

I, Kitea Tipuna, Tumu Whakarae Taupua Interim Chief Executive Officer, hereby give notice that an Ordinary Meeting of Council will be held on:

Date: Tuesday, 9 February 2021

Time: 1.30pm

Location: Council Chamber, Wairoa District Council,

Coronation Square, Wairoa

AGENDA

Ordinary Council Meeting 9 February 2021

The agenda and associated papers are also available on our website: www.wairoadc.govt.nz

For further information please contact us 06 838 7309 or by email info@wairoadc.govt.nz

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- 1 KARAKIA
- 2 APOLOGIES FOR ABSENCE
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- 4 CHAIRPERSON'S ANNOUNCEMENTS
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- **6 PUBLIC PARTICIPATION**

A maximum of 30 minutes has been set aside for members of the public to speak on any item on the agenda. Up to 5 minutes per person is allowed. As per Standing Order 15.1 requests to speak must be made to the Chief Executive Officer at least one clear day before the meeting; however this requirement may be waived by the Chairperson.

7 MINUTES OF THE PREVIOUS MEETING

Ordinary Meeting - 1 December 2020

Extraordinary Meeting - 15 December 2020

Extraordinary Meeting - 22 December 2020

Extraordinary Meeting - 12 January 2021

MINUTES OF WAIROA DISTRICT COUNCIL ORDINARY COUNCIL MEETING

HELD AT THE COUNCIL CHAMBER, WAIROA DISTRICT COUNCIL, CORONATION SQUARE, WAIROA ON TUESDAY, 1 DECEMBER 2020 AT 1.30PM

PRESENT: His Worship the Mayor Craig Little, Cr Denise Eaglesome-Karekare, Cr Hine

Flood (Deputy Mayor), Cr Danika Goldsack, Cr Jeremy Harker, Cr Melissa Kaimoana, Cr Chaans Tumataroa-Clarke, Mr Kiwa Hammond (via

teleconference)

IN ATTENDANCE: Kitea Tipuna (Tumu Whakarae Taupua Interim Chief Executive), Kimberley

Tuapawa (Pouwhakarae – Pārongo/Wheako Kiritaki Group Manager Information and Customer Experience), Simon Mutonhori (Kaiwhakahaere Ratonga Kiritake-Waeture/Customer Service Manager – Regulatory), Gary Borg (Pouwhakarae – Pūtea/Tautāwhi Rangapū Group Manager Finance and Corporate Support), Lauren Jones (Kaikaute Putea/Financial Accountant), Andrew Heron (Mataaro Whakakaupapa Project Engineer), Luke Knight (Kaiwhakahaere Rawa Property Manager), Courtney Hayward (Kaiurungi Matua Kaupapa Here me te Mana Arahi/Senior Policy and Governance Advisor), Gay Waikawa (Kaiurungi Mana Arahi/Governance Officer), Tyler Trafford-Misson (Kaiurungi Mana Ārahi/Whakawhanake Ōhanga Governance

and Economic Development Officer)

1 KARAKIA

Karakia was given by Cr Chaans Tumataroa-Clarke.

2 APOLOGIES FOR ABSENCE

Nil

3 DECLARATIONS OF CONFLICT OF INTEREST

Cr Jeremy Harker – Item 10.1 – Procurement – 20/08 PGF Bridge Strengthening Package 2

4 CHAIRPERSON'S ANNOUNCEMENTS

None.

5 LATE ITEMS OF URGENT BUSINESS

RESOLUTION 2020/52

Moved: His Worship the Mayor Craig Little

Seconded: Cr Jeremy Harker

That in accordance with Section 46A (7) of the Local Government Official Information and Meetings Act 1987 the **Item 8.6** - **Audit Engagement for the Long Term Plan 2021-31** be considered given the item had not come to hand at the time of Agenda compilation and consideration of this matter is required now in order to respond within the timeframe allowed.

CARRIED

6 PUBLIC PARTICIPATION

His Worship the Mayor welcomed Mr Trevor Waikawa Jnr (Wairoa District Council 2020 TUIA's representative) and Alice Angeloni (Local Democracy Reporter, Gisborne Herald).

Mr Trevor Waikawa Jnr gave his presentation on TUIA programme which involves local Mayors selecting a young Maori from their district to mentor on a one-to-one basis, to encourage and enhance leadership skills. The relationship also provides both partners with the opportunity to gain a deeper insight into inter-generational issues, cultural values and experiences.

Mr Waikawa also spoke on TUIA kaupapa being the 3 Pou of Tuia. Five wananga were held throughout the year each in different locations throughout Aotearoa and is all about sharing, listening, korero, whanaungatanga (networking aspect) and engaging with one another.

Different parts of TUIA being Tuia | Runga (Otorohanga Maniapoto), Tuia | Raro (Zanaka/Zananga), Tuia | Roto (Rotorua Te Arawa), Tuia | Waho (Te Whanga A Ruawharo) and Tuia | Te Here Tangata (Te Ihu o Mataoho, Ihumatao).

Contributing back to the kaupapa, rangatahi nominee rep for Whakaki-nui-a-rua Wairoa rangatahi, TUIA co-ordinator and giving time and effort back to the kaupapa and continuing being me!!!

The Interim Chief Executive advised Council of the TUIA 2021 representative.

7 MINUTES OF THE PREVIOUS MEETING

RESOLUTION 2020/53

Moved: Cr Hine Flood

Seconded: Cr Chaans Tumataroa-Clarke

That the minutes [and confidential minutes] of the Ordinary Meeting held on 20 October 2020 and the Extraordinary Meeting held on 3 November 2020 be confirmed.

8 GENERAL ITEMS

8.1 MEETING SCHEDULE 2021

RESOLUTION 2020/54

Moved: Cr Denise Eaglesome-Karekare

Seconded: Cr Hine Flood

That Council receive the report and adopt the meeting schedule for 2021 with the amended changes.

CARRIED

Elected members discussed:

- Extraordinary meeting for the Finance Audit and Risk Committee in January 2021.
- Employment processes dates for Chief Executive Review Panel
- Maori Standing Committee meeting dates.

8.2 DETERMINATION OF YOUTH COUNCIL SELECTION PANEL

RESOLUTION 2020/55

Moved: Cr Jeremy Harker Seconded: Cr Danika Goldsack

That Council receive the report.

AND

Nominate two Elected Members to sit alongside His Worship the Mayor on the selection panel.

CARRIED

YOUTH COUNCIL SELECTION PANEL

RESOLUTION 2020/56

Moved: Cr Hine Flood Seconded: Cr Jeremy Harker

That Council nominate His Worship the Mayor, Councillors D Goldsack and M Kaimoana and also the Interim Chief Executive, Kitea Tipuna to sit on the Youth Council Selection Panel.

8.3 SIGNIFICANCE AND ENGAGEMENT POLICY REVIEW

RESOLUTION 2020/57

Moved: Cr Jeremy Harker Seconded: Cr Danika Goldsack

That Council approve the proposed changes to the Significance and Engagement Policy with minor amendments.

CARRIED

The Kaiurungi Matua Kaupapa Here me te Mana Arahi/Senior Policy and Governance Advisor presented her report and reported the Significance and Engagement Policy informs the way that Council will engage with the Community on decisions and support identification of the degree of significance.

8.4 COUNCIL PERFORMANCE FOR THE 3 MONTHS TO 30 SEPTEMBER 2020

RESOLUTION 2020/58

Moved: Cr Denise Eaglesome-Karekare

Seconded: Cr Jeremy Harker

That Council receive the report.

CARRIED

Pouwhakarae – Pūtea/Tautāwhi Rangapū Group Manager Finance and Corporate Support advised Council on its minimum statutory obligations regarding reporting, public accountability and financial management as contained in Part 6 of the Local Government Act 2002.

Pouwhakarae – Pūtea/Tautāwhi Rangapū Group Manager Finance and Corporate Support also advised Council on Financial commentary, Council finances, Council staff, Council performance in detail being the Activity Groups for Water supply, Stormwater, Wastewater, Waste management, Transport, Community facilities, Planning & Regulatory, Leadership & Governance and Corporate Functions, Financial Statements and Finding Impact Statements.

Elected members discussed:

- Remuneration bands.
- Overall performance
- Different types of subsidy and staying to budget.
- Accounability and service levels meet KPI.

8.5 ROAD NAMING - PAPA KAINGA ACCESS

RESOLUTION 2020/59

Moved: Cr Chaans Tumataroa-Clarke

Seconded: Cr Hine Flood

That Council approve proposed name of road leading to the Papa kāinga as Lemuel Lane

CARRIED

8.6 AUDIT ENGAGEMENT FOR THE LONG-TERM PLAN 2021-31

RESOLUTION 2020/60

Moved: Cr Jeremy Harker

Seconded: Cr Denise Eaglesome-Karekare

That Council:

- i. Acknowledges the appointment of Stuart Mutch to carry out the audit for the Long-term Plan 2021-31:
- ii. Confirms its understanding of the respective responsibilities of Council and its Auditor under this appointment; and
- iii. Approves the fee of \$101,250 as quoted, along with an allowance for disbursements estimated at \$18,000.

CARRIED

9 RECEIPT OF MINUTES FROM COMMITTEES/ACTION SHEETS

9.1 RECEIPT OF FINANCE, AUDIT & RISK COMMITTEE MEETING - 29 SEPTEMBER 2020

RESOLUTION 2020/61

Moved: Cr Jeremy Harker

Seconded: Cr Chaans Tumataroa-Clarke

That the Minutes of the Finance, Audit & Risk Committee Meeting held on Tuesday 29 September 2020 be received and the recommendations therein be adopted.

9.2 RECEIPT OF FINANCE, AUDIT & RISK COMMITTEE MEETING - 20 OCTOBER 2020

RESOLUTION 2020/62

Moved: Cr Jeremy Harker

Seconded: Cr Chaans Tumataroa-Clarke

That the Minutes of the Finance, Audit & Risk Committee Meeting held on Tuesday 20 October

2020 be received and the recommendations therein be adopted.

CARRIED

9.3 RECEIPT OF MĀORI STANDING COMMITTEE MEETING - 20 AUGUST 2020

RESOLUTION 2020/63

Moved: Cr Jeremy Harker

Seconded: Cr Chaans Tumataroa-Clarke

That the Minutes of the Māori Standing Committee Meeting held on Thursday 20 August 2020 be

received and the recommendations therein be adopted.

CARRIED

9.4 RECEIPT OF MĀORI STANDING COMMITTEE MEETING - 2 OCTOBER 2020

RESOLUTION 2020/64

Moved: Cr Jeremy Harker

Seconded: Cr Chaans Tumataroa-Clarke

That the Minutes of the Māori Standing Committee Meeting held on Friday 2 October 2020 be received and the recommendations therein be adopted.

10 PUBLIC EXCLUDED ITEMS

RESOLUTION TO EXCLUDE THE PUBLIC

RESOLUTION 2020/65

Moved: Cr Chaans Tumataroa-Clarke Seconded: His Worship the Mayor Craig Little

That the public be excluded from the following parts of the proceedings of this meeting at 2.42pm.

The general subject matter of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48 of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
10.1 - PROCUREMENT - 20/08 PGF BRIDGE STRENGTHENING PACKAGE 2	s7(2)(b)(ii) - the withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
	s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities	
	s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	

RESOI	UTION.	2020	/66

Moved: Cr Chaans Tumataroa-Clarke

Seconded: Cr Hine Flood

That Council moves out of Closed Council into Open Council at 2.52pm.

CARRIED

The Meeting closed at 2.53pm with a karakia by Cr Chaans Tumataroa-Clarke.

The minutes of this meeting were confirmed at the Ordinary Council Meeting held on 9 February 2021.

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CHAIRPERSON

MINUTES OF WAIROA DISTRICT COUNCIL EXTRAORDINARY COUNCIL MEETING

HELD AT THE COUNCIL CHAMBER, WAIROA DISTRICT COUNCIL, CORONATION SQUARE, WAIROA ON TUESDAY, 15 DECEMBER 2020 AT 10.00AM

PRESENT: His Worship the Mayor Craig Little, Cr Denise Eaglesome-Karekare, Cr Hine

Flood (Deputy Mayor), Cr Danika Goldsack, Cr Jeremy Harker, Cr Melissa Kaimoana, Cr Chaans Tumataroa-Clarke, Mr Kiwa Hammond, Mr Paul Kelly

IN ATTENDANCE: Kitea Tipuna (Tumu Whakarae Taupua Interim Chief Executive), Gary Borg

(Pouwhakarae – Pūtea/Tautāwhi Rangapū Group Manager Finance and Corporate Support), **David Doole** (Kaiurungi Matua Take Senior Rates Officer), **Courtney Hayward** (Kaiurungi Matua Kaupapa Here me te Mana Arahi/Senior

Policy and Governance Advisor),

1 KARAKIA

Karakia was given by Kitea Tipuna

2 APOLOGIES FOR ABSENCE

Nil

3 DECLARATIONS OF CONFLICT OF INTEREST

His Worship the Mayor noted that elected members have a conflict of interest register which can be accessed online. This register includes any property interests of elected members.

4 PUBLIC PARTICIPATION

A maximum of 30 minutes has been set aside for members of the public to speak on any item on the agenda. Up to 5 minutes per person is allowed. As per Standing Order 14.14 requests to speak must be made to the meeting secretary at least one clear day before the meeting; however this requirement may be waived by the Chairperson.

5 GENERAL ITEM

5.1 RATES REVIEW STATEMENT OF PROPOSAL - HEARINGS

RESOLUTION 2020/56

Moved: His Worship the Mayor Craig Little

Seconded: Cr Jeremy Harker

That Council:

1. Receive the attached submissions and thank all submitters for taking the time to make a submission on the Rates Review Statement of Proposal. No decision is required from Council at this stage.

AND

2. Note the extended date for the deliberations process, in order to fully consider the points raised in submissions.

CARRIED

His Worship the Mayor welcomes everyone to the Extraordinary meeting on the Rates Review Statement of Proposal

Kitea Tipuna, Interim CEO noted that under Standing Orders each submitter has 10 minutes to speak. Following submissions elected members may seek clarification on points raised in submissions.

David Clifton, representing Mahia Rate Payers Association, spoke on their submission. Mr Clifton reported that the Mahia Rate Payers Association represents 170 Mahia residents who were not in favour of the proposal. Mr Clifton submitted that the rates review proposal was dividing the community and taking from many to give to a few. Suggestions were made to rate forestry more and create a flat rate system or maintain status quo.

Gary Mayo spoke about the previous rates review proposal which was not implemented at that time. He reported that the proposal impacts heavily on Mahia and rural properties. Mr Mayo referenced an analysis he undertook of 26 properties and the impacts of this — with his own property increasing 79%. He noted that this was unaffordable and unjustifiable, and not appropriate. Given newer properties will increase at a disproportionally greater rate. Mr Mayo stated that these properties are being penalised now and in the future. Mr Mayo referenced his commercial property in town which he says is receiving a decrease he doesn't need. Revenue and Financing Policy focussed on user pays. Current system provides equity through differentials. General rate shouldn't be based on capital value, is an impediment to development. Mahia and rural residents don't benefit from the wastewater scheme.

Mr Mayo also spoke on behalf of rural clients who are outbidding forestry to ensure farming employees can maintain their jobs and under the proposal will be seeing significant rates increases. Mr Mayo spoke about these clients contributing significantly to the Wairoa community and rates increases being an impediment on their development.

Damien Naidoo spoke on their submission, noting he isn't a homeowner in Wairoa but as a young person believes that local government policies are a system which incentivises certain behaviour. Council is generally moving in the right direction, however it hits rural properties too hard as agriculture is an important industry for the Wairoa economy. Mr Naidoo expressed that the inherent value of property is land value not capital value. Suggested that papakainga land should have a differential and incentivise owner-occupied rather than investment properties. Recommendation of a rates postponement policy to allow ratepayers to benefit from capital gain when it is sold.

Cliff King spoke to their submission, expressing that the town is slowly declining in size and strength. Commended Council on its approach to the threat of forestry in the town. A complex system does not mean it is wrong or inequitable. Mr King questioned whether unpaid rates is a factor in rates affordability and stated that the affordability threshold is based on information from thirteen years ago. Mr King suggested that the proposal obscures transparency and said that increasing transparency and exposing true costs helped QRS to make money and this is something Council should consider.

Ilana Cheiban spoke to her submission that commercial costs properties have carried the cost of services through high rates. Ms Cheiban stated that forestry is favoured by the government and needs to be rated to the back teeth as it damages roads and whenua. The forestry sector needs to be rated more aggressively and the people of Wairoa take control of the town and demand fairness from central government.

Mike Perry submitted on his submission expressing that the proposal penalizes owners who develop properties. Mr Perry suggested that the rates should be left as status quo, as the current proposal is another starting place for future councils to add further differentials to.

ADJOURNED - 11.17AM

RECONVENED - 11.22AM

Neil Taylor began his submission by thanking the council for an easy-to-follow process, the documentation has been clear and it was easy to see where council was going. Mr Taylor said he was not against the change in the rating system as the old system is over complicated. Our community is complex, and the district is not homogenous, the emphasis on simplicity has a danger of making it simple but stupid. Any taxation system must reflect the complexity. Simple should not go to a level where we create problems down the track. Affordability is a problem for people on fixed incomes. The wastewater part of the proposal feels like paying twice. Mr Taylor acknowledged that the new refuse management system has improved in Mahia, however lacking footpaths, streetlights. Mr Taylor stated that he was worried about affordability for others, and Council should be careful about reasonableness.

Chris Wills spoke to his submission, that the system should be fair but simple and differentials create division. Mr Wills suggested a move to a user pays system with water meters for all users and a levy for roading costs as this is one of the biggest costs to Council. Mr Wills spoke about the damage to the roads caused by forestry and that Council and ratepayers are left to pay for this damage.

Kristabel Wichers spoke to her submission that the differential needs to be increased for the forestry sector because farms converting to forestry mean less jobs and a loss of local land ownership. Ms Wichers stated that Wairoa needed to do more than Gisborne who have a differential of 10. Ms Wichers also suggested that the proposal needed tweaking and to be based on land value as it is currently penalizing orchards. Ms Wichers referenced introduction of a lifestyle property category.

ADJOURNED - 12.20PM

RECONVENED - 12.58PM

Dave Read said he supports the move to Capital Value, however the forestry differential should be increased to 15. He has based this figure off Carbon 360 and Beef and Lamb report. Mr Read suggested that forestry will erode the rating database and referenced that forestry employed 3 people per 1000 hectares compared to farming who employed 10 people per 1000 hectares. Councillor Harker asked Mr Read if he's considered the positive impacts on GDP for New Zealand. Mr Read answered that new forestry won't see new infrastructure or more jobs as the future of forestry is likely to be whole log exports that have not been processed — this would be a backwards step. His Worship the Mayor asked Mr Read why he was in support of capital value, as he believes people that are wealthier tend to use more services.

Nigel Tomalin expressed that he does not agree with the rates review proposal as capital value disadvantages farming and carbon farming is pushing up the values of cheap hill country farming in Wairoa. The submitter spoke about the increasing pressure on farmers due to regulation changes and the increase in rates for farmers under the proposal adding to this. He also voiced his concerns about the lack of transparency in a general rate which seemed like a "slush fund". Mr Tomalin noted that the proposal to pay 10% of wastewater would be more acceptable to farmers if the differential were lower. The submitter suggested that status quo was a more acceptable option, and that the proposal would have a negative flow on effect to retail and other local businesses. The submitter asked Council to not rate farmers out of the district and kill our town and instead investigate other ways to support low-income workers.

Jonathan Knauf spoke to his submission that basing a proposal on blanket generalizations will result in policies with unwanted outcomes. He acknowledged that some redistribution was necessary however this must be balanced with affordability for rural income. Central government should be focused on income distribution where council should focus on providing Council services. Mr Knauf suggested that the options of the proposal or status quo are both unsatisfactory and a balanced approach would be preferred. There is a perception that farmers can pay more but this is incorrect, and Beef and Lamb prices are predicted to drop. Mr Knauf asked the Council to be balanced and bear in mind forestry.

Simon Hall submitted as he owns a native forest for conservation, however he is being rated as a production forest. Mr Hall asked to be rated for what his block actually is, especially as his block has less impact on the roads than a farm and he is unable to earn carbon credits.

Rose Clarke stated that she is against rating on capital value as this has a negative impact on the economy and serves residential investors rather than the target group of low-income earners – these earners should be supported to apply for rates rebates. The submitter noted that Mr Naidoo had identified a forestry block who have a proposed rate increase of 16% and that all farm owners she has spoken to are proposed to increase by more than this and asked whether farming paying disproportionately more than forestry serves the Wairoa community. Ms Clarke said she strongly supports a rates increase for forestry in order to ensure this doesn't continue to develop. Ms Clarke voiced her concerns that the proposal has an excessive cost to the rural sector and could have negative outcomes for Affco losing farmer support. Ms Clarke noted that 4 differentials seem too blunt and cut and dry.

Rob Hayes spoke on behalf of Te Whakaari Trust who were seeing large rates increases under the proposal. Mr Hayes said that simple should not be a priority for the review as we have computers to undertake this, the proposal was not appropriate as capital value doesn't indicate services used. He stated that this is a retrograde step and is a massive redistribution which causes inequities and does not solve anything. Councillor Tumataroa-Clarke asked Mr Hayes if he had considered possible benefits of the proposal to Te Whakaari beneficiaries. Mr Hayes answered that the beneficiaries who owned houses might be positively affected but many don't own houses and these people benefit more from rent relief than changes in the rating system.

Allan and Sonya Newton presented their submission together. Sonya Newton began by acknowledging that the situation is bigger than just her submission and referred to whakawhanaungatanga as a way for the community to empower council as the future of Wairoa will have bigger costs which are bigger than what can be paid in rates. Ms Newton said that she would like to support Wairoa District Council in lobbying central government who have encouraged forestry without giving Councils the money and support they need. Alan Newton stated that 20 times per hectare more truck movements come out of forestry than that of a farm.

He spoke about the dust nuisance of forestry on our roads and that Wairoa is one of the poorest and least populated areas with one of the biggest costs. Mr Newton said that differentials create transparency.

Matthew Powdrell spoke to his submission stating that his rates are about 15% of his taxable income and that it would be kinder to make the rates increases in smaller increments. He noted that the proposal stings farmers who already pay for their own water and wastewater and this will have a flow on effect for the rest of the community. Mr Powdrell gave an example of Angus Gemmell saying that if the farmers are doing well then, they spend their money in town.

Sefton Alexander thanked the elected members for the opportunity to speak but noted the consultation period is bad timing for rural sector. Mr Alexander said that the rates system is complicated however it is not something that can be made too simple, rates are never going to be affordable and central government are forcing their policies down onto council which means massive tax increases at local body to meet what central government are demanding. Mr Alexander commented that there were anomalies in the proposal which were oversimplified and might not reflect the actual experience of Wairoa. The submitter said that the proposal has gone from highly complex to highly simple and there must be a middle ground. Mr Alexander referenced the Federated Farmer submission and said that his rates were going up to 9.5% of his net income, and that this is money that he wouldn't be able to spend in the local economy. Mr Alexander suggested that Council go back to the drawing board and look at a capital value/land value mix.

Alexa Waihaki spoke to her submission to acknowledge tangata whenua land. Ms Waihaki thanked Council for the chance to speak and for the transparency of the process, she noted she owns a house in Wairoa which will have a rates reduction under the proposal however she is a shareholder in tangata whenua land in Mahia which will be increasing by an extra \$607 a year. The submitter said she doesn't agree with the proposal and would like to know where Council had considered rocket lab in the proposal. Ms Waihaki noted that while some homeowners in Mahia might be able to sell their homes, tangata whenua land was passed on and will not be sold. The submitter questioned why there is no specific detail on rural Māori land in the proposal and asked for Council to be specific about decisions for tangata whenua land – especially that which receive little to no services.

Kit Broad said that she had researched rates at other district councils including Westland, Central Hawkes Bay and Gisborne. Ms Broad also noted that Wairoa has low house prices and it can be cheaper to live. The submitter stated that she supported the Federated Farmers submission.

Charlie Owen submitted as an orchard owner and acknowledged that costs have been rising across the board over the years, including District Council and Regional Council rates, however under the proposal Otoki Orchard rates will be increasing by 50.4%. Mr Owen stated that he receives nothing from Council that he doesn't already pay for and the rating system based on capital value feels like a capital gains tax. Mr Owen said that Capital Value doesn't reflect ability to pay and highlights disparities between sectors as orchard trees increase their capital value but forestry trees do not. The submitter gave an example of a neighbour who as considering converting his farm to forestry as he would make more from forestry than he would from stock. Basing rates on capital value only is unfair on certain parts of the sector. He also voiced his concern that horticulture is being encouraged as an industry to enter yet being rated significantly.

Nick Broad expressed that he and other farmers feel under the gun with the pressure to understand the rates review in a short amount of time, and that the review is driving an urban/rural wedge even though rural people make up a large part of the community, including working in town. Mr Broad stated that the town might not be able to afford some of the upgrades

that are wanted, and that the rates proposal seems a lot more extreme for farmers than other districts. Whether the proposal goes through or is status quo it has driven a large wedge. Beef and Lamb farmers are predicted to be down by 25% and more farms are being sold to forestry.

James Brownlie said that he has farmed for 46 years and a councillor who was part of developing the present rating system which is fit-for-purpose, transparent and fair. Mr Brownlie said that differentials make the system fair with land based rates and capital based expenses and that it fairly apportions the cost of services over those who are provided services. The submitter stated that renters are not rate payers. Mr Brownlie said that the lack of rural wards means the rate burden can be transferred t to the rural sectors, however capital value does not transfer to cash.

Jefferson Powdrell submitted that Covid-19 has hit farmers hard and the proposed rates increase for farmers is a lot especially in one hit. Forestry are not living in Wairoa and yet are driving capital value up for farmers who are, this means that rates are increasing, even though most farmers with high capital value aren't looking to sell. Council needs to tone down spending and live within its means. If Council go ahead with the proposal Wairoa will become a pine tree town and a freedom camping town.

Jean Martin thanked Council for the opportunity to speak to her submission and voiced her concerns that more forestry entering the district is less people in the population. Ms Martin stated that she is against the proposal which she believes punishes rural people who have worked hard and have high capital value but low income. Wairoa is a rural based town and when farms make money so does the retail sector. Ms Martin said she doesn't want the Council to be robbing Peter to pay Paul and working with other councils to stand up to central government.

Hamish Pryde spoke to his submission, saying he finds the rates review process frustrating as the information supplied to the public was complex and required members of the public to either accept the proposal or become quasi-experts, he noted that this meant his submission was based on how the rating system affects him personally. Has a lifestyle block and a property at Mahia which will be significantly affected. Forced by Council to fund the wastewater scheme which helped contribute to increased values at Mahia and is now being taxed on this value. New proposal shifts burden to rural, lifestyle and Mahia through rates increases and burden of future infrastructure could bring even greater rates increases. Mr Pryde suggested that status quo should remain until anomalies are sorted out.

Alison Murphy said farmers are usually quite apathetic, however the rates proposal adds stress to many. Asset values are not increasing in line with increasing costs and the proposed rates increase makes her feel disillusioned and devalued. It looks like Council is robbing Peter to pay Paul. If farmers are maintaining a reasonable income the entire town profits.

ADJOURNED - 4.06PM

RECONVENED AT 9.22AM ON WEDNESDAY 16TH DECEMBER 2020

Rex McIntyre spoke to his submission that rates increase are a problem for NZ and for farming due to forestry. He referenced an analysis by David Cotton comparing farming figures to December 2011, however costs have increased in that time and NZ farmers are resilient to survive with increasing costs, in particular rates & decreasing income, tighter margins. Mr McIntyre stated that Council should watch whether people can afford what you're doing and cut your cloth accordingly. He says that he finds it harder to farm now than he has ever in the last 60 years – good farms are being sold to forestry because they are no longer viable and as a result communities are collapsing, and Council has a role to play in this.

Chelsea Swann stated that the only thing the Swann family receive out of the proposed \$84,136 in rates is their roads which are in bad condition due to forestry. Chelsea Swann talked about the damage caused to her vehicle when the wrong metal was put on the road because of forestry and being scared of being on the road because of forestry trucks. Chelsea Swann does not agree with the proposal for capital value as her family's cashflow does not reflect this. There should be a greater connection between what is paid and what is used. Ms Swann stated that a rate increase will mean less spending locally as they will have \$20,000 less to spend. Chelsea Swann stated that they would be financially better off planting their farm in trees and getting rid of their worker. Chelsea Swann expressed concerns here children will not be able to take over the family farm in the future.

Alice Wairau spoke on behalf of Te Rakato hapu in Mahia, she explained that for tangata whenua in Mahia their land was ancestral land and immovable forever and asked Council to consider a 0.5 differential for rural Māori. Ms Wairau stated that Affco rates should not increase as many Wairoa people rely on it for employment, however Rocket Lab should increase as they receive thousands from the government and don't employ many locals. Ms Wairau also questioned the rate decrease for New World when it is the only supermarket in the town so has no competition.

Caroline Richardson spoke about doing farm budgets and the constant increase in costs isn't reflected in an increase in income, there is a misconception that farmers can afford rates increases and some farmers actually pay themselves around the same rate as the average income in Wairoa. Capital value increases are out of farmers control and the government has legislation which has led to strength in forestry which increases price of farmers land, and farmers aren't making more money from the land to reflect this. Ms Richardson urged Council to work with farmers and said she doesn't mind rates going up incrementally to allow farmers to budget for the increases but not by such a large amount in one go. Ms Richardson also noted that she lives by a quarry and on a gravel road and is down on the list for tar seal and understands that there is a process but it is hard when you are paying more to not receive an increase in service and you don't know where the rates are going to go. Ms Richardson suggested a user pays system.

Alistair Haliburton represents a small farm at the Wairoa boundary and the young family who lives and works there. Mr Haliburton said he understands and endorses Council working on rates affordability, however the key issue is affordability and asked council if this has been considered for part of the rural community. Mr Haliburton gave an example based on the affordability of their situation where currently rates are 7.5% of net income but under the proposal will be going up to 9.7%. The submitter referenced the statement of proposal stating the rural sector has more ability to pay and questioned if this was true - if you want farming families to continue you need to allow them to pay off the farm, save for retirement and pay rates. Mr Haliburton said rates is not the one killer aspect however it is a factor alongside rising costs, health and safety and regulations. In the 80s Council promoted forestry without understanding the impact of it, and now famers are having to work to prevent that - we need to appeal to central government. Farming needs to be on its feet. Mr Haliburton said that he knows of a forestry manager who has \$60 million to spend on farm land in Wairoa, who isn't looking for steep or remote property and is looking for prime land for forestry. The submitter stated that it might look like they can afford an increase but this further contributes to the destabilisation of the farming model. Mr Haliburton says the proposal signals Wairoa District Council's involvement in social wealth rebalancing, however central government is responsible for this and asked whether it is in Council's best interests to be involved in this.

Glen Mackie submitted as the technical manager of forest owner's association. He works with 1.2 million hectares of forestry and 11-15 members of the association are councils. Marlborough District has generated \$11m in revenue through forestry. Mr Mackie said the forest industry is in discussion with Council regarding equitable funding and would like to see the process taken to the finish, to give a fair indication. The submitter stated that forestry works close with Council as harvesting approaches and puts in money over and above rates for roading. Mr Mackie said forestry was a large part of the railway being reinstated and spoke about log container wagons in Masterton. Mr Mackie said people should be able to make their own decisions about their own land without government involvement and said there has been a lot of discussion about the economics of forestry vs sheep and beef, he referenced an MPI report which shows forestry favourably. The report states that forestry is a smaller industry than Sheep and Beef but has a significant amount of value add per hectare basis. Mr Mackie said The Mayor has spoken about Council's large level of infrastructure for a small rating base, he said this is a fair comment and the forestry sector would like to support any initiatives the council would like to make with government to address the infrastructure problems. Councillor Eaglesome-Karekare asked Mr Mackie whether forestry would be using the rail line more, he answered that there is more resource coming closer to the log yard in the next 5-10 years. Councillor Eaglesome-Karekare referenced Chelsea Swann's submission about logging trucks on the road, Mr Mackie answered that 0800 LOG TRUCK could be called in these circumstances.

Tim Sandall thanked Council for the opportunity to speak to Panpac's submission and acknowledged it is a complex problem. Mr Sandall said Panpac is an integrated forest company and is different to other forestry companies as they utilize 1.2 million tonnes of logs a year. The submitter said Panpac has 16,000ha of forest in Wairoa - most of which is owned by Ngāti Pāhauwera. Mr Sandall spoke about the wages that Panpac contributes to the community and sponsorship opportunities. Panpac does not support the Council's statement of proposal – they expect to pay their share and support the community and have already paid their share through collaborating with Council and Government to develop infrastructure and roads. Mr Sandall stated that he does not believe forestry has a negative outcome on community wellbeing and as a mature sector is a key component of erosion, sediment and water control. The submitter referenced strict environmental regulation, job opportunities and paying more than the living wage. Mr Sandall stated that forestry is a key industry pulling New Zealand out of the COVID crisis, asked Council to stop the negative sentiment towards forestry and asked Council to work together with forestry to grow the community. Councillor Eaglesome-Karekare asked Mr Sandall what is his vision for forestry in Wairoa. Mr Sandall answered from Panpac's perspective that they are committed to Hawkes Bay and have alignment between trees grown in the area and the global market.

Toby Williams and Rhea Dasent spoke to Federated Farmer's submission. Ms Dasent spoke about the proposal to create a new general rate and believes that this removes transparency for the public. Federated Farmers support capital value over land value, on the condition that differentials are used, otherwise farms are penalised by high capital value. Ms Dasent said they oppose the 10% of water and wastewater proposal as this will be unevenly spread across the district – distributed to high capital value properties. Federated Farmers opposes the shift of 50% UAGC to the general rate as the general rate is vulnerable to market ups and downs and could increase unaffordability. Ms Dasent stated that they supported the forestry differential.

Keith Dolman spoke to his submission as CEO of Hawkes Bay Forestry Group who collectively manages just short of 150,000ha of commercial forestry in Hawkes Bay which produce fibre, not carbon farming and promote social, cultural and environmental practice. Hawkes Bay Forestry

Group were around before the 1 billion tree programme and are here for the long term to contribute to the development of the district. Mr Dolman said that the statement of proposal severely disadvantages commercial forestry in the district and is unfair, unjustified and not in the best interest of Wairoa. This review follows a shift in differential from 5 to 1.54 in 2018. The submitter stated that the differential for forestry growers of less than 100 hectares is unusual and should be removed. Mr Dolman acknowledged that there is a negative view of forestry around, but council could contribute to a more balanced view. Mr Dolman acknowledged three key concern points surrounding forestry – rural depopulation, forestry employ workers who live out of the district, wood debris upflows are bad for the environment – he thinks there is other ways these concerns could be looked at. The submitter said that we might not be able to eat wood but it does provide shelter which is necessary and asked for a more positive working relationship with Council.

Roxy Robertson (via Zoom video call) introduced herself as the General Counsel at Affco and making a submission on Affco's behalf. Ms Robertson said Affco opposed the proposal based on the key drivers of the proposal and the lack of consultation with industry, the change impact and future concerns. Ms Robertson questioned why the 5% threshold has become a priority 12 years on. Affco employs close to 700 people in the community and is installing new technology to optimise production and staff wellbeing. The submitter acknowledged that there was extensive engagement with the community but lacked meaningful engagement with industry. Ms Robertson suggested a staged approach alternative and said that if the proposal goes through it will have significant impact on businesses in the area. Affco has concerns that if the proposal is implemented now there will be future increases when the triannual review is done. Ms Robertson said Affco is considering alternatives, both in and out of Wairoa - Affco would like to continue relationship with Wairoa and Council but is urging Council to reconsider the review. His Worship the Mayor mentioned that Council subsidises Affco \$150,000 a year for water, Ms Robertson answered that Affco recognises the relationship and asked that if there are changes to be made going forward that Council engage with Affco to ensure this can be factored into Affco's plans.

Ross Stevenson (via Zoom video call) spoke to his submission, noting he was a rating advisor in Hong Kong for 22 years. Mr Stevenson said the shift from land value to capital value is severe, he thinks Council is trying to move too far too fast and needs to consider what happens for horticulture. Mr Stevenson suggested a differential for horticulture as well as differentials for residential who access services as opposed to those who do not access services.

John Richardson spoke to his submission that the proposal is based on affordability but is a de facto wealth tax, approximately 40% of properties in Wairoa are rental investors. Wairoa District Council should be lobbying central government for an increase in the rates rebate scheme. Mr Richardson said he and his wife are on a fixed income, yet are seeing a 42% increase on their home and 24% on their bach — both without any increase in services. Mr Richardson questioned whether territorial authorities can keep up with peak rates. The submitter said he is not entirely against the four rates differentials and simplification, however it shouldn't rest on farmers. Mr Richardson suggested that Council should retain status quo.

ADJOURNED - 12.34PM

RECONVENED AT 1.34PM

Council read each written submission and considered what was presented in these.

Council discussed:

- The key group represented by submissions was the rural community
- Variances on the model to ensure that the outcome of the review are reflective of the

- submissions heard
- Deliberations to occur on 22nd December 2020 in order to fully consider the points raised in submissions

The Meeting closed at 3.51pm on 16th December 2020

The minutes of this meeting were confirmed at the Extraordinary Council Meeting held on 9 February 2021.

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CHAIRPERSON

MINUTES OF WAIROA DISTRICT COUNCIL EXTRAORDINARY COUNCIL MEETING

HELD AT THE COUNCIL CHAMBER, WAIROA DISTRICT COUNCIL, CORONATION SQUARE, WAIROA ON TUESDAY, 22 DECEMBER 2020 AT 10:00 AM

PRESENT: His Worship the Mayor Craig Little, Cr Denise Eaglesome-Karekare, Cr Hine

Flood (Deputy Mayor), Cr Danika Goldsack, Cr Jeremy Harker, Cr Melissa

Kaimoana, Cr Chaans Tumataroa-Clarke

IN ATTENDANCE: Kitea Tipuna (Tumu Whakarae Taupua Interim Chief Executive), Gary Borg

(Pouwhakarae – Pūtea/Tautāwhi Rangapū Group Manager Finance and Corporate Support), **David Doole** (Kaiurungi Matua Take Senior Rates Officer), **Courtney Hayward** (Kaiurungi Matua Kaupapa Here me te Mana Arahi/Senior

Policy and Governance Advisor),

1 KARAKIA

Karakia was given by Councillor Tumataroa-Clarke

2 APOLOGIES FOR ABSENCE

Nil

3 DECLARATIONS OF CONFLICT OF INTEREST

Nil

4 PUBLIC PARTICIPATION

A maximum of 30 minutes has been set aside for members of the public to speak on any item on the agenda. Up to 5 minutes per person is allowed. As per Standing Order 14.14 requests to speak must be made to the meeting secretary at least one clear day before the meeting; however this requirement may be waived by the Chairperson.

Paul Harman spoke about Māori land and the considerations being made for this in the rates review. His Worship the Mayor said that this would be considered in the rating policies.

5 GENERAL ITEMS

LATE ITEM - YOUTH COUNCIL SELECTIONS

RESOLUTION 2020/67

Moved: His Worship the Mayor Craig Little

Seconded: Cr Hine Flood

That in accordance with Section 46A (7) of the Local Government Official Information and Meetings Act 1987 the **Item 6.1 Youth Council Selections** be considered given the item had not come to hand at the time of Agenda compilation and consideration of this matter is required now

in order to respond within the timeframe allowed.

CARRIED

5.1 RATING REVIEW 2020 - DELIBERATION ON SUBMISSIONS AND DECISION-MAKING

RESOLUTION 2020/68

Moved: Cr Jeremy Harker

Seconded: Cr Denise Eaglesome-Karekare

That Council:

- 1. Directs the CEO to further investigate option D with the possibility of an additional differential for high value residential rating units
- 2. Maintain the following factors from the Statement of Proposal
 - a. Creating a new General Rate (capital value)
 - b. Moving 10% of the water, wastewater, stormwater and waste management rates to the general rate
 - c. Moving 50% of the Uniform Annual General Charge to the General Rate
 - d. Simplifying to four General Rate differentials (subject to further investigation)

Council discussed the different options as contained in the report and referenced the options analysis – Distribution of Rates by Land Use Category on Page 16 of the agenda. Council identified the two preferred options as D and F as it reflects the 0.8 rate for rural noting that the only difference between these two options is the differential for forestry being a differential of 4.0 in option D and 3.32 for option F.

His Worship the Mayor questioned what the differential for residential properties would mean for high value residential properties. Gary Borg, Chief Financial Officer answered that the range of residential properties is broad, and we have heard from residential properties in Mahia about the outcome of the residential rate for this area. Mr Borg said that an option is to look at capping the residential differential based on value as opposed to location. Council discussed market changes and that the current rating system illustrates differentials being added over time. Council discussed that any changes made to any one differential affects the apportion to other differentials. Councillor Tumataroa-Clarke commented that further modelling of the impacts of the proposal would support Council in making a final decision. His Worship the Mayor stated that Council had heard loud and clear from the community around the presence of forestry and the rural rate being too high. Mr Borg commented that Council has undertaken a robust and transparent process and will continue to do so. Council discussed a threshold for a residential differential based on value – it was estimated this would be around the \$500,000 mark but is something which needs to be looked into. Council discussed that Option D is most in line with community feedback, however further modelling would enhance the decision-making process. Councillor Kaimoana stated that Option D reflects that social, environmental, and economic cultural wellbeing are important to the outcome of the rates review process. Council discussed holding another meeting on the 12th of January once further investigation has been undertaken.

6.1 LATE ITEM - YOUTH COUNCIL SELECTIONS

RESOLUTION	2020	/69
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Moved:	Cr Danika Goldsack
Sacondad	Cr Hine Flood

That Council endorse and approve the panel's selection of youth councillors.

CARRIED

Council commented that it was great to see a group of energetic young people to be on the Youth Council.

The Meeting closed at 11.33am with a karakia from Councillor Tumataroa-Clarke.

The minutes of this meeting were confirmed at the Extraordinary Council Meeting held on 9 February 2021.

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MINUTES OF WAIROA DISTRICT COUNCIL EXTRAORDINARY COUNCIL MEETING HELD AT THE COUNCIL CHAMBER, WAIROA DISTRICT COUNCIL, CORONATION SQUARE, WAIROA ON TUESDAY, 12 JANUARY 2021 AT 1.30PM

PRESENT: His Worship the Mayor Craig Little, Cr Denise Eaglesome-Karekare, Cr Hine

Flood (Deputy Mayor), Cr Danika Goldsack (via zoom), Cr Jeremy Harker (via

zoom), Cr Melissa Kaimoana, Cr Chaans Tumataroa-Clarke

IN ATTENDANCE: Kitea Tipuna (Tumu Whakarae Taupua Interim Chief Executive), Gary Borg

(Pouwhakarae – Pūtea/Tautāwhi Rangapū Group Manager Finance and Corporate Support), **David Doole** (Kaiurungi Matua Take Senior Rates Officer), **Courtney Hayward** (Kaiurungi Matua Kaupapa Here me te Mana Arahi/Senior

Policy and Governance Advisor),

1 KARAKIA

Karakia was given by Councillor Tumataroa-Clarke

2 APOLOGIES FOR ABSENCE

Nil

3 DECLARATIONS OF CONFLICT OF INTEREST

Nil

4 PUBLIC PARTICIPATION

A maximum of 30 minutes has been set aside for members of the public to speak on any item on the agenda. Up to 5 minutes per person is allowed. As per Standing Order 14.14 requests to speak must be made to the meeting secretary at least one clear day before the meeting; however this requirement may be waived by the Chairperson.

5 GENERAL ITEM

5.1 RATING REVIEW 2020 - DELIBERATIONS ON SUBMISSIONS AND DECISION-MAKING II

RESOLUTION 2021/01

Moved: His Worship the Mayor Craig Little

Seconded: Cr Hine Flood

That Council, in addition to matters confirmed on 22 December 2020:

1. Simplify to 5 general rate differentials as follows:

Sector	Variation
Commercial	1.6
Forestry	4.0
Residential	1.0
Rural	0.7
Residential properties over \$399,999	0.8

- Create a new General Rate (capital value)
- Move 10% of the Water, Wastewater, Stormwater and Waste Management rates to the General Rate
- Move 50% of the Uniform Annual General Charge to the General Rate
- 2. Instructs the Chief Executive to develop the necessary technical policies to enable implementation of the amended rating system to take effect on 1 July 2021.
- 3. Instructs the Chief Executive to update the Revenue and Financing Policy for public consultation for inclusion in the Long-term Plan 2021-31. Including consideration of differentiating between indigenous and exotic forests for rating purposes and rates remissions.

CARRIED

His Worship the Mayor said that we have heard from our community that under the proposal, rural have been hit quite hard, Mahia has been hit quite hard and the lower end of the residential have gone down quite significantly.

Councillor Tumataroa-Clarke thanked the Senior Lead Team for all the work that has been done and said that elected members have heard from the community what they want, based on this feedback he asked what a 0.7 differential would look like for rural properties.

Gary Borg, Group Manager Finance and Corporate Support advised that Council could try a 0.7 differential and it can be looked at alongside the modelling included in the agenda.

Council discussed the figure of \$399,999 for residential properties, noting that this is a figure that may be adjusted in future as capital value changes.

Creating the rural differential value of 0.7 is indicative of Council understanding and appreciating the issues faced by the rural community. The threshold of \$399,999 was implemented to support feedback from high value residential properties.

Councillor Flood said that Council's proposal simulated a lot of engagement and the outcome reflects a principled approach and the consistent feedback from the community.

CHAIRPERSON

The Meeting closed at 2.49 with a karakia given by Councillor Tumataroa-Clarke.	
The minutes of this meeting were confirmed at the Extraordinary Council Meeting held on February 2021.	9

8 GENERAL ITEMS

8.1 PROGRESS UPDATE ON LONG TERM PLAN AND DEBRIEF ON COMMUNITY PRE-ENGAGEMENT

Author: Kimberley Tuapawa, Pouwhakarae – Pārongo / Wheako Kiritaki Group

Manager Information and Customer Experience

Authoriser: Kitea Tipuna, Tumu Whakarae Taupua Interim Chief Executive Officer

Appendices: Nil

1. PURPOSE

1.1 This report provides a progress update on the development of Council's Long Term Plan 2021–31 (LTP) and debrief on Council's LTP pre-engagement process. No decisions are required by Council at this stage.

1.2 Periodic updates on the LTP's progress are presented to the Finance, Audit and Risk Committee and to Council.

RECOMMENDATION

The Pouwhakarae – Pārongo / Wheako Kiritaki Group Manager Information and Customer Experience RECOMMENDS that the Council receive the report.

2. BACKGROUND

- 2.1 Council is in the process of developing its Long Term Plan 2021–31. Managed by a small team, this two-year project comprises 45 separate projects, 100 key tasks and involves input from staff across the organisation. Council has a comprehensive project plan which is carefully managed to ensure that key deadlines are reached.
- 2.2 This progress update meets the purpose of local government as it supports the delivery of Council's LTP which will help meet the needs of the community by providing a reference for planning, funding decisions and service delivery.

3. LTP PRE-ENGAGEMENT DEBRIEF

- 3.1 Council's LTP pre-engagement took place from 18 29 January, 2020. We launched a fresh approach to gathering information and invited our community to be part of it, welcoming their feedback on how and where Council should spend its money.
- 3.2 The focus of the pre-engagement was *Levels of Service*. We wanted to know what the community expects from Council, while also understanding what it costs to deliver levels of service and run the district.
- 3.3 To do this, we developed engaging resources. These included an interactive budgeting tool so people could look at where Council currently spends its money, and how a change to this could affect the levels of service delivered. The resources also included two hardcopy booklets.
- 3.4 We shared these resources during our community sessions held across the district. The sessions were about helping our people to understand what levels of service meant, and

- then receiving their feedback. The sessions took place at Raupunga, Tuai, Wairoa, Nuhaka and Mahia, and a community meeting was held in Wairoa.
- 3.5 The community sessions started with discussions about levels of service in general and progressed into conversations about issues affecting the local communities. The feedback about levels of service was generally that it should be kept the same.
- 3.6 Discussions at Tuai focussed on the sealing of State Highway 38, the build of the playground, and general maintenance required in the township. At Nuhaka, comments revolved around waste management facilities and whether Council could extend levels of service around recycling at Mahia. There were also concerns around freedom campers and the extra cost they generate when they leave rubbish. From another, there were questions around Council's ability to support or facilitate support for small businesses. At Mahia, there were concerns about rates and the rating system, rubbish and recycling, Maori free-hold land, and water supply.
- 3.7 At the community meeting in Wairoa, questions focussed on costs and funding for Council's activities, wastewater compliance, future models for water delivery and the uncertainty around this, the sealing of State Highway 38, sealing roads to marae, and accessing the breakdown of operating expenses.
- 3.8 Council received positive feedback about its approach to both the planning and rollout of its pre-engagement process, including its resources. This feedback was received from an independent member of the FAR committee, a local government expert, management and staff, with whom the resources were socialised. Positive comments were also received from members of our town and rural communities and from visitors to the area including those from Auckland, Wellington, Nelson, Tauranga and Taranaki.
- 3.9 The information gathered during pre-engagement will be fed into the Long-Term Plan consultation document. So, when we go out for full consultation in April, our document is based on grassroots community feedback.

4. WHAT'S IN PROGRESS AND WHAT'S COMING UP?

- 4.1 Council's first LTP audit review took place in December. This involved the completion of a LTP self-assessment which required Council's explanations about its project plans, processes and systems for the development of its LTP and consultation document.
- 4.2 Council's draft forecasting assumptions, which underlie the financial estimates and forecasts were completed, presented to and received by the Finance, Audit and Risk Committee. These will be presented to Council for adoption at this Council meeting.
- 4.3 A workshop to review the initial 10-year financial model was held in late January, with further review of the budgets taking place. From this, the Financial Strategy will be updated, and presented to Council for adoption. Council is in the process of determining and prioritising the key projects for consultation.
- 4.4 The draft Infrastructure Strategy and asset management plans were presented to the Infrastructure Committee in December. These included the 3 Waters, Airport, Built Spaces, Open Spaces, Roading, and Waste Management Plans. These will be presented to Council for adoption at this Council meeting.
- 4.5 Work continues on developing 'group' activity management plans for all 23 LTP activities. These plans will occupy Section 2 of the LTP: 'Our Activities'. Alongside this, a refinement to Council's standards of service and performance across activities is continuing.

- 4.6 Council has completed its rating review. Consultation on the statement of proposal took place during 4 November, 2020 4 December, 2020, with deliberations and hearings and decision-making during December 2020 and January 2021.
- 4.7 A review of Council's LTP policies continues. The Revenue and Financing Policy (RFP) will be presented to Council this month with approval being sought to begin formal consultation. Work on Maori Involvement in Decision-making Policy is in progress. No changes on the Liability Policy or Investment Policy are proposed at this time, but requirements may change after budgets have been reviewed and the impact on financial strategy assessed. There is currently no separate Development and Contributions Policy, however the RFP references this and it will be verified during the District Plan review. A review of the Remission and Postponement of Rates on Maori Freehold Land is also taking place. Council's Significance and Engagement Policy was updated and adopted in December.
- 4.8 We have a number of time-sensitive tasks, which include a number of the above items. The team are reworking timeframes to accommodate the level of work involved in completing these tasks.

Further Information

Further information is available in Council's LTP 2018-28 and Annual Plan 2020/21, which can be found on Council's website: www.wairoadc.govt.nz and from Council's Main Office.

References (to or from other Committees)

Extraordinary Finance, Audit and Risk Committee. 19 January, 2021. Progress Update on Development of Long Term Plan 2021-2031.

Finance, Audit and Risk Committee. 10 November, 2020. Progress Update on Development of Long Term Plan 2021-2031.

Ordinary Council. 20 October, 2020. Progress Update on Development of Long Term Plan 2021-2031.

Ordinary Council. 28 July, 2020. Progress Update on Development of Long Term Plan 2021-2031.

Finance, Audit and Risk Committee. 3 March, 2020. Progress Update on Development of Long Term Plan 2021-2031.

Finance, Audit and Risk Committee. 2 July, 2019. Project Plan for Development of Long Term Plan 2021-2031.

Finance, Audit and Risk Committee. 17 September, 2019. Detailed Project Plan for the Development of the Long Term Plan 2021-2031.

Signatories

MARAMA	X8Qura
Author	Approved by
Kimberley Tuapawa	Kitea Tipuna

8.2 ADOPTION OF LONG TERM PLAN FORECASTING ASSUMPTIONS

Author: Kimberley Tuapawa, Pouwhakarae – Pārongo / Wheako Kiritaki Group

Manager Information and Customer Experience

Authoriser: Kitea Tipuna, Tumu Whakarae Taupua Interim Chief Executive Officer

Appendices: 1. LTP Forecasting Assumptions <u>U</u>

1. PURPOSE

1.1 This report presents the 2021-31 Long-term Plan (LTP) forecasting assumptions to Council for adoption.

RECOMMENDATION

The Pouwhakarae – Pārongo / Wheako Kiritaki Group Manager Information and Customer Experience RECOMMENDS that Council adopts the 2021-31 LTP forecasting assumptions attached as **Appendix 1**.

2. BACKGROUND

- 2.1 Schedule 10 of the Local Government Act 2002 requires Council to include in its LTP the disclosure of significant forecasting assumptions and risks underlying the financial estimates. Where there is a high level of uncertainty, Council is required to state the reason(s) for that uncertainty and provide an estimate of the potential effects on the assumptions.
- 2.2 As part of its 2021-31 LTP planning approach, Council intends to present and adopt key items as they become available to ensure a timely and more manageable adoption process. Certain items must be received before the consultation document is developed. These include the forecasting assumptions.
- 2.3 The development of these assumptions has involved undertaking a review of the 2018 assumptions and updating these to factor in key issues, such as the impacts of demographic change, climate change, 3-Waters reform, and COVID-19.
- 2.4 The assumptions were presented to Council's Finance, Audit and Risk Committee on 19 January, 2021 and received with one minor change, with a recommendation these be presented to Council for adoption.

3. OPTIONS

- 3.1 The options identified are:
 - a. Adopt the LTP forecasting assumptions, attached as **Appendix 1**.
 - b. Adopt the LTP forecasting assumptions, attached as **Appendix 1** with minor changes.
 - c. Status quo, do not adopt the LTP forecasting assumptions.
- 3.2 The preferred option is a) Adopt the LTP forecasting assumptions, attached as **Appendix 1**, as this contributes to the following community outcomes:

Economic wellbeing	Social and Cultural Wellbeing	Environmental Wellbeing
1. Strong and prosperous	2. Safe, supported and well-	4. Protected and healthy
economy.	led community.	environment.
	3. Valued and cherished	
	culture.	

5. CORPORATE CONSIDERATIONS

What is the change?

5.1 Adopting the LTP forecasting assumptions.

Compliance with legislation and Council Policy

5.2 Schedule 10 of the Local Government Act 2002 requires Council to include in its LTP the disclosure of significant forecasting assumptions and risks underlying the financial estimates. Adoption of Council's assumptions supports Council's policies and plans, including the LTP.

What are the key benefits?

5.3 Council's assumptions are up-to-date, relevant and meaningful. Assumptions underlie, support and strengthen an effective long-term corporate planning framework and process.

What is the cost?

5.4 There is no cost associated with receiving (and subsequently adopting) these assumptions. The resourcing and administrative costs of reviewing and developing these are budgeted for as part of Council's operational expenditure.

What is the saving?

5.5 Nil

Service delivery review

5.6 Receiving and adopting the assumptions will not trigger an s17a review.

Maori Standing Committee

5.7 This matter has not been referred to the Maori Standing Committee because it relates to the planning framework of the whole of Council.

6. SIGNIFICANCE

- 6.1 While a review of these assumptions may not generate a high level of interest in the community, their significant to Council's long-term planning processes is high, especially as it relates to the delivery of the LTP.
- 6.2 No adjustments to service levels are currently proposed.

7. RISK MANAGEMENT

7.1 In accordance with the Council's Risk Management Policy the inherent risks associated with this matter are:

Human	Financial	Regulatory
Low	HIgh	Low
Operations	Employees	Image & Reputation
Low	Low	Low

Who has been consulted?

The community will have an opportunity to have their say about the LTP's content during the formal LTP consultation period in April 2021.

Further Information

Extraordinary Finance, Audit and Risk Committee. 19 January, 2021. Adoption of Long Term Plan Forecasting Assumptions.

Finance, Audit and Risk Committee. 10 November, 2020. Progress Update on Development of Long Term Plan 2021-2031.

Ordinary Council. 20 October, 2020. Progress Update on Development of Long Term Plan 2021-2031.

Ordinary Council. 28 July, 2020. Progress Update on Development of Long Term Plan 2021-2031.

Finance, Audit and Risk Committee. 3 March, 2020. Progress Update on Development of Long Term Plan 2021-2031.

Finance, Audit and Risk Committee. 2 July, 2019. Project Plan for Development of Long Term Plan 2021-2031.

Finance, Audit and Risk Committee. 17 September, 2019. Detailed Project Plan for the Development of the Long Term Plan 2021-2031.

References (to or from other Committees)

Information about Council's current forecasting assumptions is available in its LTP 2018-28, which can be found on Council's website: www.wairoadc.govt.nz and from Council's main office.

Confirmation of statutory compliance

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

Signatories

MAPAMA	X8Qura
Author	Approved by
Kimberley Tuapawa	Kitea Tipuna

FORECASTING ASSUMPTIONS & RISKS

Council has made a number of assumptions which underlie the financial forecasts within this LTP. These have been informed by a consideration of social, economic, environmental and cultural issues on a national, regional and local level that impact on Council's planning, activities and operations. These assumptions do not include statements of fact that fall within the decision-making discretion of Council or unlikely events about which assumptions are made¹.

WATER REFORM

Assumptions	Council plans to deliver three waters services over the life of this LTP, however the Government's three waters reform creates a high degree of uncertainty on the future ownership and delivery of these services. The receipt of Government funding will enable improvements in water service delivery, support economic recovery from COVID-19 and progress reform in this area. Additional funding will be subject to Government decision-making and reliant on Council demonstrating progress against delivery plans and reform objectives. The Government will provide guidance on the approach to funding support.
Risk	High degree of uncertainty and potential for change in regards to financial and infrastructural planning in the three waters space.
Likelihood	High
Financial materiality	High
Reasons and effect of uncertainty	Uncertainty exists regarding the scale and impact of financial and legislative compliance resulting from the Government's 3-Waters reform and Hawkes Bay 3-Waters service delivery options. Considerable administration of 'shovel ready' and civil construction projects. Second order impacts create further uncertainty.
Changes since 2018-28 LTP	 The Government's three waters reform programme and Hawkes Bay three waters service delivery options review. Associated regulatory and legislative change. Targeted infrastructure stimulus investment to enable improvements to water service delivery and ensure period of economic recovery following COVID-19.

INFLATION

Assumptions	Council's financial information is based on costs and income adjusted for inflation. The BERL forecasts of price level changes have been used to calculate costs and income for years 2-10 of the LTP. These forecasts are based on a post-COVID-19 'mid-scenario' as the baseline, which is considered most applicable to our local area and economy ² . Where existing contracts contain cost fluctuation/inflation provisions these have been applied where relevant.
	Table 1: Local government cost index, BERL mid-scenario, % change on year earlier.

¹ Such matters are included in the activity management plans (Section 2: Our Activities) or asset management plans (Section 5: Our Infrastructure).

² This scenario is likely to be applicable to most councils and especially for those in areas without an overreliance on tourism and the retail trade.

		BERL mid-	scenario	0	
			OPEX	CAPE	X TOTAL
	2019		3.0	2.9	3.0
	2020		1.9	2.0	2.0
	2021		0.6	-0.9	-0.7
			3.6	4.0	3.7
	2022				
	2023		2.9	3.0	2.9
	2024		2.5	2.6	2.5
	2025		2.5	2.6	2.5
	2026		2.5	2.7	2.6
	2027		2.5	2.6	2.5
	2028		2.6	2.8	2.6
	2029		2.7	2.8	2.7
	2030		2.7	2.9	2.7
	2031		2.6	2.7	2.6
	20 year average	е %ра .	2.2	2.3	2.2
			RERL	mid-scenario	
		Planning & Re			ansport Commi
	2019	3.2		2.3	2.8 2.0
	2020	1.7		1.9	1.8 1.7
	2021 2022	0.5 2.7		0.8 3.3	0.7 -0.3 2.9 3.2
	2023	2.5		3.1	2.6 2.7
	2024	2.3		3.0	2.4 2.5
	2025	2.2		2.9	2.4 2.4
	2026	2.2		2.9	2.4 2.5
	2027 2028	2.2		2.9	2.4 2.4 2.4 2.5
	2029	2.2		2.9	2.4 2.6
	2030	2.2		2.9	2.4 2.6
	2031	2.2		2.9	2.4 2.4
	20 year average %pa	2.0		2.5	2.2 2.1
	Actual inflation wi	ll be signifi	cantly	different	from the a
lihood	Low in years 1-3. N	Medium in	years 4	1-10.	
ancial materiality	Low in years 1-3. N	Medium in	years 4	1-10.	
asons and effect of	Uncertainty exists	regarding	the m	id and lo	ng-term ef
certainty	the district's econ	nomy and	recove	ery, maki	ng plannir
,	From experience,	-			
	Government Cost				
	size of the contrac				
	demand pressure				
	stimulus packages	may exace	erbate	this issue	e. Council
	this by partnering	locally and	d thro	ugh colla	borative pr
	, ,			-	
	within the Hawke	's Bay regi	on. In	flation is	affected b
	within the Hawke	,			
	factors. Council's	costs and	incon		
2040 20:22	factors. Council's unless efficient gai	costs and ins can be r	incon made.	ne will in	crease by
ges since 2018-28 LTP	factors. Council's unless efficient gai	costs and ins can be r enges and	incon made. recove	ne will in	sult of the
nges since 2018-28 LTP	factors. Council's unless efficient gai	costs and ins can be r enges and	incon made. recove	ne will in	sult of the

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change.

service delivery options review. Associated regulatory and legislative

CLIMATE CHANGE AND NATURAL DISASTER

Assumptions	The effects of climate change will impact directly and indirectly on our district and community, and affect Council's ability to deliver services in in both financial and physical terms. Council's planning includes scenarios which factor in the occurrence of more frequent and intense weather events. These reach levels of significance within the period covered by Council's infrastructure strategy. Council's response to climate change helps it identify key assets at risk, recognise impacts in asset and financial modelling and prioritise funding for resilience. It will support Council to identify critical components of its networks, and prioritises renewals so that the network can continue to operate.
Risk	More frequent and intense weather events that create increased risk or damage to Council's infrastructure and activities.
Likelihood	Medium-High
Financial materiality	High
Reasons and effect of uncertainty	Although Council has faced natural disaster events in the past, and coped adequately, climate change predictions are that weather events will become more frequent and intense. These will have implications on Council's infrastructure and activities. There will be increased risk to coastal roads and infrastructure from coastal erosion and inundation, increased storminess and sea-level rise. Flooding and heat are predicted to impact the roading networks in our district. Drought will likely result in water shortages, increased demand for irrigation and increased risk of fires. Council expects this to impact on the provision of safe drinking water, the disposal of wastewater and stormwater.
	The potential effect of a natural disaster on Council's financial position is dependent on the scale, duration and location of the event. Central government assistance and insurance contracts would reduce some of Council's financial risk.
Changes since 2018-28 LTP	 National climate emergency declaration by New Zealand Government in December 2020. Regional climate emergency announced by Hawkes Bay Regional Council in June 2019. Greater regional emphasis on response to climate change. HBRC has made climate change a focus in all its decision-making areas and relevant work programmes. Recommendation from OAG for Councils to engage in comprehensive discussion of resilience and climate change issues with their communities.

FUNDING SOURCES

Assumptions	Council's sources of funds are as per the revenue and financing policy.
	Council will continue to receive external funding at current levels from
	government agencies such as SPARC, MSD and DIA. Council will continue to
	apply for government funding through various channels.
Risk	Some revenue sources may be not achievable. Government agencies may
	reduce or eliminate funding for various programmes.
Likelihood	Low
Financial materiality	Low
Reasons and effect of	Council has undertaken a review of its revenue and funding policy and the
uncertainty	rationales for its funding allocations. The funding assistance rate for the land
	transport system from Waka Kotahi (NZTA) is confirmed for 2021-2024. Fees
	and charges are based on levels regularly achieved, and adjusted for specific

	initiatives or conditions. Council's rating system has been reviewed and consulted upon to deliver a system that is simpler, ensures appropriate distribution and is affordable for more ratepayers. Rates are consulted upon and controlled by prudent thresholds.
	Council has received significant additional funding from the Provincial Growth Fund to assist with various large-scale projects. Council will continue to apply for such funding. As part of the Government's three waters reform programme, Council has received significant funding to support investment in the district's three waters infrastructure. This may comprise additional tranches of funding and specific agreements to key reform milestones and Council has taken a conservative view with regards to the likelihood of such funding being available in the future.
Changes since 2018-28 LTP	 Significant changes to Council's rating system and its revenue and financing policy. Council has received significant funding from PGF to assist with various large-scale projects in the district. Council has received significant funding to support investment in the district's three waters infrastructure.

