



# ANNUAL REPORT 2016/17

Great living, today and tomorrow





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DEVELOP AND MAINTAIN RESERVES

KEEP THE STREETS LIT

COLLECT RUBBISH AND RECYCLING

DELIVER WATER TO YOUR TAPS

**SPLASH PLANET**  
NZ'S LARGEST WATER PARK

REFUSE TRANSFER STATION

HASTINGS SPORTS CENTRE

DEVELOP AND MAINTAIN PARKS

KEEP OUR STREETS CLEAN

MAINTAIN BUS SHELTERS

HAWKE'S BAY OPERA HOUSE PRECINCT

HOUSING FOR THE ELDERLY 220 UNITS

LIBRARIES HAVELOCK NTH, HASTINGS AND FLAXMERE

HASTINGS CITY ART GALLERY

PUBLIC ARTWORK

WILLIAM NELSON SKATE PARK

CAMBERLEY COMMUNITY CENTRE

RECYCLING CENTRE HENDERSON ROAD

FLAXMERE COMMUNITY CENTRE

MAINTAIN 1327 KM OF RURAL ROADS

HASTINGS CEMETERY AND CREMATORIUM

ANIMAL WELFARE CENTRE





# Message from the Acting Mayor and the Chief Executive

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## Introduction from the Acting Mayor

It has been a privilege to lead Hastings District Council as Acting Mayor and prior to that as Deputy Mayor. I'm supported by highly skilled, positive and inclusive councillors who, along with our staff, are committed to ensuring that Hastings District is a great place to live, work and play.

The past financial year has brought significant challenges through the Havelock North water contamination event. As a result of the Government Inquiry, Council has implemented a robust water strategy developed by national and international expertise with a substantial investment to ensure we supply sustainable, safe drinking water to our community.

Our economy is performing well. Agriculture, Horticulture, Cropping, Forestry, Wine, Processing, and support businesses and services are generally at full capacity. The \$20 million Whakatu Arterial is a great example of Council understanding the infrastructure needed to increase productivity and capacity so our economy prospers. Hawke's Bay is a growing region. We are Great Things Grow Here.

Hastings has consistently featured among the high achievers in rankings across New Zealand. I believe this is a reflection of the hard work put in by our residents, businesses and Council. New industrial development in the Irongate and Omahu areas is well advanced and will contribute to our continuing economic success by providing facilities and services to the primary industry sector and creating more jobs.

One measure of a resilient community is the ability of all people to fully participate. The wellbeing of our people is a key priority for Council. We are working across a range of areas to enable all of our residents to have meaningful work and excellent leisure options – regardless of age or financial situation. As part of that, Council continues to work on its city centre vibrancy plan – encouraging living, recreation and doing business in our city.

Another highlight of the year was the opening of the Village Green playground, including the relocation of the upgraded Havelock North Cricket Pavilion, in April. The community had significant input into the designing, planning and fundraising the project. It has become a wonderful hub for the community that is loved by all.

Our community gave us a strong mandate to bring the Opera House and Municipal buildings, the jewel in the Hastings crown, back to life. A huge local effort to raise funds and allocate Council budget now sees construction underway. It is more than a restoration project. We have listened to what the community wants and the Opera House precinct will respect the past and capture opportunities for our community's future.

Top of the priorities for Council is the well-being for all of our community. We are partnering and co-ordinating with government agencies and NGO's to deliver initiatives and programmes to pathway young people into employment. We are focused on supporting youth into education, training and employment. We have commenced work with an NGO on a social housing project. We have also ensured we have sufficient land and serviced sections available to meet the community's need now and in the future.

Importantly, our finances are in a strong position while achieving a balance between keeping our rates affordable and delivering a high level of service to enable Council to invest in growth and community wellbeing.

Thank you to our staff, contractors, entrepreneurs, volunteers, educators, community and government agencies, and other partners who make Hastings the Heart of Hawke's Bay.



A handwritten signature in black ink that reads "Sandra Hazlehurst". The signature is fluid and cursive.

**Sandra Hazlehurst**  
Acting Mayor

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## Introduction from the Chief Executive

Without doubt the management of drinking water has been a defining issue for Hastings District Council and its residents over the 2016/2017 financial year.

In August last year the municipal drinking water supply in Havelock North became contaminated, affecting an estimated 5,000 people with campylobacter-related illness. The incident placed residents under severe stress and put Council's drinking water management, infrastructure and the region's aquifers under intense focus, both locally and nationwide.

While the Government Inquiry into the event found the most likely cause was surface water containing sheep faeces contaminating the aquifer through a pond adjacent to the Mangateretere Stream, and from there being drawn into the water supply, the Inquiry found Hastings District Council was not to blame for the contamination. It made clear that Council's processes and arrangements were lacking in some areas and the generally accepted reliance on the aquifer being considered secure and confined and therefore safe was misplaced. For almost the full 12 months of the 2016/17 financial year Council has been heavily involved in reviewing, updating and implementing water testing, water safety measures and emergency response plans, increasing its staffing and organisational capacity, and developing a strategy to upgrade its infrastructure, including instigating treatment on all supplies. The details of that work are expanded on within this Annual Report.

The Council has been clear that safe drinking water is its number one priority. That priority will remain an area of considerable focus for the organisation for the foreseeable future.

The district has also suffered from a significant number of emergency events over the 12 months, including snow storms, a cyclone, a tsunami alert and serious fires. The drain on resources during the three large scale fires in February, preceded by weeks of smaller rural fires, was significant and led to the calling of a local State of Emergency. That

enabled support resources from across New Zealand to be mobilised. While one home and hundreds of hectares of forest and pasture were lost to the blazes, the excellent work of the Hastings and visiting rural firefighting teams and support staff can be credited with ensuring there was no greater loss.

One of the other large projects for Hastings is the strengthening of the earthquake-prone Hawke's Bay Opera House. Great strides have been made in the last 12 months after extensive consultation in the previous financial year showed that residents wanted the historic building strengthened and reopened. In February construction company Gemco was selected from three tenderers to complete high-level costings and a construction plan for the project. The company went on to be awarded the construction contract. A very welcome announcement came in June, when Prime Minister Bill English visited Hastings and announced that central Government would contribute \$4 million towards the \$12 million project. At the time of writing construction has begun with an expected finish date of mid-2019.

Of importance to a sizeable sector of our community is the availability of land for both residential and industrial development. Work over the past two years has culminated in the rezoning of land for both activities. Residential land rezoning projects have been progressed with one almost through its variation process and a second in the public consultation phase. Council is also seeking to use streamlined RMA processes introduced by the Government. The two projects combined are expected to release about 650 sections over the next one to five years, dependent on developer timing and decision making.

In relation to industrial development the focus has been on enabling the building of facilities to service the horticulture industry while continuing to protect as much of the prime growing soils as possible. The completion of planning and infrastructure work in both the Omaha and Irongate industrial areas has been very well received by developers, with major investment projects either underway or well into the planning phase in both areas.

One of the contributors to this success has been Council's continued roll out of key account management processes in the last financial year. An assigned manager liaises between the developer of a major project and all of the departments of Council involved in the process. That ensures consistent and timely communication between the applicant and Council teams and provides support through the required planning and resource consent phases of a project.

While developers still need to comply with legal requirements, this initiative has served both Council and the developers well, streamlining the process for both parties, saving time and money, and making investment in job providing industries easier.

Construction of the Whakatu Arterial Link, regarded as the region's priority one roading project, started in January 2017 after five years of planning and extensive community consultation. It is expected to be completed by the end of 2018. The new three kilometre route will streamline access between the producers, Whakatu storage and processing facilities and other businesses to transport routes to the Port of Napier and the state highway network. The project has also been designed to remove heavy vehicles from the Whakatu residential area, improve safety and neighbourhood amenity for residents, and provide a more direct link between Havelock North and the Expressway.

Parks and playgrounds are very important to our communities and Council continues to work through its programme of investments and renewals, ranging from small upgrades to major once-in-a-generation refurbishments. The largest project in the 2016/2017 financial year has been the upgrade of the Havelock North Domain – now called The Village Green. Following comprehensive community engagement in the previous financial year, the physical works were undertaken over six months with the final result, including a skate park and water playscape, hailed as a huge success by the community. A community fundraising initiative to enable the historic Cricket Pavilion to be moved into a central position within the park and become a hub for events was very well supported. The Council is thankful to the Mackersey family and other supporters for their generous contributions. Smaller but equally important projects have seen significant elements added to parks across the district, including in Flaxmere and Frimley, and the refurbishment of the playground in the seaside village of Haumoana.

Ensuring our youth have the best opportunity to fully participate in our society has seen Council continue to develop programmes that help them into employment or further training, particularly those facing personal difficulties which inhibit their ability to find work. Through these programmes, Council's youth development team achieved excellent success in the last financial year, working closely with the Ministry of Social Development and employers. This resulted in 15 job placements with employers in the first six months of 2017, with numbers growing rapidly since.

Financially Council delivered a sound financial result despite the impacts of the water event, with a \$1.2 million rating surplus. This together with surplus proceeds from landfill operations allowed Council to allocate money to the urban water supply costs and set money aside to help pay for rural bridge renewals required in the near future. Council's prudent approach to debt management has seen debt increase to \$60 million by 30 June 2017, due to investment in projects like the Opera House strengthening, Whakatu Arterial Link, Irongate Industrial and Lyndhurst residential developments. The year-end figure is significantly less than what was forecast in the 2015-25 Long Term Plan.

Debt will continue to increase in a planned way due to completion of these projects and a significant capital programme is planned for the district's water supply network. Council's prudent approach to managing debt together with funding from development contributions for growth infrastructure, allows Council the capacity to undertake these projects and respond to changing priorities. Council's finances are reasonably well placed to ensure Council will be able to meet the challenges that are before it.



A handwritten signature in black ink, appearing to read 'R. McLeod'. The signature is stylized and written in a cursive-like font.

**Ross McLeod**  
Chief Executive

# Our reporting framework

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# Our reporting framework

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

## Level One

Future Goals

## Level Two

Levels of Service

Customer Experience Measures

Key Actions

## Level Three

Asset Improvement Plans (currently being updated)

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 – as at June 2017



# Summary performance

## Introduction

The pages which follow outline in detail how the Council has progressed against its performance management framework within its 2015-2025 Long Term Plan. This report marks the second year of reporting against the 2015-2025 Long Term Plan. A summary of our progress at the end of Year Two is as follows:

### Level One: Future Goals

The information on progress toward future goals is best measured by shifts over time. These measures are largely on track with the exception of landfill tonnages which are impacted by external influences. The measurement of walking and cycling mode share is an area under review.

### Level Two: Today's Promises

#### Key actions

There are 26 key actions contained within the Long Term Plan 2015-2025. All actions are on track or completed.

#### Levels of service and customer experience

There are 79 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 and Roads
- Safe, Healthy and Liveable Communities
- Economic and Community Development
- Governance and Support Services

In brief the Council's achievement is as follows:

#### Levels of service (70 measures)

Group of activities	Fully achieved	Substantially achieved (98.5%-99%)	Not achieved
Water & Roads (note i)	13 (65%)	-	7 (35%)
Safe, Healthy & Liveable Communities (note ii)	23 (92%)	-	2 (8%)
Economic & Community Development (note iii)	9 (82%)	-	2 (18%)
Governance & Support Services (note iv)	7 (87%)	1 (13%)	-

#### Notes:

- The Havelock North water contamination event and new information reclassifying other supplies resulted in non-compliance to elements of the Drinking Water Standards. This event accounts for a number of the "not achieved" measures in terms of complaints, water loss and restoration of service. Water loss was not measured in 2016/17 and is planned for 2018
- The National Rural Fire Authority did not undertake a Rural Fire Audit in 2016/17 and the level of service measure in relation to the Opera House is not applicable at this time due to the closure of the Theatre and Municipal Buildings
- The level of service measure in relation to the Opera House is not applicable at this time due to the closure of the Theatre and Municipal Buildings
- Performance against two public perception measures is yet to be obtained and is not intended to be reported annually. This will take place in the new term of Council

## Customer experience (9 measures)

Group of Activities	Fully achieved	Substantially achieved (98.5%-99%)	Not achieved
Governance and Support Services	1 (50%)	-	1 (50%)
Safe, Healthy & Liveable Communities (Note)	4 (57%)	2 (29%)	1 (14%)

**Customer Service Centre: Mystery Shopping**

A mystery shopper program continues with 'shoppers' visiting Council to measure the service delivered against a set of pre-determined criteria. The assessment focuses on the surroundings in the centre, staff interaction with the customer and subject knowledge. The standards are high and staff strive to go the extra mile for customers.

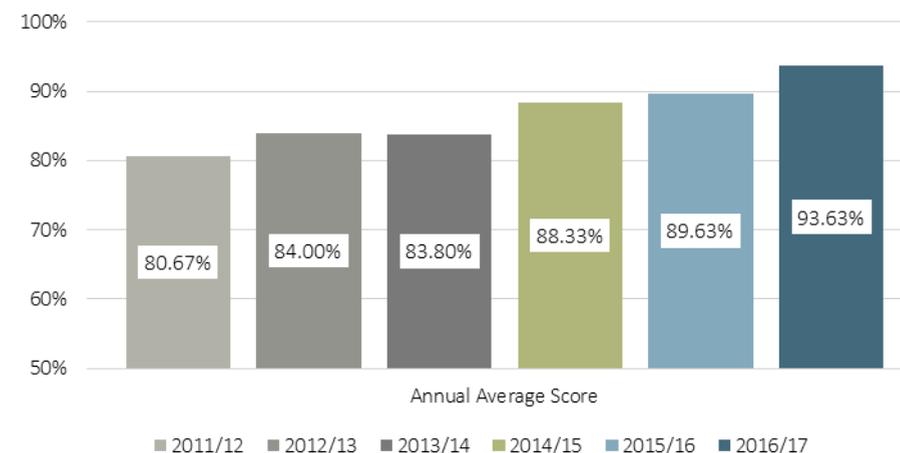
The findings are analysed to identify improvement areas for both individuals and the teams as a whole. Four 'shops' undertaken during 2016/17 resulted in the following outcomes:

**2016/17 Customer Service Centre Mystery Shopper Results**

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

Subject	Score 1	Score 2	Score 3	Score 4	Average
Property Enquiry with Rates Payment Options	98%	100%			99.0%
LIM Application Enquiry	92%	95%	97%	100%	96.0%
Dog Registration			76%	91%	83.5%
<b>Overall Average</b>					<b>93.6%</b>

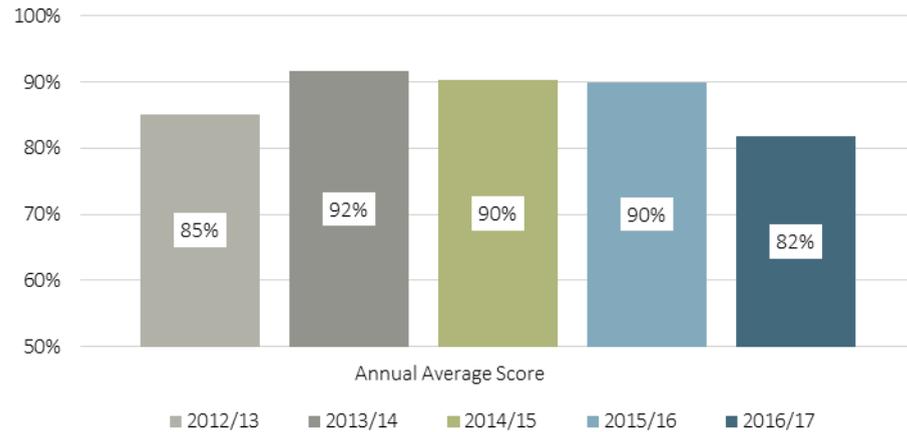
## Yearly Comparative Performance – Customer Service Centre Mystery Shopper Results



### 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. The annual average scores are consistently high.

#### Yearly Comparative Performance – Contact Centre Mystery Shopper Results



### Level Three: Smart Business

#### Asset improvement plans

A significant amount of Council's expenditure is allocated to maintaining the core assets for the community. Detailed Asset Management Plans 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.

A total of 53 high priority improvement items across the asset areas of Roding, Wastewater, Water Supply, Stormwater, Parks & Reserves, Buildings and Facilities and Solid Waste Services have been either completed, substantially completed or well on track over the last three reporting cycles.

An updated schedule of future improvement items is currently being developed from the various Asset Management Plans for future reporting as part of the 2018-28 Long Term Plan development process.

## Level One – Future Goals

### Water & Roads

Future goal	Baseline performance	Future target	Progress																																							
<b>FG01</b> Modal shift to walking/cycling	9% of school and work journeys	20% by 2020	<ul style="list-style-type: none"> <li><b>Measurement Under Review</b> – Mode share is complex and difficult to calculate. Nationally the mode share is currently calculated at 14.6%. The Ministry of Transport (MOT) is conducting continuous surveys which will be able to be broken down to a Hastings area calculation. This measure will be updated once the MOT survey outcomes are made available. A range of education and encouragement projects are being rolled out.</li> </ul>																																							
<b>FG02</b> Annual shift to walking and cycling	8% per annum (school and work journeys)	8% per annum	<ul style="list-style-type: none"> <li><b>Achieved</b> – The data indicates that average daily combined walking/cycling volumes have increased over three years on the selected sites being measured.</li> </ul> <table border="1"> <thead> <tr> <th rowspan="2">Site</th> <th colspan="3">Average Daily Traffic</th> </tr> <tr> <th>2015</th> <th>2016</th> <th>2017</th> </tr> </thead> <tbody> <tr> <td>Clive Pathway – Whakatu to Clive</td> <td>74</td> <td>68</td> <td>66</td> </tr> <tr> <td>Clive Pathway – Kenilworth to Whakatu</td> <td>123</td> <td>136</td> <td>124</td> </tr> <tr> <td>Havelock Road Pathway</td> <td>155</td> <td>410</td> <td>418</td> </tr> <tr> <td>Maraekakaho Road</td> <td>94</td> <td>82</td> <td>87</td> </tr> <tr> <td>Wilson Road</td> <td>109</td> <td>65</td> <td>75</td> </tr> <tr> <td>Crosses Road Pathway</td> <td>78</td> <td>105</td> <td>110</td> </tr> <tr> <td>Windsor Pathway</td> <td>88</td> <td>85</td> <td>81</td> </tr> <tr> <td><b>Average (2015-2017 sites only)</b></td> <td><b>103</b></td> <td><b>136</b></td> <td><b>137</b></td> </tr> </tbody> </table>	Site	Average Daily Traffic			2015	2016	2017	Clive Pathway – Whakatu to Clive	74	68	66	Clive Pathway – Kenilworth to Whakatu	123	136	124	Havelock Road Pathway	155	410	418	Maraekakaho Road	94	82	87	Wilson Road	109	65	75	Crosses Road Pathway	78	105	110	Windsor Pathway	88	85	81	<b>Average (2015-2017 sites only)</b>	<b>103</b>	<b>136</b>	<b>137</b>
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<b>Average (2015-2017 sites only)</b>	<b>103</b>	<b>136</b>	<b>137</b>																																							
<b>FG03</b> Street lighting efficiency	Installed wattage (2.6kw/km).	20% reduction by 2022	<ul style="list-style-type: none"> <li><b>On Track</b> – LED replacement programme commenced with the second batch of 1500 LED lights being installed in 2017/18. Work to procure and install the remainder of the streetlights are ongoing. The conversion of LED will have a significant impact on power consumption.</li> </ul>																																							

### Safe, Healthy & Liveable Communities

Future goal	Baseline performance	Future target	Progress
<b>FG04</b> Public buildings meet earthquake standards	At project commencement 55.4% meet current standards  Note: 2015 LTP referenced 90% as the baseline performance in error	100% meeting future legislative standards.	<ul style="list-style-type: none"> <li>• <b>On Track</b> – 62.04% currently meet legislative standards. 925 buildings have been identified potentially earthquake prone and require seismic assessment.  Note: Not all of these buildings will require seismic assessment under the new provisions in the Building (Earthquake-Prone Buildings) Amendment Act 2016. 497 buildings are above the statutory threshold defining whether a building is potentially earthquake-prone.  39 buildings have been assessed as less than the statutory threshold of 34% NBS. These buildings require further assessment to determine whether the buildings are likely to collapse in a moderate earthquake-prone causing injury or death, or damage to other property.  2 buildings are defined as earthquake-prone under s122 Building Act 2004.  The financial impacts on the Council of the new legislation are not yet known.</li> </ul>
<b>FG05</b> Waste diversion rates	% of waste diversion / total waste  (Baseline 20% waste diversion rate)	Improvement over baseline	<ul style="list-style-type: none"> <li>• <b>On Track</b> – A diversion percentage of 19.3% *has been calculated, based on 8,120 tonnes being actively diverted during 2016/17 from all council waste services and facilities.  * this percentage has been calculated on the basis of Hastings waste being 50% of total waste to Omarunui Landfill, previously this has been calculated on 60% but anecdotal evidence suggests that 50% is more likely to reflect the total waste proportion.</li> </ul>
<b>FG06</b> Declining tonnages to landfill	72,000 tonnes	68,000 tonnes by 2016	<ul style="list-style-type: none"> <li>• <b>Not Achieved</b> – The tonnage increased from 75,000 to 84,000 tonnes during 2016/2017. This reflects a national trend and increased economic activity.</li> </ul>

## Level Two – Today’s Promises

### (A) LEVELS OF SERVICE

#### Water Services

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

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

These are new measures. The baseline performance is based on 2013/14 actual information (unless otherwise stated).

The Council will review the performance targets which have been set in future versions of the Council Long Term Plan.

#### Stormwater

Community Outcomes	Level of Service Statement	Performance Measure	Baseline Performance	2016/17 Target	2016/17 Achievement
LOCAL INFRASTRUCTURE To provide local infrastructure which contributes to public health and safety, supports growth, connects communities, activates communities and helps protect the natural environment.	Council will provide a safe and reliable stormwater service and ensure that service interruptions are kept to a minimum.	<b>DIA Non-Financial Performance Measure 1: System Adequacy</b>	0 (zero)	0 (zero) floors affected per 1000 connections up to a 1 in 50 year ARI storm event.	<b>Achieved</b> – 0 (zero) numbers of habitable floors affected, however 25 general surface flooding events
		<b>DIA Non-Financial Performance Measure 2: Discharge Compliance</b>	0 (zero)		
		Compliance with Council’s resource consents for discharge from its stormwater system measured by the number of:			
		a) Abatement notices		a) 0 (Zero) Abatement notices	<b>Achieved</b> – 0 (zero) abatement, infringement, and enforcement notices, and no convictions
		b) Infringement notices		b) 0 (Zero) Infringement notices	
		c) Enforcement orders		c) 0 (Zero) Enforcement orders	
		d) Convictions		d) 0 (Zero) Convictions	

## Stormwater

Community Outcomes	Level of Service Statement	Performance Measure	Baseline Performance	2016/17 Target	2016/17 Achievement
		<b>DIA Non-Financial Performance Measure 3: Response Times</b> The median response time to attend a flooding event, measured from the time that the Council receives notification to the time that service personnel reach the site	1 hour	1 hour	<b>Achieved</b> – no ‘flooding events’ recorded so no response required. The response time to general surface flooding events was 35 minutes
		<b>DIA Non-Financial Performance Measure 4: Customer Satisfaction</b> The number of complaints received by Council about the performance of its stormwater system, expressed per 1,000 properties connected to the Councils stormwater system	15	15 Complaints per 1,000 connections  NB: This is a baseline figure for stormwater related complaints received in the past 8 years.	<b>Achieved</b> – 6.58 Complaints per 1,000 connections

## Sewerage and the Treatment and Disposal of Sewage

Community Outcomes	Level of Service Statement	Performance Measure	Baseline Performance	2016/17 Target	2016/17 Achievement
<b>LOCAL INFRASTRUCTURE</b> Council Objectives to which the wastewater activity relates: <ul style="list-style-type: none"> <li>• Healthy drinking water and sanitary services</li> <li>• Sustainable use of water resources</li> <li>• Infrastructure supporting economic growth</li> </ul>	Council will provide a safe and reliable wastewater service and ensure that service interruptions are kept to a minimum.	<b>DIA Non-Financial Performance Measure 1:</b> Number of dry weather sewerage overflows from the Council’s wastewater system, expressed per 1000 sewerage connections to that sewerage system	5	5 per 1,000 connections per annum	<b>Achieved</b> – 0.86 overflows per 1000 connections per annum
		<b>DIA Non-Financial Performance Measure 2:</b> Compliance with Council’s resource consents for discharge from its sewerage system measured by the number of: <ul style="list-style-type: none"> <li>(a) Abatement notices</li> <li>(b) Infringement notices</li> <li>(c) Enforcement orders</li> <li>(d) Convictions</li> </ul>	0 (zero)	(a) 0 (Zero) Abatement notices (b) 0 (Zero) Infringement notices (c) 0 (Zero) Enforcement orders (d) 0 (Zero) Convictions	<b>Achieved</b> – 0 (zero) abatement, infringement, and enforcement notices, and no convictions

## Sewerage and the Treatment and Disposal of Sewage

Community Outcomes	Level of Service Statement	Performance Measure	Baseline Performance	2016/17 Target	2016/17 Achievement
<ul style="list-style-type: none"> <li>Resilience to hazards and shocks</li> </ul>		<b>DIA Non-Financial Performance Measure 3:</b> Where the Council attends to sewerage overflows resulting from a blockage or fault in the Council's sewerage system, the following median response times are measured:			
		(a) Attendance time: From the time that the Council receives notification to the time that service personnel reach the site, and	1 hour	(a) 1 hour response time to site (attendance time)	<b>Achieved:</b> (a) 31 minutes response
		(b) Resolution time: From the time that the Council receives notification to the time that service personnel confirm resolution of the blockage or other fault reach the site	1 day	(b) 1 day Permanent Repair Completed (resolution time)	(b) 2 hour resolution time
		<b>DIA Non-Financial Performance Measure 4:</b> Total Number of complaints received by the Council about any of the following:	61	Count expressed per 1,000 connections per annum (Baseline target of 61 complaints to be reviewed to align with current achievement in 2015/16)	<b>Achieved – 29.53</b> complaints per 1,000 connections per annum
		(a) Sewage odour (b) Sewerage system faults (c) Sewerage system blockages (d) The Council's response to issues with its sewerage system			
		Expressed per 1,000 connections to the Council's sewerage system			

**Water Supply**

<b>Community Outcomes</b>	<b>Level of Service Statement</b>	<b>Performance Measure</b>	<b>Baseline Performance</b>	<b>2016/17 Target</b>	<b>2016/17 Achievement</b>
<p>LOCAL INFRASTRUCTURE</p> <p>Council Objectives to which the Water Supply activity relates:</p> <ul style="list-style-type: none"> <li>• Sustainable use of land and water resources</li> <li>• Healthy drinking water and sanitary services</li> <li>• Infrastructure supporting economic growth</li> <li>• Resilience to hazards and shocks</li> <li>• Serviced land for industrial development</li> </ul>	<p>Water Supply – Ensuring Healthy drinking water through the provision and effective management of water services</p>	<p><b>DIA Non-financial performance Measure 1: (safety of drinking water/)</b></p> <p>The extent to which the local authority's drinking water supply complies with:</p> <p>(a) Part 4 of the drinking-water standards (bacteria compliance criteria), and</p> <p>(b) Part 5 of the drinking-water standards (protozoal compliance criteria)</p>	100%	<p>Percentage Compliance</p> <p>Target 100%</p>	<p><b>NZ drinking water bacteria standards</b></p> <p>A – Part 4 Bacteria compliance criteria</p> <p>Given the ARL laboratory protocol failure during the 2016/17 year the percentage of the population receiving compliant water under part 4 of the NZDWS was only 28%. Results from testing undertaken by ARL laboratory during the period 22/8/2016 to 2/1/2017 (including some 1325 samples) could not be used for compliance testing due to an ARL laboratory protocol failure. For the remainder of the compliance year, the zones affected by this (Bridge Pa, Flaxmere, Hastings East, West &amp; Central) were bacteriologically compliant.</p> <p>The ARL failure meant that the affected zones therefore failed to meet the testing frequency requirements.</p> <p>The main remaining non-compliance under part 4 was the transgression at Waimarama and Whirinaki Esk supplies, where a boil water notice was issued then removed once additional controls were put in place. In July 2016 a non-compliance was also detected in the Parkhill supply and responded to.</p> <p>The Havelock North Supply was assessed as compliant with the bacteria criteria in part 4 of the NZDWS. This highlights one of the issues with the current NZDWS, as given the events of August 2016 this supply should not be able to pass a bacteriological compliance requirement.</p>

**Water Supply**

Community Outcomes	Level of Service Statement	Performance Measure	Baseline Performance	2016/17 Target	2016/17 Achievement
					<p>This pass is due to the increased sampling regimes in the system and this weakness should be resolved nationally.</p> <p>B – Part 5 Protozoa compliance criteria</p> <p>Given the events of August 2016 and new water age testing results the previous status of the drinking water wells has been reclassified. Under the new classification this now requires additional treatment to meet this criteria.</p> <p>Given the changes the level of compliance for 2016/17 with part 5 is now only 1.3% (on a population served basis).</p> <p>With works already completed this is now 27%. Further work is underway to add treatment to the other bores in the urban supply, once completed would provide 98%. The remaining 2% is enhancements to the process controls at treatment plants on rural supplies and this work is also programmed.</p> <p>NB: The estimated serviced population across all Hasting DC supplies noted in the MoH Water Information New Zealand (WINZ) database is 68,985. The above results are provisional, pending the assessment of compliance by the Independent Drinking-Water Assessor.</p>

## Water Supply

Community Outcomes	Level of Service Statement	Performance Measure	Baseline Performance	2016/17 Target	2016/17 Achievement
		<p><b>DIA Non-Financial performance Measure 2: (maintenance of the reticulation network)</b></p> <p>The percentage of real water loss from the local authority's networked reticulation system</p> <p>(Including a description of the methodology used to calculate this)</p>	20%	20% Percentage Real Losses or other recognised industry standard as specified in the HDC's 'Water Conservation and Demand Management Strategy'	<b>Not Measured</b> – The June 2016 MWH Water Loss Assessment Report has not been updated in 2017 (that report identified 21% water loss). A new assessment is planned for 2018
		<p><b>DIA Non-Financial performance Measure 3: (fault response times)</b></p> <p>Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured:</p>		95% Achievement Rate.	
		(a) Attendance for urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site, and	1 hour	Urgent – 1 Hour response time to site	<b>Achieved</b> – 34 minute response time
		(b) Resolution of urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption	2 hour	Urgent – 2 Hour Restoration of Service	<b>Not Achieved</b> – 6 hour restoration (Note: The Havelock North contamination event and subsequent water network responses led to an escalation of water leaks and capacity to respond to the restoration of service target.
		(c) Attendance for non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site, and	3 days	Non-urgent – 3 days response time to site	<b>Achieved</b> – 1 day response time
		(d) Resolution of non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption	7 days	Non-urgent – 7 days call resolution	<b>Achieved</b> – 3 day resolution

## Water Supply

Community Outcomes	Level of Service Statement	Performance Measure	Baseline Performance	2016/17 Target	2016/17 Achievement
		<p><b>DIA Non-Financial performance Measure 4: (customer satisfaction)</b></p> <p>The total number of complaints received by the local authority about any of the following:</p> <ul style="list-style-type: none"> <li>(a) Drinking water clarity</li> <li>(b) Drinking water taste</li> <li>(c) Drinking water odour</li> <li>(d) Drinking water pressure or flow</li> <li>(e) Continuity of supply, and</li> <li>(f) The local authority's response to any of these issues</li> </ul> <p>expressed per 1000 connections to the local authority's networked reticulation system.</p>	1	<p>Count expressed per 1000 connections per annum</p> <p>(Current Baseline = 1 complaint per 1,000 connections)</p>	<p><b>Not Achieved</b> – 9.22 complaints per 1,000 connections. Note: Water network responses to the Havelock North contamination event led to an escalation of water leaks requiring to be fixed which led to higher levels of continuity of supply complaints</p>
		<p><b>DIA Non-performance Measure 5: (demand management)</b></p> <p>The average consumption of drinking water per day per resident within the territorial authority district.</p>	400	400 Litre/p/day per resident	<p><b>Not Achieved</b> – 432 Litre/p/day per resident</p>

## Roads and Footpaths

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

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

These are new measures. The baseline performance is based on a combination of 2013/14 actual information and an assessment of performance data year to date for the 2014/15 year.

The Council will review the performance targets which have been set in future versions of the Council Long Term Plan.

