



## Extraordinary Meeting of the Hawke's Bay Regional Council

### LATE ITEM

**Date:** Wednesday 20 May 2020  
**Time:** 9.00am  
**Venue:** Online by Zoom Invitation

### Agenda

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# HAWKE'S BAY REGIONAL COUNCIL

Wednesday 20 May 2020

Item 10

## Subject: DROUGHT RELIEF FUND

### Reason for Report

1. This item seeks Council's decisions on a contribution to the establishment of a Regional Drought Relief Fund (RDRF) to provide assistance to the region's rural community adversely affected by the current drought.

### Officers' Recommendation(s)

2. Staff recommend that Council matches the indicated Hastings District Council position and contributes \$200,000 into the Hawke's Bay Disaster Relief Trust (HBDRT) accounts from the Regional Disaster Damage Reserve to be used specifically for supporting supplying feed to farmers, primarily for the cost of the transportation of stock feed into the region under the RDRF banner.
3. Furthermore, staff recommend that Council acknowledges that the Hawke's Bay Rural Advisory Group (RAG) will determine the qualifying criteria for disbursing the fund and will advise the HBDRT of these. The RAG will advise the HBDRT of those that qualify and the HBDRT will then disburse the funds as required.

### Executive Summary

4. Drought conditions developed in Hawke's Bay and across the North Island during summer 2019-20, leading to the declaration of a "large scale adverse event" by the Agriculture Minister Damien O'Connor on 12 March 2020.
5. Hawke's Bay had below normal rainfall, above average temperatures and relatively high rates of potential evapotranspiration from November 2019 to April 2020. Rainfall accumulations from November to April were lower in 2019-20 than in the 2012-13 drought in all areas of the region, apart from Waikaremoana and the Kaweka Range.
6. Following the 2012-13 drought, NIWA developed a New Zealand Drought Index (NZDI) based on four common indices of climatological drought. Throughout summer 2019-20 the NZDI typically categorised Hawke's Bay as very dry or extremely dry, with parts of the region in drought or severe drought. Drought or severe drought levels were largely along the western ranges, particularly the Ruahine Range and adjacent hill country and surrounds. At the end of April the NZDI still categorized eastern Hawke's Bay as dry but extremely dry or in drought on the Heretaunga Plains, the Ruataniwha Plains and southern coastal areas.
7. The funding is to support reliable and appropriate supply chain logistics for stock feed to come to Hawke's Bay. A reliable supply of feed into the region is critical to support animal welfare and to allow landowners to manage their way through the winter to bridge the lack of on farm feed.
8. A complication with this current drought is that it has been a North Island wide event. Whilst many parts of the North Island may well no longer be in meteorological drought conditions, the effects of that on feed availability continue to be felt across the North Island. Put simply there is currently limited feed available in the North Island as a result of the island wide conditions. Feed is available in some South Island locations, but the transport costs for this are considerable. There is a desire to reduce the impact of the transports costs through a centrally administered fund.
9. Central Hawke's Bay District Council and Centralines have signalled a combined contribution of \$100,000 and Hastings District Council has signalled a contribution of \$200,000.

## Background

10. On Wednesday 29 April a report was presented to Council on whether to establish a community welfare relief fund to assist those organisations who may be adversely affected financially because of the additional workload placed on them by COVID-19.
11. At the Council meeting, the report was laid on the table following the announcement from Central Government to provide additional funding to the Not for Profit organisations that were experiencing increased costs during the response to the COVID-19 pandemic.
12. Subsequently Council asked officers to repurpose the report to evaluate the seed funding to a Drought Relief Fund.