EXTERNAL BORROWING SOURCES

Assumptions	Council will continue to receive funding and financing from an approved
	banking institution.
Risk	The bank does not continue to provide finance to fund Council's activities.
Likelihood	Low
Financial materiality	Medium
Reasons and effect of	Council believes that the likelihood of the withdrawal of bank funding is low,
uncertainty	due to the good credit rating and relatively low risk it has as a public entity.
	As a member of the Local Government Funding Agency (LGFA), Council has
	an alternative source of debt funding. Council also has the ability to set rates
	at a level sufficient to cover its costs.
Changes since 2018-28 LTP	Council became a member of the LGFA in 2018, shortly after the LTP 2018-
	28 was adopted.

RATING

Assumptions	The bases for calculating and allocating rates will be appropriate throughout
	the life of the LTP.
Risk	Groups of ratepayers are significantly affected by changes to the rating
	system, rating revaluations, or changes to Council's activities.
Likelihood	High
Financial materiality	Medium
Reasons and effect of	Council's rating system has been reviewed and consulted upon to deliver a
uncertainty	system that is simpler, ensures appropriate distribution and is affordable for
	more ratepayers. Differentials have been applied to mitigate effects. When
	Council reviewed its rating system and revenue and financing policy, it
	consulted with the community on the most appropriate rating methodology.
	It has also undertaken a review of its revenue and funding policy and the
	rationales for its funding allocations. Rates are consulted upon and controlled
	by prudent thresholds. Property values could change significantly and only in
	certain areas of the district.
Changes since 2018-28 LTP	Review and change to rating system
	Review and update of revenue and financing policy
	Rating revaluations

USEFUL LIVES OF SIGNIFICANT ASSETS

Assumptions	Council has estimated the useful lives of its significant assets, as detailed in
	the Statement of Accounting policies.
Risk	Assets will not last as long as forecast and will need to be replaced before
	funds are available.
Likelihood	Medium
Financial materiality	Medium
Reasons and effect of	Council has an asset management planning and upgrade programme in place.
uncertainty	Asset capacity and condition is monitored, with replacement works being
	planned in accordance with standard asset management practice. Council
	has growing concerns about the impact climate change will have on the life-
	span of its infrastructural assets.
Changes since 2018-28 LTP	Three waters review and associated legislative and regulatory change.
	Greater national and regional emphasis on response to climate change
	and the impact it has on infrastructural assets.

CURRENCY MOVEMENTS & ASSET VALUES

Assumptions	Currency movements of exchange rates will not fluctuate significantly during
	the life of this LTP.
Risk	Council's costs are adversely affected by foreign exchange movements.
Likelihood	Medium
Financial materiality	Medium
Reasons and effect of	Council does not have direct exposure to currency movement in respect of
uncertainty	significant assets or liabilities and is not aware of any material dependencies on overseas inputs within its major contracts. However, the Wairoa economy is underpinned by a strong primary sector with a substantial export component. Parts of the community that depend on these markets to thrive may be adversely affected by exchange rate movements which could, in turn, affect the demand and perceived affordability of Council services.
Changes since 2018-28 LTP	N/A

CONSENT RENEWALS

Assumptions	Council basis its future projections on the expectation that consents will be renewed for its activities including wastewater, waste management, water supply and stormwater.
Risk	Approving bodies will fail to renew the consent renewals that Council
	requires to carry out its activities.
Likelihood	Medium
Financial materiality	High
Reasons and effect of	Council has no reason to believe that any of the consents that it operates
uncertainty	under will not be renewed, but are concerned at the implications of potential changes to consent conditions or compliance resulting from the three waters review. Any failure to renew the consents could significantly affect the ability of Council to provide an effective level of service. An update on the wastewater consent is specifically addressed in this LTP ³ .
Changes since 2018-28 LTP	Three waters review and associated legislative and regulatory change.

³ For more information, see Section 1: Our Long Term Plan.

NEW AND REPLACEMENT ASSETS, CAPITAL WORK

Assumptions	The construction of new assets increases Council's levels of service, unless
	otherwise stated. The replacement of existing assets does not mean an
	increase in levels of service or capacity, unless stated. Programmes are
	completed within time and budget.
Risk	The replacement of existing assets increases the levels of service due to
	technological changes or through the adoption of best practice. New assets
	do not meet the agreed levels of service or do not provide adequate capacity.
	Delays in the completion of major capital projects may delay completion of
	other projects.
Likelihood	Low-Medium
Financial materiality	Low-Medium
Reasons and effect of	In most cases, increased levels of service are linked with the construction of
uncertainty	new assets. Council's asset managers have already adopted best practice
	techniques. For most new assets there are relatively long project planning
	and design phases. Where possible, new assets are designed and constructed
	with future levels of service and capacity in mind. An increase in private
	development at Mahia is likely to impact on the demand for future assets.
	Council regularly managed capital projects that are carried forward from
	previous periods. Projects with lower priority and that are less time sensitive
	may be delayed. Various disruptive technologies, including social media,
	software-as-a-service, artificial intelligence, e-commerce, drones and
	automation have implications for our operations. These can be harnessed to
	reduce costs and improve service delivery, however given the pace of change
	it is difficult to forecast exactly when and how technologies will progress, and
	to what end.
Changes since 2018-28 LTP	Increased use of drones and other technologies to support Council's

CAPITAL WORKS COSTS

Assumptions	On average, the costs of major capital works will not vary significantly from costs estimated at the concept stage and adjusted for inflation.	
Risk	Some project costs are greater than the estimates, resulting in increased debt levels.	
Likelihood	Medium in years 1-3. High in years 4-10.	
Financial materiality	High	
Reasons and effect of	Council has a high level of confidence regarding the costs of capital project in	
uncertainty	the short term but less certainty in the longer term due to possible economic fluctuations, growth patterns, consent conditions etc. The potential effects of this uncertainty on the financial statements would be difficult to estimate, but may lead to a number of projects being deferred, cancelled or rescoped. As an example, through 2019 to 2021 an upgrade to the Mahanga water supply infrastructure was paused and subject to 2 referendums as a result of cost escalations rendering the project unaffordable.	
Changes since 2018-28 LTP	Three waters review and associated legislative and regulatory change.	

LAND TRANSPORT FUNDING

Assumptions	Ratepayer contributions provide 25% of the funding towards the land	
	transport system, and the Government's subsidy is 75%.	
Risk	A change to the Governments subsidy rate, and variation in criteria for	
	inclusion in the subsidised works programme.	
Likelihood	Low in years 1-3. Medium in years 4-10.	
Financial materiality	Medium	
Reasons and effect of	The funding assistance rate from Waka Kotahi (NZTA) is confirmed for 2021-	
uncertainty	2024. However, NZTA funding priorities may change as a result of the Land	
	Transport Management Act 2003.	
Changes since 2018-28 LTP	The funding assistance rate from Waka Kotahi (NZTA) is confirmed for	
	2021-2024.	

GENERAL POPULATION AND HOUSEHOLD CHANGE

Assumptions	The population of the district will increase moderately during the life of the LTP. The number of households will increase moderately. Growth in the district is expected to be in Mahia, with an increase in retirees to the area or those returning home.
Risk	Population change will be higher than protected, putting increased pressure on Council to provide additional infrastructure and services. Alternatively, the population could decline, increasing the residual burden on ratepayers.
Likelihood	Low
Financial materiality	Low-Medium
Reasons and effect of uncertainty	Medium growth projections signal small population gains of up to 3% and high growth projections signal 8% during the life of the LTP. Wairoa is projected to account for 60% of total new (permanently occupied) household growth and Mahia approximately 15% ⁴ . Growth in in Mahia will likely be due to an increase in retirees to the area or those returning home. Council will seek to understand the future impacts of development on its infrastructure. This will help it better model the potential financial impacts and prioritise funding accordingly.
	Population projects are based on demographic assumptions that do not change quickly and a continuation of the annual average level of population growth in the district. Existing infrastructure and levels of service are not likely to require increased investment in the population is static. A decline in population may not reduce the cost of delivering Council's levels of service, although if it results in extended asset lives, the annual depreciation expense would be lower.
Changes since 2018-28 LTP	Small population increase. Increased development at Mahia.

⁴ Source: Wairoa District Council Long Term District Planning – Demographic and Economic Growth Projections 2021-2031.

AGEING POPULATION AND SINGLE PERSON HOUSEHOLD CHANGE

Assumptions	The population of the district aged 65 and over is expected to increase during the life of the LTP. The number of single-person households will also increase. Declines in the population aged 40-64 and two-parent families are expected ⁵ .	
Risk	There will be a decline in the affordability/ability to pay, with more people	
	on fixed incomes and potentially lower household incomes.	
Likelihood	High	
Financial materiality	Medium	
Reasons and effect of uncertainty	Without intervention it is inevitable that increasing costs of Council's activities will become an increasing proportion of fixed household income. Council's review of its rating system and economic development initiatives seek to alleviate this. An ageing demographic may require an adaptation of public services and infrastructure to meet the needs of an older community.	
Changes since 2018-28 LTP	Increase in ageing population	
	Increase in single person households	

COUNCIL POLICY

Assumptions	Apart from Council's revenue and financing policy, there will be no significant	
	changes to Council policy in this LTP.	
Risk	New legislation is enacted that requires a significant policy response from	
	Council. Election of a new Council with different objectives to the current	
	Council.	
Likelihood	Medium	
Financial materiality	Low	
Reasons and effect of	Changes to Council policy to deal with new requirements are part of normal	
uncertainty	business. Any significant change would be assessed in terms of the impact on	
	Council's financial position. Council's significance and engagement policy,	
	and its Maori decision-making policy remain largely unchanged. The Local	
	Government Act 2002 ensures that changes in policy follow due process,	
	including consultation with the public.	
Changes since 2018-28 LTP	Changes to Revenue and Financing policy	

GOVERNANCE

Assumptions	The structure of Council's elected representation includes a general ward and	
	Maori wards.	
Risk	Applications will be made to Council for a representation review.	
Likelihood	High	
Financial materiality	Low	
Reasons and effect of	The Maori Ward will remain in place for the next election in 2022. Council is	
uncertainty	required to complete a review of its governance structure in 2024.	
Changes since 2018-28 LTP	Triennial elections in 2019.	

⁵ Source: Wairoa District Council Long Term District Planning – Demographic and Economic Growth Projections 2021-2031.

CONTRACTS

Assumptions	No significant variations in terms of price from the re-tendering of	
7.054		
	operational and maintenance contracts and renewal of service level	
	agreements, other than those variations in this LTP.	
Risk	A significant variation in price from re-tendering contracts and renewal of	
	service level agreements.	
Likelihood	Medium for years 1-3. High for years 4-10.	
Financial materiality	Medium-High.	
Reasons and effect of	Council has been able to manage contracts within a narrow range of cost	
uncertainty	variation. If contract prices were to increase significantly then it would	
	review the amount of work programmed and undertaken. Adjustment for	
	known and projected increases in contracts have been included. For more	
	information, refer to assumption about Inflation.	

EXTERNAL FACTORS

Assumptions	Apart from the Government's three waters reform, there will be no	
	unexpected changes to legislation or other external factors that alter the	
	nature of services provided by Council other than what is stated in this LTP.	
Risk	There are unexpected changes that alter the services provided by Council.	
Likelihood	Medium	
Financial materiality	Low	
Reasons and effect of	Most changes to legislation are programmed and known about in advance.	
uncertainty	Only in extraordinary circumstances (such as public outcry over a particular	
	incident) would unexpected changes to legislation be prompted. Central	
	government is likely to share part of any cost associated with major	
	legislative change.	

8.3 TA TE POUAHUREA MAORI PURONGO / MAORI RELATIONSHIPS MANAGER REPORT

Author: Duane Culshaw, Pouahurea Māori Māori Relationships Manager

Authoriser: Kitea Tipuna, Tumu Whakarae Taupua Interim Chief Executive Officer

Appendices: 1. MSC Hui-a-Iwi Presentation 2020 U

2. MSC Induction Workshop 2021 U

3. MSC Tentative Meeting Schedule 2021 U

1. PURPOSE

1.1 This report provides information for the Council on the selection process of the Wairoa District Council Māori Standing Committee.

RECOMMENDATION

The Pouahurea Māori / Māori Relationships Manager RECOMMENDS that the Council receives the report.

The Pouahurea Māori / Māori Relationships Manager RECOMMENDS that the Council confirms the selection process of the Māori Standing Committee for the term 2021/2022.

2. KUPU WHAKATAKI

- 2.1 Māia e te tipua, māia e te tahito, māia e te kāhui o ngā ariki, māia e tāwhiwhi atu ki ngā Atua o te ao tūroa. Mai i runga ki raro, mai i raro ki runga. Whakamaua ki roto, whakamaua ki waho. Whakamaua kia tina! Hui e! Tāiki e!
- 2.2 Kimihia, rangahaua, kei hea koutou ka ngaro nei? Tēnā rā riro Paerau, ki te huinga o te kahu o te rangi ka oti rā koutou e...! Te Wairoa tangata, mai i Waikaremoana ko te wai kaukau o Haumapuhia, whakawhiti atu ki Te Māhia mai Tawhiti, tae noa atu ki te awa o Mohaka e rere ana, hoki mai anō ki te ngutu awa o Te Wairoa Hōpūpū Hōnengenenge Matangirau ko tātau nei te whakatinanatanga o te tika, o te pono, o te aroha, o te māramatanga. Hui te marama! Hui te ora e!
- 2.3 Whiti mai ana te rā, hīhī ana te rā, toro mai ana te rā, wera mai ana te rā. Ka hakahaka a Tānerore ki te pae o te rangi, ka pakapaka te kiri o te ira tangata ki te whenua. Hī! Hā! Hau!

3. BACKGROUND

- 3.1 This is a report on the selection process of the Wairoa District Council Māori Standing Committee for the triennial period 2019/2022.
- 3.2 The selection process was completed in accordance with the Māori Standing Committee Terms of Reference 2020 and the Māori Policy 2017.
- 3.3 Due to several unforeseen circumstances, the selection process for the Māori Standing Committee was completed in December 2020. As a result, the term of this current Māori Standing Committee is for the period 2021/2022.

4. SELECTION PROCESS

- **4.1** In accordance with the Terms of Reference '…independent members of the Māori Standing Committee shall be determined at a series of district wide hui-ā-takiwā…'.
- **4.2** The hui-ā-takiwā commenced on 8 November 2020 and were completed by 5 December 2020. Seven of the eight takiwā participated in the hui-ā-takiwā. One takiwā Te Wairoa Hōnengenenge remains vacant. Each hui-ā-takiwā was hosted by a marae within the respective takiwā.
- 4.3 The takiwā Te Wairoa Hōnengenenge has been vacant since the resignation of its' incumbent member in January 2020. If a takiwā position is not filled during the initial selection process or becomes vacant during the term of office then the Committee will run another selection process for that particular takiwā. The Māori Standing Committee will seek to fill this takiwā position in 2021.
- **4.4** Council staff made a presentation at each hui-ā-takiwā to explain the selection process to the takiwā. From this information, marae within the respective takiwā nominated a person or persons for consideration. Each nomination sought the support of the majority of marae within the takiwā, until a person receiving the majority of votes from the marae was selected to represent their takiwā.
- **4.5** On 13 December 2020, a hui-ā-iwi was hosted by Council at the Wairoa War Memorial Hall in which each takiwā presented their chosen representative. A copy of the Council presentation is appended to this report.
- **4.6** The newly selected Māori Standing Committee members will be confirmed by Council at its next available ordinary meeting (9 February 2021).
- 4.7 During the hui-ā-iwi, the takiwā chose and supported the following to represent their respective takiwā:- Theresa Thornton (Pāhauwera takiwā), Hereturikōkā Nissen (Ruakituri takiwā), Fiona Wairoa (Māhia Mai Tawhiti takiwā), Henare Mita (Rakaipaaka takiwā), Paora Puketapu (Waikaremoana takiwā), Hinenui Tipoki-Lawton (Te Wairoa Hōpūpū takiwā), Elizabeth 'Liz' Palmer (Te Wairoa Matangirau takiwā). Te Wairoa Hōnengenenge remains vacant.
- **4.8** The Pouahurea Māori *Māori Relationships Manager* recommends that the Council resolves to confirm the selection process of the Māori Standing Committee for the term 2021/2022.

5. ACKNOWLEDGEMENT OF OUTGOING MEMBERS OF MĀORI STANDING COMMITTEE

- 5.1 With the completion of the selection process, the Council would like to sincerely acknowledge the contribution of three outgoing members of the Māori Standing Committee Mr Paul Kelly, Ms Sharon Cooper, Mrs Whai-ora Maindonald and Mr Kiwa Hammond.
- 5.2 Mr Paul Kelly represented Te Wairoa Matangirau takiwā for approximately 4 terms, with the last term being Deputy Chairperson. Mr Kelly was a calming influence at all meetings, often reminding the members of looking for the simplicity of a resolution and not overthinking the process. His contribution is immeasurable and his leadership admirable. The Council wishes Mr Kelly all the best in his future endeavours.

- 5.3 Ms Sharon Cooper represented Waikaremoana takiwā for one term. Ms Cooper, in her own words, would acknowledge the difficulties that beset her trying to represent Waikaremoana, a challenge she aptly undertook with a robust enthusiasm. Her loyalty and passion for Waikaremoana was unmatched and she did not shy aware from dealing with hard projects, particular around the sealing of State Highway 38, to name but a few. Always behind that passion was a high level of aroha and manaaki. The Council wishes Ms Cooper all the best in her future endeavours.
- 5.4 Mrs Whai-ora Maindonald represented Te Wairoa Hōnengenenge for one term and resigned at the beginning of 2020. Mrs Maindonald also represented the Māori Standing Committee on the Economic Development Committee. One of the outstanding achievements she completed for her takiwā was to get Council to erect a street light outside Hinemihi Marae, a project that was approximately 10 years in the making. She was always pro-active within her takiwā and was instrumental in getting her takiwā to understand and fully utilise the Client Service Request (CSR) system. The Council wishes Mrs Maindonald all the best in her future endeavours.
- 5.5 Mr Hammond represented Te Wairoa Hōpūpū takiwā for just over two terms, with the last term being as Chairperson for the Māori Standing Committee. Mr Hammond was an outstanding leader for the committee, with this insight and updated knowledge of local government and Māori issues being a highlight of his tenure. He was never afraid to have an opinion of any issue, however, humble enough not to overstep his limitations. He has left a lasting impression on the level of leadership for the Māori Standing Committee. The Council wishes Mr Hammond all the best in his future endeavours.
- 5.6 We would also like to acknowledge the recent passing of a former representative of the Māori Standing Committee, Mr John 'Johnny' Keefe, who sadly passed away on 28 January 2021. Mr Keefe represented Pāhauwera takiwā for approximately two terms. His memory and contribution is fondly remembered. Rest in peace Matua Johnny.

6. MĀORI STANDING COMMITTEE INDUCTION WORKSHOP

- 6.1 On Thursday, 28 January 2021 the Māori Standing Committee participated in an induction workshop. This was an opportunity for returning and new members to get a better understanding of the Council structure.
- 6.2 The workshop included Administration, Council / Committee structure, Code of Conduct, Standing Order and General discussion. A copy of the presentation is appended to this report.
- 6.3 A Schedule of Meeting dates was also tentatively discussed. A tentative meeting schedule has been appended to this report.

7. KUPU WHAKAKAPI

- 7.1 Nō reira, ka whakakapia te pūrongo nei ki te whakatauākī tahito, 'mā pango, mā whero, ka oti ai te mahi'.
- 7.2 Tō mai te rā, ka rere ki tua o te pae kia tau mai te pō. Ao ake te rā, ka hoki mai anō a Tama-i-te-ao-mārama. Mauri tū mauri ora! Tēnā koutou, tēnā koutou, tēnā anō tātau katoa.

8. CONCLUSION

- 8.1 The Pouahurea Māori *Māori Relationships Manager* RECOMMENDS that the Council receives the report.
- 8.2 The Pouahurea Māori *Māori Relationships Manager* RECOMMENDS that the Council confirms the selection process of the Māori Standing Committee for the term 2021/2022

Signatories

	X8Quro
Author	Approved by
Duane Culshaw	Kitea Tipuna



Wairoa War Memorial Hall Sunday, 13 December 2020



Notable Achievements

2017

- Supported the inclusion of tangata whenua on the Wastewater Stakeholder Group.
- Adoption of the Te Reo Māori Policy.

Notable Achievements

2017

- Supplementary submission Iwi and Hapū of Te Rohe o te Wairoa Claims settlement Bill.
- Provide cultural advice regarding the spreading of ashes – included as part of the cemeteries by-law.

Notable Achievements

2018

- Attended a Food Control Plan workshop.
- Supported Para Kore Zero Waste initiative.
- Supported hau kāinga at Whakakī The Landing (Pātangata) Bridge.

Notable Achievements

2018

- Starting discussion around rates remission for papa kāinga.
- Some members started their qualification under Skills Active – National Certificate in Māori Business.

Notable Achievements

2019

- Contributed to the Hawke's Bay Three Waters Review.
- Continued support for The Landing bridge at Whakakī.
- Supported the Huramua Repatriation project.

Notable Achievements

2019

- Contributed to the Remission of Rates for land used for papa kāinga housing policy.
- Contributed to the adoption of the Freedom Camping By-law and Ambassadors.

Notable Achievements

2020

 Supported the application for three shovel ready projects – The Landing (Whakakī), Nuhaka River Road (Nuhaka) and the Rangatahi Dropout (Māhia).

Notable Achievements

2020

- Instrumental in ensuring a 'Cultural Case' was included in the Hawke's Bay Three Waters Review.
- Attended a Regional Forum for the Three Waters Review – hosted by DIA.

Confirmation of Representatives

Māhia Mai Tawhiti

Received one nomination

Marae	Support
TE ĀTI HAU	Fiona Wairau
RUAWHARO	Fiona Wairau
TE RĀKATŌ	Fiona Wairau (in principle)
KAIUKU	Abstained
TUAHURU	Did not participate
APAAPA-Ā-RANGI	Fiona Wairau (in principle)
MĀHANGA	Fiona Wairoa

Confirmation of Representatives MĀHIA MAI TAWHITI Fiona Wairau (Majority)

Confirmation of Representatives

Rakaipaaka

Received one nomination

Marae	Support
MANUTAI	Did not participate
KAHUNGUNU	Henare Mita
TE TAHINGA	Henare Mita
KOTAHITANGA	Henare Mita (in principle)
TE POHO O TE REHU	Henare Mita
TAMAKAHU	Henare Mita (in principle)
TĀNENUIĀRANGI	Did not participate

Confirmation of Representatives RAKAIPAAKA Henare Mita (Majority)

Confirmation of Representatives

Ruakituri

Received one nomination

Marae	Support
TE REINGA	Hereturikōkā Nissen
PAREORA	Did not participate
EREPETI	Hereturikōkā Nissen

Confirmation of Representatives RUAKITURI Hereturikōkā Nissen (Majority)

Confirmation of Representatives

Pāhauwera

Received one nomination

Marae	Support
KAHUNGUNU (MOHAKA A9)	Theresa Thornton
TE HUKI	Theresa Thornton (in principle)
WAIPAPA-Ā-IWI	Theresa Thornton
KURAHIKAKAWA	Theresa Thornton

PĀHAUWERA Theresa Thornton (Majority)

Confirmation of Representatives

Waikaremoana

Received three nominations

Marae	Support
PUTERE	Paora Puketapu
TE KŪHĀ	Paora Puketapu
WAIMAKO	Did not participate

Confirmation of Representatives WAIKAREMOANA Paora Puketapu (Majority)

Confirmation of Representatives

Te Wairoa Hopupu

Received two nominations

Marae	Support
PŪTAHI	Hinenui Tipoki-Lawton
RANGIAHUA	Hinenui Tipoki-Lawton (in principle)
ARIMĀWHĀ	Hinenui Tipoki-Lawton (in principle)
PĀKŌWHAI	Hinenui Tipoki-Lawton (in principle)
WHETŪ MARAMA MAKORO (MILL PĀ)	Hinenui Tipoki-Lawton
ARANUI	Hinenui Tipoki-Lawton
HINE TE RĀ	Did not participate
ТЕ РОНО О ТАРИАЕ	Did not participate
WAIPAOA	Did not participate

Confirmation of Representatives TE WAIROA HŌPŪPŪ Hinenui Tipoki-Lawton (Majority)

Confirmation of Representatives

Te Wairoa Honengenenge

Received no nominations

Marae	Support
HURAMUA	Did not participate
HINEMIHI	Did not participate
RUATANIWHA	Did not participate
TAWHITI-A-MARU	Did not participate
TAKITIMU	Did not participate
TE AKA MATUA	Did not participate

Confirmation of Representatives TE WAIROA HŌNENGENENGE Vacant

Confirmation of Representatives

Te Wairoa Matangirau

Received two nominations

Marae	Support
WHAAKIRANGI	Paul Kelly
TAIHOA	Elizabeth (Liz) Palmer (in principle)
TE POHO O TIAKIWAI	Elizabeth (Liz) Palmer
TE RAUHINA	Elizabeth (Liz) Palmer
IWITEA	Elizabeth (Liz) Palmer
WHAKAKĪ	Elizabeth (Liz) Palmer

Confirmation of Representatives TE WAIROA MATANGIRAU Liz Palmer (Majority)

Acknowledgement of Outgoing Members

Whai-ora Maindonald (Te Wairoa Hönengenenge)

Sharon Cooper (Waikaremoana)

Kiwa Hammond (Te Wairoa Hōpūpū)

Paul Kelly (Te Wairoa Matangirau)

Māori Standing Committee

Induction Workshop

Thursday, 28 January 2021
Council Chambers
Wairoa District Council



Presented by Duane Culshaw Pouahurea Māori I Māori Relationships Manager

Māori Standing Committee (MSC)

Programme

1. Administration

- Tax codes
- Payroll
- Remuneration

2. Council / Committee

- Legislative Background
- Function
- Structure

3. Code of Conduct

- Each other
- CEO
- Council staff
- General public
- Media
- Conflicts of interest
- LGOIMA

Māori Standing Committee (MSC)

Programme

5. Standing Orders

Minutes of meetings

6. General discussion

- Appointment of Chair
- Meetings schedule
- Questions

Māori Standing Committee (MSC)

Administration

Tax Codes, Payroll and Remuneration (Lauren Jones – Kaikaute Putea I Financial Accountant)

Every member is to complete the IR330C form.

Representatives are not employees of Council and are subject to withholding tax.

Any final tax liability as calculated by IRD is the responsibility of the representative.

Applicable ACC levies are to be met by representatives from within their sitting fee.

Māori Standing Committee (MSC)

Administration

Tax Codes, Payroll and Remuneration (Lauren Jones – Kaikaute Putea I Financial Accountant)

Only the MRM or Payroll can request sitting fee payments. Datacom (Lauren).

Any query regarding payment should be directed to the MRM in the first instance.

Payment of sitting fees is fortnightly by way of direct credit. Wednesday night.

Current sitting fees are as follows:-

Current sitting fees are as follows:- Chair \$265, Deputy Chair \$230, Representative \$200

Māori Standing Committee (MSC)

Administration

Tax Codes, Payroll and Remuneration (Lauren Jones – Kaikaute Putea I Financial Accountant)

Travel allowance (Lauren).

The MSC can call a workshop to decide on remuneration. Any changes will need to be recommended to Council to be approved.

Any ordinary meeting held on a marae has a budget of \$600 (July 2017). This includes koha, catering and hireage. Payment is by way of invoice.

If the MSC is to provide own catering, this is deducted from the aforementioned budget, with the remainder given as koha (minimum \$150).

Māori Standing Committee (MSC)

Council / Committees

Legislation, Function, Structure

The Local Government Act 2002 requires that Council, 'must, in the course of its decision-making process in relation to a matter, give consideration to the views and preferences of the persons likely to be affected by, or to have an interest in, the matter'.

Under Schedule 7 of the Act, Clause 30(1)(a) it states, 'a Local Authority may appoint the committees, sub-committees and other subordinate decision-making bodies that it considers appropriate'.

Māori Standing Committee (MSC)

Council / Committees

Legislation, Function, Structure

Section 81 of the Act specifically requires Council to:-

- a) Establish and maintain processes to provide opportunities for Maori to contribute to the decision-making processes of Council.
- b) Consider ways in which it may foster the development of Māori capacity to contribute to the decision-making processes of Council; and
- c) Provide relevant information to Māori for the purposes of (a) and (b) above.

Māori Standing Committee (MSC)

Council / Committees

Legislation, Function, Structure

The purpose of the Māori Standing Committee is to:-

- to provide a Māori perspective to guide Council with its legislative responsibilities.
- to implement policies and work programmes to enable effective governance, engagement and service delivery for all people within the district.

Māori Standing Committee (MSC)

Council / Committees

Legislation, Function, Structure

The function of the Council is to:-

- Determine services and activities and provide a strategic direction for the district.
- Managing risk, administering regulations and upholding the law.
- Monitoring the delivery of service and safeguarding the public interest.
- Reporting to rate payers.

Māori Standing Committee (MSC)

Council / Committees



His Worship The Mayor

Craig Little

Six Councillors

Cr Flood (Deputy Mayor), Cr Harker, Cr Eaglesome-Karekare, Cr Tumataroa-Clarke, Cr Kaimoana, Cr Goldsack

Chief Executive Officer (CEO)

Kitea Tipuna (Interim)

GM – Community and Engagement Kitea Tipuna

GM – Community Assets and Services Stephen Heath GM – Planning and Regulatory Simon Mutonhori GM – Information and Customer Experience Dr Kimberley Tuapawa

Economic Development (ED)

Finance, Audit and Risk (FAR)

Infrastructure

Council Committes

Youth Council

Māori

Matangirau Reserve Board

GM – Finance and Corporate Service Gary Borg

Council Staff / Officers

Māori Standing Committee (MSC)

Chief Executive Officer (CEO)
Kitea Tipuna (Interim)

Executive Assistant

Māori Relationships Manager

Zero Harm Officer

Community & Engagement Kitea Tipuna

Economic development
Tourism
Stakeholder engagement
Communications
Website services
Election services
Governance
Community development
Events
Youth services

Community Assets & Services Stephen Heath

Roads, streets, bridges
Cemeteries
Sports grounds
Reserves
Airport control
Water supply
Sewerage management
Stormwater management
Waste management
Street lighting
Traffic management
Public toilets
Footpaths
Property

Planning & Regulatory Simon Mutonhori

District planning
Resource consents
Building control
Environmental health
Food and liquor licensing
Noise and nuisance control
Compliance monitoring
Compliance enforcement
Bylaws
Dog and stock control
Freedom camping
Trade waste compliance
Trade waste management
Civil defence

Info & Customer Experience Dr Kimberley Tuapawa

Administration
After hours service
Archives
Customer services
Geographic Information
Systems
Human resources
Information services
Library
Legal compliance
Long term planning
Official information
Policy
Records

Finance & Corporate Service Gary Borg

Accounting services
Financial management
Revenue collection
Rating
Risk management
Financial planning & reporting
Treasury functions
Tax compliance

Māori Standing Committee (MSC)

Council / Committees

There is one stand alone business unity

Water Treatment Plan

There is one Council Controlled Organisation (CCO)

Quality Roading and Services (Wairoa) Limited – QRS – infrastructural works and services

- WDC has a 100% shareholding in QRS
- A CCO is established under the Local Government Act
- QRS is a registered company under the Companies Act 1993

Māori Standing Committee (MSC)

Council / Committees

Physical Address	Coronation Square, 97-103 Queen Street, Wairoa 4108
Postal Address	P O Box 54, Wairoa 4160
Phone	(06) 838 7309
Facsimile	(06) 838 8874
Website	www.wairoadc.govt.nz
Māori Relationships Manager	Duane Culshaw
MRM Mobile	027 215 4378
MRM Email	duane@wairoadc.govt.nz

Māori Standing Committee (MSC)

Code of Conduct

Relationships and Behaviours

Provides guidance on the standards of expected behaviour.

The Code of Conduct generally applies to elected and selected members (including committee members) in dealing with:-

each other

the general public

• the Chief Executive Officer (CEO)

the media

all Council staff

Māori Standing Committee (MSC)

Code of Conduct

Relationships and Behaviours – Each other

- open and honest, and exhibit a high standard of ethical behaviour
- focus on issues, rather than personalities
- Maintain public confidence
- Avoid aggressive, offensive or abusive conduct
- Not use Council resources for personal business

Māori Standing Committee (MSC)

Code of Conduct

Relationships and Behaviours – CEO

- recognise that the CEO is the employer of all staff
- recognise that the CEO has obligations as an employer
- recognise that the CEO or Senior Management is available, if required
- any concerns to be raised with the CEO

Māori Standing Committee (MSC)

Code of Conduct

Relationships and Behaviours – Council staff

- treat all Council staff / officers with respect and courtesy
- do not compromise Council staff impartiality

Māori Standing Committee (MSC)

Code of Conduct

Relationships and Behaviours – General public

- accord citizens respect
- encourage and value community involvement
- ensure that confidential information is not disclosed or used to benefit (using powers for pecuniary advantage)

Māori Standing Committee (MSC)

Code of Conduct

Relationships and Behaviours – Media

- The Mayor provides the official view for Council
- in the absence of the Mayor, refer to Deputy Mayor
- The Mayor may refer any matter to the CEO or Committee Chairperson
- personal views are <u>PERSONAL</u> comments must not state or imply that they represent the views of Council
- comments must not disclose confidential information or compromise the impartiality or integrity of Council staff

Māori Standing Committee (MSC)

Code of Conduct

Conflicts of Interest

- decisions are free from bias (real or perceived)
- local Authorities (Members Interest) Act 1986
- prohibition from participation where you have an interest (voting or discussion)
- declared interest (recorded)
- limits interest in Council contacts

Māori Standing Committee (MSC)

Code of Conduct

Local Government Official Information and Meetings Act 1987 - LGOIMA

Official information means any information held by WDC is subject to the OIA or LGOIMA

Official information includes information held in any format at WDC, such as:-

- Written documents, reports, memos, letters, notes, emails and draft documents
- Non-written information such as materials stored on computers, mobile devices and databases, video and tape recordings, maps and photographs; and
- Information which is known to WDC, but which has not yet been recorded in writing or otherwise

Māori Standing Committee (MSC)

Code of Conduct

Local Government Official Information and Meetings Act 1987 - LGOIMA

Determination: Is the information 'held' by WDC?

It does not matter where the information first came from as long as it is **held** by WDC.

For example – information could have been created by a third party and sent to WDC, or it could be in the memory of an employee of WDC.

However, WDC is not obliged to **form an opinion** or **create information** to answer an official information request.

Māori Standing Committee (MSC)

Code of Conduct

Local Government Official Information and Meetings Act 1987 - LGOIMA

There is a difference between:

- Questions which can be answered by providing information already known to and held by WDC (official information); and
- Questions which require WDC to form an opinion or provide an explanation and so create new information to answer the request (not official information)

Māori Standing Committee (MSC)

Code of Conduct

Local Government Official Information and Meetings Act 1987 - LGOIMA

Information held by an officer, employee or member of WDC in their official capacity is considered **held** by WDC.

Information held by the Mayor or the Councillors in their official capacity is considered **held** by WDC.

Agencies sometimes have individuals or companies complete work for them under contract. Information which an independent contractor holds in their capacity as a contractor to WDC is considered **held** by WDC.

Māori Standing Committee (MSC)

Code of Conduct

Local Government Official Information and Meetings Act 1987 - LGOIMA

What is not considered official information?

- Library or museum material for reference or exhibition purposes;
- Information held by WDC for the sole purposes of safe custody on behalf of a person who is not subject to LGOIMA legislation;
- Information held by the Public Trustee or Māori Trustee in their capacity as a Trustee;
- Evidence or submissions to a Royal Commission or a commission of inquiry;

Māori Standing Committee (MSC)

Code of Conduct

Local Government Official Information and Meetings Act 1987 - LGOIMA

What is not considered official information?

- Certain information related to inquiries established under the Inquiries Act 2013;
- Any correspondence or communication between any agency and the Ombudsman or the Privacy Commissioner, in relation to their investigations;
- Victim impact statements;
- Evidence, submission or information given or made to the Judicial Conduct Commissioner, a Judicial Conduct Panel, or the Judicial Complaints Lay Observer;

Māori Standing Committee (MSC)

Code of Conduct

Local Government Official Information and Meetings Act 1987 - LGOIMA

What is not considered official information?

- If an individual is asking for personal information about themselves, WDC must provide it, but in keeping with the Privacy Act (not LGOIMA). However, if the individual is asking for information about someone else, then LGOIMA legislation will apply; and
- In an individual is seeking information on behalf of someone else with their informed consent, then they will be deemed to be their agent and this will be dealt with under the Privacy Act.

Māori Standing Committee (MSC)

Standing Orders

Explanation

Standing orders are a set of rules that provide a formal framework for the conduct of meetings.

All Councils are required by the Local Government Act 2002 to adopt a set of Standing Orders that control the way the Council's meetings are conducted.

Committee members must abide by the Standing Orders adopted by Council. However, most MSC hui waive the Standing Orders and operate under a level of tikanga.

Māori Standing Committee (MSC)

Standing Orders

Minutes of meetings

What has to be recorded;-

- List of items considered (agenda);
- Declarations of pecuniary interest;
- Resolutions and amendments;
- Objections to words used;
- Mover and seconder;

Māori Standing Committee (MSC)

Standing Orders

Minutes of meetings

What has to be recorded;-

- Contempt (legal term);
- Censure and removal of members;
- Resolution to exclude public;
- Time meeting opens, adjourns or concludes;

Māori Standing Committee (MSC)

General Discussion

Appointment of Chairperson

There are normally two options available for the nomination of the Chairperson:-

- Appointed by His Worship the Mayor, using powers under the Local Government Act; or
- Selection by representatives of the committee by way of nomination

If a chairperson is to be discussed during this workshop, a formal process can only be resolved at the inaugural ordinary meeting of the Māori Standing Committee.

Māori Standing Committee (MSC)

General Discussion

Meeting schedule

Ordinary meetings are every six weeks - Thursday. Council Chambers or alternative venue.

Calendar invitations will be sent to all members – please respond.

Written reports must be submitted on time – due dates will also be sent to your calendars. Please respond.

Regular attendance at ordinary meetings is required.

The following meeting schedule is tentative until confirmed by Council.

Māori Standing Committee (MSC)

General Discussion

Meeting Dates	Agenda Closes – Reports Due
18 February	11 February
1 April	25 March
13 May	6 May
24 June	17 June
5 August	29 July
16 September	9 September
28 October	20 October
2 December	25 November

Māori Standing Committee (MSC)

General Discussion

Questions

MSC Meeting Schedule – 2021

Meetings are every six weeks.

Thursday 1.30 pm

Agenda closes 5 working days before the meeting date.

Meeting Date	Agenda Closes
18 February	11 February
1 April	25 March
13 May	6 May
24 June	17 June
5 August	29 July
16 September	9 September
28 October	20 October
2 December	25 November

8.4 HALF YEAR REPORT TO 31 DECEMBER 2020

Author: Lauren Jones, Kaikaute Putea Financial Accountant

Authoriser: Gary Borg, Pouwhakarae – Pūtea / Tautāwhi Rangapū Group Manager

Finance and Corporate Support

Appendices: 1. Half year report to 31 December 2020 U

1. PURPOSE

1.1 This report provides information on Council's performance for the 6 months ended 31 December 2020 and forecast to 30 June 2020. No decisions are required by Council at this stage.

1.2 This is an information report-only report because it provides an update on Council's progress against objectives established and decisions previously made in the Annual Plan 2020-21 and Long-term Plan 2018-28.

RECOMMENDATION

The Kaikaute Putea Financial Accountant RECOMMENDS that Council receive the report.

EXECUTIVE SUMMARY

1. BACKGROUND

- 1.1 Council's minimum statutory obligations regarding reporting, public accountability and financial management are contained in Part 6 of the Local Government Act 2002.
- 1.2 Beyond this, regular performance reporting is good practice, keeping Council and the community informed of its financial stability; and its delivery of service and value contributing to community outcomes.
- 1.3 In addition, reporting during the year provides an indication of full year outcomes and informs the decision-making process for each subsequent Annual Plan and Long-term Plan.
- 1.4 The report, attached as Appendix 1, sets out the financial and non-financial performance results against estimated phased budgets and service KPI for each Group of Activities and the whole of council. These schedules are supplemented by commentary and performance stories that explain the results.

References (to or from other Committees)

Financial Performance reports are delivered to the Finance, Audit and Risk Committee every month. Full Performance reports are delivered to Council every quarter.

Council -01 December 2020 - First Quarter Performance 2020/21

Confirmation of statutory compliance

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,

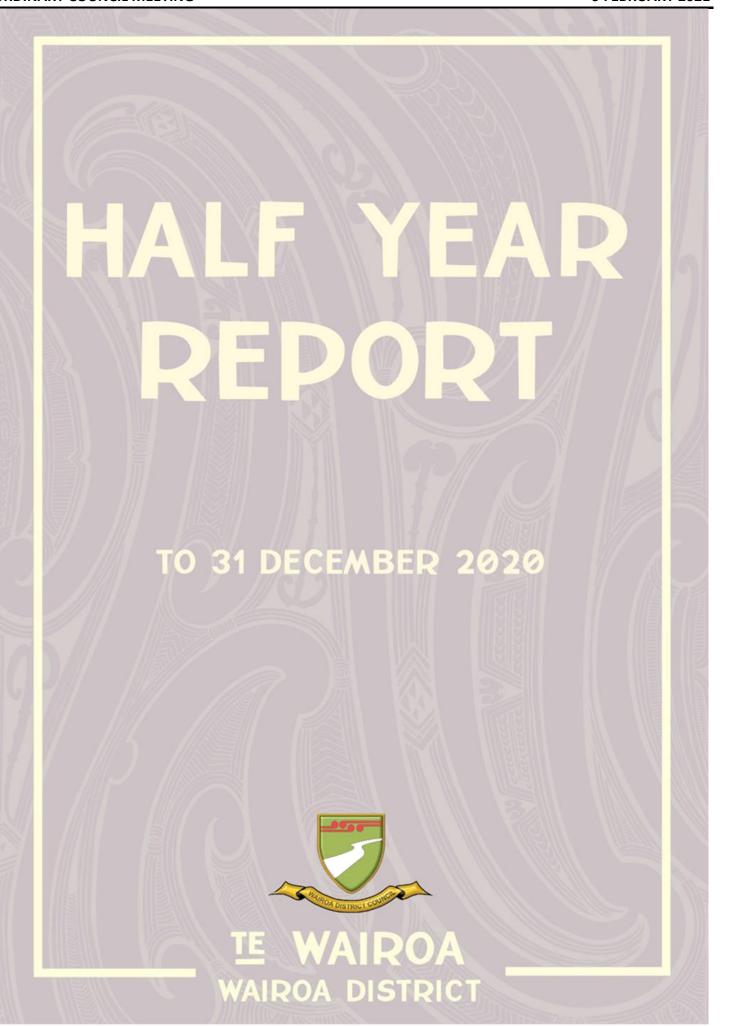
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b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

Signatories

Bones	
Author	Approved by
Lauren Jones	Gary Borg

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MESSAGE FROM THE INTERIM CHIEF EXECUTIVE

He mihi tenei ki a koutou. As Interim Chief Executive, I am pleased to present this Half Year Financial Report. It has been a busy few months for Council staff and I wish to extend my appreciation to staff who have worked diligently to complete some significant projects including the Rates Review, the Department of Internal Affairs Request for Information project which is linked to the Three Waters Reform package as well as continuing to work on Council's Long Term Plan.

Staff also continue to carry out other significant projects including the Māhanga Water Referendum and delivering on PGF funded projects including bridge strengthening and other infrastructure projects.

Looking forward, the Long Term Plan is a priority project that will set Council's direction and budgets for the next 10 years. The theme of this Long Term Plan is 'Levels of Service' and ensuring that Council is meeting the needs of the community sustainably and prudently as set out through the vision of the Long Term Plan. A two week community pre engagement process was undertaken at the end of January which saw the production of material to assist the community to better understand the cost of Council's levels of service and face to face engagement sessions were held with the community caravan travelling around the district and a community meeting. This work is in preparation for full formal consultation of the Long Term Plan to be held in April.

It has been a pleasure leading Council as the Interim Chief Executive during this time and I have been deeply impressed with the commitment and dedication of Council staff to deliver service to our community. I also wish to acknowledge elected members for the work they carry out on behalf of our community. We are all working hard together in the best interest of our district.

XSSP-10

Kitea Tipuna

Tumu Whakarae Taupua | Interim Chief Executive Officer

ABOUT THIS DOCUMENT

This half year report covers the period 1 July 2020 to 31 December 2020. The report highlights our progress against the goals we have set ourselves. It gives particular focus to the statement of service performance (SSP) measures and performance stories for each activity. It also discusses the impact of PGF and other externally funded projects, which influence our financial performance for the period. These impacts are identified and the underlying performance (removing the impact of one-off externally funded revenue and expenses) is used when assessing year on year metrics.

A section on project tracking is included. This includes information on project funding, both actual and forecast spend vs budget, estimated completion by 30 June and a highlight of any projects that are not on track or requiring further explanation.

The half quarter report includes summarised SSP achievement year to date (YTD) as compared to budget adherence. The SSP measures and their targets are how we track and assess delivery of Council services. This is particularly important for the **levels of service** discussions being held during the long term plan pre-engagement and also as we move into formal consultation and decision. As has been previously highlighted, a number of measures are only evaluated in the 4th quarter. This analysis is useful for informing the setting of SSP measures in the next Long Term Plan.

FINANCIAL COMMENTARY

The half year financial results reflect the Council's ongoing commitment to managing its finances prudently while delivering community services and critical infrastructure to support the district's growth. It also includes a forecast to year end. The activity managers have estimated project and operational costs and revenues to estimate the full year financial results and commentary is provided on any significant resultant variances.

At the end of December 2020, Wairoa District Council had an underlying surplus* on operations of \$334,000 against a YTD budget of \$4,348,000. The variance relates to NZTA general / renewals subsidies revenue that was budgeted for but has not been received YTD. The NZTA subsidies are dependent on phasing of workplans, with PGF projects and subsidies covering a lot of the planned capital work YTD. As these NZTA subsidies relate to capital work, the corresponding reduction in expenditure does not impact the YTD surplus.

The forecast results in an underlying surplus* on operations of \$5.53 million against a budget of \$8.59 million. The main cause of this variance is again the NZTA subsidies, estimating that \$2.5 million of the budgeted subsidies will not be received. Total forecast capital works specified in the funding impact statement for transport exceed budget, demonstrating the impact of PGF funding on improving our roading infrastructure where the budget had relied on NZTA subsidies. Council is better off having a capital project fully funded by PGF rather than partially funded by NZTA.

4

^{*}The underlying surplus refers to a adjustment of our actual result for one off project revenues and expenses that come from unbudgeted external funding. Refer to page 50.

OUR FINANCES

Our financial position remains healthy. Council debt is within Council's borrowing policy and we have investments that provide returns exceeding debt servicing costs.

\$14.1 MILLION

COST OF RUNNING THE DISTRICT

Our total underlying operating expenses for the first half of the year were \$14.1 million, which represents the cost of running the district during this period (this figure excludes operational expenditure on projects directly funded externally).

\$10.5 MILLION

CAPITAL SPEND

In the 6 months to 31 December 2020 we have spent \$10.5 million on building new assets for the district. This was 104% of our planned \$10.1 million for the period. This is a result of the re-phasing of some projects, where expenditure has been brought forward, and external PGF funding for these works.

\$8.82

OPERATIONAL COST OF DELIVERING ALL COUNCIL SERVICES PER RESIDENT PER DAY

Our services include managing and maintaining facilities like libraries, sports fields and parks, as well as keeping our roads and footpaths at a high standard, making sure we all have safe water to drink, and supporting community events (this figure excludes operational expenditure on projects directly funded externally). This is slightly cheaper than the cost per resident in Q1.

\$1: \$2.32

DEBT SERVICING COSTS TO INVESTMENT RETURNS

For every \$1 the Council incurs on paying interest on debt, it receives \$2.40 from its investments. In the 6 months to 31 December 2020, Council received \$209k income from investments and paid \$90k in loan interest.

\$9 MILLION

BORROWING POSITION

This equates to \$1,036.87 per person in the district. We use borrowing to spread the cost of new facilities or infrastructure over multiple generations that will benefit from the projects. We believe this is the fairest way to do things.

\$272 MILLION OF ASSETS

The Council provides services to the district through a range of infrastructure networks and facilities (Council assets). These have been built up over many generations and equate to around \$31,328 net worth of value for every person in the district.

5

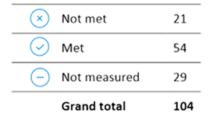
OVERVIEW OF PERFORMANCE MEASURES AGAINST 2020/21 TARGETS

Our key performance measures and their targets are how we track and assess the delivery of Council services. Our 10-year plan 2018-2028 included a comprehensive update of the Council's suite of performance indicators and measures. These measures were implemented during 2018/19. The measures will be reviewed and updated as appropriate in the next long term plan.

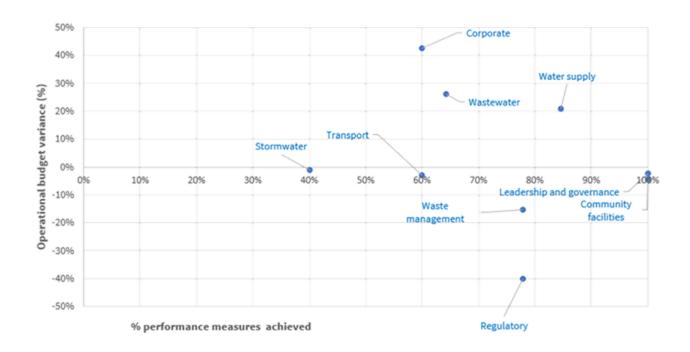
The Council undertakes a customer satisfaction survey in quarter 4 which informs a number of these metrics. This is why there are a number of items showing as "not measured."

We can compare our achievement in service performance with the activity budget variance to demonstrate how economically each activity group is performing against their targets. The below graph highlights areas of mismatch between service delivery and departmental budgets, and will allow informed discussions on ways to improve our service delivery while ensuring value for money for ratepayers. This provides useful insight into the "level of service" discussions being held as part of the Long Term Plan pre-engagement.

Further details of our performance measures and results are detailed in each activity group report.



The total measures reported here include individual components of measures with multiple targets.



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WHERE OUR MONEY COMES FROM

Figure 1 shows that subsidies and grants are our main source of funding (58%) YTD, with revenue from rates the next largest source (34%). We also receive revenue from operating activities (including user fees) and investments.

Over the last 4 years there has been a strong increase in the proportion of total revenue from subsidies and grants, resulting in less reliance on rates revenue as the main form of income (51% in 2018 to 37% in 2020 and 34% YTD).

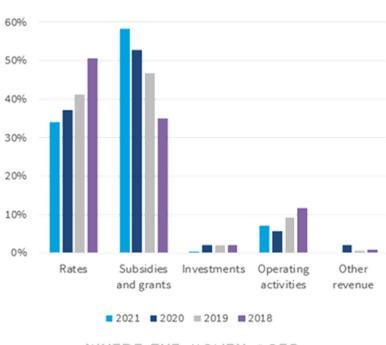
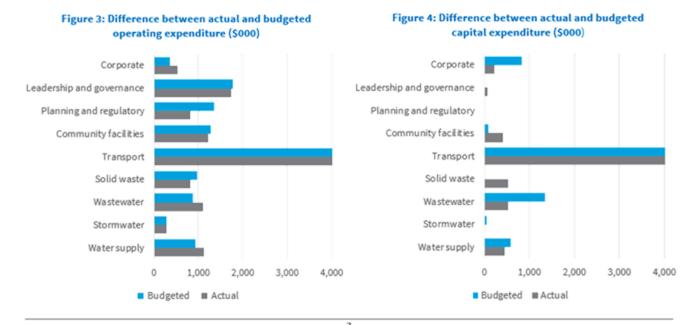


Figure 1: Revenue by source (%)

WHERE THE MONEY GOES

Figure 3 summarises the difference between the actual and budgeted operating expenditure for each group of activities and Figure 4 shows a summary of capital expenditure by activity. It shows how the Council has prioritised its spending to support the operational and strategic direction that has been set during the Annual Plan process. Details of the financial performance against budget for each activity can be found in the funding impact statements, and in the financial statements.



OUR STAFF

We want to ensure that the Council is an attractive place to work in order to attract and retain skilled and qualified people. The graphs and tables in this section show which areas our staff work in, their gender and type of employment

Women make up 55 percent of our workforce and 23 percent of our employees work on a part-time or casual basis. The rich mix of people who work at the Council has a positive impact on our work culture and productivity.

Due to some resignations, the headcount has decreased as at the end of the first quarter, however new hires commenced early in the second quarter. Of these, 2.75 full time equivalent roles are fully funded on a fixed term basis by Government grants. Work is underway to secure external funding for an additional 2 existing employees.

Full-time and full-time equivalent employee numbers	Half year	Q1	2020	2019
Number of full time employees	59	57	60	55
Full time equivalent number of all other employees	11.7	8	7.5	6.3
	70.7	65	67.5	61.3
Remuneration bands (total annual remuneration)				
Less than \$60,000*	38	38	41	42
\$60,001 - \$80,000	21	15	14	12
\$80,001 - \$100,000	9	10	11	10
Total remuneration over \$100,000 in bands of \$5,000:				
\$100,001 - \$105,000	2	2	0	1
\$105,001 - \$110,000	1	2	1	2
\$110,001 - \$115,000	2	1	3	2
\$115,001 - \$120,000	0	0	2	0
Over \$120,000**	5	5	5	4
Total employees	78	73	77	73

^{*}Of the 38 employees in this band, 18 are part-time or casual

As at 31.12.2020

Employee type	Number	% of total
Full-time	57	77%
Part-time	14	21%
Casual	2	3%
WDC headcount*	78	100%

^{*}excludes contractors

As at 30.06.2020

Employee type	Number	% of total
Full-time	62	82%
Part-time	12	16%
Casual	2	3%
WDC headcount*	76	100%

^{*}excludes contractors

^{**} The 4 SLT members and CEO (at half year 2021, the interim CEO) earn over \$115,000. Individual banding of these amounts for SLT members would provide data at a level of disaggregation that may breach privacy. As at 30 June 2019 only 3 SLT were employed that had been in the position for a full year, which is why the number in this bracket is one less than subsequent period.



TĀ TĀTĀU WHAKATUTUKITANGA Ā-TAIPITOPITO NEI

OUR PERFORMANCE IN DETAIL

ACTIVITY GROUP ONE - WATER SUPPLY

PERFORMANCE SUMMARY

The following table is a summary of how well we performed against our agreed key performance measures for this activity area. As at 31 December, a number of performance measures in this activity relate to annual Ministry of Health or customer satisfaction survey results, therefore show as not measured at this time.

\times	\odot	$\overline{}$	Total
Not met	Met	Not measured	measures
2	9	7	18

FINANCIAL SUMMARY

	Actual \$000	Budget \$000	Variance \$000
Net underlying operating expenditure	1,121	926	195
Capital expenditure	456	588	(132)

OUR PERFORMANCE STORY

Network renewals

The raw water intake pipe realignment work will be completed. There was an issue sourcing a component, so final cutover will take place 30th January.

Investigations and modelling

A permanent water loss monitoring system in Tuai will be installed with leak detection equipment being ordered.

11million stimulus fund

Projects that will be funded from this include:

Achilles Watermain Replacement – The Achilles Street watermain has failed numerous times over the last 10-15 years. These pipe failures have been attributed to poor installation and these failures were made worse when the road was realigned. A design and schedule have been completed, contract document development is underway with work to start in early 2021.

Smart Meters Installation – Suppliers have been given purchase orders with materials starting to arrive in early 2021.

WATER SUPPLY PERFORMANCE DATA

The following section outlines Council performance measures for our Water Supply. It includes data for the last two full year reports, along with half year metrics (6 months to 31 December 2020 - where available), in order to show trends, and includes variance explanations for relevant areas. We use these performance measures to track how well we are delivering services against targets as set out in the long term and annual plans. This also provides information on trends that may influence our performance, including those outside of our control. The council undertakes a community survey on an annual basis which forms the basis of some of these metrics. This data is not available until year end.

Performance Measure	2018/19	2019/20 Actual	2020/21 Half Year Actuals	2020/21
	Actual 81%	SS%	This will be measured in our customer satisfaction	Target ≥80%
Residents (%) satisfied with the water supply	8170	5570	survey Q4	280%
Compliance with Drinking Water Standards for NZ 2005 (revised 2008) [Part 4 bacterial			301707 007	
compliance criteria):				
Nairoa / Frasertown and Tuai	Compliant	Compliant	Annual measure which is undertaken by MOH	Compliant
√lāhanga	Not Compliant	Non-potable	Annual measure which is undertaken by MOH	N/A
Compliance with Drinking Water Standards for NZ 2005 (revised 2008) (Part 5 protozoal compliance criteria):				
Nairoa / Frasertown and Tuai	Compliant	Compliant	Annual measure which is undertaken by MOH	Compliant
√lāhanga	Not Compliant	Non-potable	Annual measure which is undertaken by MOH	N/A
Percentage of real water loss from the local authority's networked reticulation system calculated using minimum night flow)	35.33%	20.7%	Annual measure	42%
everage drinking water consumption (resident/day*litres)	SSS litres	291.5 litres	Annual measure	530 litres / day
lumber of complaints about water supply per 1000 connections:				
drinking water clarity	0 per 1000	0 per 1000	2 per 1000	20 per 1000 (10)
drinking water taste	1 per 1000	0 per 1000	1 per 1000	20 per 1000 (10)
drinking water odour	0 per 1000	0 per 1000	0 per 1000	20 per 1000 (10)
drinking water pressure/flow	8 per 1000	5 per 1000	6 per 1000	40 per 1000 (10)
continuity of supply	11 per 1000	3 per 1000	1 per 1000	40 per 1000 (10)
responsive to issues	0 per 1000	0 per 1000	0 per 1000	20 per 1000 (10)
Median response time for urgent callouts - Wairoa / Frasertown (attendance time in hours)	Not measured	n/a - no urgent	8.15 hours	1 hour
viedian response time for urgent callouts - other areas (attendance time in hours)	Not measured	0.15 hours	n/a - no urgent callouts	2 hours
Median response time for urgent callouts - Wairoa / Frasertown (resolution time in hours)	24.75 hours	n/a - no urgent	9.18 hours	4 hours
Median response time for urgent callouts - other areas (resolution time in hours)	24.75 hours	6 hours	n/a - no urgent callouts	5 hours
Median response time for non-urgent callouts (attendance time in days)	4.23 hours	4.99 hours	1.25 days	2 days
Median response time for non-urgent callouts (resolution time in working days)	4.23 hours	4.99 hours	1.28 days	3 working days
Contingency plans shall be implemented for emergency events such as earthquake, tsunami and fire which result in the inability to provide the service (plan reviewed and presented to civil defence team meeting each year)	Compliant	Presented to FENZ 17/12/19 and presented to Civil Defence 26/06/20	Undergoing required 2 yearly review before presentation to FENZ/MOH	Compliant

ACTIVITY GROUP TWO - STORMWATER

PERFORMANCE SUMMARY

The following table is a summary of how well we performed against our agreed key performance measures for this activity area. As at 31 December, one of performance measures in this activity relate our annual customer satisfaction survey results. Another relates to response times to emergency flooding events of which there have been none. These two therefore show as not measured at this time.

\otimes	\odot	$\overline{}$	Total
Not met	Met	Not measured	measures
6	3	2	11

FINANCIAL SUMMARY

	Actual \$000	Budget \$000	Variance \$000
Net underlying operating expenditure	282	285	(3)
Capital expenditure	7	50	(43)

OUR PERFORMANCE STORY

Investigations and modelling

Areas of open drains are being identified for piping. Areas in Māhia Beach have been identified for upgrade, with surveys and design work scheduled.

STORMWATER PERFORMANCE DATA

The following section outlines Council performance measures for our stormwater. It includes data for the last two full year reports, along with half year metrics (6 months to 31 December 2020 - where available) in order to show trends, and includes variance explanations for relevant areas. We use these performance measures to track how well we are delivering services against targets as set out in the long term and annual plans. This also provides information on trends that may influence our performance, including those outside of our control. The council undertakes a community survey on an annual basis which forms the basis of some of these metrics. This data is not available until year end.

Performance Measure	2018/19 Actual	2019/20 Actual	2020/21 Half Year Actuals	2020/21 Target
Compliance with the resource consents for discharge from the stormwater system measur	red by the number of:			
Abatement notices	Not achieved, no	Not achieved, no consent	No consent - consent application underway	0
Infringement notices	Not achieved, no	Not achieved, no consent	No consent - consent application underway	0
Enforcement orders	Not achieved, no	Not achieved, no consent	No consent - consent application underway	0
Convictions	Not achieved, no	Not achieved, no consent	No consent - consent application underway	0
umber of flooding events in the district	Not measured	12	6	≤10 (5)
lumber of habitable floors per 1000 connected properties affected by a flooding event	Not measured	0	0	≤50 (25)
fedian response time for an emergency flooding event (attendance time in hours)	23.87 hours	No emergency flooding events	No emergency flooding events	1 hour
ledian response time for an urgent flooding event (attendance time in hours)	23.87 hours	2.65 hours	0.9 hours	2 hours
esidents (%) "very satisfied" or "fairly satisfied" with the stormwater system	71%	70%	This will be measured in our customer satisfaction survey Q4	≥80%
umber of complaints about stormwater system performance per 1000 connections	49	29	2	≤50 (25)
contingency plans shall be implemented for emergency events such as earthquake, sunami and fire which result in the inability to provide the service (plan reviewed and presented to civil defence team meeting each year)	Compliant	Non-compliant	Underway	Compliant

ACTIVITY GROUP THREE - WASTEWATER

PERFORMANCE SUMMARY

The following table is a summary of how well we performed against our agreed key performance measures for this activity area. As at 31 December, a number of performance measures in this activity relate our annual customer satisfaction survey results, therefore show as not measured at this time.

\overline{x}	\odot	$\overline{}$	Total
Not met	Met	Not measured	measures
5	7	2	14

FINANCIAL SUMMARY

	Actual \$000	Budget \$000	Variance \$000
Net underlying operating expenditure	1,109	879	230
Capital expenditure	521	1,345	(825)

OUR PERFORMANCE STORY

Pump Station improvements

We have undertaken an electrical evaluation and a full condition assessment of our Wairoa pump stations. A program of works is currently being developed based on recommendations from these reports.

Generator installs are ongoing, with Fitzroy pump station being the first to have the generators installed. The generators for Alexander Park and Kopu Road pump stations have arrived. There are planning and consent requirements that are still being worked through prior to installation of these generators.

There have been health and safety concerns raised with Alexander Park and Kopu Road pump stations. While access inside these pump stations is secure, we have concerns around children riding their skateboards outside the pump stations. The old fence from the Marine Parade playground will be utilised to rectify this, and a fencing plan has been put in place. Installation of fencing will begin after the generator has been placed.

Pipe Relining

This program has been completed, with 832m of wastewater pipes relined. There was a focus on the Clyde Road area where there have been historic complaints and a historic need to dispatch port-a-loos to these areas in heavy rains.

11million stimulus fund

Projects that will be funded from this include:

Ōpoutama Wastewater Upgrade – A proposal has been received from Parklink to upgrade this system to treat wastewater to consent standards. Consent variations currently underway.

CCTV – A CCTV contract is being tendered, tender dates close on the 27th January. Physical works will begin after the tender has been awarded.

Pipe Relining – Work programs have been bought forward with a double program to be completed in March and October of 2021.

BNRAS - This work is part of the new Wairoa wastewater consent and is ongoing.

Wairoa Irrigation and Filtration – This work is part of the new Wairoa wastewater consent and is ongoing.

Telemetry base sets and pump station renewals / overflow meters - This work is part of the new Wairoa wastewater consent and is ongoing.

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WASTEWATER PERFORMANCE DATA

The following section outlines Council performance measures for our wastewater. It includes data for the last two full year reports, along with half year metrics (6 months to 31 December 2020 - where available) in order to show trends, and includes variance explanations for relevant areas. We use these performance measures to track how well we are delivering services against targets as set out in the long term and annual plans. This also provides information on trends that may influence our performance, including those outside of our control. The council undertakes a community survey on an annual basis which forms the basis of some of these metrics. This data is not available until year end.

				2020/21
ormance Measure	Actual	Actual	Half Year Actuals	Target
pliance with the resource consents for discharge from the stormwater system measu	red by the number of:			
Abatement notices	0	2	1	0
Infringement notices	0	0	1	0
Enforcement orders	0	0	0	0
Convictions	0	0	0	0
veather wastewater overflows per 1000 connections	Achieved	1	0	16 per 1000 (8)
an response time for wastewater overflows - Wairoa / Frasertown (attendance time	20 hours	1.86 hours	1.35 hours	1 hour
an response time for wastewater overflows - other areas (attendance time in hours)	20 hours	3.06 hours	No wastewater overflows reported	2 hours
an response time for wastewater overflows - Wairoa / Frasertown (resolution time	20 hours	2.81 hours	52.85 hours*	4 hours
an response time for wastewater overflows - other areas (resolution time in hours)	20 hours	3.06 hours	No wastewater overflows reported	5 hours
quest was open for 8 as it required neighbour permission to enter a property to fix the	e issue. Time excluding this	outlier is 3.5 hours, within the	target timeframe.	
ber of complaints about water supply per 1000 connections:				
sewerage odour	0 per 1000	0 per 1000	0 per 1000	20 per 1000 (10)
sewerage system faults	16 per 1000	16 per 1000	6 per 1000	20 per 1000 (10)
sewerage system blockages	13 per 1000	13 per 1000	3 per 1000	20 per 1000 (10)
responses to issues with sewerage system	0 per 1000	0 per 1000	0 per 1000	20 per 1000 (10)
ingency plans shall be implemented for emergency events such as earthquake, ami and fire which result in the inability to provide the service (plan reviewed and ented to civil defence team meeting each year)	Compliant	Non-compliant	In progress	Compliant

ACTIVITY GROUP FOUR - WASTE MANAGEMENT

PERFORMANCE SUMMARY

The following table is a summary of how well we performed against our agreed key performance measures for this activity area. As at 31 December, a number of performance measures in this activity relate our annual customer satisfaction survey results, therefore show as not measured at this time.