Community Outcomes	Performance Measure	Baseline Performance	2016/17 Target	Achievement 2016/17
<p><b>LOCAL INFRASTRUCTURE</b></p> <p>Council Objectives to which the transportation activity relates:</p> <ul style="list-style-type: none"> <li>• Accessible range of safe transport options</li> <li>• Safe walking and cycling facilities</li> <li>• Infrastructure supporting economic growth</li> <li>• Efficient movement of goods</li> </ul>	<p><b>DIA Non-Financial Performance Measure 1:</b></p> <p>Road safety</p> <p>The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number</p>	32	<p>Reducing trend of fatality and serious injury from previous year</p> <p>(Current levels for year 13/14 are 4 fatalities and 28 serious injuries) on the local road network</p>	<p><b>Not Achieved</b> – In 2015/16 there were 30 serious injury and fatalities crashes. In 2016/17 there were 34 serious injury and fatalities crashes.</p> <p>*may change, as there is a lag in crash reporting to CAS.</p>
	<p><b>DIA Non-Financial Performance Measure 2:</b></p> <p>Condition of the sealed road network</p> <p>The average quality of ride on a sealed local road network, measured by smooth travel exposure</p>	90%	<p>90% smooth travel exposure</p> <p>(Average quality of ride)</p>	<p><b>Achieved</b> – 92% of the road network has been measured as smooth</p>
	<p><b>DIA Non-Financial Performance Measure 3:</b></p> <p>Maintenance of a sealed local road network</p> <p>The percentage of the sealed local road network that is resurfaced</p>	5.5%	<p>5.5% of sealed local road network is resurfaced per annum</p>	<p><b>Not Achieved</b> – 4.8% of the network was resurfaced in 2016/17. The remaining reseals have been added to the 2017/18 programme which is underway</p>
	<p><b>DIA Non-Financial Performance Measure 4:</b></p> <p>Condition of footpaths within the local road network</p> <p>The percentage of footpaths within a territorial authority district that fall within the level of service or service standard for the condition of footpaths that is set out in the territorial authority's relevant document (such as its annual plan, activity management plan, asset management plan, annual works programme or Long Term Plan)</p>	1.5%	<p>No more than 1.5% of footpaths classified poor or worse as measured by Council's condition rating system</p>	<p><b>Achieved</b> – Only 1.1% of footpaths were classified as poor or worse in 2016/17</p>
	<p><b>DIA Non-Financial Performance Measure 5:</b></p> <p>Response to Service Requests</p> <p>The percentage of customer service requests relating to roads and footpaths to which the territorial authority responds within the timeframe specified in the long term plan</p>	98%	<p>98% of customer service requests relating to roads and footpaths responded to within 28 days</p>	<p><b>Not Achieved</b> – 95% of customer requests were answered within 28 days</p>

### Safe, Healthy and Liveable Communities

Council Outcomes	Performance Measure	Baseline Performance 2013/14	Target 2016/17	Achievement 2016/17
COUNCIL OBJECTIVE: Reducing public nuisance and threats to public safety	Hours of operation at refuse transfer station	7 days per week	7 days per week	<b>Achieved</b> – Facility only closed on Christmas Day, New Year’s Day and Easter Sunday
	Hours of operation at recycling depots	7 days per week (24 hour operation at Martin Place)	7 days per week (24 hour operation at Martin Place)	<b>Achieved</b> – With the addition of 24 hour sites at Pukehomoamo, Tutira, Poukawa, Waimarama 3 day a week operation provided at Blackbridge Transfer Station (Saturday, Sunday, Monday)
	Hours of operation at landfill	1 landfill (5 days per week) (limited weekend opening)	1 landfill (5 days per week) (limited weekend opening)	<b>Achieved</b> – The Omarunui Landfill was open and operational five days a week (Monday to Friday) and a limited number of Saturdays. The facility does not open on Christmas Day, New Year’s Day and Good Friday
	% of urban dwellings serviced by kerbside refuse and recycling services	Weekly collection to 92% of urban dwellings	Weekly collection to 92% of urban dwellings	<b>Achieved</b> – All urban dwellings within the collection zones received a weekly refuse and recycling service. The extension of collection zones is now being considered and reviewed
	% compliance with landfill conditions	100%	100%	<b>Achieved</b> – No abatement notices were issued. HBRC and HDC have reached formal agreement on groundwater trigger levels for the site. In this regard a change in the conditions of consent has been made  Omarunui Landfill – Revised surface water trigger levels have now been approved by the HBRC. Groundwater and tell-tale trigger levels have been approved by the HBRC. Two more testing bores located in strategic location on neighbouring property to get better understanding of ground water flow in area

Council Outcomes	Performance Measure	Baseline Performance 2013/14	Target 2016/17	Achievement 2016/17
	% of food premises having an excellent or very good grading	100%	95%	<b>Achieved</b> – 99.6% of food premises have an excellent or very good grading
	% compliance with swimming pool fencing regulations	99%	98%	<b>Achieved</b> – 99.7% compliance with swimming pool fencing regulations
	Number of public cemeteries	4 cemeteries at Hastings, Havelock North, Puketapu, Mangaroa	4	<b>Achieved</b> – Additional capacity at Havelock North and Hastings cemeteries has also been previously established
	Compliance level with crematorium consent conditions	All conditions met	All conditions met	<b>Achieved</b> – All consent conditions met
	% of public buildings with current warrant of fitness	100%	95%	<b>Achieved</b> – 100% of Council buildings with current warrant of fitness
<b>COUNCIL OBJECTIVE:</b> Reduce public nuisance and threats to public safety	Dog pound capacity	34 dogs	27 dogs	<b>Achieved</b> – 31 dogs (includes 5 outdoor pens). Construction is underway to build 12 more pens
	% of dog registrations of known dogs	100%	99%	<b>Not Achieved</b> – 97.9% of dogs registered
	% release rate of impounded dogs suitable for adoption	New	85%	<b>Achieved</b> – 100% of all suitable dogs were adopted (79% of total impounded dogs)
	Pass grade for National Rural Fire audits (PMEF)	Satisfactory	Satisfactory	<b>Not Measured</b> – No audit occurred in 2016/17. The last audit was in 2014/15 financial year where the Hastings District Council retained a <i>Satisfactory</i> rating following a review of the National Rural Fire Authority Performance Evaluation. Rural Fire responsibility transfers to Fire & Emergency New Zealand on 30 June 2017
	Response time to national emergency warning	15 minutes	15 minutes	<b>Achieved</b> – < 15 minutes
	Number of night time compliance operations on licensed premises per year	12	4	<b>Achieved</b> – 4 night time operations undertaken
	Number of CCTV cameras	22	22	<b>Achieved</b> – There are 32 CCTV camera locations. Due to technology these locations are covered by 54 individual CCTV cameras

Council Outcomes	Performance Measure	Baseline Performance 2013/14	Target 2016/17	Achievement 2016/17
<p>COUNCIL OBJECTIVE:</p> <ul style="list-style-type: none"> <li>Sustainable use of land and water resources</li> <li>A more compact urban form</li> </ul>	A District Plan current at all times within statutory timeframes	Achieved	Achieved	<b>Achieved</b> – 44 appeals lodged to Proposed District Plan. Thirty two appeals settled, 3 appeals proceeding to Court and a further 9 on hold awaiting variation outcomes. Three variations to the Proposed District Plan met all statutory timeframes. Further variation to rezone land at Iona is being drafted to ensure a sustainable supply of residential land Heretaunga Plains Urban Development Strategy Review adopted 31 May 2017
<p>COUNCIL OBJECTIVE:</p> <ul style="list-style-type: none"> <li>Places and spaces for recreation</li> <li>Places and spaces for arts, culture, learning</li> <li>Fostering recreational participation</li> <li>Fostering the arts and cultural experience</li> </ul>	Number of public swimming pools that meet Pool Safe water quality standards	4	4	<b>Achieved</b> – All pools meet Pool Safe water quality standards
	Days of operation of public libraries	3 public libraries (6 day service Flaxmere / Havelock Nth, 7 days Hastings)	3 public libraries (6 day service Flaxmere / Havelock Nth, 7 days Hastings)	<b>Achieved</b> – opening hours were increased above stated levels of service by ten hours a week across all three sites
	% of urban properties within 500m radius (walking distance) of a park	93.8%	94%	<b>Not Achieved</b> – 86% of urban properties within a 500m radius of a local park. Reduction has occurred as effect of connector reserves now not included. New parks acquisitions in Lyndhurst and Northwood will reverse trend in 17/18
	% of urban properties within 500m radius (walking distance of a playground)	55.6%	56%	<b>Achieved</b> – 60% of urban properties within a 500m radius of a playground
	Number of elderly housing units and average occupancy	220 units with occupancy of 93.3%	90% average occupancy	<b>Achieved</b> – 220 units with 97.3% average occupancy
	Number of Art Gallery exhibitions per annum	14	12	<b>Achieved</b> – Hastings City Art Gallery hosted 15 exhibitions across its' four exhibition spaces in the 2016/2017 Financial year and received 31,711 visitors

Council Outcomes	Performance Measure	Baseline Performance 2013/14	Target 2016/17	Achievement 2016/17
	Opera House Qualmark Rating (subject to current review)	Five star	Five star	<b>Not Measured</b> – Opera House Theatre and Municipal Building is currently closed to the public due to earthquake strengthening requirements. These works have been completed on the Plaza and former Opera House Kitchen which is open for meetings and functions. In the 16/17 year the Plaza had 30 bookings and the Eastbourne (Opera House Kitchen) had 18
	% of Indoor Sports Centre available booking hours booked	50%	40%	<b>Achieved</b> – 50% of available hours booked in 2016/17
	Days of operation of Splash Planet	Mid November to Waitangi Day (7 days a week)	Mid November to Waitangi Day (7 days a week)	<b>Achieved</b> – Mid November to Waitangi Day (7 days a week)

### Economic and Community Development

Council Outcomes	Performance Measure	Baseline Performance 2013/14	Target 2016/17	Achievement 2016/17
COUNCIL OBJECTIVE:	% of vacant industrial land	20.3%	A minimum of 20% of industrial land is vacant	<b>Achieved</b> – In the previous annual report it was identified that 19.5% of the zoned land was vacant. Since that time an additional 65 ha of land has been added at Omahu and 91 ha of vacant land at Irongate although there is an appeal on the Irongate variation. The deferral over Stage 2 of the food hub has also been uplifted providing an additional 8.7 ha of land. This additional land takes the % of vacant industrial land to over 30% of the total
<ul style="list-style-type: none"> <li>Residential development opportunities</li> <li>Industrial development opportunities</li> </ul>				
	Number of hectares of vacant greenfield land	68.8 hectares	A minimum of 20 hectares vacant greenfield land	<b>Achieved</b> – 37.4 hectares of vacant greenfield land and the Variation for Howard Street will provide a further 21.2 hectares once the appeal is settled

Council Outcomes	Performance Measure	Baseline Performance 2013/14	Target 2016/17	Achievement 2016/17
	Number of significant strategies completed per annum	1	1	<b>Achieved</b> – HPUDS Review completed in 2016 and recommendations from the Hearings Committee ratified by all Councils in June 2017
	Number of structure plans completed per annum	0	1	<b>Not Achieved</b> – Developing a structure plan for Iona has been the focus of a joint working group and is currently near completion
<b>COUNCIL OBJECTIVE:</b> Appealing visitor destination	Opera House Qualmark Rating (subject to current review)	Five Star	Five Star	<b>Not Measured</b> – Opera House Theatre and Municipal Building is currently closed to the public due to earthquake strengthening requirements. These works have been completed on the Plaza and former Opera House Kitchen which is open for meetings and functions. In the 16/17 year the Plaza had 30 bookings and the Eastbourne (Opera House Kitchen) had 18
	Number of visitors to i-Site visitor centres per annum	76,990	84,000	<b>Not Achieved</b> – A total of 73,107 visitors (Hastings 54,662 and 18,445 Havelock North)
	Total financial support to events	\$75,000	\$75,000	<b>Achieved</b> – The allocated Event Fund budget for 2016/17 was \$85,000. Other events such as Horse of the Year, the HB Arts Festival, Te Matatini Festival and those approved through the contestable grants process represent additional events support
	Total visitors to Splash Planet	103,046 total 48,685 from Hastings (47.1%)	94,000 total 45% from Hastings	<b>Achieved</b> – 112,987 total, 52,462 Hastings (46.5%)
<b>COUNCIL OBJECTIVE:</b> Supporting and attracting business	Total financial support to Business Hawke's Bay	\$100,000	\$100,000 per annum funding support to Business Hawke's Bay	<b>Achieved</b> – Delivered as part of contract agreement with Business Hawke's Bay

Council Outcomes	Performance Measure	Baseline Performance 2013/14	Target 2016/17	Achievement 2016/17
<p>COUNCIL OBJECTIVE:</p> <ul style="list-style-type: none"> <li>Putting people at the centre of planning and service</li> <li>Effective working relationships with mana whenua</li> </ul>	Number of completed Place Based Plans	3	1 Place Based plan completed per annum	<p><b>Achieved</b> – 3rd iteration of Flaxmere Community Plan endorsed by Council. 2nd iteration of Clive Community Plan endorsed by Council. Mayfair Community Plan endorsed by Council</p> <p>Maraekakaho Community Plan under development. 2nd iteration of Anderson Park Community Plan under development. Flaxmere West Community Plan under development</p>
	Number of social development reviews completed	1	1 social development review completed per annum	<b>Achieved</b> – Social Wellbeing framework reviewed during 2016/17
	Total financial support for Hapu Development Plans	\$40,000	\$40,000 per annum for Hapu development planning	<b>Achieved</b> – Funding included in Long Term Plan 2015-2025 and 2016/17 Annual Plan. During 2016/17 Hapu development planning continued with the Te Hauke community, Ruahapia and Waipatu community along with Stage Two of the Omaha Marae development plan

## Governance and Support Services

Council Outcomes	Performance Measure	Baseline Performance 2013/14	Target 2016/17	Achievement 2016/17
COUNCIL OBJECTIVE: • Putting people at the centre of planning and service • (Make open, inclusive and effective decisions)	Level of community confidence in decision making (measured as some confidence to complete confidence)	new	75%	<b>Not Yet Measured</b>
	Level of community satisfaction in involvement in decision making (measured as (satisfied to very satisfied))	new	75%	<b>Not Yet Measured</b>
	% Compliance with statutory planning processes	100%	100%	<b>Achieved</b> – No breaches of statutory planning processes during 2016/17
	Council and Committee agendas are available within statutory timeframes	100%	100%	<b>Achieved</b> – 100% compliance with required timeframes
COUNCIL OBJECTIVE: • Ensure prudent financial management	Complete Annual Report and audit within statutory timeframes	Achieved	Achieved	<b>Achieved</b> – An unmodified audit opinion was issued within statutory timeframes
	Budgets are set within Financial Strategy limits	Achieved	Achieved	<b>Achieved</b> – The 2017/18 Annual Plan was completed and approved by Council and set within the Financial Strategy limits
COUNCIL OBJECTIVE: Putting people at the centre of planning and service (Ensure easy access to Council knowledge and services)	Calls to Council's main number are always answered by a person rather than an answer phone service	Achieved (92% of calls answered within 60 seconds)	Achieved	<b>Achieved</b> – 90% of calls answered within 60 seconds
	Customer service centre open from Monday to Friday 8am to 5pm	Achieved	Achieved	<b>Achieved</b> – Customer service centre opens weekday from 8am-5pm throughout the year
	% of calls to Council's main number answered within 20 seconds	87.8%	80%	<b>Substantially Achieved</b> – 79.5% of calls answered within 20 seconds
	Usage of Council website	10,700 unique visitors per month	9,500 unique visitors per month	<b>Achieved</b> – 17,578 unique visitors per month

**(B) CUSTOMER EXPERIENCE****Customer Experience – Safe, Healthy and Liveable Communities**

<b>Council Outcomes</b>	<b>Performance Measure</b>	<b>Baseline Performance 2013/14</b>	<b>Target 2016/17</b>	<b>Achievement 2016/17</b>
COUNCIL OBJECTIVE: <ul style="list-style-type: none"> <li>Reduce public nuisance and threats to public safety</li> <li>Putting people at the centre of planning and service</li> </ul>	Time taken to process a building consent	99.86% within 20 working days	100% within 20 working days	<b>Substantially Achieved</b> – 99.97% within 20 working days
	Time taken to process code of compliance	97.6% within 10 days	100% within 10 days	<b>Substantially Achieved</b> – 99.45% within 10 days
	Time taken to process a resource consent	95% within statutory timeframe (20 working days)	97% within statutory timeframe (20 working days)	<b>Achieved</b> – 97% within statutory timeframe
	Time taken to respond to noise complaints	Zone 1 (20-30 minutes) – 96.5%	Zone 1 (20-30 minutes) – 100%	<b>Not Achieved</b> – Zone 1 (20-30 minutes) – 97%
		Zone 2 (< 45 minutes) – 98%	Zone 2 (< 45 minutes) – 100%	<b>Achieved</b> – Zone 2 (< 45 minutes) – 100%
	Parks user satisfaction	97%	97%	<b>Achieved</b> – 97.5% – park user satisfaction rating in Parkcheck Survey
Customer satisfaction with services	Various by facility (new)	Better than baseline	<b>Achieved</b> – See customer feedback section	

**Customer Experience – Governance and Support Services**

<b>Council Outcomes</b>	<b>Performance Measure</b>	<b>Baseline Performance 2013/14</b>	<b>Target 2016/17</b>	<b>Achievement 2016/17</b>
COUNCIL OBJECTIVE: <ul style="list-style-type: none"> <li>Putting people at the centre of planning and service</li> <li>(Ensure easy access to Council knowledge and services)</li> </ul>	Quality of customer service (contact centre)	Average score of 85% in mystery shopper phone calls	85%	<b>Not Achieved</b> – 82%
	Quality of customer service (customer service centre)	Average score of 85% in mystery shopper visits and phone calls	85%	<b>Achieved</b> – 94%

## Level Two – Today's Promises

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

Key action	Achievement
<b>Water Services</b>	
<b>KA01</b> Complete enhancement works to Havelock North sewage system	<ul style="list-style-type: none"> <li>• <b>Completed</b> – The Havelock North wastewater relief sewer was successfully completed during 2016/17</li> </ul>
<b>KA02</b> Complete Heretaunga Street trunk main renewal	<ul style="list-style-type: none"> <li>• <b>On Track</b> – Physical works have commenced on the first stage of the trunk water main under Heretaunga Street</li> </ul>
<b>KA03</b> Detention dam security investigations	<ul style="list-style-type: none"> <li>• <b>On Track</b> – Compliance has been achieved for all consent conditions related to the Havelock North and Te Awanga dam with no requirement for formal consent inspections and assessments for these dams in the near future. Further detailed dam work is ongoing</li> </ul>
<b>Roads and Footpaths</b>	
<b>KA04</b> Strengthen some key bridges to allow continued heavy vehicle access	<ul style="list-style-type: none"> <li>• <b>On Track</b> – HPMV Bridge strengthening work is underway on Taihape road with four bridges being strengthened</li> </ul>
<b>KA05</b> Completion of approved walking and cycling projects	<ul style="list-style-type: none"> <li>• <b>On Track</b></li> </ul> <p><b>Engineering Projects</b></p> <ul style="list-style-type: none"> <li>• Chesterhope Bridge cycleway clip-on is completed in January 2017</li> <li>• <b>Pakowhai Cycleway</b> – Construction work is started on first section and is aimed to be completed by December 2017</li> <li>• <b>Brookfield Road Bridge</b> – Variable Message Sign: As a joint project between Napier City Council and Hastings District Council, a VMS sign will be implemented to warn motorists of the presence of people cycling on the bridge. Investigation work is completed, however, we are waiting for NCC approval to complete this work in 2017/18</li> <li>• <b>Brookfield Road (Gilbertson Road – Brookfield Road Bridge)</b> – On street cycle lane on both sides is completed in May 2017</li> <li>• Akina Park shared concrete pathway completed in April 2017 and Crosses Road Pathway extension to the Napier Road intersection is completed in February 2017</li> <li>• <b>Haumoana School links</b> – Include provision of safer crossing points and 680 metres of existing path improvements on Parkhill Road, and construction of a new 700 metre two-way shared limesand path on East Road. Construction work is scheduled to be completed in August 2017</li> </ul>

## Water & Roads

### Key action

### Achievement

- **Caroline Road shared pathway** – Detail Design and Kiwi Rail negotiations currently underway for an extension of this shared route from St Aubyn Street towards Heathcote Avenue
- Railway Road shared pathway between Lyndon Road and Southampton St Intersections is substantially completed. This pathway provides a complete and safer link for a high number of school children within this vicinity
- **Napier Road cycleway** – Planning and design work commenced for this 4.5km two-way path along Napier Road (between Romanes Drive roundabout and the junction with SH2), over the top of a sewer line. Detailed design and construction are anticipated in 2017/18

### Education and encouragement projects

- **Cycle Skills Training programme** – For Level 1 & 2 HDC has reached 20 schools and 43 sessions, 859 students completed level 1 and 418 students completed level 2 from October 2016 to June 2017. A similar training programme will continue over the next financial year
- **Scooter Safety programme** – Based on NZ Transport Agency guidelines and tailored for year 4 students, HDC has delivered 90-minute sessions at 7 schools from October to June 2017, a total of 505 year 4 students have been involved and will continue a similar training over the next financial year
- **Movelt encouragement programme** – 60 Wheel and Walk Champion Certificates were presented to senior students who volunteered their time at Havelock North Primary school. For 2016/17, walking school bus on Frimley school and dress your shoes up and walk to school at Parkvale school were part of our school encouragement events within schools during the month of April and June 2017
- **School Travel Plans** – Surveys, site visits and engineering studies have been conducted and travel plans for Havelock North Primary and Parkvale School are completed. Travel plans are under development for St Mathew, Frimley, Clive, Karamu High and Hastings Girls Schools. A travel plan for Hastings District Council is currently under review which will likely be finalised by December 2017
- **Be Safe, Be Seen programme** successfully rolled out in May-June 2017
- **Bike Breakfast** – This popular event occurs during the month of February. Over 1500 participated in the event including schools and commuters
- **Commuter Challenge** – Combined event with Napier City Council where breakfast is sponsored by local businesses with iWay promotion during breakfast
- The Tour of the Bay was held to showcase the coastal cycling network. Hundreds of community members participated

## Water & Roads

Key action	Achievement
KA06 Implement safety improvements on high risk rural routes and urban intersections	<ul style="list-style-type: none"> <li>• <b>On Track</b> – Middle Road, Kahuranaki Road and Puketitiri Road have been identified as high risk rural roads with a need to improve safety along each corridor. Seal widening, curve enhancements and signage improvements were undertaken on these routes with investigations for future interventions to be undertaken in 2017/18</li> <li>• Traffic islands were installed at 35 urban locations to reduce speed of vehicles passing through the intersection and to keep opposing traffic flows separated</li> </ul>
KA07 Road pavement renewals in both urban and rural areas	<ul style="list-style-type: none"> <li>• <b>On Track</b> – 8.9km of pavement renewals completed during 2016/17</li> </ul>
KA08 Complete Whakatu Arterial Road	<ul style="list-style-type: none"> <li>• <b>On Track</b> – The project is being constructed. The project is expected to be completed by end of 2018</li> </ul>

## Safe, Healthy & Liveable Communities

Key action	Achievement
KA09 Rollout of additional emergency centres and community response plans	<ul style="list-style-type: none"> <li>• <b>On Track</b> – 40 potential Community Lead Facilities identified</li> </ul>
KA10 Advancing Hastings Central City Plan	<ul style="list-style-type: none"> <li>• <b>On Track</b> – The Hastings Central City Centre Plan is being given effect via a number of Council's plans, strategies and programmes, including the Hastings City Centre Vibrancy Plan. The Vibrancy Plan is an annual plan of action focused on activating the Hastings City Centre. This Plan was first initiated in October 2015. The current plan has 55 actions, 47 in progress or complete and 8 pending</li> </ul>
KA11 Advance new cemetery site	<ul style="list-style-type: none"> <li>• <b>On Track</b> – Council has allocated \$1 million funding in the LTP to purchase land for a new cemetery. No suitable Council-owned land has been identified. Although Council has allocated funding for the purchase of new land to develop a cemetery, it may be appropriate to explore whether in fact this is necessary, given that there is undeveloped land available at Mangaroa Cemetery which may be an alternative option. Ongoing consideration of this matter will occur during 2017/18</li> </ul>
KA12 Implement changes to Animal Welfare Service	<ul style="list-style-type: none"> <li>• <b>On Track</b> – Changes implemented to Animal Welfare Service to ensure consistency in process which will minimise danger, distress and nuisance to the community. Pound has been rebuilt and brought up to standard and approved by MPI. Operational procedures in place to promote an education focus and enforcement action is fair and balanced</li> </ul>
KA13 Determine earthquake strengthening response on Opera House complex	<ul style="list-style-type: none"> <li>• <b>On Track</b> – Community engagement process undertaken in first quarter of 2016 after considerable technical advice and input. Decision made to strengthen the theatre and this work stream is in progress. Options for the Municipal Building are still being worked through</li> </ul>
KA14 Enhancement on key reserves	<ul style="list-style-type: none"> <li>• <b>On Track</b> – The following enhancements have been progressed: <ul style="list-style-type: none"> <li>• Havelock North Domain (Village Green) redeveloped as premier playscape</li> <li>• Kirkpatrick Park playscape enhanced with water play</li> </ul> </li> </ul>

## Safe, Healthy & Liveable Communities

Key action	Achievement	
KA15	Implement sports fields facility upgrades	<ul style="list-style-type: none"> <li>• <b>On Track</b> – Planning completed for Bill Matthewson and Anderson Park changing room upgrades</li> </ul>
KA16	Complete planned toilet enhancements from Sanitary Services assessment	<ul style="list-style-type: none"> <li>• <b>On Track</b> – The following enhancements have been progressed:               <ul style="list-style-type: none"> <li>• New toilet constructed at Whirinaki Beach</li> <li>• Upgrade of toilets at Keirunga Gardens and Frimley Park</li> <li>• New toilets at Havelock North Village Green</li> </ul> </li> </ul>
KA17	Provision of community programmes on waste minimisation	<ul style="list-style-type: none"> <li>• <b>On Track</b> – Community access to information on a range of waste reduction options. Waste education programmes delivered through schools and early childhood centres</li> </ul>
KA18	Complete assessment and selection of future solid waste disposal solution	<ul style="list-style-type: none"> <li>• <b>On Track</b> – Waste Futures findings presented to Council in June 2016. Waste Assessment on waste services and facilities to be undertaken and developed into options for public consultation mid to late 2017, with final options being adopted by Council 30 June 2018</li> </ul>

## Economic & Community Development

Key action	Achievement	
KA19	Support industrial land uptake at Irongate, Omahu and Whakatu	<ul style="list-style-type: none"> <li>• <b>On Track</b> – Marketing of regional industrial land development opportunities is well underway. Council has also introduced organisation-wide key account services for large commercial and industrial developments. Key account services are in place for pending new developments, with construction on some projects already underway and more pending as interest remains high</li> </ul>
KA20	Implementation of China action plan	<ul style="list-style-type: none"> <li>• <b>On Track</b> – An international strategic framework for China investment has been written and implemented. Improved export opportunities for businesses in the Hastings District is the current strategy. This will be delivered by engaging with NZTE, Export New Zealand and businesses to identify opportunities to assist businesses</li> </ul>
KA21	Progress of various youth futures programmes	<ul style="list-style-type: none"> <li>• <b>On Track</b> – Youth Futures operational arm disestablished. New approach is focussed on Youth Employment 1.5 FTE's employed. Mayors' Taskforce for Jobs Graduation held</li> </ul>
KA22	Implementation of Heretaunga Plains Urban Development Strategy (HPUDS) sub strategies	<ul style="list-style-type: none"> <li>• <b>On Track</b> – Draft intensification strategy completed, which will be a focus after the Heretaunga Plains Urban Development Strategy review</li> </ul>
KA23	Development of various place based plans	<ul style="list-style-type: none"> <li>• <b>On Track</b> – 3 plans completed and 3 under development</li> </ul>

## Economic & Community Development

Key action	Achievement
<b>KA24</b> Support the completion of Hapu development plans	<ul style="list-style-type: none"> <li>• <b>On Track</b> – Funding contained in Council budgets. During 2016/17 Hapu development planning continued with the Te Hauke community, Ruahapia and Waipatu community along with Stage Two of the Omaha Marae development plan</li> </ul>
<b>KA25</b> Advance business attraction and job creation initiatives	<ul style="list-style-type: none"> <li>• <b>On Track</b> – Substantial progress has been made with the market reach of the ‘Great Things Grow Here ‘economic development platform. 220 Organisations have signed into the Brand Champions Club and they are now downloading and using the full range of resources made available and applying these to their own marketing, advertising, promotion and corporate literature. The GTGH Facebook page now ranks in the top 5 Council driven Economic Development/Tourism sites in New Zealand. Council as a participating partner is supporting business investment events in major New Zealand centres and business pitches for new commercial, retail, industrial and contact centre investments</li> </ul>
<b>KA26</b> Advance Hastings CBD hotel proposal	<ul style="list-style-type: none"> <li>• <b>On Track</b> – Council continues to explore and market the opportunity for developing a hotel for Hastings City. Positive growth in commercial visitor nights for the district and improving economic growth are encouraging potential investors to show renewed interest in a Hastings City Hotel development</li> </ul>

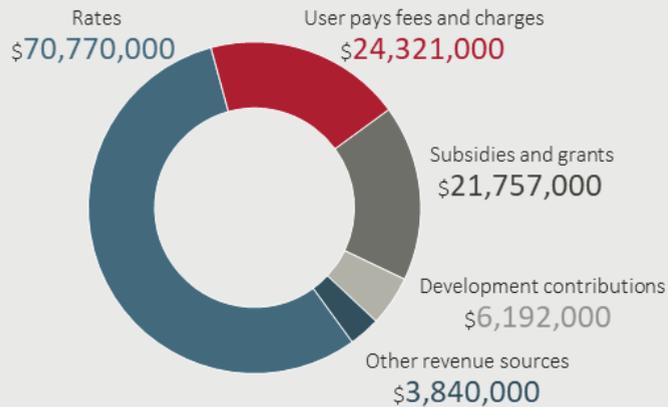
# Finance at a glance



# 5

## THINGS ABOUT COUNCIL'S FINANCES YOU PROBABLY DIDN'T KNOW

### 1 WHERE DOES OUR MONEY COME FROM?

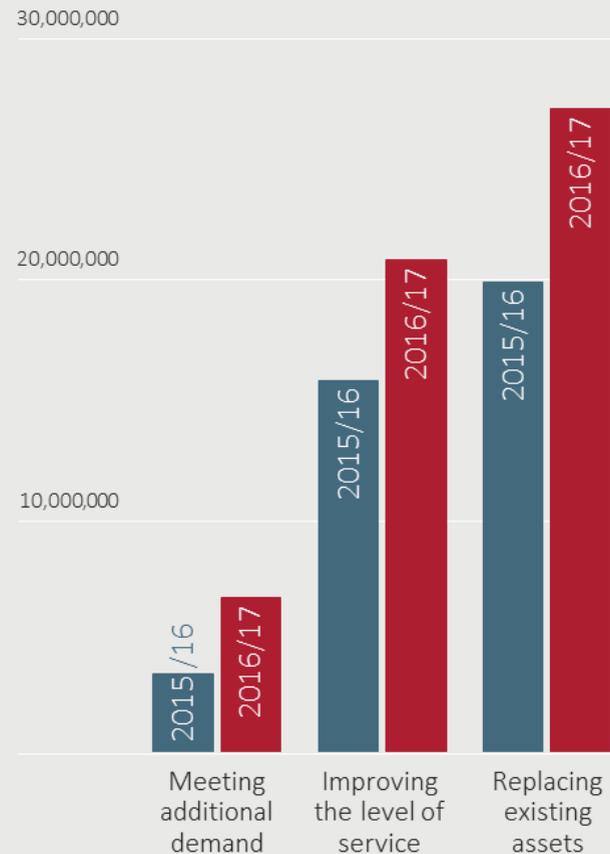


### 2 WHAT IS THE DEBT TO REVENUE RATIO?



Council's debt is \$60m with a debt to revenue ratio which is 48%, providing Council capacity to respond to changing circumstances

### 3 HOW MUCH IS SPENT ON OUR ASSETS?

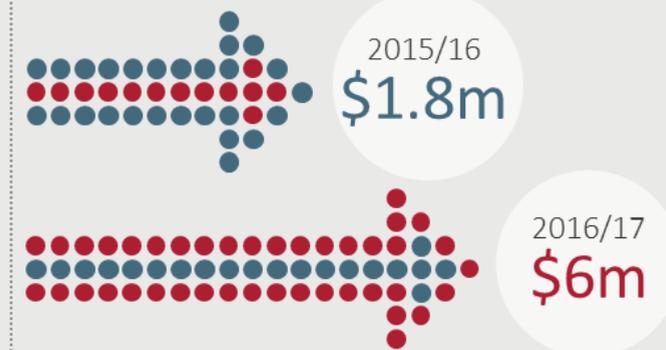


Council spent \$53m on capital expenditure in 2016/17 with \$20m spent on improving the level of service these assets provide

### 4 WHAT IS THE VALUE OF COUNCIL'S ASSETS?



### 5 HOW MUCH DO NEW SUBDIVISIONS CONTRIBUTE TO OUR NEW ASSETS?



Over \$6m was received in development contributions (up from \$1.8m last year) from developers representing a big increase in development activity across the district

# Annual financial overview

Council has consistently delivered a rating surplus which means it has delivered what it set out to deliver cheaper than it expected.

