



Meeting of the Hawke's Bay Regional Council

Date: Wednesday 15 July 2020
Time: 9.00am
Venue: Council Chamber
Hawke's Bay Regional Council
159 Dalton Street
NAPIER

Agenda

ITEM	TITLE	PAGE
1.	Karakia /Welcome/Apologies	
2.	Conflict of Interest Declarations	
3.	Submissions on the HBRC 2020-21 Annual Plan	3
4.	2020-21 Annual Plan Submissions Hearing Process	5
5.	Deliberation Report on the Rates Approach for 2020-21	9
6.	Deliberation Report on the Recovery Fund for 2020-21	33

HAWKE'S BAY REGIONAL COUNCIL

Wednesday 15 July 2020

SUBJECT SUBMISSIONS ON THE HBRC 2020-21 ANNUAL PLAN

Item 3

Reason for Report

1. This item provides the submissions and feedback, as attached, received during consultation on the Regional Council's 2020-21 Annual Plan for Councillors to read in advance of the Hearing and Deliberations on 15 July 2020, as well as an outline of the consultation process undertaken.

Background

2. The focus of this year's Annual Plan is: Climate. Smart. Recovery. - due to COVID-19, its effect on Hawke's Bay people, and the significant ongoing impacts of the drought in Central HB and Heretaunga.
3. Consultation on the 2020-21 Annual Plan ran over three weeks, from Monday 8 June until Sunday 28 June.
4. The channels used to inform the public of this consultation included the Regional Council's website, radio, newspapers, digital (Stuff, hbtoday.co.nz and nzherald.co.nz in Hawke's Bay), social media (Facebook posts and two Facebook Live virtual public meetings), a ratepayer postcard mail-out, media reporting, email, at libraries and Regional Council offices.
5. All information relating to this consultation was available online via hbrc.govt.nz and consultations.nz/hbrc, and physically at Regional Council offices and libraries throughout the region.
6. Due to the recent lifting of COVID-19 social restrictions, this consultation was weighted to digital engagement over physical engagement, but used a number of traditional channels to ensure the opportunity to give feedback reached the target audience, including a new option of submissions by phone message.

Channel	Reach or Frequency
Newspaper advertising	2 adverts each in HB Today, CHB Mail, Napier Courier, Hastings Leader and Wairoa Star; 1 public notice in HB Today, between 6-25 June
Radio advertising	A total of 195 x30-second adverts on HB Coast, HB Hits and HB ZB from 10-26 June
Facebook posts	24 Facebook posts with a total of 53,602 views; 11,740 total video views; total post engagement of 960, Reaction/ Comments/ Shares = 227
Ratepayer postcard mail-out	54,449 households, 173 'Returned to Sender' (0.32%)
Digital impressions	100,004 impressions, 338 clicks for a click-through rate of 0.34% - more than 4 times the average NZ click-through rate
Totals Submissions: 118	Online: 95 Physical: 3 Email: 16 Phone messages: 2 Text messages: 1 Social media: 1

Next Steps

7. Submission Hearings are scheduled to begin at 9.00am on 15 July, and the timetable will be confirmed and provided with the agenda.

8. Deliberations will follow the verbal submissions. The deliberation reports will be distributed as part of the agenda for the 15 July meeting, and councillors will make recommendations for adoption of the Annual Plan at Council's 29 July meeting.

Decision Making Process

9. Staff have assessed the requirements of the Local Government Act 2002 in relation to this item and have concluded that, as this report is for information only, the decision making provisions do not apply.

1. Recommendations

That Hawke's Bay Regional Council receives the "*Submissions on the HBRC 2020-21 Annual Plan*" staff report.

Authorized by:



Drew Broadley
COMMUNITY ENGAGEMENT AND
COMMUNICATIONS MANAGER

Mandy Sharpe
PROJECT MANAGER

Approved by:

Jessica Ellerm
GROUP MANAGER CORPORATE
SERVICES

Attachment/s

- | | | |
|---|---|----------------------|
|  1 | All Submissions Received to 2020-21 Annual Plan | Under Separate Cover |
|  2 | Social Media Feedback on 2020-21 Annual Plan | Under Separate Cover |

HAWKE'S BAY REGIONAL COUNCIL

Wednesday 15 July 2020

SUBJECT 2020-21 ANNUAL PLAN SUBMISSIONS HEARING PROCESS

Item 4

Reason for Report

1. This report outlines the process to be undertaken to hear and consider submissions received on the 2020-21 Annual Plan.

Background

2. The focus of this year's Annual Plan is Climate. Smart. Recovery. – it responds to the effects of COVID-19 on Hawke's Bay people and the significant ongoing impacts of the drought in Central Hawke's Bay and Heretaunga.
3. Consultation on the 2020-21 Annual Plan ran over three weeks from Monday 8 June until Sunday 28 June, on the two topics of:
 - 3.1. Rates Approach for 2020-21
 - 3.2. Recovery Fund for 2020-21
4. On 3 July Councillors received all submissions and Facebook posts in their entirety. On 10 July these were made available online and at reception.

Verbal Submissions

5. The submissions hearing is scheduled to begin at 9am. All submitters are allocated ten minutes to present, including questions and answers. Submitters may be an individual or a group and may be representing an organisation.
6. The timetable is attached.

Deliberations and Decision Making

7. After all verbal submissions have been heard Councillors will move into deliberations and decision making.
8. Councillors will be asked to receive and consider the two deliberation staff reports in order to arrive at decisions on:
 - 8.1. Council's rates approach for 2020-21
 - 8.2. Whether to establish a \$1 million Recovery Fund for 2020-21.
9. Attached to the reports are the submissions related to the consultation topic sorted by the option chosen.

Topics and Issues Raised Not Related to Consultation Topics

10. The two deliberation reports focus on community feedback provided on the two consultation topics only as these are the focus of decisions to be made by Councillors for the upcoming financial year.
11. It is not intended to provide specific responses to submitters who have provided feedback on matters outside of the consultation topics, unless requested by Councillors. All submitters have received acknowledgement of their submissions.

Adoption

12. Subsequent to Council's decisions on 15 July, the 2020-21 Annual Plan will be finalised, incorporating any amendments necessitated by the decisions made, for adoption on 29 July 2020.

Post-adoption

13. Following the adoption of the Annual Plan on 29 July, each submitter will be provided with Council's resolutions (decisions) in regards to the two consultation topics.
14. The Annual Plan will then be made available to the public within one month of the date of adoption as required under Section 95 of the Local Government Act 2002.

Decision Making Process

15. The Council is required to make a decision in accordance with Part 6 Sub-Part 1, of the Local Government Act 2002 (the Act). Staff have assessed the requirements contained within this section of the Act in relation to this item and have concluded the following:
 - 15.1. Council has a statutory obligation to adopt an Annual Plan under Section 95 of the Act.
 - 15.2. The persons affected by the Annual Plan have been consulted and today's meeting will consider the issues raised by those members of the community that have submitted to Council on the Annual Plan.

Recommendations

That Hawke's Bay Regional Council receives and considers the verbal and written submissions received in response to the Climate. Smart. Recovery. 2020-21 Annual Plan consultation document.

Authored by:

Leeanne Hooper
GOVERNANCE LEAD

Mandy Sharpe
PROJECT MANAGER

Approved by:

Jessica Ellerm
GROUP MANAGER CORPORATE
SERVICES

Attachment/s

[1](#) 15 July 2020 Verbal Submissions Timetable

Wednesday 15 July 2020
Timetable of Verbal Submissions to be

<i>Time</i>	<i>Name</i>	<i>Submitter #</i>	<i>Submissions pg</i>
9am	Meeting Commences		
9.15am	Joseph Wurts	4	1
9.25am	Cancelled		
9.35am	Paul Bailey	72	25
9.45am	Coralee Matena, Federated Farmers	126	52

Item 4

Attachment 1

HAWKE'S BAY REGIONAL COUNCIL

Wednesday 15 July 2020

Subject: DELIBERATION REPORT ON THE RATES APPROACH FOR 2020-21

Item 5

Reason for Report

1. This report provides Council with officers' analysis of the feedback received from the community for options on Council's rate approach for 2020-21 as part of the 2020-21 Annual Plan consultation document. Community consultation was held from 8-28 June 2020.
2. The report identifies and considers key themes, comments and suggestions raised in order to assist Council in its decision making regarding the Rates Approach.

Officers' Recommendation

3. Council staff recommend that, having considered all submissions and the officers' analysis of submissions, that Council chooses its preferred option for the rates approach for 2020-21.