\otimes	\odot	$\overline{-}$	Total
Not met	Met	Not measured	measures
2	7	0	9

FINANCIAL SUMMARY

	Actual \$000	Budget \$000	Variance \$000
Net underlying operating expenditure	817	963	(146)
Capital expenditure	522	-	522

OUR PERFORMANCE STORY

Operational changes in waste management mean that only plastic bottles identifiable as grade numbers 1, 2 & 5 and with accessible national end users or international markets are now collected for recycling through the Council kerbside and drop off depot recycling services.

Key projects:

- Rollout of Big Belly Bins at tourism hotspots in time for peak period, funded by Tourism Infrastructure Fund.
- · Provision of enhanced recycling centre provision at Māhia for holiday period.





WASTE MANAGMENT PERFORMANCE DATA

The following section outlines Council performance measures for our waste management. It includes data for the last two full year reports, along with half year metrics (6 months to 31 December 2020 - where available) in order to show trends, and includes variance explanations for relevant areas. We use these performance measures to track how well we are delivering services against targets as set out in the long term and annual plans. This also provides information on trends that may influence our performance, including those outside of our control. The council undertakes a community survey on an annual basis which forms the basis of some of these metrics. This data is not available until year end.

	2018/19	2019/20	2020/21	2020/21	
Performance Measure	Actual	Actual	Half Year Actuals	Target	
Council will operate and maintain the Wairoa landfill for the disposal of domestic and	100%	100%	100%	100%	(V)
commercial refuse, being open for the public at least:					
6 hours per day					
4 days per week	1000/	1000/	1000/	1000/	
Council shall provide for the community-run waste disposal and recycling service in Waikaremoana and Raupunga	100%	100%	100%	100%	\otimes
Missed household refuse service requests responded to by 12 pm the next day (on validation)	100%	96%	86%	100%	\otimes
This relates to CSR closure time not aligning with actual resolution time by contractor. Manua	ol override to be explored				
Minimum frequency of kerbside refuse and recycling service in Wairoa & Frasertown - fortnightly	100%	100%	100%	100%	⊘
Minimum frequency of collection from specified drop-off points from Māhia, Nuhaka and Mohaka – twice a month	100%	100%	100%	100%	⊙
No health and safety breaches by waste services contractors	0	0	0	0	(V)
Total significant non-compliance events with the resource consent conditions for the Wairoa Landfill	0	0	0	0	0
Total significant non-compliance events with the resource consent conditions for the closed landfill sites	0	0	0	0	⊘
The amount of material diverted from landfill by the Wairoa community (excluding green waste)	Not achieved	72.23 tonnes	24.55 tonnes	>75 tonnes (>37.5)	\otimes

ACTIVITY GROUP FIVE - TRANSPORT

PERFORMANCE SUMMARY

The following table is a summary of how well we performed against our agreed key performance measures for this activity area. As at 31 December, a number of performance measures in this activity relate to annual NZTA or customer satisfaction survey results, therefore show as not measured at this time.

$\overline{\mathbf{x}}$	\odot	<u> </u>	Total
Not met	Met	Not measured	measures
2	3	5	10

FINANCIAL SUMMARY

	Actual \$000	Budget \$000	Variance \$000
Net underlying operating expenditure	6,476	6,681	(205)
Capital expenditure	8,261	7,190	1,071

OUR PERFORMANCE STORY

1. LAND TRANSPORT

Land Transport Staff

In Q1 the resignation of one of the Land Transport team to pursue other opportunities allowed two of the team to step up into new roles, take on more responsibility, and contribute in different areas. A passionate local was also appointed to fill the void. The team is enthusiastic and ready to do the best they can for the community.

Q2 has seen a range of training opportunities undertaken.

- Our Contracts Engineer, Vaughan Goldsmith, has successfully completed his first full year of New Zealand Diploma in Engineering (Civil) passing all 4 of his papers with good grades. He is undertaking 4 more papers in 2021.
- WSP have provided training in terms of Bridge Inspections, Pavement Repairs, and Asset Management advice to all staff during this period.
- Our new Assistant Engineer has completed a Traffic Control course which allows him to have more knowledge when it comes to traffic management and the safe implementation of this, which will allow education and knowledge transfer to our contractors.
- Two transport staff have undertaken the new Temporary Traffic Management Planner course, which
 allows them to approve Traffic Management Plans under the new regulations being rolled out by Waka
 Kotahi (NZTA) in Q3/Q4.

Performance reviews of all transport staff will be undertaken in Q3, setting new goals and the direction of what we want to achieve as a team.

Vehicle network

The transport sector of Wairoa District Council Community Assets and Services department is responsible for such assets as 875km of pavement (560km unsealed, 315km sealed), 346 retaining structures, 3000 signs, over 30000m2

of carparks, footpaths, kerb and channel, & a large amount of guardrails/sight rails. We maintain the drains and culverts, vegetation control including roadside spraying, and any emergency events such as tree fell and slips.

Network maintenance/renewal

QRS and Fulton Hogan, our maintenance contractors, have continued with their respective programmes. This consisted of:

- Grading
- Maintenance metalling
- Drainage renewals
- Culvert renewals/extensions
- Traffic services (signs) maintenance
- Vegetation control
- Sealed pavement repairs (Fulton Hogan 1st intervention 2020/2021)

Monthly programmes are received from our unsealed maintenance contractor, and our sealed maintenance contractor has 2 interventions delivered in September and February.

Road Safe initiatives

In conjunction with Road Safe, Wairoa District Council have installed Safety Message Billboards in four locations around the district – Kaiwaitau Road, Tiniroto Road, Nuhaka-Õpoutama Road, and Mohaka Township Road. These boards will be moved to new locations every 6 months for the next couple of years. The theory behind this is that all the billboards are usually on the State Highway, where most of our safety issues are on local roads, so we believe their will be greater impact having these situated on key local roads and the aim is it will resonate with people more.

Pavement Marking

A district wide pavement marking contract was started in Q1, with a new contractor coming to town – Road Runner Ltd. Due to weather (winter), they are aiming to get back in early Q3 to finish off the programmed work.

Street Light Maintenance and LED Upgrade

Procurement of the maintenance and LED upgrade contracts was difficult due to the limited number of contractors interested and the pricing received. For the foreseeable future Wairoa District Council have engaged Eastland Network under a short form agreement to deliver these services.

Eastland have completed all the rural/urban areas (excl Wairoa Township) in terms of LED upgrades, and they are now working on completing the Wairoa Township in Q3. More LED fittings will be ordered this financial year to complete the remaining and outstanding work.

Network operations

Significant improvements have been seen in the Overweight and High Productivity Motor Vehicle (HPMV) permitting, with Wairoa District Council moving into the Waka Kotahi online system which frees up Council staff and makes the process simpler for the applicants.

New support has been given from admin staff in CAAS, making this process much smoother.

Traffic Management Plans (TMPs) – rolling on from the TTM planner course mentioned above, a new focus is ensuring all TMPs are submitted and approved correctly. January will see onsite audit training given to transport staff so that we can be confident we are being part of the H&S journey and continuous improvement. There are two types of audits – educational or enforcement. The transport team are passionate about the educational route, and this is the message we will be imparting on our contractors.

Bridges

Downer have continued their work under the 2019/20 Structural Bridges contract. 5 bridges are in this contract and this is aimed to be completed in Q3 of this financial year.

Bridge inspections to ensure up to date information and condition are continuing with Wairoa District Council and WSP staff working together to ensure this is done.

The first and second PGF Bridge Strengthening contracts were released for tender and awarded to Ritchies Civil Ltd. These contracts relate to the deck replacement of Doughboy Bridge on the Ruakituri Valley Road, NgaMāhanga bridge strengthening on the Waihua Valley Road, and beam strengthening the Homeleigh Bridge on Awamate Road.

The third PGF Bridge Strengthening package will be awarded under the 'preferred supplier agreement' endorsed by Council in Q2, which will allow external funding such as PGF to be awarded to local suppliers under social procurement and broader outcomes. QRS are to be engaged to do the bridge strengthening of Mohaka Township Bridge and Barker Bridge, if the meet all the conditions of the preferred supplier agreement. This is expected to be awarded to them in Q3.

Retaining walls

Flood Damage repairs from the 2018/2019 weather events have been ongoing – which consist of retaining wall construction and retreats. Siteworx and QRS are finishing off contracts they have. Key areas have been the Mohaka-Waiau and the Waikaremoana-Ruakituri areas, as well as some good work completed in the Māhia area.

Pedestrian and cycle networks

Footpath repairs have been programmed and some have been completed. This will be ongoing through this financial year.

In the Final AMP submitted to Waka Kotahi, there is a proposed increased focus in the pedestrian and cycle networks for the 2021-2024 period.

Reactive maintenance & Emergency response

The first day of Q1 we saw an intense period of rain which caused \$230k of damage. Extra funding was approved by Waka Kotahi for this and contractors have carried out the repairs needed.

In November 2020, we saw a major storm come through the Mohaka region which caused approximately \$1.7m worth of damage/clean-up/dropouts. At the time of writing, the Waka Kotahi Investment Advisor had inspected the funding request and sites, and the indications are the funding will be approved.

Outstanding Issues

A cost scope adjustment was submitted to Waka Kotahi in July 2020, to cover a shortfall in funding for Maintenance, Operations, and Renewals for the 2020/2021 year. This shortfall is due to unexpected increases in the maintenance contracts accepted in 2018/2019. In December 2020, this was approved. This is great news and will mean a busy 6 months up to June 2021 for our transport team and contractors.

Asset Management Plan (AMP) Development

The Final Land Transport AMP was submitted in December for the second and third rounds of moderation by Waka Kotahi. Two presentations on this AMP have been given to Council, with some good input received., and then a presentation of the Final AMP was given to the Infrastructure Committee in December. The next step will be to get Waka Kotahi/Council for approval and consultation.

Professional Services Contract

WSP were awarded a contract for Professional Services. This is 3+2 term contract. The contract has started well and there are good initiatives coming together, especially around the upskilling of Wairoa District Council staff and the data management gap that we currently have. The future looks promising for this relationship and some real gains can be made.

Major projects update: PGF HPMV Bridge Strengthening

Big achievements in Q1/Q2:

 Bridge Strengthening Contract for Doughboy Bridge, NgaMāhanga Bridge and Homeleigh Bridge has been awarded.

20

- Preferred Supplier Agreement model endorsed by Council; this will allow 50% of the remaining work to be awarded to local suppliers (if they meet key attributes).
- Principal Bridge Inspections undertaken.

PGF Māhia East Coast Traction Sealing

Big achievements in Q1/Q2:

- Variation of \$1m awarded to Wairoa District Council, due to Covid-19 shutdown and pushing work into winter
- Sealing of the 12.5km has been completed in December. Second coats will be undertaken in March 2021, completing the project.

PGF Nuhaka-Ōpoutama Alternative Route Investigation

Big achievements in Q1/Q2:

- Busines Case report was submitted to Wairoa District Council and Provincial Development Unit (PDU).
 This puts Wairoa District Council in a better position to secure future funds when the time arises.
- Covid-19 Recovery Manager has this at the top of the funding requirements.
- This project is also in the Regional Land Transport Plan (RLTP), as to attract transport funding. The aim is to get Wairoa District Council share externally.

PGF Wairoa District Redeployment Package - Phase 1

- Nuhaka River Road Realignment
 - Work is near completion at time of writing. Positive feedback from Nuhaka community.
- The Landing (Pātangata Bridge) Replacement
 The bridge is complete. Official naming of the bridge to 'The Landing' was presented to MSC and Council and approved.
- Rangatahi Dropout Repair
 Q2 saw the successful start-up of this project. QRS are working with Rock Control to undertake this large
 and difficult project. The Bailey Bridge was removed in November, and the work is aimed to be completed
 in Q3.

Forward Work Plan - projects

Q3/Q4 will see some large projects undertaken. These include (but not limited to):

- Resurfacing 20-25km of resurfacing (sealed roads)
- 9km of Heavy Metal Build Ups to be completed (unsealed roads)
- Kitchener Street Piping open drain due to the extra funding secured (see earlier description) this has
 allowed the potential recommencing and completion of another section of piping Kitchener Street drain.
- Dust seal 2-3 dust sites (from dust register) will be programmed for seal.
- Low level bridge approaches aiming to concrete approaches of 4-6 low level bridges. This is long term savings from not having to re-metal when they flood.
- Emergency works continuing with dropout repairs around the district.
- Footpath Renewals

2. AIRPORT

Investigations

The landing procedures have been updated, and work has been done on the PAL system (Pilot Activated Lighting).

Other

Hot Road and Drag show held in November. No evidence of damage recorded.

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TRANSPORT PERFORMANCE DATA

The following section outlines Council performance measures for transport. It includes data for the last two full year reports, along with half year metrics (6 months to 31 December 2020 - where available) in order to show trends, and includes variance explanations for relevant areas. We use these performance measures to track how well we are delivering services against targets as set out in the long term and annual plans. This also provides information on trends that may influence our performance, including those outside of our control. The council undertakes a community survey on an annual basis which forms the basis of some of these metrics. This data is not available until year end.

Performance Measure	2018/19 Actual	2019/20 Actual	2020/21 Half Year Actuals	2020/21 Target
Land Transport				
Sealed local road network that is resurfaced	0%	8%	0%	7.5% between 1 June 2018 and 31 July 2021
n accordance with its activity management plan, Council has determined that between 1 i effective to bundle this work, so in 2018/19 we concentrated on pavement rehabilitation.				
Number bridges not meeting HCV class 1 requirements	6	6	6	Improvement from previous year
Ultimate goal is for all bridges on key industry transport routes meet HCV class 1 requirem quarter 3 and 4 of the 2021 year which will reduce this number.	nents to ensure the network	is accessible to the industries	for the efficient movement of freight. V	Work is being undertaken in
Road users (% survey respondents) that consider the land transport service to be "fairly good, very good or better" - urban respondents	75%	74%	This will be measured in our customer satisfaction survey Q4	≥75%
Road users (% survey respondents) that consider the land transport service to be "fairly good, very good or better" - rural respondents	56%	46%	This will be measured in our customer satisfaction survey Q4	≥75%
Requests for service (%) relating to roads and footpaths responded to within 5 days	Not measured	76%	79%	90%
Average sealed roads which meet smooth road standards for 'fair' ride quality	88	94	Annual measure	Average NAASRA of the sealed road network <110
Footpaths (%) in average condition or better (measured against WDC condition standards)	Not measured	Not measured	Annual measure	95%
Full network inspection being undertaken to inform works programme for 20-21, due for c	completion in February 2020	2.		
The change from the previous financial year in the number of fatalities and serious injury crashes on the local network	0	-2	0	Change is less than or equal to 0
Number fatal crashes	1	0	0	
Number serious injury crashes	6	5	0	
Reported result fatal and serious crashes	7	5	0	
Airport				
Maintenance, capital and renewal works carried out in accordance with the airport plan	Not achieved	Achieved	Achieved	Achieve measure
https://www.wairoadc.govt.nz/assets/Document-Library/Plans/Asset-Management-Plans,	/Airport-Asset-Managemer	nt-Plan pdf		
Respondents {%} "very satisfied" or "fairly satisfied" with the airport service	89%	95%	This will be measured in our customer satisfaction survey Q4	≥80%

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ACTIVITY GROUP SIX - COMMUNITY FACILITIES

PERFORMANCE SUMMARY

The following table is a summary of how well we performed against our agreed key performance measures for this activity area. As at 31 December, a number of performance measures in this activity relate our annual customer satisfaction survey results, therefore show as not measured at this time. Some contracts are currently under review therefore the metrics here are not able to be reported on and also show as not measured.

\overline{x}	\odot		Total
Not met	Met	Not measured	measures
0	7	11	18

FINANCIAL SUMMARY

	Actual	Budget	Variance
	\$000	\$000	\$000
Net underlying operating expenditure	1,217	1,276	(59)
Capital expenditure	415	83	332

OUR PERFORMANCE STORY

1. CEMETERIES

Repair work is being planned to the septic system in lower cemetery.

2. PARKS & RESERVES

We carried out planting in conjunction with the Wairoa Community Ngahere Nursery at the yacht club and riverbank area of the Sir James Carroll walkway.

The Matangirau Reserves Board resolved to install a public toilet in the Pilot Hill reserve area. Fabrication of the unit is underway with install schedules for end of January 2021.

Removal of old Clyde court toilet and install of new facility is underway.

3. LIBRARY

Item 8.4- Appendix 1

Lego Aces 2020 Competition

LEGO Aces Contest 2020 took place during school holidays, commencing on Friday September 25 and closing on Thursday, October 8. Age categories included under 5's, 5-6, 7-9, 10-13, 14-18 and adults (18+). In each age category there were 2 subcategories: Freebuild and Kitset.

Entrants were encouraged to use the library's collection of the LEGO blocks (all projects were photographed and disassembled so the blocks could be reused), or bring their own projects to be photographed and exhibited (or taken home if preferred). The entries left at the library were displayed in 2 glass cabinets (refer photos overleaf).

Overall there were 38 entries (48 objects entered, grouped by subcategory, including 27 in Freebuild and 21 in Kitset). Looking at how much enthusiasm and excitement was generated by the contest in the community, we are now considering making LEGO Aces an annual event.







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Winter Warmers 2020

The Wairoa Library Winter Warmers Reading Program 2020 took place in 7 Schools this year due to COVID 19 creating an unstable environment in the Library. A total of 292 students took part and completed the program. We chose to connect via Zoom twice with each school running story and craft sessions.

Some positive feedback was received from principals and teachers

Mohaka School: Thank you Wairoa Public Library and ECCT for your mahi and sponsoring Winter Warmers programme, encouraging tamariki to read and respond to stories, thanks also Uncle Duane to our Pahauwera tamariki for your engaging Matariki presentation, you all rock! Thanks Delwyn, Kylie and team, you all put a great effort into our community library and it is evident the moment you walk in the door.

Mohaka School: loved our Zoom hui with Delwyn, so vibrant! THANK YOU.

Wairoa Primary: Wairoa Primary School Junior Syndicate had the privilege of joining Delwyn from the Wairoa Public Library for the Winter Warmers program. A highlight of the program was visiting the library and having Duane Culshaw read a Matariki story to the children and explain the purpose of Matariki. He also taught a waiata with a Matariki theme. Delwyn organised a library winter warmers party at the end of the program at school. She brought Gazza the gorilla with her and he was popular with the children. Each child dressed up as a book character for the party and received a free book. Other prizes were also given out as part of the program which was greatly appreciated by the children. There is now more excitement around reading and a consistent, personal daily reading habit has been developed in the junior classes. Thank you Delwyn for this inspired program which is helping create life time readers. In spite of Covid 19, a library reading program was started and completed using a variety of approaches and technology. Well done Delwyn and team and thank you from the Wairoa Primary Junior syndicate teachers and children.

Te Māhia School: The students and teachers really enjoyed the program, the students loved the finale party.

Nuhaka School: Amazing program – If we are invited to do the Winter Warmers Program again next year it will be a definite YES!



COMMUNITY FACILITIES PERFORMANCE DATA

The following section outlines Council performance measures for our community facilities. It includes data for the last two full year reports, along with half year metrics (6 months to 31 December 2020 - where available), in order to show trends, and includes variance explanations for relevant areas. We use these performance measures to track how well we are delivering services against targets as set out in the long term and annual plans. This also provides information on trends that may influence our performance, including those outside of our control. The council undertakes a community survey on an annual basis which forms the basis of some of these metrics. This data is not available until year end.

	2018/19	2019/20	2020/21	2020/21	
Performance Measure	Actual	Actual	Half Year Actuals	Target	
Cemeteries					
Users (%) "very satisfied" or "fairly satisfied" - cemeteries	75%	99%	This will be measured in our customer satisfaction survey Q4	≥80%	E
Parks and Reserves					
Users (%) "very satisfied" or "fairly satisfied" - parks and reserves	89%	96%	This will be measured in our customer satisfaction survey Q4	≥80%	\mathbf{E}
Playground assets complying with safety standards (%)	Not measured	Not measured	Not measured	≥85%	E
Assessments not yet undertaken. Playgrounds are inspected daily by contractor for sa	fety issues and these are rec	tified when identified.			
Public toilets inspected and cleaned twice daily in all areas (%)	100%	100%	100%	≥95%	(
Percentage of parks assets in satisfactory condition (condition grades 1, 2 or 3) Not measured. No framework established, intention to modify this SSP	Not measured	Not measured	Not measured	≥95%	\mathbf{E}
Playgrounds (%) maintained in a safe and clean condition	100%	Not measured	Not measured	≥85%	E
Open space requests responded to within 24 hours (%)	Not measured	96%	88%	≥85%	6
Single response performance measure covering cemetery internment requests, public	toilet, playground and parks	related urgent customer enq	uiries		
Library					
Implement new initiatives in response to community needs for library services	Achieved	Achieved	Achieved	1 new initiative per annum	6
Users (%) "very satisfied" or "fairly satisfied" - library	95%	96%	This will be measured in our customer satisfaction survey Q4	≥80%	(

COMMUNITY FACILITIES PERFORMANCE DATA (CONTINUED)

Performance Measure	2018/19 Actual	2019/20 Actual	2020/21 Half Year Actuals	2020/21 Target	
Community Facilities					
Total visits to the Wairoa Community Centre	76,119	65,605	43,260	Visitor numbers ≥ previous year (32,802)	✓
Total visits to the Wairoa Museum	5,322	3,593	2,974	Visitor numbers ≥ previous year (1,796)	②
Overall user satisfaction (%) of community facilities	94%	94%	This will be measured in our customer satisfaction survey Q4	≥80%	0
User (%) "very satisfied" or "fairly satisfied" - Wairoa Community Centre	81%	93%	This will be measured in our customer satisfaction survey Q4	≥80%	0
Users (%) "very satisfied" or "fairly satisfied" - Wairoa Museum	78%	98%	This will be measured in our customer satisfaction survey Q4	≥80%	9
Council grants to funded organisations are paid in accordance with funding contracts/agreements.	Compliant	Compliant	Compliant	Compliant	<u>-</u>
Council administers SPARC and Creative NZ grants to provide funding for schools, clubs, individual year according to contracts/agreements.	ais and organisatio	ns for rural travel to	s sport competitions and art related proj	ects. The grants are distributed within the Jir	anciai
Resident (%) satisfaction with value for money through rates on supporting community facilities and organisations	49%	57%	This will be measured in our customer satisfaction survey Q4	≥80%	Θ
Funded organisations achieve/exceed agreed service provision targets as specified in funding contracts/agreements	Achieved	Partially achieved	Under review	Achieved	Θ
Grants and relationship agreements with the Community Centre and Museum are currently being	g reviewed in ordei	to reset and ciarry)	service provision targets.		
Funding contract/agreements are reviewed annually/triennially in accordance with existing funding contract specifications	Achieved	Achieved	Under review	Achieved	Θ

ACTIVITY GROUP SEVEN - PLANNING & REGULATORY

PERFORMANCE SUMMARY

The following table is a summary of how well we performed against our agreed key performance measures for this activity area. As at 31 December, a number of performance measures in this activity relate our annual customer satisfaction survey results, therefore show as not measured at this time.

$\overline{\times}$	\odot	$\overline{}$	Total
Not met	Met	Not measured	measures
2	7	0	9

FINANCIAL SUMMARY

	Actual \$000	Budget \$000	Variance \$000
Net underlying operating expenditure	813	1,360	(547)
Capital expenditure	-	-	-

1. RESOURCE PLANNING

The total number of planning consents and ancillary applications approved for the period from 1st July 2020 to 31st December 2020 increased by 46.5% from the previous half year period 1st January 2020 to July 31st. This is a continuation of the trend observed in consent numbers since the beginning of the year. This increase reflects continued significant growth in the district in subdivision and development.

Despite this notable increase in workload, staff are on top of their work processing consents within statutory timeframes and all done inhouse under the guidance of the Group Manager – Planning & Regulatory Services.

There has also been a significant increase in the number of planning inquiries and pre-application meetings which are provided as a free service to the public as part of Council service to the community. Planning staff are also involved in vetting all building consents for planning compliance, and a significant growth in building consents means that we have been busy with assessing these applications for compliance with planning requirements. Staffing capacity has increased to help manage the increased workload to ensure that the planning team can provide the best and timely service to our community. The summer planning student 'Planning Regulatory Administrator' has provided valuable administrative support for the department.

We are also working on the planning stages of the District Plan review. Overall, planning consent activity remains strong despite the influence of the COVID 19 pandemic.

2. ENVIRONMENTAL HEALTH

Food control

We continue working with food businesses to promote understanding of the Food Act requirements to provide safe food in safe environments. The department has taken a proactive approach to ensuring compliance, by monitoring posts on Wairoa Buy and Sell and other websites, to ensure those selling food have appropriate certification. New food businesses have started up in the Wairoa District over the last year with the number continuing to grow.

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The Council has developed a quality manual for to guide our operational processes in accordance with the Government procedures. As a result, Wairoa District Council has been certified as a Recognised Food Verification Agency with the certification due for renewal on 31 January 2023.

Liquor control

Over the last six months the department has received a steady number of new manager applications, with a noticeable lack of Special Licences for this time of year. All were processed within statutory timeframes. The Wairoa District Council has formally adopted its new Local Alcohol Policy.

Noise control

Staff attend to noise complaints during the and a contractor takes over after hours. The number of noise complaints remains steady at an average of 3-4 per week mainly during weekends. Staff issue abatement notices to repeat offenders which compulsory seizure of the offending equipment will follow and the associated infringements.

Nuisance control

Nuisance in the community can take many forms, among them are but not limited to the following: asbestos disposal, litter, dust, odour, vermin, animal carcasses, feral cats, smoke, fly dumping, unsanitary buildings, and unsanitary septic discharges. To manage these, staff work with the Regional Councils Pollution Response Team. We also have a programme of vermin control by using traps on strategic places.

Water testing

Working alongside the Water Production Team, the Environmental Health Officers conduct routine water testing of locations in the Wairoa District including council water supply, rural food premises and private residences.

They advise the community of water treatment including plumbosolvency notices and effective decontamination of contaminated residential water supply.

3. BUILDING CONTROL

Building consents

During the months from 1st July 2020 to 31st December 2020, the number of building consents granted was 68 with a total value of \$11.4M. During this time the average number of days taken to process these building consents is 10.57 days which is well within the statutory 20 working days process application.

Improvements

Improving the consenting system is an on-going process which involves the continual changing of the quality management system to keep up to date with all relevant regulatory changes. This has involved considerable development of our business processes.

The online consenting platform has been further adapted by multiple councils as part of a wider initiative to simplify the delivery of Council services. This has allowed the BCA to utilise other councils to process building consents on the Wairoa District Councils behalf.

While we are still dealing with the effects of COVID19 and the ever present threat of another lockdown, the Wairoa District Council BCA has had some staff continuing to work remotely from home on regular occasions so if another lockdown is required there will be a seamless transition to remote work and prevent any addition loss to the BCAs functions.

Challenges

Over this period we have seen a marked increase in the number of public enquiries regarding building consent applications, pre-lodgement meetings, property information, and general building queries.

This has proved to become a challenge and an additional strain on BCA staff time estimating that, some weeks, up to 60% of their time is taken up by counter enquiries/ pre-lodgement meetings/ public calls and emails.

During this time the Wairoa District Council Building department has also seen the increase in illegal building work around the district, in particular the beach locations. This work then requires investigations by the Wairoa District Council staff which adds additional workloads to Wairoa District Council resources.

There has also been a noticed increase in the number of building work that has been completed during this time period which is reflected in the number of inspections undertaken.

Retaining skilled staff is essential for effective implementation of the consent processing system improvements, meeting consent processing performance targets, dealing with an increased workload from regulation changes, and the increasing complexity of consents being lodged. Nationwide the competition for skilled workers has continued during this time period, Wairoa District Council has retained all its BCA staff during this time which has continued to allow the Wairoa District Council BCA to function effectively.

Up-skilling staff

The BCA has two staff members undertaking their Diploma in Building Control Surveying as a requirement of Regulation 18.

The main focus of up skilling and training has been on the two BCO's completing their diploma.

However during this quarter a training plan has been developed and implemented. All of our officers, and those requiring technical competencies, have been working on improving or maintaining their level of competency within the national BCA competency assessment system.

Inspections and requests for information

193 inspections were completed during this time period, as opposed to 154 inspections for the same time period as last year.

Meeting our required targets

Utilising the resources of contractors and Westland DC has allowed the BCA to cope with the increased workloads. During this period our consenting units have almost met their performance measures for issuing building consents within 20 working days and LIMs within 10 working days.

All code of compliance certificates (CCCs) were issued within the 20 day statutory timeframe.

For the past six months we have placed an increased focus and emphasis on new pre-application meetings and discussions with those who are looking to undertake building work. This has helped improve the quality of consent applications received and therefore improve processing timeframes.

During this time period the BCA has also obtained its IANZ accreditation as required by the Building Act, therefore meeting these requirements.

4. BYLAW COMPLIANCE

Dog Control

The implementation of the COVID lockdown saw fewer issues arising in regard to enforcement by Compliance Officers for reasons that may be attributable to people adhering to restrictions on movement and less social interaction.

Dog registrations are progressing well with more than 92% of known and new dogs now registered. Infringements for Unregistered Dogs issued in for those who have not been compliant, owners have made arrangements to pay fines then court proceedings.

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A number of severe dog attacks on animals and persons, dogs roaming at the end of 2020 with many owners not taking more responsibility,

The Compliance team continue to emphasise dog owner education in the district with regular publications through media and, in person and information pamphlets.

Livestock Control

From September there was an upsurge in stock callouts which included horses as well as cattle and some areas throughout the District were identified as problematic. Council had identified stock owners and in the case of invoicing them has shown response from owners being more proactive with their stock control. Horses in the township have decreased with proactive education, infringements, costs, invoicing and stock seizures being actioned to correct owner behaviour, both rural and urban stock owners are becoming more aware of their responsibilities. People in the community are more mindful to contact us regarding stock out, if owners are known they will be contacted and in each case will be accessed for further action.

General Bylaw enforcement

Freedom camping checks have started in the first week December 2020 and will continue through the New Year. The Freedom Camping Ambassadors are also working with the Compliance team to ensure continued compliance, the Compliance department have issued less than 5 infringements for non-compliance over the Christmas period. Campers in the district were down over this period, yet also showed good camping etiquettes. People in the community have been contacting us more and letting the Compliance team know if there are concerns they feel need to be addressed. Welfare issues were up in December for all animals, Compliance have good relations with NGO's agencies, SPCA MPI Police and Vets to ensure the best outcome. Dog owners are encouraged to take advantage of free neutering in Wairoa for dogs through the Fred Lewis Enterprise Foundation. The SPCA also has a comprehensively discounted price to have cats neutered within the district to decrease unwanted breeding.

ORDINARY COUNCIL MEETING 9 FEBRUARY 2021

PLANNING AND REGULATORY PERFORMANCE DATA

The following section outlines Council performance measures for our performance and regulatory departments. It includes data for the last two full year reports, along with half year metrics (6 months to 31 December 2020 - where available), in order to show trends, and includes variance explanations for relevant areas. We use these performance measures to track how well we are delivering services against targets as set out in the long term and annual plans. This also provides information on trends that may influence our performance, including those outside of our control. The council undertakes a community survey on an annual basis which forms the basis of some of these metrics. This data is not available until year end.

	2018/19	2019/20	2020/21	2020/21	
Performance Measure	Actual	Actual	Half Year Actuals	Target	
Resource Planning					
All applications processed within statutory timeframe set under the Resource Management Act	100%	93%	91%	100%	×
This work is progressing very well, with all consents now processed inhouse.					
Environmental Health					
Premises registrations required under legislation completed (%)	100%	100%	100%	100%	⊘
Noise control (unreasonable noise) complaints responded to in accordance with legislation, regulations and Council policy.	100%	100%	100%	100%	⊘
Building Control					
Building consents (%) processed within statutory time frames	100%	98%	97%	100%	×
Certificates of acceptance (%) processed within statutory time frames	100%	100%	100%	100%	②
Liquor Control					
Management licenses (%) processed within 30 days	100%	100%	100%	100%	\odot
Renewal and new licences (%) processed within statutory time frames	100%	100%	100%	100%	⊘
Bylaw compliance					
Known dogs (%) registered by 30 June each year	94%	97%	92%	≥75%	⊘
Annual Report about the administration of Council's policy and dog control practices adopted by 30 August	Achieved	Achieved	Achieved	Achieved	⊘

ACTIVITY GROUP EIGHT - LEADERSHIP & GOVERNANCE

PERFORMANCE SUMMARY

The following table is a summary of how well we performed against our agreed key performance measures for this activity area. As at 31 December, a number of performance measures in this activity relate our annual customer satisfaction survey results, therefore show as not measured at this time.

\otimes	\odot	$\overline{}$	Total
Not met	Met	Not measured	measures
0	6	2	8

FINANCIAL SUMMARY

	Actual \$000	Budget \$000	Variance \$000
Net underlying operating expenditure	1,734	1,775	(41)
Capital expenditure	72	-	72

1. COMMUNITY REPRESENTATION

Elected members - Council

The current elected members have spent one year in their current term. Key priorities of elected members currently include: Rates Review, Levels of Service discussions and the upcoming Long-term Plan.

Council received over 260 submissions to the Rates Review special consultative process. This reflects elected members going above and beyond with community engagement to ensure the rating system represented feedback from the entire community. This same level of engagement from the community will be a goal as we pivot into the Long Term Plan.

Youth Council

A Wairoa District Youth Council has been established. This is a committee with a view to provide Council with an independent youth voice to support the decision-making process at the Local Government level. This voice allows younger Rangatahi to let Council hear their thoughts on the impacts of Councils decisions on their own generation as the future ratepayers of Wairoa.

2. MĀORI RELATIONSHIPS

The Landing Bridge, Whakakī

On 15 August 2019, upon the recommendation of WSP and for health and safety issues, the previous bridge at Whakakī, formerly known as Pātangata bridge, was restricted to access for pedestrians and ATV's only and was closed to all other vehicles. On 17 December 2019, a business case was completed by WSP and present to Wairoa District Council, with the focus of this business case giving justification for funding. On 11 February 2020, Whakakī Lake Trust and Whakakī Marae Trust representatives were given an opportunity to present their submission to Council, thereafter the Council resolved to replace The Landing [Pātangata] bridge with a new bridge to Class 1. On 26 May 2020, Central Government announced that three vital construction projects will receive 100% funding, one of these projects was the replacement of The Landing [Pātangata] bridge.

The Landing bridge is located on Whakakī Lagoon Road, south of State Highway 2 (SH2), being approximately 19 kilometres east of the Wairoa township. The bridge is owned by the Wairoa District Council but is constructed on privately owned land. The former and now current bridge provides access for the local community to three urupā burial sites, farming land and privately-owned land.

The Council sought to work closely with the predominantly Māori community to ensure all aspects of the project were acknowledged. In particular, the Council maintained regular communication with two main Māori entities within this community, Whakakī Lake Trust and Whakakī Marae Trust. As a positive result of this relationship the Whakakī Marae Trust was asked to undertake a Cultural Impact Assessment of the area surrounding the bridge location. This assessment was undertaken prior to any construction work beginning and the purpose of this assessment was to provide a historical account that accurately identified areas of cultural significance which will serve as both a record and to provide guidance during the replacement project.

On Sunday, 4 October 2020 with the community present, the new bridge was formerly opened for public use. We wish to take this opportunity to sincerely thank the Whakakī community for their patience and understanding. Without their support and guidance this project would not have been the success that it is. We also extend our gratitude to QRS and the Lattey Group who undertook the construction work. Their professionalism and proactive approach to working with the community is highly commendable.





Nuhaka River Road

In the late 1970's/early 1980's the top end of the existing earth flow began to move. Pinus Radiata (Pine) trees were planted over the entire movement area, which effectively stopped the movement. Between 2005-2009 the forest was removed. Soon after the earthflow began to move again to a much greater extend. In 2012/2013 the lower end of the earth flow began to affect the Nuhaka River Road with severe damage. In 2014 the road was no longer accessible. Between 2015-2018 there were failed attempts at re-opening the road. Multiple meetings between Hawke's Bay Regional Council, Wairoa District Council and landowners took plan. There was no secure or safe access for residents, farm operators and the Nuhaka community alike.



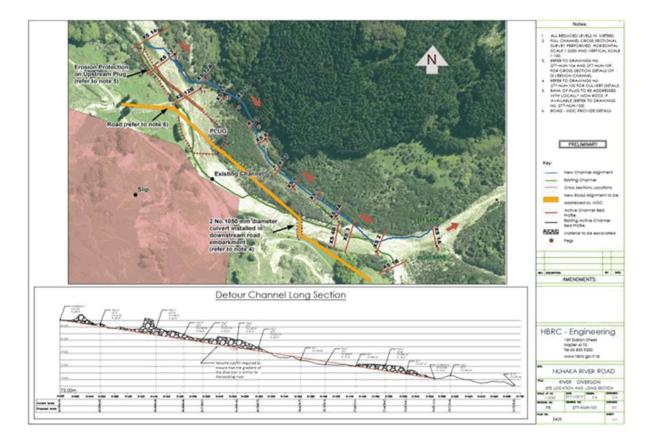


In 2019/early 2020 the HBRC commissioned to design a realignment of river and road through the riverbed, however, cost uncertainty stopped the project moving forward. The two Councils (WDC, HBRC) met with affected parties on site, apologised and have advised next steps which included a presentation to the Wairoa District Council to determine a pathway forward.

In May 2020, the Government announced that three vital Wairoa roading and construction projects were awarded funding under the Government COVID-19 'shovel ready' recovery programme. One of these three projects included the realignment of the Nuhaka River Road at Nuhaka, which received 100% Central Government funding.

In July 2020, Te Iwi o Rakaipaaka Incorporate/Te Iwi o Rakaipaaka Trust (The Group) was asked to undertake a Cultural Impact Assessment (CIA) of the surrounding area. The purpose of this CIA was to provide a cultural review function and will provide guidance to any culturally sensitive items that could be excluded from the general public to protect the integrity of any culturally significant area. To accompany the CIA, Triplefin Consultants was asked to undertake an Ecological Impact Assessment (EIA). The purpose of the EIA was to provide the project team guidance as to how the work should be undertaken that minimises the impact on the ecology of the river.

Work is progressing well on this project and we firstly acknowledge local Māori, in particular Te Iwi of Rakaipaaka Incorporated/Te Iwi o Rakaipaaka Trust on behalf of Ngāti Rakaipaaka for their leadership, cultural guidance and support for this project. Their presence throughout the whole project was to ensure tikanga *cultural protocols* was adhered. This has been an enduring and at times frustrating process for the landowners and community, therefore, we sincerely thank Te Aramatua Trust and private landowners for their patience and perseverance throughout this whole project. To the project team including QRS and Pryde Contracting we acknowledge your professional approach and cultural understanding of the importance of the Nuhaka River. Finally, to our colleagues at Hawke's Bay Regional Council (HBRC) who epitomised the significance of working collaboratively, maintaining strong relationships and lending their technical and environmental expertise. As the saying goes, 'Mā pango, mā whero, ka oti ai te mahi' *If we all work collaboratively, the work shall be accomplished*.









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3. ECONOMIC DEVELOPMENT

Gaiety Theatre

In these unusual times the theatre has performed beyond expectations with the 36.35% increase compared to the same period last year. This is due to a range of different events involving different parts of the community and has been very successful. This was achieved without having the major blockbusters that we would usually have screening due to COVID-19.

Business growth

There has been an increased focus on business connectivity with Wairoa District Council, Tātau Tātau o Te Wairoa and Korou Digital working with existing businesses to develop their marketing and digital capability in order to reach a greater customer base and adapt to the changing environment.

Wairoa promotion and events

In the COVID recovery environment Wairoa has created a major shop local approach under the branding "Tautoko Wairoa". This has proven a successful campaign and we have been thrilled with the response to the promotion incentivising more than \$500,000 in local spending at participating businesses.

Strategic and partnership projects

Council is utilising strategic relationships with local PSGEs. This is evident through a number of projects including the horticulture hub, Whakamanahia a Te Wairoa (Empowering Wairoa – Covid Recovery Plan), Pakihi Ora (Business Wellbeing) and the Wairoa Housing Strategy.

Strategic relationships with Wairoa Young Achievers Trust, the entity delivering the Mayor's Taskforce for Jobs programme for the purposes of supporting young people into sustainable employment.

We are working with HB Regional Recovery Manager to apply a regional lens to Wairoa economic recovery.

Provincial Growth Fund (PGF)

The PGF was repurposed during the COVID recovery period to focus on "Shovel Ready Projects". The fund was completely allocated in June this year, however Wairoa received funding for a marae upgrade programme. In terms of existing PGF projects, these are all still underway and meeting milestones.

- Youth into employment (\$150,000)
- Wairoa Youth Employment case (\$15,000)
- PGF Capability funding (\$250,000)
- Bridge Strengthening (\$2,200,000)
- Wairoa CBD Enhancement Funding (\$4,800,000)
- Māhia Roading Project (\$7,300,000)
- Regional Digital Hub (\$400,000)
 - Note this project is complete and awaiting an official opening
- Pātangata Bridge (\$750,000)
- Nuhaka River Road (\$750,000)
- Rangatahi Dropout (\$1,000,000)

Additional grants

Wairoa District Council, in partnership with Rongomaiwahine Trust, received funding of \$250,000 from the Responsible Camping Fund.

ORDINARY COUNCIL MEETING 9 FEBRUARY 2021

LEADERSHIP & GOVERNANCE PERFORMANCE DATA

The following section outlines Council performance measures for our leadership and governance. It includes data for the last two full year reports, along with half year metrics (6 months to 31 December 2020 - where available), in order to show trends, and includes variance explanations for relevant areas. We use these performance measures to track how well we are delivering services against targets as set out in the long term and annual plans. This also provides information on trends that may influence our performance, including those outside of our control. The council undertakes a community survey on an annual basis which forms the basis of some of these metrics. This data is not available until year end.

	2018/19	2019/20	2020/21	2020/21	
Performance Measure	Actual	Actual	Half Year Actuals	Target	
Community Representation					
Respondents know how to make contact with elected members	82%	90%	This will be measured in our customer satisfaction survey Q4	≥85%	-
Satisfaction rating for Mayor and Councillors (%) 'not very good or poor' is less than 10%.	7%	21%	This will be measured in our customer satisfaction survey Q4	<10%	-
Māori Relationships The required number of nominations are received within established timeframes and appointments made to Council's Māori Standing Committee - Vacancies filled - 2 councillors appointed as representatives to Māori Standing Committee	Achieved	Achieved	Achieved	Achieved	⊘
No less that bi-monthly meetings of the Māori Standing Committee are scheduled, advertised, and conducted on the advertised day.	Achieved	Achieved	Achieved	Achieved	⊘
Māori Standing Committee meetings, public meetings and special consultation meetings provide opportunities for Māori to contribute to the decision-making process.	Achieved	Achieved	Achieved	Achieved	⊘
Agreed levels of service are achieved within budget. Budgets clearly defined and accounted for.	Achieved	Achieved	Achieved	Achieved	⊘
Economic Development Actions in the Economic Development Plan and Action Plan completed (% of actions completed)	55%	75%	82%	80% 2021	⊘
The cost related to this activity did not exceed the approved budget	Achieved	Achieved	Achieved	Achieved	\odot

ACTIVITY GROUP NINE - CORPORATE FUNCTIONS

PERFORMANCE SUMMARY

The following table is a summary of how well we performed against our agreed key performance measures for this activity area. Two of the measures are unable to be discretely reported against, therefore show as not measured. These will be removed from our suite of measures at the next Long Term Plan.

$\overline{\mathbf{x}}$	\bigcirc	$\overline{}$	Total		
Not met	Met	Not measured	measures		
2	3	2	7		

FINANCIAL SUMMARY

	Actual \$000	Budget \$000	Variance \$000
Net underlying operating expenditure	523	367	156
Capital expenditure	213	831	(618)

PROPERTY

The fire damaged Frasertown Hall was demolished and the site cleared. Further engagement is underway with the community to determine the future for this site.

2. CORPORATE & FUNDS MANAGEMENT

Investments

As at 31 December 2020, Council held a bonds portfolio with a market value of \$6.05 million. This is consistent with the forecast holdings YTD in the annual plan.

Borrowing

Due to the acceleration of capital works Council's external borrowing now stands at \$9 million, which is \$2 million higher than anticipated in the annual plan. However, through its membership with LGFA Council has achieved average borrowing rates of 2.4%, which is far lower than the 4% forecast in the Long Term Plan.

Since joining LGFA in 2018, Council has been structuring its borrowings to align more closely with its liability management policy and it's anticipated future cash flows. This work will continue as terms beyond 5 years have only recently become available.

3. SUPPORT SERVICES

Support Services are the costs of operating Council's administrative and support functions and other costs not directly attributable to any activity. These costs are allocated, except those that are attributed to a special reserves, via the overhead allocation process to the significant activities so that the net rated cost of support services is nil.

This group of activities includes finance, records and archives, administration and customer service, information services and GIS.

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FINANCE AND ADMINISTRATION



Annual report 19/20

The Annual Report 19/20 saw a full overhaul and excellent contributions from all activity managers. The discipline of quarterly reporting meant that the workload on activity managers at year end was reduced, and that all were familiar with what was required. A comprehensive task list enabled Finance to track the project and ensure key deliverables were produced on time. This meant that the audit ran smoothly and was completed in time for Council to adopt the report on 20th October. Katharina Di Lena (Graphic Designer) produced a professional document that we are very proud of. Lessons from this year's audit have been taken on board, and will be integrated into our monthly and quarterly reporting practices and the planning for next year.

Strategic Pay review

In August 2019, all staff were aligned to being paid at least 85% of their roles' benchmarked salary. It is identified the 85% is an entry level pay rate, with 100% being paid to a person performing satisfactorily in the role. A review of the Council's pay rates is being undertaken against the most recent sector-specific pay data compiled by the third-party provider Strategic Pay and released mid 2020. Due to inflationary and market factors, a number of staff are identified as now being paid under 85% based on 2020 data. Work is commencing to rectify this.

RECORDS AND ARCHIVES

For the half year ending 31 December 2020, the main projects have been to arrange and describe a number of series of architectural drawings and plans. The architectural drawings are primarily part of the property file series and consist of sets of drawings that were considered too large to be placed on file. These sets of drawings were previously stored in boxes and have been largely inaccessible. Another significant project has been to arrange and described the plan collection that was transferred to the archives from the Roger Main Building. Together with the continued processing of drawings donated by Downer Construction Limited the focus of archival work has centred on this media. The enormity of this work cannot be underestimated and with limited resources very slow. Many drawings require flattening and repair prior to listing and re-housing.

Projects that have now been completed, have been the arrangement and description of a numbers of record series relating to the Wairoa Public Cemetery. These records date from 1870 to 2019. The archives is currently preparing a new consignment of Wairoa Borough Council files that have accumulated since the first consignment was listed in 2012.

The archives recently employed a bookbinder to bind a new transfer of council minutes and committee minutes. This is the first instance, since the 1880s, that committee minutes have been bound separately from council minutes. Separating these minutes, into two series, is a more logical arrangement. As minutes are now generally accessed electronically hardcopy confidential minutes have now been included in these two series. The previous series of confidential minutes has ceased.

The layout of new archive pages on the Wairoa District Council website have been completed and is awaiting input. A leaflet promoting the archival collection has also been designed and is awaiting production. Earlier in the year a Library/Archives Working Group was established to focus on the proposed construction of a new joint Library and Archives Building. Due to funding issues this has unfortunately stalled. This delay's addressing the seriousness of our current storage situation and the unsuitability of housing the council's valuable archives in such an appalling building.

Towards the end of the year the archives assistant, Candice Robinson, resigned. Fortunately, we quickly found a replacement with Jackie Te Rangi.

For the half year ending 31 December 2020, the archives has received 33 internal enquiries, 23 external enquiries and have had 5 external visitors/researchers.

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CUSTOMER SERVICES

The Customer Services team has welcomed a new Team Lead at the start of this financial year. This appointment has increased knowledge and experience in this area, with a focus on continuing the build of processes and procedures.

The Knowledge Base platform introduced last year is now fully operational with all processes required to manage incoming calls and requests from ratepayers and community by the Customer Service team now published to this resource. The team will continue to add processes that pertain to the Customer Service department, with the intention of streamlining and being more efficient.

This Knowledge Base platform is also the system that enables increased consistency in the delivery of information to ratepayers and the community.

The Customer Service team are involved with the future upgrade of MagiQ, contributing information to improve the functionality of the Service Request module.

An Emergency and Evacuation Procedure for the Customer Services team has been implemented to ensure business continuity and operations don't cease and have minimal down time. This will guarantee request for services for ratepayers and the community will be actioned whilst the Customer Services staff are evacuated.

INFORMATION SERVICES AND GIS

A number of exciting projects have rolled out in the IT department. These include the development and rollout of MagiQ cloud platform, new council phone system and developing Internal GEOGRAPGIC Information System (GIS), is also a first for NZ Local Government (see Figure 1).



Figure 1: Sample of a screenshot from MapPortal

More details about projects the team have delivered include:

- MagiQ cloud platform This is one of the major upgrades into the current council corporate software solution. The business area champions (BAC) have been trained to help manage the upgrade within their departments.
- New council phone system this project is started, and Council's current Siemens phone system (PABX) will be upgrade/replacement with a cloud-base Microsoft Teams solution.
- The first step of the process of checking the safety of portal electrical appliances, called 'Test and Tag' is
 done, and the rest of IT equipment is under the process of electrically testing with a portable appliance
 tester to meet the safety based on NZ standards.

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- Using GIS open source technology to share information across council ratepayers in real-time to create an
 agile and responsive workforce.
- Supporting council staffs and ratepayers with reliable business solutions to visualise and interpret data and
 make a better decision and deliver better customer service.
- There is an increase about 6% (from 36.92% to 42.44%) in WDC ALGIM local government program
 compliance status, and more than 35 new security controls are deployed into the council cybersecurity
 framework strategy (Identity, protect, detect, respond and recover) plan (see Table 1 and Figure 2).

Framework Compliance - 281 Controls	
Not Started	107
Started	26
Partially Completed	51
Mostly Completed	39
Fully Completed	52
Exempted, Excepted or No Status	6
Completed Compliance by Level	
Level 1	28
Level 2	13
Level 3	17

Table 1: WDC ALGIM local government framework status



Figure 2: WDC ALGIM local government program compliance status

Projects the team have initiated, and are currently working on include:

- MagiQ Server Cloud: We have accomplished the 1st phase of the project successfully and now working on the 2nd phase of the project. Milestone 2 - Hand Over Test Environment to WDC - 12/02/2020.
- Teams Spark Phone System update: Our solution partner will be Spark Digital who is working alongside the Council's IT team to implement the system more accurate and efficient. Project planed is setup and first pilot group of 10 (approximately) will selected to use and trial Spark Enhance Teams with headsets for 1-2 weeks in November 2020.
- Library Digital Hub: we are in the final phase of implementing cyber security and network policies for the public on all the computers. Once they are applied, The Digital Hub will be officially ready to open.
- The fix the misalignment with data between WDC rate database and GIS system in terms addresses. For the
 first step, there are about 80 properties found to improve the addressing records around Māhia beach.
- To maximise long-term business continuity plan (BCP) with project delivery, taking cybersecurity into
 account with all aspects of an environment is essential. To make things a little easier, we have outlined the
 top five cybersecurity projects for WDC now,
 - Risk assessment project
 - Cybersecurity awareness training project (e.g. newsletters)
 - E-mail security project

Item 8.4- Appendix 1

- Endpoint protection project Sophos
- Office365 & Microsoft Teams security controls project

Further initiatives being investigated by the IT team include:

- Embedding a good IT business continuity into the Council to integrate business continuity awareness and practice collaborative approach into Council as usual activities and organisational culture.
- Options for implementing cybersecurity incidents response plan to help IF staff detect, respond to, and recover from network security incidents. These types of plans address issues like cybercrime, data loss, and service outages that threaten daily work.
- Options of cybersecurity training Training empowers employees with up-to-date know-how on how to recognise and mitigate a cyber-threat.
- Options of using a GIS system to improve council map portal technology on the way they conduct business continuity plan.
- Options to collaborate with different councils/ third-party to submit and publish a paper/ poster into the international conference.
- Options to setup cybersecurity conrols for the Regional Digital Hub computers.

January 2021 Update

MagiQ Cloud Upgrade: Work is continuing after the end of year shut down period.
 Milestone 2 is due for completion by the 19th February 2021.

 Milestone 4 "Go-Live" is scheduled for late March early April 2021

- Telephone System Upgrade:
 - MS TEAMS (Spark Enhanced) Upgrade
 - The Pilot Group have had the product installed and running for over a month and a number
 of Headsets have been trialled ahead of the full planned rollout.

26th January - Roll out (Wave 1) 50% of Staff
Staff are to be selected and advised by Wednesday 20th January
2nd February - Roll out (Wave 2) all remaining Staff
Staff are to be selected and advised by Wednesday 27th January

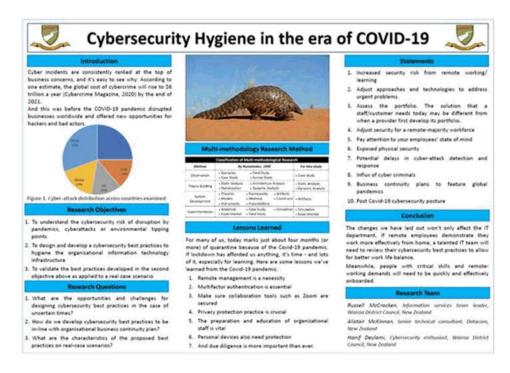
- Wairoa Digital Hub: Cyber security and network policies for the public have been completed ahead of the
 Official public opening in February.
- GIS Geographical Information System
 - Maintenance and upgrade to the System is continuing. Collaboration has been initiated with the Otorohanga DC, MAGIQ Software and Catalyst
 - Updated Rural Aerial Imagery has been received and will be rolled into the System during February , the last update was 2015.

Cybersecurity

- Further progress has been achieved in the WDC ALGIM Local Government program. Compliance status has increased 15.22% (from 48.22% to 63.44%).
 - A further 30 new security controls have been deployed into the council Cybersecurity framework These controls are mainly focused on asset management, governance, risk assessment, risk management, information and data security, response and recovery plan.
- A Poster was submitted to the 2020 ISBESC International Conference on Business Management, Education, Social Science, and Computer Science. Kuala Lumpur.

The poster was accepted and presented virtually on the 21st November 2020 Poster title: Cybersecurity Hygiene in the era of Covid-19

 Research team members: Russell McCracken, Alistair McKinnon, and Presented by Hanif Deylami.



The 2020 ISBESC "Best Poster Presenter Award" was awarded to the Wairoa Council IT team. https://edutechgroups.com/conference2020/kuala-lumpur/icbesc-2020/

- Electrical Equipment Testing "Test & Tag" of IT Electrical Equipment is underway and is being undertaken by Council staff.
- VisTab Online Visitor Sign In Management System has been installed at the Councils Front reception counter. This helps Council with NZ Health & Safety, Emergency Management and Building / Staff Security.
 Self adhesive labels are printed for each Visitor.



HEALTH AND SAFETY

The Health and Safety for the Wairoa District Council is managed by a Safety Committee comprising, Health and Safety Officer /Zero Harm Officer, six staff elected committee members and senior management as required. The purpose of the committee is to provide governance and oversight of the Health and Safety and Wellbeing of the staff of the Council.

The Committee convenes every six weeks (or as circumstances require) and discuss an agenda that is made up of staff requests, operational incidents, and introduction of new practices and management requests that involves the safe operation of the Councils workforce. The committee also discuss investigations and incidents that have occurred during the six week period and make recommendations to senior management on their findings.

The Health and Safety Officer provides a monthly report of activities, inspections and investigations carried out with recommendations for his approval. This is presented to the Finance Audit and Risk Committee of the Wairoa District Council when they meet.

Now the effects of COVID 19 have decreased to Level 1 most staff are back full time in the office, but some remain working from home as required. The feedback from staff is that they feel that they are more productive working this way. There have been no reported side effects or associated problems as a result of the COVID 19 from our staff and this is expected to be the same going forward.

Annual Health Screening checks have now carried out on staff that have an occupational requirement for this with only one minor follow up required. The Flu Vaccination was made available to staff again this year and had a good response from all with the majority of personal taking advantage of this Welfare initiative offered by the Council.

Training has been slow with most Training Organisation now in catch up mode and we will be taking advantage of the Training that is on offer. Joint Training with the Animal Control Team is being arranged with specialist input from Police to maintain a consistent reporting system.

The Health and Safety Committee have continued to meet and discuss the problems that arise during the year and make representation to the SLT Team with recommendations. We are now preparing for election of Safety Representatives from the staff for the next three-year term. Most programs are back on track and preparation is under way for the summer objectives. Sun protection, Heat stress and wellbeing will be the main target. Some specialist training will be carried out by the Building and maintenance team for Asbestos identification and disposal to meet the new Protocols and polices that will be put in place at the landfill later this year.

Lone Worker and communication projects are still being pursued for all our staff that come under this category and the trail of various devices to fulfil this need is progressing. Wairoa due to is geographical location has needs as Cell Phone coverage is not available in all locations. As a result, we need to investigate a duel system that will allow for Satellite and cell phone signalling from the one device. We are receiving support from Taupo and Fare North Councils as they have the same issues as we do.

Online training courses will be offered to the newly appointed Safety Reps as a requirement under the Health and Safety Act 2015 to function in their new position.

The reporting of accidents and incidents has changed and as a result the numbers of reported incidents has increased over the last months. Eco-Portal (our online incident and accident reporting system) is being widely used now by everybody and is giving a truer indication of the Health and Safety incidents that were not previously reported. Vehicle damage and near misses are part of the reporting statistics that we now gather. An updated report is given to the Finance Audit and Risk Committee when they meet.

ORDINARY COUNCIL MEETING 9 FEBRUARY 2021

CORPORATE FUNCTIONS PERFORMANCE DATA

Not measured. No framework established, intention to modify this SSP

The following section outlines Council performance measures for our corporate functions. It includes data for the last two full year reports, along with half year metrics (6 months to 31 December 2020 - where available), in order to show trends, and includes variance explanations for relevant areas. We use these performance measures to track how well we are delivering services against targets as set out in the long term and annual plans. This also provides information on trends that may influence our performance, including those outside of our control. The council undertakes a community survey on an annual basis which forms the basis of some of these metrics. This data is not available until year end.

	2018/19	2019/20	2020/21	2020/21	
Performance Measure	Actual	Actual	Half Year Actuals	Target	
Full compliance with legislative requirements through annual building warrant of fitness (BWOF)	Compliant	Compliant	Compliant	Compliant	⊘
Full compliance with legislative requirements when undertaking repairs, refurbishment or demolition of buildings including asbestos material	Compliant	Compliant	Compliant	Compliant	⊘
Safety defect requests (%) attended and made safe at building within 4 hours	100%	100%	100%	100%	\odot
Other requests (%) responded to within 3 days	Not measured	Not measured	Not measured	80%	-
Pensioner housing units (%) inspected six monthly	100%	50%*	56%*	100%	×
Compliance with ACC pool safe accreditation	Compliant	Not Compliant**	Not Compliant**	Compliant	×
**Compliant in everything except that during the hours of 6am to 8am and 5.30pm and 9pm we only	have one lifeguard in the who	le facility but pool safe accred	litation requires two. With our pool numbers du	ring this time it is not feasible.	
Council buildings (%) in satisfactory condition (condition grades 1, 2 or 3).	Not measured	Not measured	Not measured	80%	-

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FINANCIAL STATEMENTS

HE TAUĀKĪ PŪTEA WHIWHI ME TE PŪTEA WHAKAHAERE

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the period ended 31 December 2020

		YTD			Full year (30 June)			
	Actual	Underlying	AP	2020	Forecast	Underlying	AP	2020
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Revenue								
Rates	6,993	6,993	6,994	6,587	13,987	13,987	13,987	13,215
Subsidies and grants	11,965	6,104	10,222	7,305	30,096	17,650	20,211	18,453
Petrol tax	36	36	44	33	81	81	88	75
Fees and charges	1,222	1,222	1,136	1,342	2,212	2,212	2,096	1,954
Investment revenue	71	71	464	454	268	268	1,154	750
Miscellaneous revenue	-	-			-	-	-	768
Total revenue	20,287	14,426	18,860	15,721	46,644	34,198	37,536	35,215
_								
Expense					2 2 2 2	2 252		0.000
Water supply	1,121	1,121	926	1,315	2,068	2,068	1,731	2,369
Stormwater	282	282	285	287	561	561	507	554
Wastewater	1,338	1,109	879	1,338	2,160	1,874	1,739	4,393
Solid waste	817	817	963	940	1,845	1,845	1,915	1,900
Transport	6,616	6,476	6,681	5,857	13,752	13,612	13,277	13,862
Community facilities	1,217	1,217	1,276	1,272	2,435	2,435	2,525	2,508
Planning and regulatory	874	813	1,360	846	1,809	1,748	2,696	1,980
Leadership and governance	2,416	1,734	1,775	1,690	4,737	3,916	3,538	3,348
Corporate	534	523	367	581	1,025	860	1,021	980
Total expense	15,215	14,092	14,512	14,126	30,392	28,919	28,949	31,894
Net surplus (deficit) operations	5,072	334	4,348	1,595	16,252	5,279	8,587	3,321
Subvention income			1,510	-,,,,,,	250	250		200
Taxation					-			200
Net surplus (deficit) for period	5,072	334	4,348	1,595	16,502	5,529	8,587	3,521
Other comprehensive revenue								
and expense								
Fair value movement PP&E	-	-			-	-	-	6,039
Fair value movement in equity			_	15			_	(2)
investments				13				(2)
Total comprehensive revenue	5,072	334	4,348	1,610	16,502	5,529	8,587	9,558
and expense for the period	,		.,.	_,			-,	-,

	YTD underlying variance		Forecast (vari	underlyin ance	g	
	\$000	%		\$000	%	
Revenue						
Rates	(1)	0%		-	0%	
Subsidies and grants	(4,118)	-40%	Α	(2,561)	-13%	Α
Petrol tax	(8)	-18%		(7)	-8%	
Fees and charges	86	8%		116	6%	
Investment revenue	(393)	-85%	В	(886)	-77%	В
Miscellaneous revenue	-	0%			0%	
Total revenue	(4,434)	-24%		(3,338)	-9%	
Expense						
Water supply	195	21%	C	337	19%	C
Stormwater	(3)	-1%		54	11%	
Wastewater	230	26%	D	135	8%	
Solid waste	(146)	-15%	E	(70)	-4%	
Transport	(205)	-3%		335	3%	
Community facilities	(59)	-5%		(90)	-4%	
Planning and regulatory	(547)	-40%	F	(948)	-35%	F
Leadership and governance	(41)	-2%		378	11%	
Corporate	156	43%	G	(161)	-16%	G
Total expense	(420)	-3%		(30)	0%	
Subvention income	0	0%		250	100%	В

Variance explanations (underlying actual YTD and underlying forecast compared to annual plan)

- A Underlying subsidies and grant income at half year is 40% (\$4.1m) less than budgeted. This amount relates primarily to NZTA subsidies that have not been received YTD due to the phasing of unbudgeted PGF projects ahead of NZTA programs (PGF revenue has been removed in calculating the underlying result). By year end it is expected that some of these NZTA works will have been completed and the subsidies claimed, however the forecast revenue still has a shortfall of \$2.5 million.
- B Investment income is lower than budgeted both at half year and year end. \$250k of this relates to the change of income received from the subsidiary QRS Limited a dividend had been budgeted for the same amount that is now expected to be received by year end as a subvention payment which appears in a different part of this financial statement. The remaining variance relates to budgeted property sales that are no longer expected to be complete by year end (\$245k) and reduced interest revenue and market gain on investments due to the impacts of COVID-19.
- C Water supply expenses are \$195k (21%) higher than budgeted. By year end it is expected that the variance will have increased to \$337K (19%). The main variances to budget at year end relate to higher than budgeted depreciation on revalued assets.
- D Wastewater expenses are \$230k (26%) higher than budgeted. YTD there has been \$116k of unbudgeted maintenance on the Māhia and Ōpoutama schemes. Operations and maintenance costs on the Tuai and Wairoa schemes also exceed budget by \$94k. Contract management costs are also \$34k higher than budgeted.
- E Solid waste expenditure YTD is \$146k (\$15%) below budget due to the timing of levy payment (\$56k less than budgeted YTD), reduced recycling (\$25k) and landfill monitoring (\$20k) costs. These costs are expected to be back on track to budget by year end.
- F Planning and regulatory costs YTD are 40% (\$547k) lower than budgeted, which is mostly due to unspent YTD budget for the district plan and e plan including consulting (\$348k). These funds are not expected to be spent in the next 6 months, which is the main reason for the favourable variance in expenditure at year end.
- G Corporate expenses are \$156k above budget at 31 December but expected to be \$161k (16%) below budget by year end. Budget phasing has impacted some costs at half year, however the main impact on the year end forecast is small savings in a number of areas such including software and property maintenance, subscriptions, staff travel and training and consultancy.

