Summary of Non-Financial Performance

Introduction

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

Key Actions

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

Levels of Service and Customer Experience

There are 79 measures focused on our service levels to the community. They relate both to the things Council provides (Levels of Service) and to how the customer interacts with Council's services (Customer Experience). The aim of Council is to fully achieve/substantially achieve these. For reporting purposes we group our activities into the following groups:

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

In brief, the Council's achievements are:

LEVELS OF SERVICE (65 MEASURES)

Group of activities	Notes	Fully achieved	Substantially achieved (98.5%-99%)	Not achieved
Water & Roads	(i)	16 (76%)	-	5 (24%)
Safe, Healthy & Liveable Communities	(ii)	19 (86%)	-	3 (14%)
Economic & Community Development	(iii)	7 (70%)	-	3 (30%)
Governance & Support Services		8 (100%)	-	-

Notes:

(i) The measurement for real % water loss is undergoing further development and was not measured in 2018/19. Compliance with protozoal criteria under the Drinking Water Standards was not achieved in 2018/19. This is due to the reclassification of many Hastings District groundwater sources to non-secure status which necessitates treatment to comply. The Council has in place a comprehensive investment programme to achieve full compliance.

(ii) The Opera House measure is not applicable at this time due to the closure of the Theatre and Municipal Building during 2018/19. The Food Safety measure has been superseded by the introduction of the Food Act 2014.

(iii.) The level of service measure in relation to the Opera House is not applicable at this time due to the closure of the Theatre and Municipal Building during 2018/19.

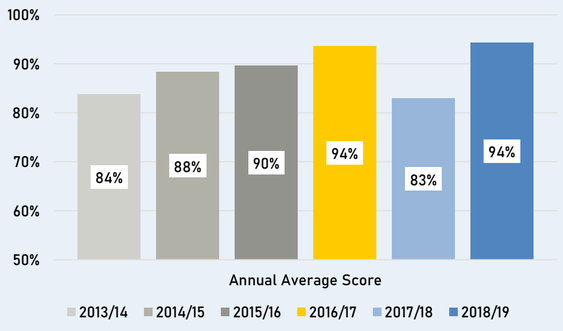
CUSTOMER EXPERIENCE (7 MEASURES)

Group of activities	Fully achieved	Substantially achieved (98.5%-99%)	Not achieved
Governance and Support Services	2 (100%)		
Safe, Healthy & Liveable Communities	1 (20%)	2 (40%)	2 (40%)

Customer Service Centre: Mystery Shopping

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

Yearly Comparative Performance – Customer Service Centre Mystery Shopper Results



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

Independent Auditor's Report

To the readers of the Hastings District Council and Group's summary of the annual report for the year ended 30 June 2019

The summary of the annual report was derived from the annual report of the Hastings District Council and Group (the District Council) for the year ended 30 June 2019.

The summary of the annual report comprises the following summary statements on pages 3 to 4:

- the summary statement of financial position as at 30 June 2019;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended 30 June 2019;
- the notes to the summary financial statements that include other explanatory information; and
- the summary non-financial performance information.

Opinion

In our opinion:

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

Summary of the Annual Report

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

The Full Annual Report and Our Audit Report Thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2019 in our auditor's report dated 10 October 2019.

Council's Responsibility for the Summary of the Annual Report

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

Auditor's Responsibility

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

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

Other than in our capacity as auditor, we have no relationship with, or interests in, the District Council or its subsidiaries and controlled entities.

Stephen Lucy, Audit New Zealand

On behalf of the Auditor-General
Wellington, New Zealand
10 October 2019

HASTINGS DISTRICT COUNCIL

2018/2019 Annual Report Summary

Welcome from the Mayor and the Chief Executive

Progress is going well on Council's largest infrastructure project ever undertaken to ensure we are efficiently delivering safe drinking water.

This is our top priority and we are well down the path to replacing the Brookvale bores and implementing full treatment of all drinking water sources using UV and chlorine by 2021. By the end of 2019, the construction of the new water booster pump station in Havelock North will be finished, and by the middle of 2020 our small urban water supplies will also have improved infrastructure and treatment.