Options Analysis – Topic 1: Rates Approach for 2020-21

4. Three options were provided on Council's rates approach for 2020-21, submitters were asked to indicate which option they supported.
5. The options selected by submitters were:

OPTIONS	Number that chose this option	% that chose this option
Option A Status Quo for rates – proceed with the planned 7.3% rate increase in line with the Council's 2018-28 Long Term Plan.	15	14% *
Option B Cushioning the Impact – Keep the rates revenue at the same level as 2019-20 and borrow the required funding – a 0% rates revenue increase.	66	62% *
Option C Mid-Point – Proceed with a 3.6% rate increase for 2020-21 and borrow the balance of required funding.	26	24% *
No option chosen	11	
TOTAL	118	

* excluding those that did not choose an option

6. Attached to this report is the data above represented as a bar graph.
7. This report provides analysis of the responses by each option. Related comments made by submitters who did not select an option are also included in the analysis, which covers:
 - 7.1. Key themes
 - 7.2. Analysis of themes
 - 7.3. Direct quotes from submitters (extracts only)
 - 7.4. Officers' response.

OPTION A: STATUS QUO FOR RATES

Key themes

8. Fifteen submitters selected this option. The following key themes were identified.
 - 8.1. Essential work that needs to be done
 - 8.2. Concern about borrowing
 - 8.3. Affordable for most
 - 8.4. Target those in need

Analysis of themes

9. There was sentiment that proceeding with the 7.3% rate increase as planned in the 2018-28 Long Term Plan will enable the work to be done, and that the planned projects are essential.
10. Other submitters commented that rates are affordable for most and the work should be paid for now, rather than borrowing for it and affecting future rate levels.
11. Targeting those in need was also suggested, by building in assistance or offering targeted rebates.

Direct quotes from submitters (extracts only)

12. "...Proceed with 2018-28 projects outlined in the long term plan to benefit the citizens of Hawke's Bay now and for the younger generations in the future. We need more development now to make HB a preferred region to live and work in so to increase regional population and economic growth." (sub #18)
13. "... It doesn't seem to me to be a very good idea to put us in debt given the Covid 19 situation..." (sub #6)
14. "...You could instead offer targeted rebates aimed at low income households..." (sub #44)

Officers' response to the key themes expressed in Option A

15. Officers agree that the work programme for the 2020-21 year should proceed in line with the proposed levels of service consulted on in the 2018-28 LTP. The work is essential, and the organisation has an important role to play in supporting the regional economy through its work and expenditure.
16. Officers acknowledge that while it is deemed necessary to continue to maintain existing levels of service, cost efficiencies should and will be sought to reduce the borrowing requirement and burden on future rate-payers.
17. Whilst acknowledging submitters' concerns about borrowing, officers consider the cost of borrowing to be extremely low. It is planned to be repaid over 10 years, which has a relatively low cost impact on servicing costs.
18. While many in the community may have not been financially impacted as a result of current events, many have been, and borrowing to fund a zero percent rates increase will provide some financial relief in the coming year particularly to large landholders.

OPTION B: CUSHIONING THE IMPACT

Key themes

19. Sixty-six 66 submitters selected this option. The following key themes were identified.
 - 19.1. Affordability
 - 19.2. Live within your means
 - 19.3. Need another option

Analysis of themes

20. Affordability was a strong theme for why people chose Option B. Some submitters stated they are already seriously affected financially by COVID-19, and others, while not themselves affected, felt others already are, or will feel the financial impacts.
21. Comments were also made about high or rising rates, which are compounded by central government charges
22. Whilst not choosing a preferred option, general comments made by Federated Farmers included concern "...about the impact that this debt will have on rural rates, both now and in future years. Rural rates have been increasingly significantly year by year, albeit without any increase in farmer/rural rate payer ability to pay....." They are also concerned about Council opting to borrow the entire forecasted shortfall (income gap from drop in investment income).
23. Strong sentiment was expressed that Council should work within its existing budgets just like other people have had to, rather than increase rates.
24. Several submitters encouraged Council to review spending. Tangible suggestions included:
 - 24.1. Focus solely on core district infrastructure
 - 24.2. Reallocate the budget tagged to additional office space and updated facilities for field staff to general rates and/or the Uniform Annual General Charge to offset the amount needed to pay or borrow for rates
 - 24.3. Every Council should have a plan for when their financial plan falls apart
 - 24.4. Droughts are common in H.B if there isn't a plan already in place for situations like this then why not!?
 - 24.5. Stick to the basics, stop overspending, and those earning over \$100,000 should take a pay cut.
25. Four submitters were keen to see a different approach for rates that wasn't provided for in consultation. Three submitters were keen to have a 0% rates increase (as per the first part of option B) but do not want Council to borrow (the required funding). Suggestions instead included; cut back on projects, cut back on spending, defer capital expenditure, and a pay cut for those earning over \$100,000. The fourth submitter didn't explicitly articulate the rate level they preferred but was also of the similar sentiment in terms of how to implement it – keep expenditure at the current level, or at best cap it (at either inflation of the local GDP factor).
26. Similar sentiments were provided by another submitter who chose a different rates approach (Option C - Mid Point) – that submitter wanted to see rates revenue kept at the same level as 2019-20 and reduced costs to match.
27. One submitter added they wanted Council to consider adding additional options to future consultations, and commented that the options provided may have the unintended consequence of the Council believing that rate payers are happy to borrow the funds to cover the shortfall.

Direct quotes from submitters (mostly extracts only)

Affordability

28. "... Some rural ratepayers are not only facing the economic consequences of Covid 19 and the worst drought in "113 years". They are also dealing with the costs of the governments National Freshwater policies, the MPI Mycoplasma bovis eradication programme, environmental development work and their FEMPs. Some of these new costs for our businesses are being incurred voluntarily as we are all invested in improving environmental outcomes. They are however still new expenses for our businesses to manage. All these issues are combining to be a tsunami of extra expenses for a district that is already one of the most expensive areas in the world to produce food..." (sub #115)

29. "It is good to see that the preferred option on rates is a zero rise in the 2020-21 year. People on limited financial income who own their own homes cannot afford rates rises. It's hard enough to pay power/phone plus food without additional expenses being added..." (sub #59)
30. "It is time council recognise household incomes do not rise inline with council rating expectations. Many households will suffer a decline in income this year. It would be irresponsible for there to be an increase..." (sub #52)
31. "Rates should not increase at all!! Reduce all your burocratic overheads first, get back to dealing with core issues, pest management, vegetation control etc. Far too many managers and people who produce nothing. Rates have increased threefold in last 5 years, services provided dropped to minimal. Council should be looking to reduce rates and cut the deadwood out from Dalton St. NO INCREASE!!!!" (sub #53)
32. "...In just five years, the regional council rates on our property has increased by over 100%. This is a highly unsustainable rate of increase..." (sub #4)
33. "...Given the acute state of the New Zealand economy as a whole currently, it would be remiss of the HBRC to entertain pursuing a raft of activity that is "nice to have yet not necessary" during the next 2 years; particularly where such activity mostly relies on rates as the main funding source. Instead, I suggest that only "essential" work (i.e. "core business") should be undertaken by the HBRC to ensure that no increase in rates is required for at least the next 2 years..." (sub #74)

Live within your means

34. "Year on year rate increases have to stop. Councils have to learn to live within their budgets..." (sub #32)
35. "The Council needs to be operated as private business and must work within current funding levels. In private enterprise you would stop any essential spending and staff numbers must be greatly reduced to reduce spending on wages..." (sub #84)
36. "...What happened to all of the proceeds of selling the port? Why is the council asking for so much more money after so significantly raising rates in the past few years as well as selling essential assets? The HBRC needs to learn fiscal prudence..." (sub #4)

Need another option

37. "Option D: Keep the rate revenue the same and DO NOT BORROW extra funding. Cut back on projects. Debt is bad money management whatever way you look at it." (sub #67)
38. "I submit that the rate increases should be 0%.I would like the council to consider adding additional options to future consultations. The above options may have the unintended consequence of the council believing that rate payers are happy to borrow the funds to cover the shortfall. I have selected B since it is the best option out of those listed above. However I would prefer the council instead cut back on spending and defer capital expenditure in order to accommodate the 0% rate increase." (Sub #79)

Officers' response to the key themes expressed in Option B

39. We're proposing to work with ratepayers on a case by case basis, and as noted in the consultation document – our rating team will operate with greater flexibility (i.e via Rates Remission and Postponement Policy). HBRC recognises the rural community's ability to pay is greatly affected and that specific consideration will be given to rural ratepayers facing the double whammy of COVID and the drought.
40. In response to submitters who queried the apparent lack of a contingency plan for such situations, Council did establish a Reserve Fund using the ring fenced capital released from the Napier Port Initial Public Offering, but it has not had sufficient time to provide for operating returns. Over time this will build a Reserve Fund to protect the Council from the fluctuation / impact of financial markets.

41. Council is also undertaking a review of its Financial Strategy with the intent to reduce our reliance on investment income to subsidise operating costs to provide greater resilience to respond to extraordinary events.
42. Staff consider that a case for debt funding is appropriate as the beneficiaries for much of Council's work are future generations (in exceptional circumstances).
43. In relation to the theme of "live within your means" it is noted that prior to COVID-19 budgets had been reviewed and tightened to remain within the planned 7.3% rate increase for 2020-21, as forecast in Council's Long Term Plan 2018-18. Organisational costs and spending continue to be under tight scrutiny, in particular travel and training for staff. We will also be revisiting our needs for additional office space, with our experiences during the lock down providing new opportunities for working. A flexible working policy is currently being finalised. Vacancies are being tightly managed and only replaced if considered essential.
44. As a final point it is worth noting that Council can not introduce new options that we haven't consulted on as we are constrained by the provisions in the Local Government Act 2002.