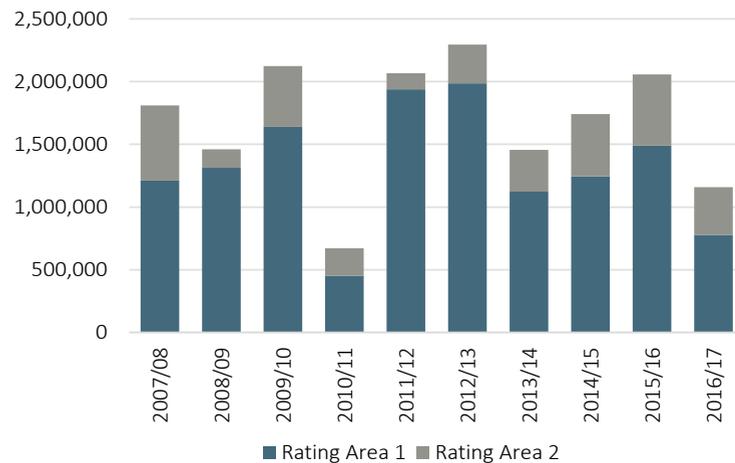
Council has again achieved a rating surplus after successfully delivering services more cost effectively than budgeted.

The \$1.2m surplus has allowed Council to replenish the contingency reserve (\$0.5m) and contribute to the Rating Area 1 Water Supply Accounts (\$0.3m), thereby addressing the impact the Havelock North water contamination event has had on water supply operations.

The surplus has also allowed Council to increase the amount of funds set aside in the Rating Area 2 Capital Reserve (\$0.26m).

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

## Rating surplus



The 2016/17 rating surplus has been achieved in spite of the Havelock North water contamination event, which generated \$1.98m of additional costs. Those included the cost of the immediate response to meet the needs of the community, investigative costs associated with understanding how the event occurred, and legal costs in responding to the Hawke's Bay Regional Council (HBRC) prosecution and the Government Inquiry.

These unforeseen expenses did not impact on the 2016/17 rating result as the costs could be funded through a number of sources. Those included the contingency fund held by Council which had reached \$1.2m. In the wake of the contamination, Council also allocated \$0.4m from last year's surplus, received \$0.1 from the Ministry of Civil Defence and Emergency Management (towards the immediate response costs), and insurance proceeds of \$0.2m for the HBRC prosecution.

The operational cost of delivering Council's water supply service has increased significantly during 2016/17, resulting in the Rating Area 1 Water Supply Targeted Rate account ending the year with a \$1.7m deficit.

With the allocation of \$0.3m from the 2016/17 rating surplus and a further \$1.4m allocated from Council's share of the Landfill surplus, the Rating Area 1 Water Supply Account will start 2017/18 on a sounder footing. That will reduce the impact that projected future operational costs and a significant capital programme will have on the Rating Area 1 Water Supply targeted rate.

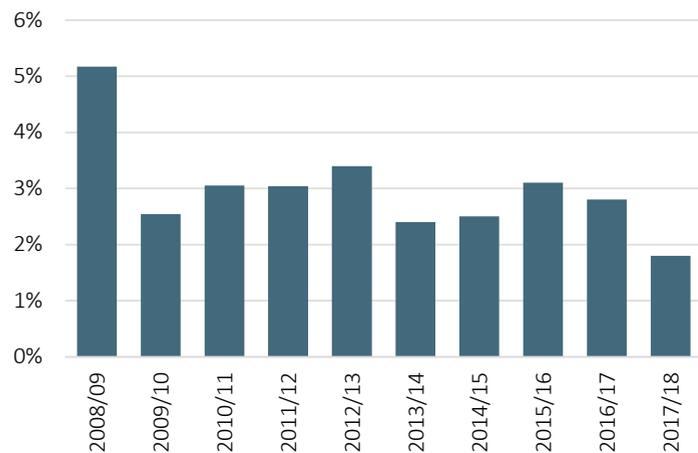
## Rates

Council's Financial Strategy, adopted in 2009/10, set out that rates will only increase by CPI +/- 4%, while acknowledging that sometimes events happen that Council needs to react to.

Following rate increases of over 5% in 2007/08 and 2008/09, rates increases have been kept in check and in line with the Financial Strategy with an average increase of just 2.74% in each of the past nine years while maintaining our essential services.

The budget for 2017/18 was set during the year with an increase of 1.8%. Within this increase Council managed to provide \$364,000 towards new initiatives approved through the Annual Plan submission process.

### Rate increases

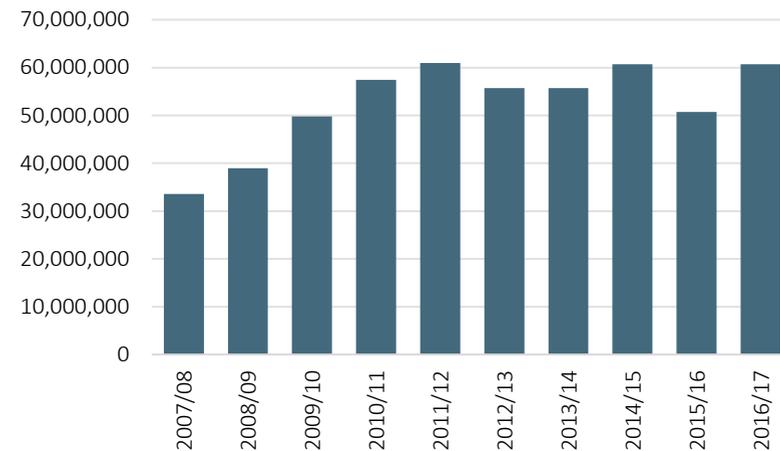


## Debt

Core external debt increased this year by \$10m to \$60.7m, well below that budgeted in the 2015-25 Long Term Plan. Council has taken a prudent approach to the timing of capital expenditure which has kept debt levels lower than expected. The thorough consultation process undertaken for the strengthening of the Opera House has delayed the expenditure on this project but has ensured Council has made a decision to proceed with the support of the majority of the community.

While Council's debt has been very steady over the past seven years, it is however expected to increase as signalled in the 2015-25 Long Term Plan as work on large projects, including the Opera House and the Whakatu Arterial Route, continue.

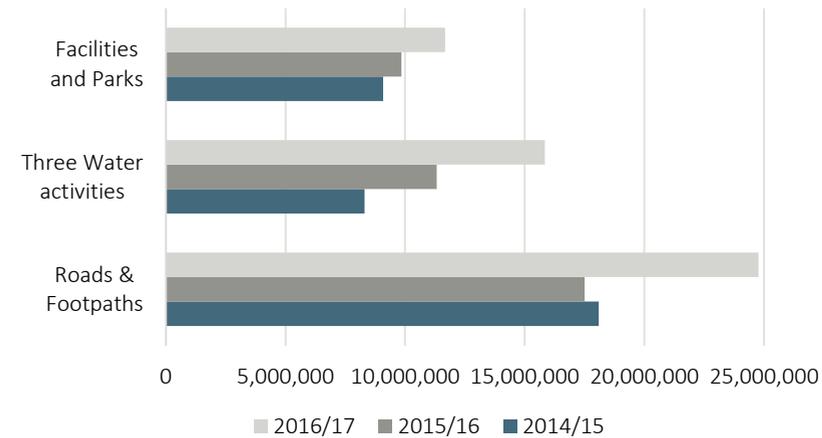
### External debt



## Capital projects

Council invested \$53.5 million (\$38.2 million last year) on capital projects during the year.

### Capital expenditure



Of the capital expenditure incurred in the 2016/17 year, \$26.7m was spent on replacing existing assets (renewals), \$20.4m on improving the level of service offered to the community, and \$6.4m meeting additional demands being put on the community through growth.



PHOTO CREDIT: Tim Whittaker

# Key initiatives and projects

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## Emergencies – Fire and Storms

Four major natural events have impacted upon residents and Council over the financial year: a snowstorm, a tsunami alert triggered by the Kaikoura earthquake, multiple fires, and a cyclone.

The snowstorm in the first week of August 2016 caused road closures and major power cuts. The biggest impact was on rural residents, some of whom were without power for five days. A team of Hastings District Council and Hawke's Bay Civil Defence personnel travelled into the hills behind Hastings to check on their welfare. State Highway 5 was closed for four days and the Napier-Wairoa Road and Taihape Road were also closed.

On November 14, a 7.5 magnitude earthquake in Kaikoura triggered a tsunami alert around New Zealand. In Hastings that led to evacuations of residents in low-lying areas close to the coast. A small wave eventuated and the danger had passed by 5.45am.

In December, Hawke's Bay fire authorities were warning that hot, dry and windy conditions were becoming a serious problem and by mid-January a Total Fire Ban had been imposed. The first serious fire started in early February in hill country near Te Pohue, eventually covering 190 hectares. By February 13 a State of Emergency at district level had been declared when firefighters were stretched across three very large fire sites: Puketitiri, Raukawa, and Waimarama Road. The latter destroyed a home and led to evacuations, water bans and power cuts. Fire crews were brought in from across New Zealand and helicopters were contracted to fight the Waimarama blaze, which took almost a week to extinguish.

Cyclone Cook struck Hawke's Bay overnight on April 14 causing widespread damage to trees and power lines. By the morning of April 15, more than 30 roads were either down to one lane or fully closed, reserves were closed, and homes were without power. The clean-up operation was difficult and lengthy. By April 27 all roads had been cleared however the work to fully clear downed trees from reserves and parks took until mid-May.



## District Plan

The preparation of the District Plan has included rezoning of additional industrial land at Omahu and Irongate. Submissions were sought, with independent commissioners hearing those submissions and making recommendations to Council.

Council released its decision in March 2017. Appeals on both the Irongate and Omahu variation decisions were received and are currently being mediated.

The continued supply of residential land was also a priority and the Howard Street Variation was notified in early July 2016 with submissions heard in December 2016. This area of land will supply an estimated 260 new housing sites to the Hastings market. There is one appeal on this variation which is currently being mediated.

Stage 2 of the Lyndhurst development has also been brought forward through this period, with the deferred zoning on the land being uplifted to allow development to begin. The infrastructure to service this land is being constructed.

The other area of residential land that is in the process of being brought forward for rezoning is at Iona in Havelock North. The Council, landowner and appeal parties have worked alongside a landscape architect/urban designer to develop a structure plan that reflects the special character of the area. The variation will be notified and proceed through the resource management process. It should result in around 390 new sites in Havelock North.

During the financial year, mediation on the appeals to the Proposed District Plan continued and has resulted in 32 of the 44 appeals being settled. A number of others are dependent on the outcome of the Irongate variation.



## Irongate and Omahu Industrial Zones

Developer interest in the Irongate and Omahu industrial areas has continued to grow over the past year. Escalating growth in the pip fruit industry has led to an increased need for packing and cool store facilities in the Hastings district, resulting in flow on demand from other supporting industries.

Council has put in water and sewer services in the Irongate zone and, now the building of a pack house and cool store for Sunfruit Orchards Limited has started, other developers are closely investigating the area. Other likely candidates looking to set up in the general industrial zone include logistics businesses, transport companies and wholesalers. Having this area ready and serviced makes it easy for industry to either relocate here, or grow existing businesses.

There is also a high level of interest in the Omahu zone, a key area for future growth. Council's dedicated key account team are working closely with a range of businesses looking to establish in the area, with development likely to kick off in the coming year.



## Water

The contamination of the Havelock North drinking water supply in August last year has had a profound effect on the management of Hastings District Council's public water supplies.

The Government Inquiry into the event, which left an estimated 5000 residents suffering from campylobacter-related illness, found the most likely cause was surface water contaminated with sheep faeces getting into the aquifer from a pond adjacent to the Mangateretere Stream.

That stream is close to the Brookvale bore field supplying Havelock North, and the contaminated water was drawn through the hydraulic action of the bore into the drinking water supply.

What that Inquiry findings, combined with the scientific testing that led to them have made clear, is that the aquifer can no longer be considered safe from surface water contamination. It means our water now needs to be treated before it can be considered safe for human consumption.

Compounding the issue is that subsequent tests across the aquifer have detected 'young' water, which means there are potentially other places where surface water could be impacting on ground water sources.

### Since August 2016 Council has:

- chlorinated all of its major drinking water supplies
- closed down two of the Brookvale bores
- installed a treatment plant on the third Brookvale bore which includes filtration, UV treatment and chlorination
- increased the water testing regime to well above that required by the national Drinking Water Standards
- contracted an international water quality expert to advise on and peer review water safety operations and decision making
- set aside \$12 million as the first part of investment in new water sources, treatment and water network enhancements
- joined with the regional council and health authorities to form a Joint Working Group to work on drinking water quality
- revised its Emergency Response and Water Safety plans.

Work is ongoing with further infrastructure improvements set out in a new Water Supply Strategy, adopted by Council in August 2017. The key actions in that strategy are the investigation and commissioning of a new water source in the wider Tomoana area, the installation of new mains water pipes between Hastings and Havelock North, the permanent closure of the third Brookvale bore, and the installation of UV treatment at all Council bores.

The Government Inquiry is expected to release its second stage report in December, which will focus on the management of all of New Zealand's public drinking water supplies, with particular reference to:

- drinking water standards
- testing regimes
- laboratory accreditation and auditing
- training and qualifications
- coordination of organisations working in the drinking water space.

These findings and recommendations will guide the future management of the district's water supplies.

## Havelock North Village Developments

This last year has seen the completion of the redevelopment of the Havelock North Village streetscape. This has been carried out in an integrated way with Mackersey Construction to ensure that the redevelopment of the Village Exchange site, Council's streetscape and adjoining Porter Road carpark has been developed in a comprehensive way. Not only has the streetscape redevelopment enhanced the Village Exchange site, it has also complemented the existing Plaza area adjoining the new Malo Restaurant.





## Whakatu Arterial Link Route

After five years of complex planning the first sod of the Whakatu Arterial Link route was turned in November and physical works got underway. The route has been designed to make the movement of produce from grower to cool store to export more streamlined and to take heavy vehicles off residential streets.

The Whakatu Arterial Link is considered a strategic link of the highest priority in the region. The cost of the project is \$25.6 million, with central Government contributing \$17.97 million and ratepayers funding the balance.

The three-kilometre route includes three large roundabouts (one at each end and one in the industrial area of Whakatu), and a new 44-metre bridge over the Karamu Stream at the Pakowhai Road end. The alignment of the road will result in a new regional public green space, being planned by Hawke's Bay Regional Council.

As the financial year ended, the new five-leg roundabout on State Highway 2 had been almost completed including street lights and paving. Work on the green fields section of the route heading towards Whakatu and onto Pakowhai Road had been started before a planned winter shut down, and a team building a new bridge across the Karamu Stream were setting the piles.

Wet weather had impacted on some areas of work, however the expected finish date for the project remained end of 2018.



## Parks Enhancement

Adding value to Council's parks has again been a key focus, with facilities and activities introduced to encourage more people across all age ranges to use and enjoy them.

The largest project over the financial year was the once-in-a-generation upgrade of the Havelock North Domain – since renamed Havelock North Village Green. The official opening in April attracted thousands, celebrating the very modern and exciting play gear, the moving of the historic cricket pavilion into a central position, and its refurbishment into a community facility. The new design includes a large paved area suitable for things like performing arts and markets, which is also the perfect place for the outdoor chess and table tennis tables.

Nine disc golf 'baskets' were installed at Flaxmere Park earlier this year before an official opening was held in May. The game adds a new play element to the very popular 16.8-hectare park, with its ki-o-rahi field, modern playground and splash pad.

Frimley Park now features virtual reality play. Designed for 6-11-year olds, the virtual reality games come via a free app on a hand-held device and encourages children to run around the park catching kittens and avoiding dragons. Across New Zealand the games, especially designed for councils, are encouraging broader park use and helping make kids more active.

Smaller but very popular improvements include all-new play equipment at Haumoana Playground, the installation of a community-sized splash pad at Kirkpatrick Park in Camberley, and the district's first petanque court in Frimley Park,

Regionally, Council has helped Te Mata Park Trust secure \$380,000 of central Government funding for a major upgrade of the iconic Hastings landmark; jointly with Napier City Council and Hawke's Bay Regional Council purchased Waipatiki Beach Holiday Park and invested in the major revamp of Waitangi Regional Park (managed by the regional council).



## Community Plans

Community plans have continued as a key focus area over the past year.

To help our diverse communities develop their strengths, Council assists clusters of neighbourhoods to come up with a community plan. No two communities are the same, which means no two plans are identical – some have priorities around play spaces or encouraging further education, others are focussed on job creation or safety.

The Council has a well-established culture of working with a community through its community plans. Council walks alongside communities to help them to develop their plan and then assists with the implementation of that plan; this can be through many forms from relationship building with other key partners and/or presenting to Council. The plans look for local leaders to build local resilience and to develop the capability and capacity of that community.

Some of the Hastings community plans have been in place for up to 13 years, having been reviewed several times. Concrete results have come out of them; upgraded playgrounds, new public access to rivers, the opening of community gardens, and the development of garden tool collections for sharing.

Over the last year, Council has worked with a number of communities – in Mayfair to develop a new community plan and in Flaxmere and Clive to update the existing plans, adding to the 10 already operating.

## Helping Our Young People Find Work

Over the past year, Council's youth employment approach has seen a dedicated team established to help young people into jobs.

A range of new initiatives, aimed at assisting Hastings youth into education, skill development, and jobs are making excellent progress – and proving popular with employees and employers.

The Youth Development team provide a range of mentoring and support services, including help with CVs, getting a driver's license and work experience opportunities. The team has built relationships with employers willing to take on young people, an approach that has proven very successful, with 15 people placed in jobs in the first six months of 2017. The team also works closely with whānau and employers.

The Mayors' Taskforce for Jobs graduation ceremony in May 2017 provided an opportunity to celebrate the success of people who have completed training while working, through courses, cadetships and apprenticeships. The Mayors' Taskforce, which began in 2000 and now includes all of New Zealand's 67 mayors, is a voluntary organisation with a vision for all under 25-year-olds to be engaged in appropriate education, training, work or other positive activity within their community.

The Youth Employment team also play an active part in the regional Youth Futures Trust, which provides advocacy and leadership on youth employment at a regional level.





### Camberley Community Centre

It's all about the community at the Camberley Community Centre, with plenty of opportunities for young, old and everyone in between to try new things. A wide array of new programmes and services have started at the centre since the beginning of 2017, aiming to help the people of Camberley learn new skills, get to know each other and to boost connectivity within the community.

The centre's new hip hop academy for 5-10-year-olds had a hugely successful start to the year, with all 20 spots filled with children eager to learn some new moves. The children in the community can also take part in the centre's Breakfast Club, run by community members, a homework centre and a teamwork and leadership programme for intermediate-aged children. School holidays are also covered, with a daily school holiday programme for Camberley kids.

The centre also offers an array of other programmes including a kaumatua gentle exercise class, budgeting advice and computer skills training, flax weaving, cooking on a budget, arts and crafts, a sports registration day, a church group morning tea, Zumba, Green Prescription classes, weight loss weigh-ins and Taiwhenua nurse visits. The centre is also available for hire as a venue for events.

## Hawke's Bay Opera House Precinct Redevelopment

Built in 1915, the Hawke's Bay Opera House is one of the Southern Hemisphere's most impressive examples of Spanish Mission architecture.

Like the neighbouring Municipal Buildings, it carries Heritage One status and is one of our most iconic buildings.

Following extensive public consultation last year, the community asked Hastings District Council to strengthen the Opera House Theatre, put a permanent roof on the Plaza and come back to the community to discuss what to do with the Municipal Building.

The physical construction work required on the theatre began in August 2017 and is set to take between 20-24 months. There is significant government support for the strengthening project, with \$4 million allocated from the government's Regional Cultural and Heritage Fund, along with other sponsorship support.

Detailed designs for the Plaza have been developed, incorporating a permanent roof, flooring improvements, acoustic and lighting improvements. These will add versatility to the space, enabling it to be used for a wider range of purposes. Construction will begin early in 2018 and take around six months.

Over the last 12 months, Council staff have continued to have conversations with art and cultural groups about the Municipal Building. The community-led Municipal Building Working Group was appointed in March 2017 to facilitate community consultation.

This significant project will reinstate the Opera House, Plaza and Municipal Building as a precinct, creating a cultural centre for the district. This will have wide-ranging benefits in related tourism, business and social offerings for Hastings and Hawke's Bay.



PHOTO CREDIT: Richard Brimer



PHOTO CREDIT: Tim Whittaker

# Groups of activities

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This section shows how we have performed financially in delivering the work programme for 2016/17.

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

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

# Water and Roads

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

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

- 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

- 2016/17 represents the second year of reporting against mandatory performance measures, with most measures achieved against target.
- The Havelock North gastro outbreak was a significant event for our community (see the Key Initiatives and Projects section for more detail).
- Work commenced on replacing the wastewater diffuser outfall pipe at the East Clive Treatment Plant, with completion in August 2017.
- Stage one of the Heretaunga Street trunk water main renewal was commenced during the year.
- The Havelock North wastewater relief project was completed in 2016/17.

## 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 2016/17.

## Roads

- Most mandatory performance measures for road and footpaths were achieved against target.
- Construction of the Whakatu Arterial route commenced during the year.
- Chesterhope bridge cycleway clip-on was completed in January 2017. Brookfield Road on street cycle lane was completed in May 2017.

## 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 2016 \$'000	LTP Council 2017 \$'000	Actual Council 2017 \$'000	Variance \$'000
<b>SOURCES OF OPERATING FUNDING</b>					
General rates, uniform annual general charge, rates penalties		18,621	19,188	18,719	(469)
Targeted rates		12,215	13,114	11,921	(1,193)
Subsidies and grants for operating purposes		5,226	5,313	5,380	66
Fees and charges		3,908	4,037	3,644	(393)
Internal charges and overheads recovered		6,608	6,776	7,219	443
Local authorities fuel tax, fines, infringement fees and other receipts		165	169	270	101
<b>Total operating funding (A)</b>		<b>46,742</b>	<b>48,598</b>	<b>47,154</b>	<b>(1,445)</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>					
Payments to staff and suppliers		18,041	18,436	21,554	(3,119)
Finance costs		3,409	4,036	2,363	1,673
Internal charges and overheads applied		10,235	10,495	11,553	(1,059)
Other operating funding applications		38	39	51	(12)
<b>Total applications of operating funding (B)</b>		<b>31,723</b>	<b>33,006</b>	<b>35,522</b>	<b>(2,516)</b>
<b>Surplus (deficit) of operating funding (A-B)</b>		<b>15,018</b>	<b>15,592</b>	<b>11,632</b>	<b>(3,960)</b>
<b>SOURCES OF CAPITAL FUNDING</b>					
Subsidies and grants for capital expenditure		11,695	8,863	15,431	6,568
Development and financial contributions		2,863	2,865	5,671	2,806
Increase (decrease) in debt		13,168	6,151	4,837	(1,179)
Gross proceeds from sale of assets		48	203	163	(40)
Lump sum contributions		300	310	179	(131)
Other dedicated capital funding		-	-	-	-
<b>Total sources of capital funding (C)</b>		<b>28,074</b>	<b>18,392</b>	<b>26,280</b>	<b>8,025</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>					
<b>Capital expenditure</b>					
To meet additional demand		13,167	13,036	6,039	6,997
To improve the level of service		10,365	6,314	17,854	(11,540)
To replace existing assets		19,590	14,634	16,728	(2,094)
Increase (decrease) in reserves		-	-	(2,709)	2,709
Increase (decrease) of investments		-	-	-	-
<b>Total applications of capital funding (D)</b>		<b>43,122</b>	<b>33,984</b>	<b>37,913</b>	<b>(4,065)</b>
<b>Surplus (deficit) of capital funding (C-D)</b>		<b>(15,048)</b>	<b>(15,592)</b>	<b>(11,632)</b>	<b>3,960</b>
<b>Total funding balance (A-B) + (C-D)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Group depreciation and amortisation		23,718	24,380	25,661	(1,281)

FUNDING IMPACT STATEMENT:		LTP Council 2016	LTP Council 2017	Actual Council 2017	Variance	
Water Supply	Notes	\$'000	\$'000	\$'000	\$'000	
<b>SOURCES OF OPERATING FUNDING</b>						
General Rates, uniform annual general charge, rates penalties		70	72	84	12	
Targeted Rates		4,792	5,188	4,757	(431)	
Subsidies and grants for operating purposes		-	-	-	-	
Fees and charges		779	809	817	9	
Internal charges and overheads recovered		2,308	2,349	2,643	294	
Local Authorities fuel tax, fines, infringement fees and other receipts		-	-	22	22	
<b>Total operating funding (A)</b>		<b>7,948</b>	<b>8,418</b>	<b>8,323</b>	<b>(94)</b>	
<b>APPLICATIONS OF OPERATING FUNDING</b>						
Payments to staff and suppliers	1	3,559	3,638	5,979	(2,341)	
Finance costs	2	583	736	419	317	
Internal charges and overheads applied		1,717	1,749	2,303	(554)	
Other operating funding applications		8	8	4	5	
<b>Total applications of operating funding (B)</b>		<b>5,867</b>	<b>6,131</b>	<b>8,705</b>	<b>(2,574)</b>	
<b>Surplus (deficit) of operating funding (A-B)</b>		<b>2,081</b>	<b>2,287</b>	<b>(382)</b>	<b>(2,668)</b>	
<b>SOURCES OF CAPITAL FUNDING</b>						
Subsidies and grants for capital expenditure	3	1,530	-	638	638	
Development and financial contributions		725	725	1,557	832	
Increase (decrease) in debt	4	2,291	1,236	2,968	1,732	
Gross proceeds from sale of assets		-	171	60	(110)	
Lump sum contributions		-	-	-	-	
Other dedicated capital funding		-	-	-	-	
<b>Total sources of capital funding (C)</b>		<b>4,546</b>	<b>2,132</b>	<b>5,223</b>	<b>2,960</b>	
<b>APPLICATIONS OF CAPITAL FUNDING</b>						
<b>Capital expenditure</b>						
To meet additional demand	5	3,502	2,358	2,868	(510)	
To improve the level of service	6	1,646	679	2,508	(1,829)	
To replace existing assets	7	1,479	1,382	2,077	(695)	
Increase (decrease) in reserves		0	0	(2,612)	2,612	
Increase (decrease) of investments		-	-	-	-	
<b>Total applications of capital funding (D)</b>		<b>6,627</b>	<b>4,419</b>	<b>4,841</b>	<b>(291)</b>	
<b>Surplus (deficit) of capital funding (C-D)</b>		<b>(2,081)</b>	<b>(2,287)</b>	<b>382</b>	<b>2,669</b>	
<b>Total funding balance (A-B) + (C-D)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Group depreciation and amortisation		2,033	2,208	2,107	101	

**Key Financial variances****Significant Operating variances**

1. Payments to staff and suppliers is \$2.3m higher than budget mainly due to increased water quality monitoring and investigations.
2. Finance Costs are \$0.3m lower than budget mainly due to interest savings from capital projects that haven't proceeded as planned and interest rates that are lower than budget.

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

3. Capital Subsidy revenue is \$0.6m higher than budget due to Paki Paki water scheme grant received having been deferred from 2015/16.
4. Debt has increased by \$1.7m more than budget due to increased capital spending in 2016/17.
5. Capital Expenditure for additional demand projects is above budget by \$0.5m due to Irongate supply project.
6. Capital Expenditure to improve the level of service is \$1.8m above budget due to Hastings and Havelock North upgrade work proceeding and the new Brookvale treatment plant.
7. Capital Expenditure to replace additional assets is \$0.7m above budget due to Hastings and Havelock North upgrade work proceeding.

FORECAST STATEMENT OF PLANNED CAPITAL WORKS:		LTP 2016/17	Actual Council 2017	
Water Supply	Notes	\$'000	\$'000	Variance
<b>CAPITAL EXPENDITURE</b>				
Meet additional demand		2,358	2,868	(510)
Improve level of service		679	2,508	(1,829)
To replace existing assets		1,382	2,077	(695)
<b>Total capital expenditure</b>		<b>4,419</b>	<b>7,453</b>	<b>(3,034)</b>

FORECAST STATEMENT OF MAJOR CAPITAL PROJECTS:		LTP 2016/17	Actual Council 2017	
Water Supply	Notes	\$'000	\$'000	Variance
Irongate Industrial	1	1,051	1,748	(697)
Heretaunga St W – Tomoana to Stortford Lodge	2	727	497	230
Omahu Road Industrial	3	521	179	342
Havelock Hills: New Reservoir and Pumpstation	4	311	-	311
Backflow Preventers & New Water Meter		286	302	(15)
Establishment – All Connections		220	184	37
Frimley – New Bore and Pump		208	198	9
Reticulate Unserviced Area		-	675	(675)
Wilson Rd – Water Pump Station Upgrade & Renewal	5	-	276	(276)
Brookvale – Filter & UV Treatment	5	-	1,089	(1,089)

1. Irongate industrial project to reticulate unserviced area, included in budgets from prior years.
2. Heretaunga Street work deferred to 2017/18 subject to investigation of options.
3. Omahu Road Industrial reticulated services deferred to 2017/18.
4. Havelock Hills growth project: new reservoir and pump station deferred to 2017/18.
5. Capital works following to water contamination investigations

FUNDING IMPACT STATEMENT:		LTP Council 2016	LTP Council 2017	Actual Council 2017	Variance		
Stormwater Drainage		Notes	\$'000	\$'000	\$'000	\$'000	
<b>SOURCES OF OPERATING FUNDING</b>							
General Rates, uniform annual general charge, rates penalties			2,806	2,906	2,900	(6)	<b>Key Financial variances</b> Significant Operating variances
Targeted Rates			115	114	114		
Subsidies and grants for operating purposes			-	-	-	-	
Fees and charges			96	100	71	(29)	
Internal charges and overheads recovered			14	15	14	(1)	
Local Authorities fuel tax, fines, infringement fees and other receipts			-	-	27	27	
<b>Total operating funding (A)</b>			<b>3,031</b>	<b>3,135</b>	<b>3,126</b>	<b>(9)</b>	
<b>APPLICATIONS OF OPERATING FUNDING</b>							
Payments to staff and suppliers	1		623	647	435	213	<b>Significant asset acquisitions or replacements and other variances</b>
Finance costs	2		639	753	499	254	
Internal charges and overheads applied			644	658	756	(98)	
Other operating funding applications			10	10	26	(16)	
<b>Total applications of operating funding (B)</b>			<b>1,915</b>	<b>2,069</b>	<b>1,716</b>	<b>352</b>	
<b>Surplus (deficit) of operating funding (A-B)</b>			<b>1,116</b>	<b>1,066</b>	<b>1,410</b>	<b>344</b>	
<b>SOURCES OF CAPITAL FUNDING</b>							
Subsidies and grants for capital expenditure			-	-	-	-	<b>Significant asset acquisitions or replacements and other variances</b>
Development and financial contributions	3		834	834	322	(512)	
Increase (decrease) in debt	4		2,161	2,869	886	(1,983)	
Gross proceeds from sale of assets			-	-	63	63	
Lump sum contributions			-	-	-	-	
Other dedicated capital funding			-	-	-	-	
<b>Total sources of capital funding (C)</b>			<b>2,994</b>	<b>3,703</b>	<b>1,271</b>	<b>(2,432)</b>	
<b>APPLICATIONS OF CAPITAL FUNDING</b>							
<b>Capital expenditure</b>							
To meet additional demand	5		1,804	2,733	1,637	1,096	<b>Significant asset acquisitions or replacements and other variances</b>
To improve the level of service	6		1,765	1,792	724	1,068	
To replace existing assets			541	244	5	239	
Increase (decrease) in reserves			-	-	314	(314)	
Increase (decrease) of investments			-	-	-	-	
<b>Total applications of capital funding (D)</b>			<b>4,110</b>	<b>4,769</b>	<b>2,680</b>	<b>2,088</b>	
<b>Surplus (deficit) of capital funding (C-D)</b>			<b>(1,116)</b>	<b>(1,066)</b>	<b>(1,410)</b>	<b>(344)</b>	
<b>Total funding balance (A-B) + (C-D)</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Group depreciation and amortisation			2,715	2,854	2,804	50	

FORECAST STATEMENT OF PLANNED CAPITAL WORKS: Stormwater Disposal	Notes	LTP 2016/17 \$'000	Actual Council 2017 \$'000	Variance
<b>CAPITAL EXPENDITURE</b>				
Meet additional demand		2,733	1,637	1,096
Improve level of service		1,792	724	1,068
To replace existing assets		244	5	239
<b>Total capital expenditure</b>		<b>4,769</b>	<b>2,367</b>	<b>2,402</b>

FORECAST STATEMENT OF MAJOR CAPITAL PROJECTS: Stormwater Disposal	Notes	LTP 2016/17 \$'000	Actual Council 2017 \$'000	Variance
Lyndhurst Stormwater	1	1,213	1,426	(213)
Omahu Road Industrial	2	983	206	777
Railway Rd – Racecourse to Murdoch	3	519	89	430
Irongate Industrial	2	349	3	346

1. Multi-year Growth project.
2. The Stormwater infrastructure for the Omahu and Irongate Industrial developments have not proceeded as budgeted, with on-site solutions preferred.
3. Railway Road project, started in 2015/16, majority of budget carried into 2017/18.

