

Annual Report 2014/15

Hastings District Council: Great living, today and tomorrow



Contents

Message from the Mayor and the Chief Executive	5	Council controlled organisations and other interests	133
Introduction from the Mayor and Chief Executive	6	Hawke's Bay Museums Trust	134
		Hawke's Bay Airport Limited	136
Our operating framework	10	Hastings District Holdings Limited Group	137
Our reporting framework	11	NZ Local Government Funding Agency Limited	138
Monitoring progress	12	HB LASS Limited	139
Summary performance	13	Te Mata Park Trust Board	140
Detailed performance	16		
Level One – Future Goals	17	Treasury Policy	141
Level Two – Today's Promises	19	Purpose of Policy	142
Level Three – Smart Business	39		
		Annual Report Disclosure Statement for the year ended	
Finance at a glance	46	30 June 2015	143
2014/15 Annual Report: The Chief Financial Officer overview	47	Financial Reporting and Prudence Benchmarks	144
Key initiatives and projects	49	Independent Auditor's Report	150
Key initiatives and projects	50	Independent Auditor's Report	151
Groups of activities	56	Statement of Compliance and Responsibility	155
Water & Roads	57	Statement of Compliance and Responsibility	156
Safe, Healthy & Liveable Communities	68		
Economic & Community Development	71	Equal Employment Opportunity Policy	157
Governance & Support Services	73	Equal Employment Opportunity Policy	158
Māori and decision-making	75	Your Council	159
Māori and decision-making	76	Directory of Council	160
		Directory of Senior Management	161
Financial statements	77	Statistical information (Council only)	162
Financial statements	78	Glossary of terms	163
Notes to financial statements	84	Abbreviations	164

Message from the Mayor and the Chief Executive



Introduction from the Mayor and Chief Executive

It is our privilege to introduce the Annual Report for the Hastings District Council for the 2014/15 financial year.

The 2014/15 year has been about consolidation and stability, with great care taken not to put in place programmes or policies that could constrain a new region-wide council, should the poll on Local Government reorganisation have led to the amalgamation of the region's local bodies.

Since the end of the financial year, the poll has been held with voters overwhelmingly voting to retain the current five council structure. However council believes the conversations around the vote signalled a very strong desire from ratepayers for increased co-operation, regional approaches to service delivery and shared services between councils. This will very strongly flavour council's work programme over the coming years.

As signalled in last year's annual report, a particular focus this year has been on social and economic development.

In the economic development sphere, the Great Things Grow Here platform was launched. It is designed to be as accessible as possible; able to be used by all of the region's councils to sell the region as a financially advantageous and attractive place to do business. Its format also enables it to be used by private companies wishing to use it to present to potential business partners, both in New Zealand and internationally.

While still embryonic, the platform has already proved its worth in helping to attract inquiry from potential investors. Council is confident that this initiative will help achieve council's stated aim of being instrumental in bringing 1000 new jobs to the district within five years.

The second leg of the job creation programme is council's support for Youth Futures, which focuses on linking school leavers with appropriate training and career paths. Building on previous years' work, Youth Futures currently includes Futures for Tamariki, designed to help Year 7 and 8 students to consider their future paths, the Youth Support Programme, which assists school leavers get into training or work, and Te Ara o Takitimu which focusses on helping Maori and Pacifica students into apprenticeships, enabling them to become fully qualified trades people. Council will continue to support and work alongside the Youth Futures Trust to help our young be workforce ready.

Encouraging our residents to enjoy their public spaces has also been a priority of council. Enjoyment and appreciation engender pride, which leads to greater connection within communities and less incidences of vandalism. Programmes such as Street by Street, encouraging small community groups to attend a street function to form bonds with their neighbours and meet representatives of social help agencies, and the Kids making Change Happen Anti-Graffiti and Anti-Litter & Collaborative 111 Service, which has seen children take responsibility and pride in a section of the community, have proved very effective. In the 12 months to the end of June 2015, 3250 graffiti tags were reported, down from 5079 the year before.

To the same end, council has been able to take opportunities presented to it to increase its park assets and renew playgrounds, in particular in Havelock North where the new Romanes and Meissner Reserves provide new playing fields, an international-sized BMX track, and playgrounds. The former was gifted to the community by former mayor and philanthropist Harry Romanes, while the latter was made possible through a new development.

The ramifications of the tragic accident in the previous financial year which saw a young boy, Uetaha Ransfield-Wanoha, fatally struck by a council mower, did not go unfelt in the latest year. Council came before the courts for its involvement in the case, and again expressed its very sincere and deepest sympathies for the family of young Uetaha. At the time of sentencing, in April, council acknowledged that it could and should have done more to ensure the child's safety and committed to continuing to put procedures in place to ensure a tragedy like this could not happen again. Standard operating procedures have been changed and will continue to be updated to deal with risks. Staff have received full training, which will be on-going, on the new procedures.

Work to enliven the city centre has continued, with another of the main street upgrades completed, and a continuance of the work on historic façade upgrades and up-lighting of significant public art.

That work foreshadows increasing efforts that will go into invigorating the central city over the next financial year, with council investigating a number of initiatives that will encourage residential and further retail and service sector development within the central city precinct.

Of course a large part of that revitalisation will necessarily involve the redevelopment of the Hawke's Bay Opera House precinct and the Civic Square – work that is at an early stage as this financial year closes. The opera house is about to turn 100 years old, however it remains closed given its earthquake-prone status. The estimates for remediating the opera house are currently being refined with council having a total budget of \$20 million for upgrading the opera house, the adjacent historic Municipal Building (also earthquake prone) and the redevelopment of the city's Civic Square. An independent working group made up of local people with a range of appropriate and exciting skills are putting together options for the strengthening and redeveloping of the complex, which will go through a fulsome public consultation process within the 2015/16 year.

The delivery and maintenance of essential services has progressed as expected, and two new major projects have reached critical points: Work on the upgraded sewerage pipe from Havelock North is well underway, and the Whakatu Arterial Route, designed to better link Hastings with the Whakatu industrial area, and onto Napier and the Port of Napier, has achieved consent. The acquisition of the required properties for the Whakatu route has continued and physical works are due to get underway early in the new financial year. This will be another significant heavy transport link within the region which will further support industrial development and growth.

The disposal of waste has been under the spotlight, with Hastings District Council staff teaming up with Napier City Council staff to formulate a plan for disposing of rubbish into the future. A lot of behind the scenes investigative work has been going on over the financial year, with options expected to go out for public consultation prior to Christmas 2015. It has been an interesting exercise, looking at the ways in which other nations manage their rubbish, from the latest combusting techniques to the use of high-tech composting systems. The teams are working on whether any of those cutting edge technologies can be cost effective here, given New Zealand's comparatively low population and geographical isolation.

A substantial piece of work over the past 12 months has been a review of council's dog control policy in the wake of some public concern at the hard line council was taking with unregistered dogs. That hard line came on the back of serious issues the community had with dog attacks, almost exclusively by unregistered dogs.

Given that the number of dog bite incidents and numbers of unregistered dogs had markedly dropped through the implementation of that hard line, council agreed that the policy could potentially be eased, and dog control regulatory expert John Payne was commissioned in November 2014 to review the service.

Council implemented his recommendations, including redeveloping the pound facility, refining processes around impounding dogs, and increasing efforts to return or rehome suitable dogs. The changes have been successful: The percentage of known dogs registered remains at a very high 98 per cent; the numbers of dogs impounded has dropped by 37 per cent; and the percentage of impounded dogs claimed by their owners has climbed to 75 per cent compared to 63 per cent the previous year.

Council's financial performance has again been strong and the finances are being well managed. In 2014/15 the strategy of managing debt and investments closely combined with a successfully executing Council's Financial Strategy has resulted in a rating surplus of \$1,740,266, of which \$656,616 has been allocated to repay debt and \$208,650 to the Rural Flood and Emergency Reserve. Council has also allocated \$875,000 to community-focused projects that would have either have contributed to new additional debt or not been undertaken at all. Core external debt has increased slightly to \$60.7 million.

The initiatives and work put in to date have proved very fruitful – with council very pleased to see Hastings start the new financial year by winning Keep New Zealand Beautiful’s ‘Most Beautiful City’ award.

In 2014/15 Council undertook a review of its 10 year plan and through that process has largely continued the financial strategy outlined in the previous plan. That will maintain and enhance our infrastructure and essential services, support economic growth, assist the development of our young people and make the district an even more attractive place to live and do business, all within a prudent financial strategy.



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

Lawrence Yule
Mayor



A handwritten signature in black ink, appearing to read 'R. McLeod'.

Ross McLeod
Chief Executive

Our operating framework



Our reporting framework

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

Level One

- Future Goals (page 17)

Level Two

- Levels of Service (page 19)
- Customer Experience Measures (page 27)
- Key Actions (page 29)
- Long Term Plan Submission Commitments (page 36)

Level Three

- Asset Improvement Plans (page 39)

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

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

Level Two Today's Promises – is about the promises made in the short term to our community.

Level Three Smart Business – is more internally focused and is about the Council being the best organisation it can be.

Monitoring progress

Year end progress report on Council's Long Term Plan Commitments – June 2015



Summary performance

Introduction

The pages which follow outline in detail how the Council has progressed against its performance management framework within its 2012-2022 Long Term Plan. This report marks the third and final year of reporting against the 2012-2022 Long Term Plan. Much of the programme has been either fully or substantially achieved. A summary of our progress at the end of Year Three is as follows:

Level One: Future Goals

The information on progress toward future goals is best measured by shifts over time. As this is the third year of reporting against these longer term measures, we have simply outlined any progress made during 2014/15.

Level Two: Today's Promises

Key actions

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

Completed	Substantially completed	On track	Not on track
19 (34%)	5 (9%)	27 (48%)	5 (9%)

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

Long Term Plan submission commitments

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

Completed	Substantially completed	On track	Not on track
25 (89%)	0 (0%)	2 (7%)	1 (4%)

Levels of service and customer experience

There are 71 measures focused on the annual promises made to the community. They relate both to the things Council provides (Levels of Service) and to how the customer interacts with Council's services (Customer Experience). The aim of Council is to fully achieve/substantially achieve these. For reporting purposes we group our activities into the following groups:

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

In brief the Council's achievement is as follows:

Levels of service (59 measures)

Group of activities	Fully achieved	Substantially achieved (80%-99%)
Water & Roads (note i)	7 (78%)	2 (22%)
Safe, Healthy & Liveable Communities (note ii)	22 (85%)	4 (15%)
Economic & Community Development (note iii)	8 (73%)	3 (27%)
Governance & Support Services (note iv)	8 (100%)	-

Notes:

- The measure for footpaths is not achieved in 2014/15, however this measure is better assessed over its longer term annual renewal rate which is on target
- The level of service measure in relation to District Plan monitoring is not currently applicable due to the process being undertaken to notify a new District Plan
- The structure planning programme can span multiple years, so whilst not completed in 2014/15, future plans are in development
- Performance against two public perception measures is yet to be obtained and is not intended to be reported annually. This will take place in 2015/16

Customer experience (13 measures)

Group of Activities	Fully achieved	Substantially achieved (80%-99%)
Water & Roads	4 (80%)	1 (20%)
Safe, Healthy & Liveable Communities	4 (50%)	4 (50%)

Customer Service Centre: Mystery Shopping

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

The findings are analysed to identify improvement areas for both individuals and the teams as a whole. Three ‘shops’ undertaken during 2014/15 resulted in the following outcomes:

2014/15 CSC Mystery Shopper results

Subject	Shop 1	Shop 2	Shop 3	Average
Dog Registration	89%	86%	-	87.5%
Property Enquiry with Rates Payment Options	-	-	96%	96.0%
LIM Application Enquiry	95%	73%	91%	86.3%
Overall Average				88.3%

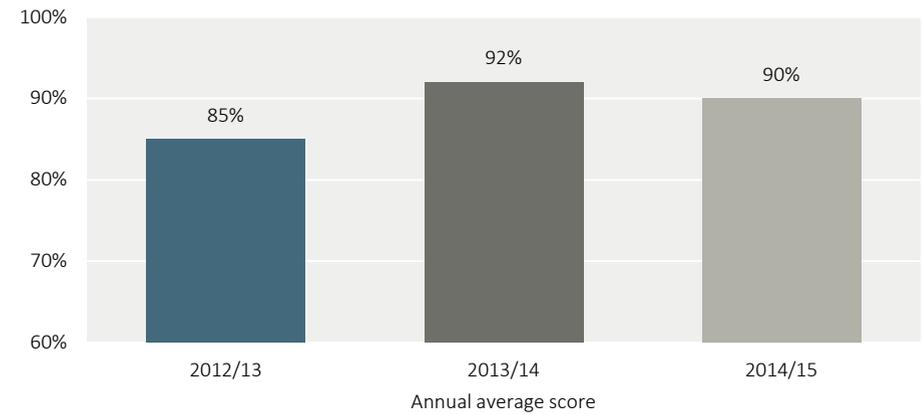
The minimum target is set at 80% with anything above 90% considered exceptional.

The overall average result in 2014/15 of 88.3% is an improvement over the 2013/14 result of 83.0%.

Contact Centre: Mystery Shopping

The results of mystery ‘shops’ in partnership with the Palmerston North City Council are outlined below. This venture represents an opportunity to share learnings and to benefit from the knowledge of others in the same business, whilst also minimising the on-going survey costs.

Contact Centre Mystery Shop Summary

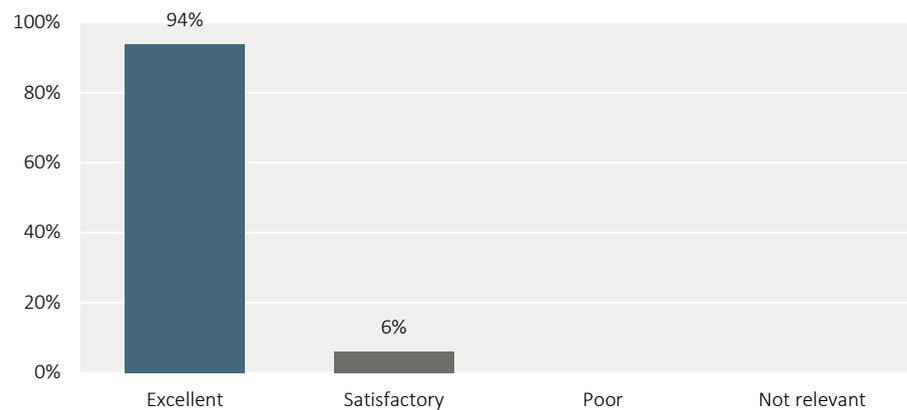


Water Service Requests

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

The results of the survey cards are discussed with the staff at regular 'tool box' meetings, which provide an opportunity to relay the positive comments received from the public and any issues that are identified. The results are extremely positive with 94% of respondents rating the service excellent and no customers completing the card marking an unsatisfied response.

Average results (May 2014 to May 2015)



Level Three: Smart Business

Asset improvement plans

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

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

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

Detailed performance

A THREE LEVEL FRAMEWORK

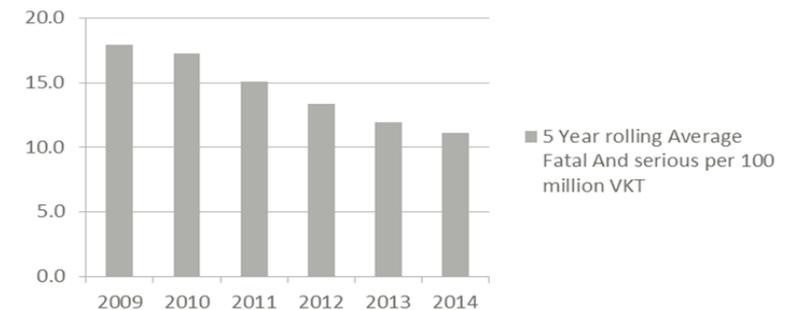
	Page	Indicator code
LEVEL ONE – FUTURE GOALS	17	FG01 – FG09
LEVEL TWO – TODAY’S PROMISES		
(A) Levels Of Service	19	LS01–LS59
(B) Customer Experience	27	CE01–CE13
(C) Key Actions	29	KA01–KA56
(D) LTP Submission Commitments	36	OC01–OC28
LEVEL THREE – SMART BUSINESS		
(A) Asset Improvement Plans	39	SB01–SB59

Level One – Future Goals

Water & Roads

Future goal	Baseline performance	Future target	Progress
FG01 Management of water demand.	Continue to maintain and implement a Water Conservation and Demand Management Strategy.	The strategy is in place and has been endorsed by the HBRC.	<ul style="list-style-type: none"> On track – the primary strategy is generic across the whole district. Council continues to progress the pressure reduction strategy and maintain a leak detection programme targeting network level improvements and individual issues as they arise.
FG02 Modal shift to walking/cycling.	9% of school and work journeys.	20% by 2020.	<ul style="list-style-type: none"> On track – this measure is under review to continue the monitoring which was put in place with the establishment of the iWay project.
FG03 Annual shift to walking and cycling.	8% per annum (school and work journeys).	8% per annum.	<ul style="list-style-type: none"> On track – this measure, put in place with the establishment of the iWay project, is under review.
FG04 Reduced death and serious injury on roads.	7.3 per 100 million vehicle kilometres travelled.	Reducing trend per 100 million vehicle kilometres travelled.	<ul style="list-style-type: none"> On track – a reducing trend has been achieved since 2009. This measure has been reviewed and now uses a five year rolling average that has been back calculated to 2009. Refer graph:

Five year rolling average fatal and serious per million vet



Water & Roads

Future goal	Baseline performance	Future target	Progress
FG05 Street lighting efficiency.	Installed wattage (2.6kw/km).	20% reduction by 2022.	<ul style="list-style-type: none"> On track – NZTA did not fund proposed streetlight upgrade programmes in previous years. For the 2015-2018 Long Term Plan, NZTA agreed to provide funding over the next ten years for an LED conversion programme. As part of this programme a central management system will be installed to control and monitor street light performance. The proposed programme will replace approximately 500 lights per year.

Safe, Healthy & Liveable Communities

Future goal	Baseline performance	Future target	Progress
FG06 Public buildings meet earthquake standards.	55.4% meet current standards.	100% meeting future legislative standards.	<ul style="list-style-type: none"> On track – 837 buildings (out of an initial 1,401) require a seismic risk assessment. 353 buildings are assessed as above the current statutory threshold. 43 buildings fall below the 34% threshold. Two of these are confirmed as earthquake-prone as defined under s.122 Building Act 2004. Final changes to building seismic performance standards as proposed in the Earthquake-prone Buildings Amendment Bill are yet to be announced by Government. The new legislation is likely to contain specific timeframes for completion of assessments.
FG07 Uncontrolled dog behaviour incidents.	60% of total complaints.	35% by 2013/14.	<ul style="list-style-type: none"> Achieved – 19.90% in 2014/15. Continuing to decline against the baseline. Note: Part of the improved performance is a result of more accurately analysing ‘uncontrolled dog’ and ‘controlled dog’ incidents.
FG08 Waste diversion rates.	20% waste diversion rate.	Improvement over baseline.	<ul style="list-style-type: none"> Substantially achieved – a diversion rate of 19.2% was achieved. This result is very close to the 20% target and within the margin of error of the calculation. A key assumption being the split between NCC and Hastings District Council of the total waste going to the landfill.
FG09 Declining tonnages to landfill.	72,000 tonnes.	68,000 tonnes by 2013.	<ul style="list-style-type: none"> Not achieved – waste to landfill decreased from 72,570 tonnes to 72,240 tonnes. This was a result of stronger than expect local economic activity.

Level Two – Today’s Promises

(A) LEVELS OF SERVICE

Water & Roads

Level of service	Achievement
Water Supply	
<p>LS01 100% compliance with NZ drinking water bacteria standards.</p>	<p>Substantially achieved</p> <ul style="list-style-type: none"> • Omahu (38 properties) – the Omahu source supply was deemed non-secure in 2013 which resulted in Hastings District Council implementing chlorination to maintain compliance. Further work is being implemented (reservoir storage) to ensure that the treatment process is complete prior to distribution to households. • Full compliance achieved for Hastings, Havelock North, Flaxmere, Clive, Haumoana, Te Awanga, Waimarama, Whakatu, Waipatiki, Waipatu, Parkhill and Paki Paki. • Whirinaki and Esk water supply – several transgressions in the distribution network were identified. This resulted in a comprehensive flushing programme and the installation of toby manifolds with backflow preventers to eliminate any untreated water from private supplies being inadvertently pumped back into the public supply via cross-connections. While the source of the low level contamination was not found, testing confirmed that the source water was clear and subsequent testing has confirmed that no further incidents have occurred within the reticulation. • Salt water intrusion – as a result of unusually high seas blocking the river mouth, salt water backed up the Esk River affecting the water supply. While this did not represent a risk to public health or result in any non-compliance, it highlighted the need to consider alternative sources even though this is the first time that an event of this type has happened. We are working with Napier City Council on options for a back-up connection to the Bay View supply. <p>Note: A transgression is where sensitive testing indicates there may be an issue within the supply, resulting in immediate action. If a transgression is identified, the original sample is enumerated, and follow-up testing is carried over a wider area. If there is a transgression, the enumeration is used to rule out or confirm the original finding. 3 days of clear readings are needed to rule out any contamination. A transgression is often found to be a sampling error. E.g. A sample bottle may become compromised, or wind born contaminants accidentally enter the sample. Therefore a supply can have a transgression but still remain compliant if the required procedures are followed.</p>

Water & Roads

Level of service	Achievement
LS02 100% compliance with resource consent conditions.	<ul style="list-style-type: none"> • Achieved – there were no non-compliances recorded during the year. The Hastings District Council and HBRC are working on methods for testing and verifying a number of existing water meters.

Urban Stormwater Drainage

LS03 100% compliance with resource consent conditions.	<ul style="list-style-type: none"> • Substantially achieved – Hawke’s Bay Regional Council has carried out compliance monitoring for the Havelock North and Te Awanga Detention dams, with a minor technical non-compliance being identified for the Lower Te Awanga Dam; where a formal maintenance and management plan was not submitted to HBRC. A minor technical non-compliance was identified in the Whakatu West stormwater compliance report, related to reporting of new developments. All other stormwater related consents achieved full compliance. • The 2014/15 Annual Compliance and Monitoring Report for the global stormwater consent has been submitted on time and full compliance with the consent conditions is expected.
---	--

LS04 No flooding of habitable dwellings in up to a one in 50 year event.	<ul style="list-style-type: none"> • Achieved – no dwellings were flooded in the past 12 months.
---	--

Sewage Collection, Treatment and Disposal

LS05 100% compliance with resource consent conditions.	<ul style="list-style-type: none"> • Substantially achieved – the discharge through the long offshore ocean outfall is showing no indication of any adverse effects beyond the mixing zone. Overall the compliance with the consent has been well achieved with only minor non-compliance with any of the conditions.
LS06 No wastewater events from routine operations.	<ul style="list-style-type: none"> • Achieved – there have been no major events related to routine wastewater operations, the contractor has performed within their KPI targets.

Roads and Footpaths

LS07 Less than 5% of roads exceed national rough ride limits.	<ul style="list-style-type: none"> • Achieved – 4.36% of roads exceed national rough ride limits.
LS08 Less than 3% of roads with condition poor or worse.	<ul style="list-style-type: none"> • Achieved – currently 2.6% classified poor or worse.
LS09 Less than 1km of footpaths classified poor or worse.	<ul style="list-style-type: none"> • Not achieved – based on outstanding maintenance work, 2.8km of Hastings 450 kilometres of footpaths are currently classified as poor or worse.

Water & Roads

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

Safe, Healthy & Liveable Communities

Level of service	Achievement
Maintain and Enhance Public Health and Safety	
LS11 A refuse transfer station open seven days a week.	<ul style="list-style-type: none"> • Achieved – the refuse transfer station was open and operational seven days a week, excluding Christmas Day, New Year's Day and Good Friday. Due to a WorkSafe directive, the Henderson Road Refuse Transfer Site was closed temporarily for a few hours on two occasions following 'fall from height' accidents.
LS12 Two recycling depots (24 hour service at Martin Place).	<ul style="list-style-type: none"> • Achieved – the recycling depots were open and operational seven days a week, excluding Christmas Day, New Year's Day and Good Friday at the Henderson Road facility.
LS13 One Landfill (limited weekend opening).	<ul style="list-style-type: none"> • Achieved – the Omarunui Landfill was open and operational five days a week (Monday to Friday) and a limited number of Saturdays. The facility does not open on Christmas Day, New Year's Day and Good Friday.
LS14 Weekly kerbside refuse and recycling servicing 92% of urban dwellings.	<ul style="list-style-type: none"> • Achieved – all urban dwellings within the collection zones received a weekly refuse and recycling service. New collection contracts have commenced and the collection zones were reviewed. A participation survey is now being undertaken as part of the 'Waste Futures' project.
LS15 100% compliance with Landfill consent conditions.	<ul style="list-style-type: none"> • Achieved – no abatement notices were issued • Roys Hill closed landfill – the Hawke's Bay Regional Council (HBRC) state that the capped area of the landfill is in good condition and that excellent work continues to be carried out on the landscaping of the site. HBRC and Hastings District Council (HDC) are in the process of reaching formal agreement on groundwater trigger levels for the site. In this regard the Hastings District Council have made an application to the HBRC to change the conditions of the existing consent. • Omarunui landfill – the Hawke's Bay Regional Council states that the landfill continues to be very well managed. Revised surface water trigger levels have now been approved by the regional council. Groundwater and tell-tale trigger levels are still being decided upon.

Safe, Healthy & Liveable Communities

Level of service	Achievement
LS16 95% of food premises have an excellent or very good grading.	<ul style="list-style-type: none"> • Achieved – currently 100% of food premises have an excellent or very good grading.
LS17 98% compliance with swimming pool fencing regulations.	<ul style="list-style-type: none"> • Achieved – 99% compliance with Swimming Pool Fencing Act in 2014/15.
LS18 Four cemeteries at Hastings, Havelock North, Puketapu and Mangaroa.	<ul style="list-style-type: none"> • Achieved – additional capacity at Havelock North and Hastings cemeteries also previously established.
LS19 A crematorium meeting resource consent conditions.	<ul style="list-style-type: none"> • Achieved – all consent conditions met.
LS20 95% of current buildings with current warrant of fitness.	<ul style="list-style-type: none"> • Achieved – 100% of Council buildings with current warrant of fitness.

Manage the use of Land

LS21 A District Plan current at all times within statutory timeframes.	<ul style="list-style-type: none"> • Achieved – current Hastings District Plan (2003) is operative, with Proposed District Plan to be presented to Council in August 2015 for ratification and public notification in September 2015.
LS22 Monitoring of two District Plan issues per year.	<ul style="list-style-type: none"> • Not yet measured – this measure is not currently applicable as the District Plan has been under review during this time frame. Notification of the Plan is scheduled for September 2015.

Reduce Public Nuisance and Threats to Public Safety

LS23 Dog pound with capacity for 32 dogs.	<ul style="list-style-type: none"> • Achieved – currently 34 including two outside enclosures. Currently refurbishing the Animal Welfare Centre, there will likely be a reduction in the number of pens but an increase in pen sizes. Additional exercise pens have been constructed.
LS24 95% dog registration rate of known dogs.	<ul style="list-style-type: none"> • Achieved – 98% achieved for the 2014/2015 year.
LS25 National Rural Fire audits are passed.	<ul style="list-style-type: none"> • Achieved – the Hastings District Council retained a <i>Satisfactory</i> rating following a review of the National Rural Fire Authority Performance Evaluation (PMEF).
LS26 15 minute response time to a national emergency warning.	<ul style="list-style-type: none"> • Achieved – Hastings Emergency Management meets this level of service.

Safe, Healthy & Liveable Communities

Level of service	Achievement
LS27 Four night time compliance operations on licensed premises per year.	<ul style="list-style-type: none"> • Achieved – nine night time compliance operations on licensed premises, which included 3 controlled purchase operations.
LS28 19 CCTV cameras.	<ul style="list-style-type: none"> • Achieved – 22 cameras currently on CCTV system, including the skate park cameras – an upgrade of the camera system is currently in progress.
Provide a Range of Accessible Social and Recreational Activity	
LS29 94% of urban property within 500m radius (walking distance) of a park.	<ul style="list-style-type: none"> • Substantially achieved – 93.5% of urban properties within a 500m radius of a park. The 2015-2025 Long Term Plan contains funding provision for additional park development to meet the target level of service.
LS30 56% of urban properties within 500m radius of a playground.	<ul style="list-style-type: none"> • Achieved – 56.8% of urban properties within a 500m radius of a playground. The 2015-2025 Long Term Plan contains funding provision for additional playground development to meet the target level of service.
LS31 Four public swimming pools that meet water quality standards.	<ul style="list-style-type: none"> • Achieved – all pools met Pool Safe water quality standards.
LS32 Three public libraries – six day service Flaxmere/ Havelock North, seven days Hastings.	<ul style="list-style-type: none"> • Achieved – opening hours as per stated level of service. Extended open hours to 7pm now also offered Monday and Wednesday at Flaxmere Library.
LS33 220 housing of the elderly units with 90% average occupancy.	<ul style="list-style-type: none"> • Achieved – the overall occupancy level for 2014/15 averaged 95%.
LS34 Art Gallery hosting 12 exhibitions per annum.	<ul style="list-style-type: none"> • Achieved – the Hastings City Art Gallery hosted 13 exhibitions across the three exhibition spaces in the 2014/15 financial year, and received 19,462 visitors.
LS35 Opera House retained at a five star Qualmark rating.	<ul style="list-style-type: none"> • Not achieved – the Opera House facility has been closed due to earthquake strengthening issues.
LS36 Indoor Sports Centre booked 40% of total available booking hours.	<ul style="list-style-type: none"> • Achieved – approximately 46% of total available booking hours were booked.
LS37 Splash Planet open from labour weekend to 31 March.	<ul style="list-style-type: none"> • Achieved against updated target – opening hours were from mid-November to Easter. (Note: the level of service statement within the Long Term Plan is subject to minor correction).

Economic and Community Development

Level of service	Achievement
Make Land Available for Industrial, Commercial and Residential Growth	
LS38 A minimum of 20% of industrial land is vacant.	<ul style="list-style-type: none"> • Substantially achieved – 19.6% of the zoned land is vacant (excluding Irongate and Omahu). Unserviced deferred industrial land is available at Irongate and can be developed once the 20% trigger for services uptake commitment is achieved. Omahu Road deferred zone is pending appeal.
LS39 A minimum of 20 hectares vacant greenfield land.	<ul style="list-style-type: none"> • Achieved – 45.3ha of un-subdivided greenfield land and 118 vacant sites are available at Arataki, Lyndhurst and Williams Street.
LS40 One significant strategy completed per annum.	<ul style="list-style-type: none"> • Not achieved – Draft Medium Density Housing Strategy 100% complete December 2013. Reporting to Council delayed pending clarity around Government proposals and shifting timeframe for RMA reform and affordable housing, land supply etc. No new strategies commenced in 2014-2015 pending District Plan Review.
LS41 One structure plan completed per annum.	<ul style="list-style-type: none"> • Partly achieved – Stage One Master Plan for Cape Coast completed November 2014 but Stage Two on hold pending Regional Coastal Strategy development. Progress on structure plan for Arataki Extension delayed pending odour assessment relating to Te Mata Mushrooms operation/expansion. Work progressed on Kaiapo Road and Lyndhurst Stage 2 Structure Plan review. Iona Road Structure Plan being advanced in case Arataki odour issues cannot be adequately mitigated.
Working With Partners to Grow Business and Jobs	
LS42 \$50,000 per annum funding support to Business Hawke’s Bay.	<ul style="list-style-type: none"> • Achieved against updated target – delivered as part of contract agreement with Business Hawke’s Bay. (Note: \$40,000 was the agreed value as per Council resolution and the adopted Long Term Plan). • Further \$60,000 was allocated to support Business Hawke’s Bay in the 2014/15 Annual Plan.
Support Visitor Attraction	
LS43 Top 10 Holiday Park maintained at Qualmark rating of 4 star plus.	<ul style="list-style-type: none"> • Achieved – retained current Qualmark rating of 4 star plus.
LS44 Splash Planet attracting 90,000 visitors per annum (45% visitors to Hastings).	<ul style="list-style-type: none"> • Achieved – 108,119 total visitation for the 2014/15 summer (48% visitors to Hastings).