The launch of the Hastings Alive plan this year will see an increased emphasis on the revitalisation of our city centre. It was hugely exciting to announce this year that Hastings will be getting a new hotel in the city centre. This has been a long-term aspiration for the Council. We also look forward to seeing our Opera House precinct, laneways and other major developments bringing life to our city centre very soon.

Future-proofing key lifelines for our rural community and key productivity routes for our economy continues to be a predominant focus. Important rural roads have been opened up to high-productivity vehicles and bridge strengthening has been completed on three bridges to comply with new rules introduced by central government for weight limits.

Providing homes for our people has also been another key priority for Council this year. We are committed to working with central government, our iwi partners and community stakeholders to support the supply of safe and healthy homes. Council has been involved in a number of housing projects, including Waingakau Village, Oliphant Road, Campbell Street and Tarbet Street. We are rezoning land to provide more aged-care facilities and housing, building up to 200 more papakāinga housing and, with residential developers, bringing more than 1,000 sections to the market.

Council is always very conscious of keeping the rates affordable for everyone in the community. There is a delicate balance between providing wide-ranging community facilities and infrastructure that support enjoyment of living in our stunning district and ensuring rates are kept to a manageable level.

Lastly, we would like to acknowledge all of our staff at the Council for their continuing commitment and hard work through what has clearly been a very busy year. Together with our elected members, we are all committed to making Hastings an even better place in which to live.

Sandra Hazlehurst
Mayor | Hastings District Council

To'osavili Nigel Bickle
Chief Executive | Hastings District Council

HASTINGS
HEART OF HAWKE'S BAY

Key Initiatives and Projects

OUR ENVIRONMENT

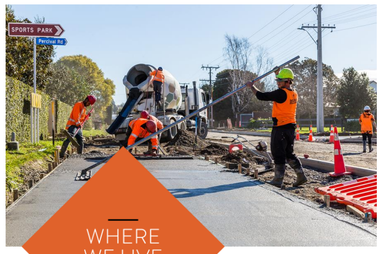
Water

Investing in drinking water is a key priority for Council in order to meet community expectations, drinking water standards, and likely changes to national standards around safe drinking water.

The 2018-2028 Long Term Plan committed $47.5 million over four years to build new infrastructure, install ultraviolet and chlorine treatment for all drinking water supplies, improve source protection, increase water storage and establish new water sources.

To date the new bore and treatment upgrade at Wilson Road, Flaxmere, is complete, as is the 4.8km pipework for the Hastings-Havelock North trunk water main. Work has begun on the Havelock North booster pump station.

Hastings urban water treatment upgrades are continuing and a contract to carry out the work for the small community (Clive, Te Awanga/ Haumoana, Whakatū, Waimarama, Waipatiki and Whirinaki) water supply upgrades has been negotiated. This work is programmed through to mid-2020.



WHERE WE LIVE

Greenfield Sections - Lyndhurst & Waingakau Village

Greenfield sections continued to be brought to market, alongside district plan initiatives aimed at increased residential activity in the city centre, and allowing for increased RSE worker accommodation.

Along with Lyndhurst, Howard Street and Iona residential zones, other greenfield developments got underway or entered the planning stage.

This included granting consent to create 13 residential lots within the Waingakau Village in Flaxmere, the construction of 39 residential lots at Arataki and the building of 29 residential lots at Northwood.

Consents were also granted for lifestyle and coastal residential developments from Maraekakaho to Clive to Tangoio.

Work also began on options to make it easier to build RSE accommodation, as well as enabling people to live on the first floor of buildings in the Hastings city centre.

OUR PEOPLE

Community plans and youth employment

Across the district, communities have been getting together to create community plans, with Anderson Park and Flaxmere West adding to the 12 already in place.

Community plan achievements this year included: improvements to Bill Mathewson Park changing rooms and a new toilet block, unveiling of the first sculpture along the Cape Coast Arts and Heritage Trail, and a breakfast club for kids and Kori Tinana (physical activity) programme at the Camberley Community Centre.

With the help of the Government's He Poutama Rangatahi fund, Council's youth connectors continued to engage with rangatahi and assist them into employment, education or training.

The Rangatahi Ma Kia Eke youth employment project entered its second year, providing 15 young people with health conditions or a disability access to project-based work and on-the-job training to prepare them for employment.

The Hastings Youth Council was active, involved in a highly successful and visible Youth Week, and holding pop-up events gathering the views of other young people on their vision for the district.