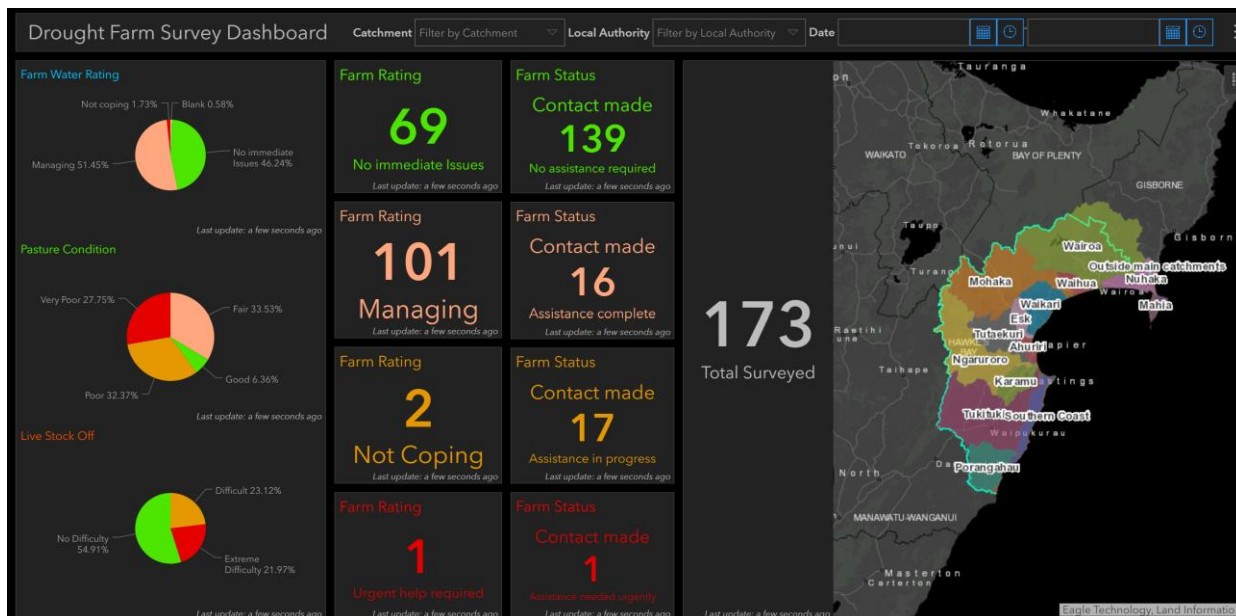
## Discussion

### *Rainfall and Potential Evapotranspiration*

13. The 2019-20 drought began its development in November and followed a wetter than average early spring. November was not only a month of below normal rainfall, but temperatures were very hot. Daytime temperatures reached 3°C above the monthly average and the average potential evapotranspiration (PET) rate for the month was the highest recorded on the Ruataniwha Plains for November since monitoring began in 2007. PET is the amount of moisture that would be lost by evaporation and transpiration from a reference crop, such as grassland, if sufficient moisture is available.
14. Both December and January had below normal rainfall and temperatures between 0.5 and 1°C warmer than average. The dry conditions that developed during late spring and into summer rapidly worsened in February when all but northern areas of the region received approximately 10% of normal February rainfall. Temperatures were again very hot and reached 3°C above the February average, resulting in high but not record rates of PET.
15. March brought some rain to northern Hawke's Bay and to the south coast. However the remainder of the region received less than half the March average and even the rain on the south coast didn't bring its total into the month's normal range. The region received only 30% of average April rainfall and the areas worst affected were the Heretaunga Plains (13%), Tangoio (14%), southern Hawke's Bay (15%) and the Ruataniwha Plains (23%).

### *Current farming conditions*

16. Currently 173 farms have been surveyed across the region with most indicating they are currently 'managing' or have no immediate issues. Assistance has already been given to 16 farms, and assistance is in progress for a further 16. Of the farms surveyed 60% have indicated their pasture is in 'Poor' or 'Very Poor' condition and 45% are finding it 'Difficult' or 'Extremely Difficult' to offload livestock.
17. A dashboard has been constructed to visualise and monitor information obtained through telephone surveys of farmers being conducted by the Rural Support Trust. This illustrates the challenging conditions most farmers are experiencing. We would note though, that this dashboard likely understates the current position with many people who were previously 'managing' now moving into a 'not coping' situation. More surveying is underway now to quantify this.