Economic and Community Development

Level of service	Achievement
LS45 Total event support of \$75,000 per annum.	<ul style="list-style-type: none"> Achieved – total direct support for events in 2014/15 was \$105,000. This does not include indirect support, Contestable Grants funding or ANZAC Day support.
LS46 i-SITE visitor centre attracting 84,000 visits per annum.	<ul style="list-style-type: none"> Substantially achieved – in a challenging environment the Hastings i-SITE attracted 64,000 visits and the Havelock North i-SITE an additional 10,700 visitors in its second year of operation.

Develop Long Term Plans for Our Communities

LS47 One place based plan completed per annum.	<ul style="list-style-type: none"> Achieved – place plan for Havelock North consulted upon in second quarter of 2015, to be presented to Council for formal adoption in September 2015.
LS48 One social development strategy review completed per annum.	<ul style="list-style-type: none"> Achieved – Positive Ageing Strategy completed and Smoke free Policy in the submission hearing stage.
LS49 \$40,000 per annum for Hapu development planning.	<ul style="list-style-type: none"> Achieved – funding included in Long Term Plan 2012-22 and 2014/15 Annual Plan. Initiatives during 2014/15 included: <ul style="list-style-type: none"> Development of a Hapu Plan for Waipatu Marae and Kahuranaki initiated in June 2014 and scheduled to be completed during 2015/16 Memorandum of Understanding being produced to advance hapu planning based at Kohupatiki Marae MaraeFit Project initiated during 2014/15 to be completed by February 2017.

Governance and Support Services

Level of service	Achievement
Make Open, Inclusive and Effective Decisions	
LS50 74% level of community confidence in decision making.	<ul style="list-style-type: none"> Not yet measured – awaiting completion of major statutory planning exercises (District Plan and Long Term Plan 2015) and term of incoming Council.
LS51 47% community satisfaction with involvement in decision making.	<ul style="list-style-type: none"> Not yet measured – awaiting completion of major statutory planning exercises (District Plan and Long Term Plan 2015) and term of incoming Council.

Governance and Support Services

Level of service	Achievement
LS52 100% compliance with statutory planning processes.	<ul style="list-style-type: none"> • Achieved – no breaches of statutory planning processes during 2014/15.
LS53 Council and Committee agendas available within statutory timeframes.	<ul style="list-style-type: none"> • Achieved – 100% compliance with required timeframes.
Ensure Easy Access to Council Knowledge and Services	
LS54 Calls to Council’s main number always answered by a person.	<ul style="list-style-type: none"> • Achieved – all calls to Councils main number are directed to the first available person in the contact centre – if all agents are busy callers receive a recorded message and remain on hold until someone becomes available. 90.5% of calls are answered within 60 seconds.
LS55 Customer service centre open from Monday to Friday 8am to 5pm.	<ul style="list-style-type: none"> • Achieved – the Customer Service Centre continues to be open to the public every working day of the year.
LS56 80% of calls to Council’s main number answered within 20 seconds.	<ul style="list-style-type: none"> • Achieved – the contact centre exceeded the service level target by answering 82.55% of the 117,837 calls received in 2014/15 within 20 seconds.
LS57 Usage of Council’s website – 9,500 unique visitors per month.	<ul style="list-style-type: none"> • Achieved – the Council’s website received an average of 14,500 unique visitors per month, 53% over target.
Ensure Prudent Financial Management	
LS58 Complete Annual Report and audit within statutory timeframes.	<ul style="list-style-type: none"> • Achieved – an unmodified audit opinion was issued within statutory timeframes.
LS59 Budgets are set within Financial Strategy limits.	<ul style="list-style-type: none"> • Achieved – the 2015/16 budget and 2015-25 Long Term Plan were completed and approved by Council and set within the financial strategy limits.

Level Two – Today’s Promises

(B) CUSTOMER EXPERIENCE**Water & Roads**

What this measure tells us	Baseline performance	Future target	Progress
Water Supply			
CEO1 Unplanned interruptions to the water supply (per supply area).	Four or less per property per year, per supply area.	No change.	<ul style="list-style-type: none"> • Achieved – no more than four service interruptions per property per year.
CEO2 Number of taste and odour complaints.	Five or less per annum per scheme.	No change.	<ul style="list-style-type: none"> • Achieved – across the 10 water supplies within the Hastings District there were 12 complaints received in total that were directly related to taste and odour. Seven of these were for the Hastings supply (three were from one property and were unable to be linked to any issue with Council’s water supply). • During the reporting period, Whirinaki had a single saline intrusion event, one formal complaint was received on 31 May, and two complaints on 1 June. A letter drop and media release informed residents of the situation and that the water was safe to drink. A further 10 to 15 general enquiries were received by Council’s operations staff, with questions ranging from how long the event would last, to whether it was safe for bottle feeding babies to drink. The water was safe to drink but had a salty taste for approximately two days. Once the supply was flushed council was able to operate the water supply using unaffected reservoir water.
Source: Hastings District Council HANSEN			
Sewage Disposal			
CEO3 Loss of service complaints.	Four or less per property per year.	No change.	<ul style="list-style-type: none"> • Achieved – the target of four or less service complaints per property per year was not exceeded. There were a total of 206 complaints across the wastewater network during the year.
Roads and Footpaths			
CEO4 Number of street lighting complaints.	Limited to 150 per annum.	No change.	<ul style="list-style-type: none"> • Achieved – 125 complaints during the 2014/15 financial year.
CEO5 Cycling safety perception.	31% feel it’s safe.	42% by 2013.	<ul style="list-style-type: none"> • Achieved – 82% of those surveyed (February 2013) feel it is safe walking and cycling round the Hastings area. This measure is under review to continue the monitoring which was put in place with the establishment of the iWay project.

Safe, Healthy & Liveable Communities

What this measure tells us	Baseline performance	Future target	Progress
CEO6 Time taken to process a building consent.	100% within 20 working days.	No change (internal targets in place for low risk consents).	<ul style="list-style-type: none"> • Substantially achieved – 99.8% achieved within 20 working days in 2014/15.
CEO7 Time taken to process code of compliance.	89.4% within 10 working days.	100% by 2014/15.	<ul style="list-style-type: none"> • Substantially achieved – 94.66% within 10 working days; 96.93% within the statutory 20 working days.
CEO8 Time taken to process a non-notified resource consent.	97% within 20 working days.	100% (being monitored due to RMA changes).	<ul style="list-style-type: none"> • Achieved – 97% compliance achieved.
CEO9 Time taken to respond to noise complaints.	Zone 1 (20-30 minutes). Zone 2 (< 45 minutes).	No change.	<ul style="list-style-type: none"> • Substantially achieved – 95.2% achieved in Zone 1. • Substantially achieved – 95.2% achieved in Zone 2.
CE10 Parks user satisfaction.	88.8% satisfaction with parks.	At least 85%.	<ul style="list-style-type: none"> • Achieved – 97% overall satisfaction with parks as measured in Parkcheck 2014 survey.
CE11 Customer satisfaction with services.	Various by facility (new).	Above baseline.	<ul style="list-style-type: none"> • Achieved – see customer feedback section.
CE12 Quality of customer service (Customer Centre and Contact Centre).	Average score of 80% in mystery shopper visits and phone.	90% by 2012/13.	<ul style="list-style-type: none"> • Achieved – Contact Centre Average 90% (raw score range – high 100% to low 82%). • Substantially achieved – Customer Service Centre Average 88% (raw score range – high 96% to low 73%).
CE13 Quality of customer service (Customer Centre).	Interactive survey of customer centre users (new).	90% by 2012/13.	<ul style="list-style-type: none"> • Substantially achieved – 82% of customers in the building and planning surveys were satisfied with the speed of service, helpfulness and efficiency of customer service staff.

Level Two – Today’s Promises

(C) KEY ACTIONS**Water & Roads**

Key action	Achievement
Water Services	
KA01 Develop a long term strategy for the Brookvale bores.	<ul style="list-style-type: none"> • On track – a number of modelling solutions that exclude the Brookvale and Portsmouth Road bores have been developed, with funding to support the design solutions in the LTP. • The new Frimley Bore works are nearing completion. The program is on track to have the new bore running prior to 31 December 2015. This will enable the new bore to supplement supply to Flaxmere and enable the Portsmouth bore to become a back-up source as required by resource consent conditions. Once complete the new bore will allow the Eastbourne St bore field to be utilised as a partial solution to replacing the Brookvale Bores.
KA02 Complete enhancement works to Havelock North sewage system.	<ul style="list-style-type: none"> • On track – construction of the Havelock North relief sewer commenced and is progressing to plan. Works will be completed in the 2015/16 year along with commissioning to provide capacity for current and future needs.
KA03 Undertake wastewater system investigations and assessments to assist with renewals and key works planning.	<ul style="list-style-type: none"> • On track – network wide modelling project is advancing to programme and the model is functioning and being calibrated. Condition assessment CCTV works continue on renewals projects and to assist in forward works plan. Priority renewals are underway.
KA04 Implementation of the 2014 wastewater consent programme and achievement of a new long term discharge consent.	<ul style="list-style-type: none"> • Completed – a long term wastewater discharge consent was granted by the Hawke’s Bay Regional Council in July 2014 for a 35 year term.
KA05 Rollout of drinking water compliance programme.	<ul style="list-style-type: none"> • On track – the Water Safety Plan (WSP) for Hastings is in operation. Previously called PHRMP’s. • Where required, Water Safety Plans are in place, or have been submitted for approval to the regions Drinking Water Assessor (DWA) in accordance with the Health Act 1956 Drinking Water Amendment Act requirements.
KA06 Enhancements to Haumoana/Te Awanga water supply.	<ul style="list-style-type: none"> • On track – the Parkhill bore is operational and test results are showing that the bore field is likely to be a suitable replacement for the existing Haumoana and Te Awanga water supply bores, which have high Iron and Manganese levels. Detailed testing is showing that concerns around the Parkhill Supply having similar odour issues to Haumoana are isolated to a single property, and unlikely to be a water source issue. <p>The next stage, involving detailed hydraulic modelling, detailed bore design, establishing a trunk main down East Road and defining additional reservoir storage requirements, is now underway.</p>

Water & Roads

Key action	Achievement
KA07 Complete Havelock North stream investigations.	<ul style="list-style-type: none"> On track – stream bed erosion review and condition survey for the Herehere and Mangarau streams is complete and assessment of the remaining Havelock North streams is progressing in 2015/16. This information is being used to develop a prioritisation plan for vulnerable parts of the stream but also as a long term monitoring and stream condition assessment tool.
KA08 Rollout stormwater quality improvement programme.	<ul style="list-style-type: none"> On track – progress has been made on evaluating high risk industrial catchments within the urban network. These complex sub-catchments require detailed analysis and the support of industries to determine solutions and implement improvements.
KA09 Detention dam security investigations in Havelock North.	<ul style="list-style-type: none"> Completed – the Dam Safety Legislation is not proceeding and there is no longer a statutory compliance timeframe. Council will be continuing with plans to complete analysis of dam capacity and failure scenarios as this is considered to be prudent asset management practice.
Roads and Footpaths	
KA10 Rollout of mercury vapour lighting conversion programme.	<ul style="list-style-type: none"> On track – street light conversion programme has been suspended due to lack of matching subsidy from NZTA. For the 2015-2018 Long Term Plan, NZTA agreed to provide funding over the next 10 years for a LED conversion programme. As part of this programme a central management system will be installed to control and monitor street light performance. The proposed programme will replace approximately 500 lights per year.
KA11 Strengthen some key bridges to allow continued heavy vehicle access.	<ul style="list-style-type: none"> On track – detailed design of priority strengthening work is continuing.
KA12 Completion of approved walking and cycling projects.	<ul style="list-style-type: none"> Completed – 2012/15 walking and cycling programme approved projects are either completed or in progress.
KA13 Implement safety improvements on high risk rural routes and urban intersections.	<ul style="list-style-type: none"> On track – safety improvements on high risk rural roads and urban intersections are on-going.
KA14 A gradual escalation in road pavement renewals in both urban and rural areas.	<ul style="list-style-type: none"> Not on-track – renewal levels were suppressed due to lack of matching subsidy from NZTA. However in the 2015/18 LTP NZTA has recognised the need for increased investment.
KA15 Complete Whakatu Arterial Road investigations/consultation and if appropriate complete construction by 2016/17.	<ul style="list-style-type: none"> On track – designation of Whakatu arterial link is confirmed. Construction scheduled to start during the 2015/16 financial year.

Safe, Healthy & Liveable Communities

Key action	Achievement
KA16 Proposed District Plan notified for statutory submission process by 1 December 2013.	<ul style="list-style-type: none"> • Completed – proposed Hastings District Plan was notified for submissions on 9 November 2013.
KA17 Implement mobile inspection recording devices for building officers.	<ul style="list-style-type: none"> • Completed – completed and fully implemented.
KA18 Introduce a programme to promote construction of energy efficient homes.	<ul style="list-style-type: none"> • Substantially completed – the promotion of energy efficient homes continues through the Council-led sustainable residential development at Fitzroy on the Park.
KA19 Develop and implement a solar saver scheme for residential properties.	<ul style="list-style-type: none"> • Not on track – proposal on hold.
KA20 Implement a sustainable design and advisory and information service.	<ul style="list-style-type: none"> • Not on track – this role has not been funded.
KA21 Complete an assessment of possible exempt building work in 2012/13.	<ul style="list-style-type: none"> • Completed – further amendments have been made to the Building Act to extend the type of work exempt from requiring consent.
KA22 Creation of additional burial plots at Havelock North cemetery and purchase of new cemetery site by 2016/17.	<ul style="list-style-type: none"> • On track – creation of additional burial plots completed at Hastings and Havelock North cemetery. The purchase of a new cemetery site will be progressed in 2016/17.
KA23 Complete Flax Rock extension.	<ul style="list-style-type: none"> • Completed – the extended and upgraded Flaxmere Community Centre facility reopened in March 2014.
KA24 Reconfiguration of public library space by 2014/15.	<ul style="list-style-type: none"> • On track – reconfiguration of the Flaxmere Library completed 13/14 as part of the redevelopment of the Flaxmere Community Centre. First stage of reconfiguration of the Hastings library will be completed in August 2015.
KA25 Investigate opportunities for Kaupapa Māori research centre for contemporary art.	<ul style="list-style-type: none"> • Not on track – changed expectations – rather than establishing a Kaupapa Māori research centre for contemporary art, the Hastings City Art Gallery continues to programme for Māori audiences and artists, plus those interested in contemporary Māori art.
KA26 Complete development of Recreation and Open Space Strategy.	<ul style="list-style-type: none"> • On track – Sports ground Review reported in 2012. Reserves, Gateways and Routeway Enhancement Strategies in progress, for completion in 2016.
KA27 Complete enhancements on key reserves (Flaxmere and Havelock North Domain).	<ul style="list-style-type: none"> • On track – stage 1 Flaxmere Park enhancements complete, stage 2 underway with completion in late 2015. Meissner Reserve and playground in Arataki development area complete. Romanes Reserve and BMX track complete. Reserve Management Plan for Duart House and Gardens and Waimarama Reserves complete. Plans for Cape Coast, Havelock North Domain and Havelock North natural reserves in progress.

Safe, Healthy & Liveable Communities

Key action	Achievement
KA28 Implement sports fields' facility upgrades.	<ul style="list-style-type: none"> • On track – plan roll out of building upgrade programme now included in LTP. Pop up irrigation rollout underway with Anderson Park, Bill Mathewson Park and Romanes Drive Reserves completed. Upgrade of Flaxmere and Frimley Changing Rooms complete.
KA29 Complete planned toilet enhancements from Sanitary Services assessment.	<ul style="list-style-type: none"> • On track – new toilets at Haumoana/Te Awanga Beach, Windsor Park playground and Romanes Drive all completed by July 2015. Keirunga upgrade in progress.
KA30 Commence E-Waste service from 2012/13 and recycling drop off point trials in rural communities (firstly Maraekakaho and Tutira).	<ul style="list-style-type: none"> • Completed – recycling drop off centres have been established and are operating on a trial basis at both Maraekakaho and Tutira for a 12 month period. Further rollout of rural recycling drop-off points in progress. Full E-waste recycling service now offered in partnership with Sustaining Hawke's Bay Trust Environment Centre. Participated in the National TV Takeback programme between October 2014 and February 2015, resulting in 11,500 TV collected for recycling.
KA31 Introduce joint kerbside refuse collection and recycling contract with Napier City in 2013.	<ul style="list-style-type: none"> • Completed – new Joint contracts have been tendered and awarded. Start date for the contracts was 1 May 2013.
KA32 Maximise gas extraction at Omarunui landfill to minimise ETS obligation.	<ul style="list-style-type: none"> • Completed – nine new horizontal gas wells have been installed in Area D of the landfill in addition to the existing vertical wells. These wells have now been connected to the Area A Gas System and Flare. As a result the methane composition of the captured gas has increased from 40% to 65% and the flow has increased from around 200m³ to 600m³ per hour.
KA33 Provision of community education programmes on waste minimisation.	<ul style="list-style-type: none"> • On track – waste minimisation programmes provided include: educational information being promoted community wide, 12 worm farm and composting workshops, Paper4Trees in 65 educational facilities, Kids 4 Drama delivered performance to 12 Hastings Schools, 48 waste tours provided to school groups and the annual hazardous waste collection held.
KA34 Implement possible extension to dog pound (pending new legislation).	<ul style="list-style-type: none"> • Completed – with the refurbishment of the existing dog pound, kennel sizes have been increased to accommodate extra-large dogs and dogs on long term stay pending the owner being prosecuted. The increase in pen size is favourable with the Animal Welfare Codes of best practise.
KA35 Civic Square redevelopment project ready for construction by 2014/15.	<ul style="list-style-type: none"> • Not on track – on 23 April 2015 Council resolved to establish a project structure to facilitate the process to effectively consult with the community on appropriate strengthening options for the Hawke's Bay Opera House Complex (HBOH), and the consequential impacts and decisions for other Hastings CBD investment, including the redevelopment of Civic Square as outlined in the 2015-25 Long Term Plan. The Civic Square Redevelopment Project is therefore on hold pending the outcomes of this process.

Safe, Healthy & Liveable Communities

Key action	Achievement
KA36 Rollout of additional emergency centres and community response plans.	<ul style="list-style-type: none"> • On track – Civil Defence centres have been established with Hukarere College, Lindisfarne, St John Church, Maraekakaho Hall, Hastings Sports Centre, Havelock North Function Centre, Haumoana School, Church of Latter Day Saints, and Elwood Park. Civil Defence centre agreements are being reviewed. • On track – Community contingency plans are being prepared for Clive, Cape Coast, Whakatu, and Waimarama/Ocean Beach. Community contingency plans have been partially completed for Waipatiki and Whirinaki.
KA37 Investigate carbon reporting toolkit.	<ul style="list-style-type: none"> • On track – officers have assessed one product to date, which was determined as unsuitable for the Council. The Council is using an energy data management system called ebench to monitor electricity and gas usage and associated costs.

Economic & Community Development

Key action	Achievement
KA38 Develop a regional migration strategy.	<ul style="list-style-type: none"> • On track – Council is contributing staff and financial resource with other councils and regional stakeholders to the development of a Hawke's Bay Regional Economic Development Strategy. The draft strategy is due to be released in October 2015.
KA39 Assist with development of an E-Commerce business centre.	<ul style="list-style-type: none"> • Completed – Business Hawke's Bay which is partially funded by Council has established a business hub in Napier. Key agencies including New Zealand Trade and Enterprise and Chamber of Commerce are situated in the Hub. The Hub provides a central first point of contact for business related enquiries for the Region. Council leases a desk at the Hub.
KA40 Support industrial land uptake at Irongate and Whakatu.	<ul style="list-style-type: none"> • On track – Council has prepared and presented business pitches for uptake of industrial land at Irongate, Whakatu and Tomoana in partnership with other interests. A substantial processing development is nearing completion at Tomoana. There is investor interest in developments in the other industrial areas. Council will publish a generic industrial business case in October 2015 under the Great Things Grow Here brand to support marketing activity.
KA41 Implementation of China action plan.	<ul style="list-style-type: none"> • On track – Council has contracted a China Business Specialist to assist with development of internal business systems to support delivery of The China Action Plan and co-ordinate Council hosting of China Delegations locally and Overseas Missions which Council enables and supports.
KA42 Development of national flight training school.	<ul style="list-style-type: none"> • On track – Council is leading the establishment of Education Hawke's Bay, a conglomeration of local education and training providers including Air Hawke's Bay to market Hawke's Bay and increase the number of foreign students in the region.

Economic & Community Development

Key action	Achievement
<p>KA43 Hastings CBD Hotel – Business case development.</p>	<ul style="list-style-type: none"> • On track – Council is working through a process (including public consultation) to determine its future investment strategy for the Hawke’s Bay Opera House, Hastings Civic Square Redevelopment and participation (if any) in development of hotel accommodation in or around the central business district.
<p>KA44 Progress of various youth futures programmes.</p>	<ul style="list-style-type: none"> • Completed – Council’s adopted Youth Development approach from March 2014 is now being implemented and a Social & Youth Development Team Leader and Youth Potential Coordinator employed. Projects targeted to Youth Potential and Youth Development outcomes are currently in implementation.
<p>KA45 Implementation of Heretaunga Plains Urban Development Strategy sub strategies.</p>	<ul style="list-style-type: none"> • Substantially completed – draft Medium Density Housing Strategy 100% complete December 2013. Reporting to Council delayed pending clarity around Government proposals and shifting timeframe for RMA reform and affordable housing, land supply etc. District Plan Review substantially completed. No new strategies commenced in 2014-2015 pending District Plan Review and HPUDS review 2015/2016.
<p>KA46 Development of place based plans for Haumoana/Te Awanga, Waimarama, Havelock North and Hastings CBD.</p>	<ul style="list-style-type: none"> • Completed – CBD, Te Awanga and Waimarama all adopted. Havelock North to be adopted by Council in September 2015.
<p>KA47 Support the completion of Hapu development plans.</p>	<ul style="list-style-type: none"> • On Track – funding included in Long Term Plan 2012-22 and 2014/15 Annual Plan. Initiatives during 2014/15 included: <ul style="list-style-type: none"> • Development of a Hapu Plan for Waipatu Marae and Kahuranaki initiated in June 2014 and scheduled to be completed during 2015/16. • Memorandum of Understanding being produced to advance hapu planning based at Kohupatiki Marae. • MaraeFit Project initiated during 2014/15 to be completed by February 2017.
<p>KA48 Review Council’s Positive Ageing Strategy.</p>	<ul style="list-style-type: none"> • Completed – Positive Ageing Strategy received by Social Development Subcommittee 9 July 2014.
<p>KA49 Investigate development of economic and social monitor report.</p>	<ul style="list-style-type: none"> • Completed – quarterly activity reporting in place to Council.

Governance & Support Services

Key action	Achievement
KA50 Increase customer self-help options and online payment options via the Council website and other social networking tools.	<ul style="list-style-type: none"> • Completed – a new property viewer enabling customers to access the public records contained within Council’s property files from their homes and offices has been launched. A number of customers were involved in a trial prior to launch and all have been very positive about the facility. The range of payment options available online is about to be expanded with the addition of a range of applications. It is notable that the online dog registration payments have grown significantly from 25% to 45% for the current registration period. Continued expansion and enhancement of the online customer experience is an on-going initiative.
KA51 Minimising customer wait times.	<ul style="list-style-type: none"> • Substantially completed – on average 478 calls are received by the contact centre every day. The average wait time for callers is 12 seconds, with 82.5% answered within 20 seconds. In the front of house area it is difficult to accurately measure wait times, however survey feedback indicates customers are happy with the speed of service they receive.
KA52 Reduce the environmental impact of Council’s vehicle fleet.	<ul style="list-style-type: none"> • Substantially completed – Council operates a centralised replacement programme that focuses on selecting the most appropriate vehicle for the intended use. This includes selecting vehicles that provide the optimum fuel economy and level of emissions for the capability needed. Hybrid vehicles are selected where this criteria is met. The fleet currently includes two hybrid vehicles.
KA53 Improve IT connection speed with remote Council offices.	<ul style="list-style-type: none"> • Completed – 50% improvement in speed to Parks Business Unit and 40% improvement in speed to Havelock North library.
KA54 Further development of Council’s Geographic Information System (GIS).	<ul style="list-style-type: none"> • Completed – upgrade completed to new solution resulting in external maps being produced faster and with a more reliable connection.
KA55 Investigate establishment of a joint planning committee with mana whenua for water (similar to joint Wastewater Committee).	<ul style="list-style-type: none"> • Completed – investigation identified that at present, given that the majority of issues related to water are the responsibility of the Hawke’s Bay Regional Council, that this was not likely to provide a meaningful opportunity for mana whenua input.
KA56 Develop corporate wide customer experience measurement programme.	<ul style="list-style-type: none"> • Substantially completed – surveys are being targeted at users of Council services. Although a feedback section has been made available on the Hastings District Council website to provide citizens with a forum to give specific or general feedback, the facility is not widely used. Other tools such as mystery shopper, customer call backs, survey cards and targeted surveys have been rolled out. A Citizen’s Panel has also been formed to provide regular comment in relation to key issues in the district. The latest initiative further expands the range of mediums by which Council gathers feedback from customers.

(D) LONG TERM PLAN SUBMISSION COMMITMENTS

Action	Progress report	
OC01	HDC, Clifton Reserve Society and HBRC work together and report back to Council on the protection of access to the Clifton boat ramp.	<ul style="list-style-type: none"> • Completed – initial investigations into boat ramp issues commenced in January 2013. Consultation was undertaken via the 2013/14 Annual Plan on this matter. On-going work is being undertaken with the Society on the erosion issue. Resource consent was obtained and work completed on the installation of a temporary solution (short revetment to provide time for implementation of a long term plan).
OC02	Opportunities for the region in promoting the horse riding offering to be raised by the Mayor at a Regional Forum.	<ul style="list-style-type: none"> • Completed – has been discussed, with the view being that sufficient opportunity exists with the investment in new recreational routes in Hawke’s Bay.
OC03	Report to Council by 30 November 2012 on planning for the Fluoridation Referendum.	<ul style="list-style-type: none"> • Completed – report presented to 13 December 2012 Council meeting and resolutions passed by Council outlining the approach to the referendum.
OC04	Officers to check that CBD toilet opening times are consistent with the inner city bus timetable.	<ul style="list-style-type: none"> • Completed – while the main Hastings CBD toilets are open daily from 7.00am to 7.30 pm, the disabled toilet is left open 24 hours a day to services bus patrons. All toilet opening times now listed on Hastings District Council website.
OC05	Officers to bring back a masterplan for Romanes Drive in August 2012.	<ul style="list-style-type: none"> • Completed – master plan for use of Romanes Drive reserve for dirt bike track and junior football approved by Council. Work now complete.
OC06	Officers to check that the design standard is appropriate for pedestrian cut-downs.	<ul style="list-style-type: none"> • Completed – the design standard for pedestrian cut-downs is specified in Council’s approved Engineering Code of Practice. The standard is based on industry best practice.
OC07	Officers to add Haumoana Road to the network deficiency register to ensure it is monitored.	<ul style="list-style-type: none"> • Completed – Haumoana Road added to register and monitored. Investigation, design and estimates for Haumoana Road footpath completed.
OC08	Officers to start a register of interested parties who could make productive use of felled trees.	<ul style="list-style-type: none"> • Completed – officers have commenced a register of community groups interested in the use of felled trees. Community groups have been allocated trees for firewood supply to elderly.
OC09	A Council transportation workshop is held once NZTA funding approvals are known.	<ul style="list-style-type: none"> • Completed – workshops have been held with Council and the Rural Community Board and the 2013/14 Annual Plan outlines the Councils decisions in respect of managing the funding shortfall as a result of reduced funding approvals from NZTA.
OC10	Consider pedestrian crossing provision as part of the Flaxmere Park and village centre development.	<ul style="list-style-type: none"> • On track – planning for the proposed Flaxmere CBD Plan recognises the need to make a strong connection between the town centre and Flaxmere Park. It is intended that a strong pedestrian connection will be designed and implemented once the CBD development progresses.
OC11	Consider relocation of names of non- World War One fallen soldiers from the library to the Cenotaph.	<ul style="list-style-type: none"> • Not on track – this was to be incorporated into the design for the redevelopment of Civic Square. The Civic Square Redevelopment Project is currently on hold pending the outcomes of a wider community engagement process on CBD development and priorities.

Action	Progress report
OC12 A place based plan for Haumoana/Te Awanga is commenced by 30 June 2013.	<ul style="list-style-type: none"> • Completed – plan adopted in March 2014.
OC13 Additional funding support for Marae Development is referred to the HDC: Māori Joint Committee for a strategic approach and further consideration.	<ul style="list-style-type: none"> • Completed – policy for Marae development fund revised. Report on collaborative approach to up-grade Marae for Hastings Matatini submitted to Māori Joint Committee in May 2014.
OC14 That a statement on working together on the HB Regional Sports and Active Recreation Strategy is included in the LTP and that local authorities liaise with Sport HB on the development of a Regional Cycling Strategy.	<ul style="list-style-type: none"> • Completed – Long Term Plan 2012/22 adopted with amended statement included. A workshop for HDC, NCC and HBRC councillors and a variety of other interested groups and businesses has been held in Hastings, and arising from that a new Regional Cycling Strategy is now under consultation.
OC15 Progress a Place Based Plan for Waimarama and integrate with the Reserve Management Plan process.	<ul style="list-style-type: none"> • Completed – Public consultation has been completed. Waimarama Plan adopted in August 2013. Work Undertaken in close collaboration with the Reserve Management Plan process. The Reserve Management Plan adopted by Council 2015 and actions contained therein have commenced.
OC16 Officers to make arrangements for the Children’s Commissioner to present to Council.	<ul style="list-style-type: none"> • Completed – the Children’s Commissioner, Dr Russell Wills presented to Council on 18 April 2013.
OC17 Request Quotable Value NZ to review its valuations for properties in the new Irongate Industrial area.	<ul style="list-style-type: none"> • Completed – work has been completed. No changes were made and a response has been provided to the affected parties.
OC18 The Rating Review Working Party reviews the treatment of lifestyle blocks in DRA2 as part of its work programme and introduces any changes in 2013/14.	<ul style="list-style-type: none"> • Completed – Council approved changes on 31 January 2013 and these were consulted on and adopted in the 2013/14 Annual Plan.
OC19 The Rating Review Working Party reviews the classification of new residential sectors in 2012/13.	<ul style="list-style-type: none"> • Completed – the Clive residential area has been reviewed and changes were approved by Council on 31 January 2013. These were consulted on and adopted in the 2013/14 Annual Plan. No further changes were recommended by the RRWP in relation to other residential areas.
OC20 Officers to prepare a detailed business case for the establishment of a Parks CCTO for Council consideration.	<ul style="list-style-type: none"> • On track – officers in conjunction with the Parks Services Delivery Unit Establishment Board have considered this matter. The Parks Service Delivery Unit Establishment board has been very successful in achieving significant efficiencies without having to establish a CCTO. The board and officers have reviewed the business case for a CCTO but it has been agreed that at this stage that the business case does not support the establishment of a CCTO.

Action	Progress report
<p>OC21 The CE looks to absorb the \$53,345 whole of district unrecovered capital cost for the Waipatiki Water Supply from within the 2011/12 budget.</p>	<ul style="list-style-type: none"> • Completed – \$53,345 was allocated from the 2011/12 rating surplus to repay Waipatiki debt.
<p>OC22 That \$40,000 for a sealed parking area on Te Mata Park at the top of Tauroa Road is referred to the 2011/12 surplus for funding consideration.</p>	<ul style="list-style-type: none"> • Completed – enlarged Car park area completed in October 2014, to be sealed in 2015.
<p>OC23 Further consideration of the Waimarama Seawall targeted rate is referred to the Rating Review Committee prior to the draft Annual Plan 2013/14.</p>	<ul style="list-style-type: none"> • Completed – Council approved on 31 January 2013 that a change from a land value basis to a per property basis be included in the draft 2013/14 Annual Plan and consulted on. The proposal was subsequently adopted by Council.
<p>OC24 Officers work as soon as possible toward a regional forum on GMO to be led by Hastings District Council.</p>	<ul style="list-style-type: none"> • Completed – Regional Forum held October 2012. Outcome of the forum has flowed into Draft District Plan.
<p>OC25 Officers undertake an occupancy survey in Cunningham Crescent and to report back to Council.</p>	<ul style="list-style-type: none"> • Completed – survey completed and Council provided with a report on the outcomes. Decision taken not to provide additional carparks.
<p>OC26 Officers to report back to Council on oil exploration/hydraulic fracturing once the Parliamentary Commissioner for the Environment report has been made to Parliament.</p>	<ul style="list-style-type: none"> • Completed – the preliminary report by the Commissioner was released November 2012 with the final report released in June 2014. Rather than a report to Council, a public Oil and Gas Exploration Symposium was hosted by Hastings District Council at the Hawke’s Bay Opera House in October 2013, with all Councillors invited to attend. Speakers were arranged from both within the Oil & Gas industry and those opposed to oil exploration/hydraulic fracturing on environmental grounds. Independent experts from GNS and the Parliamentary Commissioner for the Environment also spoke. In February 2014 relevant officers and the Mayor went on an oil and gas fact finding trip to Taranaki. Hawke’s Bay Regional Council recently announced that they are to fund further investigation on this issue.
<p>OC27 A working group on Haumoana coastal hazards is formed and reports back to Council by June 2014, and that a framework for interim reporting back to Council is developed.</p>	<ul style="list-style-type: none"> • Completed – Council has now agreed to progress a ‘Hawke’s Bay regional coastal strategy’ in conjunction with the Hawke’s Bay Regional Council and the Napier City Council. This was committed to following the ‘Komar’ report on the impacts of climate change on coastal processes and erosion in Hawke’s Bay and in response to submissions made to the Annual Plan.
<p>OC28 Council has had discussions with Napier City in the first instance on the future strategic direction of the HB Airport.</p>	<ul style="list-style-type: none"> • Completed – Council officers and Mayors of Hastings District Council and NCC have considered this issue and have forwarded a letter to the Chairman of Hawke’s Bay Airport responding to the draft airport master plan and providing the Board with the Local Councils view on the strategic direction.

