148,227
Chartered Clubs		\$22,647	\$2,000,000	\$24,879	\$2,000,000
Commercial (CBD)		\$11,774	\$637,274	\$12,953	\$640,609
Other Commercial		\$10,239	\$698,468	\$11,236	\$701,968
Commercial Non Urban		\$11,788	\$1,079,759	\$13,385	\$1,111,651
RATING AREA 2 (RURAL)					
Residential		\$1,469	\$356,672	\$1,600	\$365,836
Commercial		\$2,060	\$387,042	\$2,310	\$407,533
Lifestyle / Horticulture / Farming		\$3,203	\$1,212,862	\$3,419	\$1,215,185

GLOSSARY OF TERMS

Budget	Refers collectively to the figures in the Annual Plan or Ten Year Plan (LTP), including forecasts and projections.
Capital Expenditure	Relates to the creation or enhancement of assets for the purpose of improving existing or providing new services to the community.
Carry Forwards	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 [2021/22 will be 'carried forward' to 2022/23]). Funding allocated to each project will also be carried forward.
Depreciation	Is a value, which represents the wearing out of an asset over time.
Objectives	Identify short-term targets relating to the plan period.
Operating Expenditure	Is expenditure, which is used for the operation and maintenance of Council assets that are used in the provision of services to the community.
Overheads	Are defined as administrative costs incurred for the common benefit of more than one centre of activity. The Council has attempted to show the true cost of providing services and amenities by adding overheads to the basic cost components.
Performance Indicators	Are measures by which the Council's performance is to be measured.
Rating Area 1	Includes all of the Urban Areas, all of the former Plains Areas, and 10.27% of the former Rural Areas.
Rating Area 2	Covers the remaining 89.73% of the Rural Area.
Significant Activity	Identifies a grouping of Council activities or functions into a major category for the purpose of reporting in the Annual Plan and Annual Report.

ABBREVIATIONS

AWPT	Area Wide Pavement Treatment	IPSAS	International Public Sector Accounting Standards
BPS	Basis Points	LATM	Local Area Traffic Management
CBD	Central Business District	LGA	Local Government Act 2002
CCO	Council Controlled Organisation. This is a term for an organisation where local authorities hold a controlling interest.	LGFA	Local Government Funding Agency
CR	Councillor	LTP	Long Term Plan or Ten Year Plan
DRA 1	District Rating Area One (Urban Area)	LOS	Level of Service
DRA 2	District Rating Area Two (Rural Area)	NBS	National Building Standard
DWSNZ	Drinking Water Standards New Zealand	NCC	Napier City Council
EERST	Environmental Education for Resource Sustainability	NZGAAP	New Zealand Generally Accepted Accounting Principles
EPB	Earthquake-Prone Building	NZTA	New Zealand Transport Agency
FRS	Financial Reporting Standard	PA	Per Annum
GST	Goods and Services Tax	PBE	Public Benefit Entities
HBRC	Hawke's Bay Regional Council	PSGE	Post Settlement Governance Entities
HCAG	Hastings City Art Gallery	PTSG	Post Treaty Settlement Groups
HDC	Hastings District Council	QRA	Quantitative Risk Assessment
HPMV	High Productivity Motor Vehicle	SHBT	Sustaining Hawke's Bay Trust
HPUDS	Heretaunga Plains Urban Development Strategy	UAGC	Uniform Annual General Charge
IFRS	International Financial Reporting Standards	VDAM	Vehicle Dimension and Mass



HERETAUNGA
HASTINGS DISTRICT COUNCIL

TE KAUNIHERA Ā-ROHE O HERETAUNGA
HASTINGS DISTRICT COUNCIL

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