RECONCILIATION: REVENUE AND EXPENDITURE RELATING TO UNBUDGETED PROJECTS AND GRANTS

The Wairoa District Council has been successful in securing external funding for a number of projects. These grants are primarily recognised as revenue in proportion to the amount of expenditure.

Some expenditure (especially in relation to PGF funding for transport projects) is capital (reflected in the FIS and the increase in assets on the balance sheet): the revenue is shown in the statement of comprehensive revenue and expense. The subsidy and grant revenue received will show a positive variance to budget.

For projects with operational spend, both the revenue and expenditure is shown in the statement of comprehensive revenue and expense. The operational spend variances are therefore affected by this project expenditure. Below is a breakdown of key project amounts recognised as revenue and operational expenditure:

	YTD	Forecast
REVENUE	\$000	\$000
Alternate Nuhaka- Õpoutama Rd Investigation	34	140
Māhia East Coast Road Traction Sealing	2,527	2,910
Nuhaka River road	925	925
Pātangata Bridge	693	695
Rangatahi Dropout	774	1,100
Recovery Emergency Event Costs	57	57
Regional Digital hub Income	81	121
Wairoa Youth Employment Subsidy	192	192
Waste management grants & subsidies	210	210
Wairoa CBD upgrade PGF funding	324	424
Three Waters funding	44	5,672
Total unbudgeted revenue	5,861	12,446
OPERATIONAL EXPENSES	\$000	\$000
Alternative Route Nuhaka- Õpoutama Rd Investigation	140	140
Emergency Event Costs	61	61
Wairoa Youth Into Employment	192	192
Wairoa CBD upgrade PGF funding	373	475
Project Support	33	32
Sewerage Resource Consent Discharge	229	286
Digital Hub expenses	84	122
Three Waters funded operational expenses	11	165
Total unbudgeted operational expenses	1,123	1,473

The statement of comprehensive revenue and expense can therefore be adjusted to show the surplus (deficit) excluding these one-off amounts.

The variance in adjusted revenue relates NZTA general / renewals subsidies revenue that was budgeted for but has not been received. The NZTA subsidies are dependent on phasing of workplans. Other subsidies have taken precedence and therefore funded a portion of the capital works in transport. Therefore although the total capital work forecast to be completed in transport by year end are greater than budgeted, the composition of funding source differs to the annual plan.

HE TAUĀKĪ TU PŪTEA

STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	YT	D		Full Year				
	Actual	AP	Forecast	AP	2020	Var	iance	
	\$000	\$000	\$000	\$000	\$000	\$000	%	
Current Assets								
Cash and cash equivalents	6,132	1,854	786	1,972	2,795	4,278	231%	,
Inventories	78	58	53	58	78	20	34%	
Trade and other receivables	6,119	46	3,906	3,120	7,305	6,073	100%	
Financial assets at fair value	-		-		2,072	*	0%	
Total current assets	12,329	1,958	4,745	5,150	12,250			
Current liabilities								
Trade and other payables	6,460	6,839	6,161	9,782	7,988	(379)	-6%	
Advance funding - PGF	5,966	0,635	1,500	5,162	1,000	5,966	100%	
Borrowings	3,500		1,500	-	1,000	3,900	0%	
Total current liabilities	12,426	6,839	7,661	9,782	8,988		070	
Total current liabilities	12,420	0,033	7,001	3,102	0,500			
Working Capital	(97)	(4,881)	(2,916)	(4,632)	3,262			
Non-current assets								
Property, plant and equipment	271,925	283,917	269,085	279,284	274,975	(6.056)	20/	
Work in progress	15,723	10,087	32,763	20,604	5,252	(6,356)	-2%	
Investment in subsidiary	1,250	1,250	1,250	1,250	1,250		0%	
Investment property	405	405	405		383	-	0%	
Biological asset - forestry	115	260	115	260	115	(145)	-56%	
Available for sale financial	21	37	23	23	21			
assets	21	31	23	23	21	(16)	-43%	
Intangible assets	25	37	25	198	37	(12)	-32%	
Financial assets held to maturity	144		144		148	(97)	-2%	
Financial assets at fair value	5,885	6,126	5,978	8,256	3,882	550	10%	
Total non-current assets	295,493	302,119	309,788	309,875	286,063			
Non-current liabilities								
Employee entitlements	66	75	112	112	66	(9)	-12%	
Landfill aftercare	1,197	1,056	1,197	730	1,197	141	13%	
Borrowings	9,000	8,000	9,000	10,901	8,000	1,000	13%	
Total non-current liabilities	10,263	9,131	10,309	11,743	9,263	1,000	1,070	
Net assets	285,133	288,107	296,563	293,500	280,062			
Represented by								
Equity	285,133	288,107	296,563	293,500	280,062			

Variance explanations (31 December 2020 actual compared to YTD annual plan)

- A Cash is \$4.3m than budgeted, due to receipts from the 3 Waters, which are held in short-term interest bearing accounts.
- B Trade and other receivables are \$6m higher than budgeted. This is due to timing of billing and collections compared to budget.
- C The variance in advance funding PGF relates to timing of funding receipts and payments and expenditure.
- D The valuation received for the Council's forestry asset as at 30 June 2020 was lower than budgeted. The forest is revalued every 3 years and this valuation took a more comprehensive approach resulting in a more accurate however lower than expected value.
- E Borrowings are \$1m higher than budgeted. Borrowings are used to fund capital projects to ensure intergenerational equity in costs.

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HE TAUĀKĪ MANA TAURITE

STATEMENT OF CHANGES IN EQUITY

For the period ended 31 December 2020

	YTE)		Full Year	
	Actual	AP	Forecast	AP	Actual
	\$000	\$000	\$000	\$000	\$000
Total equity - opening balance	280,061	283,759	280,061	284,913	270,504
Net surplus (deficit) for period	5,072	4,348	16,502	8,587	3,521
Other comprehensive income	-	-	-	-	6,037
Total comprehensive income	5,072	4,348	16,502	8,587	9,558
Total equity - closing balance	285,133	288,107	296,563	293,500	280,062
Components of equity					
Ratepayers equity - opening balance	140,139	143,178	140,139	137,936	135,156
Net surplus/(deficit) for period	5,072	4,348	16,502	8,587	3,521
Transfers to restricted reserves	368		368	(2,196)	7,166
Transfers from restricted reserves	(289)		(289)	4,250	(5,846)
Transfer from revaluation reserve	(2,534)		(2,534)		3,503
Ratepayers equity - closing balance	142,756	147,526	154,186	148,577	143,500
Special funds - opening balance	21,375	20,006	21,375	20,003	22,076
Transfer to ratepayers equity	289		289	(4,250)	5,846
Transfer from ratepayers equity	(368)		(368)	2,196	(7,166)
Special funds - closing balance	21,296	20,006	21,296	17,949	20,756
Revaluation reserves - opening balance	118,547	120,575	118,547	126,974	113,272
Net transfer to ratepayers equity	2,534		2,534		(3,503)
Transfer to revaluation				*	6,037
Revaluation reserves - closing balance	121,081	120,575	121,081	126,974	115,806
Total equity - closing balance	285,133	288,107	296,563	293,500	280,062

HE TAUĀKĪ KAPEWHITI

STATEMENT OF CASHFLOWS

For the period ended 31 December 2020

		YTD		Full year	
		Actual	Forecast	AP	2020
		\$000			\$000
Cash flows from operating	; activities				
Cash was provided from:	Rates received	7,455	13,929	14,737	12,874
	Other revenue	18,187	35,615	22,752	21,471
	Investment income	71	268	1,154	750
Cash was applied to:	Payments to suppliers and employees	(11,888)	(24,200)	(19,129)	(23,389)
	Interest paid	(90)	(90)	(1,186)	(200)
Net cash flows from opera	ting activities	13,735	25,522	18,328	11,506
Cash flows from investing	activities				
Cash was provided from:	Sale of property, plant and equipment			16	1,158
	Insurance proceeds				199
	Sale of financial assets	2,072	2,072		1,564
Cash was applied to:	Purchase of financial assets	(1,999)	(2,092)	(2,115)	(1,655)
	Purchase of property, plant and equipment	(10,471)	(27,511)	(20,604)	(16,450)
Net cash flows from invest	ting activities	(10,398)	(27,531)	(22,703)	(15,184)
Cash flows from financing	activities				
Cash was provided from:	Loans raised	1,000	1,000	2,702	4,500
Cash was applied to:	Borrowings repaid	(1,000)	(1,000)	-	(500)
Net cash flows from finance	ing activities	-	-	2,702	4,000
No. 1	and an electrical control of	2 227	(2.000)	(1.670)	222
Net increase/(decrease) in c	-	3,337	(2,009)	(1,673)	322
Cash and cash equivalents		2,795	2,795	3,645	2,473
Cash and cash equivalents	at end of period	6,132	786	1,972	2,795
Made up of:					
Cash		8	10	50	6
Short term deposits		6,124	776	1,922	2,789
Cash and cash equivalents	at end of period	6,132	786	1,972	2,795

The Council's operating activities YTD have resulted in a net cash inflow of \$13.7m. This includes the first \$5 million of the \$11 million of Three Waters funding. The cash generated by operating activities has been applied to the purchase of property, plant and equipment (\$10.4m) and an increase in cash in the form of short term deposits. As the three waters funding is utilised over the next 6 months we expect to see an increase in investment spending, with all of the \$5 million utilised by 30 June 2021 and the next tranche of cash due in the following financial year. Overall there is a healthy cash balance to meet our operational funding requirements.

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HE TAUĀKĪ WHAKAAWEAWE DŪTEA

FUNDING IMPACT STATEMENTS

Understanding Funding Impact Statements

These statements set out Council's sources of operating and capital funding to be used for the 2020/21 financial year, and how this funding is to be applied. Council's sources of operating funding include items such as fees and charges, and its applications of operating funding include items such as payments to staff and suppliers. Council's sources of capital funding include items such as subsidies and grants for capital expenditure, and its applications of capital funding include capital expenditure to improve levels of service or replace existing assets. The difference between the value of total capital funding and application of this funding is the amount that Council needs to fund from rating for depreciation, both in the current year and from reserves which have built up over several years. These statements do not include depreciation. This is because it is a non-cash item. The Whole of Council Funding Impact Statement provides combined totals of all Council's sources of operating and capital sources of funding and application, and activity-level funding impact statements which separates this information into Council's key activity groups such as water supply and waste management.

FUNDING IMPACT STATEMENT FOR 1 JULY 2020 TO 31 DECEMBER 2020 (WHOLE OF COUNCIL)

	2019/20	2019/20	2020/21	2020/21	YTD	YTD
	AP \$000	Actual \$000	AP \$000	Forecast \$000	AP \$000	Actual \$000
Sources of operating funding						
General rates, uniform annual general charges, rates penalties	3,590	3,590	3,523	3,523	995	995
Targeted rates (other than a targeted rate for water supply)	9,023	9,626	10,464	10,464	2,502	2,502
Subsidies and grants for operating purposes	6,804	6,965	8,041	8,666	4,043	3,578
Fees and charges	2,060	2,066	2,273	2,354	1,220	1,273
Interest and dividends from investments	570	750	761	440	381	(65)
Local authorities fuel tax, fines, infringement fees, and other receipts	87	75	88	81	44	36
Total operating funding (A)	22,134	23,072	25,151	25,528	9,185	8,319
Applications of operating funding						
Payments to staff and suppliers	22,191	24,820	23,213	24,287	11,738	12,108
Finance costs	144	459	202	94	101	(23)
Internal charges and overheads applied						-
Other operating funding applications				-		
Total applications of operating funding (B)	22,336	25,279	23,416	24,381	11,839	12,085
Surplus (deficit) of operating funding (A - B)	(202)	(2.207)	1,736	1 147	(2.654)	(3,766)
Surplus (deficit) of operating funding (A - b)	(202)	(2,207)	1,730	1,147	(2,654)	(3,766)
Sources of capital funding						
Subsidies and grants for capital expenditure	10,029	11,745	12,168	21,427	6,178	8,061
Development and financial contributions				-		
Increase (decrease) in debt	1,880	3,781	2,702	104	4,672	4,249
Gross proceeds from sale of assets	31		16	-	8	
Lump sum contributions				-	-	
Other dedicated capital funding				-		
Total sources of capital funding (C)	11,939	15,526	14,886	21,531	10,858	12,310
Application of capital funding						
Capital expenditure						
- to meet additional demand						
- to improve the level of service	9,776	7,103	9,364	13,054	3,018	5,501
- to replace existing assets	6,639	9,347	11,239	14,456	7,067	4,967
Increase (decrease) in reserves	(4,678)	(3,131)	(3,980)	(4,832)	(1,882)	(1,924)
Increase (decrease) of investments	(,,,,,,	(0)202)	(0)000)	(.,,552)	(2)002)	(2,02.)
Total applications of capital funding (D)	11,737	13,319	16,623	22,678	8,204	8,544
Surplus (deficit) of capital funding (C-D)	202	2,207	(1,736)	(1,147)	2,654	3,766
Funding balance ((A-B) + (C-D))						
Expenses for this activity grouping include the following depreciation/amortisation charge		(5,806)	(5,317)	(6,062)	(2,659)	(3,041)

Our forecast figures for the year show that we expect a similar surplus on operating funding than budgeted, with the higher than budgeted payments for staff and suppliers covered by the higher than budgeted subsidies and grants.

Capital expenditure for the year is higher than budgeted and funded to a greater extent by grants (whereas the budget was for \$2.7m of capital work to be funded by an increase in loans). This Is due to the Three Waters and PGF funding which has enabled work to be brought forward and funded externally, resulting in long-term savings to ratepayers in reduced interest payments on the budgeted loans.

FUNDING IMPACT STATEMENT FOR 1 JULY 2020 TO 31 DECEMBER 2020 FOR WATER SUPPLY

	2019/20 AP	2019/20 Actual	2020/21 AP	2020/21 Forecast	YTD AP	YTD Actual
	\$000	\$000	\$000	\$000	\$000	\$000
Sources of operating funding						
General rates, uniform annual general charges, rates penalties				-		-
Targeted rates (other than a targeted rate for water supply)	1,289	1,289	1,295	1,295	357	357
Subsidies and grants for operating purposes				-		-
Fees and charges	309	307	307	306	153	111
Internal charges and overheads recovered	427	535	436	436	218	255
Internal interest income	65		124	-	62	-
Interest and dividends from investments				-	-	-
Local authorities fuel tax, fines, infringement fees, and other						
receipts				-	-	
Total operating funding (A)	2,090	2,131	2, 163	2,037	790	723
Applications of enerating funding						
Applications of operating funding	1.020	1 215	701	1.010	200	501
Payments to staff and suppliers	1,039	1,315	781	1,019	390	591
Finance costs			007	702	416	441
Internal charges and overheads applied Internal interest charged	833	893	827	793 45	416	441
Other operating funding applications		186	83	45	42	21
Total applications of operating funding (B)	1,872	2,394	1,693	1,857	848	1,053
Total applications of operating familiary	2,0.2	_,,	2,000	2,001	0.10	_,,,,,
Surplus (deficit) of operating funding (A - B)	219	(263)	470	180	(58)	(330)
Sources of capital funding						
Subsidies and grants for capital expenditure				2,790		-
Development and financial contributions				-		-
Increase (decrease) in debt	3	274	140	(130)	363	331
Gross proceeds from sale of assets	9			-	-	-
Lump sum contributions				-	-	-
Other dedicated capital funding				-	-	-
Total sources of capital funding (C)	12	274	140	2,660	363	331
Application of capital funding						
Capital expenditure						
- to meet additional demand						-
- to improve the level of service	97	50	20	2,814	25	4
- to replace existing assets	293	239	1,155	348	563	452
Increase (decrease) in reserves	(159)	(278)	(565)	(322)	(283)	(455)
Increase (decrease) of investments				-	-	-
Total applications of capital funding (D)	231	11	610	2,840	305	1
Surplus (deficit) of capital funding (C-D)	(219)	263	(470)	(180)	58	330
Funding balance ((A-B) + (C-D))				-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge		(592)	(572)	(650)	(286)	(325)

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FUNDING IMPACT STATEMENT FOR 1 JULY 2020 TO 31 DECEMBER 2020 FOR STORMWATER

	2019/20 AP \$000	2019/20 Actual \$000	2020/21 AP \$000	2020/21 Forecast \$000	YTD AP \$000	YTD Actual \$000
Sources of operating funding						
General rates, uniform annual general charges, rates penalties				-	-	-
Targeted rates (other than a targeted rate for water supply)	415	415	373	373	115	115
Subsidies and grants for operating purposes				-	-	
Fees and charges		2		-		
Internal charges and overheads recovered				-		
Internal interest income	39		95	-	47	
Interest and dividends from investments				-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts				-	-	
Total operating funding (A)	453	417	469	373	162	115
Applications of operating funding						
Payments to staff and suppliers	118	105	117	132	58	64
Finance costs				-		-
Internal charges and overheads applied	159	133	153	37	78	18
Internal interest charged	55	141	106	141	53	74
Other operating funding applications				-		-
Total applications of operating funding (B)	331	379	377	310	189	156
Surplus (deficit) of operating funding (A - B)	122	38	92	63	(27)	(41)
Sources of capital funding						
Subsidies and grants for capital expenditure				-	-	
Development and financial contributions						
Increase (decrease) in debt	231	43	8	34	77	44
Gross proceeds from sale of assets				-		
Lump sum contributions				-		
Other dedicated capital funding				-		-
Total sources of capital funding (C)	231	43	8	34	77	44
Application of capital funding						
Capital expenditure						
- to meet additional demand						
- to improve the level of service	386	81	100	5		5
- to replace existing assets	108	58		97	50	3
Increase (decrease) in reserves	(140)	(58)		(5)		(5)
Increase (decrease) of investments	,,	,,		-		-
Total applications of capital funding (D)	353	81	100	97	50	3
- Control of Control o						
Surplus (deficit) of capital funding (C-D)	(122)	(38)	(92)	(63)	27	41
	(122)	(38)	(92)	(63)	27	41
Surplus (deficit) of capital funding (C-D)						- (126)

Item 8.4- Appendix 1

FUNDING IMPACT STATEMENT FOR 1 JULY 2020 TO 31 DECEMBER 2020 FOR WASTEWATER

	2019/20 AP \$000	2019/20 Actual \$000	2020/21 AP \$000	2020/21 Forecast \$000	YTD AP \$000	YTD Actual \$000
Sources of operating funding						
General rates, uniform annual general charges, rates penalties				-	-	-
Targeted rates (other than a targeted rate for water supply)	1,163	1,163	1,513	1,513	322	322
Subsidies and grants for operating purposes				-	-	-
Fees and charges	130	25	105	30	53	24
Internal charges and overheads recovered	1			-		-
Internal interest income	64	*	67	-	34	-
Interest and dividends from investments				-	-	-
Local authorities fuel tax, fines, infringement fees, and other						
receipts					***	
Total operating funding (A)	1,358	1,188	1,686	1,543	409	346
Anniinations of annuating funding						
Applications of operating funding	015	2.620	000	1.202	400	022
Payments to staff and suppliers	815	3,630	999	1,362	499	933
Finance costs			205	-		-
Internal charges and overheads applied	307	134	295	96	149	48
Internal interest charged Other operating funding applications	54	268	179	268	90	140
Total applications of operating funding (B)	1,177	4,032	1,474	1,726	738	1,121
Total applications of operating failuring (b)	2,211	4,002	2,414	2,120	150	-,
Surplus (deficit) of operating funding (A - B)	181	(2,844)	213	(183)	(329)	(775)
Sources of capital funding Subsidies and grants for capital expenditure Development and financial contributions Increase (decrease) in debt Gross proceeds from sale of assets Lump sum contributions Other dedicated capital funding Total sources of capital funding (C)	62	3,053	1,545	2,717 - 364 - - - 3,081	1,208	44 - 808 - - - 852
Total sources of capital funding (C)	02	3,053	1,545	3,081	1,208	852
Application of capital funding Capital expenditure						
- to meet additional demand				-	-	-
- to improve the level of service		217		3,457	710	65
- to replace existing assets	798	222	2,691	672	635	456
Increase (decrease) in reserves	(556)	(230)	(933)	(1,230)	(467)	(443)
Increase (decrease) of investments				-	-	-
Total applications of capital funding (D)	243	209	1,757	2,898	879	77
Surplus (deficit) of capital funding (C-D)	(181)	2,844	(213)	183	329	775
Funding balance ((A-B) + (C-D))	•	•	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge		(410)	(275)	(435)	(137)	(217)

FUNDING IMPACT STATEMENT FOR 1 JULY 2020 TO 31 DECEMBER 2020 FOR WASTE MANAGEMENT

	2019/20 AP \$000	2019/20 Actual \$000	2020/21 AP \$000	2020/21 Forecast \$000	YTD AP \$000	YTD Actual \$000
Sources of operating funding						
General rates, uniform annual general charges, rates penalties				-	-	-
Targeted rates (other than a targeted rate for water supply)	984	984	1,260	1,260	273	273
Subsidies and grants for operating purposes				250	-	250
Fees and charges	641	635	635	653	317	334
Internal charges and overheads recovered				-	-	-
Internal interest income				-		
Interest and dividends from investments				-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts				-		-
Total operating funding (A)	1,626	1,620	1,897	2,163	590	857
Applications of operating funding Payments to staff and suppliers Finance costs Internal charges and overheads applied Internal interest charged Other operating funding applications	1,299 - 224 58	1,511 21 52 197	1,512 216 61	1,548 - 60 196	768 - 109 31	666 - 13 102
Total applications of operating funding (B)	1,582	1,781	1,790	1,804	908	781
Surplus (deficit) of operating funding (A - B) Sources of capital funding	44	(161)	107	359	(318)	76
Subsidies and grants for capital expenditure						
Development and financial contributions						
Increase (decrease) in debt	570	473	(107)	61	318	253
Gross proceeds from sale of assets						
Lump sum contributions				-		
Other dedicated capital funding						
Total sources of capital funding (C)	570	473	(107)	61	318	253
Application of capital funding Capital expenditure - to meet additional demand						
- to improve the level of service	570	312		614		522
- to replace existing assets	310	312		014		322
Increase (decrease) in reserves	44			(194)		(193)
Increase (decrease) of investments				(154)		(133)
Total applications of capital funding (D)	614	312		420		329
Total applications of capital fanding (b)				420		323
Surplus (deficit) of capital funding (C-D)	(44)	161	(107)	(359)	318	(76)
Surplus (deficit) of capital funding (C-D) Funding balance ((A-B) + (C-D))	(44)	161	(107)	(359)	318	(76)

FUNDING IMPACT STATEMENT FOR 1 JULY 2020 TO 31 DECEMBER 2020 FOR TRANSPORT

	2019/20 AP \$000	2019/20 Actual \$000	2020/21 AP \$000	2020/21 Forecast \$000	YTD AP \$000	YTD Actual \$000
Sources of operating funding						
General rates, uniform annual general charges, rates penalties	62	62	101	101	17	17
Targeted rates (other than a targeted rate for water supply)	3,449	3,449	3,594	3,594	956	956
Subsidies and grants for operating purposes	6,744	6,429	7,887	6,738	3,966	2,904
Fees and charges	49	54	52	78	26	52
Internal charges and overheads recovered				-		
Internal interest income				-		
Interest and dividends from investments				-		
Local authorities fuel tax, fines, infringement fees, and other receipts				-		-
Total operating funding (A)	10,305	9,994	11,635	10,511	4,965	3,929
Applications of operating funding Payments to staff and suppliers	8,747	8,254	8,526	8,685	4,300	4,057
Finance costs		*		-	-	
Internal charges and overheads applied	1,635	89	1,562	1 402	791	720
Internal interest charged Other operating funding applications	3	1,412	39	1,403	19	728
Total applications of operating funding (B)	10,385	9,755	10,127	10,088	5,110	4,785
The second secon		-,	,		0,==0	.,,
Surplus (deficit) of operating funding (A - B)	(80)	239	1,509	423	(145)	(856)
Sources of capital funding Subsidies and grants for capital expenditure Development and financial contributions Increase (decrease) in debt Gross proceeds from sale of assets Lump sum contributions Other dedicated capital funding Total sources of capital funding (C)	10,029 - 426 - 8 - -	11,694 (182)	11,568 - (1,508) - - - -	15,421 - (423) - - - - 14,998	6,178 - 145 - - - - -	7,618 - 856 - - - 8,474
Application of capital funding						
Capital expenditure						
- to meet additional demand	7.000	F 240		4.000	4.004	4 200
- to improve the level of service	7,882	5,248	6,362	4,886	1,994	4,280
- to replace existing assets	4,893	8,456	7,120	13,147	5,196	3,982
Increase (decrease) in reserves	(2,393)	(1,953)	(1,914)	(2,611)	(1,012)	(643)
Increase (decrease) of investments Total applications of capital funding (D)	10 202	11.751	11 560	15 404	6 170	7.610
Total applications of capital funding (D)	10,383	11,751	11,568	15,421	6,178	7,618
Surplus (deficit) of capital funding (C-D)	80	(239)	(1,509)	(423)	145	856
Funding balance ((A-B) + (C-D))		<u>.</u>	•	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge		(4,185)	(3,142)	(3,659)	(1,571)	(1,833)

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FUNDING IMPACT STATEMENT FOR 1 JULY 2020 TO 31 DECEMBER 2020 FOR COMMUNITY FACILITIES

	2019/20 AP \$000	2019/20 Actual \$000	2020/21 AP \$000	2020/21 Forecast \$000	YTD AP \$000	YTD Actual \$000
Sources of operating funding						
General rates, uniform annual general charges, rates penalties	767	767	786	786	213	213
Targeted rates (other than a targeted rate for water supply)	1,452	1,452	1,256	1,256	403	403
Subsidies and grants for operating purposes	60	29	39	51	20	(305)
Fees and charges	48	66	70	80	35	45
Internal charges and overheads recovered				-	-	-
Internal interest income				-	-	-
Interest and dividends from investments				1		1
Local authorities fuel tax, fines, infringement fees, and other receipts				-		-
Total operating funding (A)	2,327	2,314	2,151	2,174	671	357
Applications of operating funding Payments to staff and suppliers Finance costs	1,737	1,837	1,908	1,891	971	948
Internal charges and overheads applied	299	142	290	57	147	28
Internal interest charged Other operating funding applications	23	268	69	269	35	142
Total applications of operating funding (B)	2,060	2,247	2,268	2,217	1,153	1,118
, , , , , , , , , , , , , , , , , , ,						
Surplus (deficit) of operating funding (A - B)	267	67	(116)	(43)	(482)	(761)
Sources of capital funding Subsidies and grants for capital expenditure Development and financial contributions Increase (decrease) in debt Gross proceeds from sale of assets Lump sum contributions Other dedicated capital funding Total sources of capital funding (C)	127 - - - -	51	600 627	424 - 157 - - - 581	533 - - - 533	327 - 811 - - - 1,138
Application of capital funding Capital expenditure			-			
- to meet additional demand						
- to improve the level of service	121	153	1,546	635	29	413
- to replace existing assets	230	58	78	37	54	2
Increase (decrease) in reserves	44	(93)	(513)	(134)	(32)	(38)
Increase (decrease) of investments		(55)	(313)	(154)	(32)	(55)
Total applications of capital funding (D)	395	118	1,111	538	51	377
Total applications of capital funding (D)			-,	330	31	3//
Surplus (deficit) of capital funding (C-D)	(267)	(67)	116	43	482	761
Funding balance ((A-B) + (C-D))			•	-		
Expenses for this activity grouping include the following depreciation/amortisation charge		(262)	(237)	(218)	(118)	(102)

FUNDING IMPACT STATEMENT FOR 1 JULY 2020 TO 31 DECEMBER 2020 FOR PLANNING AND REGULATORY

2 193 4 1,219 2 - 631 	193 1,219 - 782 2,194	31 300 - 399 - - - - - 730	31 300 - 517 - - -
4 1,219 2 - 9 631 	1,219 - 782 - - -	300 - 399 - - -	300 - 517 - - -
631	782 - - -	399 - - - -	- 517 - - -
631	782 - - -	399 - - - -	-
			-
	2,194	730	
	2,194	730	-
	2,194	730	-
	2,194	730	-
7 2,044	2,194	730	0.40
2,044	2,194	730	
			848
			570
		1,018	573
			5
			3
7	533	4	256
2 621	1.737	1.325	837
2,021	1,757	1,323	631
(577)	457	(595)	11
	- (457) - -	595 - -	- (11) - -
650	(457)	595	(11)
	-		-
	-		-
-	-		-
) 73	-		-
	-	-	-
- 73	-		-
5 577	(457)	595	(11)
			-
) (74)	(70)	(37)	(35)
	6 650 6 650 6 650 73 73 6 577	2	2 2,015 1,193 1,018 2 - 5 - 0 598 6 303 9 7 533 4 3 2,621 1,737 1,325 6 650 (457) 595 6 650 (457) 595 73 73 6 577 (457) 595

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FUNDING IMPACT STATEMENT FOR 1 JULY 2020 TO 31 DECEMBER 2020 FOR LEADERSHIP AND GOVERNANCE

	2019/20 AP \$000	2019/20 Actual \$000	2020/21 AP \$000	2020/21 Forecast \$000	YTD AP \$000	YTD Actual \$000
Sources of operating funding						
General rates, uniform annual general charges, rates penalties	2,705	2,705	2,603	2,603	750	750
Targeted rates (other than a targeted rate for water supply)	655	655	540	540	182	182
Subsidies and grants for operating purposes		496	115	1,462	58	730
Fees and charges	312	219	302	250	151	99
Internal charges and overheads recovered				-		
Internal interest income				-		
Interest and dividends from investments						-
Local authorities fuel tax, fines, infringement fees, and other receipts				-		
Total operating funding (A)	3,672	4,075	3,561	4,855	1,141	1,761
Applications of operating funding						
Payments to staff and suppliers	1,817	1,849	1,971	3,207	993	1,589
Finance costs	1		1	-		-
Internal charges and overheads applied	1,630	12	1,644	3	833	1
Internal interest charged	3	1,551	31	1,594	16	839
Other operating funding applications				-		-
Total applications of operating funding (B)	3,450	3,412	3,647	4,804	1,842	2,429
Surplus (deficit) of operating funding (A - B)	222	663	(86)	51	(701)	(668)
Sources of capital funding Subsidies and grants for capital expenditure Development and financial contributions Increase (decrease) in debt Gross proceeds from sale of assets Lump sum contributions Other dedicated capital funding Total sources of capital funding (C)	6	51 (95)	86	76 - (51) - - - 25	701	72 - 668 - - - 740
Application of capital funding						
Capital expenditure						
to most additional domand						
- to meet additional demand			-	7.0		- 70
- to improve the level of service	11	629		76		72
to improve the level of serviceto replace existing assets	11	36		76		- 72 -
 to improve the level of service to replace existing assets Increase (decrease) in reserves 				76 - -		- 72 - -
 to improve the level of service to replace existing assets Increase (decrease) in reserves Increase (decrease) of investments 	11 207	36 (46)				-
 to improve the level of service to replace existing assets Increase (decrease) in reserves 	11	36		76 - - - 76		72 - - - - 72
 to improve the level of service to replace existing assets Increase (decrease) in reserves Increase (decrease) of investments 	11 207	36 (46)	:		701	-
- to improve the level of service - to replace existing assets Increase (decrease) in reserves Increase (decrease) of investments Total applications of capital funding (D)	207 -	36 (46)	•	76		72

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FUNDING IMPACT STATEMENT FOR 1 JULY 2020 TO 31 DECEMBER 2020 FOR CORPORATE FUNCTIONS

	2019/20 AP \$000	2019/20 Actual \$000	2020/21 AP \$000	2020/21 Forecast \$000	YTD AP \$000	YTD Actual \$000
Sources of operating funding						
General rates, uniform annual general charges, rates penalties	(56)	(56)	(160)	(160)	(16)	(16)
Targeted rates (other than a targeted rate for water supply)	(1,469)	(866)	(586)	(586)	(407)	(407)
Subsidies and grants for operating purposes				165		-
Fees and charges	117	168	171	175	86	90
Internal charges and overheads recovered	5,119	4,685	5,314	4,905	2,690	2,537
Internal interest income	265	796	1,295	303	647	
Interest and dividends from investments	570	750	761	439	381	(67)
Local authorities fuel tax, fines, infringement fees, and other receipts	87	75	88	81	44	36
Total operating funding (A)	4,634	5,552	6,885	5,322	3,425	2,173
Applications of operating funding Payments to staff and suppliers Finance costs	5,059 126	4,786 416	5,385 201	5,253 88	2,739 101	2,685 (27)
Internal charges and overheads applied	122	39	166		83	(135)
Internal interest charged	233	120	1,006	143	503	72
Other operating funding applications			.,			
Total applications of operating funding (B)	5,540	5,361	6,759	5,484	3,426	2,595
Surplus (deficit) of operating funding (A - B)	(906)	191	126	(162)	(1)	(422)
Sources of capital funding Subsidies and grants for capital expenditure Development and financial contributions Increase (decrease) in debt Gross proceeds from sale of assets Lump sum contributions Other dedicated capital funding Total sources of capital funding (C)	437 5	28	1,261 16 	549 - - - -	735 8 -	- 488 - - -
Application of capital funding						
Capital expenditure						
- to meet additional demand						
- to improve the level of service	647	340	1,336	569	261	141
- to replace existing assets	306	240	195	155	570	72
Increase (decrease) in reserves	(1,417)	(361)	(127)	(337)	(89)	(147)
Increase (decrease) of investments	(1,111)	(501)	(127)	(551)	(05)	(241)
Total applications of capital funding (D)	(464)	219	1,403	387	742	66
Total applications of capital failing (b)	(404)		2,403	301	142	
Surplus (deficit) of capital funding (C-D)	906	(191)	(126)	162	1	422
Funding balance ((A-B) + (C-D))				-		-
Expenses for this activity grouping include the following depreciation/amortisation charge		(104)	(659)	(662)	(330)	(330)



Each year the Council budgets for a number of projects varying from computer purchases through to infrastructural improvements.

These projects form part of our work in project budget and are funded in one of 3 ways:

Reserve funding: Reserves are built up each year from depreciation (a non-cash charge which forms part of our expense in the statement of comprehensive income) and from retained earnings (when a project was rated for in one year but not completed or deferred – the residual budget that was rated for is transferred to reserves and then this is utilised in future periods to ensure projects are not rated for twice).

Loan funding: Borrowings are used to fund capital projects which exceed reserve amounts, , or for brand new assets for which no alternative funding is available. This ensures intergenerational equity in costs.

Subsidies / grants: Subsidies and/or grants can cover all or part of a project cost. Council has a number of PGF grants which fully cover current projects. NZTA subsidies are received on a cost share basis, ranging from a minimum of 75% of the cost of roading infrastructure that meet the NZTA criteria.

Sale proceeds: For some assets, in particular vehicles, sale proceeds of a fully or partially depreciated asset are utilised in conjunction with the depreciation reserve to fund a replacement purchase. Insurance proceeds are used in the same way when relating to an asset replacement or repair.

Activity managers have reviewed the projects in their control and forecast spend and completion as at 30 June 2021. This has been assessed against the full year budget. Explanations have been provided for any projects which activity managers identified may have significant deviation from the original budget.

The projects have been split into 3 categories for reporting:

- 1. Unbudgeted externally funded projects
- 2. Budgeted projects on track
- 3. Current projects requiring highlight

The below projects are funded by PGF or other unbudgeted external funding:

As most of these projects were awarded after the 2021 Annual Plan was completed, there was no budget allocated and therefore they need to be reported separately as their inclusion in total projects would skew variance results.

	To 30 June 2021 (\$000)	Funding source				
	Forecast spend	Subsidy	Reserve	Loan		
Three waters	5,900	100%	0%	0%		
Community Facilities	364	100%	0%	0%		
Digital Hub	76	100%	0%	0%		
Roading	9,439	100%	0%	0%		
Waste Management	105	100%	0%	0%		
Total	15,884					

The below projects were budgeted for or arose out of business as usual operations.

	To 30 June 2021 (\$000)						Fun	ding sourc	e
	Forecast spend	Full year budget	Carryover from prior budgets	Total budget	Forecast variance		Subsidy	Reserve	Loan
Three waters	1,126	2,451	190	2,642	(1,516)	Α	0%	100%	100%
Administration	91	72	16	88	3		0%	100%	100%
Community Facilities*	408	313	33	346	62		0%	100%	100%
IT	173	44	103	147	26		0%	100%	100%
Engineering BAU	40	40		40			0%	60%	0%
Property**	248	145	80	225	24		0%	100%	100%
Roading BAU	10,877	9,686	3,821	13,507	(2,630)	В	76%	33%	0%
Waste Management	509		258	258	251	C	0%	100%	100%
Total	13,472	12,753	4,500	17,253	(3,780)	-			

^{*} Including carparks, footpaths, halls, playgrounds

A Variance relates to budgeted spend on Fitzroy Plant and flood control protection at intake not expected to be utilised by year end. The Fitzroy Plant is dependant on the Waste Water Consent before commencing.

B This variance relates to NZTA subsidies budgeted for not expected to be receive, refer also analysis in the financial statements.

C \$220K of this variance relates to the Recycling Centre Renewal which will be paid for by the waste levy.

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^{**} Pensioner and staff housing, commercial property

Issues have been identified with the below projects: either a need has arisen that was not budgeted for, or other constraints have occurred which mean the activity managers responsible have highlighted these projects.

		To 30 J	une 2021 (\$0	00)		
	Forecast spend	Full year budget	Carryover from prior budgets	Total budget	Forecast variance	Activity manager comment
Nuhaka River road PGF	940	-			(940)	PGF funding came after the development of the budget. Design changes have seen cost increase. This will be offset against emergency works, RS5613.
Tuai sand filters	35				(35)	Sandbeds are impacting on effluent quality, poor irrigation, sand used in original design no longer produced. Have to seek alternative product or design.
Pump station generators	60		122	122	62	3 generators, Fitzroy ready for install, project has been pulled into stimulus fund.
Library building	150	1,500		1,500	1,350	Likely carryover for expanded development.
Mahia boat area lighting	2		9	9	7	Uncertain of completion this financial year.
Sewerage capital expenditure	53				(53)	Old cabling causing electrical issues at ponds - risk of non-compliance. No budget as issue was not known at the time of the annual plan.
Replacement building for long term archive storage	6	1,000		1,000	994	Council endorsed Library/Archives development on 20 Oct. Previous CEO approved spend for Stage 1 (<100k) from existing funds. Progress stalled due to EDC's reluctance to proceed without external funding for Stage 1. Team making application for grants.
Tuai playground equipment		40		40	40	Carryover from previous budgets to facilitate Tuai playground redevelopment, subject to community led design and delivery, this is an ongoing project, supported by council. Will likely be carry over again due to slow community development
Basketball court			100	100	100	Delays due to COVID19 and PGF funding taking priority. Unlikely to be developed this FY, may need to carryover/reassess in LTP
Pavement Rehabilitation	756	756		756	-	This budget is not approved through Waka Kotahi. However, there is allowance in the low cost low risk Waka Kotahi budget (TIO) that will be used to offset this amount.
Traffic services renewals	81	231		231	150	M,O, & R cost scope adjustment saw this budget being reduced in Waka Kotahi (TIO)
Rangatahi dropout repair (PGF Project)	1,100	-	-		(1,100)	PGF - funding came after the development of the budget. Nuhaka River Road design costs mean this needs to be offset by RS5613, as this is an original emergency works project.

8.5 UPDATES TO THE REVENUE AND FINANCING POLICY AND RATES REMISSION AND POSTPONEMENT POLICIES

Author: Gary Borg, Pouwhakarae – Pūtea / Tautāwhi Rangapū Group Manager

Finance and Corporate Support

Authoriser: Kitea Tipuna, Tumu Whakarae Taupua Interim Chief Executive Officer

Appendices: 1. Proposal U

2. Draft Revenue and Financing Policy <a>J

3. Draft Funding Needs Analysis J

4. Draft Rating Policy <a>J

5. Draft Rates Remissions and Postponement Policies J

1. PURPOSE

1.1 The purpose of this report is to present an updated Revenue and Financing Policy and Rates Remissions and Postponement Policies

RECOMMENDATION

The Pouwhakarae – Pūtea / Tautāwhi Rangapū Group Manager Finance and Corporate Support RECOMMENDS that Council:

- A. Adopts the Statement of Proposal to Update the Revenue and Financing Policy and Rates Remission and Postponement Policies for Consultation in accordance with the proposed consultation plan.
- B. Adopts the draft updated Revenue and Financing Policy for public consultation
- C. Adopts the draft updated Rates Remissions and Postponement Policies for public consultation
- D. Adopts the draft Rating Policy subject to consultation on the updated Revenue and Financing Policy
- E. Adopts the draft Funding Needs Analysis to inform consultation on the updated Revenue and Financing Policy
- F. Chooses consult under the provisions of section 82 of the Local Government Act 2002 to consult the community on proposed changes to the attached policies.

EXECUTIVE SUMMARY

2. REVENUE AND FINANCING POLICY

- 2.1 Council undertook a rating review in 2020 which culminated in the adoption of changes to its rating system, finalised on 12 January 2021.
- 2.2 In order to give effect to this decision the changes must be incorporated in Council's Revenue and Financing Policy, a mandatory component of the Long-term Plan.
- 2.3 The Revenue and Financing Policy defines the Council's funding framework, including
 - 2.3.1. the sources of revenue it will apply to each of its activities,
 - 2.3.2. its utilisation of funding tools, and

- 2.3.3. how the required revenue from rates will be calculated, applied and distributed.
- 2.4 The draft updated Revenue and Financing Policy is attached as **Appendix 2**.
- 2.5 Council has completed a funding needs analysis, that informs the Revenue and Financing Policy. This analysis examines, for each of Council's activities, sources of revenue available and the proportion of the total that each source should constitute, having regard to the canons of S101(3) [Financial Management] of the Local Government Act 2002 (LGA), balanced against the availability of these revenue sources and the practicalities of their use for the respective activities. This analysis is attached as Appendix 3.
- 2.6 To enable Council to respond to future changes relating to land use, valuations and the delivery and consumption of Council activities it is also proposed that Council adopts a Rating Policy. The draft policy, attached as **Appendix 4**, would enable Council to moderate factors, classifications and thresholds as these circumstances arise whilst remaining faithful to the fundamental principles contained in the Revenue and Financing Policy.

3. RATES REMISSIONS AND POSTPONEMENT POLICIES

- 3.1 In order to maintain a current, consistent and relevant suite of funding and rating policies it is timely and appropriate to review the rates remissions and postponement policies.
- 3.2 The proposed updates to these policies were endorsed by Council's Finance Audit and Risk Committee on 19 January 2021 and are attached as **Appendix 5**.
- 3.3 These policies have been updated to reflect the intentions of Council with regards to the specific circumstances they serve to remedy, recent developments in legislation and to be consistent with direction and feedback received during the rating review.

4. OPTIONS

- 4.1 The options identified are:
 - a. Adopt the proposal, policies and analysis presented for consultation.
 - b. Adopt some of the policies for consultation.
 - c. Do nothing
- 4.2 Option (a) would enable Council to proceed and follow through with its decisions as a result of the rating review and would enable Council to implement effective relevant policies.
- 4.3 Under option (b) any policies not discarded would not be implemented.
- 4.4 Under option (c) all existing policies and methodologies would be retained.
- 4.5 The preferred option is *a. Adopt the proposal, policies and analysis presented for consultation,* this contributes to the following community outcomes

Economic wellbeing	Social and Cultural Wellbeing	Environmental Wellbeing
1. A strong prosperous and thriving economy	6. Strong district leadership and a sense of belonging	

5. CORPORATE CONSIDERATIONS

What is the change?

5.1 This proposal initiates the update and implementation of key financial policies.

Compliance with legislation and Council Policy

5.2 The policies have been written and processes undertaken in accordance with the relevant provisions of the Local Government Act 2002 and the Local Government (Rating) Act 2002. These are referenced in the **appendices**.

What are the key benefits?

5.3 The key benefits are the implementation of rating policies that support Council's objective of delivering a rating system that is Simple, Affordable and Appropriate, a suite of Rates Remissions and Postponement Policies that are relevant and current; and will provide guiding principles for future decisions regarding funding and rating.

What is the cost?

5.4 There is minimal additional cost to proceeding with this matter associated with consultation.

What is the saving?

5.5 Not applicable

Service delivery review

5.6 Not applicable

Māori Standing Committee

- 5.7 While funding and rating is not specifically part of the Māori Standing Committee's terms of reference, the committee has been involved in earlier stages of the rating review and there has been specific engagement to stakeholder groups including iwi.
- 5.8 These policy updates will be shared with the MSC for feedback

6. SIGNIFICANCE

- 6.1 Impact This matter affects all ratepayers and potentially other Council customers
- 6.2 Rating and Council's funding is of perpetual public interest
- 6.3 This decision has no impact on budgets or financial capacity
- 6.4 This decision can only be reversed by initiating a new proposal and consultation
- 6.5 There will be no impact on service levels
- 6.6 There will be no impact on strategic assets
- 6.7 There will be no impact on the way a strategic activity is delivered
- 6.8 The Revenue and Financing Policy is a critical policy. Notwithstanding this matter largely pertains to matters upon which Council has already undertaken extensive analysis and

consultation. This decision essentially concerns the technical implementation of decisions taken as a result of this activity. On balance, this decision is assessed as moderate significance.

7. RISK MANAGEMENT

7.1 In accordance with the Council's Risk Management Policy the inherent risks associated with this matter are:

Human	Financial	Regulatory
Low	Medium	Medium
Operations	Employees	Image & Reputation
Low	Medium	High

Who has been consulted?

Council undertook full public consultation on the rating review and continues to receive feedback on its decisions. There is ongoing dialogue with the community.

Revenue and Financing Policy and Rates Remission and Postponement Policies are significant policies and further consultation is required. Therefore, although has a comprehensive understanding of community views on this matter, consultation according to S82 of the LGA is proposed.

A Proposal for consultation is attached as **Appendix 1**, with a proposed consultation plan presented below.

Proposed consultation plan:

Date	Activity
9/02/2021	Council Meeting – Adopt RFP
10/02/2021	Consultation begins
Suggesting 16 th and 18 th Feb (one Mahia and one Wairoa)	Community meetings (x2)

12/03/2021	Submissions Close
23/03/2021 and 24/03/2021	Hearings
23/03/2020	Deliberations

A Rating Policy and Funding Needs Analysis do not require consultation, but their inclusion would inform the consultation process.

The Rates Remission Policies include specific provisions pertaining to Māori Land.

Further Information

Relevant information is available on Council's website and referenced in the proposal.

References (to or from other Committees)

Council – 3 November 2020 - Adoption of Rates Review Statement of Proposal

Council – 15 December 2020 - Rates Review Statement of Proposal – Hearings

Council – 22 December 2020 - Rating Review 2020 - Deliberation on Submissions and Decision-Making

Council – 12 January 2021 - Rating Review 2020 - Deliberation on Submissions and Decision-Making II

Finance Audit and Risk Committee – 19 January 2021 – 6 Yearly Review of Rates Remission and Postponement Policies

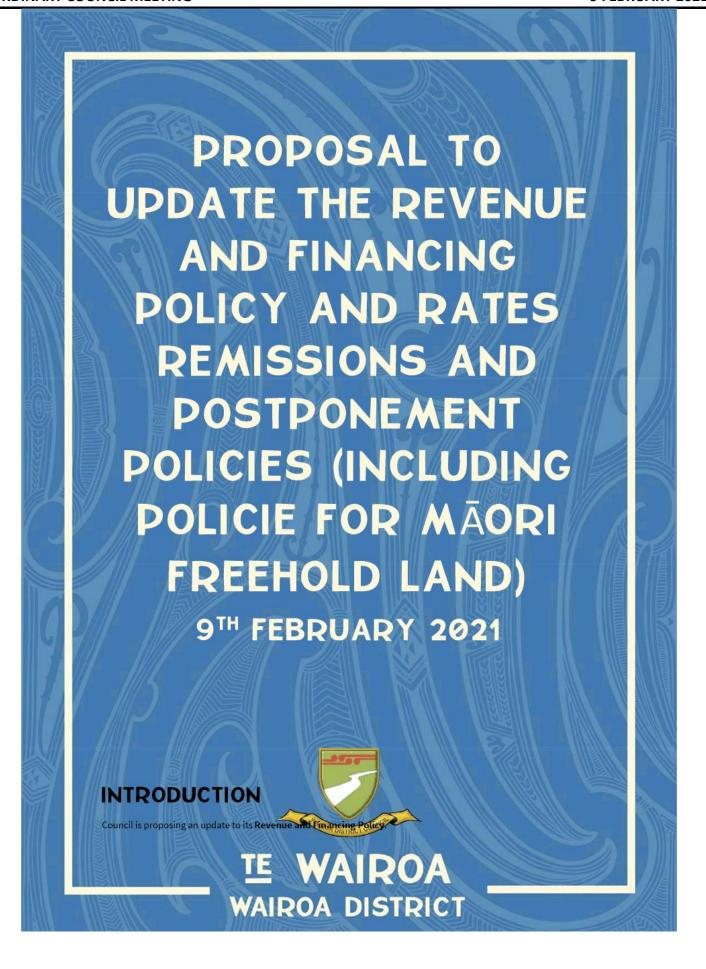
Confirmation of statutory compliance

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

Signatories





This matter affects everyone in the district and will determine how the Council derives the revenue it needs in order to undertake activities on behalf of the community at desired service levels for several years. Therefore, Council determines that is a matter of high significance, and presents this proposal for community consultation.

Council is seeking the community's views on the proposed changes. The full proposed Revenue and Financing Policy is included with this proposal.

There are three key elements to the policy:

- 1. Funding sources for operating costs
- 2. Funding sources for capital costs
- Rates

In addition, Council has reviewed its **Rates Remissions and Postponement Policies (including Remissions and Postponement Policies for Māori Freehold Land)**. This proposal incorporates consultation on these.

These changes are primarily to support the decisions of the 2020 Rating Review. Additional changes have been made to better reflect changes in community outcomes, operational changes and other and best practice in documenting these policies.

SUMMARY OF WHAT IS PROPOSED

REVENUE AND FINANCING POLICY

The full proposed policy is attached.

This revised policy describes all the funding sources available to Council and how Council uses those funding sources are applied to the funding of operating and capital expenditure.

The Policy shows how the Council has Complied with section 101(3) of the Local Government Act 2002 (LGA) including:

- A summary of the result of the detailed analysis of the completing the Funding Needs Analysis of LGA s101(3)(a) for
 operating expenses.
- An analysis of the process Council applies to applying the Funding Needs Analysis of LGA s101(3)(a) for capital
 expenses.
- Council's policies in applying the requirements of LGA s.101(3)(b).

Overall, the Revenue and Financing Policy addresses, at the level specified by the legislation, the relevant matters necessary to give effect to the outcomes of the 2020 Rating Review. Some matters relevant to the review such as the definition of rating categories and factors will be included in the rating Funding Impact Statement as supporting information to the LTP Consultation Document. Furthermore, the LTP Consultation Document will include rates samples showing the impact of the rating review, valuation changes and the 2021/22 budgets.

1. FUNDING SOURCES FOR OPERATING COSTS

Council has completed a review of its 32 activities and determined appropriate funding sources for each, and an appropriate allocation of the revenue requirements among user groups and ratepayers. The objectives of the

proposed update to the policy are to maximise external revenue sources and establish appropriate and practical ranges for other sources, particularly among fees, charges and rates.

In its Annual Plan for the Year Ending 30 June 2021, Council's operating costs were funded in the following proportions.



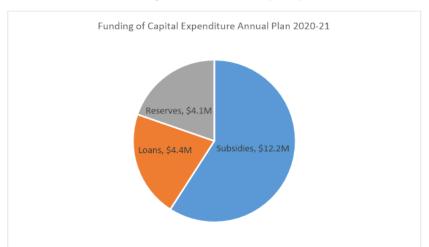
The draft policy details the sources of revenue that Council intends to use to pay for operating costs and why.

2. FUNDING SOURCES FOR CAPITAL EXPENDITURE

Council has also determined guiding principles for the funding of capital expenditure. In considering options Council must look to the long-term and take account of prudence and intergenerational equity, noting that an investment in future service levels today has cost implications for many years to come.

The main sources of funding for capital expenditure that Council currently employs are subsidies, reserves and borrowing. The draft policy sets down guidelines for when these sources should be used.

In its Annual Plan for the Year Ending 30 June 2021, Council's capital expenditure was funded as follows:



The draft policy considers when these sources are most suitable, along with the availability of other funding.

3. CALCULATION AND ALLOCATION OF RATES

9 FEBRUARY 2021

In 2020 Council consulted with the community on a change to its rating system, and subsequently adopted a change with the following features:

- A general rate calculated on the capital value of all rateable land to fund the rates revenue for all
 activities available to the whole district, differentiated as follows (by land use):
 - i. Commercial
 - ii. Forestry
 - iii. Residential
 - 1. Capital value above \$399,999
 - 2. Capital value below \$399,999
 - iv. Rural
- A uniform annual general charge calculated as a percentage of the total general rate, at 50% of its previous calculated amount
- c. Targeted rates applied as a fixed amount per rating unit, or connection, applied to those rating units which receive or have available the following services:
 - i. Solid waste management
 - ii. Water supply (water by meter rates will continue to apply)
 - iii. Wastewater
 - iv. Stormwater
- d. 10% of the rates for activities identified in c) to be allocated through the capital value general rate.

The draft Revenue and Financing Policy has been updated to reflect these changes.

Council has already consulted on these matters in the 2020 Rating Review and has a good understanding of the community views on these matters. Council made significant changes to the General Rate differentials consulted on in the 2020 Rating Review Proposal following community feedback.

Council is consulting on the Proposed Revenue and Financing Policy. The final adopted Policy must be included in the adopted Long-term Plan.

Supporting information to this proposal is:

- Funding Needs Analysis
- Rating Policy
- 2020 Rating Review Statement of Proposal
- Extract from Agendas and Minutes of Council meeting 10 December 2020 and 12 January 2021

RATES REMISSIONS AND POSTPONEMENT POLICIES

Rates Remissions and Postponement Policies enable Council to adjust rate liabilities for specific circumstances with the intention of mitigating the effects of any perceived disadvantages or inconsistencies that rating legislation may impose. It is appropriate that Council, having conducted a rating review and a review of its Revenue and Financing Policy, also considers updates to these policies.

The draft updates to the Rates Remissions and Postponement Policies are attached to this proposal, and summarised in the table below:

POLICY PART	EXISTING	ACTION	FOR CONSULTATION
Policy Objectives	Yes	Keep – No Change	Policy Objectives
Definitions	Yes	Keep – No Change	Yes
Remission of Rates on Land Owned of Used by Community or Charitable Organisations	Yes	Keep but alter minor changes	Yes
Remission of Penalties Added to Unpaid Rates	Yes	Replace with Remission of Penalties	Remission of Penalties
Remission of Uniform Annual General Charges and Targeted Rates in Certain Circumstances: non-rural land	Yes	Keep – No Change	Yes
Remission of Uniform Annual General Charges and Targeted Rates for Rural Land	Yes	Keep – No Change	Yes
Remission on Land Used for Outstanding Landscape, Cultural, Historical or Conversation Purposes	Yes	Keep – No Change	Yes
Policy for Remission and Postponement of Rates on Māori freehold land	Yes	Keep – No Change	Yes
Policy for Remission of Rates on Coastal Rural Land Used for Grazing Purposes	Yes	Keep – No Change	Yes
Remission of Rates on Land Only Partially in the Wairoa District	Yes	Keep – No Change	Yes
Postponement of Rates on Landlocked General Title	Yes	Keep – No Change	Yes
Remission of Excess Water Rates	Yes	Replace with Remission Water Meter Rates Attributable to Water Leaks	Remission Water Meter Rates Attributable to Water Leaks
Rates Arrears Payment Arrangements	No	New Policy	Yes
Abandoned Land and Rates Sales Rates Remissions	No	New Policy	Yes
Non-Contactable Owners Rates Postponement Policy – Māori freehold land	No	New Policy	Yes
Partial use of Māori freehold land	No	New Policy	Yes
Remission of Rates for Land Used for Papakāinga Housing	Yes	Keep – No Change	Yes

This revised policy replaces the previous describes all of Council's Remission and postponement policies including the objective each policy and the criteria to be meet to receive the remission or postponement.

Council is aware that the Local Government (Rating of Whenua Māori) Amendment Bill 2020 is part way through the Parliamentary processes. This Bill would change the remission of rates on Māori freehold land. The proposed policy is not able to include matters from the Bill.

FURTHER INFORMATION

- A. To support its review of funding sources Council undertook a detailed funding needs analysis for its various activities to establish realistic funding ranges for each source of income. This analysis is appended to the draft policy.
- B. Council also intends to introduce a Rating Policy. It is expected that the principles contained in the Revenue and Policy will remain valid for many years. However, triennial rating valuations, significant changes in land use and the consumption of Council activities could vary sufficiently to necessitate review of the factors attributed to land use differentials, the amount of the Uniform Annual General Charge, the classifications of land use categories and so on. A Rating Policy will enable Council to respond to such circumstances as required. The draft Rating Policy is therefore also appended to support this proposal.
- C. Council's existing Revenue and Financing Policy can be found on Council's website at https://www.wairoadc.govt.nz/assets/Document-Library/Policies/REVENUE-FINANCING-POLICY.pdf and is available at Council offices
- D. Council's current Rates Remissions and Postponement Policies are on Council's website at https://www.wairoadc.govt.nz/assets/Document-Library/Policies/Rates-Remissions-Policies.pdf also available at Council offices.

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Proposed Revenue and Financing Policy

Purpose and scope

- 1. This policy outlines the choices Council has made in deciding the appropriate sources of funding for operating and capital expenditure from those sources listed in the Local Government Act 2002 (LGA). The policy also shows how the Council complied with section 101(3) of the LGA which sets out a number of factors we must consider when making these decisions. A comprehensive analysis of this is included in the Funding Needs Analysis (Appended).
- Deciding the best way to fund activities is complex. Applying the legislation is complex and involves many statutes, regulations and multiple statutory policies. The outcome of balancing all those matters requires judgement having considered many factors including but not limited to:
 - Legal.
 - Social.
 - Competition.
 - Affordability.
 - Impact of change.
- Efficiency.
- Equity.
- Cost.
- Intergenerational equity.
- Transparency.
- Accountability.
- Business.
- Strategic Alignment.

Policy

Funding sources for operating costs

- Operating costs are the everyday spending on the services Council provides. This includes contributions to the wear and tear on assets used (depreciation), interest charged on borrowing for capital projects and overheads.
- The funding of each activity must be considered individually. Some activities may be best funded by user charges, such as building consents, others with targeted rates, such as water, and others from the general rate, such as roading.
- The funding sources used for operating costs are described in the following sections.

User Charges

- User charges are applied to services where it is identified there is a benefit to an individual or group, or directly attributable cost. User charges are a broad group of fees charged directly to an individual or entity including but not limited to:
 - Service charges.
 - Hire.
 - Rent, lease, licences for land and buildings.
 - Permits.
 - Regulatory charges.
- Fines and penalties.
- Connection fees. Disposal fees.
- Deposits.
- Private works.
- Planning and consent
- Statutory charges.
- Retail sales.
- Landing fees
- The price of the service is based on a number of factors, including but not limited to:
 - a. The cost of providing the service.
 - The estimate of the users' private benefit from using the service.
 - The impact of cost to encourage/discourage behaviours.
 - d. The impact of cost on demand for the service.
 - e. Market pricing, including comparability with other councils.

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- f. The impact of rates subsidies if competing with local businesses.
- g. Cost and efficiency of collection mechanisms.
- h. The impact of affordability on users.
- Statutory limits.
- j. Other matters as determined by the Council.
- 8. The ability to charge user charges is limited by various statutes and regulations. As a general rule, fees for statutory functions should be set at no more than the cost of providing the service. In some cases, legislation sets the fees at a level that is below cost and in other cases, where provided by legislation (such as the Waste Minimisation Act 2008) fees may be set at greater than the cost of providing the service. It is appropriate to incorporate overhead costs when determining the cost of providing a service.
- Where goods or services are sold commercially, and taking into consideration legislative limitations, the Council's preference is to charge a market price. This includes retail sales, leases, rents and licences for land and buildings.
- Fees and charges may be set at any time and are reviewed annually. A list of current fees and charges is maintained on our website.
- 11. Revenue from user charges is allocated to the activity which generates the revenue.

Grants, sponsorship, subsidies and other income

12. Grants, sponsorship and subsidies are used where they are available. Many of these types of income are regular and predictable and can be budgeted for (for example Waka Kotahi NZTA roading subsidy). Some other types are unexpected or unpredictable and may not be able to be prudently budgeted (such as Provincial Growth Fund funding, reparation payments, civil defence and other reimbursements, legal settlements and insurance claims). These are applied as they arise to the corresponding activity or project.

Investment income and proceeds from the sale of assets

- The Council's approach to investments is documented in the Investment and Liability Management Policies. These investments generate income such as dividends, interest, and rents.
- 14. Income from all asset disposals are receipted to the activity that owns the asset. Generally, these proceeds are considered to be capital in nature. However, low value items may be used to fund operating costs. Council may resolve to utilise higher value proceeds for operating purposes if it is satisfied that it is prudent and in the community's interest.

Development contributions, financial contributions and lump sum contributions

- 15. Generally, there is little revenue from these funding sources to fund operating costs.
- 16. Lump sum contributions have been used for the Māhia and Ōpoutama wastewater schemes. which included a portion of operating cost (interest). Council has an Early Payment of Rates Policy enabling existing ratepayers for this scheme to pay future targeted rates for this in advance.
- Council will consider using lump sum contribution arrangements as a suitable funding option for future projects.
- 18. Financial contributions, relating to resource consents are collected and placed in a reserve fund. The use of this funds could include some operating costs. The Council does not currently take development contributions, but it is considering the use of these as part of its review of the District Plan. Should development contributions be implemented a portion of revenue funds the interest cost on debt for growth related capital projects and some financial contributions can be used for operating costs.

Reserve funds

19. Reserve funds are used for the purposes that they were created. Cash-backed reserve funds may

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be used to meet operating costs if the expenditure is consistent with the purpose of the fund.

Borrowing

20. The Council's approach to Borrowing is documented in the Investment and Liability Management Policies. The Council generally plans to fund all cash operating costs from sources other than borrowing but may in specific circumstances, where it determines it is prudent to do so, fund some operating costs from borrowing.

Rates

- Having exhausted all other funding sources, Council funds its remaining operating expenses from rates. For many activities this is the main funding source.
- 22. The Council may establish general or targeted rates to fund operating costs.

Summary of sources of funding for operation costs by activity

- The above funding sources were considered when determining the funding required from all sources (including general rates or targeted rates) for each activity in the Funding Needs Analysis, as required by section 101(3)(a).
- Table 1 shows the degree (expressed as a range) to which each funding source is used to fund operating costs following the s101(3)(a) assessment.
- 25. This s101(3)(a) assessment has been modified by the s101(3)(b) assessment. Actual contributions for each funding source to an activity may vary because of this step 2 assessment.
- 26. The ranges in Table 1 are expressed as a percentage of the revenue budgeted to fund each activity and are indicative only. They may change over time because of changes in expenditure requirements. Actual funding sources may differ from the budgeted funding sources.

Table 1: Operating Funding by Activity	User charges	Grants, subsidies & other	Invest. Income	Fin. and Dev. Conttrbutions	Reserve Funds	Borrowing	General Rates	Targeted rates
Water Supply*	0% -20%	0%	0% -20%	0%	0%	0%	0% -20%	80% - 100%
Wastewater	0% -20%	0%	0% -20%	0%	0%	0%	0% -20%	80% - 100%
Stormwater	0% -20%	0%	0% -20%	0%	0%	0%	0% -20%	80% - 100%
Waste Management	20% -40%	0%	0%	0%	0%	0%	0% -20%	40% - 60%
Airport	0% -20%	0%	0%	0%	0%	0%	80% - 100%	0%
Parking	0%	0%	0%	0%	0%	0%	100%	0%
Roading	0%	60% - 80%	0%	0%	0%	0%	20% -40%	0%
Camping Grounds	0% -20%	0%	0%	0%	0%	0%	80% - 100%	0%
Cemeteries	0% -20%	0%	0%	0%	0%	0%	80% - 100%	0%
Community Centre	0%	0%	0%	0%	0%	0%	80% - 100%	0%
Community Support	0%	0% -20%	0%	0%	0%	0%	80% - 100%	0%
Library	0% -20%	0%	0%	0%	0%	0%	80% - 100%	0%
Memorial Hall	0% -20%	0%	0%	0%	0%	0%	80% - 100%	0%
Parks and Reserves	0% -20%	0%	0%	0%	0%	0%	80% - 100%	0%
Resource Planning	0% -20%	0%	0%	0%	20% -40%	20% -40%	40% - 60%	0%
Environmental Health	0% -20%	0%	0%	0%	0%	0%	80% - 100%	0%

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Table 1: Operating Funding by Activity	User charges	Grants, subsidies & other	Invest. Income	Fin. and Dev. Conttrbutions	Reserve Funds	Borrowing	General Rates	Targeted rates
Building Control	40% - 60%	0%	0%	0%	0%	0%	40% - 60%	0%
Liquor Control	40% - 60%	0%	0%	0%	0%	0%	60% - 80%	0%
Bylaw Compliance	40% - 60%	0%	0%	0%	0%	0%	40% - 60%	0%
Community Representation	0%	0%	0%	0%	0%	0%	100%	0%
Māori Relationships	0%	0%	0%	0%	0%	0%	100%	0%
Economic Development	0% -20%	0%	0%	0%	0%	0%	80% - 100%	0%
Gaiety Theatre	80% - 100%	0%	0%	0%	0%	0%	0% -20%	0%
Visitor Information	0% -20%	0%	0%	0%	0%	0%	80% - 100%	0%
Pensioner Housing	100%	0%	0%	0%	0%	0%	0%	0%
Property	0% -20%	0% -20%	0% -20%	0%	0%	0%	80% - 100%	0%
Funds Management	0%	0%	100%	0%	0%	0%	0%	0%

Funding sources for capital costs

27. Capital costs are those costs associated with the purchase and improvement of assets, and the repayment of debt. The funding sources for capital costs are described in the sections that follow.