OPTION C: MID POINT

Key themes

45. Twenty-six submitters selected this option. Most of the feedback provided could be categorised into the following two themes.
 - 45.1. A balanced approach
 - 45.2. Concern about borrowing.

Analysis of key themes

46. The submitters that chose this option saw it as a considered approach that responds to the immediate hardship felt by the community post COVID and the drought, but with the least ongoing financial impact related to paying back the interest costs on borrowing. Some noted that the full impacts of COVID are yet to be felt so this was a sensible mid - way point given the uncertainty.
47. Comments reflected that people chose this mid-point option as they weren't keen on the costs associated with a higher level of borrowing and could live with a more modest 3.6% rates increase.

Direct quotes from submitters (mostly extracts only)

A Balanced Approach

48. "Cushion the financial impacts but not fully absorb them so they become a future problem." (sub #64)
49. "The financial impact of Covid is relatively unknown but unlikely businesses will have recovered for two or three years. to add funding cost to projected rates increase next year, resulting in an increase close to 10% Criminal. This will push many business owners out of business, especially tourism businesses. Yes it is only a few dollars, but combined with all the other increases, it adds up." (sub # 75)
50. "...In considering Option 3 however, is there any magic about the 3.6% or could it just as easily be 2.5% (and bearing in mind interest rates are now at historically low levels)?..." (sub #71)
51. "Recognize thing have changed, but no overreaction." (sub #112)

Concern about borrowing

52. "Prefer not to pay for costs incurred today by fully loan funding - discounts / relief could be provided to those who need it." (sub #93)

53. “Despite the financial impacts post COVID on organisations and individuals, a modest 3.6% increase on quite a reasonable annual rates bill rather than relying totally on debt funding seems more reasonable.” (sub #65)

Officers’ response to the key themes expressed in Option C

54. As this a combination of mid point of Options A and B the officers’ points are covered above.

Decision Making Process

55. Section 95 of the Local Government Act 2002 prescribes the statutory requirements in relation to annual plans, including that Council must consult in a manner that gives effect to the requirements of the section 82 principles of consultation. The consultation process has been undertaken and reflects the high degree of significance associated with adopting the 2020-21 Annual Plan to specifically respond to the impacts of the Covid-19 pandemic and the drought.

Recommendations

That Hawke’s Bay Regional Council:

1. Receives and considers the “*Deliberation Report on the Rates Approach for 2020-21*”, including the officers’ analysis and responses to submission points.
2. Agrees its preferred option for 2020-21 is to
 - 2.1. (Option A) proceed with the planned 7.3% rate increase in line with the Council’s 2018-28 Long Term Plan
 - Or
 - 2.2. (Option B) keep the rates revenue at the same level as 2019-20 and borrow the required funding
 - Or
 - 2.3. (Option C) proceed with a 3.6% rate increase for 2020-21 and borrow the balance of required funding.

Authored by:

Leeanne Hooper
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Mandy Sharpe
PROJECT MANAGER

Approved by:

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Attachment/s

- [1](#) Topic 1 Options Results Table
- [2](#) Topic 1 Submissions by Option Chosen

Topic 1 - Rates Approach for 2020-2021

Choices	Percentage	Count
B.Cushioning the Impact - Keep the rates revenue at the same level as 2019-20 and borrow the required funding – 0% rates revenue increase. OUR PREFERRED OPTION	61.68%	66
C.Mid Point - Proceed with a 3.6% rate increase for 2020-21 and borrow the balance of required funding.	24.30%	26
A.Status Quo for rates - Proceed with the planned 7.3% rate increase in line with the Council's 2018- 28 Long Term Plan.	14.02%	15
	Total	107
	Unanswered	11

Item 5

Attachment 1

Topic 1: Rates Approach for 2020-21

The following submitters (15) chose **Option A. Status Quo for rates - Proceed with the planned 7.3% rate increase in line with the Council's 2018- 28 Long Term Plan**, for the reasons provided.

6 Wendy Apperley

Reason: Before borrowing can the Council make any savings? Can items in the Long Term Plan be deferred? It doesn't seem to me to be a very good idea to put us in debt given the Covid 19 situation. I appreciate that people may find things difficult given the pandemic and think borrowing will add to people's difficulties in the long run. The Government has thrown a lot of money at the Covid 19 situation which we are going to have to pay back, probably in tax increases and this will decrease the amount of money that people have.

10 Don Graham

Reason: I do not see the need to increase rates at this time. All other businesses and households must learn to operate within their incomes and you should learn to do the same. Since you are all elected by us to do a job which you willingly accepted, do not treat us as a cash cow to supply a steady flow of money for your pet projects. Every rate payer is struggling to keep afloat at this time and we need our money for every day living.

17 David Trubridge

Reason: I think that most people are quite capable of affording the 7.3% increase. But if you do this you need to build in some form of assistance for those in need who can't afford it.

18 Alice Munro

Reason: So the financial impact on future years is less. Proceed with 2018-28 projects outlined in the long term plan to benefit the citizens of Hawke's Bay now and for the younger generations in the future. We need more development now to make HB a preferred region to live and work in so to increase regional population and economic growth.

20 Raewyn N

Reason: Wairoa rates already more expensive than other places. Please don't increase further!

29 Brendan Veale

No reason provided

39 Brian Waller

Reason: Maintains continuity of cash flow to plan

44 Simon Shaw

Reason: Increasing debt is rarely a good idea and just makes even higher rates increases inevitable in future. You could instead offer targeted rebates aimed at low income households. But not offering rebates to unsustainable agriculture/horticulture, or to polluters, high fossil fuel users, or those who commercialise the water i.e. businesses that sell our water for profit.

56 Melody Harrington

Reason: We have all suffered from COVID effects. Deferring payment of this to the future is only putting a band aid on. We will also face hiked taxes from the Central Government to pay for their COVID relief payouts. Council rates should reflect what they truly are and we should bite the bullet earlier rather than borrowing to pay sometime in the future. This may make the council look bad but it is honest.

Attachment 2

Item 5

77 James Bell

No reason provided

30 Ross Clark

Reason: If there is to be an increase, no point in the long term to delay it. See Attachment

Topic 1 Rates Approach 2020-21

There shouldn't be a necessity for a rates increase this year.

Our rates have always been paid 31 Jan.
This year you require that they be paid by 20 Sept.
Is this not, in effect an increase of 33%?

If Rates are adjusted upwards when property values increase, I presume they are also adjusted downwards when property values decrease.

What are 'affordable' rates? It is getting to the stage where you need to change the word!
Don't forget that ratepayers are paying 2 lots of rates.

105 Adrienne Tully

No reason provided

119 Darryl Baxter

No reason provided

82 Patrick Maloney

Reason:

The planned work needs to be done, and it must be paid for. There is little to be gained by deferral of the work, and/or not facing the cost as they are incurred. Going forward there are likely to be further projects and additional costs in coming years, so we just have to face the reality that we need to pay for the jobs to undertaken. Given the wealth gains to property owners in recent years it is appropriate that they also have to face the reality that they need to also pay a rating increase (which is quite small relative to their very significant tax free capital gains). The amount of Regional Council rates is small amount relative to the rates of the territorial authorities, so it is not a particularly significant cost to property owners

110 Bruce Fraser

Reason: First, the basic principles. In general, borrowing is not sensible when used to fund normal running costs. Expenditure on capital items is a different story - borrowing can be justifiable when there are long term benefits. The borrowing under Options B and C are not for capital, so those options are not easily justified.

Second, the general consensus is that we (the world, NZ, Hawkes Bay) will be having a tough time over the next few years. If 2020/21 is tough, 2021/22 will be at least as difficult. And maybe a lot worse. So it totally goes against financial logic to burden future years with borrowings arising in 2020/21. Borrowing now will only aggravate the financial pressure for future years. How does the HBRC plan to manage the 2021/22 budget?

In conclusion, compare this situation with a household. If the wage earner gets a salary reduction, would he/she borrow money to maintain the former lifestyle? And there wasn't much mention of cost savings, but that will need much consideration too.

Item 5

Attachment 2

The following submitters (66) chose **Option B. Cushioning the Impact - Keep the rates revenue at the same level as 2019-20 and borrow the required funding – a 0% rates revenue increase**, for the reasons provided.

3 Syed Khurram Iqbal
No reason provided

4 Joseph Wurts

Reason: There should be an option D, and keep the expenditures at the current level, or at best, cap the expenditure increase at either the inflation rate or the local GDP factor. In just five years, the regional council rates on our property has increased by over 100%. This is a highly unsustainable rate of increase. What happened to all of the proceeds of selling the port? Why is the council asking for so much more money after so significantly raising rates in the past few years as well as selling essential assets? The HBRC needs to learn fiscal prudence. In my opinion this survey is yet another highly biased HBRC "have our say" questionnaire, where a particular answer is predetermined, and that proffered options all reflect the predetermined answer (that of an expected 7.3% increase in expenditure that requires funding, either now or in the future).