OUR ECONOMY

Industrial Zones

Infrastructure services and roading improvements continued at the Irongate and Omahu industrial zones to meet growing demand.

Work began on the Irongate Road upgrade, two subdivision consents were granted in the Irongate area, and processing began on consents for large coolstores, packhouses and potential RSE (Recognised Seasonal Employer) accommodation.

Interest in subdivision and expansion of existing businesses within the Omahu area remained strong, with the zone predicted to provide about 1,250 jobs once it's fully operational.

MOVING AROUND

Whakatu and Bridges

Te Ara Kahikatea – Whakatū Arterial Link

Te Ara Kahikatea is now taking 9,000 vehicles per day and fulfilling its aim to improve community safety by removing heavy traffic from residential routes.

At a cost of $25.2 million (61 per cent of which was funded by Central Government) this roading project was the largest Hawke's Bay had seen since the building of the Napier-Hastings Expressway in 2002.

Community engagement was a key priority with this project to ensure the public knew what was happening and why, and to keep people updated with progress. This collaboration continued from design through to construction, and finally to deciding on the name – Te Ara Kahikatea – reflecting the cultural significance of the area.

Bridges

Investigations and design works for upgrading and strengthening a number of bridges in the district, so they comply with new Government rules on the dimensions and weight limits for vehicles on New Zealand roads, continued.

Five bridges (Blacks, Tois, Kawera, Red and Willowford) have been completed. In addition, Kereru Road, Waitara Road, Taihape Road (south of Kuripapango) and Te Ara Kahikatea have been opened up to heavier vehicles.

THINGS TO DO

Opera House, Laneways and Reserves

Enjoying Our City Centre

Progress on construction of the Hawke's Bay Opera House precinct has been steady with the Opera House and Plaza set to open in February 2020, followed by the Municipal Building in 2021.

A strategic plan for the precinct (2019-2021) was confirmed, detailing how the precinct would become a leading national performing arts venue encouraging growth in events and conferences, and creating a sense of community.

Work to revitalise the inner city under the banner of Hastings Alive! began including the Eastbourne Street upgrade comprising new footpaths, lighting and more trees.

A new laneway was built on Heretaunga Street West providing pedestrian access between the main street and an off-street carpark, as well as an attractive place to relax.

The Council purchase of two buildings in the 200 block west, including the former Hawke's Bay Farmers Co-op Garage at 206 Queen Street West, would enable a new laneway, new commercial tenancies, a new public carpark, a pocket park and connections between Heretaunga Street West and Queen Street West.

The development of a new 35-room apartment-style hotel in a vacant building behind the Hawke's Bay Opera House, Municipal Building and Plaza was announced.

Wallace Development Company Ltd will construct the $8 million hotel, which will be operated by Quest Apartment Hotels, and is expected to help increase economic activity and attract leisure and corporate visitors to the district to enjoy tourism, hospitality and business offerings.

Enjoying Our Reserves

Our reserves, parks and playgrounds are important assets for the wellbeing of our community and many have had upgrades over the last year.

At Kirkpatrick Park, a full-size basketball court, new playground equipment, free double barbecue and family-sized picnic tables were installed, and a half basketball court was built at William Nelson Park.

Hugh Little Park and Sunderland Park playgrounds in Flaxmere both had upgrades to their play equipment, and new toilet blocks were built at Haumoana Domain and Bill Mathewson Park.

New exercise equipment has been installed at Flaxmere Park and Anderson Park.

Financial Statements for the Year Ended 30 June 2019

Statement of Comprehensive Revenue and Expense

Actual Council 2018 $'000	Actual Group 2018 $'000		Notes	Budget Council 2019 $'000	Actual Council 2019 $'000	Actual Group 2019 $'000
133,969	134,189	Total revenue	(i)	126,427	137,781	138,695
-	121	Share of associate surplus		-	-	107
112,355	112,488	Expenses	(ii)	111,470	123,847	123,776
3,680	3,680	Finance costs excluding unrealised loss on swaps	(iii)	5,621	4,605	4,605
803	803	Unrealised loss on swaps	(iv)		7,088	7,088
17,131	17,339	Surplus before tax		9,336	2,240	3,333
-	-	Income tax expense		-	-	-
17,131	17,339	Surplus (deficit) after tax		9,336	2,240	3,333
159,248	159,270	Other comprehensive revenue:	(v)	23,165	42,580	43,309
176,380	176,609	Total comprehensive revenue and expense		32,501	44,820	46,642
		Surplus (deficit) attributable to:				
17,131	17,339	Hastings District Council		9,336	2,240	3,333
17,131	17,339			9,336	2,240	3,333
		Total comprehensive revenue and expense attributable to:				
176,380	176,609	Hastings District Council		32,501	44,820	46,642
176,380	176,609			32,501	44,820	46,642