Level Three – Smart Business

(A) ASSET IMPROVEMENT PLANS

Roading

Improvement action		Achievement
High priority items below		
SB01	Asset condition data collection improvement programme.	<ul style="list-style-type: none"> • On track – a programme of rolling surveys collects manual road condition ratings of urban and rural carriageways, footpath and surface water channels; Pavement strength data collection surveys target rural pavements regarding pavement strength; Standard roughness surveys collect carriageway roughness data for the urban network; High speed road condition surveys collect data on rutting, roughness, and skid resistance.
SB02	Complete programme of strategic corridor studies to support growth, embargo areas and identify optimisation opportunities.	<ul style="list-style-type: none"> • On track – Pakowhai CMP completed, Hastings Area Wide study Completed, Simla – Te Mata Peak Road CMP underway.
SB03	Complete survey of night-time light levels and consult with Council regarding lighting levels of service.	<ul style="list-style-type: none"> • On track – survey completed – refer items FG05 and KA10.
SB04	Improve as-built data collection accuracy for capital works undertaken via network maintenance contracts.	<ul style="list-style-type: none"> • On track – a process is in place to check, verify and enter data into the Rooding Asset Management database. If verification picks up any uncertainties in the data supplied, the contracts manager and contractor are asked to verify and confirm. Where required on-site auditing may also be undertaken.
SB05	Create a register and survey of quarries and aggregate sources owned and operated by Council.	<ul style="list-style-type: none"> • Completed – quarry register in place in Asset management system.
SB06	Complete bridge strengthening strategy.	<ul style="list-style-type: none"> • Completed – strategy finalised in March 2013.

Improvement action	Achievement
High priority items below	
SB07 Prepare individual bridge management plans for significant structures.	<ul style="list-style-type: none"> • On track – Black Bridge management plan completed. Chesterhope, Redcliffe and Red bridges are planned to be completed as part of the next LTP 2018-28.
SB08 Undertake seismic screening of the bridge stock and detailed seismic assessments of critical high risk structures. Develop and consult with Council on a bridge seismic risk response plan.	<ul style="list-style-type: none"> • On track – seismic screening of bridge stock has been completed and detailed seismic assessments are progressing.
SB09 Review and improve level of service and performance measures.	<ul style="list-style-type: none"> • On hold – implementation of One Network Rooding Classification (ONRC) to commence during 2015-18 LTP.
SB10 Complete external independent audit of RAMM asset management system.	<ul style="list-style-type: none"> • On hold – pending RAMM development priorities and system changes due to ONRC implementation.
SB11 Develop and implement an integrated capital project co-ordination and planning system to ensure works co-ordination and cross asset implementation.	<ul style="list-style-type: none"> • On hold – awaiting conclusion of cross-council asset management systems review decision.
SB12 Improve integration of long and short term programming by making long term programme available to contractors on site.	<ul style="list-style-type: none"> • Completed – long term programme is now accessible to the contractors on their mobile field devices.
SB13 Undertake travel demand management study and develop long term strategy.	<ul style="list-style-type: none"> • Substantially complete – pending report to Council.
SB14 Undertake heavy transport management study and develop long term strategy.	<ul style="list-style-type: none"> • Substantially complete – pending report to Council.
SB15 Update the Transportation Policy Manual. Priority updates to include the AC surfacing policy and seal extension policy.	<ul style="list-style-type: none"> • On-going – policy review is on-going.

Solid Waste Services

Improvement action	Achievement
SB16 HDC will monitor the need to extend refuse and recycling services to outlying settlement areas. Levels of service provided would vary depending on geographical location and proximity to Hastings City.	<ul style="list-style-type: none"> • On track – rural Recycling Services are being established in six communities over the 2015/16 financial year. Establishment costs are covered by the Hastings District Council Waste Disposal Levy fund and servicing costs will be covered by a component of the Community & Resource Management Rural Rate. Extension of kerbside services is being considered.
SB17 Investigate the provision of access to kerbside recycling for educational facilities through a targeted rate.	<ul style="list-style-type: none"> • New improvement action – this will be considered under the wider ‘Waste Futures’ project as a potential diversion tool. The outcome of the ‘Waste Futures’ project will be known sometime during the 2015/16 year.
SB18 The Councils will investigate access to kerbside recycling for CBD businesses through a targeted rate.	<ul style="list-style-type: none"> • New improvement action – this will be considered under the wider ‘Waste Futures’ project as a potential diversion tool. The outcome of the ‘Waste Futures’ project will be known sometime during the 2015/16 year.
SB19 Continue to support green waste/organic waste diversion and monitor the impact of green waste collection services.	<ul style="list-style-type: none"> • On track – processed green waste from the Henderson Road refuse transfer station decreased from 2,730 tonnes to 2,461 tonnes in the 2014/15 year. New composting and organic waste diversion initiatives will be considered as part of the ‘Waste Futures’ project. The outcome of the ‘Waste Futures’ project will be known sometime during the 2015/16 year.
SB20 Assess service delivery options as part of a potential joint kerbside contract between Hastings District Council and NCC prior to 2013.	<ul style="list-style-type: none"> • Completed – options were assessed and it was jointly (HDC/NCC) decided to award the contracts on a status quo basis of methodology.
SB21 Investigate the provision of an E-Waste Recycling service.	<ul style="list-style-type: none"> • On track – an agreement with the Hawke’s Bay Environment Centre now exists and 5000 E-Waste items were recycled in 2014/15. Henderson Road Recycling Centre also collected and recycled 36 pallets of TVs recycled during this time.
SB22 Monitor the effectiveness of the installed public place recycling bins with the view to install further bins at key locations, funded through the levy.	<ul style="list-style-type: none"> • On track – a further four public place recycling bins have been installed. Each recycling bin contents continues to be surveyed and data supplied to Love NZ.
SB23 Improvement options for the Martin Place and Henderson Road recycling depots are to be investigated. This is in response to the growing demand and a need to control the recycling process.	<ul style="list-style-type: none"> • On track – major improvements at Martin Place are currently on hold while the future of the former Nimon’s site is determined, as this site could form part of a suitable long term solution. Two shipping container recycling bins have been installed and have generated savings of \$20,000 in servicing efficiencies.

Parks & Reserves

Improvement action		Achievement
High priority items below		
SB24	Develop Park Asset resource capability and capacity.	<ul style="list-style-type: none"> • Completed – restructuring of Parks planning and operational areas completed and implemented. Improved resources for operational, project delivery and asset management planning.
SB25	Change to contracting model.	<ul style="list-style-type: none"> • On track – improved and more cost effective methods of service delivery across all parks operations under on-going refinement. Use of RAMM contractor in 2015 will enhance move to a more contract based system.
SB26	Improvement in data collection and management.	<ul style="list-style-type: none"> • On track – review of asset management systems has led to adopting use of RAMM database to inform park asset planning and budgeting. Improved collection regimes being instigated.
SB27	Review of parks assets assessment processes.	<ul style="list-style-type: none"> • On track – reviewed service levels on park elements including trees, playgrounds and gardens assets included in Parks Maintenance Group Service level agreement (SLA) and subject to on-going review.
SB28	Integrated management of maintenance and renewal elements of the parks asset area.	<ul style="list-style-type: none"> • On track – reviews undertaken and relationship between the maintenance and renewal spend is integrated into 2015/25 LTP with further refinement planned for the 2018/28 LTP.

Buildings & Facilities

Improvement action		Achievement
High priority items below		
SB29	Complete Document Review against AM policy review.	<ul style="list-style-type: none"> • On track – work currently progressing.
SB30	Complete Earthquake Assessment Programme.	<ul style="list-style-type: none"> • Completed – upgrade programme of physical work included in LTP.
SB31	Update shared management and service level agreements on facilities.	<ul style="list-style-type: none"> • Completed – service level agreements on facilities finalised.
SB32	Council to compile a corporate buildings risk policy.	<ul style="list-style-type: none"> • On hold – awaiting policy completion.
SB33	Perform a formal risk assessment process across the building area.	<ul style="list-style-type: none"> • On hold – dependant on completion of Council's Corporate Policy.
SB34	Complete a needs assessment across the building portfolio to assist with future renewal and disposal planning.	<ul style="list-style-type: none"> • On track – work progressing and on target for completion and integration into 2018/28 LTP.

Wastewater

Improvement action	Achievement
WASTEWATER – high priority items below	
SB35 Review asset condition and remaining life.	<ul style="list-style-type: none"> • On track – with CCTV Assessment and physical inspection on several key reticulation pipelines.
SB36 Confirm major renewal requirements – Frimley Interceptor, Trunk Mains, Ocean Outfall.	<ul style="list-style-type: none"> • On track – condition assessments on all three assets are underway. Priority renewals were undertaken in 2013/14 and 2014/15. Long term programme extent, timing and budgets have been included in the 2015/25 Long Term Plan.
SB37 Confirm requirements for new capital items – Havelock North Sewer, Napier Road, Northern Catchment Study.	<ul style="list-style-type: none"> • On track – investigations completed and Napier Road budget approved for 2014/15 and 2015/16. Other related project timing and budgets have been included in the 2015/25 Long Term Plan.
SB38 Development of wastewater network system model.	<ul style="list-style-type: none"> • On track – network wide modelling project is advancing to programme and the model is functioning and being calibrated.
SB39 Complete network models to support growth, embargo areas and identify optimisation opportunities.	<ul style="list-style-type: none"> • On track – linked to SB38. Once the model is built growth and optimisation scenarios will be able to be run.
SB40 Enhance asset failure data collection.	<ul style="list-style-type: none"> • On track – condition assessment data collected during 2013/14 investigations have improved knowledge and fed into the asset valuation as at June 2014.

Water Supply

Improvement action	Achievement
WATER SUPPLY – high priority items below	
SB41 Asset condition data collection improvement programme.	<ul style="list-style-type: none"> • On track – independent audits by internal staff are carried out. • Physical condition data is now being obtained directly from the Maintenance Contractor each time a main is exposed. This data collection is on-going. • Assessment on the performance of the HDC’s fibrous cement water pipes shows they fall within typical national performance standards, allowing for accurate renewal planning.
SB42 Development of Plant & Equipment Operations manuals.	<ul style="list-style-type: none"> • Completed – all pump station manuals have been completed. The format of the manuals is to be improved and incorporated into the quality management system.
SB43 Development of network optimisation models.	<ul style="list-style-type: none"> • Completed – further versions of the model may be implemented following new growth and development projections.
SB44 Review economic lives of fire hydrants – optimise to water mains.	<ul style="list-style-type: none"> • On track (75% complete) – indicative studies suggest hydrant ages can be aligned with their associated mains. A number of hydrants from 100 year+ old main have been assessed and found to be in good condition. In some cases, the internals have been replaced with newer materials which are still available today. No significant changes in the number of hydrant repairs have been identified.
SB45 Confirm economic lives of AC water mains.	<ul style="list-style-type: none"> • On track (95% complete) – AC water mains have been classified into four age brackets representing the different construction techniques used over various years. The construction methods have a direct impact on pipe wall strength, and resistance to silica cement loss from the pipe wall. Soils mapping has been completed, and has been overlaid with the water supply. Impacts of system pressures are being assessed and where applicable, adjustments to the bases lives will be applied. Conversely, the benefits of pressure reduction are being quantified, with the results to be added to the asset base lives. • Soil mapping showed there are very few areas where AC mains are at risk of advanced corrosion through cement loss.
SB46 Secure sustainable water allocations.	<ul style="list-style-type: none"> • On track (95% complete) – the Hastings water permit has been issued in accordance with the HDC’s expectations. Priority has been given to developing the Frimley bore field, and moving away from the Portsmouth Road bore which is supported by budgeting in the LTP.
SB47 Establish new primary water source.	<ul style="list-style-type: none"> • On track – planning 100% complete, Stage 1 (Bore 1) Implementation 90% complete. Alternative designs to replace the Brookvale Bore are still being refined. A combination of pressure reduction, and new zone creation supported from the Eastbourne St bores is looking to be the most viable option. • Finding a deeper aquifer at the existing Brookvale bore site proved unsuccessful.
SB48 Complete system wide water network model.	<ul style="list-style-type: none"> • On track – Hastings, Havelock North and Flaxmere model has been in place since the early 1990’s with continued calibration works being carried out. • The Haumoana and Te Awanga Model has been completed (full calibration is still required). Additional growth areas, and combing the Parkhill supply is being modelled.

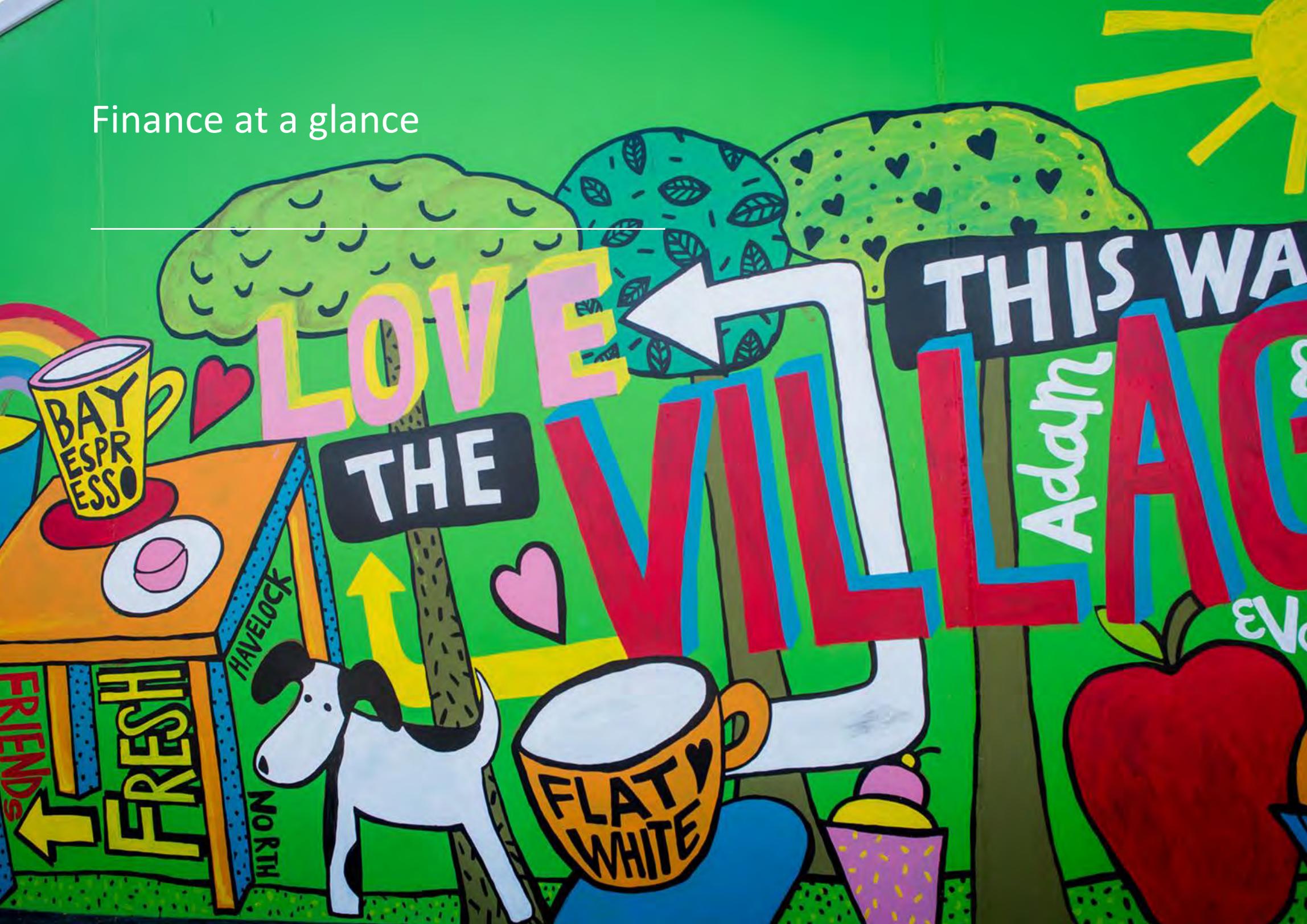
Water Supply

Improvement action		Achievement
WATER SUPPLY – high priority items below		
		<ul style="list-style-type: none"> As the complexity of some other smaller supplies grow, the need for a network model may be required. E.g. Whirinaki and Esk is reaching a point where a network model may be useful.
SB49	Staged construction of Havelock Hills High Water Zone.	<ul style="list-style-type: none"> On track (90% complete) – the primary trunk main ‘spine’ across the Havelock North hills has been completed. Two locations for a temporary booster pumpstation are being investigated. The large high level reservoir has been deferred due to the slowdown in growth, however a number of revised sites are now being investigated and their suitability is being ranked based on a number of assessment criteria. A revised design utilising a smaller reservoir at a lower elevation is being investigated further. The investigation of options to combine the water supply designs from four different subdivisions in the Endsleigh area have started. A larger combined system has the potential to links across to the existing Havelock Hills High Level Water Network.

Stormwater

Improvement action		Achievement
STORMWATER – high priority items below		
SB50	Complete catchment management plans.	<ul style="list-style-type: none"> On track – the first Catchment Management Plans were completed in May 2015; the document is currently being reviewed by HBRC.
SB51	Complete dam safety assurance programme.	<ul style="list-style-type: none"> On track – specialist consultants have formally classified the risk category for each dam, in preparation for expected new legislation in 2015. However this legislation did not come into effect as planned and has since been revoked. Consultants are now reviewing capacity and upgrade requirements for each dam.
SB52	Use network models to assess asset performance.	<ul style="list-style-type: none"> On track – a pilot study is underway covering the wider Pakowhai catchment, with the intention being to expand the network model to include all the urban Hastings areas. Network data collection and verification is being undertaken as part of the initial model build stage. Costs for the pilot study will be used for future budget setting to complete area wide model.
SB53	Undertake community wide questionnaire to identify outstanding flooding issues.	<ul style="list-style-type: none"> On hold – an area wide questionnaire planned for September 2013 to canvas the views and experiences of property owners was postponed due to mild winter without significant rainfall events. Questionnaire planned for 2015 in conjunction with the release of catchment management plan.

Finance at a glance



2014/15 Annual Report: The Chief Financial Officer overview

Council's finances are being well managed.

While 2014/15 was another challenging year, Council has delivered a positive financial result with a rating surplus of \$1.74 million. Gross external debt of \$60.7 million is significantly lower than forecast in the 2014/15 Annual Plan which has resulted in lower interest costs, contributing to the rating surplus.

The rating result surplus for the 2014/15 year consists of:

	\$
Rating Area 1	1,244,256
Rating Area 2	496,010
Total for District	1,740,266

Council has a strong culture of financial awareness and consistently delivers a balanced budget and a rating surplus. It consistently costs less to operate the organisation than expected which means Council can use the revenue for the purpose for which it was generated. Consistent with previous years and in line with Council's financial policies, the majority of this rating surplus was used to repay debt.

A significant part of the rating surplus (\$872,007) was due to interest savings which were in part driven by lower than budgeted interest rates and lower than budgeted debt levels. Debt levels have been kept at current levels with the deferment of a number of budgeted capital projects. Efficiencies were also achieved across the organisation as we strive to do things better and more efficiently.

The rating surplus also benefited from a good year weather wise with fewer adverse weather events which normally require reinstatement of the roading assets and reactive maintenance of the water assets.

While there were a number of positives that contributed to the rating surplus, some areas of Council struggled to achieve budget. Building Control, Transfer Station and Parking revenues all felt the impact of difficult economic times. Animal Control practices were transformed to adapt to changes in expectations on how this service was delivered which impacted on revenues and our Libraries are having to adapt to how the community want to use their services which is impacting on traditional revenue sources for this activity.

The Statement of Comprehensive Revenue and Expense report for 2014/15 has an accounting surplus of \$17,205,000 compared to a budgeted surplus of \$11,003,000. The accounting result differs from the rating result for a number of reasons. The rating result compares rates collected and how those rates were used, including the funding of capital renewal projects and debt repayment. The accounting result includes all revenue sources like development contributions and also includes non-cash items like depreciation and unrealised gains and losses on financial instruments that have no impact on the setting of rates and are therefore excluded from the rates calculation. The following is a reconciliation from the Accounting Surplus to the Rating Surplus.

	Actual \$000
Accounting surplus	17,205
Non-cash expenses	23,509
Accumulated funds (including Reserve Transfers)	(3,172)
Net capital expenditure	(33,230)
Non-current investments	(854)
Opening balance to fund projects carried forward	3,397
Carry forwards to 2015/16	(4,385)
Net surplus and carry forwards on separate rates	(729)
Rating surplus	1,740

The Statement of Comprehensive Revenue and Expense report for 2014/15 includes a non-cash write-down in value on the Hawke’s Bay Opera House and Municipal Buildings of \$3,738,000. The Hawke’s Bay Opera House and Municipal Buildings were impaired last year by \$5,968,000 based on the information that was at hand at that time. Subsequently more information has come to light that indicates the cost of earthquake strengthening these buildings is likely to be more than the value of the buildings. All land and buildings were revalued as at 30 June 2015 and as part of that revaluation, the Opera House complex was reduced in value by a further \$3,738,000. The 2014/15 write down in value recognises that the current buildings with the exception of the Opera House Plaza and the Opera Kitchen have no value given the costs required to make those buildings safe.

Council continues to replace bonds that have matured with more cost effective and longer dated debt from the Local Government Funding Agency which strengthens Council’s debt maturity profile and ensures Council has access to lower interest rates over a longer term.

Council’s finances are being well managed. Debt is being carefully managed and is at a level that is sustainable and affordable for the district. Council is operating well within its prudential financial ratios which are industry best practice. The organisation has a strong culture of financial awareness and is constantly striving to do things better and to be more efficient and this Annual Report provides the results that demonstrate that.



Bruce Allan
Acting Chief Financial Officer

Key initiatives and projects



Key initiatives and projects

Romanes Reserve



The once vacant land at Romanes Drive has been developed into additional sports fields, a playground and an international-size BMX track by council in conjunction with the Havelock North Wanderers and Hawke's Bay BMX Club. The facilities, opened in April 2015, are of particular benefit to the young of our community, catering for their sporting interests. The BMX track is open at all times throughout the day for use by the general public.

The new park is named in honour of Harry Romanes, former Mayor of Havelock North who passed away in 2012. Harry spent 24 years in local government, but is also remembered as a humanitarian and philanthropist. In his will Harry bequeathed a sum for expenditure on a local facility that would benefit the Havelock North community. After careful consideration the family decided a new park would be appropriate, in particular the funding of the children's playground and exercise area. Council has marked this generosity by installing an information board, telling the story of Harry Romanes.

The facility is watered using a pop-up irrigation system, as is Bill Matthewson Park. That further progresses council's strategy for reducing water use. The systems are safer for park users, maintain improved turf, use 90 per cent less water than traditional irrigation methods, and require less labour to operate.

Meissner Reserve

Meissner Reserve in Havelock North was unveiled to the public in May 2015. This park was the result of extensive consultation with the local community which asked for a landscaped community hub where families could spend quality time together. The playground has an array of new and exciting play equipment that has drawn both locals and visitors to the area. The equipment encourages upper body exercise for older children and teenagers, but caters to the needs of all ages with elements of spinning, sliding, climbing and rocking included in the play area. The picnic table, bench seats and landscaping allow for a pleasant environment for carers and parents to stay and interact with the children, while 20 deciduous trees will provide shelter from the sun over hotter summer months.



New green spaces

The purchase of the last reserve for the Arataki development was completed within the financial year. Work on the reserve will be carried out in 2015/16. The reserve on Whakatomo Place will add to the connectivity of the Arataki reserves, enabling residents to walk and cycle through a convenient pathway network linking schools, parks and playgrounds. It is one of a number of important parks projects that commenced in the 2014/15 financial year. Another is the construction of the Lions Community Playground in Windsor Park, which is scheduled to open in November 2015.

City upgrades

The upgrade of the 200 West Heretaunga St block marked the completion of the revitalisation of the core six central city retail blocks. This project continued the adopted design palette of snake lights, quality paving, limestone kerbs, palms and feature rubbish bins. During the upgrade, council worked closely with the Hastings Business Association, the Disability Working Group and retailers to produce a central city block that is pedestrian friendly and allows convenient motor vehicle access for shoppers and visitors. Also in the city, up-lighting of significant public artworks, buildings and landscaping has dramatically enhanced the look of the central city. Stage two of the project will see joint private-public initiatives to light up key buildings as a part of a push to create a more dynamic and active Hastings city centre. To further enhance the heart of Hastings, council offers financial assistance to owners of buildings that, with a repaint, significantly benefit the city's streetscape. In the past year, 10 grants have been approved and eight buildings have had their facades repainted.

Roundabout landscaping

The installation of a new roundabout at Paki Paki offered the opportunity for council, local marae and NZTA to undertake a significant landscaping project at this key gateway to Hastings. Plantings include native flaxes that will be made available to local marae for traditional Maori weaving projects.

New walking and cycleways

Hard surfaced paths are now key features in both the Flaxmere and Kirkpatrick Parks, to encourage walking and cycling activities. The projects offer all weather tracks to encourage active lifestyles.

New toilets



As part of council's strategy to improve public toilet facilities, new toilets have been installed in the Clifton Road Reserve, Clifton, and Romanes Reserve, Havelock North. The toilets are stylish and robust and are well used by visitors to these two busy reserves. The facility in Clifton has subsequently gone on to win the national Keep New Zealand Beautiful 'Best Loo' category.

ANZAC Day Centenary and the Sir Andrew Russell Sculpture

In September last year, council obtained World War One commemoration funding from the Lotteries Commission towards a bronze sculpture of Sir Andrew Russell. The Russell family asked that the artwork be commissioned by renowned New Zealand sculptor Margriet Windhausen. The artist has experience providing cast historical figures for placement in civic spaces for other local authorities. The statue and information board were unveiled on Anzac Day this year, as part of Hastings' extensive commemorations of the 100 year anniversary of World War 1.



That commemoration was a huge success with near 9000 residents and guests attending the dawn service and another near 3000 people attending the Civic Service. The event, organized with the local RSA, was almost a year in the planning and was made possible with financial help from the Eastern and Central Community Trust and a Lotteries Commission of New Zealand heritage grant.

Waste Futures

Hastings and Napier's councils have been working together on a plan for managing rubbish disposal into the future. The current valley at the Omarunui Landfill, jointly owned by the two councils, is expected to run out of space by 2025. The two councils have formed a joint working committee to review the approach to solid waste management in the district before any expenditure related to a possible extension of Omarunui Landfill needs to occur. A grant of \$250,000 from the Waste Minimisation Fund, administered by the Ministry for the Environment, has been obtained to help fund this project. External consultants have been engaged by the committee to assist with the project. Options for reducing waste are being considered, as well as opportunities for maximising recycling and the potential for technological solutions. The public has been asked for initial feedback on their priorities with regard to waste disposal. Once potential solutions have been thoroughly investigated a full community consultation process across the two council areas will be instigated.

Rural recycling

Council is installing recycling facilities in the district's far-flung communities using specifically designed bins to collect and transport large volumes of separated recycling materials. The driver behind the project was a desire to increase recycling rates in rural communities, which have historically buried rubbish on farm or burned it off. A two year trial confirmed that rural residents were keen to recycle if given the opportunity so six metre shipping containers were converted into recycling bins. Traditionally a big cost of providing recycling services in outlying areas has been the regular transport trips to empty facilities so to keep costs to a minimum, rather than put emptying them on a regular rotation, local champions in the communities advise when the bins are nearing capacity, and servicing is scheduled accordingly.

Swim facilities (Aquatics Hastings)

A strong focus on upgrading and integrating council's pool facilities over the financial year has proved successful, with considerable increases in user numbers, particularly those enjoying the extended pool opening hours for family fun time or lane swimming. For example, the number of children receiving Learn to Swim instruction each week has increased from approximately 700 to 870.

The pools have been brought under one umbrella, Aquatics Hastings, after being run independently by three trusts for 15 to 20 years. Since then the hours have been extended, physical assets modernised, and a one entry card, Aqua Card, introduced that can be used across all pools.

The service offer has been extended with the introduction of a range of Aquafit classes including wet/dry boot camps, and classes for children with disabilities. There is a strong emphasis on 'Aqua Fun' which includes the very popular family fun inflatable sessions on winter weekends and during school holidays. With a strong focus on health and safety improvements, coupled with rebranding, the facilities are 'fun, fresh and welcoming'. The refurbishment programme for Frimley Pool will carry on over the next financial year.



Crematorium

Council has progressed the rebuilding of the Hawke's Bay Crematorium and Chapel project during the financial year. The work was triggered by health and safety issues and the 71-year-old facility being earthquake prone. The Hawke's Bay Crematorium Committee recommended to council that the facility be replaced and the resulting concept plans were put before funeral companies and the public at an industry-focused meeting and an open day. In the face of estimated cost escalations, council has been working hard to reduce build costs to ensure the community is comfortable with the project that will see the construction of an important facility that is future-proofed to last the next 100 years.

Economic development

A drive by council to grow employment opportunities and improve the economic well-being of the district and region led to the development of the 'Great Things Grow Here' (GTGH) platform in the early part of the last financial year. It is designed to enable the coordinated marketing of the district and region to a broad business and investor base, both in New Zealand



and overseas. Assets so far developed include videos, produced in both English and Chinese, generic business cases, and printed marketing material. These assets have been designed so they can be used by both the region's councils and private enterprise.

Of particular note has been the construction of a \$15 million water export plant in Hastings; with council's economic development team helping to broker the relationship between the land owner and the investor. Once fully commissioned the plant is expected to employ 100 staff. The project delivers towards council's stated aim of increasing the number of jobs in Hastings by 1000 jobs in five years.

GTGH has a second purpose, in that it also provides a compelling platform to celebrate the many great things that grow in our local communities.

Opera House

More planning work was progressed over the 2014/15 year on the Opera House facility, which remains closed to the public due to earthquake strength issues. The implications of the initial earthquake strengthening report were considered and in April this year an Independent Working Party (IWP) was formed to consider options for earthquake strengthening and broader investment decisions within the central city area. The work undertaken by that group will form the basis of wider community engagement process during the 2015/16 financial year.

District Plan

The revision of the District Plan continued into its fifth year, with submission hearings commenced on a by topic or plan section basis. The six members of District Plan Hearings Committee, delegated by council to hear and make recommendations on the submissions, all hold current RMA hearings commissioner certification under the Ministry for the Environment's Making Good Decision's programme.

The submissions process took almost exactly a year, starting on July 14, 2014, and finishing on July 20, 2015. Five submissions on one specific issue (the Omaha Road North Industrial Zone) have been held back with a view to notifying a variation to the Proposed Plan.

Overall, some 291 submissions raising over 1,800 individual points, along with 592 further submissions, were received. Public hearings were held on 40 days over the year.

That process resulted in a number of changes to the Proposed Plan, helping to refine and improve the version that was originally notified for submissions in 2013. The public notification of decisions and an amended version of the Proposed District Plan will be published in the 2015/16 financial year.