FUNDING IMPACT STATEMENT:		LTP Council 2016	LTP Council 2017	Actual Council 2017	Variance	
Sewerage and the treatment and disposal of sewerage		\$'000	\$'000	\$'000	\$'000	
	Notes					
<b>SOURCES OF OPERATING FUNDING</b>						
General Rates, uniform annual general charge, rates penalties		497	504	491	(13)	<b>Key Financial variances</b> Significant Operating variances
Targeted Rates (other than a targeted rate for water supply)		7,051	7,514	6,745	(769)	
Subsidies and grants for operating purposes				-	-	
Fees and charges		1,754	1,821	1,918	98	
Internal charges and overheads recovered		2,135	2,216	2,138	(77)	
Local Authorities fuel tax, fines, infringement fees and other receipts		-	-	46	46	1. Finance Costs are \$0.6m 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.
<b>Total operating funding (A)</b>		<b>11,437</b>	<b>12,054</b>	<b>11,338</b>	<b>(716)</b>	
<b>APPLICATIONS OF OPERATING FUNDING</b>						
Payments to staff and suppliers		2,592	2,693	2,730	(37)	Significant asset acquisitions or replacements and other variances
Finance costs	1	1,317	1,518	891	627	
Internal charges and overheads applied		3,481	3,591	3,763	(172)	
Other operating funding applications		15	15	10	5	
<b>Total applications of operating funding (B)</b>		<b>7,404</b>	<b>7,817</b>	<b>7,394</b>	<b>422</b>	
<b>Surplus (deficit) of operating funding (A-B)</b>		<b>4,032</b>	<b>4,238</b>	<b>3,944</b>	<b>(294)</b>	2. Development Contributions \$1.2m above budget due to residential and the Omahu Road and Irongate Industrial developments.
<b>SOURCES OF CAPITAL FUNDING</b>						
Subsidies and grants for capital expenditure				-	-	3. Debt decreased by \$0.8m less than budgeted with the completion of significant projects which had been budgeted for in prior years.
Development and financial contributions	2	705	706	1,916	1,210	
Increase (decrease) in debt	3	5,922	(1,160)	(339)	821	
Gross proceeds from sale of assets				-	-	
Lump sum contributions		244	253	179	(74)	
Other dedicated capital funding		-	-	-	-	4. Capital Expenditure to meet additional demand is \$0.2m below budget due to uptake of capital projects such as the Lyndhurst residential development being deferred to 2017/18.
<b>Total sources of capital funding (C)</b>		<b>6,871</b>	<b>(200)</b>	<b>1,756</b>	<b>1,956</b>	5. Capital Expenditure to replace assets is \$2.3m higher than budget mainly due to the Wastewater Treatment plant Outfall project which had been budgeted for in the prior year.
<b>APPLICATIONS OF CAPITAL FUNDING</b>						
<b>Capital expenditure</b>						
To meet additional demand	4	504	1,241	998	243	
To improve the level of service		3,910	653	569	84	
To replace existing assets	5	6,490	2,143	4,461	(2,318)	
Increase (decrease) in reserves				(328)	328	
Increase (decrease) of investments				-	-	
<b>Total applications of capital funding (D)</b>		<b>10,904</b>	<b>4,037</b>	<b>5,700</b>	<b>(1,663)</b>	
<b>Surplus (deficit) of capital funding (C-D)</b>		<b>(4,033)</b>	<b>(4,238)</b>	<b>(3,944)</b>	<b>294</b>	
<b>Total funding balance (A-B) + (C-D)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Group depreciation and amortisation		5,693	5,890	5,901	(12)	

FORECAST STATEMENT OF PLANNED CAPITAL WORKS: Sewerage and the treatment and disposal of sewerage	Notes	LTP 2016/17 \$'000	Actual Council 2017 \$'000	Variance
<b>CAPITAL EXPENDITURE</b>				
Meet additional demand		1,241	998	243
Improve level of service		653	569	84
To replace existing assets		2,143	4,461	(2,318)
<b>Total capital expenditure</b>		<b>4,037</b>	<b>6,028</b>	<b>(1,991)</b>

FORECAST STATEMENT OF MAJOR CAPITAL PROJECTS: Sewerage and the treatment and disposal of sewerage	Notes	LTP 2016/17 \$'000	Actual Council 2017 \$'000	Variance
Omahu Road Industrial	1	640	200	440
Collection Network Planned Renewals	2	571	2	569
Park – Rising Main Renewal	3	571	20	551
Irongate Industrial	4	328	784	(456)
Trunk Sewers	5	311	1,087	(776)
Outfall -Diffuser	6	-	2,081	(2,081)

1. Omahu Industrial area deferred to 2017/18.
2. Collection Network renewal budget has been re-distributed to a number of projects including Holt Place, Tainui Drive and Wilson Road.
3. Park Road rising main deferred to 2017/18.
4. Irongate industrial project had been budgeted for in prior years.
5. Trunk sewer project had been budgeted for in prior years.
6. Outfall diffuser project completed in 2016/17, budgeted for in prior years.

FUNDING IMPACT STATEMENT: Roads & Footpath		LTP Council 2016 \$'000	LTP Council 2017 \$'000	Actual Council 2017 \$'000	Variance \$'000		
	Notes						
<b>SOURCES OF OPERATING FUNDING</b>							
General Rates, uniform annual general charge, rates penalties		15,248	15,706	15,245	(461)	<b>Key Financial variances</b> Significant Operating variances 1. Fees and charges are \$0.5m lower than budget mainly due to the CBD free parking initiative through 2016/17. 2. Payments to staff and suppliers are higher than budget due to increased maintenance work, offset by lower than budgeted renewal works. Significant asset acquisitions or replacements and other variances 3. Subsidies and Grant income is higher than budget due to several large projects occurring during 2016/17 such as Whakatu Arterial and Chesterhope Bridge projects which had been budgeted for in prior years. 4. Development contributions are \$1.2m higher than planned mainly due to the Omahu Road and Irongate Industrial projects. 5. Debt has increased by \$1.8m less than planned mainly due to timing of large projects. 6. Capital expenditure for additional demand projects is below budget by \$6.1m. Capital projects such as Lyndhurst have been deferred. 7. Capital Work to improve the level of service is \$10.8m higher than budget, mainly due to the Whakatu Arterial Road project which had been budgeted for in prior years.	
Targeted Rates		257	297	305	7		
Subsidies and grants for operating purposes		5,226	5,313	5,380	66		
Fees and charges	1	1,279	1,308	838	(470)		
Internal charges and overheads recovered		2,151	2,197	2,424	227		
Local Authorities fuel tax, fines, infringement fees and other receipts		165	169	175	6		
<b>Total operating funding (A)</b>		<b>24,325</b>	<b>24,991</b>	<b>24,367</b>	<b>(624)</b>		
<b>APPLICATIONS OF OPERATING FUNDING</b>							
Payments to staff and suppliers	2	11,268	11,458	12,410	(953)		
Finance costs		870	1,030	554	476		
Internal charges and overheads applied		4,394	4,496	4,731	(235)		
Other operating funding applications		5	5	11	(6)		
<b>Total applications of operating funding (B)</b>		<b>16,537</b>	<b>16,989</b>	<b>17,706</b>	<b>(717)</b>		
<b>Surplus (deficit) of operating funding (A-B)</b>		<b>7,788</b>	<b>8,001</b>	<b>6,661</b>	<b>(1,341)</b>		
<b>SOURCES OF CAPITAL FUNDING</b>							
Subsidies and grants for capital expenditure	3	10,165	8,863	14,793	5,931		
Development and financial contributions	4	599	599	1,876	1,277		
Increase (decrease) in debt	5	2,795	3,207	1,322	(1,885)		
Gross proceeds from sale of assets		48	32	40	7		
Lump sum contributions		56	57	-	(57)		
Other dedicated capital funding		-	-	-	-		
<b>Total sources of capital funding (C)</b>		<b>13,662</b>	<b>12,758</b>	<b>18,031</b>	<b>5,378</b>		
<b>APPLICATIONS OF CAPITAL FUNDING</b>							
<b>Capital expenditure</b>							
To meet additional demand	6	7,327	6,704	535	6,169		
To improve the level of service	7	3,044	3,190	14,053	(10,863)		
To replace existing assets		11,079	10,865	10,185	680		
Increase (decrease) in reserves		0	0	(83)	83		
Increase (decrease) of investments		-	-	-	-		
<b>Total applications of capital funding (D)</b>		<b>21,450</b>	<b>20,759</b>	<b>24,692</b>	<b>(3,933)</b>		
<b>Surplus (deficit) of capital funding (C-D)</b>		<b>(7,788)</b>	<b>(8,001)</b>	<b>(6,661)</b>	<b>1,341</b>		
<b>Total funding balance (A-B) + (C-D)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		
Group depreciation and amortisation		13,278	13,429	14,848	(1,420)		

FORECAST STATEMENT OF PLANNED CAPITAL WORKS: Roads & Footpaths	Notes	LTP 2016/17 \$'000	Actual Council 2017 \$'000	Variance
<b>CAPITAL EXPENDITURE</b>				
Meet additional demand		6,704	535	6,169
Improve level of service		3,190	14,053	(10,863)
To replace existing assets		10,865	10,185	680
<b>Total capital expenditure</b>		<b>20,759</b>	<b>24,774</b>	<b>(4,015)</b>

FORECAST STATEMENT OF MAJOR CAPITAL PROJECTS: Roads & Footpaths	Notes	LTP 2016/17 \$'000	Actual Council 2017 \$'000	Variance
State Highway Projects	1	-	3,001	(3,001)
New Roads	2	4,369	5,862	(1,493)
Maintenance Seals (Sealed Road Surfacing)		3,605	3,608	(2)
Subdivision Support	3	2,660	333	2,326
AWPT – Sealed (Pavement Rehabilitation)		2,565	2,139	426
Minor Safety Improvements		1,597	1,816	(219)
Traffic Services Renewals		893	714	179
Associated Improvements		717	659	58
Structural Component Replacement		680	907	(227)
Drainage Renewals		669	752	(83)
Footpath Renewals		665	458	206
Cycleways & Pathways	4	552	2,330	(1,778)
CBD Redevelopment		-	703	(703)

1. State Highway projects: Whakatu Development – this is a multi-year project so variance is due to timing of payments.
2. New roads: Whakatu Development – this is a multi-year project so variance is due to timing of payments.
3. Growth projects have not proceeded as planned and deferred into future years.
4. Cycleways and Footpaths: iWay's work including the Chesterhope Bridge Cycleway has been completed with budgets from previous years.

# Safe, Healthy and Liveable Communities

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

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

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

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

- Community safety is a key focus within this activity group. Four major natural events have impacted upon residents and Council over the financial year: a snow storm, a tsunami alert triggered by the Kaikoura earthquake, multiple fires, and a cyclone. Effective and joined up effort with other agencies meant that these events were able to be managed well.
- Waste volumes to the landfill in 2016/17 have increased beyond those received in the 2015/16 year. This is a reflection of the ongoing increase in economic activity in the region. This increase in waste has been reflected nationally. The Council's waste diversion target is on track. Development of the Waste Management and Minimisation Plan (WMMP) was commenced and is a key priority for the 2017/18 year.
- This activity group contains a broad range of services and facilities. Almost all of the levels of service for this group of activities were achieved.
- Further resolution of the 44 appeals to the District Plan occurred during 2016/17.
- Construction is underway to build 12 more pens at the dog pound.
- The Splash Planet facility exceeded its visitor number target for the year.
- Earthquake strengthening of the Opera House was commenced during the year.
- A significant upgrade of the Havelock North Village Green was completed with extensive community use already taking place.

- Rural fire responsibility which formally was undertaken within this activity group has transferred to Fire and Emergency New Zealand.
- Kirkpatrick Park playscape was enhanced with a water play feature.
- New or upgraded toilets were completed in Havelock North, Whirinaki Beach, Keirunga Gardens and Frimley Park.

#### Negative effects

The only significant negative effect identified for this group of activities is the potential discharge of contaminants from the landfill. The Council mitigates these potential adverse effects through adherence with resource consent conditions. No significant breaches were recorded in 2016/17. The Council is also accredited under the ISO9000:2001 standard which is adhered to.



FUNDING IMPACT STATEMENT: Safe, Healthy & Liveable Communities					
	Notes	LTP Council 2016 \$'000	LTP Council 2017 \$'000	Actual Council 2017 \$'000	Variance \$'000
<b>SOURCES OF OPERATING FUNDING</b>					
General Rates, uniform annual general charge, rates penalties		26,969	28,294	28,645	352
Targeted Rates		1,311	1,275	1,434	159
Subsidies and grants for operating purposes		46	52	404	351
Fees and charges	1	15,414	16,161	19,636	3,475
Internal charges and overheads recovered		24,281	24,559	25,615	1,056
Local Authorities fuel tax, fines, infringement fees and other receipts		84	84	156	72
<b>Total operating funding (A)</b>		<b>68,105</b>	<b>70,425</b>	<b>75,890</b>	<b>5,464</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>					
Payments to staff and suppliers	2	31,239	32,375	34,422	(2,047)
Finance costs		1,625	2,276	1,347	929
Internal charges and overheads applied		25,521	25,854	27,860	(2,007)
Other operating funding applications	3	1,663	1,370	2,850	(1,582)
<b>Total applications of operating funding (B)</b>		<b>60,049</b>	<b>61,875</b>	<b>66,479</b>	<b>(4,707)</b>
<b>Surplus (deficit) of operating funding (A-B)</b>		<b>8,056</b>	<b>8,551</b>	<b>9,411</b>	<b>758</b>
<b>SOURCES OF CAPITAL FUNDING</b>					
Subsidies and grants for capital expenditure	4	4,080	2,284	423	(1,861)
Development and financial contributions		713	731	341	(390)
Increase (decrease) in debt	5	13,719	5,611	40	(5,571)
Gross proceeds from sale of assets		230	1,642	972	(670)
Lump sum contributions		-	-	-	-
Other dedicated capital funding		-	-	-	-
<b>Total sources of capital funding (C)</b>		<b>18,742</b>	<b>10,268</b>	<b>1,776</b>	<b>(8,492)</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>					
<b>Capital expenditure</b>					
To meet additional demand		-	256	403	(147)
To improve the level of service	6	18,832	14,482	2,576	11,905
To replace existing assets	7	7,966	4,081	8,688	(4,607)
Increase (decrease) in reserves	8	0	0	(480)	480
Increase (decrease) of investments		-	-	-	-
<b>Total applications of capital funding (D)</b>		<b>26,799</b>	<b>18,819</b>	<b>11,187</b>	<b>7,632</b>
<b>Surplus (deficit) of capital funding (C-D)</b>		<b>(8,056)</b>	<b>(8,551)</b>	<b>(9,411)</b>	<b>(860)</b>
<b>Total funding balance (A-B) + (C-D)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Group depreciation and amortisation		4,626	4,671	5,286	(614)

**Key Financial variances**

## Significant Operating variances

1. Fees and Charges are \$3.5m higher than budget due to the devolvement of Emergency Management (\$1.1m), increased Splash Planet (\$0.5m) and Landfill revenue (\$1m).
2. Payments to staff and suppliers are \$2m higher than budget due to devolvement of Emergency Management Service (\$0.5m) and Building Control costs (\$1.1m).
3. Other Operating funding applications are higher than budget due to the timing of the grants to the Hawke's Bay Community Fitness Centre Trust (\$1.4m) and the Civic Square/Opera house development (\$0.3m).

## Significant asset acquisitions or replacements and other variances

4. Subsidies and Grants are under budget due to Civic Square project not proceeding as planned.
5. Debt has increased by \$5.5m less than budget with Civic Square, Opera House, Cemetery and Landfill projects not proceeding as planned.
6. Capital Expenditure to improve the level of service is \$11.9m below budget mainly due to Civic Square and Opera House (\$9.7m), Cemetery (\$1.0m), Landfill (\$0.4m) projects not proceeding as planned.
7. Renewal Capital expenditure is higher than budget mainly due to the timing of maintenance work (Building Services \$3.7m, Splash Planet \$0.3m, Swimming Pools \$0.8m).
8. Building maintenance work is funded from the Building Maintenance Reserve.

# Economic and Community Development

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

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

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

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

- Significant industrial land rezoning was initiated in the Omahu and Irongate areas.
- The Te Matatini kapa haka event, supported by Council, was successfully hosted in the district by Ngāti Kahungunu.
- A number of community plans were either completed or reviewed and updated.
- Substantial progress has been made with the market reach of the 'Great Things Grow Here' economic development platform. 220 organisations have signed into the Brand Champions Club.
- The current Hastings City Centre Vibrancy Plan has 55 actions, of which 47 are in progress or complete and a further eight are pending.
- A range of social programmes within the Youth Futures project continued to be delivered during 2016/17 with particular focus on helping young people into jobs.
- In terms of tourism and visitor attraction, Splash Planet exceeded its visitor number target for the year with a total of 112,987 visitors. Council's i-Site's, collectively, received 73,107 visitors.

## 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					
	Notes	LTP Council 2016 \$'000	LTP Council 2017 \$'000	Actual Council 2017 \$'000	Variance \$'000
<b>SOURCES OF OPERATING FUNDING</b>					
General Rates, uniform annual general charge, rates penalties		6,472	6,712	6,538	(174)
Targeted Rates		269	269	335	66
Subsidies and grants for operating purposes	1	-	-	197	197
Fees and charges	2	328	336	537	201
Internal charges and overheads recovered		102	104	27	(77)
Local Authorities fuel tax, fines, infringement fees and other receipts		-	-	-	-
<b>Total operating funding (A)</b>		<b>7,170</b>	<b>7,420</b>	<b>7,634</b>	<b>214</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>					
Payments to staff and suppliers	3	5,384	5,617	4,691	925
Finance costs		57	76	8	68
Internal charges and overheads applied		1,179	1,203	1,316	(113)
Other operating funding applications	4	900	468	1,575	(1,108)
<b>Total applications of operating funding (B)</b>		<b>7,520</b>	<b>7,363</b>	<b>7,590</b>	<b>(227)</b>
<b>Surplus (deficit) of operating funding (A-B)</b>		<b>(350)</b>	<b>57</b>	<b>44</b>	<b>(14)</b>
<b>SOURCES OF CAPITAL FUNDING</b>					
Subsidies and grants for capital expenditure		-	-	-	-
Development and financial contributions		-	-	-	-
Increase (decrease) in debt	5	(360)	(48)	95	143
Gross proceeds from sale of assets		26	26	21	(6)
Lump sum contributions		-	-	-	-
Other dedicated capital funding		-	-	-	-
<b>Total sources of capital funding (C)</b>		<b>385</b>	<b>(21)</b>	<b>115</b>	<b>(136)</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>					
<b>Capital expenditure</b>					
To meet additional demand		-	-	-	-
To improve the level of service		-	-	-	-
To replace existing assets		35	36	79	(43)
Increase (decrease) in reserves		0	0	80	(80)
Increase (decrease) of investments		-	-	-	-
<b>Total applications of capital funding (D)</b>		<b>35</b>	<b>36</b>	<b>159</b>	<b>(123)</b>
<b>Surplus (deficit) of capital funding (C-D)</b>		<b>350</b>	<b>(57)</b>	<b>(44)</b>	<b>14</b>
<b>Total funding balance (A-B) + (C-D)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Group depreciation and amortisation		6,472	6,712	6,538	(174)

**Key Financial variances**

## Significant Operating variances

1. Additional unbudgeted Social Development funding was received.
  2. Additional unbudgeted educational & innovation funding was received.
  3. Salary savings in strategic & economic development \$0.4m, lower than expected contracted services in social & economic development \$0.4m.
  4. Higher than planned funding for community assistance (\$0.5m) and Hastings Events (\$0.3m).
  5. Significant asset acquisitions or replacements and other variances
5. Loan funding to Waiohiki Marae development (\$0.1m) which had been budgeted for in the prior year.

## Governance and Support Services

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

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

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

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

- Customer feedback for both the Customer Service Centre and Contact Centre is very positive with the continuation of high customer satisfaction.
- The Council's targets for website usage were exceeded with an average of 17,578 unique visitors per month, well in excess of the target of 9,500. 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.
- Planning for an impending by-election for the Council mayoralty and a vacant councillor position is underway.
- 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 2016/17 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 2016 \$'000	LTP Council 2017 \$'000	Actual Council 2017 \$'000	Variance \$'000
<b>SOURCES OF OPERATING FUNDING</b>					
General Rates, uniform annual general charge, rates penalties		2,874	2,638	2,874	236
Targeted Rates		(110)	(385)	-	385
Subsidies and grants for operating purposes		-	-	-	-
Fees and charges	1	118	259	566	307
Internal charges and overheads recovered		11,111	11,342	12,904	1,562
Local Authorities fuel tax, fines, infringement fees and other receipts		596	611	695	84
<b>Total operating funding (A)</b>		<b>14,699</b>	<b>14,850</b>	<b>17,040</b>	<b>2,190</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>					
Payments to staff and suppliers	2	10,621	10,866	13,124	(2,258)
Finance costs		36	53	72	(19)
Internal charges and overheads applied		3,778	3,831	4,136	(306)
Other operating funding applications		842	822	913	(91)
<b>Total applications of operating funding (B)</b>		<b>15,277</b>	<b>15,571</b>	<b>18,246</b>	<b>(2,674)</b>
<b>Surplus (deficit) of operating funding (A-B)</b>		<b>(688)</b>	<b>(1,107)</b>	<b>(1,206)</b>	<b>(484)</b>
<b>SOURCES OF CAPITAL FUNDING</b>					
Subsidies and grants for capital expenditure		-	-	-	-
Development and financial contributions		-	-	-	-
Increase (decrease) in debt		(340)	1,537	100	(1,437)
Gross proceeds from sale of assets		53	52	11	(41)
Lump sum contributions		-	-	-	-
Other dedicated capital funding		-	-	-	-
<b>Total sources of capital funding (C)</b>		<b>(287)</b>	<b>1,589</b>	<b>111</b>	<b>(1,478)</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>					
<b>Capital expenditure</b>					
To meet additional demand		-	-	-	-
To improve the level of service		-	-	-	-
To replace existing assets		2,226	2,183	2,071	112
Increase (decrease) in reserves	3	(3,200)	(1,700)	(3,325)	1,625
Increase (decrease) of investments		-	-	160	(160)
<b>Total applications of capital funding (D)</b>		<b>(974)</b>	<b>483</b>	<b>(1,094)</b>	<b>1,577</b>
<b>Surplus (deficit) of capital funding (C-D)</b>		<b>688</b>	<b>1,107</b>	<b>1,206</b>	<b>99</b>
<b>Total funding balance (A-B) + (C-D)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Group depreciation and amortisation		739	739	516	223

**Key Financial variances**

## Significant Operating variances

- Higher Fees and charges include insurance settlements.
- Payments to staff and suppliers are higher than budget due to the water contamination incident, election and training costs.
- Significant asset acquisitions or replacements and other variances
- Information Technology projects budgeted in 2015/16 utilised reserves in 2016/17.



Exercising partnership –  
Council and Mana Whenua

## Exercising partnership – Council and Mana Whenua

Hastings District Council is committed to establishing and maintaining processes to enable mana whenua to exercise partnership in decision making.

During 2016/17 the Council provided the following opportunities for mana whenua to exercise partnership in decision making:

- The Hastings District Council Māori Joint Committee's focus is on strategic priorities for mana whenua in the district. The committee comprises six mana whenua 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 Incorporated and the Council; and all Māori in the district.
- Council is intent on providing opportunities for hapu settlement groups, the post settlement governance entities, to be engaged in district planning and development, including economic development – to benefit the community as a whole.
- Council continues to encourage the development of Papakainga housing, through effective cross sectoral work with Te Puni Kokiri and the Māori Land Court. Also, the rates' remission policy for Māori freehold land takes the establishment of Papakainga developments into account. Whānau undertaking Papakainga development projects are supported via a key account approach.
- The Council established a Tangata Whenua Wastewater Committee 13 years ago. This is a special purpose committee to work through the development of wastewater solutions. The result is a biological trickling filter system for the wastewater treatment plant at East Clive. The consent to operate was granted by the Hawke's Bay Regional Council for a period of 35 years, without a hearing. This was achieved by integrating customary values with the provisions of the Resource Management Act, in a mutually appropriate way. A condition of the consent is that the Committee meets once a year to monitor the performance of the treatment plant.
- The Marae Development Fund has resumed to take a more strategic approach to support marae, after the success of the Marae Whakaute Project. An ongoing collegial partnership has been established with Te Puni Kokiri and the Department of Internal Affairs funding processes to focus on compliance under the fire regulations, for example. The Fund is governed by the Māori Joint Committee.
- An inter-sectoral working group has been set up to develop effective policy on wahi tapu/wahi taonga to inform the development of District Plan rules to apply in a way that harmonises the requirements of the Resource Management Act and customary practices. The Project will include the production of a culturally appropriate nomination toolkit; and, take into account private property rights in a balanced way. The project is governed by the Māori Joint Committee.
- A Māori responsiveness framework has been developed and adopted to guide Council activity and to monitor progress throughout the operations of Council. The framework is reported on to the Māori Joint Committee every 6 months to record achievements and to identify emerging needs.

- Council also works with Nga Marae o Heretaunga in the maintenance of Nga Pou o Heretaunga in Civic Square. This year the pou gifted by Pa Ariki of Rarotonga was installed on 18 February 2017, in an outstanding exchange of manaaki with whānau, hapu, iwi, and Council. It anchors the Takitimu relationship with Ngāti Kahungunu.
- Council and Ngāti Kahungunu Iwi Incorporated continually work together to ensure the inclusive vitality of cultural life in the District, as a heart of the Region and the nation. International events hosted by Ngāti Kahungunu, and iconic te reo, sports, and kapa haka professional performance are supported by Council to benefit the community, and economic development, on a consistent basis.
- **Te Matatini Te Kahu o Te Amorangi 22-26 February 2017 Kahungunu HB Sports Park**  
The five days of Te Matatini were an extraordinary cultural experience conducted solely in Te Reo Māori. From the haka pōhiri to the handing over of the Te Matatini Mauri stone, every iteration was made in Te Reo Māori. It was a deep plunge into history unfolding on stage and a taste of the future: how we may grow together in our community. Te Matatini CEO, Mr Carl Ross said, “This is the best Te Matatini I have attended”.
  - **50,000** attended the 4-day festival
  - **15,000** watched Te Matangirua (the finals)
  - **1.1 million** online viewers of kapa haka performances over the 4-day event
  - **\$29.9 million** was spent in the region. This was an average daily spend of \$207 per visitor
  - **80%** of Te Matatini visitors were from outside Hawke’s Bay
  - **145,000** online viewers watched from Australia and USA
  - **1,880** kapa haka performers (47 groups) participated in Te Matatini 2017
  - **570** local volunteers helped run the festival
  - **1 winner Te Toa Whakaihuwaka (overall champion):** ‘Whāngārā Mai Tawhiti’



# Financial statements

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# Financial statements

Actual Council 2016 \$'000	Actual Group 2016 \$'000	Statement of comprehensive revenue and expense for the year ended 30 June 2017	Notes	Budget Council 2017 \$'000	Actual Council 2017 \$'000	Actual Group 2017 \$'000
<b>REVENUE</b>						
69,254	69,254	Rates	3	71,269	70,770	70,770
21,469	21,526	Fees and charges (i)		19,663	24,321	24,337
14,291	14,341	Subsidies and grants (ii)		14,941	21,757	22,131
-	-	Reversal of revaluation and impairment losses		-	-	-
2,167	2,167	Development and financial contributions (iii)		3,876	6,192	6,192
31	31	Donations (iv)		2,056	79	79
429	440	Interest revenue	4	1	190	197
730	730	Other revenue	5	626	3,550	3,550
1,097	1,097	Vested infrastructural assets		1,000	21	21
<b>109,468</b>	<b>109,586</b>	<b>Total revenue</b>		<b>113,431</b>	<b>126,880</b>	<b>127,277</b>
<b>EXPENSES</b>						
70,180	70,344	Operational costs (v)	6	71,851	78,806	78,938
30,217	30,230	Depreciation and amortisation expense	7	30,255	31,522	31,535
3,392	3,392	Finance costs (vi)		4,520	3,519	3,519
<b>103,789</b>	<b>103,966</b>	<b>Total expenses</b>		<b>106,626</b>	<b>113,847</b>	<b>113,992</b>
-	91	Share of associate surplus/(deficit)		-	-	270
<b>5,679</b>	<b>5,711</b>	<b>Surplus/ (deficit) before tax</b>		<b>6,805</b>	<b>13,033</b>	<b>13,555</b>
-	-	Income Tax expense	8	-	-	-
<b>5,679</b>	<b>5,711</b>	<b>Surplus/(deficit) after tax</b>		<b>6,805</b>	<b>13,033</b>	<b>13,555</b>
<b>Other comprehensive revenue and expense:</b>						
28,902	28,924	Gain/loss on infrastructural revaluations		59,562	28,675	28,698
(123)	(123)	Gain/Loss on library book revaluations		-	234	241
-	-	Financial assets at fair value through other comprehensive revenue		-	-	-
<b>28,779</b>	<b>28,801</b>			<b>59,562</b>	<b>28,909</b>	<b>28,939</b>
<b>34,458</b>	<b>34,512</b>	<b>Total other comprehensive revenue and expense</b>		<b>66,367</b>	<b>41,942</b>	<b>42,494</b>

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

- (i) Increased revenue at the Landfill (\$1.6m) and unbudgeted rural fire recoveries (\$1.2m) contributed to fees and charges being above budget and last year.
- (ii) Commencement of the Whakatu Arterial project which had been budgeted for in prior years contributed to increased NZTA subsidies.
- (iii) Development Contributions from the new Irongate and Omaha Road Industrial developments.
- (iv) Donations had been budgeted for the Civic Square development which has not progressed.
- (v) Operational Costs are higher than budget due to increased water supply costs for treatment, pumping and monitoring the water supply and responding to the Havelock North water supply contamination incident. Additional expenditure was also incurred in responding to the February 2017 wild fires.
- (vi) Finance costs are lower than budget as a consequence of lower debt levels and favourable interest rates.

Actual Council 2016 \$'000	Actual Group 2016 \$'000	Statement of comprehensive revenue and expense for the year ended 30 June 2017	Notes	Budget Council 2017 \$'000	Actual Council 2017 \$'000	Actual Group 2017 \$'000
<b>Net Surplus /(Deficit) attributable to:</b>						
5,679	5,711	Hastings District Council		6,805	13,033	13,555
-	-	Minority Interest		-	-	-
<b>5,679</b>	<b>5,711</b>			<b>6,805</b>	<b>13,033</b>	<b>13,555</b>
<b>Total comprehensive revenue and expense attributable to:</b>						
34,458	34,512	Hastings District Council		66,367	41,942	42,494
-	-	Minority Interest		-	-	-
<b>34,458</b>	<b>34,512</b>			<b>66,367</b>	<b>41,942</b>	<b>42,494</b>

The accompanying notes form part of these financial statements.