5 Russell Waites

Reason: How about 0 rates increase and 0 borrowing. Like a lot of us out here I haven't had a pay rise for 7 years - yet you lot think it is fine to keep on upping rates or increasing debt every year. Well just stick to the basics and stop your overspending and while you are at it any of you bunch earning over 100k should take a pay cut.

7 Elizabeth Read

Reason: It is vital that HBRC can continue its vital work, without immediately impacting ratepayers - particularly those affected by the drought and Covid-19 impacts. I support Council maintaining a prudent approach to continuing to improve regional environmental outcomes and supporting regional economic recovery.

8 Michael Kelly

Reason: We already get hit with a very high regional rates burden, especially when compounded by our ever-increasing local body rates, on top of a never-ending line-up of central government taxes, fees & charges! Enough is enough folks...when will all you (very important!) bureaucrats finally come to an understanding that we the common people (mostly hard-working & law abiding citizens) simply can NOT keep taking these constantly increasing financial costs - unproductive in many instances? Unlike monopoly bodies such as the one called H.B.R.C. (not unlike N.C.C. & H.D.C.) we do not have the luxury of being "price makers" - our discretionary incomes just keeping getting squeezed ever tighter!

11 Eric Pedersen

No reason provided

12 Tony Fulton

Reason: You need to change your mindset. Reduce your spending. Don't increase rates. Don't borrow more money. This is the real world, wages don't automatically increase 7% annually. Work with what you already have. Just like we have to.

13 Phil Norman

No reason provided

14 Neil Eagles

Reason: Farmers and Townies will be finding the coming year to be a difficult time financially. A little time will give all breathing space.

15 Karlene Paterson

Reason: Don't think rate payers should be getting the bill, surely there's money put to the side for such situations like this. Droughts are common in H.B if there isn't a plan already in place for situations like this then why not!?

19 Crystal Ellery

No reason provided

21 Clinton Rivers

Reason: Local council rates have risen at around 5-11% over the past three years. Currently tenants/property owners paying around \$45-\$60 per week in rates alone per dwelling, is this reflected in a 5-10% increase in local and regional council services, is it value for money? Rubbish collection? Improved water quality? Roads?
Given recent COVID19 shutdowns businesses have done what they can to run leaner while still attempting to operate. Rental increases have been postponed for 6 months. Increases in local or regional rates landlords will pass on to tenants, as they are doing with the healthy homes standards. A 7% rates increase in rates would result in a ~\$5-10 increase in weekly costs to tenants or property owners. With record low interest rates and high unemployment now is the time for the government to cushion these increase by applying a low 3.6% or no rate increase and reviewing how things can be run more efficiently.

25 Riaz Unwala

No reason provided

27 Cliff Earl

No reason provided

28 Sharon O'Hanlon

No reason provided

32 Davis Canning

Reason: Year on year rate increases have to stop. Councils have to learn to live within their budgets. The ratepayers this season are under extreme financial pressure. The Regional Council must pull its head in and play its part with a no rate increase to assist the whole regional economy.

33 Johannes Christiaans

No reason provided

34 John McConville

Reason: In the coming months businesses and individuals will have reduced funds and any increases in spending could be too taxing.

37 Jessica Lowe

No reason provided

41 Siu Kau Tai

No reason provided

43 Francis Carter
No reason provided

45 Mark Scott

Reason: In general, ratepayers are expected to have to "get by" and "make do" in this Covid-19 economic crisis, and so households are being forced to make some hard short-term decisions that will undoubtedly have less-than-ideal longer term effects. Not pretty, but that is the reality - we will make those decisions and we will get on with it. It is NOT the place of Councils to "immunise" themselves against this Covid-environment by increasing rates (taking funds out of households already hard-hit) so they can pretend that it is business-as-usual. We are taught to be prepared for an earthquake situation; to have a plan as to what we should do when our physical world starts falling apart. And every Council should have a plan for when their financial plan falls apart. In fact, it should be mandated in law that every Council in NZ should have a plan on how it can operate on revenue reductions of 5%, 10% and even 20% WITHOUT having to resort to ratepayers, even though this might detract from objectives under the long-term plan.

Councils, like households, will then have to "triage" where they spend ratepayers' precious cash. Triage, triage, then triage some more.... I am gobsmacked that HBRC's consultation over a 0% rates increase seems to be unique among Councils in NZ when it should really be an automatic and PLANNED response. In my opinion, Councils proceeding with any kind of rates increase come 1 July 2020 are acting both IRRESPONSIBLY and IMMORALLY (so much for "We Are All In This Together").

Thank you for your leadership, HBRC. Triage, triage, then triage some more!

46 Helen Lawson

Reason: we as a family have been financially affected by covid-19 as my husband has had a large pay cut, and any rates increase would impact on us financially

48 Kathryn Moerua

No reason provided

49 Sandhu Paramjit Kaur

No reason provided

50 Sukhpal Singh

No reason provided

51 Jobenpreet Singh Chahail

No reason provided

52 Mark Scofield

Reason: It is time council recognise household incomes do not rise inline with council rating expectations. Many households will suffer a decline in income this year. It would be irresponsible for there to be an increase. You took 19% increase last year and many were upset over this. Like a household you need to keep your budget tight, cut some unnecessary expenditure, work more efficiently and focus on priorities without putting further burden on rate payers. Just like people on a fixed or reduced income have to do. I have a small business and Covid 19 cut our income by 100% We can not take on any further costs in our business or personal life So please no increase in rates this year. Also do not try to get a big increase next year either it will be unfair. Work smarter. Thank you

57 Peter Seligman

Reason: Assuming that the extra borrowing is agreed on a fixed-rate basis, then I would support both preferred options

58 Gillian Stuart

Comment: Hi there, I would like to respond to the annual plan and my choice for both options is the same as the council's preferred plan. Thanks, Gillian.

61 John Montgomerie

Reason: seems best midway rate impact

62 Dean Hyde (JP)

No reason provided

63 Sarah Price

No reason provided

67 H Steele

Reason: Option D: Keep the rate revenue the same and DO NOT BORROW extra funding. Cut back on projects. Debt is bad money management whatever way you look at it.

68 Becs Warren

No reason provided

69 Keiko Hashiba

Reason: I support no rates increase. However the council should seek smarter, more streamlined operation in order to account for increasing demand on local government around environmental management. More work with no resources increase simply will not be feasible. Smarter and streamline operation may include introducing policy to work from homes, which reduces unnecessary CO2 emission, congestion in city centres, and reducing rent on extra buildings to accommodate ever increasing number of staff. This will be well aligning with the council's stance towards climate change (mitigation of).

70 Naomi Petersen

Reason: While I am a small rates payer, I recognize that many regional ratepayers pay significantly more rates than I do, and that any increase this year can incur hardship.

72 Paul Bailey

Reason: See attached

I am pleased to note that whilst you are revisiting your budgets for appropriate spending you are not looking at reducing the projected work streams. Regardless of COVID-19 or the drought our waterways remain in a mess and the programmes outlined in the 2018-21 LTP need to be continued.

Delaying the proposed rates increase by leveraging off HBRC's strong balance sheet is neither here nor there.

73 Richard Glendinning

Reason: borrow from central govt to help our region out which has been hit especially hard

79 John Berry

Reason:

I submit that the rate increases should be 0%. I would like the council to consider adding additional options to future consultations. The above options may have the unintended consequence of the council believing that rate payers are happy to borrow the funds to cover the shortfall. I have selected B since it is the best option out of those listed above. However I would prefer the council instead cut back on spending and defer capital expenditure in order to accommodate the 0% rate increase.

76 Paul Whitaker

We suggest that all Rates Increases be put on hold, until the challenge of Covid has gone. We feel it's important that the more money in peoples hands at the moment is crucial for survival.

We own 20 properties in your area and if a rates rise goes ahead, this will impact on our maintenance costs, which means local contractors miss out and properties are left in a state of repair.

During the lockdown we reduced our rents by upto 500week, which has significantly impacted the cashflow of our business. We feel a rates freeze will help soften this to some degree and think that the council should play their part in this loss.

Thanks for the opportunity to submit this submission.

To confirm once again - we prefer (B) and leave the recovery fund a couple of years.

Kind Regards

Paul Whitaker

(Paul Whitaker)

- Ex owner of Property Brothers
Hemel Hempstead

84 Ian Barns

Reason: The Council needs to be operated as private business and must work within current funding levels. In private enterprise you would stop any essential spending and staff numbers must be greatly reduced to reduce spending on wages. This will be tough but the remaining employees will pick up the additional workload, or find people who will. This is how businesses survive until the economy picks up and more income generated.