Waste water upgrade



Major work on the sewerage system servicing Havelock North began in March 2015, a year earlier than previously expected. The \$5.45 million project, running a new gravity trunk sewer main along Napier Rd and State Highway 2 to Whakatu, addresses under capacity in the system brought on by increased development in Havelock North over the past 10 years and provides for anticipated growth over the next 30 years. The growing pressure on the system also increased the risk that wet weather events could lead to sewage overflows. Council approved the plan to accelerate the work in the 2013/2014 and the project is expected to be completed in March 2016.

The arts scene



The Hastings City Art Gallery's exhibitions and programmes have continued to focus on increasing visitor numbers while retaining existing audiences and developing new ones. The exhibition East, which featured more than 40 artists and ran over three months was a highlight of the year, attracting 200 guests to the opening event. This was the second East, a biennial exhibition restricted to artists with a connection to Hawke's Bay – a well-considered initiative for celebrating local artists.

Attracting family audiences has been a key focus, and two exhibitions in particular have proved popular with this demographic: Who am I and Cre8. The key to the popularity of Who am I was the interactivity of the exhibition, with children being encouraged to draw their relatives. The programming team's inclusion of a photo booth in the gallery foyer very successfully engaged visitors. The interactivity of Cre8, encouraging visitors to draw and take part in crafts, was also popular. The gallery plans to continue holding these kinds of exhibitions.

The Hastings City Art Gallery made the finals in two awards in the 2014/15 financial year. Its E Kata te Rakau, Carved Works by Phil Belcher exhibition catalogue was a finalist in the Massey University's Nga Kupu Ora Aotearoa book Awards in 2014, while The Momo Kauae publication is a finalist in the Te Mahi Toi/Arts category of the Nga Kupu Ora Aotearoa Maori Book Awards 2015.

Youth Futures

Hastings District Council continues to support the Youth Futures Trust instigated to assist young people to move from school through training to sustainable employment.

Major Youth Futures programmes over the last financial year have included Futures for Tamariki and the Youth Support Programme (Youth Link).

Futures for Tamariki was designed to engage Year 7 and 8 students in different types of employment they may want to consider, encouraging them to “think outside the square”. It involved more than 20 employers visiting a school and providing hands on employment-based activities including testing the sugar content of apples, driving a small digger and making a planter box.



The Youth Support Programme follows Hastings students after they leave school, to help them transition into training or employment. The students are contacted by phone, email or text, with the regularity of contact dependent on their situation. Someone settled into a training programme or work will be contacted less often than a teen who has not found a placement. The programme team provides referrals to appropriate agencies based on need. The programme started in three schools in 2014 and is being rolled out to further schools.

Te Ara o Takitimu, Maori and Pasifika Trades Training, is a programme to support Maori and Pasifika (18 to 34 years old) to undertake training and apprenticeships and become fully qualified trades people. This programme is a collaboration between Youth Futures, EIT and G and H Trades Training.

Groups of activities

This section shows how we have performed financially in delivering the work programme for 2014/15.

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

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

Water & Roads

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'.

Water & Roads

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

- Health, drinking water and wise water use
- Management of negative impacts on people, air, land and water
- A community that wastes less
- An environment where people can move around safely
- An attractive and safe walking and cycling environment
- Accessible transport options
- Efficient movement of goods.

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

Water and Wastewater Services

Water conservation measures continue to achieve a consistent reduction in water usage during the peak summer periods. The community response to the implementation of water restrictions has also been very encouraging. Water quality compliance was consistently achieved on all schemes.

As a result of unusually high seas blocking the river mouth in June, salt water backed up the Esk River affecting the Esk water supply. This did not represent a risk to public health or result in any non-compliance. Immediate action was taken to address the salt water contamination.

Stormwater and wastewater were fully compliant with their environmental consent conditions, with only minor technical breaches occurring during 2014/15.

Negative effects

Any potential negative effects from the Water Supply, Wastewater Disposal and Stormwater Disposal activities are mitigated via a program of environmental monitoring and compliance with consent conditions. No significant breaches of any consent conditions occurred during 2014/15.

Roads

Good progress continues with Council's sustainable transport objectives. Further work on the i-way walking and cycling project was completed in 2014/15. A key project, the installation of a southern pathway on Havelock Road, was commenced during the year.

The roading programme was substantially completed. However, reductions in New Zealand Transport Agency funding, as signalled in the 2014/15 Annual Plan have meant that the Council has had to make some service level reductions. This has impacted on our streetlight conversion programme which has had to be suspended, and the desired level of renewals on the road pavement has not been able to be completed.

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

Negative effects

Any potential negative effects from transportation activities are mitigated by complying with resource consents, adhering to a maintenance program for the roading network and by investing in walking and cycling infrastructure 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 the New Zealand Transport Agency and physical works are continuing throughout the district.

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

FUNDING IMPACT STATEMENT: Water & Roads	Notes	LTP Council 2014 \$'000	LTP Council 2015 \$'000	Actual Council 2015 \$'000	Variance \$'000
SOURCES OF OPERATING FUNDING					
General Rates, uniform annual general charge, rates penalties		19,412	19,430	19,213	(217)
Targeted Rates		9,765	10,067	9,992	(75)
Subsidies and grants for operating purposes		5,008	5,177	4,652	(525)
Fees and charges		4,049	4,189	4,312	123
Internal charges and overheads recovered		6,889	7,090	6,949	(141)
Local Authorities fuel tax, fines , infringement fees and other receipts		162	167	603	436
Total operating funding (A)		45,285	46,121	45,721	(400)
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers		17,798	18,475	16,625	1,850
Finance costs		5,201	5,416	3,212	2,204
Internal charges and overheads applied		10,838	11,174	11,011	163
Other operating funding applications		25	26	95	(69)
Total applications of operating funding (B)		33,862	35,091	30,944	4,148
Surplus (deficit) of operating funding (A-B)		11,424	11,029	14,777	3,748
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure		8,640	9,823	8,231	(1,592)
Development and financial contributions		2,667	6,222	2,067	(4,155)
Increase (decrease) in debt		1,064	(608)	1,755	2,364
Gross proceeds from sale of assets		326	40	257	217
Lump sum contributions		310	321	88	(233)
Other dedicated capital funding		-	-	-	-
Total sources of capital funding (C)		13,008	15,799	12,399	(3,400)
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure					
To meet additional demand		4,585	5,639	1,856	3,783
To improve the level of service		7,551	9,505	10,797	(1,292)
To replace existing assets		14,744	13,683	13,592	91
Increase (decrease) in reserves		(2,449)	(2,000)	929	(2,929)
Increase (decrease) of investments		-	-	-	-
Total applications of capital funding (D)		24,431	26,828	27,175	(347)
Surplus (deficit) of capital funding (C-D)		(11,424)	(11,029)	(14,777)	(3,748)
Total funding balance (A-B) + (C-D)		-	-	-	-

FUNDING IMPACT STATEMENT:					
Water Supply	Notes	LTP Council 2014 \$'000	LTP Council 2015 \$'000	Actual Council 2015 \$'000	Variance \$'000
SOURCES OF OPERATING FUNDING					
General Rates, uniform annual general charge, rates penalties		59	61	60	(1)
Targeted Rates		4,726	4,893	4,795	(98)
Subsidies and grants for operating purposes		-	-	-	-
Fees and charges	1	904	936	663	(273)
Internal charges and overheads recovered		2,338	2,395	2,497	102
Local Authorities fuel tax, fines , infringement fees and other receipts		-	-	81	81
Total operating funding (A)		8,027	8,284	8,097	(188)
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	2	3,456	3,520	3,307	214
Finance costs	3	1,045	1,190	570	620
Internal charges and overheads applied		1,918	1,971	2,027	(56)
Other operating funding applications		2	2	21	(19)
Total applications of operating funding (B)		6,421	6,684	5,925	758
Surplus (deficit) of operating funding (A-B)		1,605	1,600	2,171	571
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure		-	-	-	-
Development and financial contributions		617	1,385	453	(932)
Increase (decrease) in debt	4	1,130	37	(449)	(486)
Gross proceeds from sale of assets		-	7	22	16
Lump sum contributions		-	-	-	-
Other dedicated capital funding		-	-	-	-
Total sources of capital funding (C)		1,746	1,428	26	(1,402)
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure					
To meet additional demand	5	1,206	1,192	155	1,037
To improve the level of service		734	691	536	155
To replace existing assets	6	1,320	1,072	761	311
Increase (decrease) in reserves		92	73	746	(672)
Increase (decrease) of investments		-	-	-	-
Total applications of capital funding (D)		3,352	3,028	2,197	831
Surplus (deficit) of capital funding (C-D)		(1,605)	(1,600)	(2,171)	(571)
Total funding balance (A-B) + (C-D)		-	-	-	-

Key Financial variances

Significant Operating variances

1. Fees and charges is \$273,000 lower than budget. This is mainly due to lower than budgeted connection fees (as a result of lower building activity levels) and reduced water meter revenue.
 2. Payments to staff and suppliers is \$214,000 lower than budget mainly due to savings in reticulation maintenance costs.
 3. Finance Costs are \$620,000 lower than budget due to interest savings as capital projects haven't proceeded as planned and interest rates were lower than forecast.
- Significant asset acquisitions or replacements and other variances
4. Debt has reduced by \$486,000 due to reduced capital spending in 2014-15.
 5. Capital expenditure for additional demand projects is below budget by 1.037m. Capital projects such as Irongate Industrial Development and Omaha Industrial development have been deferred due to economic conditions.
 6. Capital Expenditure to replace additional assets is \$311,000 below budget as several projects such as Heretaunga Street west – Tomoana to Stortford not proceeding as per Budget.

FORECAST STATEMENT OF PLANNED CAPITAL WORKS:				
Water Supply	Notes	LTP Council 2015 \$'000	Actual Council 2015 \$'000	Variance
CAPITAL EXPENDITURE				
Meet additional demand		1,206	155	1,051
Improve Level of service		677	536	141
To replace existing assets		1,072	761	311
Total capital expenditure		4,161	1,607	2,554

FORECAST STATEMENT OF MAJOR CAPITAL PROJECTS:				
Water Supply	Notes	LTP Council 2015 \$'000	Actual Council 2015 \$'000	Variance
Heretaunga St W – Tomoana to Stortford L	1	750	3	747
Omahu stage I – Wilson to Jarvis	2	605	-	605
Te Mata Rd – Hillsbrook to Durham Drv – 250mm	2	-	-	-

1. Heretaunga street project deferred until 2015-16.
2. Growth project work has not proceeded as planned due to economic conditions. Deferred into future years.

FUNDING IMPACT STATEMENT: Stormwater Drainage		LTP Council 2014 \$'000	LTP Council 2015 \$'000	Actual Council 2015 \$'000	Variance \$'000	
	Notes					
SOURCES OF OPERATING FUNDING						Key Financial variances
General Rates, uniform annual general charge, rates penalties		3,453	3,464	3,426	(38)	Significant Operating variances
Targeted Rates		128	128	114	(13)	
Subsidies and grants for operating purposes		-	-	-	-	
Fees and charges		104	108	30	(78)	
Internal charges and overheads recovered		15	15	14	(1)	
Local Authorities fuel tax, fines , infringement fees and other receipts		-	-	85	85	
Total operating funding (A)		3,700	3,715	3,669	(46)	Significant asset acquisitions or replacements and other variances
APPLICATIONS OF OPERATING FUNDING						
Payments to staff and suppliers		599	566	645	(79)	
Finance costs	1	1,149	1,131	652	479	
Internal charges and overheads applied		756	778	801	(23)	
Other operating funding applications		3	3	42	(39)	
Total applications of operating funding (B)		2,506	2,478	2,140	338	
Surplus (deficit) of operating funding (A-B)		1,194	1,237	1,529	292	
SOURCES OF CAPITAL FUNDING						
Subsidies and grants for capital expenditure		-	-	-	-	
Development and financial contributions	2	720	1,620	496	(1,124)	
Increase (decrease) in debt		(119)	(890)	(875)	14	
Gross proceeds from sale of assets		-	-	-	-	
Lump sum contributions		-	-	-	-	
Other dedicated capital funding		-	-	-	-	
Total sources of capital funding (C)		601	730	(379)	(1,109)	
APPLICATIONS OF CAPITAL FUNDING						
Capital expenditure						
To meet additional demand	3	671	1,142	31	1,111	
To improve the level of service	4	1,124	825	1,079	(254)	
To replace existing assets		-	-	20	(20)	
Increase (decrease) in reserves		-	-	20	(20)	
Increase (decrease) of investments		-	-	-	-	
Total applications of capital funding (D)		1,795	1,967	1,149	817	
Surplus (deficit) of capital funding (C-D)		(1,194)	(1,237)	(1,529)	(292)	
Total funding balance (A-B) + (C-D)		-	-	-	-	

- Finance Costs are \$479,000 lower than budget mainly due to interest savings from capital projects that haven't proceeded as planned and interest rates that are lower than forecast.
- Development Contributions are below budget by \$1.124m due to slower than expected economic development.
- Capital Expenditure to meet additional demand is \$1.11m below budget. Capital projects such as Omaha Industrial development and Arataki Extension have been deferred due to slower than expected economic development.
- Capital Expenditure to improve the level of service is \$254,000 higher than budget mainly due to Frimley Road being completed after being deferred from 2013-14.

FORECAST STATEMENT OF PLANNED CAPITAL WORKS:				
Stormwater Disposal	Notes	LTP Council 2015 \$'000	Actual Council 2015 \$'000	Variance
CAPITAL EXPENDITURE				
Meet additional demand		671	31	640
Improve Level of service		1,296	1,079	217
To replace existing assets		-	20	(20)
Total capital expenditure		1,967	1,129	837

FORECAST STATEMENT OF MAJOR CAPITAL PROJECTS:				
Stormwater Disposal	Notes	LTP Council 2015 \$'000	Actual Council 2015 \$'000	Variance
Omahu stage I – Wilson to Jarvis	1	740	3	737
Dam Break Mitigation	2	268	-	268
Arataki Dev: Arataki Extension	1	268	-	268
Frimley Rd – Pakowhai to Hapuka	3	-	437	(437)

1. Growth project work hasn't proceeded as planned due to economic conditions. Deferred into future years.
2. Dam Break mitigation work hasn't proceeded as planned and is deferred to 2015-16.
3. Frimley Road project completed in 2014-15 after funds were carried forward from 2013-14.

FUNDING IMPACT STATEMENT:		LTP Council 2014	LTP Council 2015	Actual Council 2015	Variance	
Sewerage and the treatment and disposal of sewerage		Notes	\$'000	\$'000	\$'000	\$'000
SOURCES OF OPERATING FUNDING						
General Rates, uniform annual general charge, rates penalties			75	78	77	1
Targeted Rates (other than a targeted rate for water supply)			4,745	4,845	4,854	8
Subsidies and grants for operating purposes			-	-	-	-
Fees and charges			1,633	1,690	1,632	(58)
Internal charges and overheads recovered			2,210	2,287	2,158	(129)
Local Authorities fuel tax, fines , infringement fees and other receipts			-	-	171	171
Total operating funding (A)			8,663	8,900	8,892	(8)
APPLICATIONS OF OPERATING FUNDING						
Payments to staff and suppliers	1		2,592	2,775	2,137	638
Finance costs	2		1,793	1,737	1,280	456
Internal charges and overheads applied			3,468	3,582	3,522	60
Other operating funding applications			15	16	22	(6)
Total applications of operating funding (B)			7,868	8,109	6,961	1,148
Surplus (deficit) of operating funding (A-B)			795	791	1,931	1,140
SOURCES OF CAPITAL FUNDING						
Subsidies and grants for capital expenditure			-	-	-	-
Development and financial contributions	3		718	1,355	557	(799)
Increase (decrease) in debt	4		(449)	(2,115)	1,440	3,555
Gross proceeds from sale of assets			-	-	-	-
Lump sum contributions			252	261	248	(13)
Other dedicated capital funding			-	-	-	-
Total sources of capital funding (C)			521	(499)	2,245	2,744
APPLICATIONS OF CAPITAL FUNDING						
Capital expenditure						
To meet additional demand	5		802	774	425	349
To improve the level of service	6		351	204	1,385	(1,180)
To replace existing assets	7		2,559	1,429	3,756	(2,327)
Increase (decrease) in reserves			(2,397)	(2,115)	(1,390)	(725)
Increase (decrease) of investments			-	-	-	-
Total applications of capital funding (D)			1,315	293	4,176	(3,884)
Surplus (deficit) of capital funding (C-D)			(795)	(791)	(1,931)	(1,140)
Total funding balance (A-B) + (C-D)			-	-	-	-

Key Financial variances

Significant Operating variances

1. Payments to staff and suppliers are \$638,000 lower than budget mainly due to savings in reticulation maintenance costs.
2. Finance Costs are \$456,000 lower than budget mainly due to interest savings from capital projects that haven't proceeded as planned and interest rates that are lower than forecast.

Significant asset acquisitions or replacements and other variances

3. Development Contributions below budget by \$799,000 due to slower than expected economic development.
4. Debt has increased by \$3.555m due to major sewer projects such as the Trunk sewer and Napier road continuing in 2014-15.
5. Capital Expenditure to meet additional demand is \$349,000 below budget. Capital projects such as Omaha Industrial development have been deferred due to slower than expected economic development.
6. Capital Expenditure to improve the level of service is \$1.18m higher than budget mainly due to Napier road being brought forward into 2014-15 from 2015-16 where it was originally budgeted.
7. Capital Expenditure to replace assets is \$2.327m higher than budget, mainly due to Trunk Sewer project.

FORECAST STATEMENT OF PLANNED CAPITAL WORKS: Sewerage and the treatment and disposal of sewerage	Notes	LTP Council 2015 \$'000	Actual Council 2015 \$'000	Variance
CAPITAL EXPENDITURE				
Meet additional demand		802	425	377
Improve Level of service		176	1,385	(1,208)
To replace existing assets		1,429	3,756	(2,327)
Total capital expenditure		2,408	5,566	(3,158)

FORECAST STATEMENT OF MAJOR CAPITAL PROJECTS: Sewerage and the treatment and disposal of sewerage	Notes	LTP Council 2015 \$'000	Actual Council 2015 \$'000	Variance
Omahu stage I	1	714	-	714
Napier Road Investigations & design	2	-	1,413	(1,413)
Trunk Sewers	3	-	2,207	(2,207)
Outfall – Main Outfall Rehabilitation	4	-	396	(396)

1. Growth project work has not proceeded as planned due to economic conditions. Deferred into future years.
2. Napier Road project funds brought forward from 2015-16 to allow commencement in 2014-15.
3. Trunk sewer project funded from Capital that has been carried forward from previous years.
4. Outfall project funded from Capital that has been carried forward from previous years.

FUNDING IMPACT STATEMENT: Roads & Footpath		LTP Council 2014 \$'000	LTP Council 2015 \$'000	Actual Council 2015 \$'000	Variance \$'000	
	Notes					
SOURCES OF OPERATING FUNDING						Key Financial variances
General Rates, uniform annual general charge, rates penalties		15,824	15,828	15,649	(178)	Significant Operating variances
Targeted Rates		167	201	228	27	
Subsidies and grants for operating purposes	1	5,008	5,177	4,652	(525)	1. Subsidies and Grant income is lower than budget due to a funding shortfall from the New Zealand Transport Agency.
Fees and charges	2	1,407	1,455	1,987	531	2. Fees and charges are \$531,000 higher than budget mainly due to reimbursement of costs for State Highway work undertaken.
Internal charges and overheads recovered		2,327	2,393	2,280	(113)	
Local Authorities fuel tax, fines , infringement fees and other receipts		162	167	267	99	
Total operating funding (A)		24,896	25,221	25,063	(159))	
APPLICATIONS OF OPERATING FUNDING						
Payments to staff and suppliers	3	11,151	11,614	10,536	1,078	3. Payments to staff and suppliers are lower than budget due to the reduced work programme in the roading area. These projects have been put on hold until funding issues are resolved.
Finance costs		1,214	1,358	709	648	
Internal charges and overheads applied		4,696	4,843	4,661	182	
Other operating funding applications		5	5	10	(5)	
Total applications of operating funding (B)		17,066	17,821	15,917	1,903	Significant asset acquisitions or replacements and other variances
Surplus (deficit) of operating funding (A-B)		7,829	7,401	9,146	1,745	
SOURCES OF CAPITAL FUNDING						
Subsidies and grants for capital expenditure	4	8,640	9,823	8,231	(1,592)	4. Subsidies and Grant income is lower than budget due to a funding shortfall from the New Zealand Transport Agency.
Development and financial contributions	5	613	1,863	562	(1,301)	5. Development Contributions below budget by \$1.301m due to slower than expected economic development.
Increase (decrease) in debt	6	503	2,360	1,640	(720)	6. Debt has reduced by \$720,000 mainly due to Whakatu Development not proceeding as budgeted.
Gross proceeds from sale of assets		326	33	234	201	
Lump sum contributions		58	60	(160)	(220)	
Other dedicated capital funding		-	-	-	-	
Total sources of capital funding (C)		10,140	14,140	10,507	(3,632)	7. Capital expenditure for additional demand projects is below budget by \$1.285m. Capital projects such as Omaha Industrial development have been deferred due to slower than expected economic development.
APPLICATIONS OF CAPITAL FUNDING						
Capital expenditure						
To meet additional demand	7	1,906	2,531	1,246	1,285	
To improve the level of service		5,342	7,785	7,797	(13)	
To replace existing assets	8	10,865	11,182	9,056	2,127	8. Capital Works is \$2.127m below budget, mainly due to the postponement of roading works as a result of the shortfall of NZTA funding.
Increase (decrease) in reserves		(144)	42	1,554	(1,512)	
Increase (decrease) of investments		-	-	-	-	
Total applications of capital funding (D)		17,969	21,540	19,653	1,888	
Surplus (deficit) of Capital funding (C-D)		(7,829)	(7,401)	(9,146)	(1,745)	
Total funding balance (A-B) + (C-D)		-	-	-	-	

FORECAST STATEMENT OF PLANNED CAPITAL WORKS: Roads & Footpaths				
	Notes	LTP Council 2015 \$'000	Actual Council 2015 \$'000	Variance
CAPITAL EXPENDITURE				
Meet additional demand		1,906	1,246	660
Improve Level of service		8,410	7,797	612
To replace existing assets		11,182	9,056	2,127
Total capital expenditure		21,498	18,099	3,399

FORECAST STATEMENT OF MAJOR CAPITAL PROJECTS: Roads & Footpaths				
	Notes	LTP Council 2015 \$'000	Actual Council 2015 \$'000	Variance
New Roads	1	4,052	5,060	(1,007)
Maintenance Seals (Sealed Road Surfacing)	2	3,613	2,853	760
AWPT – Sealed (Pavement Rehabilitation)	2	2,698	2,241	457
Subdivision Support	3	2,170	257	1,913
State Highway Projects	4	1,478	565	913
Minor Safety Improvements	5	1,071	1,546	(475)
Traffic Services Renewals	2	1,049	713	336
Advance Fees – Investigation & Options R		381	45	336
Major Safety Improvements		343	-	343
Unsealed Road Metalling		278	509	(231)
Cycleways & Pathways	6	172	640	(467)

1. Whakatu Development. This is a multi-year project so variance is due to timing of payments.
2. Funding shortfall from New Zealand Transport Agency has led to a reduction in capital work undertaken.
3. Growth projects have not proceeded as planned due to economic conditions. Deferred into future years.
4. State highway project. This is 100 % funded from New Zealand Transport Agency.
5. Increased New Zealand Transportation funding of minor safety works.
6. I-Way work delayed from previous years.

Safe, Healthy & Liveable Communities

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

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

- Best use of productive land
- Managing negative effects on people, air, land and water
- A community that wastes less
- Energy efficiency
- An attractive location to live
- Diversity in housing choice
- Attractive and usable public spaces
- Safe, multi-functional urban centres
- Safe neighbourhoods for people
- Connected open space
- Urban areas resilient to hazards and shocks
- Places and space for learning and interaction
- Places and space for recreation and fun
- A strong district identity
- Putting people at the centre of planning and service
- Effective working relationships with mana whenua
- Assisting our people to succeed.

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

- A key focus in respect of community safety is our response to meeting Earthquake Prone Building legislation
- Another key focus has been on implementing recommendations to improve the Animal Welfare Service
- Waste volumes to the landfill have increased. This is an indication of an increase in economic activity in the region. This increase in waste has been reflected nationally. The Council's waste diversion target was achieved. A programme of rolling out rural recycling facilities was commenced during the year
- This group of activities contains a broad range of services and facilities. 85% of the levels of service for this group of activities were fully achieved with the remaining 15% substantially achieved
- A major project is the review of the District Plan. This project progressed through the 2014/15 year with Council adopting the decisions on the Proposed District Plan for public notification on 27 August 2015
- The Hawke's Bay Funding Forum has worked with Council to fund the MaraeFit Project to assist Marae to be ready to host Te Matatini 2017
- The Splash Planet facility exceeded its visitor number target for the year

- Upgrades of Flaxmere and Frimley Changing Rooms were completed along with New toilets at Haumoana-Te Awanga Beach, Windsor Park playground and Romanes Drive
- An Independent Working Party was established to develop options in response to earthquake strengthening issues highlighted at the Hawke's Bay Opera House Complex, along with potential integration with the Civic Square redevelopment project and an inner city hotel
- Facilitating economic development is a key priority for the Council. The Council, in partnership with others, has prepared and presented business pitches for uptake of industrial land at Irongate, Whakatu and Tomoana.

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 2014/15. The Council is also accredited under the ISO9000:2001 standard which is adhered to.

FUNDING IMPACT STATEMENT: Safe, Healthy & Liveable Communities					
	Notes	LTP Council 2014 \$'000	LTP Council 2015 \$'000	Actual Council 2015 \$'000	Variance \$'000
SOURCES OF OPERATING FUNDING					
General Rates, uniform annual general charge, rates penalties		25,145	26,513	26,221	(292)
Targeted Rates		1,410	1,453	1,394	(59)
Subsidies and grants for operating purposes		29	30	124	93
Fees and charges		15,485	16,006	15,923	(84)
Internal charges and overheads recovered		18,471	19,014	23,408	4,394
Local Authorities fuel tax, fines , infringement fees and other receipts	1	101	105	282	177
Total operating funding (A)		60,641	63,121	67,351	4,230
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	2	29,267	30,157	30,587	(430)
Finance costs		1,846	1,909	1,470	438
Internal charges and overheads applied		19,733	20,363	24,004	(3,640)
Other operating funding applications	3	2,066	2,864	1,070	1,795
Total applications of operating funding (B)		52,912	55,294	57,131	(1,837)
Surplus (deficit) of operating funding (A-B)		7,729	7,828	10,220	2,392
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	4	402	1,272	407	(865)
Development and financial contributions		722	745	638	(107)
Increase (decrease) in debt	5	845	2,229	(41)	(2,270)
Gross proceeds from sale of assets	6	988	80	427	347
Lump sum contributions		-	-	-	-
Other dedicated capital funding		-	-	-	-
Total sources of capital funding (C)		2,957	4,326	1,431	(2,895)
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure					
To meet additional demand		56	126	1,003	(877)
To improve the level of service	7	4,279	8,990	3,243	5,748
To replace existing assets	8	5,742	3,032	4,838	(1,806)
Increase (decrease) in reserves		610	6	2,569	(2,562)
Increase (decrease) of investments		-	-	-	-
Total applications of capital funding (D)		10,686	12,154	11,651	503
Surplus (deficit) of Capital funding (C-D)		(7,729)	(7,828)	(10,220)	(2,392)
Total funding balance (A-B) + (C-D)		-	-	-	-

Key Financial variances

Significant Operating variances

1. Bank Interest received higher than budgeted.
2. Payments to staff and suppliers are \$430,000 higher than budget due to the Waste levy paid to Central Government
3. Other Operating funding applications are \$1.795m lower than budget due to swimming pools now run by Council and therefore no grant paid, the Opera house grant not being required due to its closure, and the Te Mata peak upgrade not taking place as planned.

Significant asset acquisitions or replacements and other variances

4. Subsidies and Grants are under budget due to Civic square not proceeding as planned.
5. Debt has decreased by \$2.27m against budget mainly due to Civic Square and Te Mata peak not proceeding as planned.
6. Sale of Stock paddocks during the year contributes to these proceeds.
7. Capital Expenditure to improve the level of service is \$5.748m below Budget mainly due to Civic Square not proceeding as planned.
8. Unbudgeted Renewal Capital expenditure includes the Aquatic Centre, a Cremator and Earthquake strengthening work.

Economic & Community Development

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

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

- An enhanced traditional economic base
- New and diversified business investment
- An appealing visitor destination
- Skilled and enterprising people
- An attractive location to live
- Diversity in housing choice
- Attractive and useable public spaces
- Safe, multi-functional urban centres and neighbourhoods
- A strong district identity
- Putting people at the centre of planning and service
- Effective working relationships with mana whenua
- Young people connect and develop positively within the community
- Appropriate services and facilities for an ageing population.

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

- A successful partnership with Business Hawke's Bay and Callaghan Innovation has seen the continued delivery of the High Performance Work Programme for medium sized firms
- Council is contributing staff and financial resource with other councils and regional stakeholders to the development of a Hawke's Bay Regional Economic Development Strategy. The draft strategy is due to be released in October 2015
- Business Hawke's Bay which is partially funded by Council has established a business hub in Napier. Key agencies including New Zealand Trade and Enterprise and Chamber of Commerce are situated in the Hub. The Hub provides a central first point of contact for business related enquiries for the Region
- A range of social programmes within the 'Youth Futures project' continued to be delivered during 2014/15
- In terms of tourism and visitor attraction Splash Planet exceeded its visitor number target for the year. Council's i-site's, collectively, received 74,700 visitors
- A Place Plan for Havelock North was developed and consulted upon in the second quarter of 2015. This plan is expected to be formally adoption in September 2015.

Negative effects

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

FUNDING IMPACT STATEMENT: Economic and Community development		LTP Council 2014 \$'000	LTP Council 2015 \$'000	Actual Council 2015 \$'000	Variance \$'000	
	Notes					
SOURCES OF OPERATING FUNDING						Key Financial variances
General Rates, uniform annual general charge, rates penalties		4,601	4,781	4,728	(53)	Significant Operating variances
Targeted Rates		266	266	266		
Subsidies and grants for operating purposes		83	85	203	118	1. Additional unbudgeted Central Government funding for Social Development projects was received.
Fees and charges	1	365	383	712	329	2. Additional spending on Social development projects was incurred in line with funding received.
Internal charges and overheads recovered		155	159	253	94	
Local Authorities fuel tax, fines , infringement fees and other receipts		-	-	1	1	
Total operating funding (A)		5,470	5,674	6,164	490	Significant asset acquisitions or replacements and other variances
APPLICATIONS OF OPERATING FUNDING						
Payments to staff and suppliers	2	3,871	4,034	4,436	(402)	3. The loan funded Flaxmere town centre project has not proceeded as planned.
Finance costs		2	15	5	10	
Internal charges and overheads applied		1,111	1,151	1,313	(162)	
Other operating funding applications		435	1,514	557	957	
Total applications of operating funding (B)		5,418	6,715	6,312	403	
Surplus (deficit) of operating funding (A-B)		52	(1,040)	(148)	893	
SOURCES OF CAPITAL FUNDING						
Subsidies and grants for capital expenditure		-	-	-	-	
Development and financial contributions		-	-	-	-	
Increase (decrease) in debt	3	(27)	1,065	(3)	(1,068)	
Gross proceeds from sale of assets		-	-	10	10	
Lump sum contributions		-	-	-	-	
Other dedicated capital funding		-	-	-	-	
Total sources of capital funding (C)		(27)	1,065	7	(1,058)	
APPLICATIONS OF CAPITAL FUNDING						
Capital expenditure						
To meet additional demand		-	-	-	-	
To improve the level of service		-	-	-	-	
To replace existing assets		2	-	22	(22)	
Increase (decrease) in reserves		23	25	(163)	188	
Increase (decrease) of investments		-	-	-	-	
Total applications of capital funding (D)		25	25	(141)	166	
Surplus (deficit) of Capital funding (C-D)		(52)	1,040	148	(893)	
Total funding balance (A-B) + (C-D)		-	-	-	-	

Governance & Support Services

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

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

- Putting people at the centre of planning and service
- Effective working relationships with mana whenua
- A future we can fund.