Actual Council 2016 \$'000	Actual Group 2016 \$'000	Statement of changes in equity for the year ended 30 June 2017		Budget Council 2017 \$'000	Actual Council 2017 \$'000	Actual Group 2017 \$'000
1,768,028	1,773,883	Balance at 1 July		1,704,461	1,802,486	1,808,395
5,679	5,711	Surplus/Deficit		6,805	13,033	13,555
28,779	28,801	Other comprehensive revenue and expense for the year		59,562	28,909	28,939
34,458	34,512	Total comprehensive revenue and expense for the year		66,367	41,942	42,494
<b>1,802,486</b>	<b>1,808,395</b>	<b>Balance at 30 June</b>		<b>1,770,828</b>	<b>1,844,428</b>	<b>1,850,890</b>
<b>Total comprehensive revenue and expense attributable to:</b>						
34,458	34,512	Hastings District Council		66,367	41,942	42,494
<b>34,458</b>	<b>34,512</b>	<b>Total comprehensive revenue and expense</b>		<b>66,367</b>	<b>41,942</b>	<b>42,494</b>

The accompanying notes form part of these financial statements.

Actual Council 2016 \$'000	Actual Group 2016 \$'000	Statement of financial position as at 30 June 2017	Notes	Budget Council 2017 \$'000	Actual Council 2017 \$'000	Actual Group 2017 \$'000
<b>CURRENT ASSETS</b>						
10,754	10,952	Cash & cash equivalents		1,265	7,383	7,734
7,018	7,021	Receivables (i)	9	9,074	12,260	12,547
101	101	Inventory	10	59	114	114
-	-	Non-current assets held for sale		-	-	-
30	262	Short Term Investments		-	30	246
<b>17,903</b>	<b>18,336</b>	<b>Total current assets</b>		<b>10,398</b>	<b>19,787</b>	<b>20,641</b>
<b>NON-CURRENT ASSETS</b>						
<b>Other financial assets</b>						
-	-	Derivative financial instruments	16	-	27	27
1,807	7,330	Investments in associates	11 (a)	1,066	1,807	7,630
<b>Other financial assets</b>						
237	1	Investments in CCO's and similar entities	11 (b)	558	237	1
1,331	1,331	Investment in other entities	11 (b)	1,457	1,491	1,491
<b>Other non-current assets</b>						
<b>3,375</b>	<b>8,662</b>	<b>Total other financial assets</b>		<b>3,081</b>	<b>3,562</b>	<b>9,149</b>
165,313	165,598	Plant, property and equipment	12	200,512	170,515	170,856
1,693,282	1,693,282	Infrastructural assets		1,675,727	1,738,502	1,738,502
137	137	Biological Assets	12	-	503	503
281	281	Intangible assets	12	351	320	320
<b>1,862,388</b>	<b>1,867,960</b>	<b>Total non-current assets</b>		<b>1,879,671</b>	<b>1,913,401</b>	<b>1,919,328</b>
<b>1,880,291</b>	<b>1,886,296</b>	<b>Total assets</b>		<b>1,890,070</b>	<b>1,933,188</b>	<b>1,939,969</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
15,405	15,501	Payables and deferred revenue (ii)	13	13,652	18,713	19,032
2,241	2,241	Employee entitlements	14	2,574	2,467	2,467
71	71	Derivative financial instruments	16	-	212	212
-	-	Borrowings and other financial liabilities (iii)	15	9,814	-	-
<b>17,717</b>	<b>17,813</b>	<b>Total current liabilities</b>		<b>26,040</b>	<b>21,392</b>	<b>21,711</b>

The major reasons for the variance between actual and budgeted balances at 30 June 2017 were:

- (i) Receivables are higher than budget and last year due to NZTA subsidies for the Whakatu Arterial, Rural fire recoveries and development contributions.
- (ii) The increase in payables and deferred revenue on last year's actuals is due to the timing of major infrastructure projects underway at 30 June 2017.
- (iii) Secured loans levels were lower than budgeted at the end of the financial year due to projects not progressing as originally planned.

Actual Council 2016 \$'000	Actual Group 2016 \$'000	Statement of financial position as at 30 June 2017	Notes	Budget Council 2017 \$'000	Actual Council 2017 \$'000	Actual Group 2017 \$'000
<b>Non-current liabilities</b>						
737	737	Provisions	13	703	659	659
560	560	Employee entitlements	14	676	480	480
8,050	8,050	Derivative financial instruments	16	3,500	5,489	5,489
50,741	50,741	Borrowings and other financial liabilities (iii)	15	88,323	60,741	60,741
<b>60,088</b>	<b>60,088</b>	<b>Total non-current liabilities</b>		<b>93,202</b>	<b>67,369</b>	<b>67,369</b>
<b>77,805</b>	<b>77,901</b>	<b>Total liabilities</b>		<b>119,242</b>	<b>88,761</b>	<b>89,080</b>
<b>1,802,486</b>	<b>1,808,395</b>	<b>Net assets (assets minus liabilities)</b>		<b>1,770,828</b>	<b>1,844,428</b>	<b>1,850,889</b>
<b>Equity</b>						
1,206,838	1,210,534	Accumulated funds	17	1,213,261	1,219,951	1,224,259
3,250	3,250	Restricted Reserves	18	3,210	3,169	3,169
592,398	594,611	Revaluation Reserves	19	554,357	621,308	623,460
<b>1,802,486</b>	<b>1,808,395</b>	<b>Total equity</b>		<b>1,770,828</b>	<b>1,844,428</b>	<b>1,850,889</b>

Actual Council 2016 \$'000	Actual Group 2016 \$'000	Statement of cash flows for the year ended 30 June 2017	Notes	Budget Council 2017 \$'000	Actual Council 2017 \$'000	Actual Group 2017 \$'000
<b>CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES</b>						
Cash was provided from:						
68,881	68,881	Receipts from rates revenue		71,269	70,774	70,774
29,581	29,656	Receipts from customers		24,165	28,732	28,750
429	441	Interest received		-	190	197
142	142	Dividends and commissions received		-	147	147
13,628	13,634	Subsidies and grants received		16,997	21,835	22,145
1,306	1,306	GST (net)		-	-	-
<b>113,967</b>	<b>114,060</b>			<b>112,431</b>	<b>121,678</b>	<b>122,013</b>
Cash was applied to:						
67,419	67,573	Payments to suppliers and employees		71,851	77,990	78,142
3,471	3,471	Interest paid		4,520	3,410	3,410
-	-	GST (net)		-	227	227
<b>70,890</b>	<b>71,044</b>			<b>76,371</b>	<b>81,626</b>	<b>81,778</b>
<b>43,078</b>	<b>43,016</b>	<b>Net cash flows from operating activities (note 20)</b>	<b>A)</b>	<b>36,060</b>	<b>40,052</b>	<b>40,235</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Cash was provided from:						
1,119	1,063	Receipts from sale of property, plant and equipment		1,780	964	964
-	-	Losses and impairment / revaluation prior year		-	-	-
<b>1,119</b>	<b>1,063</b>			<b>1,780</b>	<b>964</b>	<b>964</b>
Cash was applied to:						
39,483	39,483	Purchase of property, plant & equipment and infrastructural assets		71,915	54,386	54,433
-	-	Purchase of investments		-	-	(16)
<b>39,483</b>	<b>39,483</b>			<b>71,915</b>	<b>54,386</b>	<b>54,417</b>
<b>(38,365)</b>	<b>(38,420)</b>	<b>Net cash flows to investing activities</b>	<b>B)</b>	<b>(70,135)</b>	<b>(53,423)</b>	<b>(53,453)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Cash was provided from:						
-	-	Proceeds from borrowings		42,905	15,000	15,000
Cash was applied to:						
10,000	10,000	Repayment of borrowings		8,830	5,000	5,000
<b>(10,000)</b>	<b>(10,000)</b>	<b>Net cash flows from financing activities</b>	<b>C)</b>	<b>34,075</b>	<b>10,000</b>	<b>10,000</b>
<b>(5,287)</b>	<b>(5,404)</b>	<b>Net increase (decrease) in cash, cash equivalents and bank overdraft</b>	<b>(A+B+C)</b>	<b>-</b>	<b>(3,371)</b>	<b>(3,218)</b>
16,041	16,356	Cash, cash equivalents and bank overdraft at the beginning of the year		1,265	10,754	10,952
10,754	10,952	Cash, cash equivalents and bank overdraft at the end of the year		1,265	7,383	7,734
<b>CASH AT END OF YEAR COMPRISES</b>						
10,754	10,952	Cash and cash equivalents		1,265	7,383	7,734

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

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

Te Mata Park Trust Board	Hastings District Holdings Limited
100%	100%

The Council also has the following investments in associates:

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

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 2017. The financial statements were authorised for issue by Council on 26 October 2017.

### 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 cash flows, a statement of financial position and a statement of changes in equity, with supporting notes, encompassing all activities of the Council.

In order to meet its obligations of public accountability, the 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

Standards issued and not yet effective and not early adopted, and which are relevant to the Council and group are:

#### Interest in other entities

In January 2017, the XRB issued new standards for interest in other entities (PBEIPSAS 34-38). These new standards replace the existing standards for interest in other entities (PBE IPSAS 6-8). The new standards are effective for annual periods beginning on or after 1 January 2019, with early application permitted.

The Council plans to apply the new standards in preparing the 30 June 2020 financial statements. The Council and group has not yet assessed the effects of these new standards.

#### Financial instruments

In January 2017, the XRB issued PBE IFRS 9 *Financial Instruments*. PBE IFRS 9 replaces PBE IPSAS 29 *Financial Instruments: Recognition and Measurement*. PBE IFRS 9 is effective for annual periods beginning on or after 1 January 2021, with early application permitted. The main changes under PBE IFRS 9 are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.
- A new impairment model for financial assets based on expected losses, which may result in the earlier recognition of impairment losses.
- Revised hedge accounting requirements to better reflect the management of risk.

The Council plans to apply this standard in preparing its 30 June 2022 financial statements. The Council and group has not yet assessed the effects of the new standard.

### 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 loss of Horse of the Year (Hawke's Bay) Limited is recognised in the period which matches the reporting period ending 31 May 2017. The investment has been equity accounted.

The Council's 40% share of the loss from the Omarunui LFG Generation Limited Partnership is recognised in the period which matches the reporting period ending 31 March 2017. The investment has been equity accounted.

The Council's has a 20% shareholding in HB LASS Limited, which is a Council Controlled Organisation. The investment has been equity accounted.

### 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 through a model created by an independent valuer, Dr Robin Watt MA (Hons.) PhD of R.J. Watt & Associates. The last valuation was performed as at June 2017.

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

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 2017 by Pauline True (BE Civil) of MWH Ltd (now part of Stantec). Infrastructure assets for water (excluding land) were valued at June 2016 at depreciated replacement cost by the Council's engineers and independently reviewed by Ms Jennifer Fox of Waugh Infrastructure Management Ltd. Land in this infrastructure class (water) were revalued by Mr John Reid (M Property Studies, B Com, ANZIV, SNZPI) of Added Valuation Ltd at June 2016. 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 2017 and independently reviewed by Pauline True (BE Civil) of MWH Ltd (now part of Stantec). The values were determined by calculation at the current cost of replacement adjusted by the estimated remaining useful life of the asset. Future revaluations 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 sub-divisional consent process. Vested infrastructure assets are valued based on the Council's standard unit cost rate.

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

Property, plant, and equipment are recognised at 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)	
<b>BUILDINGS</b>		Furniture and Fittings	4 – 14
Structure/Envelope	20 – 65	Computer and Office Equipment	2 – 5
Building Services	15 – 35	Library Collections	5 – 10
Building Fit Out	30 – 50	<b>LANDFILL</b>	
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		
<b>WATER SUPPLY</b>		<b>ROADING NETWORK</b>	
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
<b>STORMWATER DISPOSAL</b>		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		
<b>PARKS</b>		<b>WASTERWATER</b>	
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:

<b>Computer software</b>	3 years	33.3%
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### **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 2016/17 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 2015/16 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 2017:

#### 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. *See Note 12*

#### Foreign currency transactions

Foreign currency transactions (including those for which forward foreign exchange contracts are held) are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit. *See Note 25*

#### Other investments

The carrying amount of term deposits approximates their fair value. *See Note 11(b)*

## 2. Funding impact statement for the whole of Council as at 30 June 2017

	Budget Council 2016 \$'000	Actual Council 2016 \$'000	Budget Council 2017 \$'000	Actual Council 2017 \$'000	Variance \$'000	
<b>SOURCES OF OPERATING FUNDING</b>						
General rates, uniform annual general charge, rates penalties	54,936	55,342	57,064	56,777	(287)	
Targeted rates	13,684	13,912	14,205	13,690	(515)	
Subsidies and grants for operating purposes	5,272	5,757	5,662	5,981	319	
Fees and charges	19,767	21,229	19,443	24,383	4,940	
Interest and dividends from investments	76	571	106	337	232	
Local authorities fuel tax, fines, infringement fees and other receipts	769	767	740	784	44	
<b>Total operating funding (A)</b>	<b>94,503</b>	<b>97,578</b>	<b>97,219</b>	<b>101,952</b>	<b>4,733</b>	
<b>APPLICATIONS OF OPERATING FUNDING</b>						
Payments to staff and suppliers	65,285	64,857	66,878	73,791	(6,913)	
Finance costs	5,128	3,735	4,520	3,790	730	
Other operating funding applications	3,443	2,503	5,783	5,389	395	
<b>Total applications of operating funding (B)</b>	<b>73,856</b>	<b>71,095</b>	<b>77,182</b>	<b>82,970</b>	<b>(5,788)</b>	
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>20,648</b>	<b>26,483</b>	<b>20,038</b>	<b>18,982</b>	<b>(1,055)</b>	
<b>SOURCES OF CAPITAL FUNDING</b>						
Subsidies and grants for capital expenditure	15,775	8,565	11,335	15,853	4,518	
Development and financial contributions	3,576	1,853	3,576	6,013	2,437	
Increase (decrease) in debt	26,907	1,919	34,075	5,072	(29,003)	
Gross proceeds from sale of assets	356	1,096	1,780	1,167	(613)	
Lump sum contributions	300	314	300	179	(121)	
Other dedicated capital funding	-	-	-	-	-	
<b>Total sources of capital funding (C)</b>	<b>46,914</b>	<b>13,746</b>	<b>51,066</b>	<b>28,284</b>	<b>(22,783)</b>	
<b>APPLICATIONS OF CAPITAL FUNDING</b>						
Capital expenditure						
To meet additional demand	13,137	3,307	21,070	6,442	14,628	
To improve the level of service	29,198	15,408	24,106	20,431	3,675	
To replace existing assets	28,427	19,507	25,928	26,667	(739)	
Increase (decrease) in reserves	(3,200)	-	-	(6,434)	6,434	
Increase (decrease) of investments				160	-	
<b>Total applications of capital funding (D)</b>	<b>67,562</b>	<b>40,229</b>	<b>71,104</b>	<b>47,266</b>	<b>23,998</b>	
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(20,648)</b>	<b>(26,483)</b>	<b>(20,038)</b>	<b>(18,982)</b>	<b>1,056</b>	
<b>Total funding balance (A-B) + (C-D)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Group depreciation and amortisation	29,137	30,217	30,255	31,525	(1,270)	
						<b>Reconciliation of statement of comprehensive revenue and expense to funding impact statement for the whole of Council for the year ended 30 June 2017</b>
						Total revenue from statement of comprehensive revenue and expense
						126,878
						Less total funding from funding impact statement
						101,952
						<b>Variance</b>
						<b>24,926</b>
						Variance is made up of:
						Capital subsidies
						15,853
						Development and financial contributions
						6,192
						Vested infrastructural assets
						2,446
						Minor differences
						435
						Total operating expenditure from statement of comprehensive income
						113,847
						Less total applications of funding from funding impact statement
						82,970
						<b>Variance</b>
						<b>30,877</b>
						Variance is made up of:
						Depreciation and amortisation
						31,522
						Payments made to suppliers
						(374)
						Finance costs
						(271)

### 3. Rates income excluding metered water supply charges

Actual Council 2016 \$'000		Budget Council 2017 \$'000	Actual Council 2017 \$'000
38,900	General Rate	40,217	39,922
9,511	Community & Resource Rate	10,321	10,333
6,205	Uniform Annual General Charge	6,440	6,415
<b>TARGETED RATES</b>			
49	Havelock North Business Association	50	50
101	Swimming Pools	116	109
117	Havelock North Parking	102	118
220	Hastings City Marketing	286	285
364	Security Patrols	312	312
122	CBD Hastings	153	152
29	CBD Havelock North	36	36
-	Rural Seal Extension	92	(2)
99	Whakatu Stormwater	-	99
16	Waimarama Seawall	16	16
5,003	Wastewater	5,474	5,120
24	Waipatiki Wastewater Operational	30	24
32	Waipatiki Wastewater Capital	(1)	5
1,731	Wastewater Levy (80%)	1,596	1,899
4,997	Water supply	4,886	4,736
690	Kerbside Recycling	670	713
299	Refuse Collection	242	301
-	Waimarama Refuse Collection	41	-
21	Whirinaki Water Supply – Capital	36	21
-	Waimarama Domain	-	-
216	Rates Penalties and remissions (Net)	(346)	107
<b>68,744</b>		<b>70,772</b>	<b>70,770</b>
510	Metered water supply charges	497	620
<b>69,254</b>		<b>71,269</b>	<b>71,389</b>

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 2017 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown below:

#### 4. Finance revenue

Actual Council 2016 \$'000	Actual Group 2016 \$'000		Actual Council 2017 \$'000	Actual Group 2017 \$'000
297	297	Special Fund Investment	228	228
429	440	Other Investments	190	197
<b>726</b>	<b>740</b>		<b>418</b>	<b>425</b>
(297)	(297)	Less Interest on internal borrowings	(228)	(228)
<b>429</b>	<b>440</b>		<b>190</b>	<b>197</b>

#### 5. Other revenue

Actual Council 2016 \$'000	Actual Group 2016 \$'000		Actual Council 2017 \$'000	Actual Group 2017 \$'000
526	527	Petrol tax	543	543
62	62	Property, plant and equipment gains on disposals	414	414
		Unrealised gain on interest rate swaps	2,446	2,446
142	142	Dividends revenue	147	147
<b>730</b>	<b>731</b>		<b>3,550</b>	<b>3,550</b>

#### 6. Operational costs

Actual Council 2016 \$'000	Actual Group 2016 \$'000		Actual Council 2017 \$'000	Actual Group 2017 \$'000
809	809	Councillors remuneration	831	831
19,173	19,198	Contractors	23,297	23,297
2,950	2,956	Consultants and legal fees	5,174	5,186
292	292	Operating lease expense	236	236
100	112	Fees to Audit New Zealand for audit of financial statements	107	119
11	11	Fees to Audit New Zealand for other services	16	16
112	112	Total bad debts written off	3	3
(21)	(21)	Change in provision for doubtful debts	(50)	(50)
527	527	Loss on sale of property, plant and equipment	481	481
6,233	6,235	Maintenance and asset costs	6,844	6,849
2,929	2,929	Energy costs	2,945	2,945
28,174	28,174	Salary and wages	29,399	29,445
787	787	Defined contribution plan – employer contributions	830	830
(63)	(63)	Increase/(decrease) in employee entitlements/liabilities	87	87
1,360	1,394	Administration costs	1,476	1,476
1,288	1,204	Sponsorships and grants	3,607	3,607
2,295	2,466	Other costs	3,523	3,580
3,224	3,224	Unrealised loss on interest rate swaps	-	-
<b>70,180</b>	<b>70,344</b>		<b>78,806</b>	<b>78,938</b>

## 7. Depreciation and amortisation expense

Actual Council 2016 \$'000	Actual Group 2016 \$'000		Actual Council 2017 \$'000	Actual Group 2017 \$'000
726	738	Operational buildings	823	836
1,033	1,033	Restricted buildings	1,086	1,086
259	259	Library collection	253	253
1,106	1,106	Plant, equipment and motor vehicles	1,043	1,043
88	88	Furniture and fittings	85	85
784	784	Landfill	798	798
308	308	Computers and office equipment	422	422
<b>4,304</b>	<b>4,316</b>	<b>Total property, plant and equipment</b>	<b>4,510</b>	<b>4,523</b>
1,993	1,993	Water supply network	2,077	2,077
5,646	5,646	Wastewater disposal network	5,889	5,889
2,717	2,717	Stormwater disposal network	2,804	2,804
14,281	14,281	Roading foundations and bridges	14,805	14,805
1,071	1,071	Parks	1,234	1,234
<b>25,708</b>	<b>25,708</b>	<b>Total Infrastructural assets</b>	<b>26,809</b>	<b>26,809</b>
<b>AMORTISATION</b>				
205	205	Intangible assets – computer software	203	203
<b>30,217</b>	<b>30,230</b>		<b>31,522</b>	<b>31,535</b>

## 8. Taxation

Actual Council 2016 \$'000	Actual Group 2016 \$'000		Actual Council 2017 \$'000	Actual Group 2017 \$'000
5,679	5,684	Net operating surplus before taxation	13,033	13,555
-	(275)	Share of associate's retained surplus	-	(478)
<b>5,679</b>	<b>5,436</b>		<b>13,033</b>	<b>13,077</b>
1,590	1,522	Tax at 28%	3,649	3,662
<b>PLUS (LESS) TAX EFFECT OF:</b>				
(1,590)	(1,522)	Permanent differences	(3,649)	(3,662)
-	-	Imputation credits	-	-
-	-	<b>Residual taxation payable</b>	-	-
<b>COMPRISING:</b>				
-	-	Current tax	-	-
-	-	Future income tax benefit	-	-
<b>FUTURE TAX BENEFIT:</b>				
-	-	Opening balance	-	-
-	-	Movement	-	-
-	-	<b>Closing balance</b>	-	-

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

<b>UNUSED TAX LOSSES</b>	
Hastings District Holdings Limited	\$844,152 (2016: \$831,537)
Hastings District Properties Limited	\$116,949 (2016: \$110,548)
Hawke's Bay Opera House Limited	\$77,177 (2016: \$75,094)
Hastings District Council	\$238,496 (2016: \$238,496)

## 9. Receivables

Actual Council 2016 \$'000	Actual Group 2016 \$'000		Actual Council 2017 \$'000	Actual Group 2017 \$'000
898	898	Rates receivables	820	820
5,200	5,203	Other receivables	10,510	10,797
1,102	1,102	GST receivables	1,064	1,064
114	114	Other current assets	112	112
<b>7,314</b>	<b>7,317</b>		<b>12,506</b>	<b>12,793</b>
(296)	(296)	Less Impairment of receivables	(246)	(246)
<b>7,018</b>	<b>7,021</b>		<b>12,260</b>	<b>12,547</b>

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 Māori land arrears, as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. These powers allow the Council to commence legal proceedings to recover any rates that remain unpaid 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 (2016:\$nil).
- At the end of the financial year, Hawke's Bay Regional Sports Park Trust, a related party owed the Council \$5,722 (2016: \$6,076).

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

2016 Council Gross \$'000	2016 Impairment \$'000	The status of receivables are detailed below:	2017 Gross \$'000	2017 Impairment \$'000
<b>DEBTORS</b>				
6,124	-	Not past due	10,716	-
442	-	Past due 1-60 days	409	-
13	-	Past due 61-90 days	17	-
735	(296)	Past due > 90 days	1,364	(246)
<b>7,314</b>	<b>(296)</b>		<b>12,506</b>	<b>(246)</b>

2016 Group Gross \$'000	2016 Impairment \$'000	The status of receivables are detailed below:	2017 Gross \$'000	2017 Impairment \$'000
<b>DEBTORS</b>				
6,124	-	Not past due	10,716	-
442	-	Past due 1-60 days	409	-
13	-	Past due 61-90 days	17	-
735	(296)	Past due > 90 days	1,364	(246)
<b>7,314</b>	<b>(296)</b>		<b>12,506</b>	<b>(246)</b>

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

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

Actual Council 2016 \$'000	Actual Group 2016 \$'000		Actual Council 2017 \$'000	Actual Group 2017 \$'000
30	30	Individual Impairment	18	18
266	266	Collective Impairment	228	228
<b>296</b>	<b>296</b>		<b>246</b>	<b>246</b>

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

Actual Council 2016 \$'000	Actual Group 2016 \$'000		Actual Council 2017 \$'000	Actual Group 2017 \$'000
-	-	Past due 1-60 days	-	-
-	-	Past due 61-90 days	-	-
30	30	Past due > 90 days	18	18
<b>30</b>	<b>30</b>		<b>18</b>	<b>18</b>

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

Actual Council 2016 \$'000	Actual Group 2016 \$'000		Actual Council 2017 \$'000	Actual Group 2017 \$'000
317	317	As at 1 July	296	296
-	-	Additional provisions made during the year	-	-
-	-	Provisions reversed during the year	-	-
(21)	(21)	Receivables written-off during the year	(50)	(50)
<b>296</b>	<b>296</b>		<b>246</b>	<b>246</b>

## 10. Inventories

Actual Council 2016 \$'000	Actual Group 2016 \$'000		Actual Council 2017 \$'000	Actual Group 2017 \$'000
101	101	Inventory held for distribution	114	114
<b>101</b>	<b>101</b>	<b>Total inventory</b>	<b>114</b>	<b>114</b>

No inventories are pledged as security for liabilities (2016: \$nil).

The carrying amount of inventory held for distribution that are measured at current replacement cost as at 30 June 2017 amounted to \$nil (2016: \$nil).

## 11(a). Investment in associates

Actual Council 2016 \$'000	Actual Group 2016 \$'000		Actual Council 2017 \$'000	Actual Group 2017 \$'000
1,063	6,728	Hawke's Bay Airport Limited	1,063	7,029
-	(59)	Horse of the Year (Hawke's Bay) Limited	-	7
744	661	Omarunui LFG Generation Limited Partnership	744	594
<b>1,807</b>	<b>7,330</b>	<b>Total investments in associates</b>	<b>1,807</b>	<b>7,630</b>
<b>HAWKE'S BAY AIRPORT LIMITED</b>				
Name of entity: Hawke's Bay Airport Limited				
Principal activities: Airport				
Ownership: 24% (2015: 24%)				
Owner: Hawke's Bay Airport Limited				
Balance date: 30 June				
	1,063	HDC Investment in Hawke's Bay Airport Limited		1,063
	5,432	Retained Earnings at the beginning of year		5,666
	<b>6,495</b>	<b>Carrying amount at beginning of year</b>		<b>6,729</b>
<b>Council's share of the results of Hawke's Bay Airport Limited</b>				
	337	Share of Surplus		412
	-	Share of other recognised revenues and expenses		-
	<b>337</b>	<b>Share of total recognised revenues and expenses</b>		<b>412</b>
<b>Carrying Amount of Investment in Hawke's Bay Airport Limited</b>				
	6,495	Carrying amount at beginning of year		6,729
	337	Share of total recognised revenues and expenses		412
	(59)	Revaluation reserves		(112)
	(45)	Prior year adjustment		-
	<b>6,728</b>	<b>Carrying amount at end of year</b>		<b>7,029</b>
There are no contingent liabilities at 30 June 2017				
<b>Summarised Financial Information</b>				
	8,475	Assets		8,772
	1,746	Liabilities		1,743
	1,265	Revenues		1,467
	337	Surplus/ (deficit)		412
	24%	Group's interest		24%
<b>HORSE OF THE YEAR (HAWKE'S BAY) LIMITED</b>				

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

## 11(a). Investment in associates

Actual Council 2016 \$'000	Actual Group 2016 \$'000	Actual Council 2017 \$'000	Actual Group 2017 \$'000
	Name of entity: Horse of the Year (Hawke's Bay) Limited		
	Principal activities: Equestrian Show		
	Ownership: 33% (2016: 33%)		
	Owner: Horse of the Year (Hawke's Bay) Limited		
	Balance date: 31 May		
	<b>Movements in the carrying amount of investments in associate</b>		
	- HDC Investment in Horse of the Year (Hawke's Bay) Limited		-
3	Retained earnings at the beginning of year		(59)
3	Carrying amount at beginning of year		(59)
	<b>Council's share of the results of Horse of the Year (Hawke's Bay) Limited</b>		
(62)	Share of Surplus		66
	- Share of other recognised revenues and expenses		-
<b>(62)</b>	<b>Share of total recognised revenues and expenses</b>		<b>66</b>
	<b>Carrying Amount of Investment in Horse of the Year (Hawke's Bay) Limited</b>		
3	Carrying amount at beginning of year		(59)
(62)	Share of total recognised revenues and expenses		66
	- Revaluation reserves		-
<b>(59)</b>	<b>Carrying amount at end of year</b>		<b>7</b>
	There are no contingent liabilities at 30 June 2015		
	<b>Summarised Financial Information</b>		
76	Assets		43
135	Liabilities		36
758	Revenues		809
(62)	Surplus/ (deficit)		66
33%	Group's interest		33%

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

## 11(a). Investment in associates

Actual Council 2016 \$'000	Actual Group 2016 \$'000	Actual Council 2017 \$'000	Actual Group 2017 \$'000
<b>OMARUNUI LFG GENERATION LIMITED PARTNERSHIP</b>			
Name of entity: Omarunui LFG Generation Limited Partnership			
Principal activities: Gas & Electricity			
Ownership: 40% (2016: 40%)			
Owner: Omarunui LFG Generation Limited Partnership			
Balance date: 31 March*			
*There are no material transactions from 1 April 2017 to 30 June 2017			
744			744
(26)			(83)
<b>718</b>	<b>Carrying amount at beginning of year</b>		<b>661</b>
<b>Council's share of the results of Omarunui LFG Generation Limited Partnership</b>			
(57)	Share of surplus		(73)
-	Share of other recognised revenues and expenses		6
<b>(57)</b>	<b>Share of total recognised revenues and expenses</b>		<b>(67)</b>
<b>Carrying amount of investment in Omarunui LFG Generation Limited Partnership</b>			
718	Carrying amount at beginning of year		661
(57)	Share of total recognised revenues and expenses		(67)
-	Revaluation reserves		-
<b>661</b>	<b>Carrying amount at end of year</b>		<b>594</b>
691	Assets		614
31	Liabilities		20
142	Revenues		136
(57)	Surplus/ (deficit)		(73)
40%	Group's interest		40%

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

## 11(b). Other Financial Assets

Actual Council 2016 \$'000	Actual Group 2016 \$'000		Actual Council 2017 \$'000	Actual Group 2017 \$'000
<b>CURRENT PORTION</b>				
-	-	Term deposits	-	-
-	-	<b>Total current portion</b>	-	-
<b>NON-CURRENT PORTION</b>				
<b>Investment in CCO's and similar entities</b>				
	1	HB Lass Limited	-	1
237	-	Subsidiary Hastings District Holdings Limited	237	-
<b>237</b>	<b>1</b>	<b>Total Investment in CCO's and similar entities</b>	<b>237</b>	<b>1</b>
<b>Investment in other entities</b>				
-	-	Term deposits	-	-
373	373	Unlisted shares in LGFA	373	373
800	800	Borrower notes in LGFA	961	961
157	157	New Zealand Local Government Insurance Association	157	157
<b>1,331</b>	<b>1,331</b>	<b>Total investment in other entities</b>	<b>1,491</b>	<b>1,491</b>
<b>1,568</b>	<b>1,331</b>	<b>Total non-current portion</b>	<b>1,728</b>	<b>1,492</b>
<b>1,568</b>	<b>1,331</b>	<b>Total other financial assets</b>	<b>1,728</b>	<b>1,492</b>

## Fair value

**Term Deposits**

The carrying amount of term deposits approximates their fair value.