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

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

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

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

(iv) Unrealised loss on interest rate swaps is due to a fall in floating interest rates during 2018/19.

(v) Other comprehensive income includes gains on the revaluation of infrastructural assets not budgeted for.

Statement of Changes in Equity

$'000	$'000		Notes	$'000	$'000	$'000
1,844,428	1,850,889	Balance at 1 July		1,828,453	2,020,806	2,027,499
17,131	17,339	Surplus/ (deficit) for the year		9,336	2,240	3,333
159,248	159,270	Other comprehensive revenue and expense for the year		23,165	42,580	43,309
176,380	176,609	Total comprehensive revenue and expense		32,501	44,820	46,642
2,020,806	2,027,499	Total Equity		1,860,953	2,065,626	2,074,141
		Total equity is made up of:				
1,236,678	1,241,279	Accumulated funds		1,131,801	1,238,844	1,244,618
3,572	3,572	Restricted Reserves		33	3,648	3,648
780,555	782,648	Revaluation Reserves		729,119	823,134	825,875
2,020,806	2,027,499	Total Equity		1,860,953	2,065,626	2,074,141

Statement of Financial Position

$'000	$'000		Notes	$'000	$'000	$'000
13,956	14,825	Current assets		15,782	15,480	17,107
2,116,627	2,122,713	Non-current assets		1,992,661	2,197,123	2,204,187
2,130,583	2,137,538	Total assets		2,008,444	2,212,603	2,221,294
46,502	46,762	Current liabilities	(i)	30,208	38,208	38,384
63,276	63,276	Non-current liabilities	(i)	117,283	108,769	108,769
109,777	110,038	Total liabilities		147,491	146,977	147,153
2,020,806	2,027,499	Net assets (assets minus liabilities)		1,860,953	2,065,626	2,074,141
2,020,806	2,027,499	Equity		1,860,953	2,065,626	2,074,141
2,020,806	2,027,499	Total equity		1,860,953	2,065,626	2,074,141

The major reasons for the variance between actual and budgeted balances at 30 June 2019 were:

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

Statement of Cash Flows

$'000	$'000		Notes	$'000	$'000	$'000
41,516	41,593	Net cash flows from operating activities		39,673	41,402	42,416
(64,256)	(64,278)	Net cash flows to investing activities		(86,065)	(68,604)	(68,593)
16,999	16,999	Net cash flows from financing activities		46,392	28,501	28,367
(5,742)	(5,688)	Net increase (decrease) in cash held		-	1,299	2,190
7,383	7,734	Add cash at start of year		5,554	1,640	2,045
1,640	2,045	Cash at end of year		5,554	2,939	4,235

Notes to Financial Statements:

Part 6 s 98 of the Local Government Act 2002 requires Council to make publicly available a summary of the information contained in its Annual Report.

The specific disclosures included in the summary financial report have been extracted from the full financial report adopted by Council on 10 October 2019. This summary has been prepared in accordance with FRS-43: Summary Financial Statements. The figures are presented in NZ dollars rounded to $000's.

The summary financial report cannot be expected to provide as complete an understanding as provided by the full financial report. The full financial report was authorised for issue by the Mayor and Chief Executive on 10 October 2019 and has received an unmodified audit report. A full copy of the financial report may be obtained from Council's offices, public libraries and the website www.hastingsdc.govt.nz.

This summary financial report has been examined by the auditor for consistency with the full financial report. An unmodified auditor's report is included with this summary.

The Council has complied with PBE standards tier 1 reporting as applicable for public benefit entities.

The information contained in this summary financial statements and full financial statements is prepared in accordance with all measurements and recognition requirements under NZ GAAP.

Post balance date events:

There have not been any significant post balance date events.