85 Pamela Harrison

No reason provided

86 Graham Harrison

No reason provided

87 Derek Lawson

Reason: I have had my work hours and pay cut due to Covid-19 and the looming recession and can't afford a rates increase at the moment

88 Karyn van der Zwet

No reason provided

90 Chelsea Neverman

No reason provided

92 Ross & Maureen Culver

Reason: We have had to tighten our belts You do too. (you wasted the money on the Dam Experiment!)

94 Leen Fluit

No reason provided

96 John Reilly

Reason: A lot of residents have suffered financially with Covid19

97 Geoffrey Whitehead & Faith Barber

No reason provided

99 Joanne Harry

No reason provided

100 Stephen Hayes

No reason provided

102 Kathryn Bayliss

Reason: I think the budget tagged for additional office space and updated facilities for field staff should be reallocated to general rates and/or the Uniform Annual General Charge (UAGC) to offset the amount needed to pay or borrow for rates. Everyone has been affected by the drought and COVID-19 pandemic and their ongoing repercussions.

103 Tony Williams

No reason provided

104 David Robson

Reason: Many people have a lost or diminished income and as such may struggle to even pay current rate let alone any increase

106 Jean-Fabien Barrois & Rose Annear

No reason provided

109 Ping Wei

No reason provided

114 Fiona Dick

No reason provided

115 Penny Reynolds

Reason: According to the HBRC advice last year, our rates were to increase 40.8%; a far cry from the stated district average of 7.3%. I submitted on this at the time. Some rural ratepayers are not only facing the economic consequences of Covid 19 and the worst drought in "113 years ". They are also dealing with the costs of the governments National Freshwater policies, the MPI Mycoplasma bovis eradication programme, environmental development work and their FEMP's. Some of these new costs for our businesses are being incurred voluntarily as we are all invested in improving environmental outcomes. They are however still new expenses for our businesses to manage. All these issues are combining to be a tsunami of extra expenses for a district that is already one of the most expensive areas in the world to produce food. I would like to see the HBRC review all its expenditure, focusing solely on core district infrastructure. Between the "General Increase in Programme Delivery" and "Organisation overheads and Inflation" costs that make up the 7.3% rate increase; there must be expenses that can either be deferred or cancelled altogether.

117 Karen Fletcher

Reason: Us workers can't afford any increases. Our wages have not gone up for many, many years and everything around us is sky-rocketing. Since August 2019 I have been put down to 4-day work weeks and as from the 7th July 2020 I have lost yet another day, now being 3-day weeks. Now, I've been told that they're looking at 2-day weeks shortly after dropping to the 3-day weeks. Our money to pay for rates has been getting more and more difficult. The Council is too top-heavy, just like the Government. Too many cooks spoil the broth. I'm in a situation now that if rates are to continue to keep climbing, I have no other option than to sell my property and pay for rental accommodation. I am an unhappy property owner. You must stop raising rates.

118 Lou Corkery

Reason: Many Hawkes Bay Rate payers have had enough financial burden this year, with the drought and Covid-19 affecting many businesses, the farming sector and employment.

121 Alex Smith

No reason provided

122 Brian Williamson

No reason provided

123 Christine Gould

No reason provided

125 Stu Burden

No reason provided

Comments: I know its unfashionable but I would just like to ask the council to try to live within its own means a bit more. I, and I'm sure most ratepayers, can use any savings to good ends more efficiently than the council can.

Item 5

Attachment 2

The following submitters (26) chose **Option C. Mid Point - Proceed with a 3.6% rate increase for 2020-21 and borrow the balance of required funding**, for the reasons provided.

9 Brendan Nikolaison

No reason provided

16 Jason Kelly

Reason: Option D - Keep the rates revenue at the same level as 2019-20 and reduce costs to match.

35 Terry Wood

Reason: Lesson the borrowing

42 Michele Grigg

No reason provided

47 antony carstens

Reason: borrowing will cost more in the long term

55 david wilkinson

Reason: Don't want to overborrow and then our rates money is simply paying banks interest.

60 Stuart Baker

No reason provided

64 Libby Young

Reason: Cushion the financial impacts but not fully absorb them so they become a future problem.

65 Alan Le Breton

Reason: Despite the financial impacts post COVID on organisations and individuals, a modest 3.6% increase on quite a reasonable annual rates bill rather than relying totally on debt funding seems more reasonable.

66 Tim Chapman

No reason provided

71 Jennifer Woodman

Reason: At some point any borrowing must be repaid, and even if it's proposed under option B to run with a modest deficit and no rate increase next year, there will be an impact in 2022/23 rating year and beyond. My fear is that the times we're in will mean the community is just as straitened and possibly further - by repeated Covid outbreaks, prolonged tourism downturn, retail closures due to ever increasing on line shopping, ongoing drought, seismic strengthening deadlines etc - in 2022/23. It doesn't look like a single sector of the economy will be immune. In considering Option 3 however, is there any magic about the 3.6% or could it just as easily be 2.5% (and bearing in mind interest rates are now at historically low levels)?

75 Peter Kirk

Reason: The financial impact of Covid is relatively unknown but unlikely businesses will have recovered for two or three years. to add funding cost to projected rates increase next year, resulting in an increase close to 10% Criminal. This will push many business owners out of business, especially tourism businesses. Yes it is only a few dollars, but combined with all the other increases, it adds up.

78 Yvonne Forrest
No reason provided

80 Tristan Tully
No reason provided

81 Noreen Tully
No reason provided

83 Tina Haslett
Reason: I believe cushioning the impact is the right way to go, but I think the mid point option may be the best way to achieve it.

89 Anthony Walsh
No reason provided

93 Natasha Mackie
Reason: Prefer not to pay for costs incurred today by fully loan funding - discounts / relief could be provided to those who need it.

95 Kirsty Chalmers
Reason: I prefer an approach that balances the need to assist ratepayers in the current situation with not overburdening the future payments needed- particularly when we have no way of knowing what future emergencies may impact everyone's finances.

101 Cecile Hurford
Reason: We do not know how much longer the economic impact of the Covid 19 will impact us and it could well be worse next year and/or the years following. At the moment the Government is still subsidising a lot of businesses, so the impact might be less in this financial year. It is for that reason I am choosing option C.

107 Hawkes Bay Fruitgrowers Assn Inc
Reason: Support cushioning impact of rates increases on a community recovering from Covid and drought but the mid point means that future impact on rates is more evenly spread.

111 David Bishop
Reason: The rates population does not require a fully cushioned impact rates relief package which is why I support the mid point option. Sale of Napier Port has lessened ability of Council to manage rate levels in good years and bad years and thereby cushion impacts on ratepayers, however that decision promoted by and agreed to Council means that ratepayers must now shoulder the rates burden. The climate change and environmental initiatives must continue

112 Mary Ellen Warren
Reason: Recognize things have changed, but no overreaction.

113 Gary Curtis
Reason: Paying for some of the rates increase each year 'flattens out' the impact of rates payments. No major disadvantage by adopting this option.

116 Keith Newman
No reason provided

128 Gerard Pain & Adrienne Tully

Reason: In case things are worse next year.

The following submitters did not select an option, but did make comment in relation to Rates.

53 Pete Rutter

Reason: Rates should not increase at all!! Reduce all your burocratic overheads first, get back to dealing with core issues, pest management, vegetation control etc. Far too many managers and people who produce nothing. Rates have increased threefold in last 5 years, services provided dropped to minimal. Council should be looking to reduce rates and cut the deadwood out from Dalton St. NO INCREASE!!!!

54 Daryl Kendrick

Reason: Good Afternoon I am not in favour of a 7.3 percent Rates increase this year. Thank you

59 Submitter

Reason: It is good to see that the preferred option on rates is a zero rise in the 2020-21 year. People on limited financial income who own their own homes cannot afford rates rises. It's hard enough to pay power/phone plus food without additional expenses being added. The rates rebate with the local council is a bonus to those on limited income.

74 Peter Alexander

Comments: Hi, This email is in response to the invitation ("Climate. Smart. Recovery. Have Your Say" DLE card) issued by the HBRC this week. I have a simple yet emphatic statement to make, as follows.

Given the acute state of the New Zealand economy as a whole currently, it would be remiss of the HBRC to entertain pursuing a raft of activity that is "nice to have yet not necessary" during the next 2 years; particularly where such activity mostly relies on rates as the main funding source. Instead, I suggest that only "essential" work (i.e. "core business") should be undertaken by the HBRC to ensure that no increase in rates is required for at least the next 2 years. Households have enough to be concerned about presently, and as we all apply ourselves to the best of our ability to rebuild the N.Z. economy during the next 2 years. It would be insensitive (to say the least) on the part of the HBRC to entertain any increase to apply to rates during this time.

127 Peter van der Stam

Reason: Zero rates increase would help families in need a little bit.