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

- Customer feedback for both the Customer Service Centre and Contact Centre is very positive with high customer satisfaction levels. The continuation of a mystery shopper program introduced in 2013/14 in these areas has also produced pleasing results
- The Council's targets for website usage were exceeded with an average of 14,500 unique visitors per month, 53% over target. Service levels within the customer service and contact centre areas of Council were achieved
- No breaches of statutory planning processes were recorded during the year
- The financial result for the year has resulted in a rating surplus which has been applied to repay debt in accordance with the Council's financial strategy
- The section titled 'Māori and Decision Making' outlines the activities undertaken during 2014/15 to establish and maintain processes to provide opportunities for Māori to contribute to the decision making processes of the local authority.

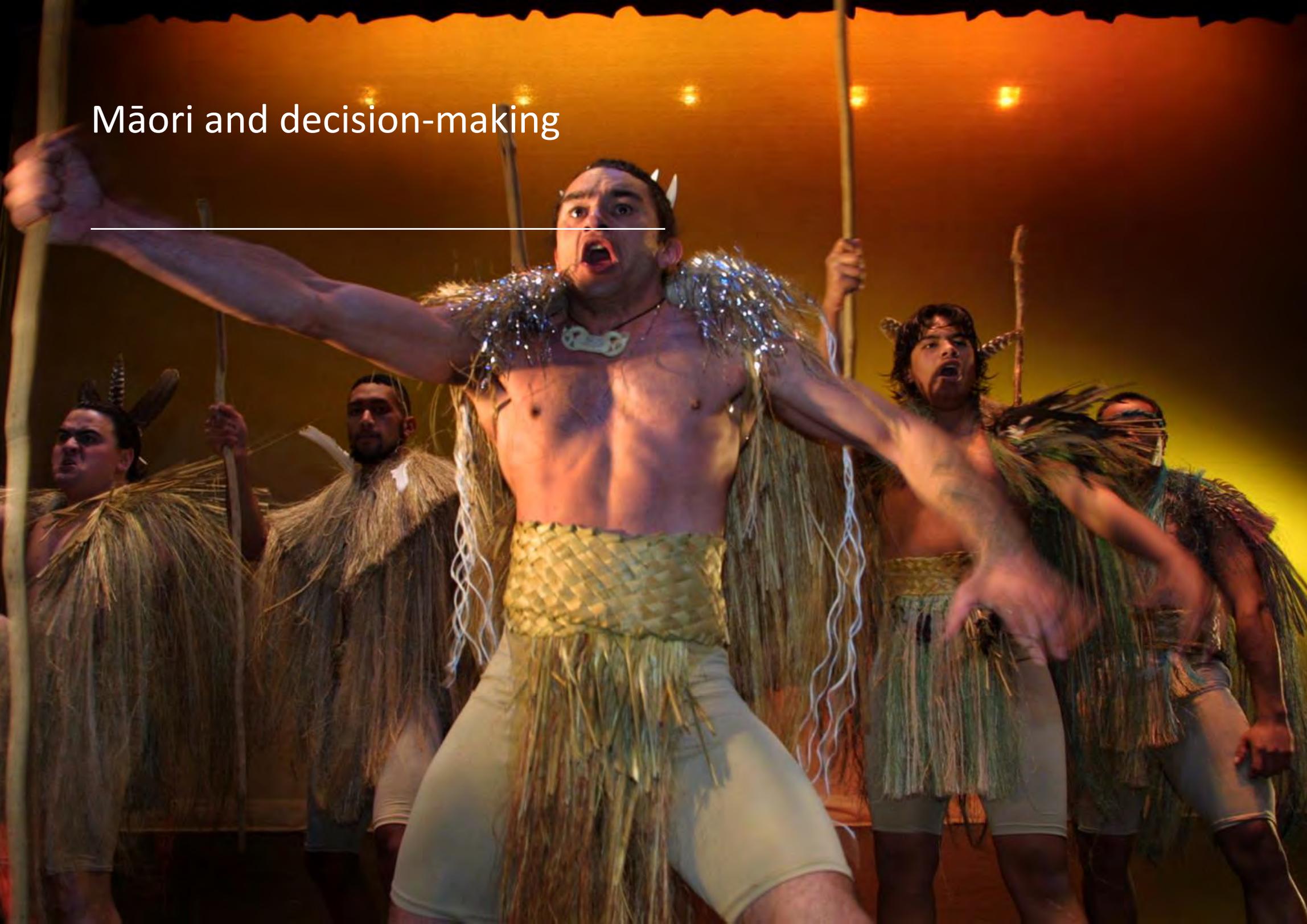
FUNDING IMPACT STATEMENT:					
Governance & Support	Notes	LTP Council 2014 \$'000	LTP Council 2015 \$'000	Actual Council 2015 \$'000	Variance \$'000
SOURCES OF OPERATING FUNDING					
General Rates, uniform annual general charge, rates penalties		2,845	3,006	2,973	(33)
Targeted Rates		1,609	1,865	1,842	(23)
Subsidies and grants for operating purposes		-	-	-	-
Fees and charges	1	216	98	193	95
Internal charges and overheads recovered		11,396	11,836	10,261	(1,575)
Local Authorities fuel tax, fines , infringement fees and other receipts		563	581	631	50
Total operating funding (A)		16,629	17,386	15,901	(1,485)
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	2	9,432	9,660	9,459	201
Finance costs		35	35	(773)	808
Internal charges and overheads applied		3,591	3,719	3,376	343
Other operating funding applications		822	859	813	46
Total applications of operating funding (B)		13,881	14,273	12,874	1,399
Surplus (deficit) of operating funding (A-B)		2,748	3,113	3,027	(86)
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure		-	-	10	10
Development and financial contributions		-	-	-	-
Increase (decrease) in debt		(15)	(15)	707	722
Gross proceeds from sale of assets		11	34	26	(8)
Lump sum contributions		-	-	-	-
Other dedicated capital funding		-	-	-	-
Total sources of capital funding (C)		(4)	19	743	724
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure					
To meet additional demand		-	-	-	-
To improve the level of service		-	-	76	(76)
To replace existing assets	3	1,272	1,580	647	934
Increase (decrease) in reserves	4	1,472	1,521	2,193	(672)
Increase (decrease) of investments	5	-	30	854	(824)
Total applications of capital funding (D)		2,744	3,132	3,770	(638)
Surplus (deficit) of Capital funding (C-D)		(2,748)	(3,113)	(3,027)	86
Total funding balance (A-B) + (C-D)		-	-	-	-

Key Financial variances

Significant Operating variances

1. Fees and Charges are \$95,000 higher than budget mainly due to reimbursement for staff seconded.
 2. Payments to staff and suppliers are lower than budget due to lower than anticipated costs for contracted services such as shared services, sustainable development and other projects.
- Significant asset acquisitions or replacements and other variances
3. Capital expenditure is lower than what was budgeted mainly due to Information Technology projects deferred into 2015-16 due to uncertainty of amalgamation.
 4. The Information Technology projects are funded from Council reserves which were not called on in 2014-15.
 5. Increase in investments is the Gas to Energy project at Omarunui Landfill which although not budgeted in the LTP, it had been included in the 2014-15 Annual Plan.

Māori and decision-making



Māori and decision-making

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

During 2014/15 the Council provided the following opportunities for Māori contribution to decision making:

- The Hastings District Council – Māori Joint Committee’s focus is on strategic priorities for Māori in the District. The Committee comprises six Māori appointments and six Councillors. The Committee’s terms of reference include input to the Long Term Plan, the Annual Plan and the District Plan
- The Council’s Strategic Adviser Culture and Heritage has worked closely to enhance strategic relationships between hapu and mana whenua, Ngāti Kahungunu Iwi Inc and the Council
- The Council established a Tangata Whenua Wastewater Committee 13 years ago. This is a special purpose Committee which was established to work through the development of wastewater solutions and issues facing the District in the future. In May 2014, a long-term wastewater discharge consent was granted for a period of 35 years. The Tangata Whenua Wastewater Joint Committee was integral in achieving this outcome and recognising the specific needs of Tangata Whenua in this consent
- The Council has resolved to encourage the development of hapu management plans, within the provisions of the Resource Management Act 1991. During 2014/15, Hapu development planning has progressed, with Omahu Marae and further development planning has been explored with Kahuranaki and the Waipatu community
- In 2014/15 the Council held further Hui to discuss the development of the Whakatu Arterial Road project, with respect to a Protocol for Accidental Discovery
- Ngāti Kahungunu Inc remains an integral partner in the scoping of CBD investment options and choices, including development of Civic Square and a potential innovation Centre
- District Plan review – Members of the Māori Joint Committee have participated in the District Plan review hearings
- The Hawke’s Bay Funding Forum has worked with Council to fund the MaraeFit Project to assist Marae to be ready to host Te Matatini 2017.



Financial statements



Financial statements

Actual Council 2014 \$'000	Actual Group 2014 \$'000	Statement of comprehensive revenue and expense for the year ended 30 June 2015	Notes	Budget Council 2015 \$'000	Actual Council 2015 \$'000	Actual Group 2015 \$'000
REVENUE						
64,310	64,310	Rates, excluding metered water supply charges (i)	3	65,980	66,628	66,628
20,278	20,948	Fees, charges and metered water supply charges		23,397	21,386	21,419
11,127	11,406	Subsidies and Grants (ii)		15,067	13,536	13,616
-	-	Reversal of revaluation and impairment losses	12	-	9,094	9,094
3,215	3,215	Development and financial contributions (iii)		5,661	2,793	2,793
37	37	Donations		5	92	92
819	840	Interest revenue (iv)	4	-	647	661
2,479	2,480	Other revenue (v)	5	525	906	906
1,867	1,867	Vested infrastructural assets		1,000	951	951
104,132	105,103	Total revenue		111,635	116,033	116,160
EXPENSES						
62,954	63,618	Operational costs	6	67,052	66,471	66,559
5,968	5,968	Hawke's Bay Opera House Complex - Impairment of buildings		-	-	-
28,562	28,574	Depreciation and amortisation expense		29,126	28,878	28,893
4,176	4,176	Finance costs (vi)		4,454	3,481	3,481
101,660	102,336	Total expenses		100,632	98,829	98,932
-	(49)	Share of associate surplus/(deficit)		-	-	212
2,472	2,718	Surplus/ (deficit) before tax		11,003	17,205	17,441
-	-	Income Tax expense	8	-	-	-
2,472	2,718	Surplus/(deficit) after tax		11,003	17,205	17,441
- Other comprehensive revenue and expense:						
19,886	19,886	Gain/loss on infrastructural revaluations		100,913	120,527	122,820

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

- (i) Increase in rates revenue is due to an increase in the rating base and rate increases.
- (ii) The reduction in New Zealand Transport Agency (NZTA) subsidies were the major factor in the unfavourable variance.
- (iii) Budgeted development contributions did not materialise due to development being slower than anticipated, due to slower than expected economic development.
- (iv) Interest Revenue - interest on surplus working capital reinvested.
- (v) Other Revenue - unbudgeted gains from disposal on plant property and equipment and unbudgeted dividends.
- (vi) Finance Costs - lower than budget, as consequence of lower debt levels and favourable interest rates. See (iv) above which reduces the net interest figure by \$647,000 to \$2,834,000.

The accompanying notes form part of these financial statements.

Actual Council 2014 \$'000	Actual Group 2014 \$'000	Statement of comprehensive revenue and expense for the year ended 30 June 2015	Notes	Budget Council 2015 \$'000	Actual Council 2015 \$'000	Actual Group 2015 \$'000
(244)	(244)	Gain/Loss on library book revaluations		-	18	18
-	-	Financial assets at fair value through other comprehensive revenue		-	6	6
19,642	19,642			100,913	120,551	122,844
22,114	22,360	Total other comprehensive revenue and expense		111,916	137,756	140,285
-	-	Net Surplus /(Deficit) attributable to:		-	-	-
2,472	2,718	Hastings District Council		11,003	17,205	17,441
-	-	Minority Interest		-	-	-
2,472	2,718			11,003	17,205	17,441
		Total comprehensive revenue and expense attributable to:				
22,114	22,360	Hastings District Council		111,916	137,756	140,285
-	-	Minority Interest		-	-	-
22,114	22,360			111,916	137,756	140,285

The accompanying notes form part of these financial statements.

Actual Council 2014 \$'000	Actual Group 2014 \$'000	Statement of changes in equity for the year ended 30 June 2015		Budget Council 2015 \$'000	Actual Council 2015 \$'000	Actual Group 2015 \$'000
1,608,158	1,611,341	Balance at 1 July		1,590,830	1,630,272	1,633,701
2,472	2,718	Surplus/Deficit		11,003	17,205	17,441
19,642	19,642	Other comprehensive revenue and expense for the year		100,913	120,551	122,844
22,114	22,360	Total comprehensive revenue and expense for the year		111,916	137,756	140,285
1,630,272	1,633,701	Balance at 30 June		1,702,746	1,768,028	1,773,985
		Total comprehensive revenue and expense attributable to:				
22,114	22,360	Hastings District Council		111,916	137,756	140,285
22,114	22,360	Total comprehensive revenue and expense		111,916	137,756	140,285

The accompanying notes form part of these financial statements.

Actual Council 2014 \$'000	Actual Group 2014 \$'000	Statement of financial position as at 30 June 2015	Notes	Budget Council 2015 \$'000	Actual Council 2015 \$'000	Actual Group 2015 \$'000
CURRENT ASSETS						
10,439	10,928	Cash & cash equivalents (i)		745	16,041	16,356
6,330	6,383	Receivables (ii)	9	9,185	12,790	12,821
80	80	Inventory	10	59	72	72
-	-	Non-current assets held for sale		-	-	-
30	30	Short Term Investments		-	30	30
16,879	17,421	Total current assets		9,989	28,933	29,279
NON-CURRENT ASSETS						
Other financial assets						
1,063	3,961	Investments in associates	11 (a)	1,066	1,807	7,212
1,457	1,334	Other non-current assets	11 (b)	588	1,568	1,510
2,520	5,295	Total other financial assets		1,654	3,375	8,722
150,443	150,759	Plant, property and equipment (iii)	12	174,521	161,678	161,975
1,534,644	1,534,644	Infrastructural assets (iv)	12	1,614,463	1,659,676	1,659,676
351	351	Intangible assets	12	429	349	349
1,687,958	1,691,049	Total non-current assets		1,791,057	1,825,077	1,830,721
1,704,837	1,708,470	Total assets		1,801,056	1,854,010	1,860,000
LIABILITIES						
Current liabilities						
12,875	13,079	Payables and deferred revenue (v)	13	11,967	15,923	15,956
2,574	2,574	Employee entitlements	14	2,927	2,992	2,992
-	-	Derivative financial instruments	16	-	71	71
-	-	Borrowings and other financial liabilities (vi)	15	10,000	10,000	10,000
15,449	15,653	Total current liabilities		24,894	28,985	29,018
Non-current liabilities						
703	703	Provisions	13	413	788	788
676	676	Employee entitlements	14	750	643	643
1,996	1,996	Derivative financial instruments	16	3,500	4,826	4,826
55,741	55,741	Borrowings and other financial liabilities (vi)	15	68,753	50,741	50,741
59,116	59,116	Total non-current liabilities		73,416	56,997	56,997
74,565	74,769	Total liabilities		98,310	85,982	86,015
1,630,272	1,633,701	Net assets (assets minus liabilities)		1,702,746	1,768,028	1,773,985

The major reasons for the variance between actual and budgeted balances at 30 June 2015 were:

(i) Cash

- Timing difference for the replacement of a \$5m debt facility.

- Deferred capital expenditure relating to major infrastructure projects has meant Council has more cash on hand.

(ii) Receivables

- Due to the timing of major roading projects the NZTA claim at year end was \$4.916m making receivables more than both budget and last year.

(iii) Plant, property and equipment

- The Hawke's Bay Opera House impairment of \$5.968m in 2013/14 and the additional write down in value of \$3.738m in 2014/15 had not be provided for in the budget.

(iv) Infrastructural assets

- The revaluation of the roading assets resulted in a higher than budgeted revaluation adjustment.

(v) Payables and deferred revenue

- Due to the timing of major infrastructure projects, there were a number of large projects underway at 30 June 2015 which has increased the amount of payables due.

(vi) Borrowings and other financial liabilities

- Secured loans levels were lower than budgeted at the end of the financial year due to projects not progressing as originally planned.

The accompanying notes form part of these financial statements.

Actual Council 2014 \$'000	Actual Group 2014 \$'000	Statement of financial position as at 30 June 2015	Notes	Budget Council 2015 \$'000	Actual Council 2015 \$'000	Actual Group 2015 \$'000
Equity						
1,184,125	1,187,554	Accumulated funds	17	1,204,814	1,201,062	1,204,726
3,079	3,079	Restricted Reserves	18	2,800	3,347	3,347
443,068	443,068	Revaluation Reserves	12	495,132	563,619	565,912
1,630,272	1,633,701	Total equity		1,702,746	1,768,028	1,773,985

The accompanying notes form part of these financial statements.

Actual Council 2014 \$'000	Actual Group 2014 \$'000	Statement of cash flows for the year ended 30 June 2015	Notes	Budget Council 2015 \$'000	Actual Council 2015 \$'000	Actual Group 2015 \$'000
CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES						
Cash was provided from:						
64,538	64,538	Receipts from rates revenue		65,980	66,781	66,781
25,734	26,438	Receipts from customers		29,583	19,725	19,756
819	840	Interest received		-	647	662
-	-	Dividends received		-	113	113
11,164	11,438	Subsidies and grants received		15,072	13,628	13,646
1,142	1,142	GST (net)		-	(1,325)	(1,325)
103,397	104,396			110,635	99,569	99,632
Cash was applied to:						
58,753	59,667	Payments to suppliers and employees		67,052	62,650	62,844
4,137	4,137	Interest paid		4,455	3,487	3,487
62,890	63,804			71,507	66,137	66,331
40,507	40,592	Net cash flows from operating activities (note 20)	A)	39,128	33,431	33,301
CASH FLOWS FROM INVESTING ACTIVITIES						
Cash was provided from:						
211	211	Receipts from sale of property, plant and equipment		193	692	692
-	-	Losses and impairment / revaluation prior year		-	-	20
211	211			193	692	712
Cash was applied to:						
33,171	33,238	Purchase of property, plant & equipment and infrastructural assets		54,502	32,666	32,665
244	247	Purchase of investments		30	855	920
33,415	33,485			54,532	33,521	33,585
(33,204)	(33,274)	Net cash flows to investing activities	B)	(54,339)	(32,829)	(32,873)
CASH FLOWS FROM FINANCING ACTIVITIES						
Cash was provided from:						
60,940	60,940	Proceeds from borrowings		21,559	60,940	60,940
Cash was applied to:						
60,940	60,940	Repayment of borrowings		6,869	55,940	55,940
-	-	Net cash flows from financing activities	C)	14,691	5,000	5,000
7,304	7,319	Net increase (decrease) in cash, cash equivalents and bank overdraft	(A+B+C)	(520)	5,602	5,428

The accompanying notes form part of these financial statements.

Actual Council 2014 \$'000	Actual Group 2014 \$'000	Statement of cash flows for the year ended 30 June 2015	Notes	Budget Council 2015 \$'000	Actual Council 2015 \$'000	Actual Group 2015 \$'000	
3,135	3,609	Cash, cash equivalents and bank overdraft at the beginning of the year		1,265	10,439	10,928	The accompanying notes form part of these financial statements.
10,439	10,928	Cash, cash equivalents and bank overdraft at the end of the year		745	16,041	16,356	
CASH AT END OF YEAR COMPRISES							
10,439	10,928	Cash and cash equivalents		745	16,041	16,356	

Notes to financial statements

1. Statement of accounting policies

Reporting entity

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

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

- Water & Roads
- Safe Healthy 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	Hastings District Holdings Limited
100%	100%

The Council also has the following investments in associates:

- HB LASS Limited is a Council Controlled Organisation of which the Council holds a 20% shareholding and is an equity accounted associate.
- A 23.88% shareholding in Hawke's Bay Airport Limited, a Council Controlled Organisation and is an equity accounted associate.
- Horse of the Year (Hawke's Bay) Limited is an equity accounted associate that the Council hold a 33% shareholding.
- Omarunui LFG Generation Limited Partnership is an equity accounted associate that the Council hold a 40% shareholding.

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

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

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

The 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 2015. The financial statements were authorised for issue by Council on 29 October 2015.

Basis of preparation

Statement of compliance

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

The financial statements comply with PBE Standards. The financial statements have been prepared in accordance with Tier 1 PBE Standards. There are no material adjustments arising on transition to the new PBE accounting standards. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

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

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

Measurement base

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

Functional and presentation currency

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

Changes in accounting policies

This is the first set of financial statements of the Council and Group that is presented in accordance with PBE Standards. The Council and Group previously reported in accordance with NZ IFRS (PBE).

The accounting policies adopted in these financial statements are consistent with those of previous years, except as outlined below where the reporting requirements of a PBE Standard are different to the requirements under NZ IFRS (PBE).

The changes to accounting policies and disclosures caused by first-time application of PBE Standards are as follows:

- **PBE IPSAS 1: Presentation of financial statements.** Additional disclosures are required to disclose receivables from non-exchange transactions separately to receivables from exchange transactions. These items have been disclosed as one single receivables figure as there are no material revenue exchange transactions.
- **PBE IPSAS 23: Revenue from Non-exchange Transactions** – PBE IPSAS 23 prescribes the financial reporting requirements for revenue from non-exchange transactions. There is no equivalent financial reporting standard under NZ IFRS (PBE). The application of this standard impacts the accounting policies for revenue recognition. Previously revenue for the provision of services had been recognised on a percentage of completion basis. All non-exchange revenue must be recognised when receivable unless there is a condition attached and a liability can be recognised. A condition exists if the Council is required to use the funds received as specified or return the cash or other resource if the performance does not occur.

In the previous two financial years, the Council and Group did not have any non-exchange revenue that had been deferred under NZ IFRS (PBE) which should not be deferred under PBE Standards. Therefore there are no adjustments to the opening balance sheet and comparative figures for the Council on adoption of PBE IPSAS 23.

Standards issued and not yet effective and not early adopted:

In May 2013, the External Reporting Board issued a new suite of PBE accounting standards for application by public sector entities for reporting periods beginning on or after 1 July 2014. The Council has applied these standards in preparing the 30 June 2015 financial statements.

In October 2014, the PBE suite of accounting standards was updated to incorporate requirements and guidance for the not – for – profit sector. These updated standards apply to PBE with reporting periods beginning on or after 1 April 2015. The Council will apply these updated standards in preparing 30 June 2016 financial statements. The Council expects that there will be minimal or no change in applying these updated accounting standards.

Significant accounting policies

Basis of consolidation

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

Subsidiaries

The 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 separate financial statements.

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

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

Associate

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

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

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

The 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 2015. The investment has been equity accounted.

The Council's 40% share of deficit from the Omarunui LFG Generation Limited Partnership is recognised in the period which matches the reporting period ending 31 March 2015. The investment has been equity accounted.

The Council has a 20% shareholding in HB LASS Limited, which is a Council Controlled Organisation.

Joint Venture

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

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

Revenue

Revenue is 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 when payable.

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

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 licenses.

Government grants

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

Other Government grants with no conditions attached are recognised as income when eligibility has been established by the grantor agency.

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 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 income in the form of interest is recognised using the effective interest method.

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

Cost allocation

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

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

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

Goods and Services Tax (GST)

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

Income tax

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

Income tax expense includes current tax and deferred tax.

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

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

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

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

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

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

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

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

Leases

Operating leases

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

Finance leases

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

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

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

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the 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.

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:

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

Financial assets

PBE Standards classify financial assets into four categories: financial assets at fair value through surplus or deficit, held to maturity investments, loans and receivables and financial assets at fair value through other comprehensive income. The Council does not have held to maturity investments.

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

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

The three categories of financial assets are:

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

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

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

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

(b) Loans and receivables

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

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

(c) Financial assets at fair value through other comprehensive income

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

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

Accounting for derivative financial instruments and hedging activities

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

Impairment of financial assets

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

Loans and other receivables

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

Financial assets at fair value through other comprehensive income

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

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

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

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

Property, Plant & Equipment

Property, plant 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 income and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive income but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expressed, and then recognised in other comprehensive income.

Land and Buildings were revalued in June 2015 by Mr John Reid (M Property Studies, B Com, ANZIV, SNZPI) of Logan Stone Ltd. Wherever possible, land and buildings are valued at net current value. Those buildings which cannot be easily sold are valued at depreciated replacement cost. Future revaluations will take place at three yearly intervals. The Te Mata Park Trust Board assets are recorded at cost less accumulated depreciation to date.

Library Collections are valued at depreciated replacement cost in accordance with guidelines established by the New Zealand Libraries Association. Library valuations are performed by an independent valuer, Dr Robin Watt MA (Hons.) PhD of R.J. Watt & Associates. The last valuation was performed as at June 2015.

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

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

Brian Wood of Peter Webb Galleries Ltd valued the heritage assets in June 2013, with the valuation being based on images and descriptions provided. The assets were valued on the basis of net current replacement costs. Future revaluations will take place at five yearly intervals.

Infrastructure assets for roading were valued at June 2015 by Pauline True (BE Civil) of MWH Ltd. Infrastructure assets for water were valued at June 2014 at depreciated replacement cost by the Council's engineers and independently reviewed by Mr Neville West of NW Solutions. These values were determined by calculation of the current cost of replacement adjusted by the estimated remaining useful life of the asset. Future revaluations will take place at two yearly intervals.

Parks assets replacement cost values were completed by Council's staff in June 2015 and independently reviewed and adjusted by John Reid (M Property Studies, B Com, FNZIV, FPINZ) of Logan Stone Ltd, registered valuers. The values were determined by calculation at the current cost of replacement adjusted by the estimated remaining useful life of the asset. Future revaluations will take place at two yearly intervals.

(b) Additions

The cost of an item of property, plant, 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 the item can be measure reliable.

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

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

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

(c) Disposals

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

(d) Depreciation

Land is not depreciated.

All other assets with the exception of Plant, Machinery 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
Structure/Envelope	20 - 65		
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.

(e) Subsequent costs

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

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

Intangible assets

Software acquisition and development

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

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

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

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

Amortisation

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

Computer software	3 years	33.3%
-------------------	---------	-------

Impairment of property plant and equipment and intangible assets measured at depreciated cost

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The indicators of impairment depend on whether the asset is cash-generating or non-cash-generating. 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 that are not revalued are non-cash-generating. For non- cash generating assets value in use is determined using an approach based on a depreciated replacement cost approach.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

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

If the asset's carrying amount exceeds its recoverable amount the asset is impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss (other than goodwill where impairment cannot be reversed) is also recognised in the surplus or deficit.

Inventories

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

Cash and cash equivalents

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

Debtors and other receivables

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

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

Employee entitlements

Short term employee entitlements

Employee benefits expected to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date.

Long term employee entitlements

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

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

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

Superannuation schemes

Defined contribution schemes

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

Defined benefit schemes

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

Landfill post-closure costs

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

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.

Borrowings

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

Non-current assets held for sale

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

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

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

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

Provisions

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

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

Equity

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

The components of equity are: Retained earnings, restricted reserves and Asset Revaluation reserves.

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

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

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

Budget figures

The budget figures are those approved by the Council in its 2014/15 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.

Comparative figures

Comparative figures disclosed in the accounts may have minor changes to those presented in the 2013/14 Annual Report. This has only been done in cases where the changes result in more meaningful comparisons, or to comply with the new presentation requirements of the Local Government (Financial Reporting and Prudence) Regulations 2014.

Critical accounting estimates and assumptions

In preparing these financial statements Council has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Landfill aftercare provision

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

Infrastructural assets

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

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

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

Creditors and other payables

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

Critical judgements in applying Council's accounting policies

Management has exercised the following critical judgements in applying accounting policies for the year ended 30 June 2015:

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.

Foreign currency transactions

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

Other investments

The carrying amount of term deposits approximates their fair value.

2. Funding impact statement for the whole of council as at 30 June 2015	Budget Council 2014 \$'000	Actual Council 2014 \$'000	Budget Council 2015 \$'000	Actual Council 2015 \$'000	Variance \$'000
SOURCES OF OPERATING FUNDING					
General rates, uniform annual general charge, rates penalties	51,300	51,158	53,178	53,135	(44)
Targeted rates	12,909	13,151	12,801	13,494	693
Subsidies and grants for operating purposes	4,609	4,643	4,863	4,980	116
Fees and charges	19,257	20,030	23,135	21,140	(1,995)
Interest and dividends from investments	5	130	5	759	754
Local authorities fuel tax, fines, infringement fees and other receipts	825	762	781	757	(24)
Total operating funding (A)	88,905	89,874	94,765	94,264	(500)
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	59,539	57,586	62,161	61,107	1,054
Finance costs	4,951	3,724	4,754	3,914	839
Other operating funding applications	3,575	4,959	4,916	2,535	2,382
Total applications of operating funding (B)	68,065	66,269	71,831	67,556	4,275
Surplus (deficit) of operating funding (A-B)	20,840	23,605	22,934	26,708	3,775
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	8,219	6,520	10,209	8,648	(1,561)
Development and financial contributions	3,387	2,672	5,361	2,705	(2,656)
Increase (decrease) in debt	2,912	(1,697)	14,691	2,419	(12,272)
Gross proceeds from sale of assets	1,318	250	193	720	527
Lump sum contributions	300	544	300	88	(212)
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	16,136	8,289	30,754	14,580	(16,174)
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure					
To meet additional demand	4,585	2,169	14,541	2,859	11,682
To improve the level of service	12,816	10,608	18,580	14,116	4,464
To replace existing assets	19,989	17,609	21,356	17,931	3,425
Increase (decrease) in reserves	(414)	1,268	(819)	5,528	(6,347)
Increase (decrease) of investments	-	240	30	854	(824)
Total applications of capital funding (D)	36,976	31,894	53,687	41,288	12,400
Surplus (deficit) of capital funding (C-D)	(20,840)	(23,605)	(22,934)	(26,708)	(3,775)
Total funding balance (A-B) + (C-D)	-	-	-	-	-

The funding impact statement includes internal interest, but excludes non-cash items such as vested infrastructural assets and depreciation. Key financial variances have been explained at an individual Funding Impact Statement level.

Actual Council 2014 \$'000	3. Rates income excluding metered water supply charges	Budget Council 2015 \$'000	Actual Council 2015 \$'000
37,003	General Rate	38,078	37,993
9,074	Community & Resource Rate	9,313	9,187
4,865	Uniform Annual General Charge	5,814	5,720
TARGETED RATES			
45	Havelock North Business Association	48	48
90	Swimming Pools	115	93
112	Havelock North Parking	103	116
220	Hastings City Marketing	221	218
333	Security Patrols	292	290
61	CBD Hastings	92	91
15	CBD Havelock North	22	22
(3)	Rural Seal Extension	-	-
99	Whakatu Stormwater	100	99
16	Waimarama Seawall	16	16
4,746	Wastewater	4,402	4,798
23	Waipatiki Wastewater Operational	25	24
33	Waipatiki Wastewater Capital	30	32
1,821	Wastewater Levy (80%)	1,642	1,842
4,517	Water supply	4,658	4,775
669	Kerbside Recycling	650	674
335	Refuse Collection	282	337
-	- Waimarama Refuse Collection	41	-
21	Whirinaki Water Supply - Capital	16	20
-	- Waimarama Domain	-	-
216	Rates Penalties and remissions (Net)	23	235
64,311		65,980	66,628

The Council is required by the LGFA Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates income. That Deed defines annual rates income as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating Act) 2002 together with any revenue received by the Council from other local authorities for services provided by that Council for which those other Local Authorities rate. The annual rates income of the Council for the year ended 30 June 2015 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown below:

Actual Council 2014 \$'000	Budget Council 2015 \$'000	Actual Council 2015 \$'000	
TOTAL ANNUAL RATES REVENUE			
64,311	65,980	66,628	
470	575	578	
64,781	66,555	67,207	
Actual Council 2014 \$'000	Actual Group 2014 \$'000	Actual Council 2015 \$'000	Actual Group 2015 \$'000
4. Finance revenue			
309	309	393	393
819	840	647	662
1,128	1,149	1,039	1,054
(309)	(309)	(393)	(444)
819	840	647	610
Actual Council 2014 \$'000	Actual Group 2014 \$'000	Actual Council 2015 \$'000	Actual Group 2015 \$'000
5. Other revenue			
514	514	511	511
58	58	282	282
1,776	1,776	-	-
130	130	113	113
2,478	2,478	906	906

Actual Council 2014 \$'000	Actual Group 2014 \$'000	Actual Council 2015 \$'000	Actual Group 2015 \$'000
6. Operational costs			
709	709	780	780
16,096	16,096	16,220	16,245
2,758	2,758	2,985	2,991
303	303	230	230
Fees to auditors			
104	126	95	107
-	-	69	69
26	26	48	48
(92)	(92)	(46)	(46)
886	886	1,100	1,100
5,873	5,992	6,407	6,409
3,079	3,079	3,172	3,172
24,849	25,703	26,925	26,925
680	680	751	751
(36)	(36)	172	172
1,340	1,428	1,446	1,479
3,452	2,746	1,299	1,214
2,712	2,999	1,917	2,012
215	215	-	-
-	-	2,901	2,901
62,954	63,618	66,471	66,559

The fees to Audit New Zealand for other services in the year ending 30 June 2015 were for the audit of the Council's 2015 - 2025 Consultation Document and Long Term Plan.