**Unlisted Shares and Borrower notes**

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

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

**Impairment**

At balance date the subsidiary Hastings District Holdings was impaired as follows:

Actual 2016 \$'000	Impairment	Actual 2017 \$'000
452	Subsidiaries	452
(215)	Impairment loss	(215)
237	Subsidiary Hastings District Holdings Limited	237

## 12. Property, Plant &amp; Equipment: 2017

	1 Jul 2016	1 Jul 2016	1 Jul 2016								30 Jun 2017	30 Jun 2017	30 Jun 2017
\$'000	Cost/ Revaluation	Accumulated depreciation and impairment charges	Carrying amount	Additions	Disposals	Impairment charges	Amortisation charges	Depreciation	Depreciation write back	Revaluation/ other movements	Cost/ Revaluation	Accumulated depreciation and impairment charges	Carrying amount
<b>COUNCIL OPERATIONAL ASSETS</b>													
Operational Buildings	33,112	(726)	32,386	3,688	-	-	-	(823)	-	-	36,800	(1,549)	35,251
Operational Land	26,307	(2)	26,305	292	(279)	-	-	-	-	-	26,320	(2)	26,318
Heritage	537	-	537	-	-	-	-	-	-	-	537	-	537
Library Books	2,323	-	2,323	374	-	-	-	(253)	253	(386)	2,311	-	2,311
Computers & Office Equipment	7,153	(6,066)	1,086	2,010	(171)	-	-	(356)	105	-	8,992	(6,317)	2,675
Furniture & Fittings	2,346	(1,904)	442	103	-	-	-	(85)	-	-	2,449	(1,989)	460
Plant, Equipment & Vehicles	15,111	(8,928)	6,184	933	(511)	-	-	(755)	248	-	15,533	(9,434)	6,098
Landfill	19,787	(13,329)	6,458	330	-	-	-	(797)	-	-	20,117	(14,126)	5,991
<b>Total operational assets</b>	<b>106,676</b>	<b>(30,955)</b>	<b>75,721</b>	<b>7,730</b>	<b>(961)</b>	<b>-</b>	<b>-</b>	<b>(3,069)</b>	<b>606</b>	<b>(386)</b>	<b>113,059</b>	<b>(33,419)</b>	<b>79,640</b>
<b>COUNCIL RESTRICTED ASSETS</b>													
Restricted Buildings	39,384	(1,032)	38,351	2,327	-	-	-	(1,086)	-	-	41,711	(2,118)	39,593
Restricted Land	51,241	-	51,241	97	(55)	-	-	-	-	-	51,282	-	51,282
<b>Total Restricted Assets</b>	<b>90,625</b>	<b>(1,032)</b>	<b>89,592</b>	<b>2,424</b>	<b>(55)</b>	<b>-</b>	<b>-</b>	<b>(1,086)</b>	<b>-</b>	<b>-</b>	<b>92,993</b>	<b>(2,118)</b>	<b>90,875</b>
<b>Total Operational &amp; Restricted Assets</b>	<b>197,301</b>	<b>(31,987)</b>	<b>165,314</b>	<b>10,154</b>	<b>(1,016)</b>	<b>-</b>	<b>-</b>	<b>(4,155)</b>	<b>606</b>	<b>-</b>	<b>206,052</b>	<b>(35,536)</b>	<b>170,515</b>
Plant & Equipment	78	(37)	41	4	-	-	-	(10)	-	-	82	(46)	36
Restricted Buildings	121	(8)	113	-	-	-	-	(4)	-	-	121	(12)	109
Restricted Land	130	-	130	66	-	-	-	-	-	-	196	-	196
Office Equipment	2	(2)	-	-	-	-	-	-	-	-	2	(2)	-
<b>Total Subsidiary Assets</b>	<b>331</b>	<b>(46)</b>	<b>285</b>	<b>71</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(13)</b>	<b>-</b>	<b>-</b>	<b>401</b>	<b>(60)</b>	<b>341</b>
<b>Total Group</b>	<b>197,631</b>	<b>(32,033)</b>	<b>165,598</b>	<b>10,224</b>	<b>(1,016)</b>	<b>-</b>	<b>-</b>	<b>(4,168)</b>	<b>606</b>	<b>(386)</b>	<b>206,453</b>	<b>(35,537)</b>	<b>170,856</b>
<b>BIOLOGICAL ASSETS</b>													
Landfill Forestry	137	-	137	-	-	-	-	-	-	366	503	-	503
<b>Total Biological Assets</b>	<b>137</b>	<b>-</b>	<b>137</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>366</b>	<b>503</b>	<b>-</b>	<b>503</b>
<b>INTANGIBLE ASSETS</b>													
Computer Software	4,924	(4,642)	281	241	-	-	-	(203)	-	-	5,165	(4,845)	320
<b>Total Intangible Assets</b>	<b>4,924</b>	<b>(4,642)</b>	<b>281</b>	<b>241</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(203)</b>	<b>-</b>	<b>-</b>	<b>5,165</b>	<b>(4,845)</b>	<b>320</b>
<b>COUNCIL INFRASTRUCTURAL ASSETS</b>													
Bridges	65,356	(1,145)	64,211	-	-	-	-	(1,144)	2,289	(1,918)	63,438	-	63,438
Roading – Land	129,012	-	129,012	3	-	-	-	-	-	-	129,015	-	129,015
Roading – Other	1,028,392	(13,136)	1,015,256	24,425	-	-	-	(13,662)	26,798	(14,945)	1,037,872	-	1,037,872
Stormwater Disposal Network	159,490	-	159,490	2,367	(31)	-	-	(2,804)	-	-	161,826	(2,804)	159,023
Wastewater Disposal Network	221,702	-	221,702	6,028	(232)	-	-	(5,889)	-	-	227,498	(5,889)	221,609
Water Supply Network	91,096	-	91,096	7,320	(55)	-	-	(2,078)	-	-	98,361	(2,078)	96,283
Parks	13,585	(1,071)	12,514	3,531	-	-	-	(1,234)	2,305	14,146	31,262	-	31,262
<b>Total Infrastructural Assets</b>	<b>1,708,633</b>	<b>(15,352)</b>	<b>1,693,282</b>	<b>43,674</b>	<b>(318)</b>	<b>-</b>	<b>-</b>	<b>(26,811)</b>	<b>31,392</b>	<b>(2,717)</b>	<b>1,749,272</b>	<b>(10,771)</b>	<b>1,738,502</b>

## 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. Due to an upward movement in the revaluation reserve of Land and Buildings in the 2015 year, this impairment has been reversed and offset against the revaluation reserve.

**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 (2016: \$nil).

**Work in progress**

The total amount per class is as listed below:

Class	Actual Council 2017
Buildings	979
Computers & Office Equipment	141
Furniture & Fittings	6
Plant, Equipment & Vehicles	422
Properties sold but not settled	-
Parks	-
Roading	-
Stormwater	3,120
Wastewater	4,095
Water Supply	1,505
<b>Total</b>	<b>10,268</b>

2017 Core assets	Assets constructed	Assets transferred	Closing value	Replacement cost
<b>WATER SUPPLY</b>				
Treatment Plants and Facilities	2,345	-	6,912	7,002
Other Assets	5,053	21	89,370	144,322
<b>Total</b>	<b>7,398</b>	<b>21</b>	<b>96,282</b>	<b>151,324</b>
<b>SEWERAGE</b>				
Treatment Plants and Facilities	2,316	-	53,644	77,437
Other Assets	3,712	-	167,965	304,767
<b>Total</b>	<b>6,028</b>	<b>-</b>	<b>221,609</b>	<b>382,204</b>
Stormwater drainage	2,367	-	159,023	253,051
Flood protection & Control works	-	-	-	-
<b>ROADING</b>				
Roads & Footpaths	24,425	-	1,230,326	1,348,338

## 12. Property, Plant &amp; Equipment: 2016

	1 Jul 2015	1 Jul 2015	1 Jul 2015								30 Jun 2016	30 Jun 2016	30 Jun 2016
\$'000	Cost/ Revaluation	Accumulated depreciation and impairment charges	Carrying amount	Additions	Disposals	Impairment charges	Amortisation charges	Depreciation	Depreciation write back	Revaluation/ other movements	Cost/ Revaluation	Accumulated depreciation and impairment charges	Carrying amount
<b>COUNCIL OPERATIONAL ASSETS</b>													
Operational Buildings	29,916	-	29,916	3,196	-	-	-	(726)	-	-	33,112	(726)	32,386
Operational Land	25,168	-	25,168	1,162	(23)	-	-	(2)	-	-	26,307	(2)	26,305
Heritage	537	-	537	-	-	-	-	-	-	-	537	-	537
Library Books	2,330	-	2,330	375	-	-	-	(259)	259	(382)	2,323	-	2,323
Computers & Office Equipment	6,792	(5,788)	1,004	391	(30)	-	-	(308)	29	-	7,153	(6,066)	1,086
Furniture & Fittings	2,280	(1,816)	464	66	-	-	-	(88)	-	-	2,346	(1,904)	442
Plant, Equipment & Vehicles	14,327	(8,370)	5,957	1,638	(854)	-	-	(1,106)	549	-	15,111	(8,928)	6,184
Landfill	19,278	(12,545)	6,734	645	-	-	-	(784)	-	-	19,923	(13,329)	6,595
<b>Total operational assets</b>	<b>100,628</b>	<b>(28,518)</b>	<b>72,110</b>	<b>7,473</b>	<b>(907)</b>	<b>-</b>	<b>-</b>	<b>(3,273)</b>	<b>837</b>	<b>(382)</b>	<b>106,812</b>	<b>(30,955)</b>	<b>75,858</b>
<b>COUNCIL RESTRICTED ASSETS</b>													
Restricted Buildings	38,368	-	38,368	1,092	(75)	-	-	(1,034)	-	-	39,384	(1,032)	38,351
Restricted Land	51,200	-	51,200	41	-	-	-	-	-	-	51,241	-	51,241
Total Restricted Assets	89,568	-	89,568	1,133	(75)	-	-	(1,034)	-	-	90,625	(1,032)	89,592
<b>Total Operational &amp; Restricted Assets</b>	<b>190,196</b>	<b>(28,518)</b>	<b>161,678</b>	<b>8,606</b>	<b>(982)</b>	<b>-</b>	<b>-</b>	<b>(4,307)</b>	<b>838</b>	<b>(382)</b>	<b>197,437</b>	<b>(31,987)</b>	<b>165,450</b>
Plant & Equipment	77	(27)	50	1	-	-	-	(9)	-	-	78	(37)	41
Restricted Buildings	136	(19)	117	-	-	-	-	(4)	15	(15)	121	(8)	114
Restricted Land	130	-	130	-	-	-	-	-	-	-	130	-	130
Office Equipment	2	(2)	-	-	-	-	-	-	-	-	2	(2)	-
<b>Total Subsidiary Assets</b>	<b>345</b>	<b>(48)</b>	<b>297</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(13)</b>	<b>-</b>	<b>-</b>	<b>331</b>	<b>(46)</b>	<b>285</b>
<b>Total Group</b>	<b>190,541</b>	<b>(28,567)</b>	<b>161,975</b>	<b>8,607</b>	<b>(982)</b>	<b>-</b>	<b>-</b>	<b>(4,320)</b>	<b>853</b>	<b>(397)</b>	<b>197,768</b>	<b>(32,033)</b>	<b>165,735</b>
<b>INTANGIBLE ASSETS</b>													
Computer Software	4,786	(4,437)	349	137	-	-	-	(205)	-	-	4,924	(4,642)	281
<b>Total Intangible Assets</b>	<b>4,786</b>	<b>(4,437)</b>	<b>349</b>	<b>137</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(205)</b>	<b>-</b>	<b>-</b>	<b>4,924</b>	<b>(4,642)</b>	<b>281</b>
<b>COUNCIL INFRASTRUCTURAL ASSETS</b>													
Bridges	65,356	-	65,356	-	-	-	-	(1,145)	-	-	65,356	(1,145)	64,211
Roading – Land	129,017	-	129,017	-	(5)	-	-	-	-	-	129,012	-	129,012
Roading – Other	1,011,755	-	1,011,755	16,637	-	-	-	(13,136)	-	-	1,028,392	(13,136)	1,015,256
Stormwater Disposal Network	161,175	(2,700)	158,475	1,261	(40)	-	-	(2,717)	5,417	(2,906)	159,490	-	159,490
Wastewater Disposal Network	199,893	(5,557)	194,336	8,278	(135)	-	-	(5,646)	11,173	13,667	221,702	-	221,702
Water Supply Network	90,884	(1,949)	88,935	2,851	(218)	-	-	(1,993)	3,942	(2,421)	91,096	-	91,096
Parks	11,802	-	11,802	1,783	-	-	-	(1,071)	-	-	13,585	(1,071)	12,514
<b>Total Infrastructural Assets</b>	<b>1,669,882</b>	<b>(10,206)</b>	<b>1,659,676</b>	<b>30,810</b>	<b>(398)</b>	<b>-</b>	<b>-</b>	<b>(25,708)</b>	<b>20,532</b>	<b>8,340</b>	<b>1,708,633</b>	<b>(15,352)</b>	<b>1,693,282</b>

## 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	Opera House to Statement of comprehensive revenue and expense \$'000	2014 Impairment of 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. Due to an upward movement in the revaluation reserve of Land and Buildings in the 2015 year, this impairment has been reversed and offset against the revaluation reserve.

## Work in progress

The total amount per class is as listed below:

Class	Actual Council 2016			
Buildings	1,162			
Computers & Office Equipment	206			
Furniture & Fittings	-			
Plant, Equipment & Vehicles	-			
Properties sold but not settled	-			
Parks	-			
Roading	-			
Stormwater	1,310			
Wastewater	11,128			
Water Supply	751			
<b>Total</b>	<b>14,557</b>			
2016 core assets	Assets constructed	Assets transferred	Closing value	Replacement cost
<b>WATER SUPPLY</b>				
Treatment Plants and Facilities	612	-	4,728	7,002
Other Assets	1,868	370	86,368	144,322
<b>Total</b>	<b>2,480</b>	<b>370</b>	<b>91,096</b>	<b>151,324</b>
<b>SEWERAGE</b>				
Treatment Plants and Facilities	801	-	52,809	77,437
Other Assets	6,890	586	168,893	304,767
<b>Total</b>	<b>7,691</b>	<b>586</b>	<b>221,702</b>	<b>382,204</b>
Stormwater drainage	1,121	140	159,490	253,051
Flood protection & Control works	-	-	-	-
<b>ROADING</b>				
Roads & Footpaths	16,632	-	1,208,480	1,348,338

## 13. Payables and deferred revenue

Actual Council 2016 \$'000	Actual Group 2016 \$'000		Actual Council 2017 \$'000	Actual Group 2017 \$'000
<b>CURRENT</b>				
11,501	11,597	Trade payables and accrued expenses	13,599	14,127
325	325	Interest on public debt	434	434
293	293	Revenue received in advance	237	237
401	401	ETS Levy Provision (Note 24)	349	349
2,885	2,885	Other current liabilities	4,094	3,885
<b>15,405</b>	<b>15,501</b>		<b>18,713</b>	<b>19,032</b>
<b>NON-CURRENT</b>				
579	579	Provision for Landfill Aftercare (Note 24)	515	515
157	157	Other non-current liabilities	144	144
<b>737</b>	<b>737</b>		<b>659</b>	<b>659</b>
<b>Payables and deferred revenue comprise of:</b>				
291	291	Payables from non-exchange transactions – rates and dog registrations	237	237
15,851	15,944	Payables from exchange transactions – commercial payables	19,135	19,454

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 (2016: \$nil) by the Council.
- At the end of the financial year Hastings District Properties Limited, a related party, was owed \$nil (2016: \$nil) by the Council.

## 14. Employee entitlements

Actual Council 2016 \$'000	Actual Group 2016 \$'000		Actual Council 2017 \$'000	Actual Group 2017 \$'000
3,634	3,634	Opening balance	2,801	2,801
(834)	(834)	Entitlements paid or relinquished	146	146
<b>2,801</b>	<b>2,801</b>		<b>2,947</b>	<b>2,947</b>
2,241	2,241	Current	2,467	2,467
560	560	Non-current	480	480
<b>2,801</b>	<b>2,801</b>		<b>2,947</b>	<b>2,947</b>
<b>CURRENT</b>				
-	-	Accrued pay	-	-
2,162	2,162	Annual leave and other benefits	2,392	2,392
79	79	Retirement and long service leave	75	75
<b>2,241</b>	<b>2,241</b>		<b>2,467</b>	<b>2,467</b>
<b>NON-CURRENT</b>				
560	560	Retirement and long service leave	480	480
<b>560</b>	<b>560</b>		<b>480</b>	<b>480</b>

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

Expected future payments are discounted using forward discount rates derived from the yield curve of New Zealand government bonds. The discount rates used have maturities that match, as closely as possible, the estimated future cash outflows. The salary inflation factor has been determined after considering historical salary inflation patterns. A weighted average discount rate of 6.0% (2016 6.0%) and an inflation factor of 2.0% (2016 2.0%) were used.

## 15. Borrowings and other financial liabilities

Actual Council 2016 \$'000	Actual Group 2016 \$'000		Actual Council 2017 \$'000	Actual Group 2017 \$'000
60,741	60,741	Opening total of external public debt	50,741	50,741
-	-	Debt raised during year	15,000	15,000
(10,000)	(10,000)	Amounts repaid	(5,000)	(5,000)
<b>50,741</b>	<b>50,741</b>	<b>Total gross public debt</b>	<b>60,741</b>	<b>60,741</b>
<b>Comprises</b>				
<b>CURRENT</b>				
-	-	Secured loans	-	-
<b>NON-CURRENT</b>				
50,741	50,741	Secured loans	60,741	60,741
<b>50,741</b>	<b>50,741</b>	<b>Total borrowings and other financial liabilities</b>	<b>60,741</b>	<b>60,741</b>

## Secured loans

The Council's secured debt of \$60.7 million (2016: \$50.7 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 (2016: \$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 2016 \$'000	Actual Group 2016 \$'000		Actual Council 2017 \$'000	Actual Group 2017 \$'000
<b>REPAYMENT TERMS – TERM DEBT</b>				
-	-	Payable in less than 1 year	-	-
-	-	Payable between 1 and 2 years	20,000	20,000
20,000	20,000	Payable between 2 and 5 years	20,000	20,000
30,741	30,741	Later than 5 years	20,741	20,741
<b>50,741</b>	<b>50,741</b>		<b>60,741</b>	<b>60,741</b>
5.25%	5.25%	Weighted Average Interest Rate	4.97%	4.97%
5.74	5.74	Weighted Average Term (Years)	4.18	4.18

## 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 2017.

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 2016 \$'000	Actual Group 2016 \$'000		Actual Council 2017 \$'000	Actual Group 2017 \$'000
50,741	50,741	External secured loans	60,741	60,741
32,884	32,884	Plus amount funded by internal loans	36,520	36,520
<b>83,625</b>	<b>83,625</b>	<b>Gross borrowings for activities</b>	<b>97,261</b>	<b>97,261</b>

## Internal borrowings

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

2016 closing balance	Activity Group	2017 opening balance	Prior Year Carry Forwards	CR transfer to	Interest	DR transfer from	Carry forward	2017 closing balance
(12,073)	Safe Healthy and Liveable Communities	(12,073)	(1,332)	(339)	(67)	488	980	(12,343)
(13,406)	Governance and Support Services	(13,406)	(1,361)	(515)	(36)	2,462	270	(12,585)
2,459	Economic and Community Development	2,459	(1,210)	(28)	(3)	46	763	2,028
(4,622)	Roads and Footpaths	(4,622)	(278)	-	-	-	519	(4,381)
(42)	Stormwater Disposal	(42)	-	(2,804)	-	2,804	61	19
6,103	Wastewater Disposal	6,103	-	(5,532)	(33)	5,849	-	6,387
(1,367)	Water Supply	(1,367)	-	(2,122)	-	4,727	-	1,239
(9,937)	Working Capital	(9,937)	-	(6,947)	-	-	-	(16,884)
<b>(32,884)</b>	<b>Total</b>	<b>(32,885)</b>	<b>(4,181)</b>	<b>(18,287)</b>	<b>(139)</b>	<b>16,376</b>	<b>2,593</b>	<b>(36,502)</b>

The fair values are based on cash flows discounted using a rate based on the average rates 4.97% (2016: 5.25%).

The cash flow is working capital cash

The carry forward column in the above table is the rating carry forward from rates collected in 2015/16 and carried forward to 2016/17.

## 16. Derivative financial instruments

Actual Council 2016 \$'000	Actual Group 2016 \$'000		Actual Council 2017 \$'000	Actual Group 2017 \$'000
<b>NON-CURRENT ASSET PORTION</b>				
-	-	Interest rate swaps – held for trading	27	27
<b>CURRENT LIABILITY PORTION</b>				
(71)	(71)	Interest rate swaps – held for trading	(212)	(212)
<b>NON-CURRENT LIABILITY PORTION</b>				
(8,050)	(8,050)	Interest rate swaps – held for trading	(5,489)	(5,489)
<b>(8,121)</b>	<b>(8,121)</b>		<b>(5,674)</b>	<b>(5,674)</b>

### Fair value

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

### Interest rate swaps

The notional principal amounts of the outstanding interest rate swap contracts for the Council were \$57.5 million (2016: \$59.5 million) and for the group were \$57.5 million (2016: \$59.5 million). At 30 June 2017, the fixed interest rates for the interest rate swaps varied from 3.9% to 5.9% (2016: 3.9% to 5.9%).

## 17. Retained earnings

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

Actual Council 2016 \$'000	Actual Group 2016 \$'000		Actual Council 2017 \$'000	Actual Group 2017 \$'000
1,172,852	1,176,515	Balance at 1 July	1,176,152	1,179,848
5,679	5,711	Net surplus (deficit) for the year	13,032	13,555
<b>1,178,531</b>	<b>1,182,226</b>		<b>1,189,184</b>	<b>1,193,403</b>
<b>ADD/(LESS) NET APPROPRIATIONS OF NET SURPLUS</b>				
(2,476)	(2,476)	(To) from council created reserves	5,723	5,813
97	97	(To) from restricted reserves	81	81
<b>1,176,152</b>	<b>1,179,847</b>	<b>Balance at 30 June</b>	<b>1,194,989</b>	<b>1,199,297</b>
1,176,152	1,179,847	Accumulated surplus	1,194,989	1,199,297
30,687	30,687	Council created reserves	24,962	24,963
<b>1,206,838</b>	<b>1,210,534</b>	<b>Total accumulated funds</b>	<b>1,219,951</b>	<b>1,224,259</b>

### a) Council created reserves

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

The major categories of Council created reserves are:

#### Plant, Equipment & Vehicle replacement

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

#### Property Maintenance & Improvements

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

#### General purpose reserves

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

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

#### Emergency funds

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

#### Effluent disposal

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

#### Sundry reserves

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

#### Separate rates reserves

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

#### Other

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

The balances of Council created reserves are:

Balance 2016 \$'000	Activity Group		Deposits \$'000	Interest \$'000	Withdrawals \$'000	Balance 2017 \$'000
5,500	All activities	Plant, equipment and vehicle replacement fund	1,706	72	(2,499)	4,779
10,274	All activities	Property maintenance and improvements	1,985	45	(3,395)	8,909
5,174	All activities	General purpose reserves	326	-	(1,046)	4,454
-	Water and roads	Wastewater treatment (HDC funds)	-	-	-	-
4,734	Safe healthy and liveable communities	Emergency funds	-	70	(1,056)	3,748
2,397	All activities	Sundry reserves	24,582	-	(24,591)	2,388
3,792	All activities	Separate reserves	1,184	-	(2,640)	2,336
284	Economic and community development	Other	85	8	-	377
<b>32,155</b>			<b>29,868</b>	<b>195</b>	<b>(35,227)</b>	<b>26,991</b>
(1,467)		Less: NCC share of landfill reserves	(525)	(38)	1	(2,026)
<b>30,688</b>			<b>29,343</b>	<b>157</b>	<b>(35,226)</b>	<b>24,962</b>

## 18. Restricted Reserves (Council only)

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

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

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

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

Balance 2016 \$'000	Activity Group		Deposits \$'000	Interest \$'000	Withdrawals \$'000	Balance 2017 \$'000
1,006	Economic and community development	Trusts and bequests	-	21	(57)	969
1,716	Economic and community development	Development reserves	339	35	(431)	1,660
528	Economic and community development	Reserve purchase and development funds	-	12	-	540
<b>3,250</b>			<b>339</b>	<b>68</b>	<b>(488)</b>	<b>3,169</b>



## 19. Revaluation Reserves Asset Revaluation Reserves consist of:

Balance 2016 \$'000		Revaluation movement \$'000	Transfer to retained earnings on disposal of property \$'000	Balance 2017 \$'000
<b>COUNCIL</b>				
<b>Operational Assets</b>				
-	Land and buildings	-	-	-
284	Library books	(133)	-	150
-	Forestry	366	-	367
<b>284</b>		<b>233</b>	<b>-</b>	<b>517</b>
<b>Infrastructural Assets</b>				
26,068	Bridges	371	-	26,439
346,748	Roading	11,853	-	358,601
77,723	Stormwater disposal	-	-	77,723
95,883	Wastewater disposal	-	-	95,883
44,418	Water supply	-	-	44,418
1,279	Park assets	16,451	-	17,730
<b>592,118</b>		<b>28,675</b>	<b>-</b>	<b>620,794</b>
(4)	Fair value through comprehensive revenue	1		(3)
<b>592,398</b>		<b>28,909</b>	<b>-</b>	<b>621,308</b>
<b>GROUP</b>				
2,213	Hawke's Bay Airport	-	-	2,153
<b>594,611</b>		<b>28,909</b>	<b>-</b>	<b>623,461</b>

## 20. Reconciliation of net surplus/(deficit) after tax to net cash flows from operating activities

Actual Council 2016 \$'000	Actual Group 2016 \$'000		Actual Council 2017 \$'000	Actual Group 2017 \$'000
5,679	5,711	<b>Net surplus/(deficit) on operations</b>	<b>13,033</b>	<b>13,555</b>
<b>ADD/(LESS): NON-CASH ITEMS</b>				
30,217	30,230	Depreciation and amortisation expense	31,522	31,535
-	(91)	Share of associates retained surplus		(270)
(1,097)	(1,097)	Vested infrastructure	(21)	(21)
-	-	Devaluation of Property, Plant & Equipment	-	-
3,225	3,225	Unrealised gains/losses on derivative financial instruments	(2,607)	(2,607)
<b>32,345</b>	<b>32,267</b>	<b>Total non-cash items</b>	<b>28,894</b>	<b>28,637</b>
<b>ADD/(LESS): NET MOVEMENTS IN WORKING CAPITAL</b>				
5,772	5,801	(Increase) decrease in debtors and other receivables	(5,242)	(5,548)
(1,022)	(1,066)	Increase (decrease) in creditors and other payables	3,472	3,696
(29)	(29)	(Increase) decrease in inventories	(13)	(13)
(133)	(133)	Increase (decrease) in provisions and employee entitlements (non-current)	(159)	(159)
<b>4,587</b>	<b>4,572</b>	<b>Total net movements in working capital</b>	<b>(1,940)</b>	<b>(2,024)</b>
<b>ADD/(LESS): ITEMS CLASSIFIED AS INVESTING OR FINANCING ACTIVITIES</b>				
465	465	Loss/(profit) on sale of Property, Plant & Equipment and investments	67	67
<b>465</b>	<b>465</b>	<b>Total non-operating activities</b>	<b>67</b>	<b>67</b>
<b>43,078</b>	<b>43,016</b>	<b>Total net cash inflow (outflow) from operating activities</b>	<b>40,052</b>	<b>40,235</b>

## 21. Other information (Council only)

The Council incurred the following expenditure for the year ended 30 June 2017:

### Chief Executive Remuneration

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

Total Chief Executive remuneration for the year ending 30 June 2017 is \$332,371 (2016: 328,713).

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

Actual Council 2016 \$		Actual Council 2017 \$
4,894	Fringe Benefit Tax	4,978
11,060	Motor Vehicle Allowance	11,060
8,769	Superannuation and Other	9,192
303,990	Salary	307,140

### Remuneration of Elected Representatives

Actual Council 2016 \$		Remuneration \$	Allowance \$	Actual Council 2017 \$
<b>MAYOR AND COUNCILLORS</b>				
126,287	Yule L (Mayor)	124,758	248	125,006
57,362	Bowers C M	17,363	203	17,565
50,098	Lester M G	15,049	203	15,252
49,649	Watkins K V	50,742	721	51,464
41,929	Heaps R J	44,100	2,064	46,164
45,140	O'Keefe H N	45,849	721	46,571
41,336	Bradshaw W L	11,550	203	11,753
52,569	Kerr T	50,742	6,056	56,798
41,336	Poulain J	40,957	721	41,678
45,140	Roil J	13,300	203	13,502
49,332	Hazlehurst S (Deputy Mayor)	57,624	721	58,346
41,336	Nixon S	40,985	694	41,678
42,782	Lyons G	47,244	12	47,256
41,336	Pierce A	43,217	708	43,925
41,336	Dixon M	47,244	1,232	48,476
-	Barber B	29,407	550	29,956
-	Redstone A	29,407	847	30,253
-	Travers G	29,407	1,371	30,778
-	Harvey D	35,693	519	36,212
8,523	Maxwell S (Rural Community Board)	7,116	2,037	9,154
16,797	Kay P (Rural Community Board)	9,122	1,011	10,133
8,026	Dawson N (Rural Community Board)	7,116	1,017	8,134
-	Lester M G (Rural Community Board)	5,108	519	5,627
7,931	Barber B (Rural Community Board)	2,009	232	2,241
<b>808,244</b>	<b>Total elected representatives remuneration</b>	<b>805,108</b>	<b>22,813</b>	<b>827,922</b>

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

Actual Council 2016			Actual Council 2017
264	< \$60,000	< \$60,000	264
75	\$60,000-\$79,999	\$60,000-\$79,999	86
53	\$80,000-\$99,000	\$80,000-\$99,999	54
29	\$100,000-\$119,999	\$100,000-\$119,999	35
10	\$120,000-\$139,000	\$120,000-\$139,999	11
6	\$140,000-\$179,999	\$140,000-\$159,999	8
8	\$180,000-\$361,999	\$160,000-\$330,999	9
445	<b>Total employees</b>	<b>Total employees</b>	467

At balance date, the Council employed 331 (2016: 325) full time employees, with the balance of staff equivalent representing 72 (2016: 72) 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 2017 Hastings District Council made five severance payments to employees of \$9,105, \$30,826, \$13,145, \$29,311, and \$6,747 (2016: \$90,753).

## 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 2016 \$'000	Actual Group 2016 \$'000		Actual Council 2017 \$'000	Actual Group 2017 \$'000
3,338	3,338	Building	1,909	1,909
920	920	Water System	8,378	8,378
2,344	2,344	Roading Network	8,975	8,975
-	-	Investment	-	-
<b>6,602</b>	<b>6,602</b>	<b>Commitments approved and contracted</b>	<b>19,262</b>	<b>19,262</b>

## 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 2016 \$'000	Actual Group 2016 \$'000		Actual Council 2017 \$'000	Actual Group 2017 \$'000
<b>NON-CANCELLABLE OPERATING LEASE COMMITMENTS</b>				
30	30	Not later than one year	28	28
51	51	Later than one year and not later than five years	38	38
-	-	Later than five years	-	-
<b>81</b>	<b>81</b>	<b>Total non-cancellable operating leases</b>	<b>66</b>	<b>66</b>

## 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 2016 \$'000	Actual Group 2016 \$'000		Actual Council 2017 \$'000	Actual Group 2017 \$'000
<b>NON-CANCELLABLE OPERATING LEASE COMMITMENTS</b>				
228	228	Not later than one year	164	164
261	261	Later than one year and not later than five years	97	97
-	-	Later than five years	-	-
<b>489</b>	<b>489</b>	<b>Total non-cancellable operating leases</b>	<b>261</b>	<b>261</b>

No contingent rents have been recognised during the period.

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

The Council's interest in Omarunui Refuse Landfill joint committee is accounted for as a jointly controlled asset. The figures in the note are disclosed at full face value rather than at Hastings District Council's ownership interest of 63.68%. There are no capital commitments and contingent liabilities arising from involvement in the joint venture.

Actual Council 2016 \$'000		Actual Council 2017 \$'000
2,789	Current assets	4,056
6,966	Non-current assets	6,347
835	Non-current liabilities	737
4,266	Revenue	5,532
2,721	Expenses	3,015
<b>17,577</b>	<b>Total Omarunui Refuse Landfill</b>	<b>19,687</b>

## Forestry assets

Actual Council 2016 \$'000	Actual Group 2016 \$'000		Actual Council 2017 \$'000	Actual Group 2017 \$'000
<b>FORESTRY ASSETS</b>				
130	130	Balance at 1 July	137	137
-	-	Increases due to purchases	-	-
7	7	Gains/(losses) arising from changes attributable to physical changes	-	-
-	-	Gains/(losses) arising from changes attributable to price changes	1,111	1,111
-	-	Decreases due to sales	-	-
-	-	Decreases due to harvest	(745)	(745)
137	137	Balance at 30 June	503	503

The Omarunui Refuse Landfill joint venture owns 46.1 hectares of pinus radiata forest in two blocks. The larger of which is 43.2 hectares and is fully mature and is currently being harvested (expected yield is \$1.9 million). The smaller block is 2.9 hectares and was planted in 2003. During the year the harvest of the 43.2 hectare block commenced (2016 nil). At balance date this block was approximately 60% harvested. The forestry asset reported is for Hastings District Council's share only (63.68%).

There are no restrictions over the title of forestry assets. No forestry assets are pledged as security for liabilities.