126 Coralee Matena on behalf of Federated Farmers

2. Federated Farmers notes that the overall rates increase, to align with the forecast in the 2018 Long Term Plan, proposed increases of around 7.33%.
3. We understand that Council were initially not intending to consult on this year's Annual Plan, however given the impact of COVID-19 and the drought, Council have reconsidered their approach to the 2020 Annual Plan. Ultimately this has required Council to consult on their revised annual plan draft. Federated Farmers understands that most affected is Council's non-rates recovered revenue (investments) which will be down \$6.1M which would/could equate to an average rate increase of up to 24.7%.
4. In March this year, Katie Milne – National President for Federated Farmers, wrote to all Territorial Authorities asking that Council's reconsider any proposals to increase rates, and instead retain rates as set the previous year. In her letter, she noted that the significant unknown impact of COVID 19 on our communities and our economy, and also reiterated that this year would now not be business as usual for ratepayers. The letter also asked that in line with what every business in NZ is having to undertake, Council should focus on core functions and operate as efficiently and effectively as possible.
5. We understand that HBRC's preferred rating option is to keep the rates revenue at the same level as 2019- 20 and borrow the required funding 'top ups', ultimately resulting in a 0% rates revenue increase. Federated Farmers thanks Council for its actions to minimise the impact of rates on its communities, recognising how tough this year has been for all sectors of the community. We are however concerned about the impact that this debt will have on rural rates, both now and in future years. Rural rates have been increasingly significantly year by year, albeit without any increase in farmer/rural rate payer ability to pay. This year and those subsequent will be no different, as the draft has put significant pressure on the viability on the region's rural communities.

HAWKE'S BAY REGIONAL COUNCIL

Wednesday 15 July 2020

Subject: DELIBERATION REPORT ON THE RECOVERY FUND FOR 2020-21

Item 6

Reason for Report

1. This report provides Council with officers' analysis of the feedback received from the community on the proposal to establish a recovery fund as part of the 2020-21 Annual Plan Consultation Document. Community consultation was held from 8-28 June 2020.
2. The report identifies and considers key themes, comments and suggestions raised in order to assist Council to make a decision on which option to progress.

Officers' Recommendation

3. That Council, having considered all submissions and the officers' analysis of submissions, chooses its preferred option in regards to establishing a recovery fund for 2020-21.

Options Analysis – Topic 2: Recovery Fund for 2020-21

4. Submitters were provided with two options on Council's proposal to establish a recovery fund for 2020-21, and asked to indicate which option they supported.
5. The options selected by submitters were:

OPTIONS	Number that chose this option	% that chose this option
Option A No, do not establish a Recovery Fund of \$1 million.	29	28%*
Option B Yes, establish a Recovery Fund of \$1 million.	76	72%*
No option chosen	13	
TOTAL	118	

**Excluding those that did not choose an option.*

6. Attached to this report is the data above represented as a bar graph.
7. This report provides analysis of the responses by each option. Related comments made by submitters who did not select a preferred option are also included in the analysis, which includes:
 - 7.1. Key themes
 - 7.2. Analysis of themes
 - 7.3. Direct quotes from submitters (extracts only)
 - 7.4. Officers' response.

OPTION A: No, do not establish a Recovery Fund of \$1 million

Key themes

8. 29 submitters selected this option. A range of reasons and comments were given as to why submitters do not support the establishment of a recovery fund. These included:
 - 8.1. Affordability
 - 8.2. More information needed
 - 8.3. Work with what you already have
 - 8.4. Delay setting up the fund

- 8.5. Fund is not needed
- 8.6. Concern around who benefits.

Analysis of themes

- 9. There appears to be some confusion around the recovery fund, including how it will be funded and the work it would support. Some submitters were concerned establishing this fund would increase rates or borrowing, which would impact rates affordability. One submitter believed "Council needs to stick to core business". This is despite the consultation document outlining that the proposed \$1 million would be reallocated from the budget tagged for additional office space and would be focusing on accelerating Council capital projects.
- 10. Specific details were requested, including what projects would be initiated. This was a sentiment expressed by those that both did and did not support establishment of a fund.
- 11. There is a sentiment of "work with what you already have", including that Council should have reserves to draw on for future projects.
- 12. Sentiment was also expressed that Council should delay setting up the fund, until COVID-19 was in control or eliminated, and to "...Stop any and all non essential projects for at least 1-2 years." Survival was key and there is no guarantee that there will be further financial impact on people. This sentiment was echoed by another submitter who suggested that only "essential" work be undertaken in the next two years, to ensure rates would not increase in that time. "...Given the acute state of the New Zealand economy..."
- 13. Sentiment was also expressed that the fund was not needed, with one submitter inferring the impact of COVID-19 will not be as severe as expected.
- 14. There was some concern expressed about who the fund would benefit, one submitter not wanting ratepayer money spent "...on bailing out drought affected farmers please" and another saying there needed to be proof that all people benefit.
- 15. One submitter suggested that the \$1 million instead be used to, in part, offset the reduction in rate increases. This sentiment was also made by another submitter, who caveated their preference for establishing a recovery fund on the \$1 million be reallocated to general rates/and or Uniform Annual General Charge to offset the amount needed to borrow if rates are kept at the 2019-2020 level.

Direct quotes from submitters (mostly extracts only)

Affordability

- 16. "Not best time to be trying to get more money from ratepayers to help climate..." (sub #20)
- 17. "Bad timing re establishing a Recovery Fund. Specifics please. \$52 added to the annual bill is quite a sizeable amount..." (sub #114)
- 18. "... and can't afford a rates increase at the moment." (sub # 87)

More information needed

- 19. "Please define just what this plan will entail before establishing any funding for the plan." (sub #4)

Work with what you already have

- 20. "Work with what you already have. It's just too easy for you to spend other people's money..." (sub #12)
- 21. "In council long term financial management you should have reserves for future projects which can be drawn upon. This is a time if the priorities are there to utilise these funds..." (sub #52)

Delay setting up the fund

- 22. "Please delay for 2 years until business is back to normal. Survival is key at the moment in 2 years could be a good time to start..."(sub #76)
- 23. "...Stop any and all non essential projects for at least 1-2 years." (sub #84)

Fund is not needed

- 24. "I believe we will naturally recover quickly." (sub #55)

Concern around who benefits

- 25. "There needs to be more proof that there is a benefit to ALL PEOPLE of the region, not just a select few..." (sub #67)

Officers' response to the key themes in Option A

- 26. The funding of the proposed recovery fund does not have any impact on the 20-21 financials as the capital spend is a redeployment from an existing project, this therefore has no impact on rates. The original funding, and the subsequent recovery fund was planned to be debt funded and capitalised which means it wouldn't be able to offset operational and rates funded expenditure.
- 27. Further, the fund is proposed to be used to accelerate existing work, and / or leverage external third party funding. Any use of the fund will be for work that is Council's core business.
- 28. In response to a request for more detail, a policy for governance of the fund is being developed and will be complete for adoption alongside the Annual Plan on 29 July 2020.
- 29. Officers believe there is a benefit to the community to create this fund for use in the 2020-21 year, a key aspect of the fund will be to create and support jobs in the region. The economic effects of Covid-19 will continue to impact Hawke's Bay particularly as the government's wage subsidy programme comes to an end.
- 30. In response to Forest & Bird's submission, officers agree that climate change will mean that weather events will become more common in the future, and Council's existing, and 2021-31 work programme must continue to address the medium to long-term issues experienced in the region.

OPTION B: Yes, establish a Recovery Fund of \$1 million**Key themes**

- 31. 76 submitters selected this option. The following key themes were identified.
 - 31.1. We need this now
 - 31.2. Supportive – with a caveat
 - 31.3. Leverage government funding
 - 31.4. Suggestions

Analysis of themes

- 32. There appears to be a strong sense of urgency and need to establish the recovery fund amongst several submitters. It was felt it was important to get such projects underway as soon as possible to address climate change, with the sentiment this was a very real and serious issue, and to help with the economic recovery of the region following the COVID-19 restrictions.
- 33. Several supported the establishment of a recovery fund, but outlined caveat/s for this. These included:
 - 33.1. If the fund can be established without borrowing.
 - 33.2. If the capital projects have a positive environment effect and are carbon negative.

- 33.3. If employment opportunities are created.
 - 33.4. If the fund can be justified (ahead of - and even at the expense of) other Council spending.
 - 33.5. As long as it is used to leverage central government funding.
 - 33.6. Assuming that the extra borrowing is agreed on a fixed-rate basis.
 - 33.7. Only if the budget tagged for additional office space and updated facilities for field staff was reallocated to general rates and/or the Uniform Annual General Charge (UAGC) to offset the amount needed to borrow (if rates are kept at the same level as 2019-2020).
34. There was a keenness and encouragement to make use of and leverage central government funding for the shovel-ready projects.
 35. Some suggestions were made for the recovery fund, including that it would be better to fund it by taking a loan out of Napier Port rather than ratepayers having to pay for it, and that erosion control/flood mitigation projects shouldn't be delayed.
 36. Whilst not choosing a preferred option, Forest & Bird expressed strong opinions on the type of projects to be considered for Council's Climate.Smart.Recovery "...it will be important to ensure that the way in which interventions respond to climate change are progressive, sustainable and genuinely transformational. We strongly oppose approaches to drought resilience such as building dams that will simply perpetuate environmentally unsound land use, or enable intensification of water needs in a region where that is inappropriate..."
 37. While not choosing a preferred option, it is noted that Federated Farmers would like to work closely with Council on the scope and detail of the projects to be implemented through a recovery fund, to ensure they align with rural HB activities and realities.