Actual Council 2014 \$'000	Actual Group 2014 \$'000	7. Depreciation and amortisation expense	Actual Council 2015 \$'000	Actual Group 2015 \$'000
633	645	Operational buildings	652	667
1,186	1,186	Restricted buildings	1,284	1,284
247	247	Library collection	239	239
1,003	1,003	Plant, equipment and motor vehicles	959	959
99	99	Furniture and fittings	94	94
781	781	Landfill	812	812
650	650	Computers and office equipment	435	435
4,599	4,611	Total property, plant and equipment	4,474	4,489
1,667	1,667	Water supply network	1,949	1,949
5,493	5,493	Wastewater disposal network	5,565	5,565
2,510	2,510	Stormwater disposal network	2,700	2,700
13,117	13,117	Roading foundations and bridges	12,857	12,857
943	943	Parks	1,141	1,141
23,730	23,730	Total Infrastructural assets	24,212	24,212
Amortisation				
234	234	Intangible assets - computer software	191	191
28,563	28,575		28,878	28,894

Actual Council 2014 \$'000	Actual Group 2014 \$'000	8. Taxation	Actual Council 2015 \$'000	Actual Group 2015 \$'000
2,472	2,718	Net operating surplus before taxation	17,205	17,441
-	49	Share of associate's retained surplus	-	(236)
2,472	2,767		17,205	17,204
692	775	Tax at 28%	4,817	4,817
Plus (Less) tax effect of:				
(392)	(775)	Permanent differences	(4,817)	(4,817)
-	-	Imputation credits	-	-
-	-	Residual taxation payable	-	-
Comprising:				
-	-	Current tax	-	-
-	-	Future income tax benefit	-	-
Future tax benefit:				
-	-	Opening balance	-	-
-	-	Movement	-	-
-	-	Closing balance	-	-

Unused tax losses for the Hastings District Holdings Limited of \$816,711 (2014: \$805,642) are available to carry forward and offset against future taxable income. Unused Tax losses for the Hastings District Properties Limited of \$88,787 (2014: \$76,842) are available to carry forward. Unused Tax losses for the Hawke's Bay Opera House Limited of \$68,538 (2014: \$64,433) are available to carry forward. Unused tax losses for the Hastings District Council of \$169,764 (2014: \$276,630) are available to carry forward and offset against future taxable income.

Actual Council 2014 \$'000	Actual Group 2014 \$'000		Actual Council 2015 \$'000	Actual Group 2015 \$'000
1,351	1,351	9. Receivables	1,167	1,167
4,425	4,478	Rates receivables	10,048	10,059
		- Other receivables		
769	769	- Inter entity receivables	-	-
147	147	GST receivables	1,788	1,788
		Other current assets	104	104
6,692	6,745		13,107	13,118
(363)	(363)	Less Impairment of receivables	(317)	(317)
6,329	6,382		12,790	12,801
There are no material exchange transactions				

Fair value

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

Impairment

The Council does not provide for any impairment on rates receivable; with the exception of Maori 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 4 months after the due date for payment. If payment has not been made within 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.

Related parties

- At the end of the financial year Hawke's Bay Opera House Limited, a related party, owed the Council \$nil (2014: \$nil).
- At the end of the financial year, Hawke's Bay Regional Sports Park Trust, a related party owed the Council \$6,734 (2014: \$6,211).

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

Council Gross \$'000	Impairment \$'000	The status of receivables are detailed below:	Gross \$'000	Impairment \$'000
DEBTORS				
5,060	-	Not past due	11,561	-
571	-	Past due 1 - 60 days	476	-
48	-	Past due 61 - 90 days	97	-
1,013	(363)	Past due > 90 days	973	(317)
6,692	(363)		13,107	(317)
Group Gross \$'000	Impairment \$'000	The status of receivables are detailed below:	Gross \$'000	Impairment \$'000
DEBTORS				
5,113	-	Not past due	11,561	-
571	-	Past due 1 - 60 days	476	-
48	-	Past due 61 - 90 days	97	-
1,013	(363)	Past due > 90 days	973	(317)
6,745	(363)		13,107	(317)

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

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

Actual Council 2014 \$'000	Actual Group 2014 \$'000		Actual Council 2015 \$'000	Actual Group 2015 \$'000
97	97	Individual Impairment	45	45
266	266	Collective Impairment	272	272
363	363		317	317

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

Actual Council 2014 \$'000	Actual Group 2014 \$'000		Actual Council 2015 \$'000	Actual Group 2015 \$'000
-	-	Past due 1-60 days	-	-
-	-	Past due 61-90 days	-	-
97	97	Past due > 90 days	45	45
97	97		45	45

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

Actual Council 2014 \$'000	Actual Group 2014 \$'000		Actual Council 2015 \$'000	Actual Group 2015 \$'000
454	454	As at 1 July	363	363
-	-	Additional provisions made during the year	-	-
(65)	(65)	Provisions reversed during the year	2	2
(26)	(26)	Receivables written-off during the year	(48)	(48)
363	363		317	317

Actual Council 2014 \$'000	Actual Group 2014 \$'000		Actual Council 2015 \$'000	Actual Group 2015 \$'000
80	80	10. Inventories Inventory held for distribution	72	72
80	80	Total inventory	72	72

No inventories are pledged as security for liabilities. (2014 \$nil).

The carrying amount of inventory held for distribution that are measured at current replacement cost as at 30 June 2015 amounted to \$nil (2014 \$nil).

Actual Council 2014 \$'000	Actual Group 2014 \$'000		Actual Council 2015 \$'000	Actual Group 2015 \$'000	
1,063	3,993	11.(a) Investment in associates and CCO's	1,063	6,495	The summary financial information for associates only shows the Group's interest
-	1	Hawke's Bay Airport Limited	-	1	
-	(34)	HB LASS Limited	-	(27)	
-	-	Horse of the Year (Hawke's Bay) Limited	744	744	
1,063	3,961	Total investments in associates	1,807	7,214	
		HAWKE'S BAY AIRPORT LIMITED			
		Name of entity: Hawke's Bay Airport Limited			
		Principal activities: Airport			
		Ownership: 24% (2012: 24%)			
		Owner: Hawke's Bay Airport Limited			
		Balance date: 30 June			
1,063		HDC Investment in Hawke's Bay Airport Limited	1,063		
	2,943	Retained Earnings at the beginning of year		2,930	
	4,006	Carrying amount at beginning of year	3,993		
		Council's share of the results of Hawke's Bay Airport Limited			
	(13)	Share of Surplus	230		
	-	Share of other recognised revenues and expenses	-		
	(13)	Share of total recognised revenues and expenses	230		
		Carrying Amount of Investment in Hawke's Bay Airport Limited			
	4,006	Carrying amount at beginning of year	3,993		
	(13)	Share of total recognised revenues and expenses	230		
		Revaluation reserves	2,272		
	3,993	Carrying amount at end of year	6,495		
		There are no contingent liabilities at 30 June 2015			
		OMARUNUI LFG GENERATION LIMITED PARTNERSHIP			
		Name of entity: Omarunui LFG Generation Limited Partnership			
		Principal activities: Gas & Electricity			
		Ownership: 40% (2014: 0%)			
		Owner: Omarunui LFG Generation Limited Partnership			
		Balance date: 31 March*			
		*There are no material transactions from 1 April 2015 to June 2015			
		HDC Investment in Omarunui LFG Generation Limited Partnership	744		
		Retained earnings at the beginning of year	-		
		Carrying amount at beginning of year	-		
		Council's share of the results of Omarunui LFG Generation Limited Partnership			
		Share of surplus	(26)		
		Share of other recognised revenues and expenses	-		
		Share of total recognised revenues and expenses	(26)		

Actual Council 2014 \$'000	Actual Group 2014 \$'000		Actual Council 2015 \$'000	Actual Group 2015 \$'000
		11.(a) Investment in associates and CCO's		
		Carrying amount of investment in Omarunui LFG Generation Limited Partnership		
		Carrying amount at beginning of year	744	
		Share of total recognised revenues and expenses	(26)	
		Revaluation reserves	-	
		Carrying amount at end of year	718	
		HAWKE'S BAY AIRPORT LIMITED		
	5,437	Assets	8,360	
	1,444	Liabilities	1,864	
	963	Revenues	1,050	
	95	Surplus/ (deficit)	316	
	24%	Group's interest	24%	
		Balance date: 30 June		
		HB LASS LIMITED		
-	6	Assets	73	
-	5	Liabilities	72	
-	22	Revenues	65	
-	-	Surplus/ (deficit)	-	
-	20%	Group's interest	20%	
		Balance Date: 30 June		
		HORSE OF THE YEAR (HAWKE'S BAY) LIMITED		
-	90	Share of assets	60	
-	123	Share of liabilities	87	
-	764	Share of revenues	765	
-	(36)	Share of surplus/(deficit)	6	
-	33%	Group's interest	33%	
		Balance Date: 31 May		
		OMARUNUI LFG GENERATION LIMITED PARTNERSHIP		
		Assets	733	
		Liabilities	15	
		Revenues	31	
		Surplus/ (deficit)	26	
		Group's interest	40%	
		Balance date: 31 March		

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

Fair value

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

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

Actual Council 2014 \$'000	Actual Group 2014 \$'000		Actual Council 2015 \$'000	Actual Group 2015 \$'000
		11.(b) Other non-current assets		
-	84	Term deposits	-	149
373	373	Unlisted shares in LGFA	373	373
720	720	Borrower notes in LGFA	800	800
157	157	NZ Local Govt Insurance Association	157	157
207	-	Subsidiary Hastings District Holdings Limited	237	237
1,457	1,334	Total other non-current assets	1,568	1,717

Actual Council 2014 \$'000	Actual Group 2014 \$'000		Actual Council 2015 \$'000	Actual Group 2015 \$'000
		11.(c) Investment in other entities and CCO's		
-	84	Term Deposits	-	149
1,063	3,993	Hawke's Bay Airport Limited	1,063	7,558
-	1	HB LASS Limited	-	1
-	(34)	Horse of the Year (Hawke's Bay) Limited	-	(27)
373	373	Unlisted shares in LGFA	373	373
720	720	Borrower notes in LGFA	800	800
157	157	NZ Local Govt Insurance Association	157	157
-	-	Omarunui LFG Generation Limited Partnership	744	744
207	-	Subsidiary Hastings District Holdings Limited	237	(186)
2,520	5,295	Total investment in other entities and CCO's	3,375	9,571

12. Property, Plant & Equipment: 2015	1 Jul 2014	1 Jul 2014	1 Jul 2014								30 Jun 2015	30 Jun 2015	30 Jun 2015
	Cost/ Revaluation	Accumulated depreciation and impairment charges	Carrying amount	Additions	Disposals	Impairment charges	Amortisation charges	Depreciation	Depreciation writeback	Revaluation/ other movements	Cost/ Revaluation	Accumulated depreciation and impairment charges	Carrying amount
\$'000													
COUNCIL OPERATIONAL ASSETS													
Operational Buildings	27,294	(1,247)	26,047	1,419	(91)	-	-	(652)	1,899	1,294	29,916	-	29,916
Operational Land	24,023	-	24,023	58	(275)	-	-	-	-	1,362	25,168	-	25,168
Heritage	537	-	537	-	-	-	-	-	-	-	537	-	537
Library Books	2,156	-	2,156	395	-	-	-	(239)	239	(221)	2,330	-	2,330
Computers & Office Equipment *	6,419	(5,370)	1,049	374	(2)	-	-	(420)	2	-	6,792	(5,788)	1,004
Furniture & Fittings	2,239	(1,722)	517	41	-	-	-	(94)	-	-	2,280	(1,816)	464
Plant, Equipment & Vehicles *	13,010	(7,939)	5,071	2,020	(702)	-	-	(983)	551	(1)	14,327	(8,370)	5,957
Landfill	18,818	(11,756)	7,063	483	(23)	-	-	(812)	23	-	19,278	(12,545)	6,734
Total operational assets	94,497	(28,033)	66,464	4,790	(1,092)	-	-	(3,199)	2,714	2,434	100,628	(28,518)	72,110
COUNCIL RESTRICTED ASSETS													
Restricted Buildings	41,028	(2,208)	38,820	2,390	(148)	-	-	(1,266)	3,473	(4,901)	38,368	-	38,368
Restricted Land	45,160	-	45,160	71	(20)	-	-	-	-	5,989	51,200	-	51,200
Total Restricted Assets	86,187	(2,208)	83,980	2,461	(168)	-	-	(1,266)	3,473	1,088	89,568	-	89,568
Total Operational & Restricted Assets	180,684	(30,241)	150,443	7,250	(1,260)	-	-	(4,464)	6,187	3,522	190,196	(28,518)	161,678
Plant & Equipment	87	(22)	64	-	(10)	-	-	(5)	-	-	77	(27)	50
Restricted Buildings	137	(15)	121	-	-	-	-	(4)	-	-	136	(19)	117
Restricted Land	130	-	130	-	-	-	-	-	-	-	130	-	130
Office Equipment	2	(1)	1	-	-	-	-	-	-	-	2	(2)	-
Total Subsidiary Assets	355	(39)	316	-	(10)	-	-	(9)	-	-	345	(48)	297
Total Group	181,040	(30,281)	150,759	7,250	(1,270)	-	-	(4,473)	6,187	3,522	190,541	(28,567)	161,975
INTANGIBLE ASSETS													
Computer Software	4,584	(4,233)	351	202	-	-	(203)	-	-	-	4,785	(4,436)	349
Total Intangible Assets	4,584	(4,233)	351	202	-	-	(203)	-	-	-	4,785	(4,436)	349
COUNCIL INFRASTRUCTURAL ASSETS													
Bridges	68,103	(1,238)	66,865	-	-	-	-	(1,181)	2,419	(2,747)	65,356	-	65,356
Roading - Land	128,966	-	128,966	52	-	-	-	-	-	-	129,017	-	129,017
Roading - Other	895,298	(11,878)	883,420	18,010	-	-	-	(11,676)	23,554	98,448	1,011,755	-	1,011,755
Stormwater Disposal Network	161,489	(69)	161,420	1,296	(111)	69	-	(2,700)	-	(1,500)	161,175	(2,700)	158,475
Wastewater Disposal Network	192,907	-	192,907	7,514	(427)	-	-	(5,589)	32	(100)	199,893	(5,557)	194,336
Water Supply Network	89,442	-	89,442	1,731	(289)	-	-	(1,949)	-	-	90,884	(1,949)	88,935
Parks	12,567	(943)	11,624	2,462	-	-	-	(1,141)	2,084	(3,227)	11,802	-	11,802
Total Infrastructural Assets	1,548,772	(14,129)	1,534,643	31,063	(827)	69	-	(24,236)	28,090	90,874	1,669,882	(10,206)	1,659,676

Historical movements in fair value and impairment for Land and Buildings

Class	2012 Revaluation loss to reserves \$'000	2012 Revaluation loss to statement of comprehensive revenue and expense \$'000	2014 Impairment of Opera House to Statement of Comprehensive revenue and expense \$'000	Reversal of revaluation and impairment losses \$'000	Revaluation and impairment losses yet to be reversed \$'000
Land and Buildings	(77)	(3,650)	(5,968)	9,094	524

Impairment

Land and buildings - impairment losses of \$5,968,000 were recognised in the statement of comprehensive revenue and expense in the 2014 financial year, as an expense. These losses were due to the recognition of the impairment in value of the Hawke's Bay Opera House and the Municipal Building, Hastings Street South due to their seismic limitations. In 2015 there were additional impairment losses of \$3,780,000 relating to the Hawke's Bay Opera House and Municipal Buildings. Also in the 2015 year there was an upward movement in the revaluation of Land and Buildings, and this impairment has been reversed and offset against the revaluation.

Property, Plant & Equipment consists of:

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

Capitalised finance leases

The net carrying amount of plant and equipment held under finance leases is \$nil (2014: \$nil).

Work in progress

The total amount per class is as listed below:

Class	Actual Council 2015
Buildings	1,140
Computers & Office Equipment	72
Furniture & Fittings	6
Plant, Equipment & Vehicles	-
Properties sold but not settled	-
Parks	2
Roading	-
Stormwater	1,420
Wastewater	5,072
Water Supply	652
Total	8,364

2015 Core assets	Assets constructed	Assets transferred	Closing value	Replacement cost
WATER SUPPLY				
Treatment Plants and Facilities	262	-	4,148	8,528
Other Assets	1,131	338	84,787	137,469
Total	1,393	338	88,935	145,997
SEWERAGE				
Treatment Plants and Facilities	781	-	47,401	69,693
Other Assets	4,785	448	146,935	286,836
Total	5,566	1,948	194,336	356,529
Stormwater drainage	1,129	166	158,475	262,941
Flood protection & Control works	-	-	-	-
Roads & Footpaths	18,061	-	1,206,129	1,348,338

12. Property, Plant & Equipment: 2014

	1 Jul 2013	1 Jul 2013	1 Jul 2013								30 Jun 2014	30 Jun 2014	30 Jun 2014
	Cost/ Revaluation	Accumulated depreciation and impairment charges	Carrying amount	Additions	Disposals	Impairment charges	Amortisation charges	Depreciation	Depreciation writeback	Revaluation/ other movements	Cost/ Revaluation	Accumulated depreciation and impairment charges	Carrying amount
\$'000													
COUNCIL OPERATIONAL ASSETS													
Operational buildings	26,654	(614)	26,040	640	-	-	-	(633)	-	-	27,294	(1,247)	26,047
Operational land	23,955	-	23,956	68	-	-	-	-	-	-	24,023	-	24,023
Heritage	537	-	537	-	-	-	-	-	-	-	537	-	537
Library books	2,240	-	2,240	407	-	-	-	(247)	247	(491)	2,156	-	2,156
Computers and office equipment *	6,077	(4,743)	1,334	342	-	-	-	(649)	-	24	6,419	(5,370)	1,049
Furniture and fittings	2,218	(1,635)	583	32	(12)	-	-	(99)	11	-	2,239	(1,722)	517
Plant, Equipment & Vehicles*	12,600	(7,684)	4,916	1,323	(913)	-	-	(1,005)	750	-	13,010	(7,939)	5,071
Landfill	18,336	(10,975)	7,361	483	-	-	-	(781)	-	-	18,818	(11,756)	7,063
Total operational assets	92,618	(25,652)	66,967	3,295	(925)	-	-	(3,413)	1,009	(467)	94,497	(28,034)	66,464
COUNCIL RESTRICTED ASSETS													
Restricted buildings	43,475	(1,091)	42,383	5,021	-	(5,968)	-	(1,117)	-	(1,500)	41,028	(2,208)	38,820
Restricted land	44,356	-	44,356	804	-	-	-	-	-	-	45,160	-	45,160
Total restricted assets	87,831	(1,091)	86,739	5,824	-	(5,968)	-	(1,117)	-	(1,500)	86,187	(2,208)	83,979
Total operational and restricted assets	180,449	(26,743)	153,707	9,119	(925)	(5,968)	-	(4,530)	1,009	(1,967)	180,684	(30,241)	150,443
SUBSIDIARIES PROPERTY, PLANT AND EQUIPMENT													
Plant and equipment	19	(15)	4	67	-	-	-	(7)	-	-	87	(22)	64
Restricted buildings	137	(11)	126	-	-	-	-	(4)	-	-	137	(15)	121
Restricted land	130	-	130	-	-	-	-	-	-	-	130	-	130
Office equipment	2	(1)	1	-	-	-	-	-	-	-	2	(1)	1
Total subsidiary assets	287	(27)	260	67	-	-	-	(12)	-	-	355	(39)	316
Total Group	180,736	(26,770)	153,967	9,187	(925)	(5,968)	-	(4,542)	1,009	(1,967)	181,039	(30,280)	150,759
INTANGIBLE ASSETS													
Computer software	4,431	(4,002)	429	154	-	-	(234)	-	4	-	4,584	(4,233)	351
Total intangible assets	4,431	(4,002)	429	154	-	-	(234)	-	4	-	4,584	(4,233)	351

12. Property, Plant & Equipment: 2014

	1 Jul 2013	1 Jul 2013	1 Jul 2013									30 Jun 2014	30 Jun 2014	30 Jun 2014
	Cost/ Revaluation	Accumulated depreciation and impairment charges	Carrying amount	Additions	Disposals	Impairment charges	Amortisation charges	Depreciation	Depreciation writeback	Revaluation/ other movements		Cost/ Revaluation	Accumulated depreciation and impairment charges	Carrying amount
\$'000														
COUNCIL INFRASTRUCTURAL ASSETS														
Bridges	68,103	-	68,103	-	-	-	-	(1,238)	-	-		68,103	(1,238)	66,865
Roading – land	128,966	-	128,966	-	-	-	-	-	-	-		128,966	-	128,966
Roading – other	882,040	-	882,040	13,258	-	-	-	(11,878)	-	-		895,298	(11,878)	883,420
Stormwater disposal network	177,628	(4,927)	172,702	885	(243)	-	-	(2,579)	7,437	(16,781)		161,489	(69)	161,420
Wastewater disposal network	191,569	(10,770)	180,799	3,723	(248)	-	-	(5,493)	16,264	(2,138)		192,907	-	192,907
Water supply network	74,733	(3,195)	71,538	3,287	(369)	-	-	(1,667)	4,862	11,790		89,442	-	89,442
Parks	10,390	-	10,390	2,177	-	-	-	(943)	-	-		12,567	(943)	11,624
Total infrastructural assets	1,533,430	(18,892)	1,514,538	23,330	(859)	-	-	(23,799)	28,562	(7,130)		1,548,772	(14,129)	1,534,643

Work in progress

The total amount per class is as listed below:

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

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

Actual Council 2014 \$'000	Actual Group 2014 \$'000	13. Payables and deferred revenue	Actual Council 2015 \$'000	Actual Group 2015 \$'000
CURRENT				
8,067	8,271	Trade payables and accrued expenses	10,809	10,841
410	410	Interest on public debt	404	404
474	474	Revenue received in advance	390	390
277	277	ETS Levy Provision (Note 24)	427	427
3,647	3,647	Other current liabilities	3,894	3,894
12,875	13,079		15,924	15,956
NON-CURRENT				
555	555	Provision for Landfill Aftercare (Note 24)	607	607
148	148	Other non-current liabilities	180	180
703	703		788	788
Payables and deferred revenue comprise of:				
474	474	Payables from non - exchange transactions – rates and dog registrations	390	390
13,104	13,308	Payables from exchange transactions – commercial payables	16,322	16,354

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

Related parties

- At the end of the financial year Hawke's Bay Opera House Limited, a related party, was owed \$ nil (2014: \$3,986) by the Council.
- The end of the financial year Hastings District Properties Limited, a related party, was owed \$ nil (2014: \$ nil) by the Council.

Actual Council 2014 \$'000	Actual Group 2014 \$'000		Actual Council 2015 \$'000	Actual Group 2015 \$'000
14. Employee entitlements				
3,114	3,167	Opening balance	3,249	3,249
135	82	Entitlements paid or relinquished	385	385
3,249	3,249		3,634	3,634
CURRENT				
-	-	Accrued pay	-	-
2,519	2,519	Annual leave and other benefits	2,918	2,918
55	55	Retirement and long service leave	73	73
2,574	2,574		2,992	2,992
NON-CURRENT				
676	676	Retirement and long service leave	643	643
676	676		643	643

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

Expected future payments are discounted using forward discount rates derived from the yield curve of New Zealand government bonds. The discount rates used have maturities that match, as closely as possible, the estimated future cash outflows. The salary inflation factor has been determined after considering historical salary inflation patterns and after obtaining advice from an independent actuary. A weighted average discount rate of 6.0% (2014 6.0%) and an inflation factor of 2.0% (2014 2.0%) were used.

Actual Council 2014 \$'000	Actual Group 2014 \$'000		Actual Council 2015 \$'000	Actual Group 2015 \$'000
15. Borrowings and other financial liabilities				
55,741	55,741	Opening total of external public debt	55,741	55,741
60,940	60,940	Debt raised during year	5,000	5,000
(60,940)	(60,940)	Amounts repaid	-	-
55,741	55,741	Total gross public debt	60,741	60,741
55,741	55,741		60,741	60,741
Comprises				
CURRENT				
-	-	Secured loans	10,000	10,000
NON-CURRENT				
55,741	55,741	Secured loans	50,741	50,741
55,741	55,741		50,741	50,741
55,741	55,741	Total borrowings and other financial liabilities	60,741	60,741

Secured loans

The Council's secured debt of \$60.7 million (2014: \$55.7 million) is mostly issued at floating rates of interest. For floating rate debt, the interest rate is reset quarterly based on the 90-day bank bill rate plus a margin for credit risk. The overdraft is unsecured. The maximum amount that can be drawn down against the overdraft facility is \$0.5 million (2014: \$0.5 million). There are no restrictions on the use of the facility. The Councils' loans are secured over either separate or general rates of the Council.

Actual Council 2014 \$'000	Actual Group 2014 \$'000		Actual Council 2015 \$'000	Actual Group 2015 \$'000
REPAYMENT TERMS – TERM DEBT				
-	-	Payable in less than 1 year	10,000	10,000
10,000	10,000	Payable between 1 and 2 years	-	-
20,000	20,000	Payable between 2 and 5 years	20,000	20,000
25,741	25,741	Later than 5 years	30,741	30,741
55,741	55,741		60,741	60,741
5.94%	5.94%	Weighted Average Interest Rate	5.67%	5.67%
5.07	5.07	Weighted Average Term (Years)	4.24	4.24

Summary of total public debt

The statement of financial position and note 15 (above) records the total amount of Council's external debt as at 30 June 2015.

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 2014 \$'000	Actual Group 2014 \$'000		Actual Council 2015 \$'000	Actual Group 2015 \$'000
55,741	55,741	External secured loans	60,741	60,741
32,111	32,111	Plus amount funded by internal loans	30,281	30,281
87,852	87,852	Gross borrowings for activities	91,022	91,022

Internal borrowings

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

2014 closing balance	Activity Group	2015 opening balance	CR transfer to	Interest	DR transfer from	Carry forward	2015 closing balance
(13,535)	Safe Healthy and Liveable Communities	(13,535)	(2,616)	(113)	1,732	1,991	(12,542)
(13,253)	Governance and Support Services	(13,253)	(3,334)	(103)	947	959	(14,785)
(74)	Economic and Community Development	(74)	(302)	(2)	50	1,417	1,088
(4,183)	Roads and Footpaths	(4,183)	(14,166)	(38)	13,068	56	(5,263)
(41)	Stormwater Disposal	(41)	(2,700)	-	2,700	-	(41)
4,331	Wastewater Disposal	4,331	(4,920)	(42)	6,730	-	6,098
244	Water Supply	244	(2,253)	-	1,493	-	(516)
(5,600)	Working Capital	(5,600)	-	-	-	1,280	(4,321)
(32,111)	Total	(32,111)	(30,293)	(298)	26,719	5,702	(30,281)

The fair values are based on cash flows discounted using a rate based on the average rates 5.67% (2014 5.94%).

The cash flow is working capital cash

The carry forward column in the above table is the rating carry forward from rates collected in 2014/15 and carried forward to 2015/16.

Actual Council 2014 \$'000	Actual Group 2014 \$'000		Actual Council 2015 \$'000	Actual Group 2015 \$'000
		16. Derivative financial instruments		
		NON-CURRENT ASSET PORTION		
-	-	Interest rate swaps - held for trading	-	-
		CURRENT LIABILITY PORTION		
-	-	Interest rate swaps - held for trading	(71)	(71)
		NON-CURRENT LIABILITY PORTION		
(1,996)	(1,996)	Interest rate swaps - held for trading	(4,826)	(4,826)
(1,996)	(1,996)		(4,896)	(4,896)

Fair value

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

Interest rate swaps

The notional principal amounts of the outstanding interest rate swap contracts for the Council were \$59.5 million (2014: \$55.5 million) and for the group were \$59.5 million (2014: \$55.5 million). At 30 June 2015, the fixed interest rates for the interest rate swaps varied from 3.9% to 5.9% (2014: 3.9% to 5.9%).

17. Retained earnings

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

Actual Council 2014 \$'000	Actual Group 2014 \$'000		Actual Council 2015 \$'000	Actual Group 2015 \$'000
1,160,488	1,163,673	Balance at 1 July	1,160,632	1,164,061
2,472	2,718	Net surplus (deficit) for the year	17,205	17,441
1,162,960	1,166,391		1,177,837	1,181,502
ADD/(LESS) NET APPROPRIATIONS OF NET SURPLUS				
(2,130)	(2,132)	(To) from council created reserves	(4,717)	(4,719)
(198)	(198)	(To) from restricted reserves	(268)	(268)
1,160,632	1,164,061	Balance at 30 June	1,172,852	1,176,515
1,160,632	1,164,061	Accumulated surplus	1,172,852	1,176,515
23,493	23,493	Council created reserves	28,210	28,210
1,184,125	1,187,554	Total accumulated funds	1,201,063	1,204,726

a) Council created reserves

The Council has created a number of reserves, commonly referred to as special funds, to set aside funds for various purposes (e.g. asset replacements, emergency funds etc.).

The Council sets aside and invests funds for these reserves with any interest earned on the investments being credited to the reserves.

The major categories of Council created reserves are:

Plant, Equipment & Vehicle replacement

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

Property Maintenance & Improvements

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

General purpose reserves

Each of the Council's rating groups has a general purpose reserve. Any year-end balance for the rating group is placed into the general purpose reserves to enable the use of those funds to be debated at the next budget round.

It has been the practice of Council to use the general purpose reserves to either reduce debt or to reduce the rating requirement in subsequent years.

Emergency funds

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

Effluent disposal

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

Sundry reserves

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

Separate rates reserves

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

Other

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

The balances of Council created reserves are:

Balance 2014 \$'000	Activity Group		Deposits \$'000	Interest \$'000	Withdrawals \$'000	Balance 2015 \$'000
5,606	All activities	Plant, equipment and vehicle replacement fund	1,451	169	(1,526)	5,701
9,161	All activities	Property maintenance and improvements	1,439	65	(259)	10,405
3,903	All activities	General purpose reserves	1,846	-	(440)	5,308
-	Water and roads	Wastewater treatment (HBRC funds)	-	-	-	-
-	Water and roads	Wastewater treatment (HDC funds)	2,244	-	(2,244)	-
3,497	Safe healthy and liveable communities	Emergency funds	575	89	(75)	4,087
439	All activities	Sundry reserves	22,251	-	(21,544)	1,146
2,134	All activities	Separate reserves	1,406	-	(653)	2,886
122	Economic and community development	Other	73	6	-	201
24,862			31,285	330	(26,742)	29,735
(1,369)		Less: NCC share of landfill reserves	(118)	(52)	15	(1,525)
23,493			31,166	278	(26,727)	28,210

18. Restricted Reserves (Council only)

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

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

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

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

Balance 2014 \$'000	Activity Group		Deposits \$'000	Interest \$'000	Withdrawals \$'000	Balance 2015 \$'000
990	Economic and community development	Trusts & bequests	-	35	(12)	1,013
1,593	Economic and community development	Development reserves	254	61	(89)	1,820
496	Economic and community development	Reserve purchase and development funds	-	18	-	514
3,079			254	114	(101)	3,347

Balance 2014 \$'000	19. Revaluation Reserves Asset Revaluation Reserves consist of:	Revaluation movement \$'000	Transfer to retained earnings on disposal of property \$'000	Balance 2015 \$'000
COUNCIL				
Operational Assets				
-	Land and buildings	-	-	-
388	Library books	18	-	406
Infrastructural Assets				
26,395	Bridges	(327)	-	26,068
224,746	Roading	122,002	-	346,748
75,209	Stormwater disposal	-	-	75,209
71,018	Wastewater disposal	(5)	-	71,013
42,901	Water supply	-	-	42,901
2,421	Park assets	(1,142)	-	1,279
442,690		120,527	-	563,217
(10)	Fair value through comprehensive revenue	6	-	(4)
443,019		120,551	-	563,619
GROUP				
	Hawke's Bay Airport	2,293	-	2,293
443,068		122,844	-	565,912

Actual Council 2014 \$'000	Actual Group 2014 \$'000	20. Reconciliation of net surplus/ (deficit) after tax to net cash flows from operating activities	Actual Council 2015 \$'000	Actual Group 2015 \$'000
2,472	2,718	Net surplus/(deficit) on operations	17,205	17,441
ADD/(LESS): NON-CASH ITEMS				
28,562	28,575	Depreciation and amortisation expense	28,878	28,894
-	49	Share of associates retained surplus	-	(212)
(1,867)	(1,867)	Vested infrastructure	(950)	(950)
5,968	5,968	Devaluation of Property, Plant & Equipment	(9,094)	(9,094)
(1,558)	(1,558)	Unrealised gains/losses on derivative financial instruments	2,901	2,901
31,105	31,105	Total non-cash items	21,735	21,538
ADD/(LESS): NET MOVEMENTS IN WORKING CAPITAL				
2,855	2,862	(Increase) decrease in debtors and other receivables	(6,461)	(6,437)
3,053	2,820	Increase (decrease) in creditors and other payables	76	(116)
(21)	(19)	(Increase) decrease in inventories	8	8
216	216	Increase (decrease) in provisions and employee entitlements (non-current)	51	51
6,103	5,880	Total net movements in working capital	(6,325)	(6,493)
ADD/(LESS): ITEMS CLASSIFIED AS INVESTING OR FINANCING ACTIVITIES				
827	828	Loss/(profit) on sale of Property, Plant & Equipment and investments	817	817
827	828	Total non-operating activities	817	817
40,507	40,592	Total net cash inflow (outflow) from operating activities	33,431	33,301

21. Other information (Council only)

The Council incurred the following expenditure for the year ended 30 June 2015:

Chief Executive Remuneration

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

Ross McLeod Chief Executive was granted one year's unpaid leave of absence, with John O'Shaughnessy taking over the role as Acting Chief Executive. Mr O'Shaughnessy received \$235,909, Mr McLeod received \$8,184 (2014: \$294,735) in salary and benefits, for the yearend 30 June 2015.