### Valuation assumptions

Independent registered valuers, Woodlands Pacific Consulting Limited, have valued forestry assets as at 30 June 2017. The following significant valuation assumptions have been adopted in determining the fair value of forestry assets:

- a discount rate of 9.0% (2016 not valued) has been used in discounting the present value of the expected future cash flows;
- notional land rental costs have been included for freehold land;
- the forest has been valued on a going concern basis and includes only the value of the existing crops on a single rotation basis;
- no allowance for inflation has been provided;
- costs are current average costs. No allowance has been made for cost improvements in future operations; and
- log prices are based on a three-year historical rolling average.

### Financial risk management strategies

The Omarunui Refuse Landfill joint venture is exposed to financial risks arising from changes in timber prices. The Omarunui Refuse Landfill joint venture is a long-term forestry investor and does not expect timber prices to decline significantly in the foreseeable future. Therefore, no measures have been taken to manage the risks of a decline in timber prices. The Omarunui Refuse Landfill joint venture review its outlook for timber prices regularly in considering the need for active financial risk management.

## 24. Provisions

### Landfill aftercare provision

The Omarunui Refuse Landfill is owned jointly by the Council (63.68%) and Napier City Council (36.32%). The Omarunui Refuse landfill (Landfill), is operated by the Council on behalf of a joint committee (comprising elected representatives from the two councils). The joint Landfill Committee gained a resource consent in 1985 to operate the 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 Valley	Remaining useful life
<b>Valley A:</b> opened in December 1988 and reached capacity in 2006	2,600,000m <sup>3</sup>	17 years	-
<b>Valley D:</b> opened in December 2006 and in operation	1,750,000m <sup>3</sup>	17 years	6.15 years
<b>Valley B &amp; C:</b> 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 may change from year to year depending on the volume 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 2016 \$'000		Actual Council 2017 \$'000
<b>LANDFILL AFTERCARE LIABILITY</b>		
607	Opening balance	579
(28)	Amounts charged to provision during the year	(64)
<b>579</b>	<b>Closing balance</b>	<b>515</b>

The estimated aftercare costs for 2016 were \$76,800 (2015: \$76,800). These estimates are based on information received from Tonkin & Taylor and result in an adjustment in the aftercare liability estimate of \$44,281.

### ETS levy provision

Actual Council 2016 \$'000		Actual Council 2017 \$'000
<b>ETS LEVY PROVISION</b>		
427	Opening balance	401
303	Additional provisions made	339
(329)	Amounts used	(391)
<b>401</b>	<b>Closing balance</b>	<b>349</b>

## 25. Financial instruments

Actual Council 2016 \$'000	Actual Group 2016 \$'000		Actual Council 2017 \$'000	Actual Group 2017 \$'000
<b>FINANCIAL INSTRUMENT CATEGORIES</b>				
<b>Loans and receivables</b>				
10,754	10,952	Cash and cash equivalents	7,383	7,734
7,018	7,021	Receivables	12,260	12,547
800	800	NZ LGFA Borrower notes	961	961
<b>Fair value through surplus or deficit – held for trading</b>				
-	-	Derivative financial instrument	27	27
<b>Fair value through Other comprehensive income</b>				
157	157	Civic Financial Services Limited	157	157
373	373	NZ LGFA Unlisted shares	373	373
<b>19,102</b>	<b>19,303</b>	<b>Total loans and receivables</b>	<b>21,161</b>	<b>21,799</b>
<b>FINANCIAL LIABILITIES</b>				
<b>Financial liabilities at amortised cost</b>				
15,405	15,501	Payables	18,713	19,032
50,741	50,741	Secured loans	60,741	60,741
<b>Fair value through surplus or deficit – held for trading</b>				
8,121	8,121	Derivative financial instrument	5,701	5,701
<b>74,267</b>	<b>74,363</b>	<b>Total financial liabilities at amortised cost</b>	<b>85,155</b>	<b>85,475</b>

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 2016 \$'000	Total	Quoted market price	Valuation technique observable inputs	Significant non-observable inputs
<b>COUNCIL</b>				
<b>Financial assets</b>				
	-	-	27	-
	27	-	27	-
	157	-	-	157
	373	-	-	373
<b>Financial liabilities</b>				
	8,121	-	5,701	-
<b>GROUP</b>				
<b>Financial assets</b>				
	-	-	27	-
	27	-	27	-
	157	-	-	157
	373	-	-	373
<b>Financial liabilities</b>				
	8,121	-	5,701	-

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.

2016 \$'000	2017 \$'000
<b>NZ LGFA UNLISTED SHARES</b>	
<b>373 Balance at 1 July</b>	<b>373</b>
- Purchases	-
- Sales	-
- Transfers into level 3	-
- Transfers out of level 3	-
<b>373 Balance at 30 June</b>	<b>373</b>
<b>CIVIC FINANCIAL SERVICES LIMITED</b>	
<b>157 Balance at 1 July</b>	<b>157</b>
- Purchases	-
- Sales	-
- Transfers into level 3	-
- Transfers out of level 3	-
<b>157 Balance at 30 June</b>	<b>157</b>

### Financial instrument risks

The Council's activities expose it to a variety of financial instrument risks, including market risk, credit risk, and liquidity risk. The Council and Group have a series of policies to manage the risks associated with financial instruments and 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 2017.

#### 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 2016 the Council had entered into interest rate swap agreements to a value of \$57.5 million at interest rates between 3.9% and 5.9% (2016: \$59.5 million at interest rates between 3.9% and 5.9%).

#### Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowing and investments issued at variable interest rates expose the Council and group to cash flow 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 cash flow interest rate risk. Such interest rate swaps have the economic effect of converting borrowings at floating rates into fixed rates that are generally lower than those available 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 2017 Council had \$nil on term deposit (2016: \$7 million). 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 2016 \$'000	Actual Group 2016 \$'000		Actual Council 2017 \$'000	Actual Group 2017 \$'000
10,754	10,952	Cash at bank and term deposits	7,383	7,734
7,018	7,021	Receivables	12,260	12,547
157	157	NZ Local Govt Insurance Corporation Limited	157	157
800	800	NZ LGFA Borrower notes	961	961
373	373	NZ LGFA Unlisted shares	373	373
-	-	Derivative financial instruments assets	27	27
<b>19,102</b>	<b>19,303</b>	<b>Total Credit Risk</b>	<b>21,161</b>	<b>21,799</b>

#### Credit quality of financial assets

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

Actual Council 2016 \$'000	Actual Group 2016 \$'000		Actual Council 2017 \$'000	Actual Group 2017 \$'000
<b>CASH AT BANK AND TERM DEPOSITS</b>				
10,754	10,952	Credit Rating B+	7,383	7,734
<b>NZ LOCAL GOVERNMENT INSURANCE CORPORATION LIMITED</b>				
157	157	Credit Rating B+	157	157
<b>Derivative financial instruments assets</b>				
-	-	Credit Rating AA	27	27
<b>NZ LGFA BORROWER NOTES</b>				
800	800	Credit Rating AA+	961	961
<b>NZ LGFA UNLISTED SHARES</b>				
373	373	Credit rating AA+	373	373

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

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 \$71 million (2016: \$61 million). Included in the committed facilities is a bank overdraft limit of \$0.5 million at an interest rate of 5.6%. 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
<b>2017</b>						
<b>Contractual maturity analysis of financial liabilities</b>						
18,713	18,713	Payables	18,713	-	-	-
5,701	5,774	Derivative financial instruments liabilities	1,683	1,462	2,393	236
60,741	67,958	Secured loans	1,719	21,541	22,216	22,483
<b>85,155</b>	<b>92,455</b>	<b>Total</b>	<b>22,115</b>	<b>23,003</b>	<b>24,609</b>	<b>22,719</b>
<b>Contractual maturity analysis of financial assets</b>						
7,383	7,383	Cash and cash equivalents	7,383	-	-	-
12,260	12,260	Debtors and other receivables	12,260	-	-	-
27	27	Derivative financial instruments assets	-	-	22	5
<b>19,670</b>	<b>19,670</b>	<b>Total</b>	<b>19,643</b>	<b>-</b>	<b>22</b>	<b>5</b>
<b>2016</b>						
<b>Contractual maturity analysis of financial liabilities</b>						
15,405	15,405	Payables	15,405	-	-	-
8,121	6,305	Derivative financial instruments liabilities	1,600	1,427	2,881	398
50,741	58,373	Secured loans	1,627	1,627	22,040	33,079
<b>74,267</b>	<b>80,083</b>	<b>Total</b>	<b>18,632</b>	<b>3,054</b>	<b>24,921</b>	<b>33,477</b>
<b>Contractual maturity analysis of financial assets</b>						
10,754	10,754	Cash and cash equivalents	10,754	-	-	-
7,018	7,018	Debtors and other receivables	7,018	-	-	-
-	-	Derivative financial instruments assets	-	-	-	-
<b>17,772</b>	<b>17,772</b>	<b>Total</b>	<b>17,772</b>	<b>-</b>	<b>-</b>	<b>-</b>

Group figures are the same as the Council figures except for payables that increase by \$99,000 (2016: \$95,000), receivables that increase by \$31,000 (2016: \$5,000) and cash and cash equivalents increased by \$315,000 (2016: \$328,000).

## 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 2016 \$'000 -100bps Surplus	Actual Council 2016 \$'000 +100bps Surplus		Actual Council 2017 \$'000 -100bps Surplus	Actual Council 2017 \$'000 +100bps Surplus
<b>FINANCIAL ASSETS</b>				
(108)	108	Cash and cash equivalents	(74)	74
-	-	Derivative financial instruments assets	-	-
<b>(108)</b>	<b>108</b>	<b>Total sensitivity on financial assets</b>	<b>(74)</b>	<b>74</b>
<b>FINANCIAL LIABILITIES</b>				
		Bank Overdraft		
(11,389)	(5,079)	Derivative financial instruments assets	(9,350)	(2,304)
(507)	507	Secured loans (floating interest rate) <sup>1</sup>	(607)	607
<b>(11,896)</b>	<b>(4,572)</b>	<b>Total sensitivity on financial liabilities</b>	<b>(9,957)</b>	<b>(1,697)</b>

1. The Council has floating rate debt with a principal amount totalling \$60.74m (2016: \$50.74m). A movement in interest rates of plus or minus 1% has an effect on interest expense of \$607,000 (2016: \$507,000). 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. (2016 - 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. (2016: nil).

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

The Council disposed of refuse at the Omarunui Landfill and receipts amounted to \$883,723 (2016: \$820,258). 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 \$1,000 (2016: \$2,800) to Hawke's Bay Opera House Limited. The outstanding balance owed to the Hawke's Bay Opera House at 30 June 2017 was \$ nil (2016: \$ nil). In addition the Council charged Hawke's Bay Opera House Limited \$510 (2016: \$795) during the financial year for various expenses. The outstanding balance owed to the Council at 30 June 2017 was \$nil (2016: \$nil).

Hastings District Properties Limited invoiced the Council \$nil (2016 \$24,000) for various services. The balance outstanding at the year-end was \$nil (2016 \$nil). The Council charged Hastings District Properties Limited \$2,290 (2016 \$1,060). The balance outstanding at the year-end was \$nil (2016 \$nil).

The Council paid to the Hawke's Bay Regional Sports Park Trust, operational grants and services to the value of \$289,800 (2016 \$226,800) and Capital funding grants of \$195,708 (2016 \$54,292). The balance outstanding to Hawke's Bay Regional Sports Park Trust at 30 June 2017 was \$nil (2016 \$nil).

The Council provided a number of services to the Trust during the year, including parks maintenance, building consents and other services totalling \$121,901 (2016 \$107,742). The balance outstanding to the Council at 30 June 2017 was \$5,722 (2016 \$6,076).

### 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 2016/17	\$ amount service rec'd 2015/16	\$ amount balance year end
Councillor Bradshaw	Havelock North Business Association	Council appointed representative	Subscription & Contract for Events	\$68,040	\$18,020	nil
	Te Mata Park Trust Board	Trustee	Sundry Fencing	nil	nil	nil
Councillor Harvey	Havelock North Business Association	Council appointed representative	Subscription & Contract for Events	\$68,040	\$18,020	nil
	Attention Communication Limited	Director/Shareholder	advertising GTGH in The Profit	\$1,800	\$1,280	nil
	Hastings Business Association	Council appointed representative	Funding for Night Markets, entertainment etc	\$78,819	\$132,206	4,782
Mayor Yule	LGNZ	President	The Council membership & other sundry Payments	\$71,858	\$54,023	5,712
	N Z Local Authority Protection Programme Disaster Fund	Trustee	Disaster Cover for Infrastructural Assets	\$163,900	\$165,280	nil
	U-Turn Trust	Trustee	Trust	\$32,000	\$35,250	nil
Councillor Henare O'Keefe	U-Turn Trust	Employee of U-Turn Trust	Grant	\$32,000	\$35,250	nil
Councillor Lyons	Hawke's Bay Museum Trust	Trustee	Funding	\$457,925	\$456,130	nil
	Te Mata Park Trust Board	Trustee	Funding	nil	nil	nil
Councillor Dixon	Hastings Business Association	Council appointed representative	Funding for Night Markets, entertainment etc	\$78,819	\$132,206	4,872
	Te Mata Park Trust Board	Trustee	Funding	nil	nil	nil
Councillor Bowers	Horse of the Year (Hawke's Bay) Limited	Director	Funding	\$290,000	\$70,217	nil
Councillor Roil	Hastings Business Association	Council appointed representative	Funding for Night Markets, entertainment etc	\$78,819	\$132,206	4,872
Councillor/Acting Mayor Hazlehurst	Te Mata Park Trust Board	Trustee	Funding	nil	nil	nil
Councillor Kerr	HB Regional Sports Park	Trustee	Operating Grant/Funding	\$485,508	\$226,800	nil
Ross McLeod	Hawke's Bay Youth Futures Trust	Trustee	Council provides part funding towards HB Industry Graduation	nil	\$3,450	nil
	HBLASS Limited	Director	Provides advisory, purchasing & related services to the Council in relation to shared service opportunities.	\$21,411	\$6,125	nil
Bruce Allan	Hawke's Bay Opera House Limited	Director	Funding & Services	\$1,000	\$2,800	nil
Alison Banks	Hawke's Bay Opera House Limited	Director	Funding & Services	\$1,000	\$2,800	nil
Craig Cameron	Hawke's Bay Opera House Limited	Director	Funding & Services	\$1,000	\$2,800	nil

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

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

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

Actual Council 2016 \$'000		Actual Council 2017 \$'000
<b>COUNCILLORS</b>		
808	Remuneration	804
19	Full-time equivalent members <sup>1</sup>	19
<b>SENIOR MANAGEMENT TEAM, INCLUDING CHIEF EXECUTIVE</b>		
1,702	Remuneration	1,491
7	Full-time equivalent members	7
<b>2,510</b>	<b>Total key management personnel compensation</b>	<b>2,295</b>
<b>26</b>	<b>Total full-time equivalent personnel</b>	<b>26</b>

<sup>1</sup> The 2016 figure has been restated as 19 instead of 15 as this excluded the Rural Community Board Members.

Due to the difficulty in determining the full-time equivalent for the Elected Members, the full time equivalent is taken as the number of the Mayor, Councillors, and Rural Committee Board. This excludes Councillors who left their positions post the October 16 election.

## 28. Contingencies

Actual Council 2016 \$'000	Actual Group 2016 \$'000	Actual Council 2017 \$'000	Actual Group 2017 \$'000
-	-	-	-

- 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. Prior to 30 June 2015 Council was a member of New Zealand Mutual Liability RiskPool. The trust deed of RiskPool provides that, if there is a 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. The last such call was in the 2012/13 financial year for \$88,300.

#### 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 the 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 there was no principled basis for distinguishing between the liabilities 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.

In April 2013, the Ministry of Education (MOE) initiated High Court proceedings against Carter Holt Harvey (CHH) and others alleging inherent defects in the cladding sheets and cladding systems manufactured and prepared by CHH. Subsequently, in December 2016, CHH commenced third party proceedings against 48 Councils, including Hastings District Council alleging a breach of duty in the processing of building consents, undertaking building inspections and issuing Code Compliance Certificates. The Councils have applied for orders setting aside and striking out CHH's claims against them. The MOE's claim against CHH is for 833 school buildings, 25 of which are located within the Hastings District. At present there is insufficient information to conclude on potential liability and claim quantum, if any.

### New Zealand Local Government Funding Agency

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

Hastings District Council is one of 31 shareholders of the NZLGFA. In that regard it has uncalled capital of \$373,196 (2016: \$373,196). When aggregated with the uncalled capital of other shareholders, \$20 million is available in the event that an imminent default is identified. Also, together with the other shareholders, Hastings District Council is a guarantor of all of NZLGFA's borrowings. At 30 June 2017 NZLGFA had borrowings totalling \$7.945 billion (2016: \$6.501 billion).

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

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

### Legal Proceedings and Disputes

There was one employee personal grievance against the Council as at 30 June 2017.

## 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 the year the Council allowed remission of \$291,131 (2016: \$233,645) 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 2016 \$'000		Actual Council 2017 \$'000
21	Special Rateable Value	22
67	Community & Sporting Organisations	68
18	Covenant	18
18	Voluntarily Protected Land	18
5	Swimming Pool Safety	6
13	Penalties	57
53	Unutilised Māori Land	57
39	Sundry	44
<b>234</b>		<b>291</b>

## 30. Capital management

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

The Local Government Act 2002 the 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 local authority that are covered by insurance contracts and the maximum amount to which they are insured:

#### Insurance contracts

Actual Council 2016 \$'000	Policy type (Maximum amount insured)	Actual Council 2017 \$'000
253,154	Material Damage (mainly buildings and contents)	256,432
9,174	Motor Vehicles (includes mobile plant and equipment)	10,903

Assets (mainly buildings and contents) with a replacement value of \$256,431,738 (2016: \$253,153,700) 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 \$10,902,659 (2016: \$9,173,557).

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

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

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

For 2016/17 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.

The value of infrastructural assets declared by the Council to be covered by the LAPP fund is \$666,063,298 (2016: \$638,834,392). Payments from both LAPP and central government are subject to various thresholds and excesses.

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

Hastings District Council has a number of other assets not covered by insurance contract or risk sharing arrangements and therefore self-insured. The major category in this group would be roads and bridges valued at 30 June 2017 \$1,101,310,547 (excl. land), (2016: \$1,079,467,000). There would also be a number of other sundry items that would fall into this group.

# Council controlled organisations and other interests

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# Hawke's Bay Museums Trust

## Policies and objectives regarding ownership and control

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

## Scope and nature of activities

The objectives of the Trust are:

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

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

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

## Performance targets

Key result area	Performance indicator	2016/17 target	2016/17 actual
Protection	Full insurance cover is provided for the collection	Yes	Yes
	Collections are stored in an acceptable environment	No items reported to have suffered deterioration due to the environment	10 items reported to have suffered deterioration due to the environment*
Quality	Every item accessioned into the collection has undergone a detailed selection process within the framework of the Collection Strategy	Yes	Yes
	De-accessions are managed in accordance with the Collection Strategy and reported to the Board	Yes	Yes
Access	HBMT collections are used for academic and personal research	1,500 enquiries	480 Online catalogue 12,652
	Collections are made available to the public through quality exhibitions	Minimum of five collection based exhibitions	Bringing China Home A Glimpse of India Out of the Box Time for Tea He Manu Tioriori
Development	Bequests fund income is used in the manner determined by the donor	Yes	Yes
	Conservation funds income is used solely for collection care	Yes	Yes
	Joint HBMT/Te Rōpū Kaiawhina Taonga meeting held	1 per annum	0

\*Damage to ten collection items noted at de-install of the WWI exhibition. Long display period resulted in fading, damage to photos and foxing.

## Air quality

The air quality has been below the 98% target at both sites. At the offsite BAT store the temperature and humidity have been very stable while very slightly out of range. The air quality at MTG is also very stable but sometimes out of range.

## Access

The number of annual regional archive visits exceeded the target with online visitors reading 16,492.

## Development

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

## Financial performance

(\$)	2016/17 budget	2016/17 actual
Total revenue	929,250	1,090,826
Total expenses	929,250	910,939
Surplus/(deficit)	-	179,887

# 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 2017.

(\$)	2016/17 target	2016/17 actual
Airside Revenue	3,050,000	3,812,114
Other revenue	2,679,000	2,300,721
<b>Total revenue</b>	<b>5,729,000</b>	<b>6,112,835</b>
Other revenue % of total	46.8%	37.6%
Profit before income tax	2,152,000	2,518,517
Profit after tax	1,549,000	1,717,610

Net dividends declared in December 2016 was \$562,000 compared to a target from 2015/16 financial year of \$497,007.

Activity	Measure	Status
CAA recertification	Renewal of Aerodrome Operating Certificate	●
Operate a Successful Business	Achieve Performance Targets:	
	• Revenue	●
	• EBITDA	●
	• NPAT	●
	• Return on Equity – Annualised	●
	• Gearing	●
	• Dividend	●
	• Development of Business Park	●
Appropriate Infrastructure	Progress planning for:	
	• Terminal redevelopment	●
	• New rescue fire station	●
	• Carparking layout	●
	• Rental car valet facility	●
Health & Safety Focus	Zero harm and zero L.T.Is	●
Risk Management Plan	Formalise Risk Framework	●
Customer Focus	Regular engagement with customers	●
Stakeholder Engagement	4 meetings per annum with Shareholders	●

### KEY

- Meets or Exceeds target
- Within 10% of target
- 10% or more below target

# 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.

Due to the lack of new developments coming on stream it was agreed to put the property company into recession as at 31 December 2016. As at 30 June 2017 it has been exempted by Council from being a CCO under Section 7(3) of the Local Government Act 2002.

## 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 2017.

### 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:

(\$)	2016/17 budget	2016/17 actual
Total revenue	50,600	4,303
Total operating expenditure	61,500	43,156
<b>Net surplus/(deficit)</b>	<b>(10,900)</b>	<b>(38,853)</b>

# NZ Local Government Funding Agency Limited

## Policies and objectives regarding ownership and control

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

## Scope and nature of activity

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

In lending to Participating Local Authorities, LGFA will:

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

## Performance indicators

LGFA has the following performance targets:

Performance measure	Note	Target	Result	Outcome (target met?)
Average cost of funds relative to NZGS	1	<0.50%	0.709%	No
Average base on lending margin above LGFA's cost of funds	2	<0.10%	0,104%	No
Annualised operating expenses		<\$4.8m	\$4.67m	Yes
Lending to participating councils		>\$7.34m	\$7.736m	Yes

Financials	Note	Target	Result	Outcome (target met?)
Net interest income		\$16.58m	\$17.514m	Yes
Issuance and operating expenses		(\$6.58m)	\$6.468m	Yes
Net profit		\$10.0m	\$11.046m	Yes

1. The outcome is dependent upon the term of borrowing by councils as longer terms of council borrowing require longer issuance by LGFA at wider issuance spreads than for shorter dated issuance. What is more relevant for borrowing councils is the average margin to swap.
2. The outcome is dependent upon the term of borrowing by councils as LGFA on-lending margin reflects a term structure premium for longer borrowing.

# 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:

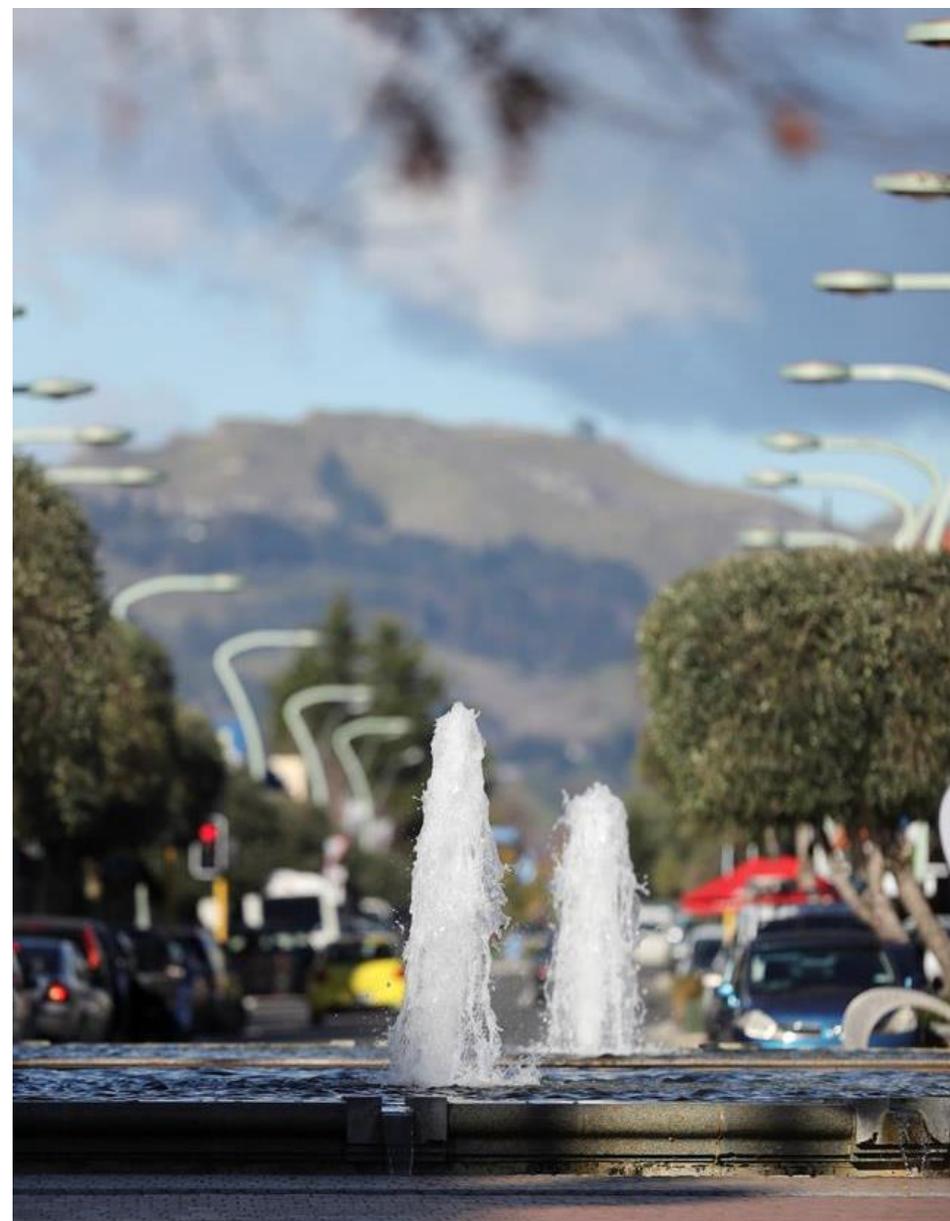
- Use Joint Procurement to add value to goods and services sourced for its constituent Councils
- Facilitate Shared Services that benefit Councils and their stakeholders through improved levels of service, reduced costs, improved efficiency, innovation and/or increased value
- Pursue best practice in 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:

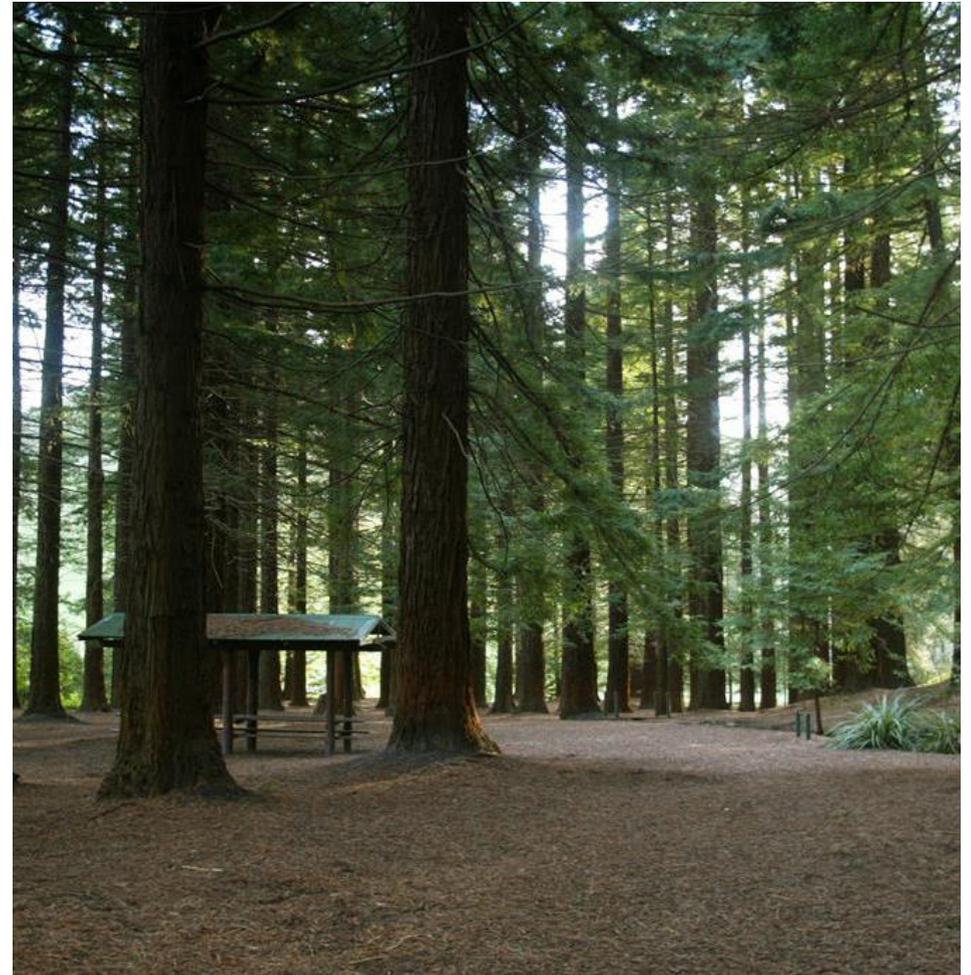
Performance target	Result
Initiate at least one shared service each year and no less than two shared services successfully implemented within the following three years	KPI met, three shared services initiated during 2016/17 through appointed Collaborator: <ul style="list-style-type: none"> <li>• <b>Extended the Web Services Shared Service to Hastings</b> – now a comprehensive Hawke's Bay shared service</li> <li>• <b>Parks</b> – paper drafted for the Board for consideration including plans, issues and opportunities</li> <li>• <b>Animal control</b> – paper drafted for the Board for consideration and group open for collaboration</li> <li>• <b>Building control</b> – several meetings held with Leadership Team Executives</li> </ul>
Implement Shared Services demonstrating best practice and added value to participating councils and stakeholders	KPI met, includes the following: <ul style="list-style-type: none"> <li>• Napier City Council alignment of GIS Tools with Hastings District Council and Hawke's Bay Regional Council</li> <li>• Agreement to specify, develop and implement one core data set for GIS services across councils. Expertise and support offered between councils to implement international data standards in preparation for a single, core data set</li> <li>• Promotion of Open Data as a region including the joint promotion of EIT Govhack</li> </ul>
Explore Joint Procurement initiatives for goods and services from sources offering best value, service, and/or continuity of supply	KPI met, includes the following: <ul style="list-style-type: none"> <li>• Joint RFP for the provision of internet and WAN Services</li> <li>• Exploring Infrastructure as a Service for NCC in conjunction with service provisions through HBRC</li> <li>• NCC leading topographical photography procurement for four Councils – agreement to synchronise aerial photography for all urban areas in 2017</li> <li>• Joint Procurement of Mahi Tahī – a collaboration portal from Bay of Plenty LASS to ensure information on shared services/projects/policies can be shared wider than the region</li> <li>• Integration platform that supports common user interface, data sharing and reporting without requiring a common applications software licensing</li> </ul>

Performance target	Result		
	<ul style="list-style-type: none"> <li>Discussions underway on Training and Development to be undertaken jointly across Councils – good opportunity to bring staff together and reduce costs and adding additional value</li> <li>Transport – joint 17a review underway (jointly funded by HDC and NCC)</li> <li>Waste minimisation – joint 17a review underway (jointly funded by HDC and NCC)</li> <li>Joint Procurement of Insurance across all Councils</li> <li>Discussion on joint procurement of Seismic risk modelling</li> <li>Initiated and jointly funded Collaborator role (February 2017) to embed collaboration as a way of operating between and across Hawke's Bay Councils and to improve commitment to shared services</li> <li>Discussions underway on opportunities for Finance/Finance system shared services between NCC and HBRC. Finance 17a reviews underway for HDC and CHBC – with all Councils expressing interest in working</li> </ul>		
Publish a newsletter setting out the Companies activities at least quarterly	<p>KPI not met:</p> <ul style="list-style-type: none"> <li>Draft newsletter produced May 2017 – awaiting approval at August meeting for production</li> <li>Produced Collaboration Booklet with comprehensive review of all shared services – awaiting approval at August meeting for production to website</li> </ul>		
Ensure sufficient income is available from activities to sustain a viable company	KPI met, company remains viable		
Operate in a manner that conforms with any applicable regulatory requirements	<p>KPI partially met – regulatory requirements have been met with the exception of:</p> <ul style="list-style-type: none"> <li>The 2015/16 Annual Report was not sent to shareholders not less than 20 working days before the date fixed for the annual meeting of shareholders</li> <li>The Board did not deliver the report on the 2016/17 half year of operations to shareholders within two months after the end of the first half of the financial year</li> <li>The Board was not able to deliver the draft SOI to shareholders on or before 1 March 2017</li> </ul>		
Financials	Target	Result	Outcome (target met?)
Operating result	Breakeven	Breakeven	Yes



## Te Mata Park Trust Board

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



# Treasury Policy

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## Purpose of Policy

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

### a) Liability Management Policy

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

#### External debt ratios and limits

Debt will be managed within the following macro limits:

Ratio	Target	30 Jun 2017
Net external debt as a percentage of equity	<20%	3.36%
Net external debt as a percentage of income	<150%	50.34%
Net interest as a percentage of income	<15%	2.92%
Net interest as a percentage of annual rates income	<20%	<4.99%
Liquidity (Term Debt + Committed Loan Facilities v Existing Debt)	110%-170%	116.46%

There were minor breaches of the Treasury Policy which were reported to the Risk and Audit 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 2017

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# Financial Reporting and Prudence Benchmarks

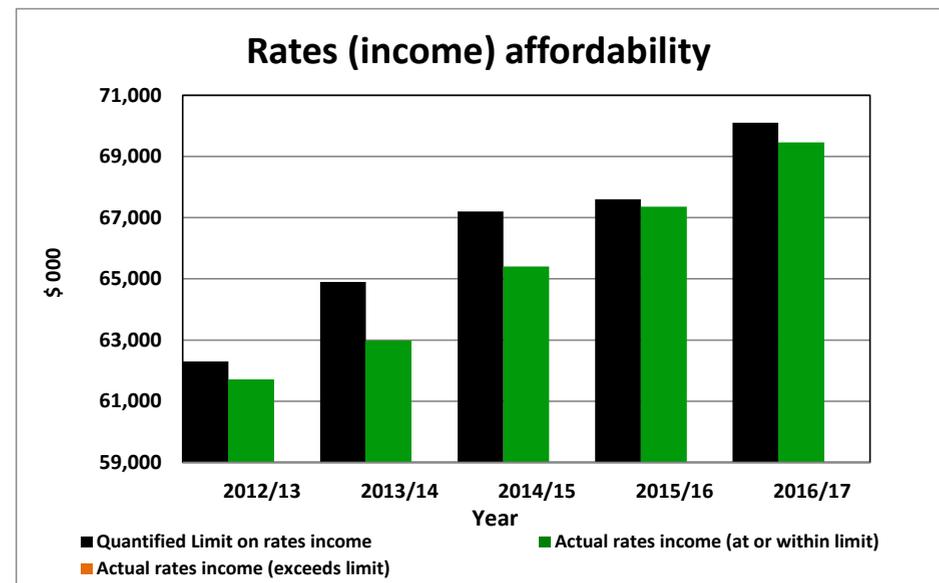
## Annual Report Disclosure Statement for the year ended 30 June 2017. What is the purpose of this statement?