User charges

- 28. User charges are not often used for capital costs as individual user contributions would generally be too large to be affordable. Borrowing and charging users annually for financing costs (interest and principal) via rates is often a more affordable method of collecting user contributions for capital costs.
- 29. The Council may charge for capital works that are for private benefit (such as, a network extension to a single dwelling) or where capital works are undertaken outside of Asset Management Plans at the request of individuals (for example, a rural seal extension for dust suppression).

Grants, subsidies, and other income

- 30. The Council relies on significant subsidies for capital works relating to our transport activity. Grants and subsidies may be available for other activities from time to time.
- Other income can be from many and varied sources and is unlikely to be predictable enough to budget for in advance. Other income used to fund capital costs could include bequests, insurance claims, and legal settlements.
- 32. Grants, subsidies and other income are used wherever they are available.

Development contributions

33. Development Contributions (DCs) fund capital costs necessary to service growth. Council does not have a development contributions policy at this time and will consider this as part of the consideration of financial contributions in the review of the District Plan.

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Financial contributions

34. Financial contributions are collected under the Resource Management Act 1991 to avoid, remedy or mitigate adverse effects on the environment as conditions to resource consents. The requirements for these contributions are outlined in the District Plan. Contributions may be received in cash or as revenue by the vesting of assets.

Proceeds from the sale of assets

- 35. From time-to-time, assets are disposed of. Usually these are low value items and the revenue is received by the activity that owns the assets. In the case of short-life assets these proceeds would normally contribute to the cost of their replacement.
- 36. The Council holds some higher value assets for investment purposes which, although not budgeted for, could be sold. Unrestricted proceeds from the sale of these assets would be used to repay debt or supplement the corresponding asset replacement reserves, unless otherwise resolved. Restricted revenues would be placed in the appropriate reserve fund and used for the purpose required by the document that imposes the restriction.

Reserve funds

37. Reserve funds for capital projects are held and the funds are used when a project meets the specific criteria for accessing the reserve. This includes renewal funding derived from rates for operating costs such as depreciation and other accounting provisions.

Borrowing

- 38. The Council borrows to fund its asset programme. The amount of borrowing available is restricted by the debt limits set in the Financial Strategy.
- Borrowed funds, both the principal and interest (an operational cost), are generally repaid by future rates.
- 40. Borrowing spreads the cost of the project over a longer period of time, smoothing changes in rates and ensuring that future ratepayers who will enjoy the benefit of long-lived assets contribute to their costs.

Lump sum contributions

41. When undertaking a major project, there is an option to seek lump sum contributions to the capital cost of the project from those who are identified in the projects "capital project funding plan". Lump sum contributions are provided for in the Local Government (Rating) Act 2002 and have restrictions placed on how they are used. Where a lump sum payment option is proposed ratepayers may choose to pay the lump sum or not. If not, the rating unit will be liable to pay any targeted rate set to recover the loan costs.

Rates

- Rates are mostly used to fund everyday expenses including depreciation and interest costs related to borrowing.
- 43. A portion of rates funds the capital (principal) repayments of debt.
- Council may establish targeted rates to fund specific capital projects where there is a benefit of separate funding.
- 45. Council holds reserve funds for capital expenditure. Some of which has been sourced from rates.

Summary of sources of funding for capital costs by activity

46. Funding of Capital costs will be determined via the same principles as the operating costs funding policy unless the Council resolves otherwise. Such a resolution will follow the funding guidelines and in doing so will be consistent with this policy and not require an amendment to the policy. Existing projects (projects resolved prior to the adoption of this policy) will be funded according to the Annual Plan, Long-Term Plan or other resolution made at the time the Council approved the project. It is not practicable to determine a funding policy for all unknown future projects.

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The main difference is that it is the purpose of the expenditure will have more bearing on the funding available. Capital projects are often large in nature and will provide benefits over many years, and the funding approach must reflect this.

- 47. The Council uses the following guidelines when considering the funding of capital projects:
 - A Funding Needs Analysis will be completed where the project is not included in the capital works programme or is additional to planned services, or where its inclusion impacts on Council's overall funding capacity.
 - All projects are first funded from grants, subsidy or other external income where available.
 - c. Renewal projects that maintain the same service level are then funded from reserve funds set aside for that purpose.
 - General purpose funds or unrestricted reserve funds held for other complementary purposes are considered.
 - e. Lump sum rating options are considered.
 - f. Projects that have exhausted previous funding sources or are for new or increased service levels or for growth in infrastructure are then funded from debt.
- 48. A single project may have a mix of each of these funding options.
- 49. It is not practical to create separate funding policies for each and every capital project. The Council will only do this when a project is particularly large, affects a particular group or does not fit with an existing funding policy or activity.
- 50. Whenever funding a capital project, the Council will consider the available sources of funds, the Revenue and Financing Policy, and section 101(3) in applying the above guidelines to a capital project. Generally, the Council will resolve the funding policy at the time the project is proposed in an Annual or Long-Term Plan.

Overall funding consideration

- 51. The Council is required by section 101(3)(b) of the LGA to consider "the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural well-being of the community". This section allows that as a final measure, we may modify the overall mix of funding that would otherwise apply after the initial s101(3)(a) analysis for both operating and capital expenditure.
- 52. The following adjustments have been made:
 - a. The allocation of the rates liability between sectors of the rating base may be altered by using differentials on the general rate and certain targeted rates. The allocations in this Long-Term Plan were determined by the Council after consultation with the community in 2020. The Council may modify the differential factors during the term of the Long-Term Plan to reflect a change in rating valuations, or benefit, or to achieve better community outcomes or wellbeing.
 - This adjustment included an additional allocation of cost to the forestry differential for all activities, rather than just the incremental cost previously allocated from roading activities. The Council has decided this allocation to increase the rates to this sector is appropriate because of comparative negative community wellbeing impacts on the Wairoa community.
 - b. Rates affordability (people's ability to pay rates) is an issue in parts of the region. Adjustments to limit the impact of fixed rates on lower value homes were made so that rates are more affordable for lower value homes.
 - c. Fees and charges may be waived or discounted where it is considered appropriate to do so. Some matters we may consider in deciding whether it is appropriate to waive fees are for social reasons (e.g., the promotion of events and facilities) or commercial reasons (e.g., due to poor service or to minimise risk).

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- d. Rates may be remitted where it considered appropriate to do so and as allowed for in the Rates Remissions and Postponements Policies (including Māori Freehold Land). These policies address social matters as well as adjusting rates for benefits that differ for some rates assessments (such as additional or no provision of some services).
- The Council may use accounting provisions and reserve funds to spread the costs of activities over multiple years to smooth the cost to users and ratepayers.

Rates

- 53. Our final consideration of funding by rates comes:
 - After considering how other funding sources will be used to fund operating and capital costs.
 - b. After that rates have been applied to activities in the Funding Needs Analysis; and/or
 - c. After being adjusted for the overall funding considerations.
- 54. The following section outlines the Revenue and Financing Policy requirements that are used to set rates. To have a full understanding of rates they should be read with regards to the analysis above and in conjunction with the Rating Policy, Funding Impact Statement and Rates Resolution.

General rates

- 55. The general rate is allocated to all rateable properties based on the capital value of the property. A Uniform Annual General Charge (UAGC) will be set on each separately used or inhabited part (SUIP) of all rating units.
- 56. The Council has determined in its Funding Needs Analysis which activities should be funded from general rates (see Table 1).
- 57. The Council has chosen to differentiate the General Rate into four rating categories, applying five rating differentials:
 - a. Residential
 - i. Residential greater than \$399,999 CV
 - ii. Residential up to \$399,999 CV
 - b. Commercial.
 - c. Rural.
 - d. Forestry.
- 58. The Council primarily uses valuation data (specified in the Rating Valuations Rules) to determine the allocation of rating units to rating categories. The full definitions can be found in the Rating Policy and may change during the term of this Long-term Plan.
- 59. In setting the differential categories, and the differential factors, the Council considered the requirements of the LGA and other considerations, including:
 - The activities funded by the general rate and the s101(3) considerations for the activities
 - b. The impact of any change, or rate of change to the differential.
 - c. The views of those impacted by the differentials.
 - d. Other reasonable options, and the advantages and disadvantages of those options.
 - e. The overall impact of the differential on all ratepayers.
- 60. The UAGC is part of the general rates and is a fixed amount each year. The Council can set the UAGC based on an allocation of the cost of specific activities or at an amount the Council considers is appropriate. In past years, the Council has preferred to base the UAGC on the allocation basis. From 2021 the Council will set the UAGC at a level it considers appropriate.
- 61. The Council recognises the regressive nature of fixed rates. Rates affordability is a matter the Council considers when setting the UAGC. Council's remissions policies provide for some adjustment to UAGCs for properties where appropriate. During the term of this Long-term Plan

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- the Council may adjust the UAGC as part of its rate setting process in order to improve community wellbeing for current and/or future communities.
- 62. If the cost allocation from activities (as described in the Rating Policy) is amended, or an adjustment is made to the UAGC to improve community wellbeing, the amount removed from the UAGC will remain part of general rates.

Targeted rates

- 63. Targeted rates are finalised when adopting the Funding Impact Statement in the Long-Term Plan or an Annual Plan. The Council may introduce new targeted rates when setting rates in any year as documented in the respective year's Funding Impact Statement and Rates Resolution. The Council's requirement to consult is determined by s95A of the LGA.
- 64. The Council has chosen to have a small number of targeted rates and will provide transparency of how much a ratepayer's rates is contributing to activities by using better communication tools than the rates invoice. Information on targeted rates is listed in the Rating Policy, Rates Resolutions and Funding Impact Statement for each year.
- 65. The Council consulted on changes to targeted rates in its 2020 rates review, the outcomes of which are reflected in this and other relevant policies.

References

The Funding Needs Analysis, section 101(3), provides the background and analysis to
explain the funding decisions we have made. It is guided by the funding principles and
choices of funding sources documented in the Revenue and Financing Policy.

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- The Investment and Liability Management Policies place restrictions on the use of the proceeds from asset sales.
- The Rating Policy further clarifies funding requirements by documenting matters not included in the Funding Impact Statement, rates resolutions or this Revenue and Financing Policy. It includes definitions and, when applicable, maps for rating areas.
- The Funding Impact Statement is included in each Long-term Plan and Annual Plan as required by clauses 15 or 20 of schedule 10. This statement shows the results of the detailed rates calculation for each year.

Together the above documents form the necessary components to lawfully charge under the LGA for our revenue requirements. We must also comply with other legislation regarding the setting of some fees and charges and the Local Government (Rating) Act 2002 for the setting of rates.

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DRAFT Funding Needs Analysis

This policy does not form part of the Revenue and Financing Policy, it is a separate document that records the detailed application of s101(3). The Revenue and Financing Policy describes how the Council has complied with s101(3). A change in this document does not in itself change the Revenue and Financing Policy.

Purpose and scope

- The Funding Needs Analysis (FNA) provides the background and analysis to explain the funding decisions made by the Council.
- To comply with section 101(3),¹ the Council must determine the appropriate sources of funding² for each activity. In determining this, they must take into consideration under s 101(3)(a):
 - a. "The community outcomes to which the activity primarily contributes.
 - b. The distribution of benefits between the community as a whole, any identifiable part of the community, and individuals.
 - c. The period in or over which those benefits are expected to occur.
 - d. The extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity.
 - e. The costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities."
- The legislation places no more or less weight or priority on any one of the factors listed in section 101(3)(a).
- 4. Having completed the above analysis, the Council must then consider under section 101(3)(b): "The overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental and cultural well-being of the community."
- The following sections document the matters and approaches the Council has taken to determine the funding needs of an activity and how that translates into the Council's decision on the appropriate funding sources to be used.

Previous reviews

- The FNA was last reviewed in 2018, and Council retained its existing Revenue and Financing Policy included in the 2018-28 Long-term Plan (LTP).
- The Council undertook a review and rewrite in 2020. Changes have been made reflecting the
 considerations of the Council as they considered the funding of activities in developing the 202131 LTP.

Funding sources for operating costs

- Operating costs are the everyday spending that maintains the services delivered by the Council.
 This includes corporate overheads, funded wear and tear on assets (depreciation) and interest costs of borrowing for capital projects.
- 9. The Council must consider the funding for each activity in a way that relates exclusively to that activity. Some activities may be best funded by user charges such as swimming pool entry fees, others with targeted rates and others from a general rate. Distinct funding may assist ratepayers or payers of user charges to assess more readily whether the cost of the service provided to them either directly or indirectly represents good value. They can also more easily determine

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¹ All references to legislation are to the Local Government Act 2002 (LGA), unless otherwise stated.

² The funding sources are listed in section 103 LGA and the Council's preference for using funding sources is described in the Revenue and Financing Policy.

how much money is being raised for the service and spent on the service.

- 10. The funding sources for operating and capital costs are:
 - a. Fees and charges.
 - b. Grants and subsidies and fuel taxes.
 - c. Other income.
 - d. Investment income.
 - e. Financial contributions
 - f. Development contributions
 - g. Lump sum payments
 - h. Reserve funds.
 - i. Borrowing
 - j. Proceeds from the sale of assets
 - k. Rates
 - General rate
 - Targeted rates.
- 11. Each funding source and how the Council prefers to use that funding source for operating expenses is described in detail in the Revenue and Financing Policy and is based on the analysis set out in this document.

Table 1: Matters the Council considers in applying the legislation for operating expenses

Section 101(3)(a) - Step 1 reference	Matters Council might consider
Community outcomes - s.101(3)(a)(i)	The Council determines which of its community outcomes an activity primarily contributes to.
	Council will consider how their funding choices will support the achievement of the community outcomes.
Distribution benefits - s.101(3)(a)(ii)	The distribution of benefits is given consideration by the Council. Determining benefit is inherently subjective.
	Where the Council considers there is a clearly identified direct relationship between users and the services provided then the Council will consider fees and charges or targeted rates.
	Where the Council considers the services provide a benefit to the community as a whole; is of a uniform nature; or where the Council is not able to identify a direct relationship between users and the service the Council will consider using general rates.
Period of benefit - s.101(3)(a)(iii)	For most operational expenses the benefit is received in the year the expense is incurred.
	For most activities depreciation (an operating expense) is cash funded from revenue sources and this is placed into reserve funds for the future renewal of assets.
	Some operational expenses (provisions) may have a benefit over multiple years and so the Council may choose to fund the activity over that period.

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Who creates the need - s.101(3)(a)(iv)	Some services are provided because the actions or inactions of individuals or groups create the need to undertake the activity.
	The Council may choose to target these people or organisations through fines, charges or rates.
Separate funding - s.101(3)(a)(v)	The Council must consider the practicalities of separate funding along with transparency and accountability.
	In some cases, while it may be desirable to charge individuals there may be no practical way of doing so.
	For all activities the Council is able to easily identify what proportion of operational expenses is recovered from each funding sources. In the case of rates the Council is able to inform individual ratepayers of their rates contribution to each activity using communication tools.

12. Analysis for operating costs by activity is described in Schedule 1.

Funding sources for capital costs

- 13. Capital costs are those costs associated with the purchase and improvement of assets and for the repayment of debt. The funding sources for capital costs include:
 - a. Fees and charges.
 - b. Grants and subsidies and fuel taxes.
 - c. Other income.
 - d. Investment income.
 - e. Financial contributions
 - f. Development contributions
 - g. Lump sum payments
 - h. Reserve funds.
 - i. Borrowing
 - j. Proceeds from the sale of assets
 - k. Rates
 - General rate
 - Targeted rates.
- 14. Each funding source and how the Council prefers to use that funding source for capital expenditure is described in detail in the Revenue and Financing Policy and is based on the analysis set out in this document.

Analysis for capital costs by activity

- 15. Capital costs would be funded on the same principles as the operating costs funding policy, subject to the nature and purpose of the expenditure, unless the Council resolves otherwise. Such a resolution will follow the funding guidelines and in doing so would be consistent with this policy and would not require amendment to the policy. Existing projects (projects resolved prior to 3 December 2020) will be funded according to the Annual Plan, Long-term Plan or other resolution at the time of the Council approving the project. It is not always practicable to determine a funding policy for an unknown future project in advance.
- $16. \ \ \, \text{The Council uses the following guidelines when considering the funding of capital projects:}$

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- a. A Funding Needs Analysis will be completed (see paragraph 18).
- $b. \quad \text{All projects are first funded from grants, subsidy or other income where available.}$
- c. Renewal projects that maintain the same service level are then funded from reserve funds set aside for that purpose.
- d. Reserve funds for other purposes that are not restricted are considered.
- e. Lump sum and other rating options are considered.
- f. Projects that have exhausted previous funding sources or are for new or increased service levels or for growth in non-network infrastructure are then funded from debt.
- 17. A single project may have a mix of each of these funding options.
- 18. It is not practical to create separate funding policies for each and every capital project. The Council will only do this when a project is particularly large, affects a particular group or does not fit with an existing funding policy or activity.
- 19. Whenever funding a capital project, the Council will consider the available sources of funds, the Revenue and Financing Policy, section 101(3) in applying the above guidelines to a capital project. Generally, the Council will resolve the funding policy at the time the project is proposed in an Annual or Long-term Plan. In undertaking this assessment, it shall have regard to the matters in table two.

Table 2: Matters the Council considers in applying the legislation for capital expenses

Headings -s.101 reference	Matters Council might consider
Community outcomes - s.101(3)(a)(i)	The Council determines which of its community outcomes the capital project or activity contributes to.
	Council will consider how their funding choices will support the achievement of the community outcomes.
Distribution benefits - s.101(3)(a)(ii)	The distribution of benefits is expected to be the same as that for the operating costs of the activity in which it is funded unless the Council resolves otherwise. Determining benefit is inherently subjective.
	The Council may choose to target those people or organisations who primarily benefit through financial and development contributions, lump sum options or targeted rates.
Period of benefit- s.101(3)(a)(iii)	For most capital projects the benefit is received over the life of the asset. The Council will have regard to the equitable distribution of costs to each generation for the construction and renewal of the asset. For example, this may result in the Council not funding asset renewal while still funding debt.
Who creates the need- s.101(3)(a)(iv)	Some services are provided because the actions or inactions of individuals or groups create the need to undertake the activity.
	The Council may choose to target these people or organisations through financial contributions or targeted rates.
Separate funding- s.101(3)(a)(v)	The Council must consider the practicalities of separate funding along with transparency and accountability.
	In some cases, while it may be desirable to charge individuals there may be no practical way of doing so.

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For many smaller capital projects, it is not practical to have a separate funding policy. Where the Council does not resolve otherwise a capital project will be funded consistently with the funding mechanism adopted for the operating costs in the activity in which it is funded, and the purpose of the project.

Funding bands

- 20. After considering the section 101(3)(a) components, the Council considers to what extent each of the funding sources can fund each activity. This guide is intended to be in place for the next three years before it is reviewed. As costs change over time, it is not possible to precisely determine the percentage allocated. For this reason, the Council has decided to band the percentages into the categories listed in table three.
- 21. The assessment in Schedule 1 identifies the most likely sources of funding an activity is budgeted to receive. In all cases, rates fund the balance of the activity after all other sources have been maximised. It is likely that from time to time the Council will be able to secure additional funding that may be become available.
- 22. Budgets will normally be set within these ranges. These ranges are expressed as a percentage of the cost of the activity and are indicative only. They may change over time because of changes in expenditure rather than changes in revenue. It is also likely that actual funding sources will be different from budgeted funding sources.

Table 3: Funding bands

Percentage range
0%
0% - 20%
20% - 40%
40% - 60%
60% - 80%
80%-100%
100%

Funding sources and rationale

- 23. The 'Rationale' column of Schedule 1 identifies which of the funding sources the Council plans to use in budgeting to fund the operating costs of each activity. It is determined by the Council after consideration of each clause of section 101(3)(a).
- 24. The assessment of the funding sources is a complex matter of weighing up the requirements of section 101(3)(a) with the available sources and the Council's preferences for using these sources. The Council has documented its rationale for choosing each the funding source in this Funding Needs Analysis and the Revenue and Financing Policy.
- 25. The funding source for an activity may be modified by the Council when it considers the requirements of section 101(3)(b). If this has occurred, it is considered as part of the overall

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funding considerations section in the Revenue and Financing Policy.

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Schedule One: Activity Funding Needs Analysis – operating costs

Group Activity: Transpor						
Activity: Transpor	t in the second second					
Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need?	Separate Funding	Rationale	Funding Sources by Funding Stream
This activity primarily contributes to Council's outcome: • Strong and prosperous economy and is associated with Council's outcomes: • Safe, supported and well-led community Our communities and business are connected to each other and to our markets by a safe efficient and integrated transport network.	Roading: The roading network serves the whole district and everyone benefits. Roads are necessary to deliver export products to markets within Wairoa, New Zealand and the world. The district's economic prosperity is dependent on production from its rural catchment. Roads provide corridors for other utility providers such as power, communications, water and wastewater. Roads, street lighting, signage, and footpaths and parking are provided as a public good. Individuals and business benefit directly from access to property and facilities. Airport: The provides quick access in and out of the region supporting business and emergency management. The availability of the airport serves the whole district, and everyone benefits. Individual uses receive a private benefit.	The benefit of most operating costs is expected to arise in the year the funding is sourced.	There is an impact of the actions or inactions of others. Costs are driven by traffic volumes and size. Large vehicles, wear roads out more quickly than vehicles. The forestry industry places significant demand on the roading network for which Council incurs additional costs. The growth of the forestry industry is leading to greater roading damage. Airport users expect a consistent service level.	The whole community benefits from the roading network and airport, as such there is little advantage in having separate funding. The use of differential rating tools can easily adjust for sectors to make a varying contribution. There are few reasonably practicable options for charges in users directly for their use of or damage to the roads. Charging airport users for rents and landing fees is common and efficient.	Subsidies are primarily sourced from New Zealand Transport Agency (NZTA). Additional funding will be sourced whenever available (e.g., Provincial Growth Fund) Council also receives a small amount of regional petrol tax. Council maximises the amount of subsidy for the level of spending it approves. The whole district benefits from the roading network. The general rate allows for the differential allocation of benefit to sectors and adjustment of contribution for those whose actions cause additional costs and for advancing community outcomes.	ROADIING HIGH (60% - 80%) Grants and subsidies. LOW (20% - 40%) General rate UNLIKELY (0%) All other funding sources. AIRPORT HIGH (60% - 80%) General rates MINIMAL (0% - 20%) Fees and charges Other UNLIKELY (0%) All other funding sources

Group Activity: Water						
Activity: Water						
Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need?	Separate Funding	Rationale	Funding Sources by Funding Stream
This activity primarily contributes to Council's outcomes: • Safe, supported and well-led community • Strong and prosperous economy • Protected and healthy environment • Valued and cherished culture Access to safe water that is managed with cultural and environmental sensitivity is essential to community wellbeing.	The communities that are reticulated with a public water supply are the beneficiaries. With extended dry seasons there is greater demand on Council's network for tanker water to be supplied to non-reticulated properties. The entire community benefits through better health, kai moana, recreation and the environment outcomes and having protection in the case of fire. This community benefit can be recognised with a general rates component in the funding. All property owners/residents/tourists benefit from receiving water and protection from any fire risk.	The benefit of most operating costs is expected to arise in the year the funding is sourced. Annual funding is sourced from revenue for depreciation that is likely to be spent partially in the current year and probably in future years. This is managed through reserve funds.	The actions of most individuals or groups have a minor impact. There is considerable government intervention in the provision of safe, healthy, compliant drinking water.	Identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity. It also provides transparency on the cost of an essential service.	Those who (either directly or indirectly) benefit should pay. There are some water users where charging based on actual quantities is practical due to the location, size or the use of the property. Their share of costs is recovered by way of targeted water meter rates. The cost of the water supply and network is equalised across all nonmetered connections within the district. A portion of the cost benefits the whole district and can be recovered in the general rate.	MOST (80 - 100%) Targeted rates MINIMUM (0% - 20%) General rates Interest and dividend UNLIKELY All other funding sources.

Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need?	Separate Funding	Rationale	Funding Sources by Funding Stream
this activity primarily contributes to Council's sutcomes: Safe, supported and well-led community Strong and prosperous economy Protected and healthy environment Valued and cherished culture access to safe water that is managed with cultural and environmental sensitivity is essential to community wellbeing.	The collection, treatment, and disposal of wastewater are primarily a private benefit for people whose properties are connected to the schemes. Rural septic tank septage is transported to council wastewater treatment ponds. The protection of the environment is a benefit to the serviced communities. The entire community benefits through better health, kai moana, recreation and the environment outcomes. The benefits are expected to accrue primarily to individual users and businesses. There is a public health, environmental and recreational benefits are to whole district. This community benefit can be recognised with a general rates component in the funding.	The benefit of most operating costs is expected to arise in the year the funding is sourced. Annual funding is sourced from revenue for depreciation that is likely to be spent partially in the current year and probably in future years. This is managed through reserve funds.	A small number of heavy commercial producers have an adverse impact greater than most users. There is considerable government intervention in the provision of safe, healthy, compliant wastewater systems.	Identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity. It also provides transparency on the cost of an essential service.	In most cases it is not practicable to measure the quantity of each individual's contribution to the wastewater system. In the case of heavy commercial users of the waste system it is practical to measure the volume and quality of waste and charge appropriately for this. Those who (either directly or indirectly) connected targeted rate per pan is an efficient and simple way that approximates benefit of access and use of the services. Septage tankers are not paying the full cost of treatment recognising the wider community health benefits. A portion of the cost benefits the whole district and can be recovered in the general rate.	MOST (80% - 100%) Targeted rates MINIMAL (0% -20%) General rates Fees and charges Interest and dividends UNLIKELY All other funding sources.

Group Activity: Storn	nwater					
Activity: Storn	nwater					
Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need?	Separate Funding	Rationale	Funding Sources by Funding Stream
This activity primarily contributes to Council's outcomes: Safe, supported and well-led community Strong and prosperous economy Protected and healthy environment Valued and cherished culture With forecast increase in heavy rain events collecting and managing stormwater protects houses, businesses and infrastructure. It must be managed with cultural and environmental sensitivity is essential to community wellbeing.	The collection, treatment and disposal of stormwater are primarily a community benefit in serviced communities. This benefit extends to the wider community as it includes protection of the environment and an accessible roading network. Some individual properties or groups of properties benefit from not being flooded. The benefits are expected to accrue: To individual properties The whole community	The benefit of most operating costs is expected to arise in the year the funding is sourced. Annual funding is sourced from revenue for depreciation that is likely to be spent partially in the current year and probably in future years. This is managed through reserve funds.	The actions of individuals in increasing hard surfaces on properties increases stormwater volumes. There is considerable government intervention in the provision of safe, healthy, compliant wastewater systems. The Freshwater NPS will put more pressure on treating stormwater.	There is no practical way to charge individuals or groups for any direct benefit. Urban stormwater networks are funded from a mix of general and targeted rates reflecting the benefit to property owners in an urban area and the wider community benefit of stormwater managed on the road corridor. A portion of the cost benefits the whole district and can be recovered in the general rate.		MOST (80% - 100%) Targeted rates MINIMAL (0% -20%) General rates Interest and dividends UNLIKELY All other funding sources.

Group Activity: Wast	e Management					
Activity: Wast	е					
Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need?	Separate Funding	Rationale	Funding Sources by Funding Stream
This activity primarily contributes to Council's outcomes: Safe, supported and well-led community Strong and prosperous economy Protected and healthy environment Valued and cherished culture Managing waste assists houses and businesses. It must be managed with cultural and environmental sensitivity is essential to community wellbeing.	Individuals benefit directly from kerbside recycling and domestic refuse collection. The whole community benefits from waste minimisation and education as well as litter collection. The benefits are expected to accrue: Primarily to individual users Partly to the district as a whole	The benefit of most operating costs is expected to occur in the year the funding is sourced.	This activity is only required due to the act of creating waste. Those who create the waste are individuals and business.	Identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity.	The actions of individuals or groups (largely business) create the need to have this activity. Targeted rates appropriately recognise this benefit. The whole community benefits from litter collection of public places can be appropriately funded from general rates. The fees and charges at landfills and transfer stations (where Council provides the services), only partially funds the cost of disposal. Higher fees and charges encourage those who create the waste recognise the cost of their actions and encourage waste reduction. There is also a small benefit to the whole community of this activity with waste not dumped elsewhere	MODERATE (40% - 60%) Targeted rates LOW (20% - 40%) Fees and charges MINIMAL (0% -20%) General rates Other UNLIKELY All other funding sources.

Group Activity: Leadership and G	overnance					
Activity: Community Repre	sentation					
Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need?	Separate Funding	Rationale	Funding Sources by Funding Stream
This activity primarily contributes to Council's outcomes: Safe, supported and well-led community Strong and prosperous economy Protected and healthy environment Valued and cherished culture Local people making local decisions requires balancing the conflict needs of individuals for the overall benefit of the whole community	The activity supports the decision-making function of Council and therefore benefits the community as a whole.	The benefit of most operating costs is expected to arise in the year the funding is sourced.	The actions of individuals or groups have a minor impact on this activity.	Council considers that there is little benefit of separately funding this activity.	The benefits of this activity are available to the whole community; the majority of electors are ratepayers.	All (100%) General rates UNLIKELY All other funding sources.
Activity: Māori Relations						
This activity primarily contributes to Council's outcomes: • Valued and cherished culture • Safe, supported and well-led community and is associated with Council's outcomes: • Strong and prosperous economy • Protected and healthy environment Māori are 66% of the community, having strong relations with Māori t is essential to community wellbeing.	The activity supports the decision-making function of Council and therefore benefits the community as a whole.	The benefit of most operating costs is expected to arise in the year the funding is sourced.	The actions of individuals or groups have a minor impact on this activity.	Council considers that there is little benefit of separately funding this activity.	The benefits of this activity are available to the whole community.	All (100%) General rates UNLIKELY All other funding sources.
Activity: Economic Develop	pment					
This activity primarily contributes to Council's outcomes: Strong and prosperous economy and is associated with Council's outcomes: Safe, supported and well-led community Protected and healthy environment Valued and cherished culture Jobs are essential to population growth and the wellbeing of all in the community.	The activity supports the district promotion, visitor information including the I-site. Increased economic activity creates jobs and supports everyone and therefore benefits the community as a whole.	The benefit of most operating costs is expected to arise in the year the funding is sourced.	The actions of individuals or groups have a minor impact on this activity.	Council considers that there is little benefit of separately funding this activity.	The benefits of this activity are available to the whole community.	MOST (80%-100%) General rate MINIMAL (0%-20%) Grants and Subsidies UNLIKELY All other funding sources.

Group Activity: Planning and	Regulatory					
Activity: Resource Plan	nning					
Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need?	Separate Funding	Rationale	Funding Sources by Funding Stream
This activity primarily contributes to Council's outcomes: Protected and healthy environment Strong and prosperous economy and is associated with Council's outcomes: Safe, supported and well-led community Valued and cherished culture District planning and consenting is essential to protecting environmental and cultural outcomes supporting a prosperous economy.	Individuals that apply for consents and use the other services in this area are the predominant beneficiaries of this activity. Through their actions they directly drive the majority of the costs. These resource consent activities also provide benefit to persons other than the applicant such as future owners and occupiers of the land (a property-based benefit). There is also a person-based benefit in relation to the information that is supplied to the public through inquiries, for example providing support to potential applications or responding to service requests. Future residents benefit from the protection of our environment and our response to climate change. Resource Consent Compliance Monitoring and RMA Enforcement benefits the consent holder and the community. The benefits are expected to accrue: Primarily to individual users. Partly to the district as a whole in support of the community outcomes.	The principal benefit of operating costs is expected to arise in the year the funding is sourced. There is a secondary benefit to future sustainability.	The actions of individuals and groups drive the costs in this activity.	Identifying separate funding assists in the accountability and transparency of Council's costs on this activity.	A user charge recognises the benefits to people who apply for resource consents. Although the primary benefit of a resource consent sits with the consent holder the community outcomes desires that we have a strong prosperous economy and so, Council wants to encourage a high level of consent compliance. For these reasons Council considers it appropriate to fund a portion of the costs of consents from ratepayers rather than consent applicants. As future ratepayers benefit from the development of a district plan, the funding for this is spread over future years with borrowing.	MODERATE (40%-60%) Borrowing General rate MINIMAL (0%-20%) Fees and Charges UNLIKELY All other funding sources.
Activity: Building Cont	rol					
This activity primarily contributes to Council's outcomes: Strong and prosperous economy and is associated with Council's outcomes: Safe, supported and well-led community Protected and healthy environment Valued and cherished culture Safe homes and buildings improve the wellbeing of all in the community.	Individuals that apply for consents, licenses and use other services in this area directly drive the majority of the costs. Services within this activity also provide for the safety of the public, and requirements earthquake prone buildings. Information is supplied to the public through inquiries, for example providing support to potential applications or responding to service requests. The benefits are expected to accrue: Primarily to individual users. Partly to the district as a whole.	The benefit of most operating costs is expected to arise in the year the funding is sourced. There is a secondary benefit to future housing stock that is fit for purpose.	The actions of individuals and groups drive the costs in this activity.	The distinct beneficiaries for each component support multiple funding streams.	Fees and charges are favoured for the full cost of LIMs and PIMS. Although the primary benefit of a building consent sits with the consent holder the Council wants to encourage growth and improvement of existing housing and businesses. For these reasons Council considers it appropriate to fund a portion of the costs of consents from ratepayers rather than consent applicants.	MODERATE (40%-60%) General rate MINIMAL (0%-20%) Fees and charges UNLIKELY All other funding sources.

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Activity: Bylaw Compl	iance					
This activity primarily contributes to Council's outcomes: Safe, supported and well-led community and is associated with Council's outcomes: Strong and prosperous economy Protected and healthy environment Valued and cherished culture The community must feel a safe place to live. This part of a people's rationale when choosing where to live . Growing communities then support a growing a strong and prosperous economy.	Dog and livestock control minimise danger, distress and nuisance caused by stray dogs and to ensure the control of stock on the roads of the district in the interests of public safety. General Bylaw Enforcement: Supports public health and safety and the enjoyment of public spaces. Enforces the rules for users of roads, water, wastewater and cemeteries and for the impacts of urban fires. The benefits are expected to accrue: Partly to individual users. Partly to the district as a whole.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of individuals and groups drive the costs in this activity. Particularly: owners of dogs who create the requirement to manage all dogs. Owners of noncontrolled dogs and livestock Those who breach bylaws	Identifying separate funding assists in the accountability and transparency of Council's costs on this activity.	Fees and charges for Dog Control are largely collected in registration the owners of dogs in recognition that it is their action of owning a dog or then inaction of controlling a dog or stock that drives costs. Fees and charges (including fines and other enforcement charges) are required for no compliance of all bylaws. General rates recognise that a portion of these services benefit the whole community.	MODERATE (40%-60%) General rate Fees and charges UNLIKELY All other funding sources.
Activity: Liquor Contro	ĺ					
This activity primarily contributes to Council's outcomes: Safe, supported and well-led community Strong and prosperous economy and is associated with Council's outcomes: Protected and healthy environment Valued and cherished culture Liquor has positive and negative impacts on the community.	Liquor can only be sold with a license and the benefit of that license sits largely with the licensee. The community benefits from appropriate liquor control by limiting the negative effects from alcohol harm while maximising positive benefits in social environments	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of individuals and groups drive the costs in this activity. Particularly: Applicants for liquor and associated licences Those who breach the rules.	Identifying separate funding assists in the accountability and transparency of Council's costs on this activity. There is no mechanism for Council to charge those who create negative social outcomes.	Fees and charges for liquor licensing are set by Government and only recover part of the cost of the activity. Managing good social behaviours and eliminating adverse events is in the interest of the community as whole.	MODERATE (40%-60%) General rate Fees and charges UNLIKELY All other funding sources.
Activity: Environmento	ıl Health					
This activity primarily contributes to Council's outcomes: Safe, supported and well-led community Strong and prosperous economy Protected and healthy environment and is associated with Council's outcomes: Valued and cherished culture	This activity promotes and improves human health, safety, comfort and wellbeing for all persons in the district and protects the environment from preventable harm. This activity comprises noise control, food and registered premises, water supply monitoring, public nuisances and implementation of public health frameworks. The main beneficiaries are business owners, consent holders, and the community as a whole.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of individuals and groups drive the costs in this activity. Some activities are undertaken to protect others from the actions of others.	Identifying separate funding assists in the accountability and transparency of Council's costs on this activity.	Fees and charges are preferred where the actions of individuals or groups of individuals create negative effects on the community and where there is a direct benefit to the user of the service. Council prefers a general rate for that portion of the budget that cannot be recovered from fees and charges due to these services contributing to the vibrancy of the district by making it safer.	MOST (80%-100%) General rate MINIMAL (0%-20%) Fees and charges UNLIKELY All other funding sources.
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The community must feel a safe place to live. This part of a people's rationale when choosing where to live. Growing communities then support a growing a strong and prosperous economy.

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Community Faciliti	ies es					
Cemeteries						
omes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need?	Separate Funding	Rationale	Funding Sources by Funding Stream
contributes to Council's althy environment hed culture and well-led community a Council's outcomes: erous economy of circumstances to tapproaches to death, social and cultural ermining funding	Cemeteries: Individual users, particularly families of the deceased. The community as a whole in the availability of well-maintained open space and as a repository of genealogical and other human interest or heritage information.	The benefit of operating costs is expected to arise in the year the funding is sourced. Annual funding is sourced from revenue for depreciation that is likely to be spent partially in the current year and probably in future years. This is managed through reserve funds.	The actions of most individuals or groups have some impact on this activity.	Identifying separate funding assists in the accountability and transparency of Council's costs on this activity.	Users of the services pay for their use of the facilities. There is no practicably way to charge for on-going maintenance that is therefore best funded from the general rate	MOST (80%-100%) General rate MINIMAL (0%-20%) Fees and charges UNLIKELY All other funding sources.
Parks and Reserve	s					
contributes to Council's olthy environment hed culture and well-led community of Council's outcomes: erous economy eserves provide benefits I as creating payment.	There is a public/whole of community benefit through the provision of formal and informal recreational opportunities that enhance and support community health and well-being. There is a private/individual benefit to the community and sporting groups who use Council recreational facilities. There is a small benefit for event organisers and sections of the business community from the commercial spend of participants associated with particular events.	The benefit of operating costs is expected to arise in the year the funding is sourced. Annual funding is sourced from revenue for depreciation that is likely to be spent partially in the current year and probably in future years. This is managed through reserve funds.	The actions of most individuals or groups have some impact on this activity.	Identifying separate funding assists in the accountability and transparency of Council's costs on this activity.	There is no practical way to collect revenues from some individual benefit across this activity. Local residents enjoy the benefits of landscape amenity in their locality.	MOST (80%-100%) General rate MINIMAL (0%-20%) Other UNLIKELY All other funding sources.
Community Suppo	irt					
contributes to Council's hed culture nd well-led community n Council's outcomes: althy environment	The whole community benefits from the support of events, encouragement of participation and community facilities. These benefits are widespread across the district	The benefit of operating costs is expected to arise in the year the funding is sourced. Annual funding is sourced from revenue for depreciation that is likely to be spent	The actions of most individuals or groups have minor impact on this activity.	Identifying separate funding assists in the accountability and transparency of Council's costs on this activity.	The whole district benefits from the growth of community social and cultural wellbeing. External bodies will support the district to undertake this activity.	MOST (80%-100%) General rate MINIMAL (0%-20%) Grants and subsidies UNLIKELY All other funding sources.
	contributes to Council's contributes to Council's contributes to Council's contributes to Council's council's outcomes: crous economy d circumstances to approaches to death. social and cultural ermining funding Parks and Reserve contributes to Council's contributes to Council's contributes to Council's council's outcomes: crous economy eserves provide benefits I as creating poyment. Community Suppo contributes to Council's contributes to Council's contributes to Council's contributes to Council's	contributes to Council's Cemeteries: Individual users, particularly families of the deceased. The community as a whole in the availability of well-maintained open space and as a repository of genealogical and other human interest or heritage information. Parks and Reserves contributes to Council's dicircumstances at approaches to death. social and cultural ermining funding Parks and Reserves contributes to Council's There is a public/whole of community benefit through the provision of formal and informal recreational opportunities that enhance and support community health and well-being. There is a private/individual benefit to the community and sporting groups who use Council recreational facilities. There is a small benefit for event organisers and sections of the business community from the commercial spend of participants associated with particular events. Community Support contributes to Council's The whole community benefits from the support of events, encouragement of participation and community facilities. These benefits are widespread across the district	Community Support Community Support Contributes to Council's Cometeries: Individual users, particularly families of the deceased. The community as a whole in the availability of well-maintained open space and as a repository of genealogical and other human interest or heritage information. Council's outcomes: erous economy It is approaches to death, social and cultural ermining funding Contributes to Council's There is a public/whole of community benefit through the provision of formal and informal recreational opportunities that enhance and support community health and well-being. There is a private/individual benefit to the community health and well-being. There is a public/whole of community benefit through the provision of formal and informal recreational opportunities that enhance and support community health and well-being. There is a private/individual benefit to the community and sporting groups who use Council recreational facilities. There is a small benefit for event organisers and sections of the business community from the commercial spend of participants associated with particular events. Community Support contributes to Council's The whole community benefits from the support of events, encouragement of participation and community facilities. These benefits are widespread across the district These benefits are widespread across the district The benefit of operating costs is expected to arise in the year the funding is sourced. Annual funding is sourced. Annual funding is sourced from revenue for depreciation that is likely to be spent partially in the current year and probably in future years. This is managed through reserve funds.	Community Support Community Sup	Contributes to Council's of the deceased. Contributes to Council's of the deceased. Contributes to Council's families of the deceased. The benefit of operating costs is expected to arrown the deceased. Council's outcomes: Council's out	Contributes to Council's Cemeteries. Individual user, particularly families of the deceased. Ithity environment hed culture store and seed and see

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Community support and development builds year and probably in communities through empowering them to future years. This is evolve develop and grow. managed through reserve funds.

Group Activity: Corporate Functions						
Activity: Property						
Community Outcomes Distribution	n of Benefits	Period of Benefit	Whose Act Creates a Need?	Separate Funding	Rationale	Funding Sources by Funding Stream
This activity primarily contributes to Council's outcomes: Safe, supported and well-led community and is associated with Council's outcomes: Valued and cherished culture Protected and healthy environment Strong and prosperous economy Community support and development builds communities through empowering them to evolve develop and grow.	The activity supports the Council operations by providing and maintaining operational properties. • External income is derived from rents and leases for private benefit.	The benefit of most operating costs is expected to arise in the year the funding is sourced.	The actions of individuals or groups have a minor impact on this activity. Annual funding is sourced from revenue for depreciation that is likely to be spent partially in the current year and probably in future years. This is managed through reserve funds.	Identifying separate funding assists in the accountability and transparency of Council's costs on this activity.	The benefits are available to individuals and groups is collected from rents and leases. The remainder of the benefit is to the whole community.	MODERATE (40%-60%) General rate Fees and charges MINIMAL (0%-20%) Grants and subsidies. Other UNLIKELY All other funding sources.
Activity: Corporate Funds A	Management		T			
This activity primarily contributes to Council's outcomes: Safe, supported and well-led community and is associated with Council's outcomes: Valued and cherished culture Protected and Healthy environment Strong and prosperous economy Community support and development builds communities through empowering them to evolve develop and grow.	The activity supports the Council operations by effectively managing all investments. The whole community benefits from this.	The benefit of most operating costs is expected to arise in the year the funding is sourced.	The actions of individuals or groups have a minor impact on this activity.	Identifying separate funding assists in the accountability and transparency of Council's costs on this activity.	The benefit is to the whole community.	MOST (80%-100%) Interest and dividends MINIMAL (0%-20%) Regional Fuel Tax Fees and charges UNLIKELY All other funding sources.
Activity: Corporate Support	Services					
This activity primarily contributes to Council's outcomes: Safe, supported and well-led community	The whole community benefits from this.	The benefit of most operating costs is expected to arise in the year the funding is sourced.	The actions of individuals or groups	Identifying separate funding assists in the accountability and transparency of	The cost of this activity is allocated to all other activities	ALL (100%) Internal fees and charges

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and is associated with Council's outcomes:

• Valued and cherished culture

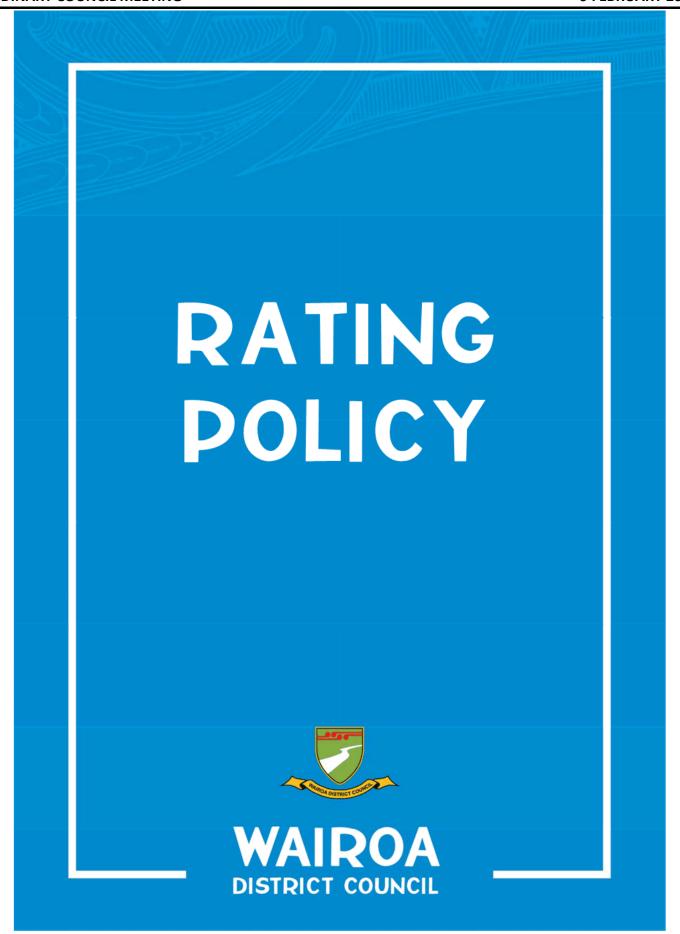
• Protected and Healthy environment

• Strong and prosperous economy

Community support and development builds communities through empowering them to evolve develop and grow.

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Approved by:

Department: Finance

Date Approved: **Next Review Date:**

Reviewed: N/A

Revision No: 0

Relevant: Financing and Revenue Policy Legislation related policies:

Local Government Act 2002, Local Government (Rating) Act 2002, Rating

Valuations Act 1998. Financing and Revenue Policy

Related forms: N/A

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PURPOSE AND SCOPE

The purpose of the Rating Policy is to:

- To clarify how properties are categorised for rating purposes.
- To provide guidance on how Council allocates its rates requirements across differing property categories.
- To provide information to ratepayers about their rates.
- To establish clarity, certainty, and stability in allocating rates.
- To assist in setting rates lawfully, meeting the requirements of the Local Government Act 2002 (LGA 2002), the Local Government (Rating) Act 2002 (LGRA 2002) and the Rating Valuation Act 1998 (RVA 1998). The rating policy should be read in conjunction with the Revenue and Financing Policy, the Funding Impact Statement, the Rates Resolution and Rates Remission and Postponement Policies.

This policy gives effect to the principles contained in those above. The factors and thresholds applied can be reviewed by Council as necessary to allow for significant changes in land use, valuations and so on.

DEFINITIONS AND TERMS

Rating Units

The unit of liability for rates is referred to as the rating unit. It is based on the concept of property ownership and generally one certificate of title is equal to one rating unit. There are exceptions to this, particularly for Pastoral property where a rating unit may consist of multiple certificates of title. In establishing what is a rating unit the Rating Valuations Act 2008 and rules set by the Valuer General must be considered and adhered to.

How properties are rated is determined by Council but the tools available to Council about how properties can be rated is set out in the Local Government (Rating) Act 2002. This includes the kinds of rates that can be set and how they can be set.

Rating units can be divided and rated separately at Council's discretion. This will occur where it is clearly identified that each part of a rating unit has a different property category.

Property Value

Values used for rating are determined by the RVA 2008 and are reviewed once every three years or if there is a significant change in a rating unit. Council is provided with three values: The land value, the improvement value and the sum of these being the capital value. For rating Council uses the capital value of each rating unit as the basis for allocating a General Rate.

Rating Categories

Council has chosen to differentiate the General Rate into four rating categories:

- Residential
- b. Commercial.
- c. Rural.
- d. Forestry.

Residential rating units are differentiated between properties under a capital value \$399,999.00 and over \$399,999.00.

Rating Categories and Property Category Codes

Rating Valuation Rules classify land based on its use and property category. Often land use and property categories will be the same but there are instances where land use data and property category data are different. Council uses the categories set out in the Rating Valuation Rules to determine which rating category a rating unit belongs to.

Table 1.1 in Appendix 1 details how Council allocates each Property Category to a Rating Category.

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Should Council become aware that the use of a property may be inconsistent with a rating category it will investigate the matter and consider which rating category is appropriate.

General Rates

General rates are used in instances where Council believes that the community as a whole should pay for an activity or believes that there is minimal or no benefit in rating activities separately. General rates are collected in the form of either:

- A value based general rate, and
- A Uniform Annual General Charge (UAGC).

The value-based general rate is set on capital value and on a differential basis. Total rates revenue collected from the general rate for each rating category is detailed in the Funding Impact Statement.

Differentials

Differentials are a tool used to alter the incidence of rates. Differentials are used for the general rate. The value-based general rate is set on capital value and on a differential basis. Total rates revenue collected from the general rate for each rating category are detailed in the Funding Impact Statement. Each rating category is rated as follows:

There are five differential categories, each carry a different weighting. For the year ending 30 June 2022 these are as follows:

	Differential
Rating Category	2021/22
Residential	1
Residential, capital value greater than \$399,000.00	0.8
Commercial.	1.6
Rural.	0.7
Forestry.	4

Council confirms its rating differential factors when adopting the rating Funding Impact Statement in each annual plan. These differential factors could change.

The general rate includes 10% of district-wide water, sewerage, stormwater and waste management costs which recognizes the benefit the community as a whole gets from these activities and supports rates affordability for lower value rating units. The balance these activities are collected by rates are funded by targeted rates.

Overall, the general rate may contribute to the funding of the following activities:

Group of Activities	
Water Supply	10% as described above
Stormwater	10% as described above
Wastewater	10% as described above
Waste Management	10% as described above
Group of Activities	<u>Activity</u>
Transport	Land Transport

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	Airport
Community Facilities	Cemeteries Library Community Support
Planning and Regulatory	Resource Planning Environmental Health Building Compliance Liquor Control Bylaw Compliance Emergency Management
Leadership and Governance	Community Representation Māori Relationships Economic Development Visitor Information Gaiety Theatre
Corporate Functions	Property Management Treasury Functions Corporate Support Services

Uniform Annual General Charges (UAGC)

A portion of general rates is assessed as a UAGC. The UAGC is set under section 15(1)(b) of the LGRA 2002. A UAGC is set as a flat dollar charge for each separately used or inhabited part (SUIP) of a rating unit. The UAGC is a fixed charge regardless of value of a property. The UAGC is not a direct allocation the cost of a single activity or targeted at a single rating category, it is allocated equally to all SUIP's of all rating units. The definition of a SUIP is contained in the Funding Impact Statement.

A Uniform Annual General Charge will not be charged on each division of a rating unit unless it is evident that the divided rating unit is separately used or inhabited.

Revenue collected from the UAGC for all rateable properties is set out in the Funding Impact Statement. The amount of rates revenue collected from the UAGC is limited to a maximum of 30% the total rates revenue collected as prescribed by the LGRA 2002. This must be adhered to.

Rates revenue from UAGC's funds the following activities:

Administrative Property

Commercial Property

Enterprise Building

Council

Māori Relationships

Visitor Information Centre

Economic Development

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Gaiety Theatre Community Centre Community Support Library

Council may review these allocations from time to time to reflect consumption of Council activities.

Targeted Rates

Targeted rates are set in accordance with sections 16, 18, and 19, and schedules 2 and 3 of the LGRA 2002. Targeted rates are rates used to fund an activity or group of activities and may be set on a on a single rating category or multiple rating categories. Targeted rates may be applied either uniformly on all rating units or at different amounts for different groups of rating units. One or more of the requirements of Schedule 2 of the LGRA 2002 must be used when defining a category to set targeted rates differentially.

Targeted rates are used to fund the following activities which Council feels all, or part of, the cost of an activity is best met by a defined category. Targeted rates are used to fund drainage, wastewater, water supply, waste management and sewerage disposal activities:

- Drainage Wairoa urban area
- · Drainage Mahia township area
- Rural wastewater charge
- Water supply Wairoa supply area (including Frasertown and Peri-urban supply), Mahanga supply area, Tuai supply area.
- Waste management
- Sewerage disposal Wairoa, Tuai, Mahia (including Opoutama)

Total rates revenue collected from each targeted rate is detailed in the Funding Impact Statement. The flat dollar rate amount of each rate is stated in the Rates Resolution, this includes charges for rating units to which water can be supplied and sewerage disposal services can be provided but are not.

Water Supply Targeted Rate

A water rate is assessed as a flat dollar amount on each SUIP of a rating unit located within the serviced area. The purpose of this rate is to recover the cost of water supply activities and including a portion of expected cost relating to maintenance, renewal and replacement. The serviced area includes all SUIP's that are connected to the on-demand water reticulation system or are within 100 meters of any part of the on-demand water reticulation system. A SUIP that is not connected but capable of being connected to the on-demand water reticulation system will incur a half charge.

On-demand reticulated water systems are in the Wairoa, Mahanga and Tuai areas. The Wairoa supply area includes Frasertown and the Peri-Urban area. The flat dollar rate is different for each supply area and reflection of the cost of operating each supply area.

Sewerage Disposal Targeted Rate

The sewerage disposal rate is assessed as a flat dollar amount on each SUIP of a rating unit located within the serviced area. The purpose of this rate is to recover operating costs of wastewater collection, treatment and disposal, plus a share of the expected cost relating to maintenance, renewal and replacement. It is assessed on every SUIP of a rating unit located within the serviced area, where the serviced area includes all rating units that are actually connected to the wastewater network or are available to be connected to a wastewater network.

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Drainage Targeted Rate

The drainage rate is assessed as a flat dollar amount on each a rating unit (not each SUIP of a rating unit) located within the serviced area and differentiated by location. This applies to vacant land and land that has improvements on it. The purpose of this rate is to fund the operating cost of land drainage and a share of the expected cost of relating to maintenance, renewal and replacement. The Wairoa urban area and the Mahia Beach settlement area have targeted rates for drainage. The flat dollar amount is different for the Wairoa Urban area and the Mahia Beach Settlement area.

Appendix 2 contains maps of:

- 1. The Wairoa supply area water supply (including Frasertown and Peri-urban supply)
- 2. The Wairoa supply area sewerage disposal and Wairoa township drainage
- 3. The Mahanga water supply
- 4. The Tuai supply arear water supply and sewerage disposal
- 5. The Mahia Township settlement area Mahia township drainage, sewerage disposal
- 6. The Opoutama settlement area sewerage disposal

Water Supply Rate - Metered.

The purpose of this rate is to recover the cost of water supply activities and a portion of expected cost relating to maintenance, renewal and replacement. A metered water supply rate applies to rating units who meet criteria of being a Water Supply Targeted rate rating unit user but who are likely to consume more than what is equivalent to the flat dollar amount. Council will rate water supply consumption on a fixed charge per unit of water consumed and according to a scale of charges. The fixed charge and scale of charges is detailed in the Funding Impact Statement and the Rates Resolution.

Waste Management Charge.

The waste management charge is assessed as a flat dollar amount on each SUIP of each rating unit in the Wairoa District. The purpose of this rate is to recover operating costs of landfill operations, the collection and disposal of recycling and organic waste and to fund a share of the expected cost relating to maintenance, renewal and replacement of operations associated with waste management. These targeted rates are differentiated between urban and rural rating units to reflect the proportional cost which each area contributes to waste management in the district.

Rural wastewater charge.

The waste management charge is assessed as a flat dollar amount on each SUIP of each rating unit which is not connected a reticulated sewerage disposal system. This rates applies to each SUIP of a Rating Unit described as 'Flat, Dwelling, Bach, Cottage, Cafeteria, Accommodation, Building, Cabin, Camping Ground, Tavern, Hall, Office, Hotel, Sleepout, Orchard or Shop' in Council's Rating Information Database. The purpose of this rate is to fund a share of the expected cost of the treatment of matter from non-connected sewerage systems (septic tanks) once emptied into the Wairoa sewerage treatment system.

Lump Sum Contributions and targeted rates

Part 4A of the Rating Act enables Council to offer Lump Sum Contributions (LSC). LSC can only be used to fund the capital costs of identified projects (including loan repayments) and cannot be offered in respect of an operating cost. The lump sum payment is not a rate, it is essentially a prepayment of the rates that a ratepayer would have to pay as their share of a cost a particular capital project.

Ratepayers can elect not to a pay lump sum but rather incur the cost as a targeted rate over time, as defined in a Capital Funding Plan, through their rates assessment.

Council currently has targeted rates for the Capital Repayment of the Mahia Beach Community Sewerage Scheme and the Opoutama Beach Community Sewerage Scheme capital costs. These rates are only for rating units subject to the Lump Sum Contribution arrangement where an election was made to pay these

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costs by a targeted rate. The rates for each applicable rating unit differ based on the scheme cost attributable to the rating unit. Targeted rates (based on repayment periods) are in place ranging from three to thirty years depending on the election made. An option exists to clear future targeted rates, this is contained in our rates remission and postponement policy: Early Payment of Rates Policy – Early payment of Mahia and Opoutama Wastewater scheme targeted rates.

Separately used or inhabited part

The Council has elected to assess UAGC's and other fixed targeted rates (except drainage rates) based on each separately used or inhabited part of a rating unit.

The Council defines a separately used or inhabited part of a rating unit in the Funding Impact Statement in its Annual Plan or Long-Term Plan.

Divisions of a rating unit

The Council has elected to undertake division of rating units, where a rating unit is divided into one or more part because a rating unt clearly consists of more than one rating category.

The division is a separation of a property record in the Rating Information Database into two or more parts. A division is done only for the purpose of assessing rates correctly. Where a division is required, the Council in conjunction with its Valuation Service Provider will determine the area and corresponding rating value of each division of the rating unit.

Each rating division will be deemed a separately used or inhabited part of a rating unit for the purpose of assessing rates. A divided rating unit may not attract a Uniform Annual General Charge if it is clear that the rating unit is incapable of being used separately (but consists of 2 rating categories) or a rates remission or postponement applies to a divided part of the rating unit.

Rates payable by instalment

Rates are payable in four equal instalments. A ratepayer may elect to pay rates weekly, fortnightly, monthly, quarterly or annually.

Direct debits are available as a payment method over these frequencies. Additionally, payments may be made via the internet or in person at the Council's offices.

Any payments received for rates are applied to the oldest debt first.

Penalties on rates

Penalties for late payment of rates are set on in the rates resolution and, along with rates due dates, are clearly displayed on rates assessment notices and rates invoices. Council has the following penalty regime:

- A 10% penalty is applied on the next working day to any balance of any instalment not paid by the
 due date.
- A 10% penalty is applied to any unpaid balance from previous years. This is added on 1 July of each year, or five working days after Council has passed the rates resolution (whichever is later).

Any payments received for rates are applied to the oldest debt first.

Suppression of penalties remain in place when an arrangement to pay rates has been made. Council has a adopted a penalty remission policy, this is contained in Councils rates remission and postponement policies.

General Revaluation

Council is required to revalue each rating unit at least once every three years. This is a set out in the RVA 1998. Along with decisions made by Council values established under General Revaluation are used for assessing and setting rates.

The next effective date of General Revaluation for the Wairoa District is 1 August 2021, these values will be used for setting rates for a three-year period commencing 1 July 2022.

Rating values with an effective date of General Revaluation of 1 August 2018 will be used to assess and set rates in year one of the Long-term Plan (from 1 July 2021). Rating values with an effective date of General

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Revaluation of 1 August 2021 will be used to assess and set rates in year two of the Long-term Plan (from 1 July 2022).

Calculating differentials following General Revaluation

Following General Revaluation Council may consider changes to differentials used for each rating category when assessing and setting rates in the year following (from 1 July 2022).

Inspection of Rating Information Database

The Rating Information Database is available for inspection at Council's municipal building during business hours and on Council's website.

The publicly available Rating Information Database does not include rating unit owner name(s) and postal addresses. A member of the public may request rating unit owner name(s) and postal address details unless the owner has requested to withhold these details.

Bulk collection of the names or postal addresses (or both) of people included in the Rating Information is prohibited.

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APPENDIX 1

Property Category Code	Property Category Description	Rating Category
Al	Land which has irrigation available	Rural
AN	Land which has no irrigation available	Rural
CA	Accommodation such as motels	Commercial
CC	Cinema, theatre	Commercial
CE	Elderly rest homes	Commercial
CH	Health Operations of a small scale	Commercial
CK	Educational type uses including pre-school, primary, secondary	Commercial
CL	Liquor outlets including taverns	Commercial
CM	Motor vehicle sales or service	Commercial
CO	Office type uses	Commercial
СР	Parking buildings, and unit titles car parks which are likely to sell for commercial use	Commercial
CR	Retailing use	Commercial
CS	Service stations	Commercial
СТ	Tourist type attractions as well as other amenities with an emphasis on leisure of a non-sporting type	Commercial
CV	Vacant land, or land with low value of improvements, which when developed is likely to have a commercial use	Commercial
CX	Other commercial uses or where there are multiple uses	Commercial
D	Milk is supplied for milk products	Rural
FE	Exotic forests	Forestry
FI	Indigenous forests	Commercial
FP	Protected forests of any type	Rural
FV	Vacant land suitable for planting	Rural
НВ	Berry fruits	Rural
НС	Citrus	Rural
HF	Flowers	Rural
HG	Glasshouses	Rural
HK	Kiwifruit	Rural
НМ	Market garden	Rural
HP	Pip fruit	Rural
HS	Stone fruit	Rural
HV	Vineyard	Rural
HX	Other horticultural uses or where there is more than one use and no use is predominant	Rural
IF	Food processing or specialised food storage	Commercial
IH	Heavy, large-scale manufacturing, including vehicle manufacturing, aluminium and steel production	Commercial
IL	Light Manufacturing	Commercial

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IN	Noxious or dangerous industrial uses such as oil refinery and natural gas conversion type industries and fuel tank farms would be included	Commercial
IS	Services that usually have an interface with the general public as direct clients	Commercial
IV	Vacant land, or land with low value of improvements, which when developed will have an industrial type use	Commercial
IW	Warehousing with or without associated retailing	Commercial
IX	Other industrial uses or where there are multiple uses	Commercial
LB	Bare or substantially unimproved land, which is likely to be subdivided into smaller lifestyle lots	Rural
LI	Improved to the extent that there is some residential accommodation sited on the land	Rural
LV	Vacant or substantially unimproved land without immediate subdivision potential	Rural
MC	Coal fields	Commercial
MG	Gas	Commercial
ML	Limestone quarries	Commercial
MO	Oilfields	Commercial
MP	Precious metal mining sites	Commercial
MR	Rock, shingle, or sand pits extraction	Commercial
MX	Multiple mining activities or not otherwise specified	Commercial
OA	Assembly Halls	Residential
OE	Educational type uses including pre-school, primary, secondary, and tertiary	Commercial
ОН	Health and other public medical uses of large a large scale, including hospitals	Commercial
ОМ	Maori sites including marae and other meeting houses and including Maori burial sites	Rural or Residential
OP	Passive reserves including wilderness and conservation reserves as well as regional and national parks	Rural
OR	religious uses including places of worship	Commercial
OS	Sports grounds including racecourses, golf courses, ski fields, squash courts	Commercial
OV	Vacant land without obvious use	Rural or Residential
OX	Other uses or where there are multiple uses	Commercial
PF	Finishing land suitable for livestock, and breeding	Rural
PG	Grazing land for livestock	Rural
PR	High country runs	Rural
PS	Stud properties where the principal use is the breeding of stud stock for sale	Rural
RA	Apartments which are in multi-story buildings	Residential or Commercial
RB	Bare or substantially unimproved land, which is likely to be subdivided into dwelling house sites	Residential

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RC	Converted dwelling houses which are now used as rental flats and have two or more units of use	Residential
RD	Dwelling houses of a fully detached or semidetached style situated on their own clearly defined piece of land	Residential
RF	Ownership home units which do not have the appearance of dwelling houses	Residential
RH	Home and income. The dwelling is the predominant use and there is an additional unit of use attached to, or associated with, the dwelling house which can be used to produce income	Residential
RM	Vacant or substantially unimproved land on which it is likely that multiple housing units will be built	Residential
RN	There is more than one principal dwelling house	Residential
RP	Unit-titled car park which is likely to sell for residential use	Residential
RR	Rental flats which have been purpose-built for rental purposes and have two or more units of use	Residential
RV	Vacant or substantially unimproved land on which it is likely that a single dwelling house will be built	Residential
SA	Aquaculture, including all types of fish farming	Rural
SD	Deer farming	Rural
SH	Horse studs and training operations	Rural
SP	Poultry	Rural
SS	Pigs	Rural
SX	All other specialist livestock	Rural
UC	Civic, including storm water, sewerage, and water reticulation	Commercial
UE	Energy, including electricity and gas distribution networks and supporting facilities	Commercial
UG	Generating and processing sites or plants that support utility networks	Commercial
UP	Post boxes	Commercial
UR	Rail network corridors	Commercial
UT	Telecommunication networks and supporting facilities	Commercial

Table 1.1
Allocation of Property Categories to a Rating Categories.