Direct quotes from submitters (mostly extracts only)

We need this now

38. "Time is of essence with our climate change and environmental issues..." (sub #118)
39. "While we have a downturn due to Covid 19 we also have a serious climate emergency and for the sake of refurbishment of offices, not to proceed with that, would be unwise in my view..." (sub #101)
40. "we are already so late adapting to climate emergency. we need far stronger action and far sooner than existing plans dictate...it makes absolute sense to put money into smart climate saving projects that happen to stimulate the economy at same time." (sub #73)

Supportive – with a caveat

41. "If the Fund can be justified, ahead of - and even at the expense of - other Council spending then it should proceed on its merits." (sub #45)
42. "As long as it is used to leverage central government funding - otherwise \$1million won't go a long way." (sub #93)

Leverage government funding

43. "...Whilst central government is loosening it's purse strings we should try and take advantage of that." (sub #72)

Suggestions

44. "The erosion control/flood mitigation etc projects shouldn't be delayed. We could end up paying much more in future for trying to save money now by halting these projects." (sub #70)

Officers' response to the key themes in Option B

45. Officers recommend further detail of the intended use and objectives of the recovery fund be outlined within the policy under development, proposed for adoption alongside the Annual Plan on 29 July.
46. The objectives within the policy confirm the Council's intention to leverage government funding as much as possible, use the fund to progress Council's core environmental works which achieve not only environmental outcomes but which also respond to Climate Change. Another key objective of the fund is to support the regional recovery and the creation of jobs.
47. Officers recommend borrowing is a suitable funding mechanism for this fund given the intergenerational nature of the proposed use of the fund.
48. Regarding the repurposing of the accommodation project funding, officers believe this is reasonable given the review currently being undertaken intends to incorporate and respond to employees desire to have more flexible working arrangements. Further, alternative accommodation options may now be available and more suitable given the current economic conditions. Officers believe the remaining \$1mil in the accommodation project funding is enough to progress the project through to a preferred option within the 2020-21 financial year.

Decision Making Process

49. Section 95 of the Local Government Act 2002 prescribes the statutory requirements in relation to annual plans, including that Council must consult in a manner that gives effect to the requirements of the section 82 principles of consultation. The consultation process has been undertaken and reflects the high degree of significance associated with adopting the 2020-21 Annual Plan to specifically respond to the impacts of the Covid-19 pandemic and the drought.

Recommendations

That Hawke's Bay Regional Council:

1. Receives and considers the "*Deliberation Report on the Recovery Fund for 2020-21*" staff report, including the officers' analysis and response to submission points.
2. Agrees to
 - 2.1. (Option A) not establish a Recovery Fund of \$1 million for 2020-21
 - Or
 - 2.2. (Option B) establish a Recovery Fund of \$1 million for 2020-21.

Authored by:

Leeanne Hooper
GOVERNANCE LEAD

Mandy Sharpe
PROJECT MANAGER

Approved by:

Jessica Ellerm
GROUP MANAGER
CORPORATE SERVICES

Attachment/s

- [1](#) Topic 2 Options Results Table
- [2](#) Topic 2 Submissions by Option Chosen

Recovery Fund for 2020-2021

Choices	Percentage	Count
B.Yes, establish a Recovery Fund of \$1 million. OUR PREFERRED OPTION	<div><div></div></div> 72.30%	76
A.No, do not establish a Recovery Fund of \$1 million.	<div><div></div></div> 27.62%	29
	Total	105
	Unanswered	13

Item 6

Attachment 1

Topic 2: Recovery Fund for 2020-21

The following (29) submitters chose **Option A – No, do not establish a Recovery Fund of \$1 million**, for the reasons provided.

4 Joseph Wurts

Reason: Please define just what this plan will entail before establishing any funding for the plan.

5 Russell Waites

Reason: Just STOP!!!

6 Wendy Apperley

No reason provided

8 Michael Kelly

Reason: Climate Change is all the rage, for sure, but I am not so easily fooled by all the faux "science" hype that the media (fed by a few very large global "players") keeps shovelling into the spongy "minds" of the multitudes! Try reading some real science-based investigative work on "climate change" theories eg. "AIR CON" by Ian Wishart of Howling At The Moon Publishing Ltd. Yes, it would appear that our planet earth is back into yet another global warming phase...but it has nothing to do with CO2 emissions and rising carbon levels in our atmosphere...go ahead and do some independent research; provided by truly non-partisan scientists...ones without multi-national, massive corporate inducements at their heart.

10 Don Graham

No reason provided

11 Eric Pedersen

No reason provided

12 Tony Fulton

Reason: Work with what you already have. It's just too easy for you to spend other people's money. You have a budget, aim for 90% use and 10% contingency.

16 Jason Kelly

Reason: Council needs to stick to core business.

20 Raewyn N

Reason: Not best time to be trying to get more money from ratepayers to help climate. Better to encourage ratepayers to help climate for free and not increase rates please!

25 Riaz Unwala

No reason provided

27 Cliff Earl

Reason: Don't spend ratepayer money on bailing out drought affected farmers please.

29 Brendan Veale

No reason provided

32 Davis Canning

Reason: These recovery funds are usually pocketed by "experts, advisors etc." charging outrageous professional fees and don't get anywhere near the people at the coal face who really need the assistance.

41 Siu Kau Tai

No reason provided

46 Helen Lawson

Reason: we do not need the council to borrow any money for a fund especially if the rates are the same

47 Antony Carstens

Reason: recovery fund is not required

52 Mark Scofield

Reason: In council long term financial management you should have reserves for future projects which can be drawn upon. This is a time if the priorities are there to utilise these funds. Should not require loans or rates increase. I have to use the same principal in my own business.

55 David Wilkinson

Reason: I believe we will naturally recover quickly.

Comments: By the look of the last weekend and how people are getting out and spending spending our economy will recover quickly.

66 Tim Chapman

No reason provided

67 H Steele

No reason provided

Comments: There needs to be more proof that there is a benefit to ALL PEOPLE of the region, not just a select few. Providing a biased few options for people to vote on is not democracy or not well thought out. Stating your bias to vote a certain way is undue influence and unethical.

76 Paul Whitaker

Reason: Please delay for 2 years until business is back to normal. Survival is key at the moment in 2 years could be a good time to start, once covid has been totally eliminated.

Comments: and leave the recovery fund a couple of years.

79 John Berry

Reason: Since the \$1 million dollars has been a reallocation of budget items tagged for additional office space and updated facilities for field staff I submit that instead of funding the Recovery Fund the \$1 million dollars is instead used to, in part, offset the reduction in rate increases for the year.

84 Ian Barns

Reason: At this time when we cannot guarantee that covid 19 is firmly under control and that there will be further pain to ratepayers through job losses, loss of income etc. Stop any and all non essential projects for at least 1-2 years.

87 Derek Lawson

Reason: I have had my work hours and pay cut due to Covid-19 and the looming recession and can't afford a rates increase at the moment

92 Ross & Maureen Culver

Reason: Do not borrow for funding as we do not want a recovery fund.

96 John Reilly

Reason: Save money. Things could get worse later on in the year.

99 Joanne Harry

Reason: Government should be funding this, not rate payers.

114 Fiona Dick

Reason: Bad timing re establishing a Recovery Fund. Specifics please. \$52 added to the annual bill is quite a sizeable amount. Why always ratepayers funding whatever? Four working adults in one house, one ratepayer, one working adult in one house and one ratepayer. There is an electoral roll and to make fairness for all why not target ALL voters - the despised poll tax but at least the load is shared. BUT I am still very much opposed to this 'vague' recovery fund. Rather ironical to say money does not grow on trees.

125 Stu Burden

No reason provided

Comments: I know its unfashionable but I would just like to ask the council to try to live within its own means a bit more. I, and I'm sure most ratepayers, can use any savings to good ends more efficiently than the council can.

The following (76) submitters chose **Option B. Yes establish a Recovery Fund of \$1 million**, for the reasons provided.

3 Syed Khurram Iqbal

Reason: Need to know what projects will be initiate from recovery fund

7 Elizabeth Read

Reason: I note that you will divert funds from planned office upgrades for field staff. I am supportive, but encourage Council to capitalise on and maintain the new ways of working that have been discovered through Covid-19 so that staff (across the business) have the choice to work more flexibly and lead the way in a more sustainable approach to working. I also encourage Councillors to keep conducting meetings via digital platforms - that way also leading by example and saving on the unnecessary costs (including building) associated with in-person meetings. This will be Climate.Smart.