**Rural Advisory Group**

- 18. The RAG is comprised of volunteers from the primary sector, be they farmers, business owners or on farm professional service providers. They are industry leaders and have strong networks into the rural environment. They understand the primary sector well and have the confidence of those on the land to support them. It is important that we continue to support them in this vital leadership role.
- 19. The response to the drought is being led out of the RAG with strong support from HBRC/CHBDC staff and the CDEM Group. It is an important guiding principle throughout this response that this is a community (landowner) led response. It will continue to be led by the RAG with support from CDEM and central/local government. The decision making around appropriate ways to support the rural community is for the RAG.

**Hawke's Bay Disaster Relief Trust**

- 20. The local authorities of Wairoa District, Hastings District, Napier City, Central Hawke's Bay District and Hawke's Bay Regional councils are establishing a fund for the primary purpose of providing financial and any other relief or assistance to meet the welfare and other needs of people who have suffered any injury, damage or loss following a disaster that qualifies as an "emergency" under the Civil Defence Emergency Management Act 2002 (or any later replacement thereof), whether natural or otherwise, within the boundaries of the Hawke's Bay Region.
- 21. The Local Authorities and the Trustees will establish a Charitable Trust to hold, promote and manage, for the above primary purpose, the Fund comprising such money, property and investments which may have been acquired by the Local Authorities for this purpose.
- 22. The Trustees shall comprise the Mayors of Wairoa District Council, Hastings District Council, Napier City Council, Central Hawke's Bay District Council and the Chairperson of the Hawke's Bay Regional Council (or another person put forward by their respective Local Authority to be a trustee in their place). There may, at the discretion of the Trustees, be up to two independent Trustees who are not representatives of any Local Authority and who, if appointed, may be appointed by the other trustees at any meeting of the Board of Trustees.
- 23. The development of criteria and a process for determining eligibility for financial support from the fund is currently underway by the RAG. It is important that these are transparent, equitable and targeted to areas of high need. These will become the basis for disbursement of funding from the Trust fund to those in need.

24. It is proposed that any funds provided by Council would be paid to into the Trust Fund for subsequent disbursement by the Trust at the direction of the RAG, following the agreed criteria and conditions noted above.

*The proposal*

25. The intent is to attempt to create a \$2M fund using the central/local government and public appeal.
26. The combined contributions from each council, the crown and any public appeal would be banked with the HBDRT.
27. This funding would be used specifically for supporting supplying feed to farmers, primarily for the cost of the transportation of stock feed into the region. The most likely scenario would be for feed to be shipped in bulk from Timaru/Lyttelton directly to the Napier port for subsequent road transport to farm. It may also be used for coordinated movement in bulk via rail and/or road if that is more effective. The intent would be to support bulk freight rather than small amounts that may be less cost effective.
28. To give you a sense of the scale of the feed demand and subsequent costs, this rough estimate provides a little more context. This is likely to be at the 'worse case' end of the scale, but is helpful in trying to quantify the scale. It uses baled green feed, but we recognise that baled green feed is in limited supply currently and that grain may be the only viable option in many cases.
  - 28.1. Assume 400 'farms' at 200 Ha/farm needing feed across the region, noting not every farm needs feed but 400 is increasingly the figure we are seeing in need.
  - 28.2. Using baleage as a surrogate for general feed demand, 2.3 bales/Ha is needed to meet feed demands for winter or 184,000 bales across all farms.
  - 28.3. Each bail weighs 500 kg, so total weight of baleage is 92 million kg or 92,000 tonnes.
  - 28.4. Using road freight at approximately \$45/bale this would total \$8.2 million. While road freight will remain an important part of the transport options, it is likely to be the least efficient method of bulk transport, hence the interest in bulk freight and using shipping if possible.
29. This approach may require the 'chartering' of a coastal freighter, coordination of feed to fill it and shipping to Napier. There are examples of this occurring already with some shipments of grain from Timaru already reaching Napier. Based on one operation currently underway, shipping costs per 1000 tonnes of grain are \$32,000. At this rate and using a simple baleage equivalent of 92,000 tonnes of feed, the total shipping costs are likely to be around the \$3 million mark.