APPENDIX 2 MAPS

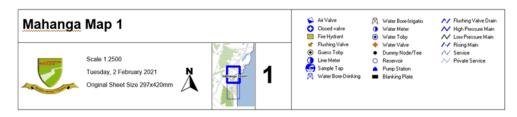
THE WAIROA SUPPLY AREA – WATER SUPPLY (INCLUDING FRASERTOWN AND PERI-URBAN SUPPLY)

THE WAIROA SUPPLY AREA – SEWERAGE DISPOSAL AND WAIROA TOWNSHIP DRAINAGE

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THE MAHANGA SUPPLY AREA - WATER SUPPLY





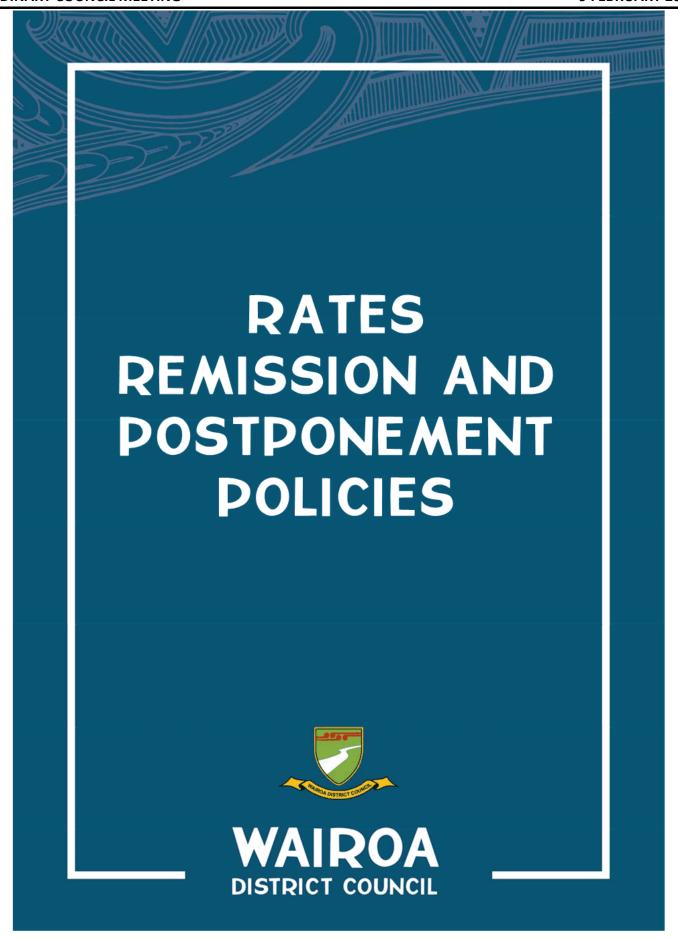
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THE TUAI SUPPLY AREA - WATER SUPPLY AND SEWERAGE DISPOSAL

THE MAHIA TOWNSHIP SETTLEMENT AREA - MAHIA TOWNSHIP DRAINAGE, SEWERAGE DISPOSAL

THE OPOUTAMA SETTLEMENT AREA - SEWERAGE DISPOSAL

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REMISSION OF PENALTIES

Objectives

- To set parameters for the Council to remit penalties.
- To encourage ratepayers to pay arrears and keep payments of rates up-to-date.
- To consider penalty remission requests on late payment previous rates instalment amounts.

Conditions and criteria

Applications for the remission of up to 100% of an instalment penalty can be made by a ratepayer who demonstrates that they meet one or more of the following criteria:

- Compassionate reasons (including the illness or death of a spouse or partner).
- The rate assessment notice or rates invoice was sent to an incorrect address or it is proven that he
 ratepayer did not receive a rates assessment notice or rates invoice through no fault of their own.
- A penalty was incurred due to a Council error (including timing differences arising from payments by regular electronic bank transactions).
- Previous property owners did not pay rates in full before property sale was completed and a
 penalty has been incurred through no fault of the new owner.
- Payment was received on time but credited to a different rates assessment due to a ratepayer supplying incorrect reference details.
- A one-off ratepayer error (including timing differences arising from payments by regular electronic bank transactions).
- There is a proven history of the rates being paid on time from the precious 2 years and the payment which a penalty request relates to has been made within 3 days after the instalment due date.
- An application for a penalty remission does not need not be in writing unless the penalty is in excess of \$200.00, or the penalty refers to the previous rating year.
- Council staff may recommend a penalty remission. This recommendation must identify relevant conditions and criteria identified in this policy.
- Penalties will not be applied where a ratepayer has entered into a repayment agreement satisfactory to Council and makes the agreed regular rate payments (see Rate Arrears Payment Arrangements policy).
- Where a ratepayer has not paid an instalment by the required due date and subsequently pays the
 balance required to bring rates up-to-date to the next instalment period (the amount less the
 penalty), or the total annual rates levied for the year by the next instalment due date: The penalty
 incurred on that previous instalment will be remitted.
- For the avoidance of doubt remission of penalties incurred on previous instalments will be
 considered on a case-by-case basis where the payment of the rates assessment is made in full, or
 an arrangement to pay rate arrears has been agreed and adhered to.

RATE ARREARS PAYMENT ARRANGEMENTS

Objectives

- To facilitate repayments of rates and water rates debts.
- To encourage lump sum payments of rates and water rates debts to clear arrears in full.
- Recognise instances where an arrangement to repay rate arrears has been made, adhered to, but not concluded.

Remission Period

• One off

Remission Value

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- Up to \$500.00 for arrears under \$5,000.00 (\$100.00 per \$1,000.00 arrears)
- Up to \$1,000.00 for arrears under \$10,000.00 (\$100.00 per \$1,000.00 arrears).
- A maximum of 10% of the total debt.
- Consideration will also be given to writing off any statute barred rates arrears which haven't been
 written off in the current financial year (A report for statue barred rate arrears has not yet been
 approved by Council).

Conditions and Criteria

- Ratepayers must commit to an arrangement with Council to repay rate arrears within an agreed timeframe, and
- Council may remit rates and water rates arrears of up to \$500 for arrears under \$5,000.00 or \$1000,00 \$1,000.00 for arrears under \$10,000.00 (this is reflective of a 10% penalty being imposed for an opening arrears balance and a 10% penalty on each rates instalment not being paid the required instalment due date).
- Rates arrears are rates in previous rating years, not arrears in the current rating year.
- Any statute barred rates arrears not already written off at the time an agreement is entered into will be excluded from the arrears total for the purposes of this policy.
- A penalty suppression on the rates assessment/ water rates debt will be added to prohibit ratepayers from incurring further arrears once an agreement has been made and adhered to.
- A default on the arrangement will result in the penalty suppression being lifted.
- Writing off \$500.00, \$1,000.00 or the amount of any statute barred rates arrears can occur at the
 beginning of the repayment arrangement, part way through and arrangement or at the conclusion
 of arrangement and is considered on a case-by-case basis.
- Requests for payment arrangements are to be made in writing by the ratepayer or their agent.
- Non ratepayer initiated repayment arrangements are to be documented.
- Consideration will be given to writing off arrears classified as statute barred rates arrears at the
 time an agreement is entered into and are considered on a case-by-case basis if they have not
 already been written off in the current rating year (the year that Council normally writes off statute
 barred rates arrears and which the provisions of section 65 of the Local Government (Rating) Act
 2002 apply).

ABANDONED LAND AND RATING SALES RATES REMISSIONS

Objectives

 To remit rates where the amount levied cannot be collected after proceeds have been received from an Abandoned Land rating sale or a Rating Sale.

Conditions and Criteria

- Proceeds for an Abandoned rating sale or Rating Sale do not clear the rates balance required to clear rates to the end of an instalment period prior to a vendor becoming the new ratepayer.
- Rates arrears cannot be collected through normal debt collection provisions and the property will
 change ownership by way of an Abandoned Land rating sale or a Rating Sale.
- The amount to be written off is the difference between the amount received from proceeds from an Abandoned rating sale or Rating Sale and the balance remaining to be cleared to the instalment period that the vendor is liable to bring rates up-to-date to that rates instalment period (and not the end of a financial year unless the end of the financial year is the current instalment period).

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REMISSION OF UNIFORM ANNUAL GENERAL CHARGES AND TARGETED RATES IN CERTAIN CIRCUMSTANCES — NON RURAL LAND

Objectives

Allow for the remission of rates in situations where uniform annual general charges and other selected targeted rates are assessed on additional rating units for contiguous or non-contiguous rating unit(s), where all requirements of s.20 of the Local Government (Rating) Act 2002 are not met.

Conditions and Criteria

- One rating unit is used as a private residence or a business and the additional rating unit is used solely as a garden or similar private part of the grounds in connection with the main rating unit.
- Where a private residence or business operates from more than one rating unit (location), and the
 additional unit is used as a single rating unit in conjunction with the main rating unit
- A rating unit used for residential purposes, and includes a separately inhabited part, may be
 treated as one rating unit where the additional rating unit is used in conjunction with the main
 rating unit by a dependent member of the same family as that of the owner.
- This policy does not apply to untenanted flats, business premises or vacant buildings capable of
 use or inhabitation.

PART FOUR: REMISSION OF UNIFORM ANNUAL GENERAL CHARGES AND TARGETED RATES FOR RURAL LAND

Objectives

To provide for relief from uniform charges and selected targeted rates for rural land which is either contiguous or non- contiguous and farmed as a single entity.

Conditions and Criteria

This policy applies to rural land.

A remission of charges will apply to additional rating units owned or used by a ratepayer.

In the case of general land in separate ownership there must be some significant development that combines the two properties into one and the owners of each rating unit must confirm in writing that all rating units are being used as one farming operation.

REMISSION OF RATES ON COASTAL RURAL LAND USED FOR GRAZING OR FARMING PURPOSES

Coastal land used as farms can qualify for a reduction in rates levied in certain circumstances.

Objectives

- To recognise the special circumstances pertaining to the value of coastal rural land used for pastoral purposes.
- To recognise circumstances applying to situations where multiple rural properties are used as one rural property.

Conditions and Criteria:

- Applications for remission will be considered in relation to additional rating units and not standalone rating units;
- Owners or trustees making application should include the following information in their applications:

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- A signed statement by the applicant that the land is, and will be, used for grazing purposes only;
 and,
- The land and capital values will be considered for special values that may be less than that assessed by the Council's Valuation Service Provider.

REMISSION ON LAND FOR NATURAL, HISTORIC OR RATES REMISSION FOR LAND USED FOR OUTSTANDING LANDSCAPE, CULTURAL, HISTORICAL OR CONSERVATION PURPOSES

Objectives

To protect and promote significant natural areas, culturally significant sites, historic buildings, structures and places, and archaeological sites.

Conditions and Criteria

Ratepayers who own rating units which include significant natural areas; culturally significant sites; historic buildings, structures and places; and archaeological sites qualify for remission of rates under this part of the policy.

- Applications must be made in writing. Applications should be supported by documentary evidence
 of the protected status of the rating unit.
- No person must be actually using the land or using the land (for private pecuniary profit).
- The Council will decide what amount of rates will be remitted on a case-by-case basis subject to a maximum amount of 50 percent of rates levied.

REMISSION OF WATER METER RATES ATTRIBUTABLE TO WATER LEAKS POLICY

Objectives

To provide relief in situations where water usage is high due to a water leak or damage to the
consumers internal water reticulation system which the consumer was unaware of.

Conditions and criteria

Council may remit water meter rates where all of the following conditions and criteria apply:

- A written request for a remission of excess water rates has been received has been received or a recommendation has been made by a Council Officer, and
- Council is satisfied a leak on the property has caused excessive consumption and is recorded on the water meter; and
- The water leak has been repaired as soon as practical, and within one calendar month of being identified (unless evidence is provided that the services of an appropriate repairer could not be obtained within this period); and
- Proof of the leak being repaired has been provided to Council promptly after the repair.

Additionally

- The amount of the remission will be the difference between the average consumption of the
 property prior to the leak, as deemed reasonable by Council, and the consumption over and
 above that average.
- Any Remission is limited to the period where the leak was identified and fixed.

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- A Remission for any particular property will generally be granted on a one-off basis and only
 once in every rating year.
- Where a remission for a water leak has been granted to a property under this policy within the last year, the remission decision is to be made by the Chief Financial Officer.

POLICY FOR REMISSION AND POSTPONEMENT OF RATES ON MAORI FREEHOLD LAND

Māori freehold land rates remission

Objectives

- To promote the collection of rates from Māori freehold land to ensure fair and equitable collection of rates from all sectors of the community.
- To recognise the unique characteristics of Māori freehold land ownership structures.
- To meet the requirements of Schedule 11 of the Local Government Act 2002.

Criteria - rates remission of Māori freehold land:

Land must be Māori Freehold land (as defined in the Te Ture Whenua Māori Act 1993 Part 6, Section 129 of the Local Government (Rating) Act 2002 Part1, Sub-paragraph 1, Section 5.

- No person shall be using the land at any time the rating unit is on the register. Persons actually using
 the land are liable for the rates on that land.
- For the purposes of this Part, a person actually using land means a person who, alone or with others,—
- (a) Leases the land; or
- (b) Does 1 or more of the following things on the land for profit or other benefit:
 - (i) Resides on the land;
 - (ii) De-pastures or maintains livestock on the land;
 - (iii) Stores anything on the land; or
 - (iv) Uses the land in any other way.

Exceptions for use of land;

- Where abandoned property or dwelling/s are situated upon the land;
- · Where an occupation order may have been granted but has not been put into effect; and,
- Where only a portion of the land is usable, rates may be apportioned appropriately.

The Council may give a remission of up to 100% of any and all types of rates, except targeted rates set for water supply or wastewater disposal, based on the following criteria:

- The land is unoccupied and no income is derived from the use or occupation of that land;
- The land is inaccessible, marginal in quality and/or unusable;
- Only a portion of the land is used or usable;
- The property carries a best potential use value that is significantly in excess of the economic value arising from its actual use;
- The property is not used for residential purposes, and its value is significantly less than the value assessed by Council's Valuation Service Provider; and,
- Other provisions and matters relating to the objectives of the policy as well as those found in Schedule 11 of the Local Government Act 2002.

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MĀORI FREEHOLD LAND - WHENUA RAHUI REGISTER

Objectives

To recognise and take account of the presence of wāhi tapu that may affect the use of the land for other purposes;

- To recognise and support use of land by owners for traditional purposes as well as the relationship of Māori and their culture and traditions with their ancestral lands;
- To recognise and set aside land that is better set aside for non-use for the protection of its natural features, preservation of the natural character of the coastal environment and/or protection of significant indigenous vegetation and significant habitats of indigenous fauna;
- To recognise and take account of the importance of the land in providing economic and infrastructure support for Marae and associated papakainga housing;
- To recognise matters related to the physical accessibility and/or marginal quality of the land;
- To recognise situations where there is no person or group gaining an economic or financial benefit
 from the land or where part only of a block is used, to grant remission for the portion of land not in
 use:
- To recognise situations where fragmented ownership and/or insufficient management structures
 make it difficult to effectively administrate the affairs relating to the land;
- To facilitate development or use of the land where Council considers rates based on the rateable value make the use of the land uneconomic; and,
- To recognise the level of community services provided to the land and its occupiers.

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Whenua Rahui Register - Criteria

It must be Māori Freehold land (As defined in the Te Ture Whenua Māori Act 1993 Part 6, Section 129 or the Local Government (Rating) Act 2002 Part 1, Sub-paragraph 1, Section 5);

- No person shall be using the land at any time the rating unit is on the Whenua Rahui register. Persons
 actually using the land are liable for the rates on that land;
- The Council may grant a postponement of up to 100% of any and all types of rates, except targeted
 rates set for water supply or wastewater disposal, based on the following criteria;
- Land is better set aside for the promotion and protection of indigenous ecosystems or biodiversity management on Māori land;
- Land is used in a way that facilitates Iwi and hapū initiatives for the retention, preservation and promotion of traditional Māori knowledge, and its use in biodiversity management;
- A Whenua Rahui application should be made prior to commencement of the rating year. Applications
 made after the commencement of the rating year may be accepted at the discretion of the Council;
- Owners or trustees making the application should include the following information in their applications:
- · Details of the rating unit or units involved;
- The objectives that will be achieved by providing a remission;
- Documentation that shows the subject land of the application is Māori freehold land; and,
- Where land is in multiple-ownership or persons making application are not owners of the land, proof authorising individuals to act for owners is to be included with the application. Reasons for nonpresentation are to be fully explained.
- The burden of proof of eligibility and ongoing compliance with the policy criteria and conditions rests
 entirely with the owner/s of the property;

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- All entries on the Register will be reviewed every five years and eligible rating units will need to be reregistered every five years;
- Registration automatically authorises the Council to undertake periodic inspections of the land to confirm ongoing compliance with the criteria and the conditions of this policy;
- The Council reserves the right to seek further information to confirm compliance as and when necessary;
- In the event of any portion of the land being sold within the three year period the Council reserves the right to recover the rates remitted for the entire period;
- Relief, and the extent thereof, is at the sole discretion of the Council and may be reviewed, cancelled
 or reduced at any time; and,
- All applications are to be processed with 30 working days of receipt of the completed application form.

Notification of Decision – Maori Freehold Land – Whenua Rahui Register

The applicant/s shall be notified in writing within 5 working days of the decision. Appeal Process – Māori Freehold Land – Whenua Rahui Register

All applicants shall have a right to appeal the decision. It should be noted however, that the burden of proof rests with the applicant.

Unused Māori Freehold Land – Economic Development

- Given that the Council will be maintaining a register of vacant and unused land, the opportunity exists
 to link developers and/or entrepreneurs with land owners, and thereby explore economic
 development partnerships;
- Any owners of property on the register wishing to have their land considered for such opportunities
 may elect to have the registration noted for consideration on an as when basis;
- Applicants must have authority from land owners and/or land management administrators to apply for registration for economic development opportunities;
- All non-voted land shall remain confidential;
- In order to encourage the development of the land, the rating unit may be apportioned into useable
 and non- useable portions and the remission applied based on the percentage of non- useable land;
- If a portion of the land is being used, those using the land will likely be held liable for the rates on the land, but rates may be apportioned according to the area of land utilised;
- If development of the land were to commence while the unit remained on the register, the Council
 may still apply a remission, for a maximum period of 5 years; and,
- The length and degree of the remission will be proportionate to the nature, characteristics and level
 of development as well as the objectives and considerations of the policy. The remission may be
 reviewed and amended periodically as development continues, at the Council's discretion.

Identification of Unused Māori Freehold Land - Economic Development

- Properties for inclusion can be identified by either the owner/s or the Wairoa District Council:
- Council Identification Properties are generally identified for inclusion on the register when rate arrears
 are incurred and efforts to recover have proved ineffective. Such properties are inspected and if the
 criteria are met, approaches are made to land owners to make application; and,
- Owner Identification If owners consider their land conforms with the criteria an approach may be made to the council.

Unused Māori Freehold Land - Economic Development - Application Process

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Applications, whether initiated by the Council or the owner, will be made on the approved form. On receipt of the completed form a full investigation to validate the information presented is to be completed by council staff. The completed form and the resultant report shall form the basis on which compliance with the criteria shall be judged.

NON-CONTACTABLE OWNERS RATES POSTPONEMENT POLICY – MAORI FREEHOLD LAND

Objectives

- This policy applies to Māori Freehold Land as defined in the Te Ture Whenua Māori Act 1993 Part 6,
 Section 129 of the Local Government (Rating) Act 2002 Part1, Sub-paragraph 1, Section 5.
- To allow for rates arrears on Māori Freehold Land to be set aside and facilitate a change in the address for the rates assessment notices and invoices to be sent to and paid.
- To facilitate the use of vacant Māori Freehold Land when there is no practical way of recovering
 past outstanding rates arrears.
- To facilitate the use of Māori Freehold Land, when there is no practical way of contacting current owners, actual or potential preferred classes of alienees therefore allowing person(s) to use Māori Freehold Land for pastoral or grazing purposes.

Conditions and criteria

- Rates on the land cannot be collected and the rates assessment would otherwise accumulate until
 the statutory write-off of statute barred rates arrears applies, and
- · There is an undertaking to keep current and future rates up-to-date by the new addressee, and
- The land is vacant Pastoral or Lifestyle land located in the rural District Plan zoning area and to be
 used for grazing or farming purposes only, and
- · No substantial development is to occur on the land, and
- No harvesting of trees, mineral extraction or excavation is to occur on the land, and
- · The land is not eligible to be entered into the Whenua rahui register, and
- Multiple attempts have been made to locate, engage with current or preferred class of alienees and
 facilitate the payment of rates by these owners or trustees Māori Freehold Land. In the case of
 deceased estates all reasonable attempts have been made to contact actual or potential preferred
 classes of alienees, and
- There are rates arrears for at least 3 previous financial years.
- All applications are to be made in writing by the person(s) wishing to uptake this policy.
- For the avoidance of doubt any Māori Freehold Land that is considered to have sites of cultural or spiritual significance will not be eligible to be used by persons other than owners or trustees.
- If the conditions and criteria are rates arrears will be set aside until they become statute barred and no active debt recovery will take place.
- Should the policy criteria no longer be met rates arrears will no longer be set aside.
- This policy applies to rateable Māori freehold land and not non-rateable Māori freehold land.

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PARTIAL USE OF MAORI FREEHOLD LAND

Objective

- This policy applies to Māori Freehold Land as defined in the Te Ture Whenua Māori Act 1993 Part 6,
 Section 129 of the Local Government (Rating) Act 2002 Part1, Sub-paragraph 1, Section 5.
- To provide rates relief to ratepayers who wish to use a portion of Māori freehold rating unit.
- To recognise an ability of a person to use a portion of 'vacant' Māori freehold rating unit in as expressed in section 27(5) of the LGRA 2002.
- To facilitate the use of Māori freehold and minimise the alienation of Māori freehold.

Conditions and criteria

- The portion of unused or unoccupied land is greater than 2 hectares of the rating unit.
- The land is vacant Pastoral or Lifestyle land and located in the rural District Plan zoning area and to be used for grazing or farming purposes only.
- 3. No harvesting of trees, mineral extraction or excavation is to occur on the land.
- 4. Carbon farming and apiculture activities are considered land use under this policy.
- Council's Valuation Service Provider will create a division of a rating unit on more than one area representing:
 - The area of the rating unit that is used by the applicant.
 - The area of the rating unit that is not used by the applicant.
- 5. Council will levy rates on each area based on the Capital Value of each land area.
- 6. The Uniform Annual General Charge will be apportioned between each vacant area. A full Uniform Annual General change and waste management charges will remain on any divided area that has structures on it and will be levied on a SUIP basis.
- 7. The status of the land will be continually monitored.
- 8. This policy applies to rateable Māori freehold land and not non-rateable Māori freehold land.

REMISSION OF RATES FOR LAND USED FOR PAPAKAINGA HOUSING

Policy objectives

- To provide rates relief to rural Māori Freehold land used for papakāinga housing.
- To provide an alternative to low income occupants living on Māori Freehold land used for papakāinga housing when they would not eligible to receive a rates rebate because of the current eligibility criteria for rates rebates.
- To avoid the alienation of owners and occupants from rural Māori Freehold land used for papakāinga housing.
- To meet the requirements of schedule 11 of the Government Act 2002.
- To assist Māori to establish papakāinga housing on rural Māori Freehold Land.

Conditions and criteria

Council recognises that the imposition of multiple UAGCs or other non-service 'separately used and uninhabited' levied rates might act as a deterrent to Māori seeking to occupy Māori Freehold Land for housing purposes.

Council will consider applications for the remission of multiple UAGCs and other charges, with the exception of those that are set for the provision of utilities such as water, sewerage in respect of separately used or inhabited parts of a rating unit where these are the covered by occupation licenses, or other informal arrangements subject to the conditions and criteria set out below:

 The land must be Māori Freehold Land (As defined in Te Ture Whenua Act 1993 Part VI Section), and

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- The part of the land used for papakāinga must be the subject of an occupation license or other informal arrangement for the purposes of providing residential housing for the occupier on a rent free basis, and
- The area of land must be less than 3.2 hectares and located outside the Wairoa township and have no less than three dwellings on it, and
- The land must have a primary and actual use code of lifestyle or residential as defined by current rating valuation rules.
- Council reserves the right to cancel the agreement if the rates remain unpaid for a period of more than 3 months after the due date.
- Each occupants must have a level of income no greater than the level of NZ superannuation used for the calculation of rates rebates in accordance with the Rates Rebate Act 1973.

Remission of Uniform Annual General Charges and Targeted Rates for Waste Management

- Applications must be received in writing from the owners or trustees of the land and signed by the owners or trustees.
- The application must contain the names of the occupants of each dwelling and a statutory
 declaration that each occupant of each dwelling has a level of income no greater than the level
 of NZ superannuation used for the calculation of rates rebates in accordance with the Rates
 Rebate Act 1973.
- All successful applications will be granted a remission of 50% of the uniform annual general
 charge and targeted rate for waste management on the third and subsequent dwellings on the
 land that are applicable based on the pre-mentioned income level of the occupants.
- For the avoidance of doubt 100% of the uniform annual general charge and waste management rural charge will apply two dwellings on the land.

The remission of the UAGC and other charges will remain on the land so long as the arrangement is in force subject to the occupation complying with the conditions and criteria set out above.

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8.6 REGIONAL ECONOMIC DEVELOPMENT REVIEW

Author: Kitea Tipuna, Tumu Whakarae Taupua Interim Chief Executive Officer

Authoriser: Kitea Tipuna, Tumu Whakarae Taupua Interim Chief Executive Officer

Appendices: 1. Review of Local Government Investment in Business and Industry

Support across the Hawke's Bay Region <a>J

1. PURPOSE

1.1 This item presents the findings and recommendations of the Review of Local Government Investment in Business and Industry Support across the Hawke's Bay Region undertaken by the Giblin Group for the five Hawke's Bay councils. A briefing on the preliminary findings of the review was provided by the Giblin Group to the Economic Development Committee on the 8th December.

RECOMMENDATION

The Tumu Whakarae Taupua Interim Chief Executive Officer RECOMMENDS that Council

- 1. Receives and considers the "Regional Economic Development Review" staff report and the accompanying Giblin Group report Review of Local Government Investment in Business and Industry Support across the Hawke's Bay Region dated December 2020.
- 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.
- 3. Endorses Council participation in the second stage of the review process with a more detailed investigation of the recommendations set out in the Giblin Group report.
- 4. Endorses Council engagement with Treaty Partners and other regional stakeholders on the opportunity to create an enduring Economic Development Delivery Platform with the appropriate scale and mandate to better guide and direct economic development activity to priority areas and issues.
- 5. Supports the opportunity to embed a partnership with Māori in the new Economic Development Delivery Platform.
- 6. Endorses the five Councils' commitment to keeping the Hawke's Bay Business Hub open with the potential assignment of the lease to one of the five councils.

EXECUTIVE SUMMARY

This review was commissioned by the five Hawke's Bay councils in August 2020 and stems from a Local Government Act (2002) s.17A requirement to review the cost effectiveness of Council arrangements for delivering services on a periodic basis.

In commissioning the Review, the councils' Chief Executives recognised that there might be opportunities to improve regional coherence of economic development investments and wanted a clearer picture of this in order to inform Long Term Plan processes starting from late 2020. Disruption arising from the Covid-19 pandemic resulted in later commissioning and completion of the review than had been anticipated and therefore there is insufficient time to

finalise decisions in response to the review for incorporation in current 2021-2031 Long Term Plan processes.

2. BACKGROUND

- 2.1 In July 2020 the Chief Executives of the five Hawke's Bay councils commissioned Giblin Group to undertake a Local Government Act (2002) s17A review of Hawke's Bay Councilfunded, non-statutory activities that are focussed on business, industry and sector development. The specific activities and services that were in scope of this review were:
 - Business development activities, such as business information and referral services and business capability support
 - Skills building, attraction and retention initiatives
 - Innovation, commercialisation and R&D support
 - Investment promotion and attraction
 - Destination marketing and management and events
 - Sector development initiatives and cluster facilitation
 - Economic development and economic wellbeing strategy development, intelligence and monitoring
 - Strategy/action plan programme management, coordination, communications, monitoring and reporting (i.e. largely the activities involved in supporting and implementing the Matariki Hawke's Bay Regional Development Strategy).
- 2.2 The Review was commissioned following a request from Business Hawke's Bay for additional funding and subsequent desire to review the cost effectiveness of Council arrangements for delivering business, industry and sector development activities and services and to consider any opportunities to improve regional coherence of this sub-set of economic development investments.
- 2.3 Hawke's Bay councils were seeking an assessment of:

The role of local government in economic development and economic wellbeing in the region, based on an analysis of:

- Challenges and opportunities facing the Hawke's Bay economy
- Rationales for local government activities in economic development and economic wellbeing
- The landscape in which various actors and mechanisms play a role in the regional economic development system
- Legislative and central government expectations.

Economic development and economic wellbeing activities, identifying strengths, weaknesses and any relevant gaps in the activities, based on:

- The Councils' objectives, priorities and performance targets
- Identifying any overlaps/duplication and/or gaps across Councils' and key organisation's activities
- The role non-Council parties play in the regional economic development system
- An assessment of the efficiency of current arrangements and the benefits of the activities versus costs
- An assessment of the overall effectiveness of the current delivery models of the five Councils and key delivery organisations, including governance arrangements, funding arrangements and current economic development and economic wellbeing reporting and accountability mechanisms.

Options for future economic development and economic wellbeing delivery arrangements, based on clear criteria, and recommendations for any changes in functions, form and funding.

- 2.4 The Giblin Group report Review of Local Government Investment in Business and Industry Support across the Hawke's Bay Region summarises the findings and recommendations of this Review.
- 2.5 The Giblin Group review finds there are no major gaps in the types of services being delivered and current services are based on addressing issues or leveraging opportunities that are broadly aligned with the role of local government. The current services are generally being delivered efficiently and typically provide a good return on investment. However, current services are often sub-scale and not well coordinated, and as a consequence the region is missing opportunities to leverage central government funding and undertake activities that have the scale or agility to capture the opportunities available to the region. Hawke's Bay Tourism Limited (HBTL) is the exception to these concerns as it currently has the scale, focus and connectedness to deliver the destination marketing function of the region effectively.

3. OPTIONS

- 3.1 Section 17A of the LGA requires consideration of the following options when considering delivery improvements (note a 17A review is not limited to these options):
 - 3.1.1. Responsibility for governance, funding, and delivery is exercised by the local authority
 - 3.1.2. Responsibility for governance and funding is exercised by the local authority, and responsibility for delivery is exercised by
 - a council-controlled organisation of the local authority; or
 - a council-controlled organisation in which the local authority is one of several shareholders; or
 - another local authority; or
 - another person or agency.
 - 3.1.3. Responsibility for governance and funding is delegated to a joint committee or other shared governance arrangement, and responsibility for delivery is exercised by an entity or a person listed in paragraph 5.1.2
- 3.2 The Giblin Group report considers 7 options given the Hawke's Bay context and the Review analysis (i.e. the range of issues, challenges and opportunities that were identified). These are:
 - a. Status Quo
 - b. Enhanced Status Quo v1: Improved funding for BHB
 - c. Enhanced Status Quo v2: Improved funding for BHB + BHB takes on RBP contract (with HB Council support and Central Govt agreement via formal procurement process).
 - d. Transferring business support services to a Council or across Councils.
 - e. Leveraging other providers: A variant of Option 4. Responsibility for (non-tourism) business and industry development and support activities/services would sit with a

- Council or Councils but these activities/services would be contracted to other providers in the region (e.g., industry groups, iwi organisations) to deliver.
- f. Extended regional model of delivery for non-tourism economic development activities (EDA CCO): BHB would become Council Controlled Organisation (CCO). No change to HBTL.
- g. Combined Regional Economic and Tourism Agency: BHB and HBTL would be folded into a new combined Regional EDA/RTO for Hawke's Bay.
- 3.3 Council Chief Executives are not seeking any decisions from councils on the recommended options set out in the Giblin Group report Review of Local Government Investment in Business and Industry Support across the Hawke's Bay Region at this Time as further more detailed analysis is required.
- 3.4 The full Review report contains more detailed analysis that assesses the major advantages and disadvantages of each of the considered options

4. CORPORATE CONSIDERATIONS

What is the change?

4.1 Potential changes in Council's contribution to economic development strategies and operations.

What is the cost?

4.2 The next stage of the review process would begin February 2021 of which the estimated cost is \$40,000 (GST exclusive). This cost would be managed via the HBLASS Shared Services Cost Centre and shared by Councils in accordance with the annual budget plan on the following basis:

Wairoa District Council (11%)	\$4,400
Napier City Council (26%)	\$10,400
Hastings District Council (26%)	\$10,400
Central Hawke's Bay District Council (11%)	\$4,400
Hawke's Bay Regional Council (26%)	\$10,400

- 4.3 When the next stage of the review process is completed and the chief executives have considered this analysis a further and final report will be brought to Council to seek decisions to formally undertake community consultation on the options and preferred recommendations. This is expected mid 2021.
- 4.4 The next stage of this work will cost the Council \$4,400 which is currently unbudgeted. There is a small amount of staff time, particularly the Chief Executive and Policy and Governance Advisor in engaging with partner councils and the next phase of work. The outcomes of the next stage of the review process may result in recommendations that would have a material impact on the Council's economic development activities, which are mostly funded via the regional targeted rate. At that time the financial implications will be assessed and considered as part of Council decision making.

What is the saving?

4.5 Nil

5. SIGNIFICANCE

- 5.1 The decision does not significantly alter the service provision or affect a strategic asset, nor is it inconsistent with an existing policy or plan.
- 5.2 The use of the special consultative procedure is not prescribed by legislation.
- 5.3 The decision is not significant under the criteria contained in Council's adopted Significance and Engagement Policy.
- 5.4 The persons affected by this decision are all regional ratepayers and residents who benefit directly or indirectly from the Council's economic development activities.
- 5.5 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.

6. RISK MANAGEMENT

6.1 In accordance with the Council's Risk Management Policy the inherent risks associated with this matter are:

Human	Financial	Regulatory
Low	Considerable	Low
Operations	Employees	Image & Reputation
Low	Low	Considerable

Who has been consulted?

In undertaking their review the Giblin Group interviewed and surveyed key stakeholders involved in regional economic development. Major changes to the way economic development is delivered in the region is likely to require wider community consultation as part of Annual Plan development or amendment to Long Term Plans in due course.

Confirmation of statutory compliance

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

Signatories

X859400	X85pino
Author	Approved by
Kitea Tipuna	Kitea Tipuna

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REVIEW OF LOCAL
GOVERNMENT INVESTMENT IN
BUSINESS AND INDUSTRY
SUPPORT ACROSS THE HAWKE'S
BAY REGION

Final Report for Hawke's Bay Councils

December 2020



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1.0 EXECUTIVE SUMMARY

This report summarises the findings and recommendations of a review of Hawke's Bay Council-funded, non-statutory activities that are focussed on business, industry and sector development.

The specific activities and services that were in scope of this review are:

- Business development activities, such as business information and referral services and business capability support;
- Skills building, attraction and retention initiatives;
- Innovation, commercialisation and R&D support;
- · Investment promotion and attraction;
- Destination marketing and management and events;
- · Sector development initiatives and cluster facilitation;
- Economic development and economic wellbeing strategy development, intelligence and monitoring.
- Strategy/action plan programme management, coordination, communications, monitoring and reporting (i.e. largely the activities involved in supporting and implementing the Matariki Hawke's Bay Regional Development Strategy).

This review was commissioned by the 5 Hawke's Bay Councils in August 2020 and stems from a Local Government Act (2002) s17A requirement to review the cost effectiveness of Council arrangements for delivering services on a periodic basis. Hawke's Bay Councils also recognised that there might be opportunities to improve regional coherence of economic development and economic wellbeing investments and wanted a clearer picture of this in order to inform engagement with Hawke's Bay communities through Long Term Plan processes starting again from late 2020.

This Executive Summary captures the key findings for each of the areas of inquiry. Section 2 contains the Review Recommendations.

1.1 Economic development activities and services currently being provided

Key findings are:

- There are no major gaps in the types of services/activities being delivered and current services/activities are based on addressing issues or leveraging opportunities that are broadly aligned with the role of local government.
- The services/activities being delivered are, however, often sub-scale (e.g. often less than 1 FTE to
 deliver significant programmes of work or activities). This will be limiting the potential value of
 economic development investment for Hawke's Bay. This value relates to the ability to:
 - Most effectively leveraging the resources of others (e.g. Central Government funding/involvement and private sector funding/involvement). Regions need to be well-organised and focused in order to maximise the opportunities available through Central Government funding support (which will continue to have a large role to play in a COVID-recovery environment), and to partner with the private sector in different ways;



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- Work with speed and agility to fully understand the nature of issues, constraints and opportunities presenting for Hawke's Bay in order to design and implement appropriate interventions where there is a clear role for government; and
- Bring mandate, mana and resources to the table to focus on areas of critical priority for Hawke's Bay.
- The real potential value of economic development investment in Hawke's Bay is a greater ability to meet the overarching outcome of the Matariki Strategy and Action Plan "Every whānau and every household is actively engaged in and benefiting from growing a thriving Hawke's Bay economy". This requires a focus on existing business (and assisting them to overcome challenges and create greater value through doing things differently and better over time); a focus on creating new platforms for growth for Hawke's Bay (either by growing new activity in the region or by encouraging new activity to the region); and tying these things together, the investments and efforts need to support a thriving business environment (e.g. infrastructure, rules and regulations).
- The Return on Investment (RoI) from effective economic development support can be high. For example:
 - Work to support the Hawke's Bay horticulture and viticulture sector with critical COVIDrelated seasonal labour issues will help to protect around \$715m of regional economic activity in apples and pears alone. This sector directly supports 2,579 permanent local workers and, indirectly, a further 5,751 permanent local workers in the eco-system of services that supports the industry;
 - Economic development work relating to the horticulture potential in Wairoa suggests that
 a proportionately minor strategic government role in different areas could help support
 additional expenditure to the local Wairoa economy of around \$82 million over a 10 year
 period and the employment of an additional 197 FTEs over the same period.
 - Encouraging a new business to locate in Hawke's Bay could lead to 100s of new jobs and resulting economic activity. Depending on the nature of the activity this could, in time, help to stimulate a range of value-add services (and well-paying jobs) needed to support this activity.
 - o For relatively small investments, effective regional branding, marketing and promotion can play a key role in attracting visitors, talent, investors and businesses to the region. Tourists in Hawke's Bay spent over \$45 million in August 2020 (the highest regional spend in the country), and while not all visitors will have been encouraged to visit by the work of Hawke's Bay Tourism Ltd (HBTL) this still suggests an effective Rol on the \$1.5m in annual funding for HBTL. Visitors to Hawke's Bay also support local retail and hospitality and help to create vibrant city centres and regional amenities that locals enjoy and which play a critical role in wider people and talent attraction.
- There are also opportunities to better align and structure some activities and services e.g. business
 capability support being provided by Hastings District Council (HDC) should ideally be provided via



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agencies with core expertise in this area e.g. Business Hawke's Bay (BHB)/a regional Economic Development Agency (EDA), and/or Hawke's Bay Chamber of Commerce. This would promote regional coherence and access for business.

- While there appears to be a gap in the provision of support for exporting and offshore investment
 this is appropriately provided through NZTE and ExportNZ i.e. local government does not have the
 expertise and capability to provide significant support in this area beyond sister-city relationships
 and providing basic exporting information and referring businesses to other providers of support
 (e.g. NZTE).
- Some regions and Economic Development Agencies (EDAs) have greater access to funds to support feasibility/business case development. Hawke's Bay currently lacks a regional pool of funds that can be used to investigate economic development opportunities that are aligned with the region's strengths/opportunities/strategy. This means that opportunities are considered in an ad hoc way and support for any investigation will depend on the degree of funding available to individual Councils at the time and the strength of any advocacy.
- Destination management and marketing is led by Hawke's Bay Tourism Ltd (HBTL) and while there
 is some cross-over in activities (largely in the events space) there appears to be good coordination
 between Councils and HBTL.
- Business capability-related support is largely provided through the Regional Business Partner (RBP) Programme (although HDC does do a bit of this as well).
- Cluster and sector work with industry coalitions is largely led by BHB.
- There are some good examples of collaboration relating to investment attraction e.g. NZ Institute
 for Skills and Technology and Jetstar, but activity related to investment and talent attraction has
 been largely ad hoc (notwithstanding a desire to back existing strategies with funding for
 implementation).
- The Matariki Regional Development Strategy (RDS) governance structure and associated meetings
 are the main focal point for setting regional economic development priorities. There is recognition
 of Matariki's value for relationships and connecting under one umbrella i.e. a collective of people
 working together on shared and interdependent objectives and that the strategy and structure
 are relatively new and evolving. There is, however, concern among stakeholders that Matariki is
 not delivering on its promise and that governance could be streamlined.

1.2 Current investment in activities and services

The key findings are:

 Hawke's Bay Regional Council (HBRC) appears to have the largest specific economic development budget but the HBRC role is more akin to a collection and distribution agency. HBRC collects an economic development rate from Hawke's Bay ratepayers (given it is the only Council with a regional remit), and this is used to fund HBTL (on behalf of the region), and provide a share of the ratepayer funding for BHB. HBRC also provides the funding for the Regional Business Partner (RBP) programme via the contract it holds with Central Government (NZTE and Callaghan Innovation).



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- Napier City Council (NCC) is the largest overall funder of activities and services that are in-scope
 of this review but this includes funding for the Napier i-Site and Napier War Memorial Centre
 (given their roles in regard to visitor attraction/promotion and/or events). Excluding this funding
 Napier's investment in economic development activities and services sits around \$714,000 per
 annum (and well below HDC's investment).
- HDC's investment in economic development activities and services (not including the i-Site and Toi Toi) is around \$1.29m.
- · Funding for HBTL makes up 15.7% of the funding.
- Funding for BHB makes up 3.3% of funding.
- Funding for specific Council ED teams (salaries + funding for discretionary activities/projects) makes up around 13% of funding.
- At an aggregate level (nominal) funding has remained about the same over the last five years. This
 means in real terms funding has fallen.
- There has been some change to funding at a more detailed level e.g. HBRC used to have an Economic Development Manager; HDC has been shifting funding from the ED budget to its Strategic Projects team.
- Just under half of (in-scope) funding is directed to the i-Sites, the Napier War Memorial Centre
 and Toi Toi. There is a clear path dependence with current economic development funding. Over
 time the region has built community and visitor infrastructure that is more effectively utilised with
 external visitor support e.g. even setting aside i-Sites, ToiToi and NCC, the region has Splash
 Planet, the National Aquarium, The Faraday Centre etc, and funding for destination marketing and
 management-related activities has followed this existing activity.
- In terms of FTE resources, HBTL has the largest FTE count at around 8.15; BHB has around 6.5;
 HDC has the largest FTE count of the Councils at around 6.1 FTEs (2.1 FTEs in the ED team, 1 Event
 Manager role, and 3 roles from the Strategic Projects team (note the analysis has not included
 any FTEs from marketing and communications for any of the Councils); HBRC has 6 (but this is
 mostly the RBP team that sit in the Business Hub); NCC has around 4.35 (1 Economic Development
 Manager role, 1 Event Manager role, and 2 roles that do similar work to HDC's Strategic Projects
 team. Both CHBDC and WDC have around 1 FTE.

1.3 Assessment of rationale and fit of activities and services being delivered

The key findings are:

- In terms of economic output Hawke's Bay has an export-facing economy. In terms of business
 units it is more domestic service-based. This means regional businesses will have a wide-spectrum
 of business support needs e.g. ranging from management capability-related programmes through
 to assistance in engaging with offshore markets.
- The broad types of economic development activities/services being delivered by the 5 Councils,
 BHB and HBTL are consistent with identified opportunities and the needs facing the region.



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- Analysis of the work programmes and activities/services being provided by the Councils, BHB and HBTL suggests that these are based on clear rationales, with Councils for the most part focused on facilitation, promotion, and information provision.
- The work of BHB and HBTL is appropriately focused on collective action issues (e.g. industry-wide marketing, promotion, attraction); sectoral connection and coordination issues; and specific business capability and support programmes (where they can leverage their knowledge of business/industry needs to develop and provide targeted programmes of support i.e. there is a clearer rational for EDAs/RTOs to provide this activity than directly by Council).
- From an economic development activity perspective the opportunities presenting for food and
 fibre and the challenges presenting for tourism, hospitality and retail will require working closely
 with those sectors. Hawke's Bay existing activities and services (including the important RBP
 programme) provide a strong platform for this work.
- Business support and capability programmes will continue to be an important component of assistance given a likely need to build greater resilience into business models.
- The changing nature of work, consumption and the rise of the contact-free economy will mean that support for digital capability and digitisation will likely be a critical component of the support provided to our businesses/sectors.
- The rise of remote working also offers Hawke's Bay an opportunity to leverage its lifestyle strengths to attract talent from other parts of the country (and in time offshore).
- The biggest short-term challenge facing the Hawke's Bay economy is related to labour supply (an
 immediate issue for Hawke's Bay's important horticulture industry) and broader skill shortages.
 Local government, along with its delivery partners, can play an important role in helping to
 coordinate and facilitate the planning with industry and Central Government that will be required
 to resolve these issues.
- Central Government's role in regional economic development and its expectations of local government and regional delivery agents has shifted over time. Central Government wants regions to be "joined-up" and to be clear on regional priorities; it wants regional plans to fit with national sector/industry strategies where they exist and/or are being developed; it wants to utilise regional information that is closer to source to inform policy and programme development; and it says it wants to partner on longer-term objectives where there is a clear role for government to play. All this will require Hawke's Bay to have expertise at the regional level, it will require effective leadership, collaboration and coordination, and a funding and support system that can adapt to the changing needs of Hawke's bay businesses and sectors and leverage and maximise the support provided through Central Government.



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1.4 Effectiveness and efficiency

1.4.1 Councils

- Council economic development activities/services are being delivered efficiently (on the basis of FTE resources).
- The FTE resources Councils are using to supply economic development activities and services are
 relatively constrained (see table 4 on page 31), and this will be limiting the potential value of
 economic development investment for Hawke's Bay (see Section 1.1).
- HDC has the largest FTE resource at around 6.1 FTEs (2.1 FTEs in the ED team, 1 Event Manager role, and 3 roles from the Strategic Projects team (note the analysis has not included any FTEs from marketing and communications for any of the Councils); HBRC has 6 (but this is mostly the RBP team that sit in the Business Hub); NCC has around 4.35 (1 Economic Development Manager role, 1 Event Manager role, and 2 roles that do similar work to HDC's Strategic Projects team. Both CHBDC and WDC have around 1 FTE (both Economic Development Manager roles).
- Council economic development work programmes are spread across the main domains of economic development activities/services where there is rationale for publicly-funded intervention (either through Councils or delivery agents).
- ED Managers/teams are playing a useful connection and funnelling role to the main providers of
 services and, within time constraints, are often focused on one or two larger projects at any one
 time e.g. the FoodHub. They are also the key connections to Matariki RDS at a work programme
 level and the Think HB group which appears to be playing a useful collaboration role in the
 investment and talent attraction space.
- Performance measures and any related KPIs or targets (where they exist) are, for the most part, being met. But performance measures/KPIs are organisation specific and have been set at varying levels of detail. Performance measures are often project based, and overall there appears to be a trend toward less specificity over time (at least in reporting any measures publicly through Annual Plans). This may have helped streamline Annual Plans and internal processes but it risks reducing transparency and accountability for the outcomes, objectives and work programmes that have been set by Councils through public consultation.
- There is also no explicit relationship to Matariki RDS or broader regional objectives in Council ED
 performance measures/KPIs except through general collaboration performance measures (where
 they exist).
- More broadly the region does not have a clear 'impact framework' to articulate the 'intervention logic' between activities delivered and the desired outcomes for the region over the short, medium and longer-term. A framework like this could better inform distributed (individual

¹ A logic or impact model is a representation of the relationships between organisation/program resources, activities and intended outcomes. Typical logic models consist of inputs, activities, outputs, and outcomes.



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- team/org) work programmes that contribute to regional outcomes and provide greater clarity on respective roles and responsibilities (e.g. leadership and/or close collaboration where needed).
- Ideally, Matariki RDS would be playing a clear role in providing the region, and all the parties that
 contribute to the region's economic development, with a shared and agreed vision of success, set
 of outcomes, and prioritised areas of focus (that require collective action) in order to guide
 individual roles and mobilise resources available. This hierarchy would ideally inform individual
 work programmes, Service Level Agreements and/or Contracts for Service.

1.4.2 Business Hawke's Bay (BHB)

- BHB is meeting the KPIs set out in the Contract for Service (CfS) with the 5 Hawke's Bay Councils
 and has delivered outputs efficiently.
- It has an ambitious work programme (current and intended), however, (relative to FTEs/funding available) that goes beyond the CfS areas of focus. Given limited FTEs this will be constraining the ability to delivery priorities as effectively as possible.
- The activities themselves are based on solid 'problem definitions' and are aligned with typical EDA
 activities (particularly the start-up and sector and industry development/collaboration related
 activities).
- A lot of the (mostly proposed) skills and talent work is strongly related to Hawke's Bay issues/opportunities (a microcosm of national issues with added emphasis given the region's socioeconomic characteristics and the labour intensive nature of horticulture), but this is not funded activity beyond the Service Level Agreement with EIT (which is funded by MSD) for the 'Education to Employment - Vocational Pathways' work.
- BHB has been relatively active in regard to inward investment attraction and sector, cluster and enterprise development-related work given the resources it has had available. Key achievements have included:
 - Partnering with the 'Think Hawke's Bay' group (which appears to have been useful in building a more effective collaborative mechanism for investment and talent attraction), on two business promotional and attraction initiatives (Datacom and the HQ for the new NZ Institute for Skills and Technology), and work on a Regional Talent Attraction Strategy and Action Plan.
 - Work on a Peak Investment event held in 2019 (with NZTE) which led to over \$1m in investment into businesses that BHB helped to get 'pitch ready'.
 - Running of the "Co.starters" programme which continues to be popular, with 40+ graduates having completed the programme and around 90% successfully completing further validation, pivoting, new product development, and commercialisation.
 - Leading on two key sectoral projects relating to 'IT/Digital/High-value Manufacturing' and the 'Land to Brand Sector Support Programme', which appear to have been most useful in the way they have connected local businesses to each other (which are leading to collaborations) and have connected local businesses to business support and/or potential



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partners (e.g. (research institutes, food technologists and consultants, university internship programmes etc).

- Matariki Programme Management activity has been challenging for both BHB and stakeholders
 given the large degree of 'distributed ownership' of priority actions, a lack of funding for
 implementation of some areas of Matariki, and key personnel changes. The wide-spread concern
 that Matariki is not delivering on its promise (see survey results in Annex D), and differing views
 on how the programme should be governed and managed has also contributed a difficult
 operating environment.
- Business Hub usage and business connection metrics continue to show growth (even including the
 COVID-lockdown period). The Hub is clearly filling a need for a meeting and connection space that
 has a look, feel, and vibe that businesses and organisations will pay to use. The Hub also plays a
 critical role in bringing together, under one roof, many of the key business support agencies
 operating in Hawke's Bay. In an environment where there is a perception of fragmented services
 this is important. The Business Hub, however, runs at an overall loss and additional funding is
 required to support repairs and maintenance and CAPEX.

1.4.3 Hawke's Bay Tourism Ltd (HBTL)

- HBTL is meeting the KPIs set out in the funding agreement with HBRC and appears to be delivering outputs efficiently.
- HBTL's members appear to be satisfied with HBTL's contribution toward the growth of the industry
 and in representing the region at a national and international level. The area where members
 think there is an opportunity to do more is in "coordinating business opportunities for its
 members". This includes education, business events and workshops focussed on the specific
 issues of SME tourism businesses.
- Responses to questions to the survey undertaken as part of this review indicate that HBTL is generally held in high regard in terms of relevance, quality, and timeliness of activities/services.
- Central Government considers HBTL an effective Regional Tourism Organisation (RTO).
- There are operators in the Hawke's Bay Māori tourism sector that feel HBTL does not represent
 their interests in the most effective way (there is a (current) role vs expectation mismatch). The
 HBTL Board and management are aware of these issues are keen to work more closely with the
 broader Māori tourism sector to address these issues and needs.

1.4.4 Regional Business Partner (RBP) Programme

- The Hawke's Bay RBP programme is easily meeting its contractual KPIs.
- Central Government consider the programme and team to be high performing and have confidence in delivery. Hawke's Bay is seen as one of the more "hands-off" regions.
- The co-location of this programme/team in the Business Hub is important as the advice/services
 available through this programme are critical tools in the wider economic development support
 'toolkit'. Central Government agencies see the synergies of this playing out in different ways



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across the country e.g. the insight derived from being at the coal face and working one-on-one with businesses can be used to design other offerings for business (that isn't available via RBP), and guide other work.

- NZTE/Callaghan note that having the right people and set of skills is critical. They think that HB
 RBP has had a good focus on this and the team is currently playing to its strengths and weaving in
 all aspects of support as needed e.g. business mentors etc. KPIs suggest that the team is able to
 support a greater number of businesses than average and wait times are lower than many other
 regions.
- While the programme is delivering effectively and efficiently there is a perception it is a bit of a
 silo even though it is co-located at the Hub. HB RBP acknowledges that they stay closely focussed
 on contract KPIs/deliverables on purpose (to, appropriately, reduce the risk of resources being
 diverted to non-core activities). This may be limiting the value of the insight generated from
 working closely with Hawke's Bay businesses in designing other offerings for business (that isn't
 available via RBP), and guide longer-term work and engagement with local and central
 government.

1.4.5 Great Things Grow Here (GTGH)

- There is value in Hawke's Bay having a collective brand and platform that it presents, in particular,
 to external talent and investors. This is especially important because there is a perception among
 business that the region, and the support it provides business, is fragmented. If other regions
 initially present themselves as easier to do business with then Hawke's Bay potentially misses
 opportunities for early engagement and follow through.
- Ideally Hawke's Bay would have one clear and identifiable 'umbrella' brand that different activities could connect to. GTGH could play this role but there is still some (largely HB business as this has not been tested more widely), confusion about what GTGH is, and what it isn't, and a general lack of understanding of what it is trying to achieve. This led the HB Chamber to recently create the "Be in the Bay" website so that their members had a specific platform to connect to other businesses in the region. There are views that 'Be in the Bay' has, however, muddied the 'brand water', and added to a perception of everyone doing their own thing.
- Whatever platform is chosen to promote the region it has to be backed with broad agreement, commitment and focus. Strong brands need to be developed and maintained. There seems to be general acknowledgment that there is a need for a Search Engine Optimisation (SEO) strategy and an effective marketing strategy and implementation plan if GTGH is going to play a regional platform role.
- Other regional platforms are generally "location.nz" so they are the first site that pops up on a search. These landing pages can then direct you to different things – tourism; business support etc. HBTL owns/runs www.hawkesbaynz.com. There are technical (SEO) reasons why you want to be careful with changing the focus of landing pages but consideration should be given to allowing connection to different services from www.hawkesbaynz.com.



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- In terms of performance measurement this is focussed on Google analytics including: visits to
 website and time on the site; social media followers across channels; impressions; google ads.
 There have been some positive trends but overall these metrics highlight the need for a broader
 marketing strategy and implementation plan if GTGH is going to meet its objectives.
- The GTGH brand is being used by Councils and BHB (especially through the 'Think HB' work) and
 a small number of stakeholder interviews in 2019 found GTGH was "a strong brand". There has
 not been wider, and robust, testing of this so it is hard to make call on the brand's influence and
 impact in attracting investor/talent attention, and then action (investment and/or people moving
 in HB).

1.5 Survey of key stakeholders

A key aspect of the second stage of the Review was a survey of key stakeholders in order to provide deeper and richer insights into the broad range of issues being considered e.g. rationale and focus; effectiveness and efficiency; opportunities for improving delivery, or new ways of delivering; and any implementation issues.

Key findings and feedback included:

- In terms of rationale and focus a high proportion of respondents thought the economic
 development activities/services provided by Councils, BHB and HBTL were based on or somewhat
 based on clear and well-evidenced problems and opportunities for the region (80%, 64% and 78%
 respectively).
- Respondents highlighted a number of emerging trends, issues or opportunities presenting for the region. These included:
 - COVID-19 (strengthening the need to work collectively on targeted recovery activity, be agile and innovative, and to do things differently);
 - Central Government funding and views driving regional economic development;
 - The need to better engage and support Māori business as well as growing opportunities in non-traditional sectors for Hawke's Bay, such as the digital sector;
 - Climate change and broader sustainability drivers (including water quality/availability);
 - Digital connectivity and business agility;
 - Labour related issues, including work readiness and attracting qualified staff across a range of industries;
 - The future of food and adding value along the supply chain;
 - o People moving from cities to the regions; and
 - The need to focus on inequality verses growth.
- Overall responses to questions relating to quality, timeliness, and cost/processes of activities/services indicated that there were low levels of satisfaction or limited knowledge in



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regard to Matariki REDS; a mostly positive view in regard to Council and BHB activities/services, and a more positive view of HBTL activities/services.

- Respondents were mostly satisfied that current services were supporting the private sector.
- Respondents highlighted a number of issues in regard to possible gaps and/or duplication in/of service provision. These included:
 - GTGH not being supported adequately by the region;
 - A perception of fragmented economic development initiatives across different councils and bodies, and challenges engaging with a common regional approach or strategy;
 - A perception of a lack of collaboration between Councils and BHB;
 - o A sense there is little understanding of what Māori development means to Māori;
 - A view that people and organisations aren't resourced to do everything they want to do, nor reach agreement for regional cooperation;
 - A view that there is duplication in business and start-up support services being provided by the HB Chamber and BHB, and confusion with the HB Chamber and BHB both vying to be the voice of business in the region. Some stakeholders also pointed to both agencies venturing into education as an indication of duplication of services;
 - A desire for greater clarity on where each entity plays and does not play;
 - The need for industry/sector groups to be better connected and coordinated to overall regional objectives;
 - A gap in "foresight" expertise (e.g. what will the region look like and need in 2050);
 - A view that Councils were starting to get into business support which was not their core capability; and gaps and duplication regarding investment and talent attraction i.e. no coordinated campaign that leverages the draft strategy;
 - Inadequate delegation to BHB to manage regional pitches; and GTGH and BHB both focussed on investment/talent attraction.
- Respondents thought that role clarity and funding were the biggest barriers to effectiveness. The
 next most significant group of barriers to effectiveness were information sharing, the way Matariki
 works, and information on the effectiveness of services.
- More respondents were dissatisfied than satisfied with current funding levels for economic development activities/services. A high proportion felt that funding should be increased.
- Respondents highlighted a number of important issues in regard to delivery arrangements. These
 included:
 - The need for a cohesive pan-regional approach;
 - The need for an integrated separate entity responsible for economic development and supported by all councils;



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- o A reduction in duplication of services and common KPI's;
- Collaboration and cohesiveness, with the right people in the right roles that generated a level of influence and partnership respect required to deliver results;
- Role clarification and mandate; disciplined and mid to long-term commitment to funding BHB to enable regional development while leaving local government to supply and support infrastructure, services and well-being of the region at large;
- Clarity around Matariki as a strategy and action plan (not an agency) with a focus on working collaboratively for collective impact; and
- Streamlining Matariki governance and utilising existing governance forums for more meaningful collaboration and connection.
- Behaviours and the structure of teams and organisation were seen as the things that would most need to change for improvements to be successfully implemented. Appropriate funding was also seen as critical.

1.6 Case for Change

The key observation is that there is a strong case for change for non-tourism related activities. The type and degree of change will, however, depend on whether Councils direct their focus on fixing some of the funding and collaboration-related issues, or take the opportunity to help create an enduring platform that provides Hawke's Bay with the appropriate scale and mandate to better guide and direct economic development activity to priority areas/issues.

The key findings include:

- Most stakeholders and those involved in delivery and funding are looking for greater clarity over roles and functions ("what are the lanes", "who's swimming in which direction and where are the overlaps that require collaboration and coordination"), with this being communicated clearly to key stakeholders.
- Businesses are looking for greater clarity over the activities and services available to support business activity.
- There is concern that there are unhelpful and competitive behaviours in the system and that this is constraining more effective collaboration. This is feeding a perception in the business community that the economic development system is fragmented and not particularly transparent. Stakeholders seem to understand that economic and social development is impossible without collaboration. It is a team game with multiple players, drivers and perspectives. A culture of trust and sharing is therefore more likely to deliver effective outcomes. There is also acknowledgment that governance and organisational structures can either support or constrain collaboration and there is a view that there's Hawke's Bay has not yet got this right.
- There is concern about whether Hawke's Bay has the right capability (alongside structure/s) to support effective and efficient delivery of activities and services, leading to views that the region



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is not as responsiveness to community needs as it could be and punching below its weight externally.

- BHB financial sustainably is clearly an issue. There is acknowledgement that BHB has delivered
 with the resources it has had at its disposal and it has, broadly, met KPIs that have set through
 contracting arrangements. But changes will need to be made to put BHB on a financially
 sustainable footing.
- More generally a high proportion of stakeholders feel that funding for economic development activities and services should be increased.
- HBTL is supported by its main stakeholders and appears to be doing a successful job in leveraging
 ratepayer investment into real value for the Hawke's Bay economy. At this point there does not
 appear to be a strong case for change in regard to HBTL. The issues involving any institutional
 change are looked at in more detail in Section 10.
- Funding for tourism relative to other sectors has been a theme of the feedback, with many viewing
 this as unbalanced. But tourism directly supports local retail and hospitality (and helps to create
 vibrant city centres and regional amenities that locals enjoy and play a role in people and talent
 attraction). This means it is not as simple as saying one sector versus the others. Ideally, the region
 would be supporting a range of key sectors of importance/opportunity (taking into account the
 appropriate role of govt).



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2.0 RECOMMENDATIONS

This Review recommends that the Hawke's Bay Councils:

- Consult with their Treaty Partners and the wider community on the opportunity to create an
 enduring economic development delivery platform that provides Hawke's Bay with the
 appropriate scale and mandate to better guide and direct economic development activity to
 priority areas and issues.
- 2. Consider consulting on the Review's preferred option to form a new regional entity to lead (nontourism) economic development activities. The recommendation is that this regional entity take the form of a joint Council Controlled Organisation (CCO); a CCO is essentially any company with a majority council shareholding, or a trust or similar organisation with a majority of councilcontrolled votes or council-appointed trustees, unless designated otherwise. More than one council may be represented in a council-controlled organisation. While the terminology 'CCO' appears exclusionary it is actually quite a flexible organisational form and would provide a strong base for partnering with Hawke's Bay Maori and Hawke's Bay business. This new entity would focus on business development and support; innovation and industry development; skills building, attraction and retention initiatives; investment promotion and attraction; economic development strategy development; and strategy/action plan programme management. This option is most able to provide the Hawke's Bay economic development system with the appropriate scale and mandate to guide and direct activity to priority areas/issues; support a culture of sharing, connection and collaboration; and support Hawke's Bay to be greater than the sum of its parts (e.g. by presenting a strong and united voice and vision to external investors, talent and Central Government, and by helping to attracting the resources of others). This option also avoids creating unnecessary transition costs for areas of support that are currently delivering effectively for Hawke's Bay e.g. destination management and marketing. While other options would solve some of the issues that have presented through this review they would not deliver fully on the effectiveness and efficiency outcomes Councils (and stakeholders) are seeking and solve what is currently missing for Hawke's Bay - a well-supported and funded organisation that has the mandate and backing to be the economic development voice for Hawke's Bay.
- 3. Engage with the Business Hawke's Bay (BHB) Board and Management to begin a process of transition from the BHB structure to a new CCO structure. This would involve BHB de-registering as an incorporated society, (potentially) making the BHB name available for the new entity (to leverage the existing brand in the marketplace and to reduce transition costs), and transferring BHB assets to the new CCO. The transition process would also involve the provision of transitional funding for BHB once current contract funding is exhausted (including funding for Matariki Programme Management which ends in December 2020).
- 4. Retain the Hawke's Bay Business Hub as it is playing an important role in bringing together, under one roof, many of the key business support agencies operating in Hawke's Bay. Co-location of support services/agencies: provides an opportunity to present a united voice for business regardless of the underlying structures and mechanisms used to provide support services; offers a clear front door for local businesses and external investors and talent to be directed to the right



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area of support; and aids collaboration by reducing the costs of interaction and increasing the opportunity for important 'water-cooler' conversations. If the Business Hub structure did not exist in Hawke's Bay it would be a key recommendation of this Review to consider supporting something of this nature. The Hub is also clearly filling a need for a meeting and connection space that has a look, feel, and vibe that businesses and organisations will pay to use.