9 Brendan Nikolaison

No reason provided

13 Phil Norman

No reason provided

14 Neil Eagles

Reason: Will be available to assist those farmers and horticulturalists experiencing feed & water shortage from the drought to get back on their feet. Pray for rain during Spring to set the Bay up for the next year.

15 Karlene Paterson

No reason provided

17 David Trubridge

Reason: This is as urgent as ever and must be pushed ahead with.

18 Alice Munro

Reason: To get 'shovel ready projects' up and going as soon as possible for regional development and economical growth.

19 Crystal Ellery

No reason provided

21 Clinton Rivers

No reason provided

28 Sharon O'Hanlon

No reason provided

30 Ross Clark

Reason: Don't further encumber ratepayers with unnecessary increases to rates

33 Johannes Christiaans

Reason: This is definitely necessary

34 John McConville
No reason provided

35 Terry Wood
No reason provided

37 Jessica Lowe
No reason provided

39 Brian Waller
Reason: Climate change mitigation is imperative

42 Michele Grigg
No reason provided

43 Francis Carter
No reason provided

44 Simon Shaw
Reason: If this can be done from existing revenue, without borrowing. If the capital projects have a positive environment effect and are carbon negative. And especially if employment opportunities are created.

45 Mark Scott
Reason: If the Fund can be justified, ahead of - and even at the expense of - other Council spending then it should proceed on its merits.

48 Kathryn Moerua
No reason provided

49 Sandhu Paramjit Kaur
No reason provided

50 Sukhpal Singh
No reason provided

51 Jobenpreet Singh Chahail
No reason provided

56 Melody Harrington
Reason: Deferring a building project makes sense. Saving for a rainy day makes sense.

57 Peter Seligman
Reason: Assuming that the extra borrowing is agreed on a fixed-rate basis, then I would support both preferred options

58 Gillian Stuart
No reason provided
Comments: Hi there, I would like to respond to the annual plan and my choice for both options is the same as the council's preferred plan. Thanks, Gillian.

Attachment 2

Item 6

60 Stuart Baker
No reason provided

61 John Montgomerie
Reason: needs to be done

62 Dean Hyde (JP)
No reason provided

63 Sarah Price
No reason provided

64 Libby Young
No reason provided

65 Alan Le Breton
Reason: I support initiatives to get capital projects underway - especially post COVID-19 restrictions - to help our local economy recover.

68 Becs Warren
No reason provided

69 Keiko Hashiba
No reason provided

70 Naomi Petersen
Reason: The erosion control/flood mitigation etc projects shouldn't be delayed. We could end up paying much more in future for trying to save money now by halting these projects.

71 Jennifer Woodman
Reason: Yup a no brainer.

73 Richard Glendinning
Reason: we are already so late adapting to climate emergency. we need far stronger action and far sooner than existing plans dictate. the exponential rate of warming will catch us out collectively as a species if not. it makes absolute sense to put money into smart climate saving projects that happen to stimulate the economy at same time.

72 Paul Bailey
Reason:
Whilst you have delayed the additional office space for staff you are still collecting rates to pay for it so on balance directing these funds to a recovery fund sounds like a sensible thing to do. Whilst central government is loosening it's purse strings we should try to take advantage of that.

It's unclear from you consultation document what 'shovel ready' projects you have ready to help implement a 'Climate.Smart.Recovery'. I look forward to the LTP to flesh out the details and look forward to contributing to the discussion.

75 Peter Kirk
Reason: Lets get leverage from central Govt funding.

77 James Bell
No reason provided

78 Yvonne Forrest
No reason provided

80 Tristan Tully
No reason provided

81 Noreen Tully
No reason provided

82 Patrick Maloney
Reason: Climate change is real and serious, and it will be costly. Work and expenditure are just a necessary expense of our future.

83 Tina Haslett
No reason provided

85 Pamela Harrison
No reason provided

86 Graham Harrison
No reason provided

88 Karyn van der Zwet
No reason provided

89 Anthony Walsh
No reason provided

90 Chelsea Neverman
No reason provided

93 Natasha Mackie
Reason: As long as it is used to leverage central government funding - otherwise \$1million won't go a long way.

94 Leen Fluit
No reason provided

95 Kirsty Chalmers
Reason: Good idea and will leverage the government's shovel-ready projects well.

97 Geoffrey Whitehead & Faith Barber
No reason provided

100 Stephen Hayes
No reason provided

101 Cecile Hurford	
Reason:	While we have a downturn due to Covid 19 we also have a serious climate emergency and for the sake of refurbishment of offices, not to proceed with that, would be unwise in my view. I therefore support the Council to establish a Recovery Fund.
103 Tony Williams	
No reason provided	
104 David Robson	
No reason provided	
105 Adrienne Tully	
No reason provided	
106 Jean-Fabien Barrois & Rose Annear	
No reason provided	
107 Hawkes Bay Fruitgrowers Assn Inc	
Reason:	Encourage Council to leverage government funding for shovel ready projects which will support employment and regional recovery.
109 Ping Wei	
No reason provided	
110 Bruce Fraser	
No reason provided	
111 David Bishop	
Reason:	It is better to take a loan out of Napier Port for the \$1m recovery fund than ping ratepayers for the fund.
112 Mary Ellen Warren	
No reason provided	
113 Gary Curtis	
Reason:	The idea of the recovery fund has merit but am concerned that should the Council decide to establish a Recovery Fund, the fact that the funding is coming from funds set aside for upgraded accommodation for HBRC staff, spending those funds now is only delaying an increase in rates to pay for upgraded accommodation in the not too distant future.
115 Penny Reynolds	
Reason:	It is time for the HBRC to rethink its entire expenditure; just as every business in NZ is having to do now. There must be capital work expenditure that can be deferred without significant impact on the region. Leave that money with rate payers who will be doing their very best to recover.
116 Keith Newman	
No reason provided	
118 Lou Corkery	
Reason:	Time is of essence with our climate change and environmental issues. We need to proceed quickly to make changes for the better and recover or restore our natural environment.

119 Darryl Baxter
No reason provided

121 Alex Smith
No reason provided

122 Brian Williamson
No reason provided

123 Christine Gould
No reason provided

128 Gerard Pain & Adrienne Tully
Reason: Yep, I think it will probably be a good idea to establish a recovery fund.

Item 6**Attachment 2**

The following submitters did not select an option, but did make comment in relation to establishing a Recovery Fund.

74 Peter Alexander

Comments: Hi, This email is in response to the invitation ("Climate. Smart. Recovery. Have Your Say" DLE card) issued by the HBRC this week. I have a simple yet emphatic statement to make, as follows.

Given the acute state of the New Zealand economy as a whole currently, it would be remiss of the HBRC to entertain pursuing a raft of activity that is "nice to have yet not necessary" during the next 2 years; particularly where such activity mostly relies on rates as the main funding source. Instead, I suggest that only "essential" work (i.e. "core business") should be undertaken by the HBRC to ensure that no increase in rates is required for at least the next 2 years. Households have enough to be concerned about presently, and as we all apply ourselves to the best of our ability to rebuild the N.Z. economy during the next 2 years.

It would be insensitive (to say the least) on the part of the HBRC to entertain any increase to apply to rates during this time. Sincerely, Peter Alexander

102 Kathryn Bayliss

Reason: I think the budget tagged for additional office space and updated facilities for field staff should be reallocated to general rates and/or the Uniform Annual General Charge (UAGC) to offset the amount needed to borrow if rates are kept at the same level as 2019-2020. Only if this is decided against I would select the option: B. Yes, establish a Recovery Fund of \$1 million.

117 Karen Fletcher

Reason: Neither! Get rid of top-heavy, unnecessary employees, we don't need a Mayor either, it's not necessary at all. We used to get through life without a Mayor, so go back to the good days. Thin the council employment, do it now!

126 Coralee Matena on behalf of Federated Farmers

9. Federated Farmers also understand that HBRC are seeking to establish a Recovery Fund to leverage potential government co- funding for Council-related capital projects. We would like to work closely with Council on the scope and detail of these projects, to ensure they align with rural HB activities and realities.

127 Peter van der Stam

Comments: Third Recovery? Recovery from what? From a government who did have it wrong. Easy! Vote them out. Problem is: what do we get then? Never heard that Bacteria can be killed and virus NOT? (medical fact) So, that is one thing our (clever) government obviously doesn't know. You lot want more money to go to your (personal) bank account? Or where did you have in mind it should go? Bankrupt businesses! NZ should NEVER have gone in total lockdown. Lock the borders and send all tourists back home with the same plane they came in. But it was a good effort to see if NZ can become a police state in the future and the Chinese are laughing their heads off. Why? NZ needs money to rebuilt! You call it "recovery!" Where does that money come from? I guess it comes from China, lending it to us. Not paid back in time? OH! No problem, we buy (take) more land from you for next to nothing. We have already big chunks of NZ, and would love to get more, very cheaply (dum sheep you are, well, we whites are Barbarians, according the Chinese anyway) ... SO! all in all, we ratepayers are going to be hit by a huge increase in rates. Correct me if I am wrong.