**Options for consideration**

30. Council currently has \$100,000 allocated and available for immediate disbursement in the Annual Plan for contingency funding.
31. Council could also consider an additional contribution of \$100,000 from the Regional Disaster Damage Reserve at a later date or choose to provide the full amount now.
32. Council could also consider funding \$200,000 from the Regional Disaster Damage Reserve.
33. Council may wish to make the contribution contingent on final advice to staff from RAG on the process and criteria for distribution.

**Financial and Resource Implications**

34. The Council currently holds a contingency fund in its Annual Plan of \$100,000. This funding is available within the Annual Plan budgets for funding the Disaster Relief Fund.

35. Due to the impact of COVID-19, the revenue of Council for 2019-20 is expected to be negatively affected by the impact of COVID-19 response and the reduction in non-rates revenue. The contingency funding included within the Annual Plan may be required to offset the impact of reduction in non-rates revenue.
36. As at 30 June 2019, Council also holds \$2.35 million funds in the Regional Disaster Damage Reserve for the purposes of providing funding for the cost of managing the response and the recovery to a disaster event. As this is a notified event this funding becomes available for funding the Drought Relief Fund.
37. Staff consider it more prudent to use the Reserve funds held for this type of event rather than contingency funding in the current Annual Plan budgets that may be required for offsetting the any potential reduction in the non-rate revenue for 2019-20.

### **Consultation**

38. Consultation has occurred with the RAG leadership, CHBDC Chief Executive, HDC Mayor, Deputy Mayor and Chief Executive.

### **Other Considerations**

39. Central government is indicating that it may be able to contribute to the Fund. Staff are aware that advice is being provided to the Government to support their decision making on this.
40. As noted Council may wish to make the funding available contingent on receiving satisfactory advice from staff on the criteria for fund disbursement from the RDRF to the RAG.

### **Decision Making Process**

41. Council and its committees are required to make every decision in accordance with the requirements of the Local Government Act 2002 (the Act). Staff have assessed the requirements in relation to this item and have concluded:
  - 41.1. The decision does not significantly alter the service provision or affect a strategic asset.
  - 41.2. The use of the special consultative procedure is not prescribed by legislation.
  - 41.3. The decision is not significant under the criteria contained in Council's adopted Significance and Engagement Policy.
  - 41.4. The persons affected by this decision are ratepayers across the region as it is their rates payment which have contributed to Council's available funds.
  - 41.5. The decision is not inconsistent with an existing policy or plan.
  - 41.6. Given the nature and significance of the issue to be considered and decided, and also the persons likely to be affected by, or have an interest in the decisions made, Council can exercise its discretion and make a decision without consulting directly with the community or others having an interest in the decision.

### **Recommendations**

That Hawke's Bay Regional Council:

1. Receives and considers the "Drought Relief Fund" staff report.
2. Agrees that the decisions to be made are not significant under the criteria contained in Council's adopted Significance and Engagement Policy, and that Council can exercise its discretion and make decisions on this issue without conferring directly with the community or persons likely to have an interest in the decision.

And *either*

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3. Agrees to contribute \$200,000 to the Regional Drought Relief Fund, held in Trust by the Hawke's Bay Disaster Relief Trust, to be funded from the Regional Disaster Damage Reserve.
4. Requests that staff work with the Rural Advisory Group to develop appropriate criteria for applications to the fund, for later approval by Council.

*Or*

5. Agrees to contribute \$100,000 to the Regional Drought Relief Fund, held in Trust by the Hawke's Bay Disaster Relief Trust, to be funded from the Annual Plan contingency funding.
6. Requests that staff work with the Rural Advisory Group to develop appropriate criteria for applications to the fund, for later approval by Council.

*Or*

7. Agrees not to provide seed funding to the Drought Relief Fund.

### **Authored by:**

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### **Approved by:**

**Iain Maxwell  
GROUP MANAGER INTEGRATED  
CATCHMENT MANAGEMENT**

### **Attachment/s**

There are no attachments for this report.