- 5. Support the proposed 'Hub and Spoke model' through the new Regional Economic Development Agency (EDA) COO to strengthen business support across the region i.e. currently businesses in Hastings, Central Hawke's Bay and Wairoa indicate it is harder to access services given the Hub's location in Ahuriri. This would implement a key Matariki action and an identified regional COVID recovery priority. The FTE resources required have been included in the estimated funding needs (see next recommendation).
- 6. Consult with their communities on increasing the funding for non-tourism related economic development activities. It is estimated that around \$1.6m of additional funding per annum would be required to adequately resource a regional EDA CCO that had the scale and mandate to fulfil objectives. This estimate is based on current BHB activities and the likely areas of focus of a new EDA CCO. The exact areas of focus and resourcing would obviously be for a new independent Board to agree upon based on a clear understanding of Council priorities (which would be communicated through a Statement of Intent and/or Service Level Agreement).
- 7. Consider, as part of the additional \$1.6m funding per annum for non-tourism related economic development activities, to endow in the new EDA CCO a pool of funds to be used to investigate economic development opportunities that are aligned with the region's strengths/opportunities/strategy. The region currently lacks a shared pool for funds of this nature which means that opportunities are considered in an ad hoc way and support for any investigation will depend on the degree of funding available to individual Councils at the time and the strength of any advocacy.
- 8. Consider the opportunity to embed a partnership with Māori in the new EDA CCO model. This would start with the composition of the new independent Board. The model would allow for discussions on the level of engagement with Māori business and, potentially, a joint resourcing approach with Hawke's Bay Māori/iwi/hāpu fora or organisations. It would also allow a fresh conversation on the appropriate governance model (and levels of governance) needed to support a regional approach (Matariki). Included in the additional resourcing for the EDA CCO is a dedicated FTE focused on Māori business development and support. This role could work with Māori businesses in Hawke's Bay to help support, tailor, and/or create business support programmes targeted at areas of need for Māori business. This role could be shared with HBTL.
- 9. Consider embedding the RBP programme in the new EDA CCO. This would require Central Government agreement via the formal RBP contract procurement process. Embedding the RBP programme in an organisation providing other economic development support services would allow the insight derived from this 'coal face' activity to be used to better design other offerings for business and guide other strategic economic development work. It is possible the formal RBP contract procurement timeline will not match the transition timeline if Councils agree to the



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Review recommendations. In this situation HBRC could consider retaining the contract (through the procurement process) with some contractual arrangements formed in time with the new EDA CCO. The position that is currently sub-contracted to the Hawke's Bay Chamber of Commerce should be retained in order to provide a strong link to the Chamber's work and expertise.

- 10. Consider investing in the development of a clear 'impact framework' for Matariki to better articulate the relationship between activities delivered and the desired outcomes for the region over the short, medium and longer-term. This would help improve current measurement and reporting frameworks which are not effective in tracking the relationship between activities, outputs and outcomes i.e. whether ratepayers' money is being used effectively. A framework like this could also provide greater clarity on the respective roles and responsibilities of organisation and teams that contribute to regional economic development efforts.
- 11. Consider, as part of the engagement with Māori and Central Government agencies, the opportunities to streamline Matariki governance (e.g. by utilising other existing governance forums for some of the conversations that support meaningful collaboration and connection), and increasing the resources to support the Pou working groups. Estimated FTE resources have been included in the additional resourcing for the EDA CCO. This would help resolve two of the key issues raised by a large number of key stakeholders (the cumbersome and duplicative governance structure, and lack of resources to support effective programme delivery). Matariki's Pou structure is not unlike the previous Government's Business Growth Agenda (BGA), and the BGA had a part (or full)-time programme support person to support each of the six key areas of the Agenda and the relevant lead agency.
- 12. Support work to better understand the influence and impact the Great Things Grow Here (GTGH) brand is having in attracting investor/talent attention. While a small number of stakeholder interviews in 2019 found GTGH was "a strong brand" there has not been wider, and robust, testing of this so it is hard to make call on the Brand's effectiveness. Ideally Hawke's Bay would have one clear and identifiable 'umbrella' brand that it could use externally with this brand being widely adopted by Hawke's Bay business (to support business to business relationships; talent and skills attraction; and business investment attraction). Business uptake of the GTGH brand, however, appears to be low and there is some confusion about what it is and what it isn't, and a general lack of understanding of what it's trying to achieve. Whatever platform is chosen to promote the region it has to be backed with broad agreement, commitment and focus. Strong brands need to be developed and maintained. There seems to be general acknowledgment that there is a need for a Search Engine Optimisation (SEO) strategy and an effective marketing strategy and implementation plan if GTGH is going to play a regional platform role.
- 13. Support work to investigate the ability to connect to different business, talent and investor support services from www.hawkesbaynz.com. Many other regional platforms are generally "location.nz" so they are the first site that pops up on a search. These landing pages can then direct you to different things tourism; business support etc. HBTL owns and runs www.hawkesbaynz.com, and while it is acknowledged that there are technical SEO reasons for proceeding carefully with changes to successful landing pages (in this case in telling the Hawke's Bay tourism story) consideration should be given to allowing connection to other services so that



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- external investors and talent are able to quickly find the information and support they might need via a typical 'front door'.
- 14. Consider a separate review of the region's venue and community facilities to explore opportunities to improve regional coherence of development and funding given the significant role they play in the visitor economy and the way this influences broader ratepayer funding for regional economic development.

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3.0 INTRODUCTION

Local authorities have a critical role to play in supporting the economic development and economic wellbeing of their area. They have a range of levers at their disposal which can support, or indeed inhibit, economic development that is consistent with broader wellbeing objectives. Local authorities are also uniquely placed, via politically accountable leadership, to bring stakeholders together from across a range of sectors and interests to collaborate on shared regional challenges and opportunities².

According to the New Zealand Productivity Commission (NZPC) New Zealand's local government activities are centred on regulating land use, choosing and funding a set of local amenities, and investing in essential infrastructure for transport and the three waters (drinking water, wastewater and stormwater), with the overall objective of enhancing community wellbeing³. But this quite strict reading (and contested by some through the NZPC Inquiry into local government funding and financing) of local government activities misses the richness of the local government role in economic development.

The key roles local authorities play include:

- Leadership and coordination using their community leadership role and planning powers to set
 out a clear framework for local development. This helps to provide certainty for business and
 investment, overcome coordination failures, and manage externalities and competing interests;
- Support for local people and businesses through regeneration; business support and
 employment programmes; working with, and providing a link to, nationally-led programmes;
 investor and people attraction programmes; and providing a range of high quality services that
 directly support residents' wellbeing outcomes and business investment confidence.
- Supporting growth and development through ensuring a responsive supply of land that supports business needs (both land-based and industrial) and the demand for housing;
- Directly and indirectly influencing investment decisions and broader wellbeing outcomes (e.g.
 environmental) via the use of statutory powers, particularly through the resource management
 and planning system, which are key determinants of businesses ability and confidence to invest;
- Supporting, and investing in, local infrastructure transport and water investment, in particular, are key enablers of growth and economic wellbeing outcomes; and
- Ownership of land, key infrastructure assets and other investments to enable, support and leverage private sector development.

³ New Zealand Productivity Commission (2019). Local government funding and financing (Inquiry Report). See: https://www.productivity.govt.nz/assets/Documents/a40d80048d/Final-report_Local-government-funding-and-financing.pdf



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² UK Department of Business, Innovation and Skills. (2010). Local growth: realising every place's potential (White Paper). London: Department of Business, Innovation and Skills. See:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/32076/cm7961-local-growth-white-paper.pdf

Hawke's Bay Councils recognise that they play a range of important statutory and non-statutory roles that support economic development and economic wellbeing of the Hawke's Bay region. They also recognise that there is a broader system of delivery partners, agencies and agents (involving Māori, business, civil society, and Central Government) that provide regional economic development and economic wellbeing services for the region.

It was within this broader context and understanding that Hawke's Bay Councils sought a review of the important, but non-statutory, activities that are focussed on business, industry and sector development i.e. it was not the intention of the scope of this review to capture the full role local authorities play in supporting economic development and economic wellbeing.

Activities and services that were in scope of this review were:

- Business development activities, such as business information and referral services and business capability support
- Skills building, attraction and retention initiatives
- Innovation, commercialisation and R&D support
- · Investment promotion and attraction
- Destination marketing and management and events
- Sector development initiatives and cluster facilitation
- Economic development and economic wellbeing strategy development, intelligence and monitoring
- Strategy/action plan programme management, coordination, communications, monitoring and reporting (i.e. largely the activities involved in supporting and implementing the Matariki Hawke's Bay Regional Development Strategy).

4.0 PURPOSE OF REVIEW

Hawke's Bay Councils were seeking an assessment of:

- a) The role of local government in economic development and economic wellbeing in the region, based on an analysis of:
- · Challenges and opportunities facing the Hawke's Bay economy;
- Rationales for local government activities in economic development and economic wellbeing;
- The landscape in which various actors and mechanisms play a role in the regional economic development system;
- Legislative and central government expectations.
- b) Economic development and economic wellbeing activities, identifying strengths, weaknesses and any relevant gaps in the activities, based on:
- The Councils' objectives, priorities and performance targets;



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- Identifying any overlaps/duplication and/or gaps across Councils' and key organisation's activities;
- The role non-Council parties play in the regional economic development system;
- An assessment of the efficiency of current arrangements and the benefits of the activities versus costs;
- An assessment of the overall effectiveness of the current delivery models of the five Councils and key delivery organisations, including governance arrangements, funding arrangements and current economic development and economic wellbeing reporting and accountability mechanisms.

c) Options for future economic development and economic wellbeing delivery arrangements, based on clear criteria, and recommendations for any changes in functions, form and funding.

This review stems from a Local Government Act (2002) s17A requirement to review the cost effectiveness of Council arrangements for delivering services on a periodic basis. There is also a recognition that there may be opportunities to improve regional coherence of economic development and economic wellbeing investments.

5.0 SCOPE OF REVIEW

The Review was focused on the non-statutory and ratepayer-funded activities that cover:

- The delivery of direct economic development and economic wellbeing services and activities in the Hawke's Bay region; and
- Regional economic development and economic wellbeing implementation support as
 delivered by Business Hawke's Bay Incorporated (BHB), Hawke's Bay Tourism Limited (HBTL),
 Hawke's Bay Regional Council (HBRC), Wairoa District Council (WDC), Central Hawke's Bay
 District Council (CHBC), Hastings District Council (HDC), and Napier City Council (NCC).

Table 1 below provides detail on the services and activities that are in scope of the review.

Table 1: Type and description of economic development and economic wellbeing investments

1000	of economic development and economic being services and activities	Description of in-scope activities, services and/or interventions					
	Direct economic development and economic wellbeing services and activities	Business development activities, such as business information and referral services, business capability support Skills building, attraction and retention initiatives Innovation, commercialisation and R&D support Investment promotion and attraction Destination marketing and management and events Sector development initiatives and cluster facilitation Economic development and economic wellbeing strategy development, intelligence and monitoring					

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2.	Regional economic development and	•	Strategy/action plan programme management, coordination,
	economic wellbeing implementation		communications, monitoring and reporting (i.e. largely the
	support		activities involved in supporting and implementing the
			Matariki Hawke's Bay Regional Development Strategy)

Councils recognise that there are a range of delivery partners and agencies that provide regional economic development and economic wellbeing services. It was not the intention of the scope to capture every service or agency in the detailed analysis that forms a core part of this review. This analysis is focused on the areas receiving ratepayer support/investment. The Review does, however, provide an overall 'map' of the different service areas and delivery agents. This helps provide a clearer view on what the overall system looks like, whether there is any duplication or gaps, and, given this, the opportunities to improve how the region provides and supports economic development and economic wellbeing services.

6.0 APPROACH AND METHODOLOGY

The proposed approach involved three main phases and associated analysis: (1) Documentation review and early stage analysis on current state; (2) Critical analysis (including assessing effectiveness and efficiency). This involved desktop analysis, a survey of key stakeholders, and a small number of interviews; and (3) Assessing the case for change, possible delivery options and implementation.

This approach reflects the requirements of a Local Government Act (2002) s17A review. SOLGM (2015) advice on s17A Reviews notes that reviews should include consideration of:

- The present arrangements (what is being delivered, the rationale for service provision, service performance and costs);
- Identification of delivery options, including delivery by a CCO either wholly owned by the Council
 or partly owned by the Council, delivery through a contracted private or community sector agency,
 funding and governance via a joint Council committee, and other practical options; and
- Analysis of options including feasibility, community views and preferences, effectiveness and costs.

6.1 Documentation review and early stage analysis

This stage involved a review of documentation and interviews with the economic development leads in each Council and the CEs of BHB and HBTL focused on identifying:

- Current economic development activities and services being delivered and funded by Hawke's Bay ratepayers;
- The ratepayer investment into those activities;
- Any gaps or duplication in the delivery of economic development activities/services and/or opportunities to think differently about service delivery;
- · Relevant research and literature on the role of local government in economic development;
- Research on services and arrangements offered in other regions;



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- Strategy, policy and accountability documentation that guides the economic development and economic wellbeing objectives and services of the five Councils, BHB and HBTL;
- Research and documentation that reports on monitoring and the impact of economic development and economic wellbeing activities and services;
- Reports on the regional economy and industry performance (to help assess whether services have been focused in the right areas to address key constraints in the economy or to leverage major opportunities).

This work was used to inform the questions and lines of inquiry in the survey of key stakeholders and one-on-one interviews with a small number key stakeholders that formed a critical part of the second stage of the Review. The questions were designed to obtain further information on what was working well and potential gaps, overlaps, issues and any opportunities for new ways to deliver services.

6.2 Critical analysis

The second stage of the Review used a methodology and structure that is common to reviews of this nature. It focused on four major issues and related questions: (1) Rationale and focus; (2) Effectiveness and efficiency; (3) Opportunities for improving delivery, or new ways of delivering; and (4) Implementation. This involved desktop analysis, a survey of key stakeholders, and a small number of one-on-one interviews.

6.2.1 Rationale and focus

This involved consideration of:

- · Economic and industry trends in Hawke's Bay;
- Key issues and opportunities identified by existing strategies and plans;
- · Analysis of the role of local government in economic development;
- · Councils' desired objectives and priorities for economic development;
- · The types of activities/services that should be delivered; and
- Whether there were any gaps in services or areas for improvement

6.2.2 Effectiveness and efficiency

This involved consideration of:

- Whether existing services were being implemented appropriately, having the desired impact and providing value for money;
- · Whether activities and services were delivered efficiently; and
- · The outcomes and benefits from economic development activities and services.



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6.2.3 Opportunities for improving delivery

This involved consideration of the activities/services that should be delivered and supported in the future and how these activities/services could be delivered and supported.

6.2.4 Implementation

This involved identification of any constraints to making improvements and the broad impacts of making changes.

6.2.5 Assessing the case for change, possible delivery options and implementation

The third stage of the Review involved assessing whether there was a clear case for change and, based on this, consideration of:

- The appropriate delivery arrangements;
- Governance, delivery and reporting arrangements;
- · The level and sources of funding; and
- · Implementation-related issues.

7.0 ECONOMIC DEVELOPMENT SERVICES & INVESTMENT IN HAWKE'S BAY

7.1 Background

This section captures the economic development services and activities that are in-scope of the review and are currently being provided in Hawke's Bay. This provides a clearer understanding of current ratepayer investment and supported activity, and helps to determine whether there is any duplication, gaps and/or opportunities to improve how the region provides and supports economic development and economic wellbeing services.

The key providers of ratepayer-funded economic development activities and services in Hawke's Bay are: the 5 Councils; Business Hawke's Bay (BHB); and Hawke's Bay Tourism Ltd (HBTL).

The various iwi, hapū and post-settlement entities (PSGEs), and the Hawke's Bay Chamber of Commerce (Chamber) also play an important role on behalf of their members but are not, for the most part, financially supported by local government.

In terms of ratepayer investment the Chamber plays a role in the Regional Business Partner (RBP) programme through a sub-contract to provide an FTE. This helps to ensure that the RBP programme is integrated with a voice of business. The iwi, hapū and post-settlement entities do not receive ongoing local government funding support (ad hoc projects that have required feasibility and/or business case work have received co-contribution funding in the past), but Central Government (via MSD) has provided Te Kāhui Ōhanga o Takitimu (TKO), the informal collective representing the interests of Hawke's Bay iwi/hapu/PSGEs in the context of the Hawke's Bay Matariki Regional Development Strategy (Matariki), funding to support involvement in Matariki.

This Review focuses on the investment, and related activities, of the 5 Councils; BHB and HBTL. The RBP programme is included in the analysis as a key part of the business support system which is funded via the contract HBRC holds with Central Government (NZTE and Callaghan Innovation). This Review



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does not consider Chamber activities beyond the RBP programme as they are out of scope being member-funded services. While the Review does not consider in detail the economic development activities of the relevant iwi, hapu groups and post-settlement and entities (again as they are out of scope being member-funded services) the recommendations do pick up some of the issues that have presented through the review which are relevant to partnership with Māori.

Economic development services and activities that are in-scope of this review are grouped under the following headings (and Section 13, Annex B, provides a detailed explanation of the activities/services and why there might be an appropriate role for government to play in providing these activities/services):

- Destination marketing and management;
- Business development and support, such as business information and referral services and business capability support;
- Innovation and industry development support, such as cluster & sector work with industry coalitions;
- Skills building, attraction and retention initiatives;
- · Investment promotion and attraction;
- Economic development and economic wellbeing strategy development, intelligence and monitoring;
- Strategy/action plan programme management, coordination, communications, monitoring and reporting (i.e. largely the activities involved in supporting and implementing the Matariki Hawke's Bay Regional Development Strategy).

7.2 Activities and services

Table 2 below provides a summary of the activities and services provided by 5 Councils; Business Hawke's Bay (BHB); and Hawke's Bay Tourism Ltd (HBTL). Hawke's Bay iwi/hapu/PSGEs and the Chamber have been included in the table because of the important economic development role they play for their members. Sections 5.3-6.0 provide more detail on BHB, HBTL, and the economic development activities/services provided by the 5 Councils.

The following points can be made in regard to the economic development activities and services currently being provided in Hawke's Bay:

Key findings are:

- There are no major gaps in the types of services/activities being delivered and current services/activities are based on addressing issues or leveraging opportunities that are broadly aligned with the role of local government.
- There are also opportunities to better align and structure some activities and services e.g. business
 capability support being provided by Hastings District Council (HDC) should ideally be provided via
 agencies with core expertise in this area e.g. Business Hawke's Bay (BHB)/a regional Economic
 Development Agency (EDA), and/or Hawke's Bay Chamber of Commerce. This would promote
 regional coherence and access for business.

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- While there appears to be a gap in the provision of support for exporting and offshore investment
 this is appropriately provided through NZTE and ExportNZ i.e. local government cannot provide
 significant support in this area beyond sister-city relationships and providing basic exporting
 information and referring businesses to other providers of support (e.g. NZTE).
- Some regions and Economic Development Agencies (EDAs) have greater access to funds to support feasibility/business case development. Hawke's Bay currently lacks a regional pool of funds that can be used to investigate economic development opportunities that are aligned with the region's strengths/opportunities/strategy. This means that opportunities are considered in an ad hoc way and support for any investigation will depend on the degree of funding available to individual Councils at the time and the strength of any advocacy.
- Destination management and marketing is led by HBTL and while there is some cross-over in activities (largely in the events space) there is good coordination between Councils and HBTL.
- Business capability-related support is largely provided through the Regional Business Partner (RBP) Programme (although Hastings District Council (HDC) does do a bit of this as well).
- · Cluster and sector work with industry coalitions is largely led by BHB.
- There are some good examples of collaboration relating to investment attraction e.g. NZ Institute
 for Skills and Technology and Jetstar but activity related to investment and talent attraction has
 been largely ad hoc (notwithstanding a desire to back existing strategies with funding for
 implementation).
- The Matariki Regional Development Strategy (RDS) governance structure and associated meetings
 are the main focal point for setting regional economic development priorities. There is recognition
 of Matariki's value for relationships and connecting under one umbrella i.e. a collective of people
 working together on shared and interdependent objectives and that the strategy and structure
 are relatively new and evolving. There is, however, concern among stakeholders that Matariki is
 not delivering on its promise and that governance could be streamlined.



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Table 2: Economic development services by provider

Type of economic development / economic wellbeing service																
Provider/organisation/ initiative		Destination m	arketing and ma	nagement	Business devel		Innov	Innovation and industry development support			Skills -	Investment attraction:	Export and/or offshore	Strategy development, economic intelligence, monitoring		Regional economic development and economic wellbeing implementation
		Visitor attraction, promotion and marketing	Events /activities promotion, marketing, support and facilitation	Running events	Business information and referral services	Business capability support	R&D funding /support	Feasibility studies and business cases for sector and investment projects	Cluster & Sector work with industry coalitions	Co- investment in major projects	related support	Business (B) Talent (T) Capital (C)	investment support	Economic strategy development	Economic intelligence and monitoring	support [e.g. Matariki Hawke's Bay Regional Development Strategy and Action Plan]
	Hawke's Bay Regional Council (HBRC)		٧			via RBP √	via RBP √	Ad hoc	Ad hoc	Ad hoc		Reactive			User only	√
ment	Wairoa District Council (WDC)	٧	٧	٧	√ (light touch)			Engage only	Ad hoc	In-kind mainly	٧	Reactive		٧	User only	√
Local Govern	Central Hawke's Bay District Council (CHBDC)	√	4	٧	√ (light touch)			Engage only	Ad hoc	In-kind mainly	٧	Reactive		٧	User only	٧
Loca	Napier City Council (NCC)	٧	٧	٧	√ (light touch)			Engage only	٧	٧		Reactive			٧	٧
	Hastings District Council (HDC)	٧	٧	٧	٧	√		Ad hoc	٧	٧	٧	Reactive		٧	٧	٧
BHB & HBTL	Business Hawke's Bay (BHB)		٧		٧	٧		Engage only	٧	In-kind mainly	٧	v (B,T,C)		٧	٧	٧
H8 H	Hawke's Bay Tourism (HBTL)	√	٧	√	V (light touch)	√			٧						٧	٧
HB Chamber	Hawke's Bay Chamber of Commerce				٧	٧										
	Ngāti Kahungunu Iwi Inc.							٧		٧	٧	Reactive		٧		v
es	Te Taiwhenua o Te Whanganui a Orotu			٧	٧	٧					٧			٧		٧
entities	Te Taiwhenua o Heretaunga				٧	√		٧		٧	٧			٧		√
ement	Te Taiwhenua o Tamatea Inc							٧			٧			٧		٧
t-settlem	Tātau Tātau o Te Wairoa Trust				٧			٧		٧		Reactive		٧	٧	٧
Post	Hineuru Iwi Trust							٧		٧		Reactive		٧		√
Hapû /	Maungaharuru- Tangitū Trust							٧		٧		Reactive		٧		٧
lwi / H	Ngāti Pāhauwera Development Trust				٧	٧		٧		٧	٧	Reactive		٧		∨
	Heretaunga Tamatea Settlement Trust							٧		٧		Reactive		٧		٧
	HB Măori Tourism	٧	٧	٧										٧		٧



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Item 8.6- Appendix 1

7.3 Investment in activities/services

Table 3 below captures the investment Hawke's Bay Councils are making into business support and industry development across the region. In total this funding comes to just over \$10m.

The following points can be made in regard to this funding:

- HBRC appears to have the largest specific economic development budget but the HBRC role is
 more akin to a collection and distribution agency. HBRC collects an economic development rate
 from Hawke's Bay ratepayers (given it is the only Council with a regional remit), and this is used
 to fund HBTL (on behalf of the region), and provide a share of the ratepayer funding for BHB. HBRC
 also provides the funding for the Regional Business Partner (RBP) programme via the contract it
 holds with Central Government (NZTE and Callaghan Innovation).
- NCC is the largest overall funder of activities and services that are in-scope of this review but this
 includes funding for the Napier i-Site and Napier War Memorial Centre (given their roles in regard
 to visitor attraction/promotion and/or events). Excluding this funding Napier's investment in
 economic development activities and services sits around \$714,000 per annum (and well below
 HDC's investment).
- HDC's investment in economic development activities and services (not including the i-Site and Toi Toi) is around \$1.29m.
- Funding for HBTL makes up 15.7% of the funding. Funding for BHB makes up 3.3% of funding.
 Funding for specific Council ED teams (salaries + funding for discretionary activities/projects) makes up around 13% of funding.
- At an aggregate level (nominal) funding has remained about the same over the last five years. This
 means in real terms funding has fallen.
- There has been some change to funding at a more detailed level e.g. HBRC used to have an Economic Development Manager; HDC has been shifting funding from the ED budget to its Strategic Projects team.
- Just under half of (in-scope) funding is directed to the i-Sites, the Napier War Memorial Centre
 and Toi Toi. There is a clear path dependence with current economic development funding. Over
 time the region has built community and visitor infrastructure that is more effectively utilised with
 external visitor support e.g. even setting aside i-Sites, ToiToi and NCC, the region has Splash
 Planet, the National Aquarium, The Faraday Centre etc, and funding for destination marketing and
 management-related activities has followed this existing activity.
- In terms of FTE resources, HBTL has the largest FTE count at around 8.15; BHB has around 6.5;
 HDC has the largest FTE count of the Councils at around 6.1 FTEs (2.1 FTEs in the ED team, 1 Event Manager role, and 3 roles from the Strategic Projects team (note the analysis has not included any FTEs from marketing and communications for any of the Councils); HBRC has 6 (but this is mostly the RBP team that sits in the Business Hub); NCC has around 4.35 (1 Economic



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Development Manager role, 1 Event Manager role, and 2 roles that do similar work to HDC's Strategic Projects team. Both CHBDC and WDC have around 1 FTE.

Table 3: Investment in business support and industry development

Funding/payment for service	СНВОС	HBRC	HDC	NCC	WDC	TOTAL	% of Total
Annual specific ED budget	\$256,000	\$2,477,000	\$930,000	\$352,033	\$231,395	\$4,246,428	
Funding available for discretionary Council ED team activities	\$30,200	\$71,000	5378,000	\$75,433	\$86,651	\$641,284	6.37
Funding to BHB	\$10,000	\$100,000	\$100,000	\$110,000	\$10,000	\$330,000	3.28
Business Hub - right to occupy	\$2,000	\$18,000	\$11,600	\$11,600	\$2,000	\$45,200	0.45
Funding to HBTL	\$80,000	\$1,500,000	*	- 7-	Ter.	\$1,580,000	15.70
Funding for RBP		\$358,000	-			\$358,000	3.56
Funding for GTGH	\$3,800	\$10,000	\$17,777	\$10,000	\$2,744	\$44,321	0.44
Funding for i-Site/s	- le	4	5384,612	\$1,202,697	\$214,800	\$1,802,109	17.91
Funding for Toi Toi/Napier War Memorial Centre			\$838,293	\$2,341,465		\$3,179,758	31.60
Funding for events (that attract out of district/region visitors)	\$19,450	a.	\$137,758	\$184,500	\$10,000	\$351,708	3.49
Funding for (in-scope) strategic projects/business partnership work	76	-	\$300,000	\$150,000	*	\$450,000	4.47
Funding for incentive grants	- R	- ar	\$50,000	+	×	\$50,000	0.50
Funding for industry groups e.g. Future Farming, Learning HB	*	\$300,000	\$20,000	\$15,000	,	\$335,000	3.33
TOTAL ESTIMATED INVESTMENT IN IN- SCOPE ED ACTIVITY	\$302,650	\$2,504,200	\$2,515,240	\$4,257,895	\$483,395	\$10,063,380	100

Figure 1: Annual economic development funding by Council

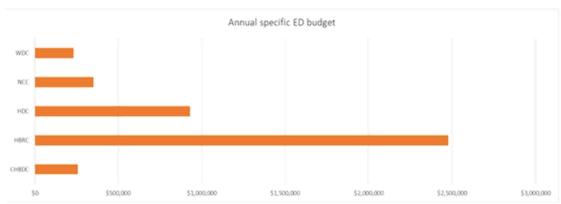
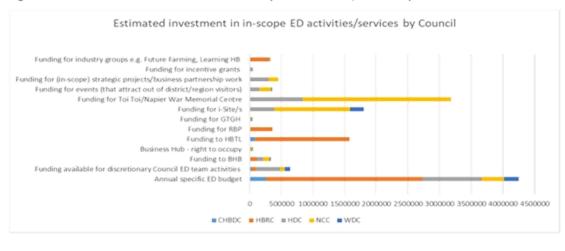


Figure 2: Estimated investment in economic development activities/services by Council



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Table 4: FTE resources by provider (estimates only)

Economic					FTE Resource			
	velopment ivities/services	внв	HBTL	СНВОС	HDC	HBRC	NCC	WDC
1.	Destination marketing and management		8.15 ¹	0.2 ²	1.5		1.5	0.2
2.	Business development and support	1.93		0.1	0.2	4.9 4	0.1	0.1
3.	Innovation and industry development support	1.42		0.1	0.5		0.1	0.1
4.	Skills -related support	0.55		0.1			-	0.1
5.	Investment attraction	0.155	-	0.1	3.3		2.2	0.2
6.	Export and/or offshore investment support				0.2		0.05	
7.	Strategy development, economic intelligence, monitoring	0.1		0.2	0.2	16	0.2	0.2
8.	Regional economic development and economic wellbeing implementation support	1.2		0.2	0.2	0.1	0.2	0.1
	TOTAL ⁸	6.5	8.15	1	6.1	6	4.35	1

NOTES:

- 1. This includes corporate support.
- 2. CHB Tourism Coordinator role counted in HBTL FTEs.
- 3. This includes FTEs involved in running the Business Hub.
- $4. \ The \ RBP \ team \ is \ usually \ 2.1 \ FTEs; \ additional \ funding \ for \ COVID \ activities \ has \ increased \ this \ to \ 4.9 \ FTEs.$
- 5. This includes the FTE resource used to support GTGH.
- 6. COVID Recovery Manager.
- 7. This includes corporate support and the use of some contractor resource.
- 8. FTE numbers do not include staff working at i-Sites or any other venues that may been captured in the funding estimates.

7.4 Investment in other regions

Comparing investment in economic development activities and services across NZ regions is notoriously fraught given the myriad of ways our regions have chosen to structure themselves, fund particular activities and report on funding. This means any comparisons need to be taken with a good



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grain of salt. We nevertheless provide this comparison as without it legitimate questions would be asked about how Hawke's Bay compared with other NZ regions.

The data below is sourced from Statistics NZ and the Economic Development Association of New Zealand (EDANZ). EDANZ run a regular survey that asks its members to provide data on the investment that is being made into tourism and wider economic development activities and services. The latest data available (for 2019) is captured in the 2nd to last column of Table 5 below. We have used two figures for Hawke's Bay to capture the investment being made via BHB and HBTL (around \$1.85m per year), and the additional investment being made in specific (in-scope) council economic development activity. Note, we have chosen not to include funding for venues, events and 'strategic projects' which is captured in the preceding section in order to avoid adding activities that may not have been captured in the EDANZ reported figures.

With care not to over interpret this data, the following points can be made:

- Taranaki and Northland are the two regions with the closest population size and GDP.
- Taranaki's investment in economic development activities and services (including tourism) via its
 dedicated Economic Development Agency (EDA) 'Venture Taranaki' is approximately a third higher
 than Hawke's Bay's (including the Council ED spend) on per head of population basis.
- Northland's investment in economic development activities and services (including tourism) via its Economic Development Agency 'Northland Inc' is slightly lower than Hawke's Bay's (including the Council ED spend) on per head of population basis.
- On a per head of population basis the urban-dominated regions of Wellington and Auckland spend
 much more than other regions but Southland also has a comparatively high investment in
 economic development activities and services (including tourism).



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Table 5: Investment in economic development activities and services across NZ

	Year ended March 2019							
Region	GDP ⁽²⁾	Population ⁽³⁾	GDP per capita ⁽⁴⁾	Share of national GDP	Percentage change in GDP 2014-19	Funding for EDAs + RTOs	EDA/RTO spend per person	
	\$(million)	Number	\$ per person	Pero	pent			
Wellington	38,997	525,200	74,251	12.9	23.9	\$47,000,000	\$89.49	
Auckland	114,148	1,631,300	69,974	37.6	39.0	\$60,000,000	\$36.78	
Taranaki	8,902	121,900	73,029	2.9	-4.0	\$4,000,000	\$32.81	
Gisborne	2,161	49,100	44,004	0.7	31.6	\$870,000	\$17.72	
Northland	7,861	186,700	42,104	2.6	34.7	\$3,300,000	\$17.68	
Hawke's Bay	8,673	172,600	50,251	2.9	31.3	\$1,850,000	\$10.72	
Hawke's Bay (+ Council ED spend)*	8,673	172,600	50,251	2.9	31.3	\$3,700,000	\$21.44	
Manawatū-Whanganui	11,598	248,000	46,764	3.8	25.4	\$2,900,000	\$11.69	
Bay of Plenty	17,243	321,100	53,700	5.7	44.4	\$700,000	\$2.18	
Waikato	25,835	477,300	54,128	8.5	27.5			
Total North Island	235,418	3,733,200	63,061	77.6	32.0			
Canterbury ⁽⁶⁾	37,509	624,100	60.101	12.4	22.6	\$10,900,000	\$17,47	
Tasman / Nelson(5)	5,458	107,100	50,960	1.8	30.8	\$2,400,000	\$22.41	
Otago	13,583	234,300	57,974	4.5	36.1	\$5,384,000	\$22.98	
Southland	6,359	100,800	63.084	2.1	16.0	\$5,000,000	\$49.60	
West Coast	1,861	32,600	57,101	0.6	10.0	\$8,800,000	\$269.94	
Mariborough	3,248	49,000	66,277	1,1	34.1			
Total South Island	68,018	1,147,900	59,254	22.4	25.2			
GDP	303,436	4,881,100	62,165	100.0	30.4			

The following sections 7.5-7.11 provide more detail on the economic development activities and services currently being provided by BHB, HBTL, and each of the 5 Councils.

7.5 Business Hawke's Bay Incorporated (BHB)

7.5.1 Background

Business Hawke's Bay Incorporated ("BHB") is a not-for-profit Economic Development Agency whose aim is to facilitate collaborative planning and activity to foster economic and business development and growth for the benefit of the wider business community in the Hawke's Bay region. BHB was registered as an incorporated society in July 2013. Prior to this, it was a business unit of Hawke's Bay Chamber of Commerce which was created in 2011 with the support of regional stakeholders.

BHB works with a range of partners and stakeholders to develop business and support economic growth at a regional level. It is physically located in the Hawke's Bay Business Hub in Ahuriri, Napier, which allows co-location with other organisations important to the regional economic development eco-system - Hawke's Bay Chamber of Commerce, Te Kāhui Ōhanga o Takitimu, Regional Business Partners, NZTE, Callaghan Innovation Export New Zealand, Business Central, Young Enterprise, and the Food Innovation Network.

BHB works to 'Attract, Build, Connect and Focus' the business community through:

- · Attraction of business, investment and a skilled workforce
- Building sectors, businesses, capability and innovation



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- Connecting the business community, with Business Hawke's Bay, Hawke's Bay Business Hub services, and Matariki the Regional Development Strategy for economic and social growth.
- · A focus on improving productivity, innovation and entrepreneurship.

BHB is funded through a mix of individual council contracts (Hawke's Bay Regional Council, Napier City Council, Hastings District Council, Central Hawke's Bay District and Wairoa District Council), business sponsorship, revenue from operating the Business Hub, and Central Government grants (e.g. an MBIE grant tagged to supporting the operation of the Business Hub). Excluding Business Hub and project-funding, core funding totals approximately \$462,000 per annum, of which \$320,000 represents council funding and \$142,000 is sourced from local businesses.

Table 6: Key elements of Business Hawke's Bay (BHB)

able 6: Key elements of Business Ha	
	Description
Structure and Governance	 BHB is a NZ Registered Incorporated Society Incorporated Societies must have a minimum of 15 individual members or 5 corporate bodies, or a mix of both BHB has 57corporate members – Unison Networks, Port of Napier, PanPac Forest Products, Langley Twigg, Future Products, Furnware, NOW Broadband & Communications Sportsground Each corporate member has 3 votes and a place on the Board The Board is accountable to the members and the CE reports to the Board. Board members are appointed at BHB's AGM for a term of one year. They are able to be reappointed and this has been the typical practice since 2013 (most existing Board members have held Board positions since 2013). Board members are volunteers and not paid. The current Board is made up of representatives of – Langley Twigg; Unison; PanPac; Future Products Group; Pipfruit NZ; EIT; Napier Port; Sportsground, NOW, Furnware. Board meetings are held on a monthly basis.
Purpose/Vision/Mission	 BHB refers to itself as "the region's business-led economic development agency". BHB's purpose is to retain, grow and attract vibrant businesses and people to the region, and to make Hawke's Bay the best regional location in which to work, invest, live and grow
Key objectives	 Provide business development and support services to start-ups and growing firms, including through the establishment and operation of the Hawke's Bay Business Hub Stimulate and support key industry clusters and working groups Market the region as a great place for business, in collaboration with other private and public partners.
Staff and structure	 Currently 6 established positions (soon to be 7 with new "Business Connector" position), this doesn't count the Comms Lead contractor). Only 2 positions are full time. FTEs approx. 4.5 established (rising to 5.25 in October); 6.35 FTEs counting Comms Lead (a contractor and Portfolio Manager position which is only funded until Dec 2020) Roles are: CEO (1); Business Growth & Projects Manager (0.6); Business Development Manager (Land to Brand – 0.5); Portfolio Manager (0.8, currently vacant, funded by MBIE, finishes in December 2020); Marketing

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& Operations (0.5); HB Business Hub Concierge (1); Communications Lead (contractor - 0.3); Executive Assistant (7.5); Business Connector (0.75 – new position).

Operational Revenue

2019/20 2020/21

Total Revenue: \$1,012,519.98 Total Revenue: Approx. 20% lower that

Total Expenses: \$1,113,199.60 FY 19/20

Sources of funding included: Total Expenses: Approx. the same as FY

Funding from Councils:
 \$321,666,55

\$321,666.55

Business Hub Operations – Sources of funding the same as FY OPEX: \$41,543.41 19/20.

 Co Starters Revenue: \$15,395,91

LTO Rent: \$141,753.42

 MBIE Funding: \$200,000 over 2 years for Matariki programme support (NB: this funding ends Dec 2020)

Other Revenue: \$65,618.11

 Room Hire HB Business Hub: \$43,380.18

 Sponsorship Income (from local businesses): 141,749.97

Source: BHB reports and material provided by BHB

7.5.2 Key points on activities

BHB's activities are focussed on the following in-scope areas:

- Business development and support, such as business information and referral services and business capability support
- Innovation and industry development support, such as cluster & sector work with industry coalitions
- · Skills building, attraction and retention initiatives
- Investment promotion and attraction
- Economic development and economic wellbeing strategy development, intelligence and monitoring
- Strategy/action plan programme management, coordination, communications, monitoring and reporting (i.e. largely the activities involved in supporting and implementing the Matariki Hawke's Bay Regional Development Strategy).

BHB is not the main provider of support services for:

Business capability development. This is undertaken by the Regional Business Partner (RBP) team
that is formally part of HBRC (and funded through the contract between HBRC and NZTE/Callaghan
Innovation) but is co-located in the Business Hub with BHB;



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- Innovation, commercialisation and R&D support. This is undertaken by the Regional Business
 Partner (RBP) team (again funded through the contract between HBRC and NZTE/Callaghan
 Innovation);
- Export and/or offshore investment support. This is undertaken by NZTE and ExportNZ (the former
 in part through the RBP programme).

BHB also does not provide destination marketing and management and events-related services or activities. These services and activities are provided, for the most part, by Hawke's Bay Tourism who are responsible for the tourism marketing and promotion of Hawke's Bay.

The 5 Hawke's Bay Councils have a "Contract for Service" with BHB to enable BHB "to deliver activities and services to achieve agreed results which will contribute to regional economic development outcomes".

The Contract for Service notes that Councils recognise that where appropriate the Councils will work in partnership with others as a contributor to meeting the needs of the community, in respect of local infrastructure, local public services, and the performance of regulatory functions.

The Contract for Service recognises that BHB is a business-led economic development agency which can provide services to enable the Councils' economic development focus and delivery of economic development outcomes. It also recognises that both the Hawke's Bay Councils and BHB are committed and active collaborators in the Matariki Hawke's Bay Regional Development Strategy and associated action plan for economic and social growth.

The contract term for the current Contract for Service is 36 months from 1 July 2018 to 30 June 2021. This provides funding of \$320,000 per annum subject to BHB meeting reporting requirements and key performance indicators (KPIs). These are explored in more detail in Section 9.

Section 8 also provides more detail on BHB's current work programme, the resources being devoted to the activities, any KPIs and/or measurement that is being applied to the areas/activities and performance related to existing measurement.

7.6 Hawke's Bay Tourism Limited (HBTL)

7.6.1. Background

Hawke's Bay Tourism Limited (HBTL) was officially established in July 2011 as the official Regional Tourism Organisation (RTO) for Hawke's Bay.

Prior to this Venture Hawke's Bay (VTB), an arm of the Hawke's Bay Regional Council (HBRC), was responsible for all tourism functions. VTB alongside the Hawke's Bay Wine Country Tourism Association (HBWCTIA) which was a membership organisation made up of the majority of tourism businesses in Hawke's Bay. In late 2010 a decision was made to merge the VTB tourism team and the team at HBWCTIA to form Hawke's Bay Tourism Ltd. The Hawke's Bay Wine Country Tourism

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Association became the Hawke's Bay Tourism Industry Association (HBTIA) which remains the sole shareholder of Hawke's Bay Tourism Limited.

HBTL receives funding via two primary sources:

- · Hawke's Bay Regional Council (HBRC) is the primary funder for Hawke's Bay Tourism, with the current funding agreement covering the period 1 July 2018 - 30 June 2021. The agreement provides for annual funding of \$1.52 million per year across the three years.
- · HBTL is a membership organisation via the Hawke's Bay Tourism Industry Association. This means the industry is a partner in the promotion of tourism. Members pay a yearly membership fee to Hawke's Bay Tourism, which entitles them to a wide range of membership benefits.

Table 7: Key elements of Hawke's Bay Tourism Ltd (HBTL)

	Description
Structure and Governance	 Hawke's Bay Tourism Ltd (HBTL) is a registered company The Hawke's Bay Tourism Industry Association (HBTIA) is the sole shareholder of HBTL The HBTL Board consists of: The Chair of the HBTIA A second board member of the HBTIA A Hawke's Bay Regional Council-appointed representative A Māori representative Two other representatives appointed by the HBTIA Board
Purpose/Vision/Mission	 Purpose: To promote and co-ordinate opportunities for economic growth and prosperity for the visitor industry in Hawke's Bay Vision: Tourism in Hawke's Bay is a vibrant and valued contributor to the region's economy Mission: Get visitors here now, doing more, and coming back
Key objectives	 Hawke's Bay Tourism is responsible for the tourism marketing and promotion of Hawke's Bay Success is measured by increasing visitor spend and visitor nights spent in Hawke's Bay The funding agreement with Hawke's Bay Regional Council (HBRC) sets out a range of Key Performance Indicators (KPIs) relating to visitor spend, industry contributions, sustainability objectives, industry advocacy and capability, and the development of a regional destination management strategy. KPIs are negotiated and agreed through an Service Level Agreement (SLA). Quarterly and annual reporting is required.
Staff and structure	 9 positions; 8.15 FTEs Roles are: CEO; Consumer Marketing; Central Hawke's Bay Tourism Coordinator (0.8); Marketing Manager; Trade Sales and Marketing Manager; Events and Membership Coordinator; Finance and Administration (0.8); Public Relations and Media Manager (0.8); and Food and Wine Project (for 10 months only at 0.75)
Operational Revenue	2019/20 Total Revenue: \$2.2 million Sources of funding included: \$1.52 Million from the Hawke's Bay Regional Council (69% of funding) \$2020/21 Total Revenue: \$2.2 million (excluding circa \$1.2m in additional one-off Central Govt funding) Sources of funding included: \$1.52 Million from the Hawke's Bay Regional Council (69% of funding)



- \$94,000 from Members, excluding investment in investor guide (which is a break-even activity) and additional 'contra' (4.3% of funding)
- \$80k from the Central Hawke's Bay (CHB) District Council for specific CHB activities (3.6% of funding)
- \$94,000 from Members, excluding investment in investor guide (which is a break-even activity) and additional 'contra' (4.3% of funding)
- \$80k from the Central Hawke's Bay (CHB) District Council for specific CHB activities (3.6% of funding)
- Central Government:
 - One-off \$700k to support COVID recovery regional promotional activities
 - TBC: One-off circa \$500k to support a 2-4 year investment plan in regional events.

7.6.2. Key points on activities

Source: HBTL reports

HBTL is responsible for the tourism marketing and promotion of Hawke's Bay. Its activities are therefore focussed in the 'destination marketing and management' category of economic development and wellbeing services provided across the region. This includes owning and supporting 3 key regional events: Food and Wine Classic (FAWC); The Big Easy; and Spring Fling.

In addition to core destination marketing and management activities HBTL:

- Works on an ad hoc basis with tourism industry groups to pursue activities that are aligned with member and regional objectives e.g. work with the cruise industry on a regional cruise strategy;
- Offers an annual winter (low season) series of tourism business capability workshops. For example, workshops have been targeted at marketing, public relations, and distributional channels;
- Is an active contributor to Matariki REDS (particularly Pou 5 "Promoting Our Place");
- Acts as a conduit and feeder to the relevant economic development organisation or service by providing light touch referral services e.g. referrals to the Regional Business Partner Programme.

HBTL's core destination marketing and management activities are currently focussed on 5 key areas:

- Marketing 34% of FTEs.
- PR and Comms 9.4% of FTEs.
- Travel trade sales 12.3% of FTEs.
- Events co-ordination 12.3% of FTEs.
- Food and wine project 9.2% of FTEs.

The Hawke's Bay Regional Council (HBRC) collects an economic development rate from Hawke's Bay ratepayers and this is used (in large part) to fund the region's (public) contribution to HBTL's role as the Regional Tourism Organisation for Hawke's Bay. A funding agreement between HBRC and HBTL underpins this with the provision of ratepayer funding subject to certain performance criteria as measured by KPIs, reporting and audit requirements (these are explored in more detail in Section 9.3).

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In 2014/15 HBRC committed to a three-year funding agreement which increased HBTL funding from \$920,000 to \$1.82m over three years. As part of the 2018-28 Long Term Plan (LTP) process, HBRC consulted on reducing HBT's funding back to \$920,000pa. Post-consultation, HBRC decided to instead support HBTL at a rate of \$1.52m per annum for three years with subsequent funding levels to be reviewed through the 2021-31 LTP process.

Section 9.3 also provides more detail on BHB's current work programme, the resources being devoted to the activities, any KPIs and/or measurement that is being applied to the areas/activities and performance related to existing measurement.

7.7 Hawke's Bay Regional Council (HBRC)

HBRC has an important role to play in the economic development of Hawke's Bay through its primary responsibility to support the sustainable management of natural resources to provide for the needs of current and future generations. HBRC sees this stewardship role providing a stable and long-term operating environment for industries and other natural resource users.

Over the last few years HBRC has focused more sharply on the environmental challenges of freshwater quality, freshwater security and climate change and they have taken a deliberate step to differentiate their economic development activity from the more traditional approaches of Territorial Authorities (TAs). The TA's are arguably incentivised to drive absolute growth which in turn grows the rating base. This results in initiatives that seek to attract businesses and people to a district. HBRC has taken the view that its priority is not to drive growth, rather it is to avoid loss by ensuring the entire region can rely on a sustainable natural resource platform upon which an entire community can thrive. Under this approach and perspective, HBRC sees its core business as playing a vital role in the economic development of the region by providing security, stability and certainty for the region's investors and decision makers.

In HBRC's current LTP 2018-2028 its economic development role is described as follows:

"HBRC as a whole plays a broad role in regional economic development by ensuring the natural resource platform upon which both the economy and community relies on is managed to meet the reasonably foreseeable needs of future generations. In addition, council contributes to the Matariki Regional Economic Development Strategy (REDS) and HBRC-led projects within the strategy. This activity includes regional funding via targeted economic development rate to support Business Hawke's Bay and HB Tourism."

HBRC has long-standing involvement with the region's economic development. More recently the key HBRC's key activities in economic development have included:

- The assimilation of the disestablished regional economic development agency Venture Hawke's Bay;
- The establishment of Hawke's Bay Tourism Ltd and the cross-council agreement that HBRC would
 rate exclusively for this purpose as opposed to HBT be funded by all councils;



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- The support of numerous economic or business case studies and scoping exercises (e.g. tourism opportunities for Wairoa arising from Rocket Lab activities);
- Support of the business case for the economic development aspects of the Ruataniwha Water Storage Scheme;
- Support for Business Hawke's Bay's role as the hub and coordinator for a regionally devolved ED delivery model;
- · Support for the establishment of the Business Hub;
- Assumption of responsibility for the NZ Trade & Enterprise Regional Business Partner program, now based at the Business Hub;

Table 8 below provides more detail on the economic development activities/services that HBRC currently undertakes or supports via funding. In summary:

- HBRC collects an economic development rate from regional ratepayers to fund economic and tourism development across the region. These funds are applied to HBTL, BHB, HB Chamber of Commerce and other economic development opportunities.
- Following consultation as part of the 2018-28 Long Term Plan (LTP) process it was agreed to adjust
 the economic development rating allocation to become more weighted to the commercial sector.
 The residential/commercial rates ratio has changed over time from 70:30 to 50:50 to the current
 30:70.
- The funding HBRC provides HBTL on behalf of the region is worth \$1.52m/year.
- HBRC provides the funding for Regional Business Partner (RBP) programme via the contract it holds with NZTE and Callaghan Innovation. This funding is \$358,000 per year.
- HBRC is a key funding partner (along with the other 4 TAs) of BHB. HBRC contributes \$100,000 per annum to BHB.
- More recently HBRC has supported the establishment of a Regional Recovery Manager. This
 position is jointly funded with the TAs.
- HBRC contributes to the Matariki Regional Economic Development Strategy (REDS) and HBRC-led
 projects within the strategy. This includes being a member of the 'Think Hawke's Bay' group which
 is an informal network of the Council economic development leads, BHB, HBTL, Napier Port and
 Hawke's Bay Airport. The Think Hawke's Bay group helps to coordinate the delivery of aspects of
 the Matariki strategy, in particular investment and talent attraction.

HBRC has supported (through co-funding) specific feasibility and business case work where these opportunities have potential for improving region-wide outcomes and/or are aligned with the Council's land management and diversification objectives.



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Table 8: HBTL economic development activities/services

	us of economic development conomic wellbeing activity	Description of activity and outputs generated	FTE Resource
1.	Destination marketing and management		
	Visitor attraction, promotion and marketing Events /activities promotion, marketing, support and facilitation Running events	Undertaken through agreement HBTL but HBRC provides the regional funding for HBTL via a targeted economic development rate HBRC contributes to the costs of a range of events (approx. 74,000/year) HBRC marketing and comms team plays a role in promotion of events	Marketing and comms resources have not been included (across all Councils)
2.	Business development and support		
	Business information and referral services Business capability support	HBRC holds the Regional Business Partner (RBP) contract) with NZTE and Callaghan Innovation. The RBP team is physically located in the Ahuriri Business Hub. HBRC is a key funding partner of BHB.	The RBP team (including the sub- contracted position to HB Chamber) is normally 2.1 FTEs but COVID has added another 2.8 until end Oct 2020. Key decisions still to be made on future resourcing via Central Govt.
3.	Innovation and industry development support		
:	R&D funding /support Feasibility studies and business cases for sector and investment projects Cluster & sector work with industry coalitions Co-investment in major projects	Ad hoc e.g. Wairoa Hort Project; Napier/Wairoa rail project Provision of local context	None dedicated
4.	Skills -related support	• N/A	
5.	Investment attraction		
:	Business attraction Talent attraction Capital attraction	Reactive Member of Think Hawke's Bay group A funding partner of Great Things Grow Here (GTGH) platform	None dedicated
6.	Export and/or offshore investment support	Sister region in China	None dedicated
7.	Strategy development, economic intelligence, monitoring		
	Economic strategy development Economic intelligence and monitoring	HBRC doesn't have a standalone economic strategy COVID recovery work A user of economic intelligence Summaries are prepared and made available for senior leaders	1 FTE COVID Recovery Manager)
8.	Regional economic development and economic wellbeing implementation support	HBRC has representation on 5 of the Matariki pou	None dedicated



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7.8 Hastings District Council (HDC)

HDC articulates its role in 'economic and community development as "focused on creating the conditions for community wellbeing, the economic and social prosperity of our people and the communities within which they live".

To do this HDC sees its job as:

- 1. Making available land for industrial, commercial and residential growth
- 2. Working with partners to grow business and jobs
- 3. Supporting visitor attraction
- 4. Developing long term plans for our communities

HDC has articulated the following actions or work programmes that underpin the four focus areas outlined above:

- · Planning for district development and ensuring availability of serviced land
- · Planning urban centres and neighbourhoods (Place Based Plans)
- · Planning together with mana whenua
- · Working with young people and older people
- Community safety initiatives
- Provision of visitor facilities (i-site, Holiday Park)
- · Economic and social development research and planning
- · Empowering communities to do things for themselves
- Project based work focused on business investment and jobs, including:
 - business attraction
 - o connecting schools with industry and unemployed people with jobs
 - o increasing migrant business investment
 - o improving the value of land based horticulture and agriculture products
 - advancing E-commerce initiatives.

Table 9 below provides more detail on the economic development activities/services that HDC currently undertakes or supports via funding. In summary:

- HDC plays a key role in developing, maintaining and enhancing local facilities and in supporting key events and visitor attraction in order to benefit local businesses (tourism, accommodation, retail, hospitality etc)
- While busines development and support is mainly undertaken through BHB, HDC does run its own
 'Hastings District Productivity Programme'. HDC contract the 'Lean Hub' to provide a '5s
 programme'. This has recently been broadened to cover leadership training. This is similar in
 nature to the RBP programme where businesses provide co-funding to access the support.
- The Hawke's Bay Food Innovation Hub has been the focus of activity in the innovation and industry development space. The Hub is projected to be a centre of excellence in food processing skill



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training, a place of sustainable food and beverage innovation, production and packaging innovation and a centre of entrepreneurship in food business. In late 2019 the Government announced a \$12 million grant toward the \$18 million project via the Provincial Growth Fund (PGF) – subject to the additional \$6 million coming from other regional investors. HDC has proposed that it will contribute \$1m toward the regional investment required.

- HDC (and NCC) provide top-up funding for Learning Hawke's Bay which is a membership association of education providers in the Hawke's Bay region. Learning Hawke's Bay's mission is to grow the value of international education in Hawke's Bay.
- HDC is a member of the Think Hawke's Bay group (the economic development leads of the 5 Councils plus representatives from Napier Port and Hawke's Bay Airport). This is a key coordinating and collaboration mechanism for investment attraction activities.
- HDC can develop tailored material for businesses looking to locate in HB. This is typically a collaborative effort with BHB and other Councils (through Think HB).
- HDC leads on the Great Things Grow Here (GTGH) brand platform on behalf of region by providing
 the FTE resource and a contribution to funding. GTGH is a marketing platform that seeks to
 maximises opportunities to promote and showcase the benefits of doing business and living in
 Hawke's Bay.
- HDC has a team called 'Strategic Projects, Key Account Services and Capital Investment
 Partnerships' (SPKASCIP) that can work alongside key businesses and/or projects to smooth the
 investment process and engagement with Council. This business and investment 'hand-holding'
 and facilitating function is considered by HDC as a successful model and has grown from the
 successful support HDC provided to Kiwibank when they were looking to establish a regionallybased call centre.
- HDC also has a Financial Incentive Grant that can be used to support specific opportunities e.g. where the public benefit case is significant.

Table 9: HDC economic development activities/services

Focus of economic development / economic wellbeing activity		Description of activity and outputs generated	FTE Resource
1.	Destination marketing and management		
	Visitor attraction, promotion and marketing Events /activities promotion, marketing, support and facilitation Running events	Undertaken mainly through HBTL via agreement with HBRC HDC owns the local i-Site that undertakes some of this activity (although 75% of enquiries are citizens advice-related) HDC funds and sponsors key events. Approx. 30% of these events are larger events that attract out of region visitors e.g. Horse of the Year	1 FTE (Event Manager) i-Site has 5 FTEs with varying roles 0.5 FTE (ED team)
		ED team sponsors key events e.g. AMP wine awards, Export NZ, Lanten Festival	

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			Have not counted contribution of HDC marketing team
2.	Business development and support		
3.	Business information and referral services Business capability support Innovation and industry development support R&D funding /support Feasibility studies and	Undertaken mainly via Business Hawke's Bay (BHB) and HB Chamber of Commerce Play a funnelling role to main providers HDC has a hot-desk at the Business Hub HDC runs a Hastings District Productivity Programme. They contract the 'Lean Hub' to provide a '5s programme'. This has recently been broadened to cover leadership training. Similar in nature to the RBP programme. \$5-\$10k per business. Business co-funds. R&D funding / support not provided Mainly provision of local context and in-kind support	0.1 FTE (ED team) 0.5 FTE (ED team)
	business cases for sector and investment projects Cluster & sector work with industry coalitions Co-investment in major projects	HDC does provide financial support for feasibility and business case work on a case by case basis at times The HB FoodHub has been a major recent project and undertaking HDC (and NCC) provide top-up funding for Learning Hawke's Bay See husiness canability support above	
5.	Skills -related support Investment attraction	See business capability support above	
	Business attraction Talent attraction Capital attraction	 HDC is a member of the Think HB group (the economic development leads of the 5 Councils plus representatives from Napier Port and Hawke's Bay Airport). This is a key coordinating and collaboration mechanism for investment attraction activities. HDC can develop tailored material for businesses looking to locate in HB e.g. Datacom and NZ Institute of Skills and Technology. This is typically a collaborative effort with BHB and other Councils (through Think HB). HDC leads on Great Things Grow Here (GTGH) on behalf of region HDC has a team called 'Strategic Projects, Key Account Services and Capital Investment Partnerships' (SPKASCIP) that can work alongside key businesses and/or projects to smooth the investment process and engagement with Council HDC also has a Financial Incentive Grant that can be used to support specific opportunities e.g. where the public benefit case is significant. 	0.2 FTE (ED team) 0.1 FTE (Project management support for GTGH)
6.	Export and/or offshore investment support	HDC Eco Dev team leads on international engagement/connection work e.g. China Tourism Project; and Sister City with Guilin in China	0.1 FTE (ED team)
7.	Strategy development, economic intelligence, monitoring		



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	Economic strategy development		HDC does not have an independent standalone economic development strategy. Economic	0.1 FTE (ED team)
	Economic intelligence and monitoring		development objectives are captured in the LTP and Annual Plans.	
			HDC has played a key role in recent COVID recovery work	
		٠.	HDC is a user of economic intelligence. They share the	
			Infometrics and Dot Loves Data regional licences and	
			buy retail stats from Market View (retails stats are	
			shared with business associations)	
		٠.	Summaries are prepared and made available for senior	
			leaders, use in media releases, speeches etc	
8.	Regional economic	•	HDC has representation on 5 of the Matariki pou	0.2 FTE
	development and			(ED team)
	economic wellbeing			
	implementation support			

7.9 Napier City Council (NCC)

Napier City Council (NCC) has framed its role in the business and industry development aspects of economic development mainly under "community and visitor experiences". NCC's 2020-21 Annual Plan notes the following key outcomes it is seeking for Napier:

- A vibrant innovative city for everyone.
- · Excellence in infrastructure and public services for now and in the future.
- A sustainable city.
- · A safe and healthy city that supports community well-being.

The focus of the Annual Plan's significant initiatives are mainly related to venue development or enhancement activities e.g. National Aquarium of NZ expansion project, upgrades at Kennedy Park, and further work on a range of recreation facilities. The Annual Plan notes that NCC intends to commence the development of a "Business and Tourism Strategy".

NCC's 2018-2028 Long Term Plan (LTP) notes that the Council "supports and encourages a thriving Napier and Hawke's Bay economy and business culture which helps nurture and grow local start-ups, provides support to help existing businesses expand and prosper, kickstart new investment and attract new residents and businesses to the area."

To support this the LTP notes that the focus of attention will be on:

- Continuing to support Matariki REDS (which is focused on growing jobs across the region, increasing household income and raising up Hawke's Bay economic performance into the top quarter of New Zealand regions.)
- Developing a Napier Economic Development Strategy (NEDS) that integrates and aligns with Matariki REDS. The objective of the NEDS is to position Napier to achieve sustainable growth and prosperity by growing existing businesses, nurturing start-ups, growing a pipeline of entrepreneurs and attracting new firms, people and new investment.



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- Building on the innovative capacity of our businesses, build twenty-first century infrastructure, turn start-ups into scale-ups and seek to diversify the economy. [Note, there aren't clear actions attached to this focus area].
- Supporting emerging players, especially in the digital economy, by creating dynamic spaces in growing parts of the City such as Ahuriri to enhance the experience of those working in the innovation sector and by attracting new skilled talent to the city.

Table 10 below provides more detail on the economic development activities/services that NCC currently undertakes or supports via funding. In summary:

- HNCC plays a key role in developing, maintaining and enhancing local facilities and in supporting
 key events and visitor attraction in order to benefit local businesses (tourism, accommodation,
 retail, hospitality etc). This is a clear focus of (in-scope) economic development activities/services.
- NCC does not provide direct business development-related support (this is contracted out to BHB and HBTL (through the contract with HBRC)) but it does play a role in funnelling businesses to the main providers of services.
- NCC's innovation and industry development work is ad hoc and largely takes the form of information provision where this adds value. Like HDC, NCC provides top-up funding for Learning Hawke's Bay.
- HCC is a key member of the Think Hawke's Bay group and has been involved in collaborative efforts to encourage businesses looking to locate in Hawke's Bay.
- Unlike HDC, NCC does not have a specific team that works alongside key businesses and/or
 projects to smooth the investment process and engagement/s with Council. There are, however,
 2 roles in NCC planning teams that provide this type of service.
- NCC is key contributor to Matariki REDS and is responsible for sister city relationships in Japan,
 Canada and China.

Table 10: NCC economic development activities/services

Focus of economic development / economic wellbeing activity		Description of activity and outputs generated	FTE Resource
1.	Destination marketing and management		
	Visitor attraction, promotion and marketing Events /activities promotion, marketing, support and facilitation Running events	Undertaken through HBTL via agreement with HBRC NCC owns the local i-Site that undertakes some of this activity NCC owns Napier Conference Centre which plays a key role in hosting conferences that attract people from out of region. Employees are NCC employees NCC Manger of Business and Tourism, oversees running of museum, i-Site and Conference Centre NCC has an Event Manager who is also involved in event attraction	1 FTE (Event Manager) 0.5 FTE - (Manager of Business and Tourism) Have not counted contribution of NCC marketing team

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		NCC marketing team plays a role	
2.	Business development		
	and support		
•	Business information and	These activities are not undertaken directly	0.1 FTE
	referral services	Undertaken via Business Hawke's Bay (BHB) and HB	(NCC Economic
١.	Business capability support	Chamber of Commerce	Manager)
		NCC plays a funnelling role to main providers of	
3.	Innovation and industry	services	
3.	development support		
	R&D funding /support	R&D funding / support not provided	0.1 FTE
١.	Feasibility studies and	Mainly provision of local context	(NCC Economic
	business cases for sector	Ad hoc, usually in-kind support where needed e.g. tech	Manager)
	and investment projects	sector	
٠.	Cluster & sector work with	NCC (and HDC) provide top-up funding for Learning HB	
	industry coalitions		
١.	Co-investment in major		
	projects		
4.	Skills -related support		
5.	Investment attraction		
٠.	Business attraction	Mainly undertaken through the Think HB group (the	0.2 FTE
٠.	Talent attraction	economic development leads of the 5 Councils plus	(NCC Economic
١.	Capital attraction	representatives from Napier Port and Hawke's Bay	Manager)
		Airport). • Unlike Hastings District Council (HDC) NCC does not	2 FTEs
		have a specific team that works alongside key	(in planning teams)
		businesses and/or projects to smooth the investment	, , , , , , , , , , , , , , , , , , , ,
		process and engagement/s with Council. There are,	
		however, 2 roles in NCC planning teams that provide	
		this type of service. These roles have been captured for	
		completeness and comparability.	
6.	Export and/or offshore	Sister City relationships with:	0.05 FTE
	investment support	o Tomokomai, Japan	(NCC Economic Manager)
		 Victoria, Canada Linguanyan, China 	(Wallager)
7.	Strategy development,	Chilguariyari, Crima	
1.	economic intelligence,		
	monitoring		
•	Economic strategy	Napier City Council does not have an economic	0.2 FTE
	development	development strategy	(NCC Economic
٠.	Economic intelligence and	But the City Vision Framework is relevant, as well as	Manager)
	monitoring	the more recent COVID recovery work	
		The NCC 2020-21 Annual Plan notes that a key hurings and tourism initiative under the Community	
		'business and tourism' initiative under the 'Community and Visitor Experiences' priority area will be to	
		"commence development of a Business and Tourism	
		Strategy".	
		NCC is a user of economic intelligence. Summaries are	
		prepared and made available for senior leaders	
8.	Regional economic	NCC has representation on 5 of the Matariki pou	0.2 FTE
	development and		(NCC Economic
	economic wellbeing implementation support		Manager)



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7.10 Central Hawke's Bay District Council (CHBDC)

In 2019 Central Hawke's Bay District Council (CHBDC) developed its first Economic Development Strategy and Action Plan⁴. CHBDC's 2018-2028 LTP had identified this as a key action in order to:

- · Provide clarity on the role the Council plays in economic development; and
- Identify the actions that will assist Council to deliver on the levels of service related to Economic and Social Development activity that were included in the LTP.