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.

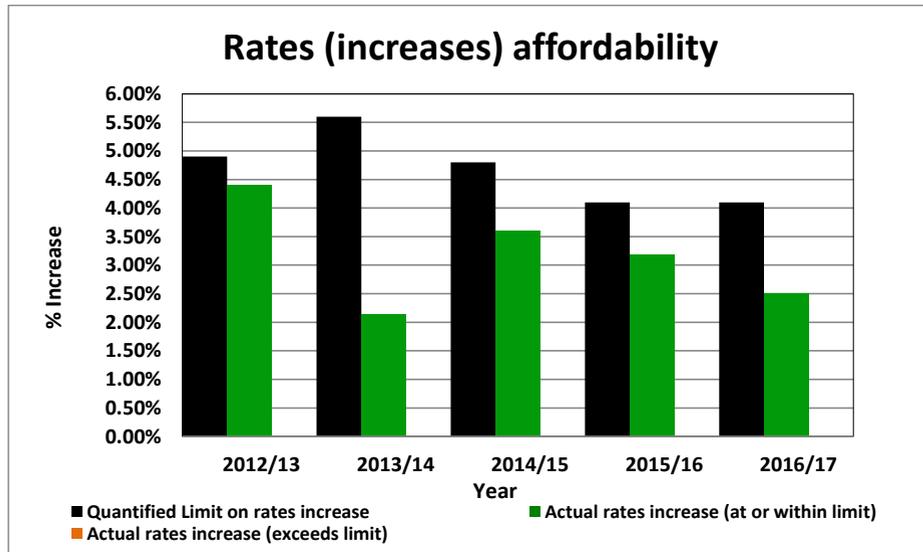
## Rates (income) affordability benchmark

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 as forecast in the 2012-2022 and 2015-2025 Long Term Plans. The Council's actual rates income excludes location specific targeted rates, but includes projects dependant on external funding support. This is now consistent with the calculation of the quantifiable limit on rates. Previously the Council's actual rates income did not exclude the location specific targeted rates, the 2012/13, 2013/14 and 2014/15 Council's actual rates income have been adjusted to reflect this correction.



### 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 and 2015-2025 Long Term Plans.



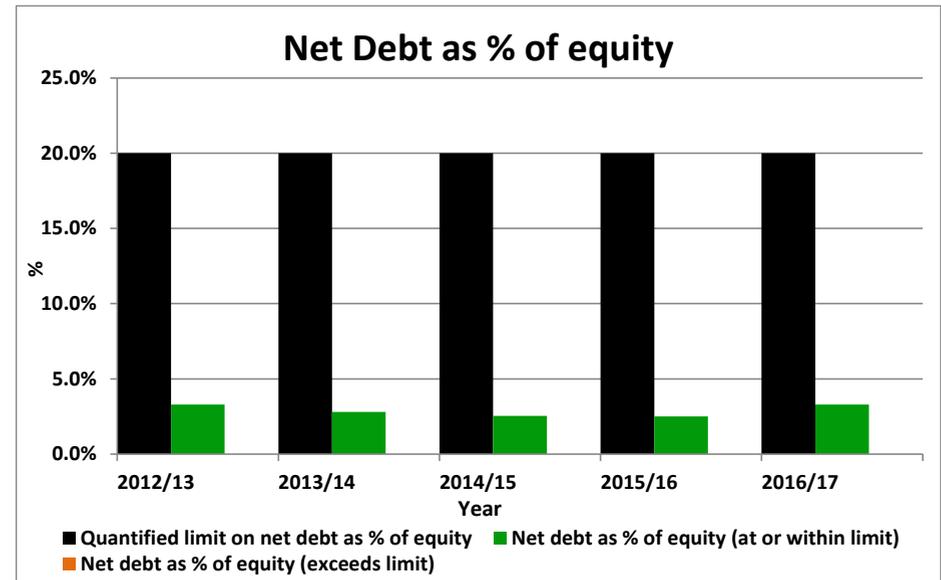
### Debt affordability benchmark

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

The following graphs compares the Council’s borrowing with the quantified limits on borrowing stated in the financial strategy included in the 2009-2019 LTCCP, and the 2012-2022 and 2015-2025 Long Term Plans.

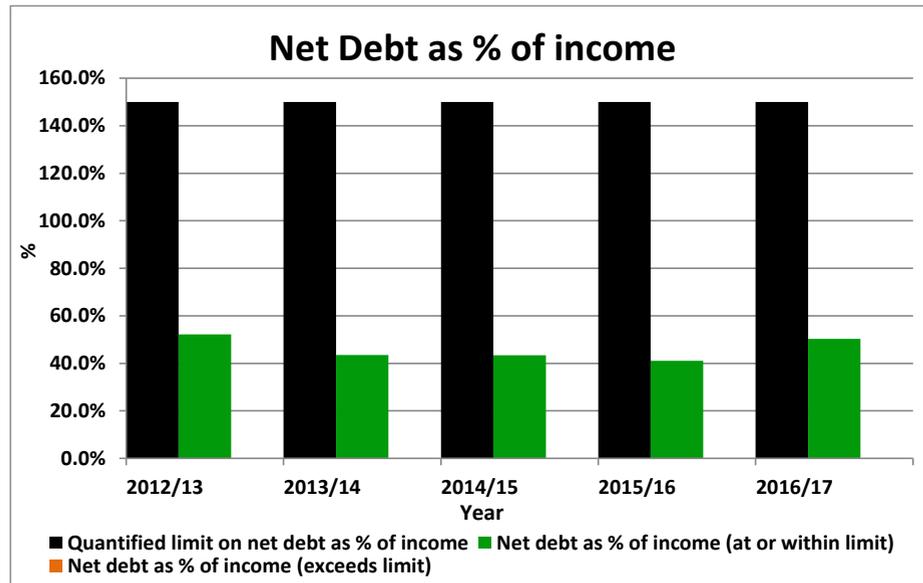
### Net debt as a percentage of equity

The following graph compares the Council’s actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the 2012-2022 and 2015-2025 Long Term Plans. The quantified limit is net debt as a % of equity. A value of less than the quantified limit of 20% indicates compliance with the prudential limit.



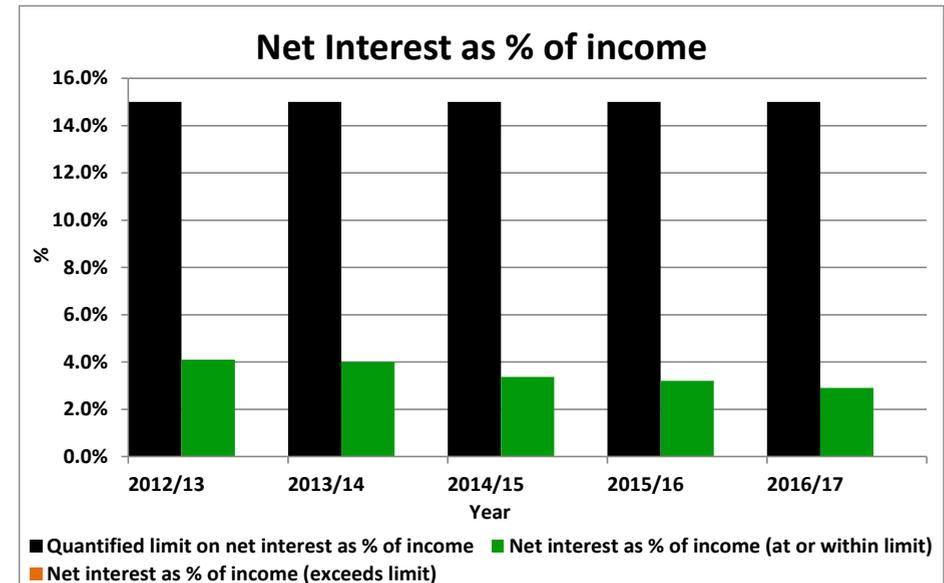
### Net debt as a percentage of income

The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the 2012-2022 and the 2015-25 Long Term Plans. The quantified limit is net debt as a % of income. A value of less than 150% indicates compliance with the prudential limit.



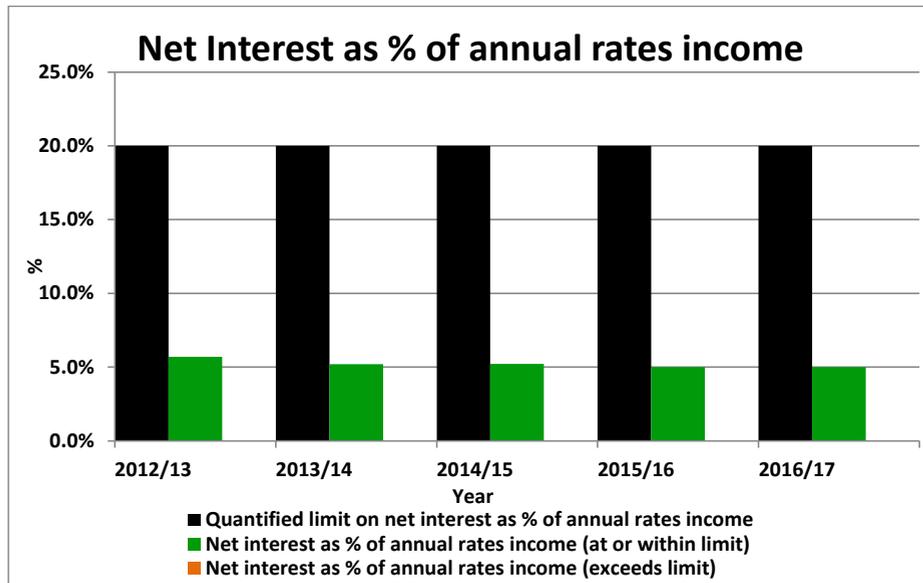
### Net interest as a percentage of income

The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the 2012-22 and the 2015-25 Long Term Plans. The quantified limit is net interest as a % of income. A value of less than the quantified limit of 15% indicates compliance with the prudential limit.



### Net interest as a percentage of annual rates income

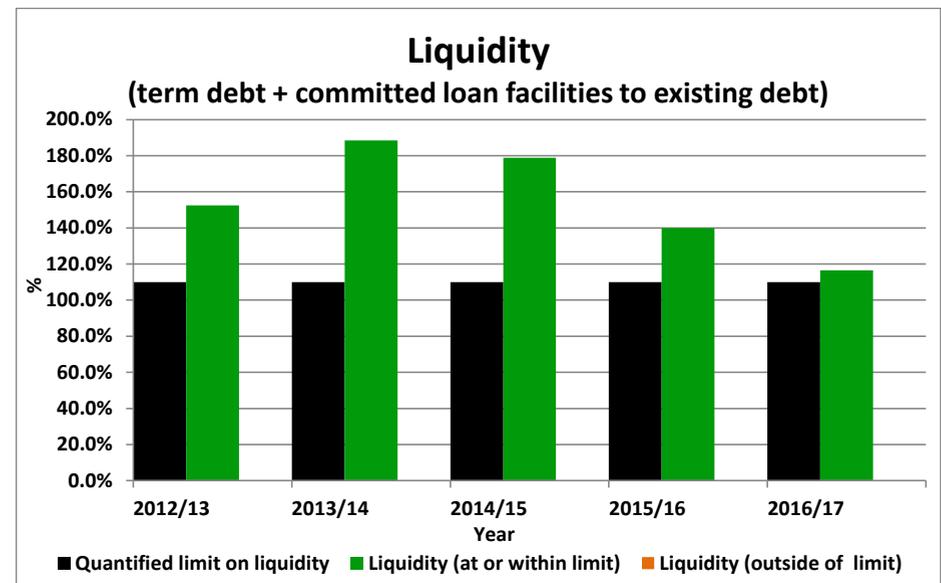
The following graph compares the Council’s actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the 2012-22 and the 2015-25 Long Term Plans. The quantified limit of 20% indicates compliance with the prudential limit.



### Liquidity

The following graph compares the Council’s actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the 2012-22 and the 2015-25 Long Term Plans.

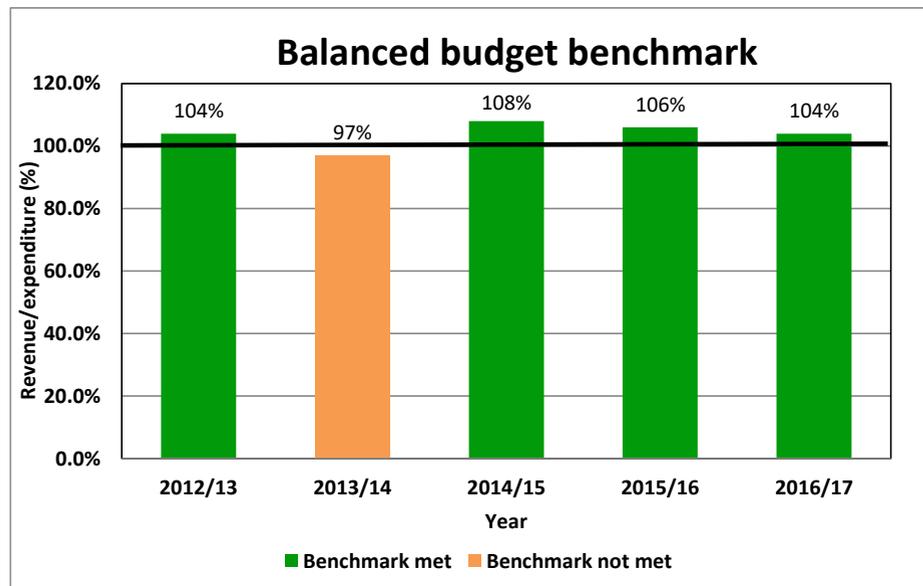
The quantified limit is term debt + committed loan facilities to existing debt. Prior to 2015/16 a value of greater than the quantified limit of 110% indicated compliance with this prudential limit. The 2015/16 Long Term Plan implemented a new range for this quantified limit of between 110% and 170%.



### Balanced budget benchmark

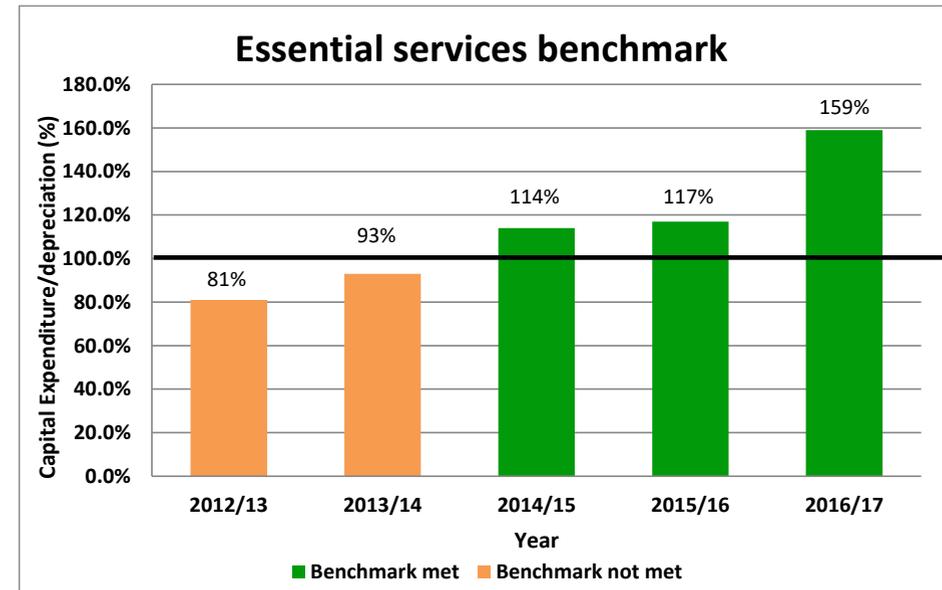
The following graph displays the Council’s revenue (excluding development contributions, financial contributions vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a percentage of operating expenses (excluding losses on derivative financial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

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



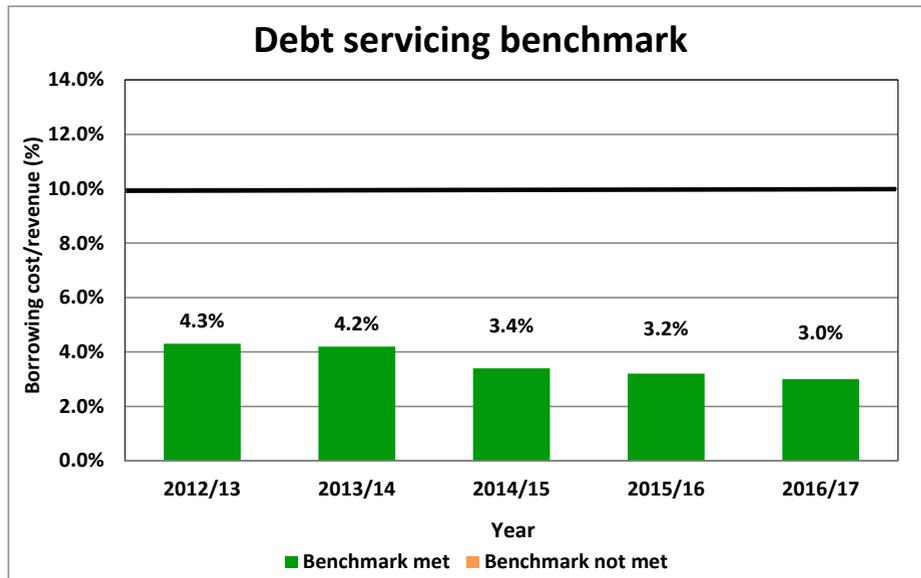
### Essential services benchmark

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



### Debt servicing benchmark

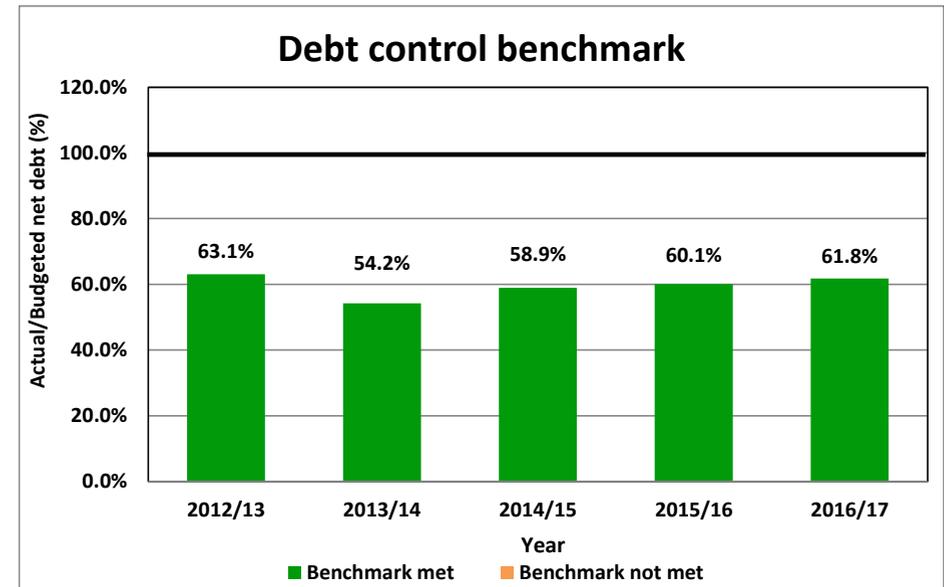
The following graph displays the Council's borrowing costs as a percentage of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant, or equipment). Because Statistics New Zealand projects the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



### Debt control benchmark

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

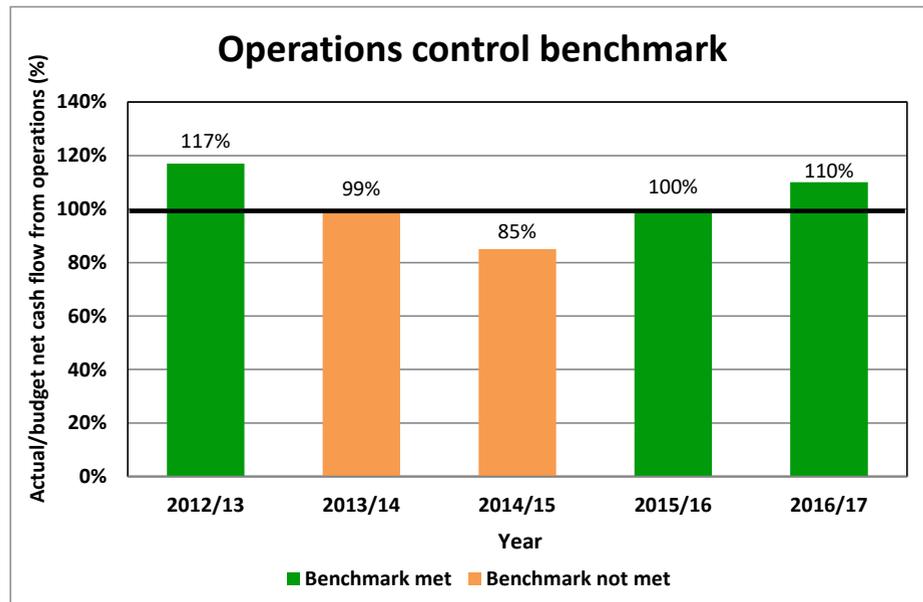
The Council meets the debt control benchmark if its actual net debt equals or is less than its planned debt.



### Operations control benchmark

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

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



# Independent Auditor's Report

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# Independent Auditor's Report

To the readers of Hastings District Council's annual report for the year ended 30 June 2017

The Auditor General is the auditor of Hastings District Council (the District Council) and its subsidiaries and controlled entities (the group). The Auditor General has appointed me, Stephen Lucy, using the staff and resources of Audit New Zealand, to report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

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

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

We completed our work on 26 October 2017. This is the date on which we give our report.

## Opinion on the audited information

In our opinion:

- the financial statements on pages 80 to 97 and pages 99 to 137:
  - present fairly, in all material respects:
    - the District Council and group's financial position as at 30 June 2017;
    - the results of the operations and cash flows for the year ended on that date; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards;
- the funding impact statement on page 98 presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;
- the statement of service provision (called "Our reporting framework") on pages 14 to 41:
  - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2017, including:
    - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;

- the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
- complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 60 to 75, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's Long term plan; and
- the funding impact statement for each group of activities on pages 59 to 75, 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 Long term plan.

### Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 150 to 156, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council and group's audited information and, where applicable, the District Council's long term plan and annual plans.

### Basis for opinion on the audited information

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

### Responsibilities of the Council for the audited information

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

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

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

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

### Responsibilities of the auditor for the audited information

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

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

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

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

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

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

- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the entities or business activities within the group to express an opinion on the consolidated audited information.

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

### Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 8 to 12, 43 to 57, 77 to 78, 139 to 148, and 163 to 171, but does not include the audited information and the disclosure requirements.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

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

## Independence

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

In addition to our audit and our report on the disclosure requirements, we have carried out a Limited Independent Assurance Engagement in relation to the District Council's Debenture Trust Deed, which is compatible with those independence requirements. Other than the audit, our report on the disclosure requirements and this engagement we have no relationship with or interests in the District Council or its subsidiaries and controlled entities.



**SB Lucy**

Audit New Zealand

On behalf of the Auditor General

Wellington, New Zealand

# Statement of Compliance and Responsibility

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# Statement of Compliance and Responsibility

## Compliance

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

## Responsibility

- 1) The Council and Management of Hastings District Council accept responsibility for the preparation of the annual Financial Statements and the judgements used in them.
- 2) The Council and Management of Hastings District Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as the integrity and reliability of financial reporting.
- 3) In the opinion of the Council and Management of Hastings District Council, the annual Financial Statements for the year ended 30 June 2017 fairly reflect the financial position and operations of Hastings District Council.

**Sandra Hazlehurst**  
Acting Mayor



**Ross McLeod**  
Chief Executive



Dated: 26 October 2017

# 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, sexual orientation, family responsibilities, age or disabilities.

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



# Your Council

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# Directory of Council as at 30 June 2017



**SANDRA HAZLEHURST**  
Acting  
Mayor

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



**SIMON NIXON**  
Acting  
Deputy Mayor

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Hastings – Havelock North Ward



**MALCOLM DIXON**

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Hastings – Havelock North Ward



**KEVIN WATKINS**

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Hastings – Havelock North Ward



**BAYDEN BARBER**

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Hastings – Havelock North Ward



**DAMON HARVEY**

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Hastings – Havelock North Ward



**GERALDINE TRAVERS**

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Hastings – Havelock North Ward



**ANN REDSTONE**

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Heretaunga Ward



**ROD HEAPS**

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Heretaunga Ward



**GEORGE LYONS**

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Kahuranaki Ward



**HENARE O'KEEFE**

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councillor.okeefe@hdc.govt.nz  
Flaxmere Ward



**JACOBY POULAIN**

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



**TANIA KERR**

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

## Rural Community Board

Mr Peter Kay, Maraekakaho  
Chairman  
Mr Mick Lester, JP, Kahuranaki  
Mrs Sue Maxwell, Tutira

Mr Nick Dawson, Kaweka  
**Council appointees:**  
Cr Tania Kerr  
Cr George Lyons

## HDC Māori Joint Committee

Mr Robin Hape, Chair  
Mr Shayne Walker  
Mr Te Rangihau Gilbert

Ms Evelyn Ratima  
Ms Tracee Te Huia  
Ms Ngaio Tiuka

**Council representatives:**  
Cr Sandra Hazlehurst  
Cr Geraldine Travers  
Cr Jacoby Poulain

Cr George Lyons  
Cr Henare O'Keefe  
Cr Bayden Barber

## 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  
Chief Financial Officer



**CRAIG  
THEW**

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



**ALISON  
BANKS**

06 871 5052  
alisonb@hdc.govt.nz  
Group Manager  
Community Facilities & Programmes



**CRAIG  
CAMERON**

06 871 5505  
craigc@hdc.govt.nz  
Group Manager  
Economic Growth & Organisation Improvement



**BRONWYN  
BAYLISS**

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

## Statistical information (Council only)

2015		2016		
	30,799	Rateable Assessments	30,642	
Land Value	\$7,680,027,600	Valuations (Net)	\$7,640,860,100	
Improvements	\$7,146,084,700		\$7,017,567,700	
Capital Value	\$14,826,112,300		\$14,652,427,800	
2016		2017		
	522,893ha	Land Area	522,893ha	
Source – Statistics NZ	73,245	Population (2013 Census)	73,245	
Permanent Staff	374	Employee numbers as at 30 June	371	
	\$24,208,412	Total Salary & Wages	\$29,398,502	
	\$83,625,000	Gross Public Debt	\$97,261,000	
	\$2,715	Gross Debt per rateable assessment	\$3,174	
Sealed Road	1,299.20	Roading (km)	1,299.20	
Unsealed Roads	340.10		340.10	
State Highways	198.40		198.40	
	\$79,199,766	Rates Levied (incl. GST)	\$81,970,127	
Average Rate	Average Land Value	Analysis by differential category	Average Rate	Average Land Value
		Rating Area 1 (Urban)		
\$2,078	\$128,122	Residential	\$2,152	\$128,077
\$1,788	\$216,868	Residential Non-Urban	\$1,896	\$216,884
\$1,753	\$150,837	Residential Clive	\$1,836	\$150,200
\$2,683	\$493,774	Horticulture / Farming	\$2,896	\$511,779
\$10,165	\$565,000	Chartered Clubs	\$10,543	\$568,333
\$12,428	\$480,064	Commercial (CBD)	\$12,595	\$480,293
\$8,662	\$386,563	Other Commercial	\$8,722	\$385,667
\$8,363	\$440,071	Commercial Non-Urban	\$8,505	\$420,711
		Rating Area 2 (Rural)		
\$1,332	\$207,755	Residential	\$1,311	\$208,545
\$1,821	\$220,797	Commercial	\$1,747	\$226,741
\$2,647	\$669,851	Lifestyle / Horticulture / Farming	\$2,923	\$713,612

## Glossary of terms

<b>Budget</b>	Refers collectively to the figures in the Annual Plan or Ten year Plan (LTP), including forecasts and projections
<b>Capital Expenditure</b>	Relates to the creation or enhancement of assets for the purpose of improving existing or providing new services to the community
<b>Carry Forwards</b>	Are projects which, for various reasons, are unable to be completed during the year in which they were budgeted and will be undertaken in the next plan year (e.g. projects not completed in [2016/17 will be 'carried forward' to 2017/18]). Funding allocated to each project will also be carried forward
<b>Depreciation</b>	Is a value, which represents the wearing out of an asset over time
<b>Objectives</b>	Identify short-term targets relating to the plan period
<b>Operating Expenditure</b>	Is expenditure, which is used for the operation and maintenance of Council assets that are used in the provision of services to the community
<b>Overheads</b>	Are defined as administrative costs incurred for the common benefit of more than one centre of activity. The Council has attempted to show the true cost of providing services and amenities by adding overheads to the basic cost components
<b>Performance Indicators</b>	Are measures by which the Council's performance is to be measured
<b>Rating Area 1</b>	Includes all of the Urban Areas, all of the former Plains Areas, and 10.27% of the former Rural Areas
<b>Rating Area 2</b>	Covers the remaining 89.73% of the Rural Area
<b>Significant Activity</b>	Identifies a grouping of Council activities or functions into a major category for the purpose of reporting in the Annual Plan and Annual Report

# Abbreviations

AWPT	Area Wide Pavement Treatment
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
SHBT	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
LOS	LOS Level of Service
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](http://www.hastingsdc.govt.nz)  
[www.myvoicemychoice.co.nz](http://www.myvoicemychoice.co.nz)

**TE KAUNIHERA O HERETAUNGA**