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

Actual Council 2014 \$		Actual Council 2015 \$
4,894	Fringe Benefit Tax	6,901
11,060	Motor Vehicle Allowance	14,787
10,069	Superannuation and Other	7,323

Total Acting Chief Executive and Chief Executive remuneration for the year ending 30 June 2015 is \$273,196 (2014: \$361,680).

Remuneration of Elected Representatives

Actual Council 2014 \$		Remuneration \$	Allowance \$	Actual Council 2015 \$
MAYOR AND COUNCILLORS				
115,986	Yule L (Mayor)	121,650	237	121,887
49,556	Bowers C M (Deputy Mayor)	51,712	3,192	54,904
43,191	Lester M G	44,664	7,357	52,021
13,050	Twigg M C	-	-	-
41,019	Watkins K V	44,664	3,554	48,218
38,654	Heaps R J	37,617	1,213	38,830
37,444	O'Keefe H N	41,139	692	41,831
35,187	Bradshaw W L	37,770	1,202	38,972
48,147	Kerr T	45,216	9,750	54,966
35,438	Poulain J	37,617	692	38,309
37,444	Roil J	41,139	692	41,831
12,750	Collin R	-	-	-
41,019	Hazlehurst S	44,664	692	45,356
9,558	Henderson S	-	-	-
35,187	Nixon S	37,618	692	38,310
25,922	G Lyons	37,897	7,231	45,128
25,629	A Pierce	37,618	692	38,310
25,629	M Dixon	37,618	692	38,310
7,303	Maxwell S (Rural Community Board)	6,684	1,203	7,887
14,116	Kay P (Rural Community Board)	13,333	5,441	18,774
5,228	N Dawson	6,684	938	7,622
5,049	B Barber	6,684	1,580	8,264
1,981	McNeill P (Rural Community Board)	-	-	-
1,969	Alexander P (Rural Community Board)	-	-	-
706,456	Total elected representatives remuneration	731,987	47,742	779,729

Total annual remuneration by band for employees as at 30 June

Actual Council 2014		Actual Council 2015
270	< \$60,000	299
57	\$60,000 - \$79,999	64
43	\$80,000 - \$99,999	43
21	\$100,000 - \$119,999	19
13	\$120,000 - \$139,999	11
5	\$140,000 - \$179,999	6
6	\$180,000 - \$361,999	6
415	Total employees	448

Note: Remuneration for casuals has been reclassified for 2014 to base it on their expected annual remuneration at 30 June 2014 rather than total earnings.

Total remuneration includes non-financial benefits provided to employees. At balance date, the Council employed 332 (2014: 312) full time employees, with the balance of staff equivalent representing 67 (2014: 47) 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 2015 the Council made one severance payment to employees totalling \$5,000 (2014: \$7,000).

22. Capital commitments and operating leases**Capital commitments**

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

Actual Council 2014 \$'000	Actual Group 2014 \$'000		Actual Council 2015 \$'000	Actual Group 2015 \$'000
467	467	Building	1,083	1,083
61	61	Water System	4,634	4,634
43	43	Roading Network	1,941	1,941
744	744	Investment	-	-
1,315	1,315	Commitments approved and contracted	7,658	7,658

Operating leases as lessee

The Council and group leases 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 2014 \$'000	Actual Group 2014 \$'000		Actual Council 2015 \$'000	Actual Group 2015 \$'000
NON-CANCELLABLE OPERATING LEASE COMMITMENTS				
6	6	Not later than one year	33	33
9	9	Later than one year and not later than five years	39	39
-	-	Later than five years	-	-
15	15	Total non-cancellable operating leases	72	72

Operating leases as lessor

The Council leases property in the normal course of its business. The majority of these have a non-cancellable term of 36 months. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

Actual Council 2014 \$'000	Actual Group 2014 \$'000		Actual Council 2015 \$'000	Actual Group 2015 \$'000
NON-CANCELLABLE OPERATING LEASE COMMITMENTS				
257	257	Not later than one year	336	336
217	217	Later than one year and not later than five years	535	535
-	-	Later than five years	-	-
474	474	Total non-cancellable operating leases	871	871

No contingent rents have been recognised during the period.

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

The Council's interest in Omarunui Refuse Landfill Joint Committee is accounted for as a jointly controlled asset. The 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 venture.

Actual Council 2014 \$'000	Omarunui Refuse Landfill	Actual Council 2015 \$'000
2,527	Current assets	2,803
7,246	Non - current assets	6,842
731	Non - current liabilities	879
4,095	Revenue	4,133
2,591	Expenses	2,746

24. Provisions

Landfill aftercare provision

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

Closure responsibilities:

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

Post-closure responsibilities:

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

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

Capacity of the site:

The Landfill is divided into four valleys as below:

	Total capacity	Useful life of alley	Remaining useful life
Valley A: opened in December 1988 and reached capacity in 2006	2,600,000m ³	17 years	-
Valley D: opened in December 2006 and in operation	1,750,000m ³	17 years	9.37 years
Valley B & C: not in operation yet	<i>Estimated</i>		

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

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

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

Actual Council 2014 \$'000		Actual Council 2015 \$'000
LANDFILL AFTERCARE LIABILITY		
263	Opening balance	554
291	Amounts charged to provision during the year	53
554	Closing balance	607

The estimated aftercare costs for 2015 were \$76,800 (2014: \$76,800). These estimates are based on information received from Tonkin & Taylor and result in an adjustment in the aftercare liability estimate of \$82,673.

ETS levy provision

Actual Council 2014 \$'000		Actual Council 2015 \$'000
ETS LEVY PROVISION		
143	Opening balance	277
292	Additional provisions made	291
(158)	Amounts used	(141)
277	Closing balance	427

25. Financial instruments

Actual Council 2014 \$'000	Actual Group 2014 \$'000		Actual Council 2015 \$'000	Actual Group 2015 \$'000
FINANCIAL INSTRUMENT CATEGORIES				
Loans and receivables				
10,439	10,928	Cash and cash equivalents	16,041	16,356
6,330	6,383	Receivables	12,790	12,821
720	720	NZ LGFA Borrower notes	800	800
Fair value through surplus or deficit – held for trading				
-	-	Derivative financial instrument	-	-
Fair value through Other comprehensive income				
157	157	NZ Local Govt Insurance Corporation Limited	157	157
373	373	NZ LGFA Unlisted shares	373	373
18,019	18,561	Total loans and receivables	30,162	30,508
FINANCIAL LIABILITIES				
Financial liabilities at amortised cost				
12,875	13,079	Payables	15,923	15,944
55,741	55,741	Secured loans	60,741	60,741
Fair value through surplus or deficit – held for trading				
1,996	1,996	Derivative financial instrument	4,896	4,896
70,612	70,816	Total financial liabilities at amortised cost	81,560	81,581

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.

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.
- **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 2014 \$'000	Total	Quoted market price	Valuation technique observable inputs	Significant non-observable inputs
COUNCIL				
Financial assets				
-	-	-	-	-
157	157	-	-	157
373	373	-	-	373
Financial liabilities				
1,996	4,896	-	4,896	-
GROUP				
Financial assets				
-	-	-	-	-
157	157	-	-	157
373	373	-	-	373
Financial liabilities				
1,996	4,896	-	4,896	-

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.

2014 \$'000	2015 \$'000
NZ LGFA UNLISTED SHARES	
373 Balance at 1 July	373
0 Purchases	-
0 Sales	-
0 Transfers into level 3	-
0 Transfers out of level 3	-
373 Balance at 30 June	373
NZ LOCAL GOVERNMENT INSURANCE CORPORATION LIMITED SHARES	
157 Balance at 1 July	157
0 Purchases	-
0 Sales	-
0 Transfers into level 3	-
0 Transfers out of level 3	-
157 Balance at 30 June	157

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 has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from its 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.

Council had no exposure to currency risk as at 30 June 2015.

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 2015 the Council had entered into interest rate swap agreements to a value of \$59.5 million at interest rates between 3.9% and 5.9%. (2014: \$55.5 million at interest rates between 3.9% and 5.9%).

Cashflow interest rate risk

Cashflow interest rate risk is the risk that the cashflows 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 cashflow interest rate risk.

Generally, the Council and group raises long- term borrowing at floating rates and swaps them into fixed rates using interest rate swaps in order to manage the cashflow 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 is the Council or group borrowed at fixed rates directly. Under the interest rate swaps, the Council and group agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

Credit risk

Credit risk is the risk that a third party will default on its obligations to the Council, 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 2015 Council had \$16 million on term deposit. The Council is exposed to credit risk as a guarantor of all of LGFA/s borrowings. Information about this exposure is explained in note 28.

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.

Maximum exposure to credit risk

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

Actual Council 2014 \$'000	Actual Group 2014 \$'000		Actual Council 2015 \$'000	Actual Group 2015 \$'000
10,439	10,928	Cash at bank and term deposits	16,041	16,356
6,330	6,383	Receivables	12,790	12,821
157	157	NZ Local Govt Insurance Corporation Limited	157	157
720	720	NZ LGFA Borrower notes	800	800
373	373	NZ LGFA Unlisted shares	373	373
-	-	Derivative financial instruments assets	-	-
18,019	18,561	Total Credit Risk	30,162	30,508

Credit quality of financial assets

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

Actual Council 2014 \$'000	Actual Group 2014 \$'000		Actual Council 2015 \$'000	Actual Group 2015 \$'000
CASH AT BANK AND TERM DEPOSITS				
10,439	10,928	Credit Rating B+	16,041	16,356
NZ LOCAL GOVERNMENT INSURANCE CORPORATION LIMITED				
157	157	Credit Rating B+	157	157
Derivative financial instruments assets				
-	-	Credit Rating AA	-	-
NZ LGFA BORROWER NOTES				
720	720	Credit Rating AA+	800	800
NZ LGFA UNLISTED SHARES				
373	373	Credit rating AA+	373	373

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

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.

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 \$80 million (2014: \$85 million). Included in the committed facilities is a bank overdraft limit of \$0.5 million at an interest rate of 9.20 %. 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 28.

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

Carrying amount \$'000	Contractual amount \$'000	Contractual maturity analysis	Less than 1 year \$'000	1-2 years \$'000	2-5 years \$'000	More than 5 years \$'000
2015						
Contractual maturity analysis of financial liabilities						
15,923	15,923	Payables	15,923	-	-	-
4,896	4,722	Derivative financial instruments liabilities	887	833	3,002	-
60,741	76,018	Secured loans	12,560	2,345	26,279	34,834
81,560	96,662	Total	29,369	3,178	29,280	34,834
Contractual maturity analysis of financial assets						
16,041	16,041	Cash and cash equivalents	16,041	-	-	-
12,790	12,790	Debtors and other receivables	12,790	-	-	-
-	-	Derivative financial instruments assets	-	-	-	-
28,831	28,831	Total	28,831	-	-	-
2014						
Contractual maturity analysis of financial liabilities						
12,875	12,875	Payables	12,875	-	-	-
1,996	4,843	Derivative financial instruments liabilities	972	918	2,126	827
55,741	68,223	Secured loans	2,324	12,131	25,668	28,101
70,612	85,941	Total	16,171	13,048	27,794	28,928
Contractual maturity analysis of financial assets						
10,439	10,439	Cash and cash equivalents	10,439	-	-	-
6,330	6,330	Receivables	6,330	-	-	-
-	-	Derivative financial instruments assets	-	-	-	-
16,769	16,769	Total	16,769	-	-	-

Group figures are the same as the Council figures except for payables that increase by \$33,000 (2014: \$205,000), receivables that increase by \$10,000 (2014: \$53,000) and cash and cash equivalents increased by \$315,000 (2014: \$489,000).

Sensitivity analysis

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

Actual Council 2014 \$'000 -100bps Surplus	Actual Council 2014 \$'000 +100bps Surplus		Actual Council 2015 \$'000 -100bps Surplus	Actual Council 2015 \$'000 +100bps Surplus
FINANCIAL ASSETS				
(104)	104	Cash and cash equivalents	(160)	160
-	-	Derivative financial instruments assets	-	-
(104)	104	Total sensitivity on financial assets	(160)	160
FINANCIAL LIABILITIES				
Bank Overdraft				
(4,638)	562	Derivative financial instruments assets	(6,602)	(1,655)
(557)	557	Secured loans (floating interest rate)	(607)	607
(5,195)	1,119	Total sensitivity on financial liabilities	(7,210)	(1,048)

- The Council has floating rate debt with a principal amount totalling \$60.74m (2014: \$55.74m). A movement in interest rates of plus or minus 1% has an effect on interest expense of \$607,000 (2014: \$557,000). A movement in market interest rates on fixed rate debt does not have any impact because secured loans are accounted for and amortised using the effective interest method.

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, measure 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. (2014 - 100bps/+100bps).

26. Post balance date events

There has not been any significant post balance date events.

27. Related party transactions

Related party transactions

No related party debts have been written off or forgiven during the year (2014: nil)

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

The Council made grants to Hawke's Bay Museum Trust \$442,220 (2014: \$439,200) which is a Council Controlled Organisation.

The Council disposed of refuse at the Omarunui Landfill and receipts amounted to \$704,413 (2014: \$755,904). The Omarunui Landfill is jointly owned by the Council (63.68% share) and the Napier City Council (36.38% share). The Council manages the operations of the Landfill.

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

The Council made grants totalling \$35,326 (2014: \$596,000) to Hawke's Bay Opera House Limited. The outstanding balance owed to the Hawke's Bay Opera House at 30 June 2015 was \$ nil (2014: \$ nil). In addition the Council charged Hawke's Bay Opera House Limited \$795 (2014: \$92,087) during the financial year for various expenses. The outstanding balance owed to the Council at 30 June 2015 was \$ nil (2014: \$ nil).

In July 2015 the Council invoiced the Hawke's Bay Opera House for a further \$ nil (2014 \$751). This amount was for expenses relating to June.

Hawke's Bay Opera House Limited charged the Council \$ nil (2014 \$12,249) for various goods and services. The balance outstanding at year end was \$ nil (2014 \$3,986).

Hastings District Properties Limited invoiced the Council \$9,000 (2014 \$31,000) for various services. The balance outstanding at the year end was \$5,750 (2014 \$nil). The Council charged Hastings District Properties Limited \$1,910 (2014 \$986). The balance outstanding at the year end was \$ nil (2014 \$nil).

The Council paid to the Hawke's Bay Regional Sports Park Trust, operational grants and services to the value of \$234,365 (2014 \$204,800) and Capital funding grants of \$287,000 (2014 \$1,290,231). The balance outstanding to Hawke's Bay Regional Sports Park Trust at 30 June 2015 was \$ nil (2014 \$ nil).

The Council provided a number of services to the Trust during the year, including parks maintenance, building consents and other services totalling \$143,763 (2014 \$107,628). The balance outstanding to the Council at 30 June 2015 was \$6,734 (2014 \$ 6,211).

Key management personnel

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

Councillor/key management personnel	Organisation	Position/relationship to organisation		\$ amount service rec'd 2014/15	\$ amount service rec'd 2013/14	\$ amount balance year end
Councillor Bradshaw	Wine Country Lodge	Joint Owner	Accommodation	\$3,241	\$3,557	nil
	Havelock North Business Association	Council appointed representative	Subscription & Contract for Events	\$18,154	\$11,600	nil
	Te Mata Park Trust Board	Trustee	Sundry Fencing	\$461	\$129,608	nil
Mayor Yule	HB Regional Sports Park	Chairman & Trustee	Operating Grant	\$234,365	\$204,800	nil
			Capital Grants	\$286,999	\$1,290,231	nil
	LGNZ	President	The Council membership & other sundry Payments.	\$56,096	\$62,704	nil
	N Z Local Authority Protection Programme Disaster Fund	Trustee	Disaster Cover for Infrastructural Assets	\$206,600	\$163,000	nil
	U-Turn Trust	Trustee	Trust	\$30,000	\$30,000	nil
Councillor Henare O'Keefe	U-Turn Trust	Employee of U-Turn Trust	Grant	\$30,000	\$30,000	nil
Councillor Bowers	Hawke's Bay Opera House Limited	Director	Funding & Services	\$35,326	\$608,249	nil
	Horse of the Year (Hawke's Bay) Limited	Director	Funding	\$38,970	\$52,532	nil
Councillor Lyons	Hawke's Bay Museum Trust	Trustee	Funding	\$442,220	\$439,200	nil
Councillor Dixon	Hastings Business Association	Council appointed representative	Funding for Night Markets, entertainment etc.	\$63,907	\$81,538	nil
Councillor Hazlehurst	Te Mata Park Trust Board	Trustee	Funding	\$461	\$129,608	nil
Councillor Roil	Hastings Business Association	Council appointed representative	Funding for Night Markets, entertainment etc.	\$63,907	\$81,538	nil
Stella Morgan, wife of Dennis Morgan HDC Strategy & Development Manager	Opus Consultants Ltd	Employee of Opus	Input into projects invoiced to the Council	\$70,947	\$17,564	nil
Ross McLeod	Hawke's Bay Youth Futures Trust	Trustee - Leave of absence from 30.6.14	Council utilises the Trust to oversee & direct programmes as part of the Council's social & economic development work.	\$65,600	\$3,000	\$9,200
	Hastings District Holdings Limited	Director - As from 29.6.15	HDC 100% shareholding	nil	nil	nil
John O'Shaughnessy	HB LASS Limited	Director	Provides advisory, purchasing & related services to the Council in relation to shared service opportunities.	\$117,550	nil	nil
	Hastings District Holdings Limited	Director – 28.6.14 – 28.6.15	HDC 100% shareholding	nil	nil	nil

The Council as part of their core business which is providing services to the Hasting District has provided the same services to organisations that are related parties by virtue of having a director or shareholder that is part of the Council's key management personnel.

There were close family members of key management personnel employed by the Council. The terms and conditions of those arrangements were no more favourable than HDC would have adopted if there were no relationship to key management personnel.

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

Actual Council 2014 \$'000		Actual Council 2015 \$'000
COUNCILLORS		
671	Remuneration	737
15	Full - time equivalent members	15
SENIOR MANAGEMENT TEAM, INCLUDING CHIEF EXECUTIVE		
1,682	Remuneration	1,328
9.85	Full - time equivalent members	9.85
2,353	Total key management personnel compensation	2,065
24.85	Total full - time equivalent personnel	24.85

Due to the difficulty in determining the full - time equivalent for Councillors, the full - time equivalent figure is taken as the number of Councillors.

Actual Council 2014 \$000	Actual Group 2014 \$'000		Actual Council 2015 \$000	Actual Group 2015 \$'000
-	-	28. Contingencies	-	-
		Contingent liabilities in respect of guaranteed advances to various community organisations, and in respect of performance bonds.		

Unquantified claims

RiskPool

RiskPool provides public liability and professional indemnity insurance for its members. The Council is a member of RiskPool. The trust deed of RiskPool provides that, if there is shortfall (whereby claims exceed contributions of members and reinsurance recoveries) in any Fund year, then the Board may make a call on members for that Fund year. RiskPool advised in 2009 that 3 calls of a similar amount may be required over the following three years. In 2012/13 financial year a final call of \$88,300 was advised and paid. There have been no further calls or payments.

Provision for building claims under Financial Assistance Package (FAP)

The Government's Weathertight Homes Financial Assistance Package aims to help people get their non-weathertight homes fixed faster, and centres on the Government and local authorities each contributing 25% of agreed repair costs and affected homeowners funding the remaining 50% backed by a Government loan guarantee. The impact and cost of future and unknown claims cannot be measured reliably and therefore the Council and Group have an unquantified contingent liability.

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

New Zealand Local Government Funding Agency

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

The Council is one of 30 shareholders of the NZLGFA. In that regard it has uncalled capital of \$373,196 (2014: \$373,196). When aggregated with the uncalled capital of other shareholders, \$20 million is available in the event that an imminent default is identified. Also, together with the other shareholders, the Council is a guarantor of all of NZLGFA's borrowings. At 30 June 2015, NZLGFA had borrowings totalling \$4.955 billion (2014: \$3.695 billion).

Financial reporting standards require the Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Council considers the risk of NZLGFA defaulting on repayment of interest or capital to be very low on the basis that:

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

Legal Proceedings and Disputes

There was one employee personal grievance against the Council as at 30 June 2015. The amount sought cannot be quantified at this stage.

29. Rate remissions

Rates revenue is shown net of rate remissions. The Council allowed for rate remissions under the Local Government Rating Act 2002 in six broad categories during 2011/12. During the year the Council allowed remission of \$411,000 (2014: \$181,000) excluding GST. In terms of the Act certain properties are designated as non rateable. The Council does not rate such properties and they are not included in the following remission figures.

Actual Council 2014 \$'000		Actual Council 2015 \$'000
21	Special Rateable Value	22
52	Community & Sporting Organisations	57
16	Covenant	17
14	Voluntarily Protected Land	14
4	Swimming Pool Safety	6
27	Penalties	28
47	Unutilised Maori Land	53
	Sundry	214
181		411

30. Capital management

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

The Local Government Act 2002 the 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 Council has the following Council-created reserves:

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

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

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

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

31. Asset insurance

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

Insurance contracts

Actual Council 2014 \$'000	Policy type (Maximum amount insured)	Actual Council 2015 \$'000
234,736	Material Damage (mainly buildings and contents)	240,175
7,907	Motor Vehicles (includes mobile plant and equipment)	9,174

Assets (mainly buildings and contents) with a replacement value of \$240,175,300 (2014: \$234,736,100) are insured under councils Material Damage Policy. The cover is for replacement value plus an allowance for inflation and the cost of demolition.

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 \$9,173,557 (2014: \$7,906,896).

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

The total value of all assets of the 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 2014/15 the maximum payable by LAPP was up to a limit of \$125 million per event for all member councils (being 40% of \$312.5 million). The central government share is unlimited. For 2013/14 the maximum payable by LAPP is up to a limit of \$100 million per event for all member councils (being 40% of \$250 million). The central government share is unlimited.

The value of infrastructural assets declared by the Council to be covered by the LAPP fund is \$633,326,061 (2014: \$524,772,000). Payments from both LAPP and central government are subject to various thresholds and excesses.

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

The Council has a number of other assets not covered by insurance contract or risk sharing arrangements and therefore self-insured. The major category in this group would be roads and bridges valued at 30 June 2015 \$1,077,111,000 (excl. land), (2014: \$950,285,000). There would also be a number of other sundry items that would fall into this group.

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

Scope and nature of activities

The objectives of the Trust are:

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

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

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

Performance targets

Key result area	Performance indicator	2014/15 target	2014/15 actual
Protection	Insurance cover as percentage of total collection value	100%	100%
	Air quality meeting pre-defined standards for each storage area	98%	BAT 21% MTG 80%
	Number of reported incidents of damage to collection items	-	-
Quality	HBMT Collection Strategy and Policies have been reviewed and agreed by the HBMT Board	Yes	Yes
	Accessions and De-accessions are managed in accordance with the Collective Strategy and reported to the Board	Yes	Yes
Access	Number of HBMT collection enquiries per annum	1,500	240
	Number of Regional Archive research visits per annum	1,500	physical 178 online 17,782
	Number of days staff available for collection enquiries	249	250
Development	Percentage of bequest funds income used for acquisitions	100%	100%
	Percentage of conservation funds income used for collection are	100%	100%
	Te Rōpū Kaiawhina Taonga hui held	3 per annum	3 per annum

Financial performance

(\$)	2014/15 budget	2014/15 actual
Total revenue	916,440	896,211
Total expenses	916,440	854,610
Surplus/(deficit)	-	41,601

Hawke's Bay Airport Limited

Policies and objectives regarding ownership and control

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

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

Scope and nature of activity

- To provide safe, convenient and appealing services and facilities for airlines, air travellers, employees and all other visitors to the airport
- To support regional economic development through strategic infrastructure
- To generate appropriate returns on assets employed and shareholder's equity
- To position the airport for aviation growth over the long term

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 2015.

(\$)	2014/15 target	2014/15 actual
Landing charges	2,400,000	2,388,541
Other revenue	2,000,000	1,988,184
Total revenue	4,400,000	4,376,725
Other revenue % of total	45%	45%
Profit before income tax	1,205,000	1,829,729
Profit after tax	910,000	1,318,428
Dividend	360,000	360,000

Activity	Measure	Status
CAA recertification	Renewal of Aerodrome Operating Certificate	●
Operate a Successful Business	Achieve Performance Targets:	
	• Revenue	●
	• EBITDA	●
	• NPAT	●
	• ROI	●
	• Gearing	●
	• Dividend	●
Appropriate Infrastructure	Progress planning for:	
	• Terminal redevelopment	●
	• New rescue fire station	●
	• Carparking layout	●
Health & Safety Focus	Zero harm & zero L.T.Is	●
Customer Focus	Regular engagement with customers	●
Stakeholder Engagement	4 Meetings per annum with Shareholders	●

KEY

- Fully meets
- Meets
- Needs improvement

Hastings District Holdings Limited Group

Policies and objectives regarding ownership and control

Hastings District Holdings Limited (the Holding Company) is a Council Controlled Organisation (CCO), 100% owned by the Hastings District Council. The Holding Company provides Council and the community with an extra layer of governance and a monitoring structure for Council's other CCOs which include:

Hawke's Bay Opera House Limited

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

Due to the closure of the Hawke's Bay Opera House for earthquake strengthening, Hawke's Bay Opera House Limited has ceased trading and as at 30 June 2014 has been exempted by Council from being a CCO under section 7(3) of the Local Government Act 2002.

Hastings District Properties Limited

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

Scope and nature of activity

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

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

Performance

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

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

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

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

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

Result: No dividends were available during 2015.

3. Ensure subsidiaries deliver on Council's strategic goals

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

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

4. Financial

Statement of Financial Performance for the HDHL Group:

(\$)	2014/15 budget	2014/15 actual
Total revenue	30,250	52,395
Total operating expenditure	45,750	48,189
Net surplus/(deficit)	(15,500)	4,206

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 1.77%.

Scope and nature of activity

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

In lending to Participating Local Authorities, LGFA will:

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

Performance indicators

LGFA has the following performance targets:

Performance measure	Target	Result	Outcome (target met?)
Average cost of funds relative to NZGS	<0.50%	0.83%	No ¹
Average base on lending margin above LGFA's cost of funds	<0.15%	0.13%	Yes
Annualised operating expenses	<\$4.67m	\$4.67m	Yes
Lending to participating councils	>\$4.40m	4.99m	Yes

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

Financials	Target	Result	Outcome (target met?)
Net interest income	\$11.97m	\$13.87m	Yes
Issuance and operating expenses	\$4.67m	\$4.67m	Yes
Net profit	\$7.30m	\$9.20	Yes

HB LASS Limited

Policies and objectives regarding ownership and control

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

Scope and nature of activity

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

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

Performance targets

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

Performance target	Result
Initiate at least one shared service each year and no less than two shared services successfully implemented within the following three years.	<ul style="list-style-type: none"> • An initiative to identify opportunities for Shared Services in Asset Management has commenced. • Wairoa District Council and Napier City Council have commenced a Shared Service for Human Resources, Payroll and Occupational Health and Safety. • A review of HB LASS Councils Archival activities has been commenced.
Implement Shared Services demonstrating best practice and added value to participating councils and stakeholders.	<ul style="list-style-type: none"> • Implementation of elements of the Information Services Initiative has taken place with the putting in place of the extension of fibre to the Wairoa District Council. • The development of an agreed strategy for progressing the IS Shared Service. • The implementation is imminent of a single entry point access to the Hawke's Bay CDEMG Hazard's data and will provide access to all of the HB LASS councils GIS systems.
Explore Joint Procurement initiatives for goods and services from sources offering best value, service, and/or continuity of supply.	<ul style="list-style-type: none"> • A joint procurement tender for digital ortho photography for all five HB LASS Councils has been successfully concluded – savings identified for the shareholding councils of at least \$170,000 have been obtained together with improvements in quality. • HB LASS initiated the participation of the shareholding councils in a Joint Procurement tender for risk management and insurance brokerage services involving a total of twenty five Councils represented by three Shared Services organisations and a consortium of four West Coast Councils. The Tender process will result in circa \$900,000 savings across the five HB LASS Councils for the 2015/16 financial year.
Ensure sufficient income is available from activities to sustain a viable company.	<ul style="list-style-type: none"> • The Company remains viable.
Operate in a manner that conforms with any applicable regulatory requirements.	<ul style="list-style-type: none"> • Regulatory requirements have been met.

Financials	Target	Result	Outcome (target met?)
Operating result	Breakeven	Breakeven	Yes

Te Mata Park Trust Board

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

Treasury Policy



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	30 Jun 2014
Net external debt as a percentage of equity	<20%	2.53%
Net external debt as a percentage of income	<150%	43.36%
Net interest as a percentage of income	<15%	3.37%
Net interest as a percentage of annual rates income	<20%	5.22%
Liquidity (Term Debt + Committed Loan Facilities v Existing Debt)	110% – 170%	178.81%

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

b) Investment policies

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

Annual Report Disclosure
Statement for the year ended
30 June 2015



Financial Reporting and Prudence Benchmarks

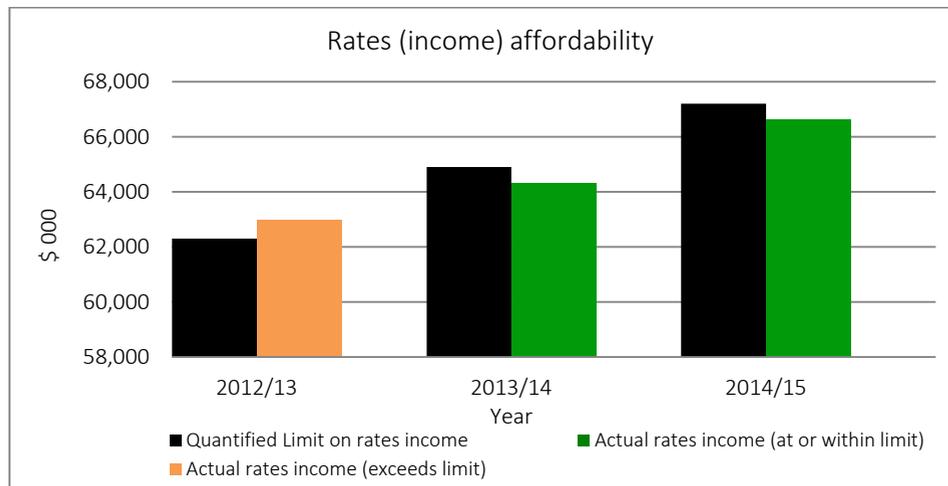
What is the purpose of this statement?

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

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

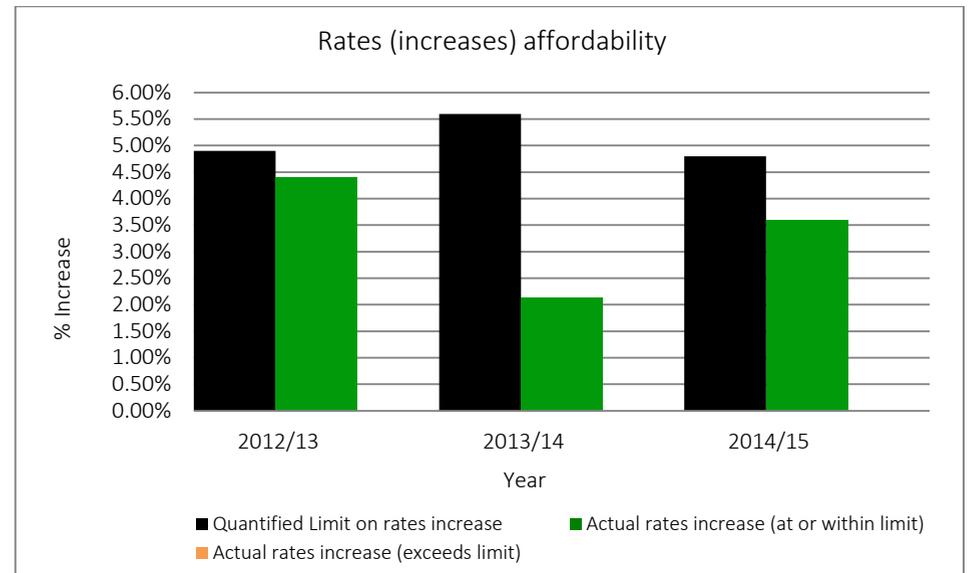
Rates (income) affordability benchmark

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



Rates (increases) affordability benchmark

The following graph compares the Council’s actual rates increases with a quantifiable limit on rates increases contained in the financial strategy included in the Council’s 2012-2022 Long Term Plan. The quantified limit is the movement in the consumer price index for the 12 months ending 31 December prior to the commencement of the financial year, plus 4% to cover costs related to natural disasters, new initiatives or service level increases approved by Council, together with costs associated with growth not covered by development contributions.



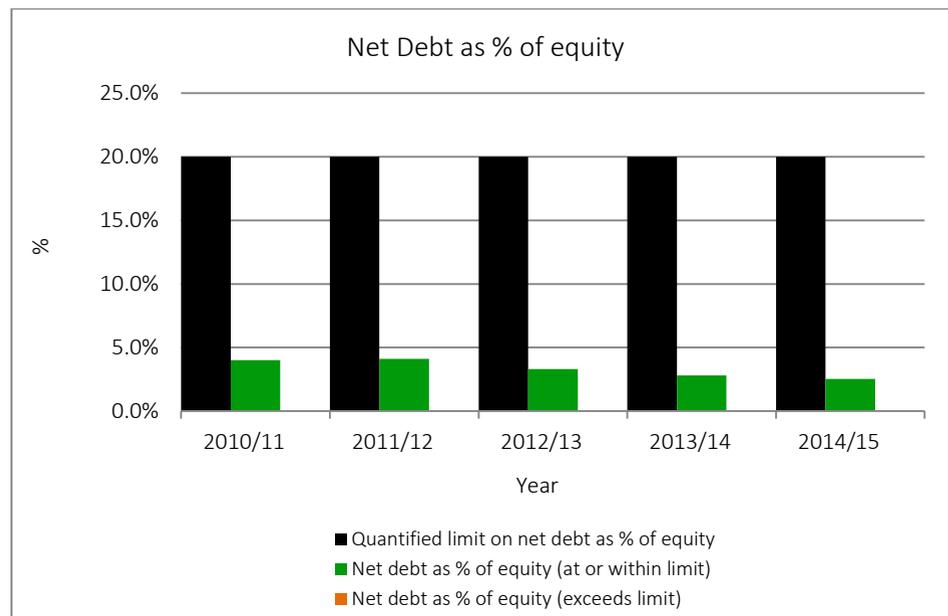
Debt affordability benchmark

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 2009-2019 LTCCP and 2012-2022 Long Term Plan.

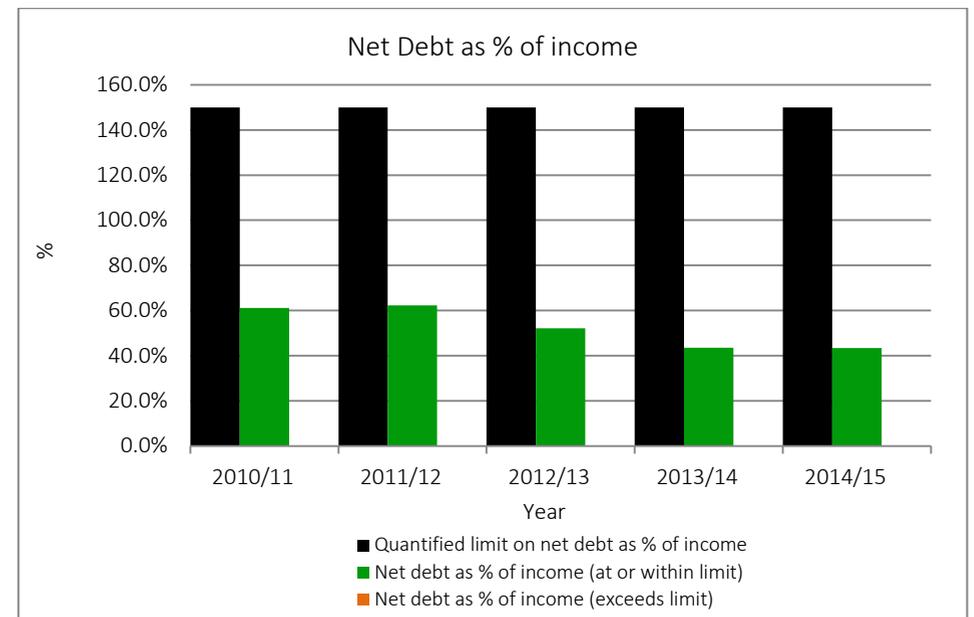
Net debt as a percentage of equity

The following graph compares the Council’s actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the 2012-2022 Long Term Plan. 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.



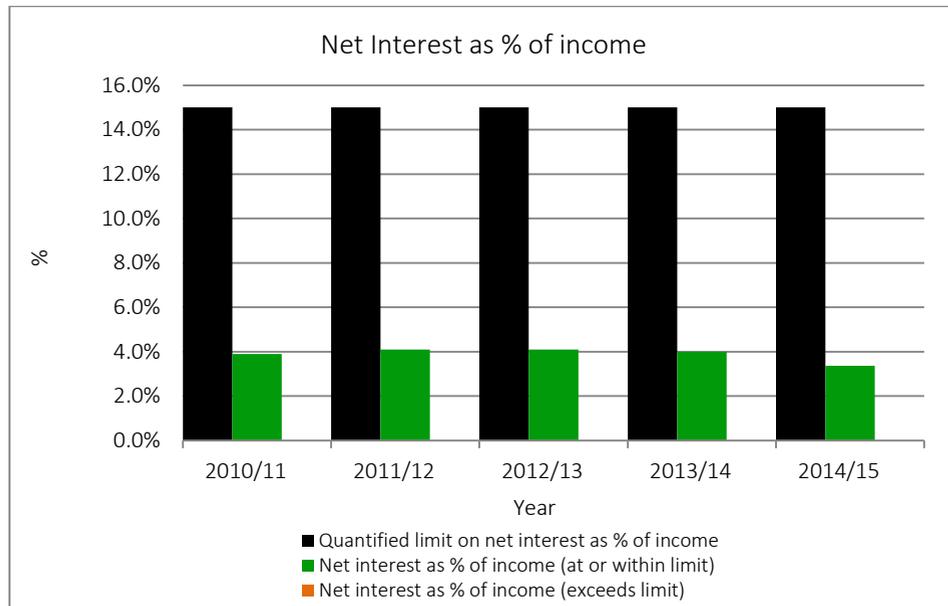
Net debt as a percentage of income

The following graph compares the Council’s actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the 2012-2022 Long Term Plan. The quantified limit is net debt as a % of income. A value of less than 150% indicates compliance with the prudential limit.



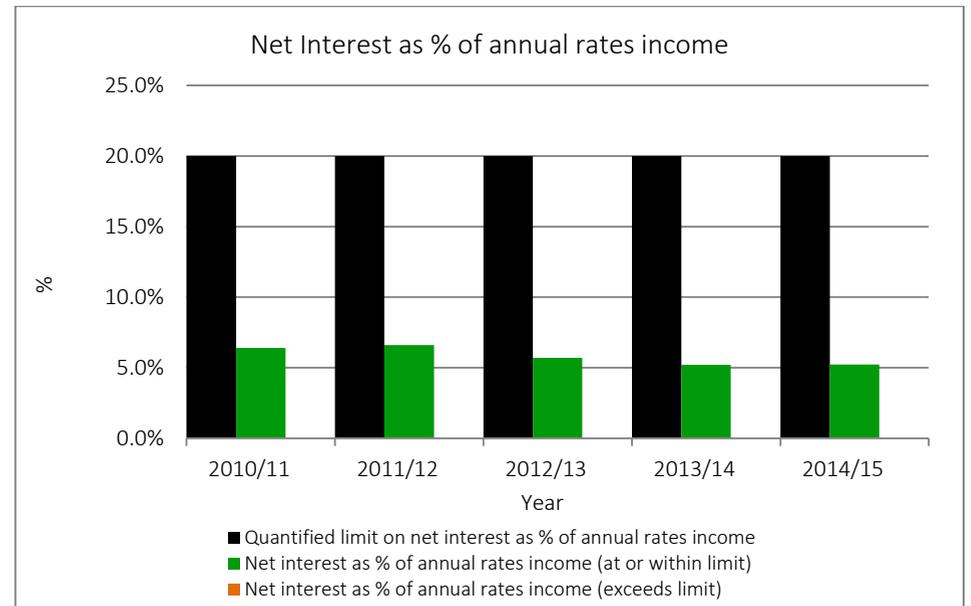
Net interest as a percentage of income

The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the 2012-2022 Long Term Plan. 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.



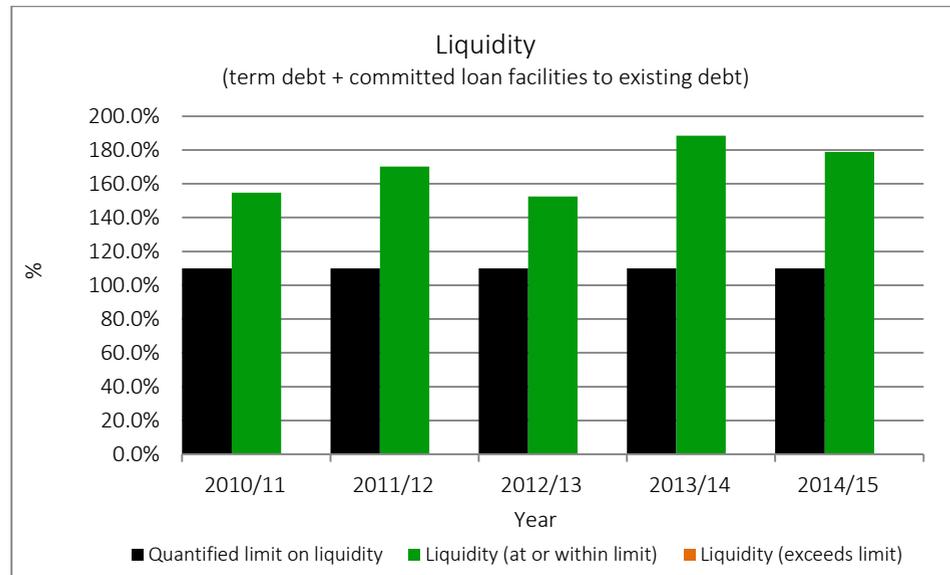
Net interest as a percentage of annual rates income

The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the 2012-2022 Long Term Plan. The quantified limit is net interest as a % of annual rates income. A value of less than the quantified limit of 20% indicates compliance with the prudential limit.



Liquidity

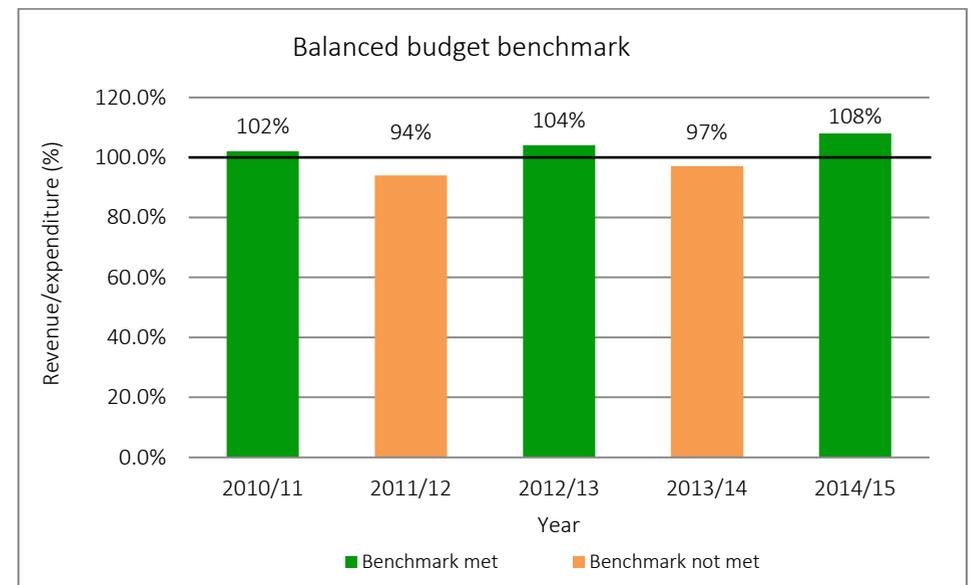
The following graph compares the Council’s actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the 2012-2022 Long Term Plan. The quantified limit is term debt + committed loan facilities to existing debt. A value of greater than the quantified limit of 110% indicates compliance with the prudential limit.



Balanced budget benchmark

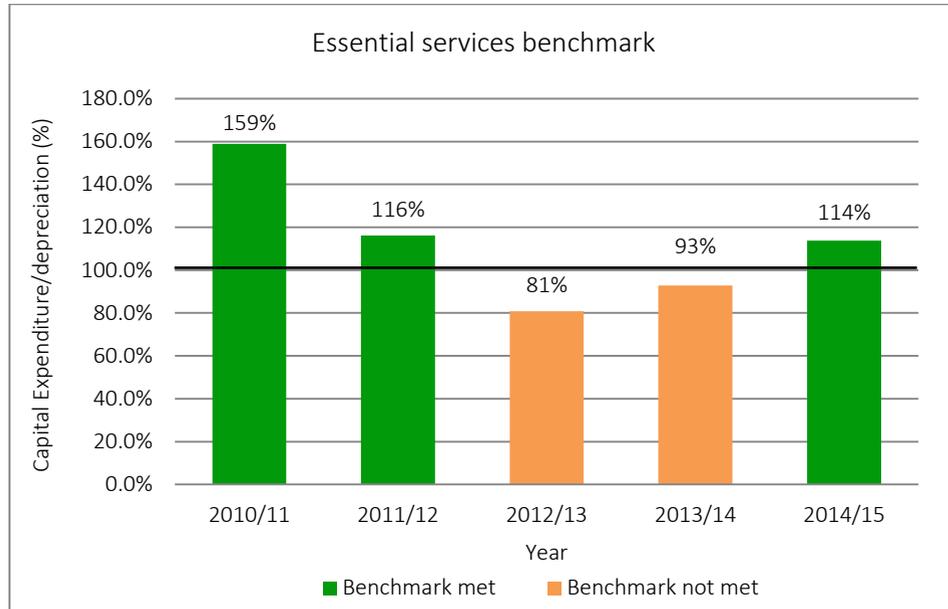
The following graph displays the Council’s revenue (excluding development contributions, financial contributions vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a percentage of operating expenses (excluding losses on derivative financial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

The Council meets this benchmark if its revenue exceeds or is greater than its operating expenses.



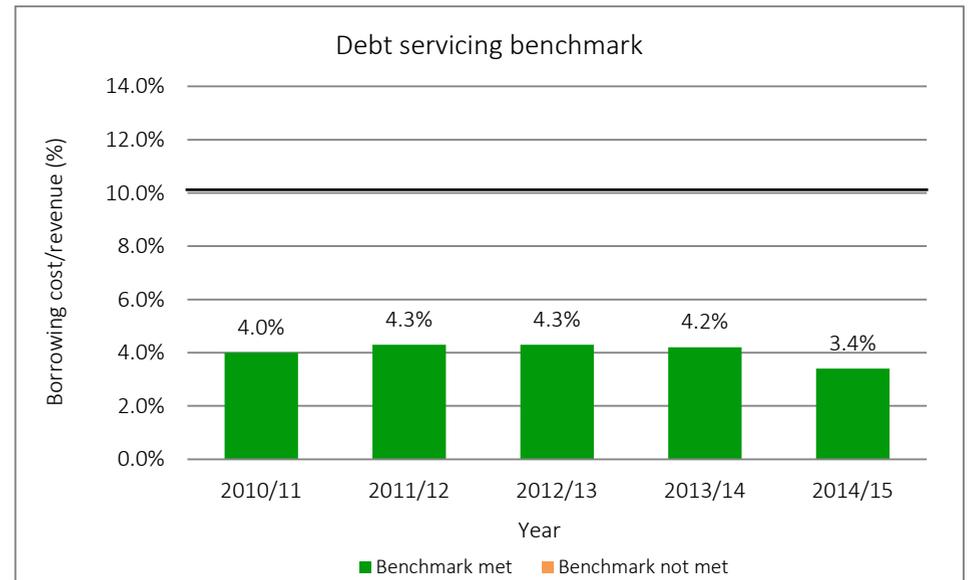
Essential services benchmark

The following graph displays the capital expenditure on network services as a percentage of depreciation on network services. The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



Debt servicing benchmark

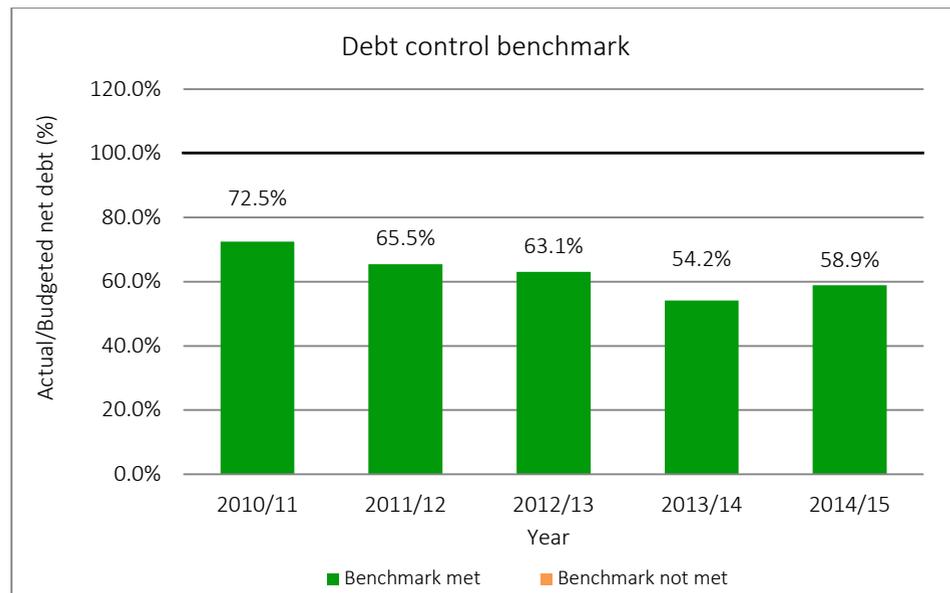
The following graph displays the Council’s borrowing costs as a percentage of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment). Because Statistics New Zealand projects the Council’s population will grow more slowly than the national population rate, the council meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



Debt control benchmark

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

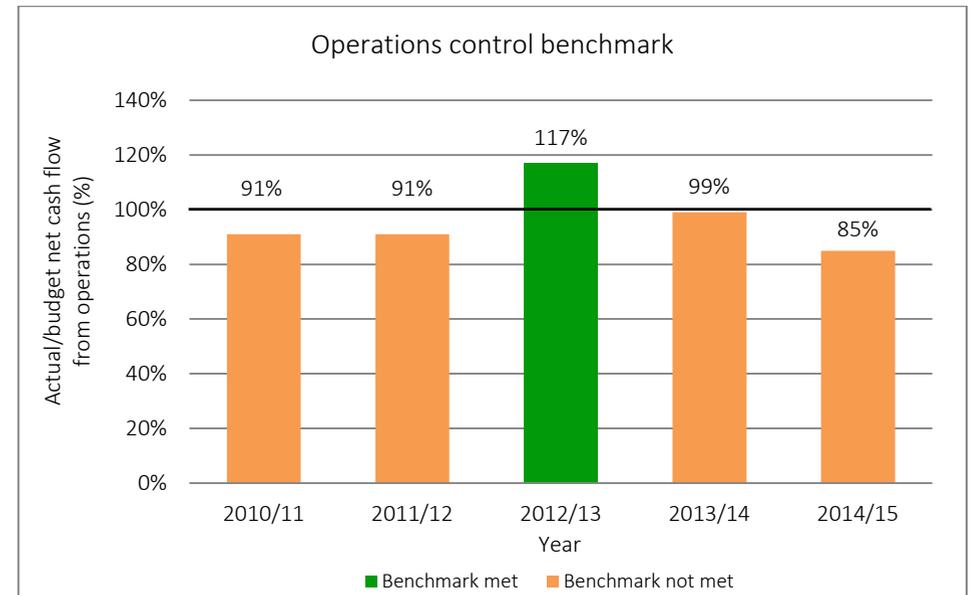
The Council meets the debt control benchmark if its actual net debt equals or is less than its planned debt.



Operations control benchmark

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

The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



Independent Auditor's Report



Independent Auditor's Report

To the readers of Hastings District Council and group's annual report for the year ended 30 June 2015.

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

- the financial statements of the District Council and group that comprise:
 - the statement of financial position as at 30 June 2015 on page 80 to 81;
 - the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ending 30 June 2015 on pages 78, 79, 82 and 83;
 - the funding impact statement of the District Council on page 97;
 - the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 61 to 74; and
 - the notes to the financial statements that include accounting policies and other explanatory information about the financial statements on pages 84 to 133;
- the statement of service provision (made up of Summary Performance information, Detailed Performance information, and Groups of Activities information) of the District Council on pages 13 to 45 and pages 57 to 74 and the funding impact statements in relation to each group of activities of the District Council on pages 59 to 74; and
- the disclosures of the District Council that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 144 to 149.

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

- information about:
 - internal borrowing on page 113;
 - council-controlled organisations on pages 135 to 141;
 - reserve funds on pages 114 to 116;
 - each group of activities carried out by the District Council on pages 57 to 74;
 - remuneration paid to the elected members and certain employees of the District Council on page 118;
 - employee staffing levels and remuneration on page 119;
 - severance payments on page 119;
 - rating base units on page 162; and
 - insurance of assets on page 132;
- a report on the activities undertaken by the District Council and group to establish and maintain processes to provide opportunities for Maori to contribute to the Council's decision-making processes on page 76; and
- a statement of compliance signed by the mayor of the Council, and by the District Council and group's chief executive on page 156.

Opinion

Audited information

In our opinion:

- the financial statements of the District Council and group on pages 78 to 133:
 - present fairly, in all material respects:
 - the District Council and group's financial position as at 30 June 2015;
 - 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.
- the funding impact statement of the District Council on page 97, 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 statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 61 to 74, present fairly, in all material respects, by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long-term plan or annual plan.
- the statement of service provision (made up of Summary Performance information, Detailed Performance information, and Groups of Activities information) of the District Council on pages 13 to 45 and pages 57 to 74:
 - presents fairly, in all material respects, the District Council's levels of service for the year ended 30 June 2015, including:
 - the levels of service as measured against the intended levels of service adopted in the long-term plan;
 - the reasons for any significant variances between the actual service and the expected service; and
 - complies with generally accepted accounting practice in New Zealand.

- the funding impact statements in relation to each group of activities of the District Council on pages 59 to 74, present fairly, in all material respects, by each group of activities, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan.
- the disclosures on pages 144 to 149 represent a complete list of required disclosures and accurately reflects the information drawn from District Council's audited information.

Compliance with the other requirements of schedule 10

The District Council and group's annual report complies with the Other Requirements of schedule 10 that are applicable to the annual report.

Our audit was completed on 29 October 2015. This is the date at which our opinion is expressed.

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

Basis of opinion

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

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

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

An audit also involves evaluating:

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

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

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

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

Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and a statement of service provision (made up of Summary Performance information, Detailed Performance information, and Groups of Activities information) that:
 - comply with generally accepted accounting practice in New Zealand;
 - present fairly the District Council and group's financial position, financial performance and cash flows;
 - present fairly its service performance, including achievements compared to forecast;
 - a funding impact statement that presents fairly the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;
- funding impact statements in relation to each group of activities that presents fairly by each group of activities, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan;
- statements about budgeted and actual capital expenditure in relation to each group of activities that presents fairly by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long-term plan or annual plan;
- disclosures in accordance with the requirements of the Local Government (Financial Reporting and Prudence) Regulations 2014; and
- the other information in accordance with the requirements of schedule 10 of the Local Government Act 2002.

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

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

Responsibilities of the Auditor

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

Independence

When carrying out this audit, which includes our report on the Other Requirements, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board. Other than this audit, which includes our report on the Other Requirements, and the audit of the District Council's 2015-25 Long Term Plan and an independent assurance review of the District Council's Debenture Trust Deed, we have no relationship with or interests in the District Council or any of its subsidiaries.



S B Lucy

Audit New Zealand

On behalf of the Auditor-General

Wellington, New Zealand

Statement of Compliance and Responsibility



Statement of Compliance and Responsibility

Compliance

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

Responsibility

- 1) The Council and Management of Hastings District Council accept responsibility for the preparation of the annual Financial Statements and the judgements used in them.
- 2) The Council and Management of Hastings District Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as the integrity and reliability of financial reporting.
- 3) In the opinion of the Council and Management of Hastings District Council, the annual Financial Statements for the year ended 30 June 2015 fairly reflect the financial position and operations of Hastings District Council.

Lawrence Yule
Mayor



Ross McLeod
Chief Executive



Dated: 29 October 2015

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

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

Your Council



Directory of Council



LAWRENCE YULE JP
Mayor

06 871 5001
027 249 6206
lawrencey@hdc.govt.nz



CYNTHIA BOWERS
Deputy Mayor

06 873 4288
councillor.bowers@hdc.govt.nz
Hastings – Havelock North Ward



WAYNE BRADSHAW

06 877 8017
councillor.bradshaw@hdc.govt.nz
Hastings – Havelock North Ward



MALCOLM DIXON

06 877 4007
councillor.dixon@hdc.govt.nz
Hastings – Havelock North Ward



SANDRA HAZLEHURST

027 418 6602
councillor.hazlehurst@hdc.govt.nz
Hastings – Havelock North Ward



SIMON NIXON

027 442 4121
councillor.nixon@hdc.govt.nz
Hastings – Havelock North Ward



ADRIENNE PIERCE

021 247 7919
councillor.pierce@hdc.govt.nz
Hastings – Havelock North Ward



JOHN ROIL

06 876 4104
councillor.roil@hdc.govt.nz
Hastings – Havelock North Ward



KEVIN WATKINS

027 304 6213
councillor.watkins@hdc.govt.nz
Hastings – Havelock North Ward



ROD HEAPS

06 875 1123
councillor.heaps@hdc.govt.nz
Heretaunga Ward



GEORGE LYONS

06 879 7752
councillor.lyons@hdc.govt.nz
Heretaunga Ward



HENARE O'KEEFE

06 879 5298
councillor.okeefe@hdc.govt.nz
Flaxmere Ward



JACOBY POULAIN

022 061 7438
councillor.poulain@hdc.govt.nz
Flaxmere Ward



MICK LESTER JP

06 875 8080
councillor.lester@hdc.govt.nz
Kahuranaki Ward



TANIA KERR

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

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

Directory of Senior Management



**ROSS
MCLEOD**

06 871 5002
rossm@hdc.govt.nz
Chief Executive



**JOHN
O'SHAUGHNESSY**

06 871 5035
johno@hdc.govt.nz
Group Manager
Planning & Regulatory



**BRUCE
ALLAN**

06 871 5019
brucea@hdc.govt.nz
Acting Chief Financial Officer



**MIKE
MAGUIRE**

06 871 5300
mikem@hdc.govt.nz
Group Manager
Customer & Corporate Services



**CRAIG
THEW**

06 871 5041
craigt@hdc.govt.nz
Group Manager
Asset Management



**ALICE
HEATHER**

06 871 5029
aliceh@hdc.govt.nz
Group Manager Community
Facilities & Programmes



**DENNIS
MORGAN**

06 871 5064
dennism@hdc.govt.nz
Group Manager
Strategy & Development



**BRONWYN
BAYLISS**

06 871 5026
bronwynb@hdc.govt.nz
Group Manager
Human Resources

Statistical information (Council only)

2013		2014		
	30,397	Rateable Assessments	30,650	
Land Value	\$7,731,154,600	Valuations (Net)	\$7,640,860,100	
Improvements	\$6,974,011,500	Improvements	\$7,017,567,700	
Capital Value	\$14,705,166,100	Capital Value	\$14,658,427,800	
2014		2015		
	522,893ha	Land Area	522,893ha	
Source – Statistics NZ	73,245	Population (2013 Census)	73,245	
Permanent Staff	359	Employee numbers as at 30 June	378	
	\$24,849,000	Total Salary & Wages	\$26,806,000	
	\$87,852,000	Gross Public Debt*	\$91,022,000	
	\$2,890	Gross Debt per rateable assessment	\$3,031	
Sealed Road	1295.10	Roading (km)	1,296.70	
Unsealed Roads	340.40	Unsealed Roads	340.40	
State Highways	201.10	State Highways	198.40	
	\$73,930,506	Rates Levied (incl. GST)	\$76,882,341	
Average Rate	Average Land Value	Analysis by differential category	Average Rate	Average Land Value
Rating Area 1 (Urban)				
\$1,943	\$127,933	Residential	\$2,019	\$128,169
\$1,616	\$224,851	Residential Non Urban	\$1,720	\$218,065
\$1,557	\$150,813	Residential Clive	\$1,675	\$151,426
\$2,470	\$503,845	Horticulture / Farming	\$2,593	\$489,466
\$9,891	\$604,800	Chartered Clubs	\$9,857	\$577,667
\$12,450	\$496,837	Commercial (CBD)	\$12,296	\$480,420
\$8,902	\$383,552	Other Commercial	\$8,972	\$387,385
\$8,214	\$450,156	Commercial Non Urban	\$8,316	\$439,352
Rating Area 2 (Rural)				
\$1,299	\$215,565	Residential	\$1,303	\$207,470
\$2,008	\$227,680	Commercial	\$1,908	\$218,253
\$2,533	\$694,933	Lifestyle / Horticulture / Farming	\$2,631	\$673,898

*See note 15

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 2012/13 will be 'carried forward' to 2013/14). 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 LOS Level of Service
CBD	Central Business District
CCO	Council Controlled Organisation. This is a term for a company where local authorities hold a controlling interest
CR	Councillor
DRA 1	District Rating Area One (Urban Area)
DRA 2	District Rating Area Two (Rural Area)
GST	Goods and Services Tax
FRS	Financial Reporting Standard
HBRC	Hawke's Bay Regional Council
BPS	Basis Points
HCAG	Hastings City Art Gallery
SGBT	Sustaining Hawke's Bay Trust
EERST	Environmental Education for Resource Sustainability
HDC	Hastings District Council
HPUDS	Heretaunga Plains Urban Development Strategy
LATM	Local Area Traffic Management
LGA	Local Government Act 2002
LTP	Long Term Plan or Ten Year Plan
NCC	Napier City Council
NZ GAAP	NZ Generally Accepted Accounting Principles
PA	Per Annum
IFRS	International Financial Reporting Standards
UAGC	Uniform Annual General Charge



HASTINGS DISTRICT COUNCIL
207 Lyndon Road East
Hastings 4122
Private Bag 9002
Hastings 4156

www.hastingsdc.govt.nz
www.myvoicemychoice.co.nz

TE KAUNIHERA O HERETAUNGA