CHBC's Economic Development Strategy and Action Plan provides support for:

- · The work programme for CHBC's newly created Economic Development Advisor role
- · Integration with the Matariki Hawke's Bay REDS and Action Plan
- · Promoting with certainty investment opportunities to attract new businesses to CHB
- Support to existing business to diversify
- Support to businesses to increase productivity and 'add value' through innovation
- Investigating opportunities for export and collaboration.

CHBDC has also recently created and adopted an economic recovery plan to help the district respond to COVID-19 and the severe drought over the 1019/20 summer. The plan features 16 action points that support the delivery of emergency welfare and provide a framework and fiscal stimulus package to ensure the response has a long-term view⁵.

Table 11 below provides more detail on the economic development activities/services that CHBDC currently undertakes or supports via funding. In summary:

- Like the other TAs CHBDC plays a key role in developing, maintaining and enhancing local facilities
 and in supporting key events and visitor attraction in order to benefit local businesses (tourism,
 accommodation, retail, hospitality etc).
- CHBDC funds a Tourism Coordinator role (0.6 of an FTE) via a separate contract with HBTL. This is
 additional funding for HBTL over and above the funding it receives on behalf of the region from
 HBRC. The CHB Tourism coordinator role is focused on advocating for CHB tourism opportunities
 as part of the wider region; providing leadership and advocacy for CHB tourism operators; and
 leading two important CHB events (Little Easy and the Spring Fling).
- CHBDC does not provide direct business development-related support (this is contracted out to BHB and HBTL but it does play a role in funnelling businesses to the main providers of services.
- CHBDC has, however, recently provided funding for 'Shop Local CHB' as part of its COVID response
 and recovery work. Shop Local CHB is an online platform that connects people to CHB businesses
 and services. CHBDC has also been leading some work on the development of a local digital
 business hub. This would provide a dedicated space for a range of small businesses (including

https://www.chbdc.govt.nz/assets/Uploads/002209-Economic-Recovery-Doc-aR.pdf



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⁴ https://www.chbdc.govt.nz/assets/Uploads/CHBDC-Economic-Action-Plan-Final-August-2019.pdf

- start-ups and self-employed), so that they can more easily access shared facilities, training/mentoring programmes and network opportunities.
- CHBDC's innovation and industry development work is ad hoc and largely takes the form of information provision where this adds value.
- CHBDC is a key member of the Think Hawke's Bay group and has been involved in collaborative
 efforts to encourage businesses looking to locate in Hawke's Bay.
- CHBDC has been active in thinking about skills deployment. It has played a role in creating a
 framework for thinking about skills development in a local context e.g. a (regional) skills attraction
 strategy has been created but this is not yet activated (further funding is required). It has also
 been an active advocate and participant in the Mayor's Taskforce for Jobs scheme.
- · CHBDC is an active key contributor to Matariki REDS.

Table 11: CHBDC economic development activities/services

Focus of economic development / economic wellbeing activity		Description of activity and outputs generated mic	
1.	Destination marketing and management		
	Visitor attraction, promotion and marketing Events /activities promotion, marketing, support and facilitation Running events	These activities are not undertaken directly Undertaken through HBTL via: Agreement with HBRC (covering baseline or basic expectations); and Additional contract for Tourism Coordinator role (3 days per week) Tourism coordinator role leads on some events e.g. Little Easy and Spring Fling Have been more active on bidding for events in collaboration with HBTL e.g. NZ cycle nationals Nga Ara Tipuna (a Maori cultural tourism project), is relevant. CHBDC Economic Manager spends approx. 1/5 of time on this	0.6 FTE (Tourism Coordinator employed by HBTL) 0.2 (CHBDC Economic Manager)
2.	Business development and support		
•	Business information and referral services Business capability support	These activities are not typically undertaken directly Undertaken via Business Hawke's Bay (BHB) and HB Chamber of Commerce CHBDC plays a funnelling role to main providers of services CHBDC also funds 'Shop Local CHB' in an ad hoc manner to deliver some of these services. Considering a digital business hub to strengthen this activity.	0.1 FTE (CHBDC Economic Manager)
3.	Innovation and industry development support		
	Feasibility studies and business cases for sector and investment projects Cluster & sector work with industry coalitions	Mainly provision of local context Ad hoc, usually in-kind support where needed	0.1 FTE (CHBDC Economic Manager)



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•	Co-investment in major projects		
4.	Skills -related support	 CHBDC has played a role in creating frameworks for thinking about skills development in a local context e.g. a (regional) skills attraction strategy has been created. Not yet activated. Funding is being sought. Act as a channel for funding from e.g. Mayor's Taskforce for Jobs Examples of activities (undertaken via contract for service): Mobile employment clinics Drivers licensing (including heavy vehicle endorsements) Pastoral support and work readiness PPE and health and safety training Have redeployed 46 people over the last 5 weeks. 	0.1 FTE (CHBDC Economic Manager)
5.	Investment attraction		
:	Business attraction Talent attraction Capital attraction	Undertaken through the Think HB group (the economic development leads of the 5 Councils plus representatives from Napier Port and Hawke's Bay Airport).	0.1 FTE (CHBDC Economic Manager)
6.	Export and/or offshore investment support	• N/A	
7.	Strategy development, economic intelligence, monitoring		
•	Economic strategy development	CHBDC has developed a CHB Economic Development Action Plan and a COVID-19 and Drought Recovery Plan	0.2 FTE (CHBDC Economic
	Economic intelligence and monitoring	CHBDC is a user, not creator, of economic intelligence CHBDC uses Dot Loves Data dashboard and Infometrics regional licences	Manager)
8.	Regional economic development and economic wellbeing implementation support	CHBDC has representation on 5 of the Matariki pou	0.1 FTE (CHBDC Economic Manager)

7.11 Wairoa District Council (WDC)

Wairoa District Council (WDC)'s 2020/21 Annual Plan Strategic Direction is framed around three interconnected "Community Outcomes":

1. Economic wellbeing

- · A strong, prosperous and thriving economy
- A safe and integrated infrastructure

2. Social and cultural wellbeing

- · A community that values and promotes its culture and heritage
- · Safe and accessible recreational facilities
- · Supportive, caring and valued communities
- Strong district leadership and a sense of belonging



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3. Environmental wellbeing

- A safe and secure community
- · A lifetime of good health, education and wellbeing
- An environment that is appreciated, protected and sustained for future generations

WDC's 2018-2028 LTP also acknowledges that economic development is a key priority alongside maintaining levels of core services and infrastructure to provide a foundation for strong and resilient communities.

Table 12 below provides more detail on the economic development activities/services that WDC currently undertakes or supports via funding. In summary:

- WDC plays a key role in developing, maintaining and enhancing local facilities and in supporting
 key events and visitor attraction in order to benefit local businesses (tourism, accommodation,
 retail, hospitality etc).
- WDC owns the local i-Site that plays a role in visitor attraction, promotion and marketing, but the primary responsibility for this work sits with HBTL (via the regional contract with HBRC).
- WDC does not provide direct business development-related support (this is contracted out to BHB and HBTL) but it does play a role in funnelling businesses to the main providers of services.
- WDC's innovation and industry development work is ad hoc and largely takes the form of
 information provision where this adds value. It has also on occasion involved limited co-funding
 for feasibility-related analysis. Recent work has included:
 - o Work with local iwi and the HBRC on horticultural diversification across the Wairoa flats
 - Work with Rocket Lab to develop opportunities to leverage business attraction off their
 Te Mahia initiative
- WDC is a key member of the Think Hawke's Bay group and has been involved in collaborative efforts to encourage businesses looking to locate in Hawke's Bay.
- WDC is an active key contributor to Matariki REDS and has working closely with local iwi on a Wairoa District Recovery Strategy and Plan.

Table 12: WDC economic development activities/services

Focus of economic development / economic wellbeing activity		Description of activity and outputs generated	FTE Resource
1.	Destination marketing and management		
•	Visitor attraction, promotion and marketing Events /activities promotion, marketing, support and facilitation	Undertaken mainly through HBTL via agreement with HBRC WDC owns the local i-Site that undertakes some of this activity. Focus is on information for tourists and visitors	2 FTEs at the i-Site 0.2 FTE (Community Development Officer)
•	Running events	WDC has a Community Development Officer that spends around 20% of time on community events.	



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		These include larger ones that attract people from outside of district (approx. 30% of events)		
2.	Business development and support			
	Business information and referral services Business capability support	These activities are not undertaken directly Undertaken via Business Hawke's Bay (BHB) and HB Chamber of Commerce WDC plays a funnelling role to main providers of services	0.1 FTE (WDC Economic Manager)	
3.	Innovation and industry development support			
	R&D funding /support Feasibility studies and business cases for sector and investment projects Cluster & sector work with industry coalitions Co-investment in major projects	R&D funding / support not provided Mainly provision of local context Ad hoc, usually in-kind support where needed	0.1 FTE (WDC Economic Manager)	
4.	Skills -related support	Act as a channel for funding from e.g. Mayor's Taskforce for Jobs Provide letters of support for key businesses when seeking RSE workers to fill skill gaps	0.1 FTE (WDC Economic Manager)	
5.	Investment attraction			
:	Business attraction Talent attraction Capital attraction	Mainly undertaken through the Think HB group (the economic development leads of the 5 Councils plus representatives from Napier Port and Hawke's Bay Airport). Also ad hoc involved with laying out the welcome mat for potential investors e.g. work with Rocket Lab. Note talent attraction from a WDC perspective also involves encouraging ex-pat whanau to return home to contribute to Wairoa's wellbeing	0.2 FTE (WDC Economic Manager)	
6.	Export and/or offshore investment support	• N/A		
7.	Strategy development, economic intelligence, monitoring			
•	Economic strategy	WDC has an Economic Development Strategy from 2017	0.2 FTE (WDC Economic	
•	development Economic intelligence and monitoring	The Wairoa Community Partnership Group and related goals and work programme are relevant as this captures the broader wellbeing approach Wairoa is taking to economic development Recent work has involved working with iwi on a Wairoa recovery plan WDC is a user of economic intelligence		
8.	Regional economic development and economic wellbeing implementation support	WDC has representation on 5 of the Matariki pou	0.1 FTE (WDC Economic Manager)	



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8.0 ASSESSMENT OF RATIONALE AND FIT OF ACTIVITIES/SERVICES BEING DELIVERED

Two key lenses are important to consider when thinking about economic development activities/services:

- 1. Current businesses: Do we know our sectors and businesses well? Do we understand their issues, constraints, opportunities? Have we designed our activities/services around these (taking into account the appropriate role for government)?
- 2. Future businesses/growth: Do we have a view of what the Hawke's Bay economy could look like by building off regional strengths and adapting to and leveraging off social, cultural, environmental and economic trends? Is there a shared vision? What work are we doing with business and key stakeholders to develop the new platforms for growth?

This section uses these lenses and provides an assessment of the role of local government in economic development and economic wellbeing in the region, based on an analysis of:

- Challenges and opportunities facing the Hawke's Bay economy;
- Rationales for local government activities in economic development and economic wellbeing; and
- · Central government expectations.

8.1 Key findings

- In terms of economic output Hawke's Bay has an export-facing economy. In terms of business
 units it is more domestic service-based. This means regional businesses will have a wide-spectrum
 of business support needs e.g. ranging from management capability-related programmes through
 to assistance in engaging with offshore markets.
- The broad types of economic development activities/services being delivered by the 5 Councils,
 BHB and HBTL are consistent with identified opportunities and the needs facing the region.
- Analysis of the work programmes and activities/services being provided by the Councils, BHB and HBTL suggests that these are based on clear rationales, with Councils for the most part focused on facilitation, promotion, and information provision.
- The work of BHB and HBTL is appropriately focused on collective action issues (e.g. industry-wide marketing, promotion, attraction); sectoral connection and coordination issues; and specific business capability and support programmes (where they can leverage their knowledge of business/industry needs to develop and provide targeted programmes of support i.e. there is a clearer rational for EDAs/RTOs to provide this activity than directly by Council).
- From an economic development activity perspective the opportunities presenting for food and
 fibre and the challenges presenting for tourism, hospitality and retail will require working closely
 with those sectors. Hawke's Bay existing activities and services (including the important RBP
 programme) provide a strong platform for this work.



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- Business support and capability programmes will continue to be an important component of assistance given a likely need to build greater resilience into business models.
- The changing nature of work, consumption and the rise of the contact-free economy will mean that support for digital capability and digitisation will likely be a critical component of the support provided to our businesses/sectors.
- The rise of remote working also offers Hawke's Bay an opportunity to leverage its lifestyle strengths to attract talent from other parts of the country (and in time offshore).
- The biggest short-term challenge facing the Hawke's Bay economy is related to labour supply (an
 immediate issue for Hawke's Bay's important horticulture industry) and broader skill shortages.
 Local government, along with its delivery partners, can play an important role in helping to
 coordinate and facilitate the planning with industry and Central Government that will be required
 to resolve these issues.
- Central Government's role in regional economic development and its expectations of local government and regional delivery agents has shifted over time. Central Government wants regions to be "joined-up" and to be clear on regional priorities; it wants regional plans to fit with national sector/industry strategies where they exist and/or are being developed; it wants to utilise regional information that is closer to source to inform policy and programme development; and it says it wants to partner on longer-term objectives where there is a clear role for government to play. All this will require Hawke's Bay to have expertise at the regional level, it will require effective leadership, collaboration and coordination, and a funding and support system that can adapt to the changing needs of Hawke's bay businesses and sectors and leverage and maximise the support provided through Central Government.

8.2 Challenges and opportunities facing the Hawke's Bay economy

Annex A in Section 13 provides more detail on the Hawke's Bay economy. Sections 8.2.1 and 8.2.2 below provide high-level points that are relevant to consideration of the rationale and fit of economic development activities and services for the region.

8.2.1 Current situation

In terms of economic output Hawke's Bay has an export-facing economy. In terms of business units it is more domestic service-based. This means regional businesses will have a wide-spectrum of business support needs e.g. ranging from management capability-related programmes through to assistance in engaging with offshore markets.

The Hawke's Bay economy is biased toward land-based sectors (and hence is more export-oriented than it is domestically-focused, reflecting the importance of land-based industries – meat, horticulture and forestry) relative to the national economy. But manufacturing makes up a larger share of the regional economy than it does nationally.

Growth (economic and employment) has been slower than the national average over the last 10 years, but has been growing faster more recently (pre-COVID).



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Like the rest of NZ, Hawke's Bay businesses are mostly small SMEs. 65% are sole-traders. Around 86% have 5 employees or less.

At an aggregate level Hawke's Bay businesses are less productive than the rest of the economy (but there will undoubtedly be wide variation like there is nationally⁶). Productivity and wages/salaries are linked i.e. higher productivity supports higher employee compensation. This is reflected in lower wage and salary levels in Hawke's Bay relative to the national average.

The Hawke's Bay economy is forecast to contract by -6.2% over the year to March 2021, compared with a -8.0% decline in national economic output. The Central Hawke's Bay District and Wairoa District economies are expected to contract the least, at -3.8% and -4.4%, over the year to March 2021. Hastings District is expected to contract by -6.1% and Napier City is expected to fare the worst, contracting by 7.2%. [Infometrics, 2020].

Hawke's Bay will benefit from its strong primary and food manufacturing sectors. Primary exports and, consequently, food production are expected to continue growing, albeit moderately as global demand for food is maintained. Drought impacts will however continue to constrain growth particularly for Central Hawke's Bay. [Infometrics, 2020].

Hawke's Bay is not highly exposed to international tourism or international education. However, the reduction in tourism spending and spending by international students will still be a blow to the local economy. [Infometrics, 2020].

8.2.2 Trends that will influence the economic outlook and opportunities for Hawke's Bay

Table 13 below captures a range of trends (adapted from recent Mckinsey work) that are likely to influence the economic outlook and opportunities presenting for Hawke's Bay. The trends have either been accelerated by the COVID-19 pandemic (i.e. they were existing trends) or they have been re-shaped by the pandemic in important ways.

The key take-outs from the table include:

- Ongoing uncertainly and the need to build greater resilience into business models and planning
 will weigh on confidence to invest, employ and ultimately grow. This is likely to have a long-tail
 effect on the regional, national and global economy. Business support and capability programmes
 will continue to be an important component of assistance given this backdrop.
- The changing nature of work, consumption and the rise of the contact-free economy will mean that support for digital capability and digitisation will likely be a critical component of the support provided to our businesses/sectors.
- The rise of remote working also offers Hawke's Bay an opportunity to leverage its lifestyle strengths to attract talent from other parts of the country (and in time offshore). Note a critical connection to the wider role of local government in economic development is the relationship to the housing market and the efforts that will be needed to address the severe housing shortages now presenting in the region. A critical part of the 'attraction package' is the ability to sell greater



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⁶ This has not been investigated as part of this review.

housing affordability relative to NZ's metropolitan areas. Hawke's Bay's 'lifestyle comparative advantage' will be eroded without measures to address housing availability issues.

- Hawke's Bay (and NZ more generally) will be able to leverage its food and fibre strengths to tap
 into changing consumer attitudes toward healthy living and key pre-COVID trends relating to
 consumer demand for quality, convenience, traceability, accountability and food safety. There is
 also an opportunity to showcase our ability to produce food (that consumers want) with
 low/positive environmental footprints (through best practice, use of technology and circular
 economy practices) and how we can use technology to provide traceable production information
 at, and before, the point of sale.
- NZ's tourism and hospitality sectors will unlikely emerge from this crisis looking the same. The
 retail sector is also facing major restructuring.
- From an economic development activity perspective both the food and fibre opportunities and
 the challenges for tourism, hospitality and retail will require working closely with key sectors to
 embrace the opportunities and change presenting.

The biggest short-term challenge facing the Hawke's Bay economy, however is related to labour supply and skill shortages. This is presenting as an immediate issue for Hawke's Bay's important horticulture industry who face not having access to RSE workers from a range of Pacific Islands because of COVID-related border and quarantine restrictions. There is a clear role for local and central government to partner with the horticulture industry on the options and pathways available which provide short-term certainty for the sector (and the valuable economic activity); create opportunities for NZers who have been displaced from the job market; and support the sector's transition to less labour intensive models.

More generally COVID-19 has created has structural issues for countries (like New Zealand) that have relied on labour force growth to generate GDP growth. NZ's GDP growth has been driven heavily by growth in hours worked with a much smaller contribution from labour productivity growth. This migration-fuelled growth in the labour force has created strong incentives for NZ firms to expand through hiring labour rather than investing in capital, technology, and R&D. [Skilling, 2020].

With weaker investment and labour productivity NZ could face a more demanding transition process to a capital and knowledge intensive growth model. This is likely to require substantial private and public sector investment in skills, R&D, and physical capital and should influence the nature of economic development activities and services at a national and regional level. This process also needs to be managed in an inclusive way so that increased investment in technology and knowledge augments rather than replaces labour. This will be complicated by the higher levels of unemployment but this is an opportunity to invest in skills upgrading, capital and technology investment, to move to a higher productivity, higher wage economy [Skilling, 2020].



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Table 13: Trends that will influence the economic outlook and opportunities for Hawke's Bay

Major trends (adapted from McKinsey 2020)	Potential impact on Hawke's Bay
Ongoing uncertainty. Resilience is the new black. The ability to absorb a shock, and to come out of it better than the competition will be the key to survival and long-term prosperity. Distance is back. Moving from globalization to	Ongoing uncertainly and the need to build greater resilience into business models and planning will weigh on confidence to invest, employ and ultimately grow. This is likely to have a long-tail effect on the regional, national and global economy. Business support and capability programmes will continue to be an important component of assistance. As a relatively export-focussed economy Hawke's Bay
 More border restrictions; A greater preference for local over global products and services; The need for resilience across supply chains driving a move to bring sourcing closer to end markets; and Perhaps renewed resistance to globalization. Technology continues to shrink physical distance, but in other ways, it could be set for a return The pandemic has exposed the world's risky dependence on vulnerable nodes in global supply chains. There could be a large restructuring as production and sourcing move closer to end users and companies localise or regionalise their supply chains. 	 will be impacted by any change in global demand for the products we produce and any restructuring of global supply chains. Our proximity to, and reasonably strong relationships with, Asian countries should benefit NZ. We are seen as a trusted and reliable trading partner. The work MFAT, MPI, NZTE and Customs does to ensure we continue to have strong and relatively frictionless platforms to trade will be crucial as we navigate the opportunities and risks presenting. Activities like sister-city work and the hosting of trade/diplomatic delegations (when travel restrictions ease) could be useful in supporting the relationships our key exporting companies have built and will need to continue to curate.
 The future of work and consumption and the rise of the contact-free economy The crisis has propelled new technology across all aspects of life, from e-commerce to remote-working and e-learning tools. New working and shopping practices will probably become a permanent fixture of the next normal. In three areas in particular—digital commerce, telemedicine, and automation—the COVID-19 pandemic could prove to be a decisive turning point. 	 Digitisation was a strong existing pre-COVID trend. COVID has considerably accelerated this trend. There are considerable opportunities and some short-term risks for the Hawke's Bay economy. Digitisation can add new and greater value to products/businesses. These are "weightless" in the sense they can easily be exported across borders without traditional supply-chain related costs. Digitisation can also build important resilience. But a growing move to an online-first world is having an impact on traditional retail businesses. Locally we will likely lose jobs at OfficeMax, The Warehouse, Bunnings and in bank branches as these organisations bring forward restructuring plans. Support for digital capability and digitisation should be a critical component of the support provided to our businesses/sectors.
Changing industry structures, consumer behaviour, market positions, and sector attractiveness Key questions remain around whether industries will rebound from the economic shock posed by the virus, or sustain lasting damage.	NZ's tourism and hospitality sectors will unlikely emerge from this crisis looking the same. The retail sector is facing major restructuring. We will be able to leverage our regional food and fibre strengths to tap into changing consumer attitudes toward healthy living and key pre-COVID

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- There could be lasting changes to consumer attitudes toward physical distance, health, and privacy. For example, increased health awareness and a corresponding desire to live more healthily could bring lasting change to where, how, and what people eat.
- Some consumers and governments may change their attitudes toward the sharing and use of personal data if it can be demonstrated that the use of such data during the crisis helped safeguard lives.
- trends relating to consumer demand for quality, convenience, traceability, accountability and food safety.
- There is also an opportunity to showcase our ability to produce food (consumers want) with low/positive environmental footprints (through best practice, use of technology and circular economy practices) and how we can use technology to provide traceable production information at, and before, the point of sale.
- From and economic development activity perspective this will require working closely with our key sectors to embrace the opportunities and change presenting.

8.2 Rationale for local government activities in economic development and economic wellbeing

As discussed in the introduction of this review local authorities have a critical role to play in supporting the economic development and economic wellbeing of their area. They have a range of levers at their disposal which can support, or indeed inhibit, economic development that is consistent with broader wellbeing objectives.

In New Zealand, local government's activities are centred on regulating land use, choosing and funding a set of local amenities, and investing in essential infrastructure for transport and the three waters (drinking water, wastewater and stormwater), with the overall objective of enhancing community wellbeing (NZ Productivity Commission, 2019).

Regional councils are responsible for the physical environment and cross-boundary functions that require an integrated approach, which include regional land transport, flood protection, biosecurity, civil defence and some resource management. The functions of territorial authorities (city and district councils) are broader, encompassing physical infrastructure such as roads, water supply, wastewater and stormwater, recreation and cultural activities, land-use planning, building standards and some public health and safety functions (NZ Productivity Commission, 2019).

But local authorities also play an important role in the provision and funding (either directly or via delivery agents) of support for local people and businesses through – regeneration; business support and employment programmes; working with, and providing a link to, nationally-led programmes; investor and people attraction programmes; and providing a range of high quality services that directly support residents' wellbeing outcomes and business investment confidence. Local authorities also can also use their community leadership role and planning powers to set out a clear framework for local development. This helps to provide certainty for business and investment, overcome coordination failures, and manage externalities and competing interests.

Table 22 in Annex B provides an overview of the economic development activities and services that are in-scope of this review and the underlying rationale for local government intervention (through the provision of activities or services).



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Analysis of the work programmes and activities/services being provided by the Councils, BHB and HBTL suggests that these are based on clear rationales, with Councils for the most part focused on facilitation, promotion, information provision and addressing collective action issues. The work of BHB and HBTL is appropriately focused on collective action issues (e.g. industry-wide marketing, promotion, attraction); sectoral connection and coordination issues; and specific business capability and support programmes (where they can leverage their knowledge of business/industry needs to develop and provide targeted programmes of support i.e. there is a clearer rational for EDAs/RTOs to provide this activity than directly by Council).

8.3 Central government expectations

Central Government now plays an important role in regional economic development. This began under the previous National administration with its 'Regional Growth Programme' (which led to the development of "regionally-led, regionally-owned economic Action Plans", and has been taken forward a considerable notch with the dedicated \$3bn Provincial Growth Fund (PGF) under the current Labour-led coalition.

The PGF (and its delivery agency the Provincial Development Unit (PDU), housed in the Ministry of Business, Innovation & Employment (MBIE)), has been supported by MPI and its main fund (the Sustainable Food & Fibres Futures Fund (SFFF)), and the work of Te Puni Kōkiri (TPK), and the Ministry of Social Development (MSD). New Zealand Trade and Enterprise (NZTE) and Callaghan Innovation play a key role in funding the RBP programme and, in the case of NZTE, providing additional support for firms operating in offshore markets. MBIE is the lead agency for tourism policy and responsible for the annual \$25m Tourism Infrastructure Fund (TIF) and the International Visitor Conservation and Tourism Levy.

In thinking about the rationale and fit of economic development activities and services being delivered in Hawke's Bay it is important to consider the role and expectations of Central Government and its key delivery agencies.

The following points can be made:

- Central Government wants regions to be "joined-up" and be clear on regional priorities e.g. things
 to fix, get behind, invest in (taking into account the appropriate role for government). Regions
 who have had clear priorities and have backed these with analysis, focus and regional advocacy
 have received a greater proportion of PGF funding (e.g. Manawatu). It's not clear that Matariki
 has played the full role it could have had for Hawke's Bay in regard to PGF funding;
- Central Government would ideally like regional plans to fit with national sector/industry strategies
 where they exist and/or are being developed e.g. Industry Transformation Plans. This requires
 alignment work on behalf of EDAs/economic development delivery agents;
- Central Government talks about the integrated nature of 'systems' and the need to consider these
 but, notwithstanding the first two points, still largely works in silos and at a programme/project
 level. PGF has arguably made this worse at times. Effective regional collaboration is required to
 overcome Central Government 'silo-isation';



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- Despite sitting on a lot of data and insight central government has a surprisingly limited collective, detailed and nuanced view on what is happening in most regions, and where this exists it is not being shared effectively across agencies. The new regional skills leadership groups reflect the fact that it has been too hard to do skills forecasting work centrally. This, hopefully, signals a broader shift toward policy and programme development at a regional level i.e. a move away from national policies being implemented at a regional level without the variation needed to account for region-specific characteristics. This will require expertise at the regional level;
- Central government involvement in regional economic development has historically come through the support it has provided key export sectors (which are predominantly situated in the regions). This has involved creating market conditions through legislation and regulations, support for R&D, commercialisation and exporting (both trade access support via MFAT and trade and investment facilitation support via NZTE). For a region like Hawke's Bay this involvement and support would have been directed at large sectors like agriculture and horticulture, which would have (historically) limited the role of local government in this space. This has shifted over time as local government has become more active in areas such as the local innovation eco-system (e.g. food innovation in Hawke's Bay and the role the FoodHub could play), and the skills-related issues presenting for local businesses (labour supply and ability to recruit and attract skilled workers).
- Unlike other key export sectors Central Government's more active role in tourism (beyond the core border, immigration and airway-related settings) has been a more recent trend. This had the effect of local government historically playing a stronger role in this sector relative to Central Government. Tourism also directly supports local retail and hospitality and helps to create vibrant city centres and regional amenities that locals enjoy and which in turn encourage people and talent to move to the region. Regions have also built community and visitor infrastructure (e.g. in Hawke's Bay there is Toi Toi, Splash Planet, the National Aquarium, The Faraday Centre etc) that requires ongoing visitor support. This has all lead in a Hawke's Bay context to local authorities playing a much larger role in the tourism-related activities relative to other important sectors of the economy. Hawke's Bay (and the mechanisms it chooses to use/create) will need to adapt as Central Government roles and expectations around regional economic development change over time.



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9.0 ANALYSIS: EFFECTIVENESS & EFFICIENCY

This section summarises the desktop analysis of effectiveness and efficiency conducted as part of this review. The analysis (which is captured in the detailed tables in Annex 14):

- Examines the work programmes of BHB, HBTL, and each of the 5 Councils organised by the main economic development activity/service headings that are used for this review;
- Highlights the resources are being used to provide these activities/services;
- Matches relevant performance measures, targets and/or KPIs (where they exist) to the area of activity/service; and
- On the basis of this makes an assessment about impact, effectiveness and efficiency.

9.1 Councils - Key findings

- Council economic development activities/services are being delivered efficiently (on the basis of FTE resources).
- The FTE resources Councils are using to supply economic development activities and services are relatively constrained (see table 4 on page 31). HDC has the largest FTE resource at around 6.1 FTEs (2.1 FTEs in the ED team, 1 Event Manager role, and 3 roles from the Strategic Projects team (note the analysis has not included any FTEs from marketing and communications for any of the Councils); HBRC has 6 (but this is mostly the RBP team that sit in the Business Hub); NCC has around 4.35 (1 Economic Development Manager role, 1 Event Manager role, and 2 roles that do similar work to HDC's Strategic Projects team. Both CHBDC and WDC have around 1 FTE (both Economic Development Manager roles).
- Council economic development work programmes are spread across the main domains of economic development activities/services where there is rationale for publicly-funded intervention (either through Councils or delivery agents).
- ED Managers/teams are playing a useful connection and funnelling role to the main providers of services and, within time constraints, are often focused on one or two larger projects at any one time e.g. the FoodHub. They are also the key connections to Matariki REDS at a work programme level and the Think HB group which appears to be playing a useful collaboration role in the investment and talent attraction space.
- Performance measures and any related KPIs or targets (where they exist) are, for the most part, being met. But performance measures/KPIs are organisation specific and have been set at varying levels of detail. Performance measures are often project based, and overall there appears to be a trend toward less specificity over time (at least in reporting any measures publicly through Annual Plans). This may have helped streamline Annual Plans and internal processes but it risks reducing transparency and accountability for the outcomes, objectives and work programmes that have been set by Councils through public consultation.
- There is also no explicit relationship to Matariki RDS or broader regional objectives in Council ED
 performance measures/KPIs except through general collaboration performance measures (where
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- More broadly the region does not have a clear 'impact framework' to articulate the 'intervention logic' between activities delivered and the desired outcomes for the region over the short, medium and longer-term. A framework like this could better inform distributed (individual team/org) work programmes that contribute to regional outcomes and provide greater clarity on respective roles and responsibilities (e.g. leadership and/or close collaboration where needed).
- Ideally, Matariki RDS would be playing a clear role in providing the region, and all the parties that
 contribute to the region's economic development, with a shared and agreed vision of success, set
 of outcomes, and prioritised areas of focus (that require collective action) in order to guide
 individual roles and mobilise resources available. This hierarchy would ideally inform individual
 work programmes, Service Level Agreements and/or Contracts for Service.

9.2 Business Hawke's Bay (BHB)

9.2.1 Key findings

- BHB is meeting the KPIs set out in the Contract for Service (CfS) with the 5 Hawke's Bay Councils
 and has delivered outputs efficiently.
- It has an ambitious work programme (current and intended), however, (relative to FTEs/funding available) that goes beyond the CfS areas of focus. Given limited FTEs this will be constraining the ability to delivery priorities as effectively as possible.
- The activities themselves are based on solid 'problem definitions' and are aligned with typical EDA
 activities (particularly the start-up and sector and industry development/collaboration related
 activities).
- A lot of the (mostly proposed) skills and talent work is strongly related to Hawke's Bay issues/opportunities (a microcosm of national issues with added emphasis given the region's socioeconomic characteristics and the labour intensive nature of horticulture), but this is not funded activity beyond the Service Level Agreement with EIT (which is funded by MSD) for the 'Education to Employment - Vocational Pathways' work.
- BHB has been relatively active in regard to inward investment attraction and sector, cluster and enterprise development-related work given the resources it has had available. Key achievements have included:
 - Partnering with the 'Think Hawke's Bay' group (which appears to have been useful in building a more effective collaborative mechanism for investment and talent attraction), on two business promotional and attraction initiatives (Datacom and the HQ for the new NZ Institute for Skills and Technology), and work on a Regional Talent Attraction Strategy and Action Plan.

⁷ A logic or impact model is a representation of the relationships between organisation/program resources, activities and intended outcomes. Typical logic models consist of inputs, activities, outputs, and outcomes.



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- Work on a Peak Investment event held in 2019 (with NZTE) which led to over \$1m in investment into businesses that BHB helped to get 'pitch ready'.
- Running of the "Co.starters" programme which continues to be popular, with 40+ graduates having completed the programme and around 90% successfully completing further validation, pivoting, new product development, and commercialisation.
- Leading on two key sectoral projects relating to 'IT/Digital/High-value Manufacturing' and
 the 'Land to Brand Sector Support Programme', which appear to have been most useful
 in the way they have connected local businesses to each other (which are leading to
 collaborations) and have connected local businesses to business support and/or potential
 partners (e.g. (research institutes, food technologists and consultants, university
 internship programmes etc).
- Matariki Programme Management activity has been challenging for both BHB and stakeholders
 given the large degree of 'distributed ownership' of priority actions, a lack of funding for
 implementation of some areas of Matariki, and key personnel changes. The wide-spread concern
 that Matariki is not delivering on its promise (see survey results in Annex D), and differing views
 on how the programme should be governed and managed has also contributed a difficult
 operating environment.
- Business Hub usage and business connection metrics continue to show growth (even including the
 COVID-lockdown period). The Hub is clearly filling a need for a meeting and connection space that
 has a look, feel, and vibe that businesses and organisations will pay to use. The Hub also plays a
 critical role in bringing together, under one roof, many of the key business support agencies
 operating in Hawke's Bay. In an environment where there is a perception of fragmented services
 this is important. The Business Hub, however, runs at an overall loss and additional funding is
 required to support repairs and maintenance and CAPEX.

9.2.2 Contract for Service (CfS)

The 5 Hawke's Bay Councils have a "Contract for Service" with BHB to enable BHB "to deliver activities and services to achieve agreed results which will contribute to regional economic development outcomes".

The Contract for Service notes that Councils recognise that where appropriate the Councils will work in partnership with others as a contributor to meeting the needs of the community, in respect of local infrastructure, local public services, and the performance of regulatory functions. The Contract for Service recognises that BHB is a business-led economic development agency which can provide services to enable the Councils' economic development focus and delivery of economic development outcomes. It also recognises that both the Hawke's Bay Councils and BHB are committed and active collaborators in the Matariki Hawke's Bay Regional Development Strategy and associated action plan for economic and social growth.

The contract term for the current Contract for Service is 36 months from 1 July 2018 to 30 June 2021. This provides funding of \$320,000 per annum subject to BHB meeting reporting requirements and key performance indicators (KPIs). The Contract for Service also requires quarterly reporting containing "a fact based and measurable summary of":



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- 1. BHB consolidated Profit & Loss in the last period;
- 2. Progress against Key Performance Indicators; and
- 3. Successes and any issues that have been identified within the period.

The Key Result Areas specified in the Contract for Service are:

- Programme Management of Matariki HBRDS Programme and Action Plan for social and economic growth
- 2. Greater Business Diversity and Sector Development
- 3. Attraction of Investment, People& Skills, and Business
- 4. Partner in the 'Great Things Grow Here' (GTGH) Economic Development Brand Platform
- 5. Project Reporting
- 6. Project Accounts

Table 14 below captures the "service specifications" (key result areas, initiatives, targets and annual KPIs) that are built into the Contract for Service.

Table 14: HB Councils/BHB Contract for Service: Schedule One - Service Specifications

KEY	RESULT AREA	INITIATIVE	TARGET	ANNUAL KPIS
1.	Programme Management of Matariki HBRDS Programme	BHB will provide a team-based programme management service to Matariki HBRDS	Matariki HBRDS Programme Management services are delivered	Deliver effective Programme Management services through a dedicated Programme Manager and BUB team approach Provide meeting and administration services to the Matariki Executive Steering Group and Governance Group Lead an annual refresh of the Matariki HBRDS action plan The CAMMS project management system is updated by agencies and performance reporting is circulated for monitoring and action Matariki HBRDS Communications plan is delivered.
2.	Greater Business Diversity and Sector Development	BHB will promote greater business greater business diversity through activities related to sector development particularly in Agribusiness, Food & Beverage, and Technology BNB will support start-up businesses across the region	Establish accessible business growth services to Agribusiness, Technology, and Food & Beverage businesses in Hawke's Bay	Deliver five regional business events and workshops that support sector development Regional participation in three national business events Provide at least one case study that demonstrates business development supported by BHB in each identified sector Engage with start-up businesses across the region, providing evidence that BHB engagement has added value directly to five start-up business
3.	Attraction of Investment, People&	BHB will co- ordinate and actively participate in	Leverage the regional strategy for business	Co-ordinate the 'Think Hawke's Bay' group collective panning and meetings



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	Skills, and	'Think Hawke's	promotion and	•	Partner in the 'Think Hawke's Bay'
	Business	Bay' strategy and	attraction		collective on three or more business
	Dusiness	activity; working	initiatives		promotional and attraction initiatives
		collaboratively	IIIItiatives	١.	p
		with the Councils		•	Provide case study examples of where
		of Hawke's Bay,			combined service delivery has enabled
		,,,			economic development in the region
		Hawke's Bay			
		Airport and			
		Napier Port in			
		attracting			
		investment,			
		capability, and			
_		new business.		-	
4.	Partner in	BHB will actively	Leverage GTGH	١.	Provide evidence of promotion and
	the `Great	promote and	brand platform		utilisation of the brand platform in business
	Things Grow	utilise the GTGH	for economic		promotion and attraction initiatives
	Here' (GTGH)	platform in	development		
	Economic	business			
	Development	promotion and			
	Brand	attraction			
	Platform	initiatives		_	
5.	Project	Provide evidence	 Reporting 	١.	Valid project reports are submitted in the
	Reporting	based and factual	requirements		required format and on time
		reports at	are met		
		required times			
		against regional			
		targets and key			
		performance			
		indicators with			
		specific examples			
		related to each			
		local authority			
		where specified			
6.	Project	Maintain all	 Accurate and 	٠	Quarterly consolidated profit & loss reports
	Accounts	records and	audited		with an apportionment of Councils'
		accounts in	accounts are		contribution are supplied, along with
		accordance with	maintained		audited annual accounts when finalised
		generally	showing		
		accepted	correct use of		
		accounting	Councils' funds		
		practice, as			
		required by law,			
		or as otherwise			
		required by			
		Councils			

9.2.3 BHB work programme, resources and performance measurement

Table 27 in Annex C outlines BHB's current (and partly intended i.e. if funding is confirmed) work programme, the resources being devoted to those activities, any KPIs and/or measurement that is being applied to the areas/activities and performance related to existing measurement.

The work programme is structured around the following areas and activities:

- Employment Skills & Capability;
- · Inwards Investment Development;



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- · Sector, Cluster & Enterprise Development;
- HB Business Hub;
- · Partnerships & Engagements;
- BHB Corporate (finance, HR, operations etc).

The following points can be made in relation to BHB's work programme and performance:

- BHB is meeting the KPIs set out in the Contract for Service (CfS) with the 5 Hawke's Bay Councils
 and has delivered outputs efficiently.
- It has an ambitious work programme (current and intended), however, (relative to FTEs/funding available) that goes beyond the CfS areas of focus. Given limited FTEs this will be constraining the ability to delivery priorities as effectively as possible.
- The BHB work programme has evolved over time and in response to regional needs and
 opportunities. BHB conducted an interval review in 2019 which mapped BHB's then offerings to
 other typical EDA offerings and identified opportunities to expand services in areas where BHB
 thought it could add value for the region. Based on this the BHB Board decided to use some of its
 reserves to fund the creation of new programmes particularly those relating to sector and
 enterprise development (where EDAs play a key role across the country i.e. there is a clear rational
 for this activity).
- The work relating to employment, skills and capability has in part been accompanied by funding
 via a contract EIT holds with MSD (BHB has a Service Level Agreement with EIT to undertake the
 employer connection elements of the programme), but other skill-related activities (including
 those captured in the Matariki Action Plan) have not been associated with additional ongoing
 funding support.
- In terms of BHB's Inwards Investment Development work:
- BHB has coordinated the Think Hawke's Bay group collective panning and meetings. This group
 has been useful in building a more effective collaborative mechanism and meets approximately 6
 times per year and appears to be working well.
- BHB has partnered in the 'Think Hawke's Bay' collective on two business promotional and attraction initiatives (Datacom and the HQ for the new NZ Institute for Skills and Technology).
- BHB has worked closely with Think HB has on a Regional Talent Attraction Strategy and Action
 Plan (that BHB funded in 2019). This has not yet been fully implemented as funding has not been
 available for a campaign to attract people (the recommended next step), and the context and
 focus of the Think HB work changed with COVID-19.
- BHB has worked closely with investor groups, NZTE Investment, and private equity. A Peak
 Investment event held in 2019 (with NZTE) led to over \$1m in investment into businesses that BHB
 helped to get 'pitch ready'.
- In terms of BHB's Sector, Cluster & Enterprise Development work:



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- BHB leads Matariki Pou4 (Economic Growth). This involves facilitating Pou4 working group meetings, collaborating on activities, and assistance with prioritisation and COVID response/recovery activity. The Matariki Pou 4 Action Plan is not currently being tracked and monitored in a consistent way.
- This area of work also includes running the "Co.starters" programme and promoting regional
 innovation and start-ups through the NZ Entrepreneur Founder series (which follows 10 Hawke's
 Bay start-ups to showcase regional opportunity and collaboration). A longitudinal study following
 Co.starters graduates through their first year was to have been completed during COVID lockdown
 but this has been delayed due to competing COVID priorities.
- The Co.Starters programme continues to be popular, with 40+ graduates having completed the
 programme and around 90% successfully completing further validation, pivoting, new product
 development, and commercialisation. Of the businesses that have been through the Co.Starters
 programme only 2-3 are not trading (1 because of COVID and 1 decided they didn't have a strong
 business model (which is not necessarily a failure as this knowledge can be used for other projects
 or other jobs).
- The two key sectoral projects that BHB is leading relate to 'IT/Digital/High-value Manufacturing'
 and the 'Land to Brand Sector Support Programme'. Both areas are relevant to the Pou4 Matariki
 Action Plan and Key Result 2 of the Contract for Service (which supports work to encourage
 "greater business diversity and sector development").
- In terms of the IT/Digital/High-value Manufacturing' work, BHB has supported the establishment
 of an Industry Advisory Group which now has around 160 members and connections between
 technology and horticulture companies (3 mini clusters of firms focused on horticulture
 technology are now working on joint projects).
- In terms of the 'Land to Brand' work, BHB has connected more than 85 businesses and people to
 business support and/or potential partners (research institutes, food technologists and
 consultants, university internship programmes, COVID lockdown supply chain and labour support
 etc) over the past two years. Around 170 people attended the BHB organised Future Foods
 Workshop and over 470 local, national and international people have attended a range of BHBfacilitated capability development workshops across the region.
- In terms of BHB's Matariki Programme Management responsibilities:
- Matariki Programme support has primarily been funded via a PGF grant of \$200k over 2 years.
 This funding finishes in December 2020. HB Councils have topped up this funding through the Contract for Service with BHB (a reason why the CfS is lighter on other deliverables).
- The Matariki Programme Management role has been challenging given the large degree of 'distributed ownership' of priority actions and a lack of funding for implementation of some areas of Matariki. The wide-spread concern that Matariki is not delivering on its promise (see survey results in Annex D), and differing views on how the programme should be governed and managed has also contributed a difficult operating environment.



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- The Business Hub was established in 2015 and provides a neutral space for regional collaborative initiatives. Aside from BHB, members include HB Chamber of Commerce, Business Central, Export NZ, Chartered Accountants ANZ, The Icehouse, NZTE, Regional Business Partners, NZ Food Innovation Network, and the HB Councils.
- Hub services are focussed on provision of information to help businesses make decisions on
 which regional services they may need to help them grow; connections to business support
 services across Hawke's Bay; access to networks within The Hub and beyond; information on
 business events, training and professional development at The Hub and across the region.
- In terms of support and performance, Hub usage and business connection metrics continue to show growth (even including the COVID-lockdown period). The Hub is clearly filling a need for a meeting and connection space that has a look, feel, and vibe that businesses and organisations will pay to use.
- The Hub also plays a critical role in bringing together, under one roof, many of the key business support agencies operating in Hawke's Bay. In an environment where there is a perception of fragmented services (see survey results in Annex D) this is important. Co-location of support services/agencies provides an opportunity to present a united voice for business regardless of the underlying structures and mechanisms used to provide support services; offers a clear front door for local businesses and external investors and talent to be directed to the right area of support; and aids collaboration by reducing the costs of interaction and increasing the opportunity for important 'water-cooler' conversations. If the Business Hub structure did not exist in Hawke's Bay it would be a key recommendation of this Review to consider supporting something of this nature.
- The Business Hub runs at an overall loss. There are 3 key elements operating costs; 'activation' costs; and CAPEX. Operating costs are being met but 'activation' related expenses and future CAPEX are not being fully-funded. Membership of the Hub covers the day-to-day running costs (revenue from 'licences to occupy' cover the fixed costs of the building e.g. lease, rates etc, and a separate "OPEX charge" covers operating costs e.g. security, lighting, tea/coffee etc). Revenue from meeting room hire is an additional revenue stream and is used to part-fund 'activation' activities (e.g. connecting business and the community to the Hub in different ways; digital/comms work etc). Repairs and maintenance and CAPEX is not fully-funded. This is not sustainable and additional funding to support CAPEX requirements (especially as IT and soft-furnishings come to the end of their life) should be considered.
- As part of a medium-term CAPEX plan consideration should also be given to the future space requirements of Hub Members. It is likely that regional business support programmes will be larger in a COVID-recovery environment and this is likely to put pressure on existing space.



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9.3 Hawke's Bay Tourism Ltd (HBTL)

9.3.1 Key findings

- HBTL is meeting the KPIs set out in the funding agreement with HBRC and appears to be delivering outputs efficiently.
- HBTL's members appear to be satisfied with HBTL's contribution toward the growth of the industry
 and in representing the region at a national and international level. The area where members
 think there is an opportunity to do more is in "coordinating business opportunities for its
 members". This includes education, business events and workshops focussed on the specific
 issues of SME tourism businesses.
- Responses to questions to the survey undertaken as part of this review indicate that HBTL is generally held in high regard in terms of relevance, quality, and timeliness of activities/services.
- Central Government considers HBTL an effective Regional Tourism Organisation (RTO).
- There are operators in the Hawke's Bay Māori tourism sector that feel HBTL does not represent
 their interests in the most effective way (there is a (current) role vs expectation mismatch). The
 HBTL Board and management are aware of these issues are keen to work more closely with the
 broader Māori tourism sector to address these issues and needs.

9.3.2 HBTL work programme, resources and performance measurement

Table 28 in Annex C outlines HBTL's current work programme, the resources being devoted to those activities, any KPIs and/or measurement that is being applied to the areas/activities and performance related to existing measurement.

The work programme is structured around the following areas and activities (see Table 28 for more detail):

- Marketing 34% of FTEs
- PR and Comms 9.4% of FTEs
- Travel trade sales 12.3% of FTEs
- Events co-ordination 12.3% of FTEs
- Food and wine project 9.2% of FTEs

The funding agreement with Hawke's Bay Regional Council (HBRC) sets out a range of Key Performance Indicators (KPIs). These are:

- Visitor spend, benchmarked against national performance. Data provided by MBIE's Monthly Regional Tourism Estimates.
- Increase industry contribution (to funding).
- Develop membership engagement on climate change (mitigation and adaptation) and environmental sustainability.
- Increase in members signing up to Tourism Industry Aotearoa's "Tourism Sustainability Commitment".



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- Industry advocacy. Support existing tourism operators to develop new products, and expand into new markets
- Tourism operators value Hawke's Bay Tourism's leadership and contribution to growth of industry.
- · Lead the development of a regional visitor strategy for Hawke's Bay

The following points can be in regard to performance:

- Pre-COVID all of the KPIs set out in the funding agreement with HBRC were being met.
- The key visitor spend measure (provided by MBIE's Monthly Regional Tourism Estimates) was
 tracking well at over 3% growth (the target was 2% growth). The target of increasing the industry
 funding contribution to \$250,000 was exceeded by nearly 5% (industry funding contribution
 reached \$261,732 in the financial year ending May 2020), and a range of activities had either been
 successfully completed or were on track.
- HBTL conducts regular surveys of its members to gauge perceived value (through a "Net Promoter Score" (NPS)) in HBTL's work. HBTL's most recent NPS was 25.4 (any NPS above 0 is "good", anything above 20 is considered "favourable").
- A survey of HBTIA members in early 2020 suggested that members were most happy with HBTL's
 contribution toward growth of the industry and in representing the region at a national and
 international level. The area where members thought there was an opportunity to do more was
 in "coordinating business opportunities for its members". This included education, business
 events and workshops focussed on the specific issues of SME tourism businesses.
- Responses to questions to the survey undertaken as part of this review indicate that HBTL is generally held in high regard in terms of relevance, quality, and timeliness of activities/services.
- There are operators in the Māori tourism sector that feel HBTL does not represent their interests
 in the most effective way (there is a (current) role vs expectation mismatch). The HBTL Board and
 management are aware of these issues are keen to work more closely with the broader Māori
 tourism sector to address these issues and needs.
- HBTL has also recently conducted 3 COVID-19 related membership surveys. These were designed
 to gain understanding of the effects and changes occurring due to the COVID-19 situation. This
 information and insight was used to respond in the best possible way for members e.g. the need
 for an early to market visitor demand generation campaign (the successful "Baycation" campaign),
 and in informing weekly regional COVID response coordination meetings.
- HBTL appears to be delivering outputs efficiently. Approximately 31% of HBTL's (normal) funding
 of around \$2.2.m is directed to staff costs; 11% is directed to operational support (including
 governance i.e. Directors' fees); and around 58% is available for investing in marketing and
 promotional activities.
- When additional one-off funding from Central Government is included the proportion of spend directed to marketing and promotional activities increases to around 64%. This indicates that the additional one-off funding has not affected the cost of operations to a great extent and allows for



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an increased market presence built on a strong platform of relationships and marketing and promotional channels.

- A good example of the strong promotional relationships and expertise HBTL has developed is how
 it recently leveraged \$500 into a promotional campaign that would have cost around \$246,000.
- HBTL pitched a reader giveaway for a Hawke's Baycation to Stuff's Travel Editor and subsequently
 worked with them to create a package that would have both national appeal and enough value to
 warrant inclusion in Sunday Star Times. They also worked with Hawke's Bay operators to build a
 giveaway that was valued at \$1,910 (including 2 night's accommodation, \$500 towards travel
 costs, drinks/meal vouchers for 2 wineries to the value of \$450, a vintage car tour etc). All
 elements were supplied as contra by those members involved, except for the \$500 towards travel
 costs, which was supplied by Hawke's Bay Tourism.
- Stuff used the giveaway to incentivise readers to take part in a travel survey they were conducting.
 The survey itself was promoted widely across Stuff's suite of national, metro and community
 newspapers, as well as online. Display advertisements in print and online featured Hawke's Bay
 imagery and logos, and were supported with media placements to the value of \$113,502.
- The launch of the survey was supported with editorial content across Sunday Star Times, Escape
 Magazine and stuff.co.nz to the value of \$132,632. This included the cover of Sunday Star Times;
 the cover of Escape Magazine; an Escape Magazine Editorial on Hawke's Baycation x Survey
 promotion (also online); and an Escape Magazine DPS travel feature on Hawke's Bay (also online).
- The survey received more than 13K responses and Hawke's Bay Tourism received a database of more than 4,000 people who had selected to hear more from Hawke's Bay Tourism



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9.4 Regional Business Partner (RBP) Programme

9.4.1 Key findings

- The Hawke's Bay RBP programme is easily meeting its contractual KPIs.
- Central Government consider the programme and team to be high performing and have confidence in delivery. Hawke's Bay is seen as one of the more "hands-off" regions.
- The co-location of this programme/team in the Business Hub is important as the advice/services
 available through this programme are critical tools in the wider economic development support
 'toolkit'. Central Government agencies see the synergies of this playing out in different ways
 across the country e.g. the insight derived from being at the coal face and working one-on-one
 with businesses can be used to design other offerings for business (that isn't available via RBP),
 and guide other work.
- NZTE/Callaghan note that having the right people and set of skills is critical. They think that HB
 RBP has had a good focus on this and the team is currently playing to its strengths and weaving in
 all aspects of support as needed e.g. business mentors etc. KPIs suggest that the team is able to
 support a greater number of businesses than average and wait times are lower than many other
 regions.
- While the programme is delivering effectively and efficiently there is a perception it is a bit of a
 silo even though it is co-located at the Hub. HB RBP acknowledges that they stay closely focussed
 on contract KPIs/deliverables on purpose (to, appropriately, reduce the risk of resources being
 diverted to non-core activities). This may be limiting the value of the insight generated from
 working closely with Hawke's Bay businesses in designing other offerings for business (that isn't
 available via RBP), and guide longer-term work and engagement with local and central
 government.

9.4.2 Background on the Regional Business Partner (RBP) Programme

The Regional Business Partners (RBP) programme was established in 2010 and is a key Government service to deliver a regional one-stop shop that supports New Zealand businesses to grow and innovate. It is a network of 14 regionally based entities – delivery agents or regional partners – contracted to New Zealand Trade and Enterprise (NZTE) and Callaghan Innovation to provide support to firms to undertake management capability improvement and research and development (R&D). The regional facilitation of Business Mentors NZ is included in this offering. The programme supports small and medium size enterprises (any business with fewer than 100 FTEs).

In Hawke's Bay the RBP contract has been held by HBRC since 2016. The five-year contract ends on 30 June 202. The value of the contract is \$274,114 + GST per annum which funds the staff and overheads. The funded staff are two part-time Business Growth Advisors (0.8FTE and 0.6FTE) with a subcontract relationship to the Hawke's Bay Chamber of Commerce which funds one part-time Business Growth Advisor (0.6FTE) at a cost of \$83,000 per annum.



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The contract has an additional Capability Voucher funding pool of \$250,000 per annum which the Business Growth Advisors issue to businesses to develop their business skills to enable business growth. Vouchers are provided at a 50% co-funding rate with a maximum value per business of \$5,000. Pre-COVID the average regional voucher value was around \$1600 per business.

Additional funding has been made available to the RBP Programme as part of the Government's COVID response and recovery priorities. This has involved additional funding for:

- Capability Vouchers: Hawke's Bay regional COVID voucher funding pool was initially established
 at \$493k in March 2020 and this has been repeatedly topped up due to demand from regional
 businesses. By mid-November 2020 it is expected that just over \$2m of vouchers will have been
 issued to regional businesses.
- A Tourism Transition Fund: An additional \$135,755 has been provided to HB RBP as part of the Tourism Transition Fund. This allows tourism businesses to access an additional \$5k for a range of expert advice, including business hibernation. This means that tourism businesses can access \$10k in business advice (\$5k COVID funding voucher, \$5k Tourism Transition).
- Staffing: HB RBP has also received an extra \$105,600 to employ 3 additional FTEs (for 13 weeks).

The Ministry of Business Innovation and Employment (MBIE) is currently undertaking a national review of the RBP Programme. This review will now undoubtedly be shaped by the ongoing needs of regional business in the context of the recovery from COVID. Recommendations of this review are expected to be incorporated into the new RFP for the next 5 year contract which will be released in December 2020. The RFP is open to any type of organisation (including not-for-profit or economic development agencies and private sector entities), with respondents required to demonstrate local knowledge and expertise in business and innovation processes. Both BHB and the Chamber have indicated an interest in holding the contract in the past.

9.4.3 RBP work programme, resources and performance measurement

The overall objective of the programme is to work with Hawke's Bay businesses to improve management capability by linking into support mechanisms such as training or business mentoring and to increase business research and development activity and linking into the grants and services available through Callaghan Innovation.

Key resources and support include:

- RBP Growth Advisors: Growth advisors take a 'birds-eye' look at your whole business, then help
 you connect with the resources and experts so you can find the right support to recover, build
 capability and grow.
- Management Capability Development Fund: Offers businesses up to 50% co-funded support for management coaching and training services to build management capability within the business.
- Access to R&D funding and support via Callaghan Innovation
- COVID-19 Business Advisory Funding: Will provide support in areas such as HR, health and wellbeing, business continuity, cashflow and finance management, strategy and digital capability.



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 Tourism Transitions Fund: Supports tourism businesses with advice and support such as HR, health and wellbeing, business continuity and hibernation, cashflow and finance management, strategy and digital capability.

In addition RBP advisors can link businesses to other support available for businesses including:

- Business Mentoring Support via Business Mentors New Zealand; an independent national business mentoring service provider to the small business sector in New Zealand. The service matches experienced businesspeople, the Mentors, with small business owners.
- Curated information via Kiwi Business Boost; answer a few quick questions about your business, what you're focussed on and how you are feeling, and receive free advice, tools, tips, events and articles specifically tailored to your needs..
- Free webinars targeted at key issues facing businesses, including finance and cashflow management, business continuity planning, guides to setting up e-commerce and much more.
- COVID-19 information for businesses, including the latest news and updates on cash flow loans and support, and wage subsidy and leave support.
- Export-specific information from NZTE, including international market updates, Government packages and support, and useful tools and resources.

Table 15 below captures the KPIs for the RBP Programme that have been set by NZTE and Callaghan Innovation. HB RBP is very clearly meeting its KPIs and it is considered a high-performing programme from a Central Government perspective. In 2018/19 the Hawke's Bay RBP achieved 124% of KPIs and was a finalist in the national awards for performance.

In addition the following points can be made:

 Since 16 March 2020 HB RBP has engaged with 940 Hawke's Bay businesses through the COVID-19 Business Advisory Fund response mechanism. 732 Capability Vouchers worth \$1,553,152.25 have been issued to HB businesses (with an average voucher value of \$2121.79). Pre-COVID HB RBP worked with around 200 businesses per annum.

Area of advice provided	Number of Vouchers	Value Issued
Business Planning	218	\$506,552.25
Cashflow Management	221	\$449,403
Digital Enablement/Marketing	170	\$364,479
Employment Relations/People Mgt	113	\$215,283
Health & Wellbeing	10	\$17,435
TOTAL	732	\$1,553,152.25

The top sectors HB RBP have been working with are - Other services; Accommodation & Food;
 Construction; Retail; Agriculture, Forestry & Fishing; and Manufacturing.



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- In terms of regional spread around 47% of voucher recipients have been Napier-based businesses; 46% Hastings-based, and the rest between Wairoa and CHB.
- The total COVID Business Advisory funding pool for HB is \$2,056,128.00. The length of time between initial discussions with the businesses and issuing of vouchers is increasing, at times it can be 6 weeks, mostly due to business owners being busy and taking time to weigh up their options of the areas that they want to utilise their vouchers and which providers they want to use. With so many businesses registering for support some RBPs have had waitlists of up to 6 weeks. HB RBP has, at time of writing, been able to limit the waiting time to 3 weeks.
- HB RBP has so far issued \$56,690 of the original \$135,755 Tourism Transition Fund.
- HB RBP 'Net Promoter Score' (NPS) was a very favourable 83 in the last quarter (the highest it has achieved is 90).
- The number of businesses HB RBP engages with in relation to Callaghan Innovation initiatives and funding programmes well exceeds the average 50 companies per 1.0 FTE (HB RBP sits at around 145 on 0.8FTE).

Table 15: RBP – Priority areas, resources, measurement and performance

KPI Name	КРІ	Actual Result (YTD – to June 2020)	Commentary
RBP Activity (unique engaged businesses)	200	623	312% achieved.
RBP Discovery Sessions	160	• 134 (BAU) • 940 – COVID-19 engagements	488% achieved (including COVID engagements).
Mentor Matches	79	51	65% achieved.
RBP Net Promoter Score	50+	81	Achieved.
Callaghan Innovation levels of engagement	High ≥10% Medium ≥35% No service ≤30%	High 13% Medium 41% No service 8%	Targets set for % total managed customers are being achieved across all levels Portfolio for Hawke's Bay Innovation Specialist of Managed Companies is 145 on 0.8FTE (normal portfolio provision per 1.0 FTE is 40-60 companies)
Referrals	None	 To Callaghan Innovation - 18 To NZTE - 5 To BMNZ - 7 To other - 34 	"Other" referrals: 21 referrals for opportunities to Business HB/ HUB Connect 4 referrals of Wairoa clients (non RBP) to BHB as part of 'spoke and wheel' initiative 3 referrals for NZFIN 6 referrals to Business Connections (Non service providers).



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9.5 Great Things Grow Here

9.5.1 Key findings

- There is value in Hawke's Bay having a collective brand and platform that it presents, in particular,
 to external talent and investors. This is especially important because there is a perception among
 business that the region, and the support it provides business, is fragmented. If other regions
 initially present themselves as easier to do business with then Hawke's Bay potentially misses
 opportunities for early engagement and follow through.
- Ideally Hawke's Bay would have one clear and identifiable 'umbrella' brand that different activities could connect to. GTGH could play this role but there is still some (largely HB business as this has not been tested more widely), confusion about what GTGH is, and what it isn't, and a general lack of understanding of what it's trying to achieve. This led the HB Chamber to recently create the "Be in the Bay" website so that their members had a specific platform to connect to other businesses in the region. There are views that 'Be in the Bay' has, however, muddied the 'brand water', and added to a perception of everyone doing their own thing.
- Whatever platform is chosen to promote the region it has to be backed with broad agreement, commitment and focus. Strong brands need to be developed and maintained. There seems to be general acknowledgment that there is a need for a Search Engine Optimisation (SEO) strategy and an effective marketing strategy and implementation plan if GTGH is going to play a regional platform role.
- Other regional platforms are generally "location.nz" so they are the first site that pops up on a search. These landing pages can then direct you to different things – tourism; business support etc. HBTL owns/runs www.hawkesbaynz.com. There are technical (SEO) reasons why you want to be careful with changing the focus of landing pages but consideration should be given to allowing connection to different services from www.hawkesbaynz.com.
- In terms of performance measurement this is focussed on Google analytics including: visits to
 website and time on the site; social media followers across channels; impressions; google ads.
 There have been some positive trends but overall these metrics highlight the need for a broader
 marketing strategy and implementation plan if GTGH is going to meet its objectives.
- The GTGH brand is being used by Councils and BHB (especially through the 'Think HB' work) and
 a small number of stakeholder interviews in 2019 found GTGH was "a strong brand". There has
 not been wider, and robust, testing of this so it is hard to make call on the brand's influence and
 impact in attracting investor/talent attention, and then action (investment and/or people moving
 in HB).

9.5.2 Background on Great Things Grow Here (GTGH)

Great Things Grow Here (GTGH) is a brand and marketing logo and platform that seeks to highlight and pitch the benefits of living, working, and doing business in Hawke's Bay. It was created in 2016 when an opportunity was identified to support a collective regional brand and voice, especially to talent and investors looking at opportunities in regional New Zealand.



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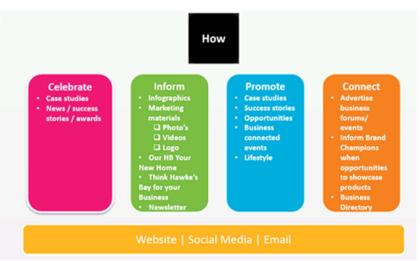
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GTGH has two key audiences:

- 1. External investment and talent: The objective of GTGH is to inform this group of the opportunities in Hawke's Bay; and
- 2. Local business: The objective of GTGH is to build pride and facilitate connections among this group of stakeholders.

Following a review of GTGH in July 2019 the funding partners agreed a simplified vision "A brand platform that maximises opportunities to promote and showcase the benefits of doing business and living in Hawke's Bay". The funding partners agreed that GTGH would achieve this vision by focusing on 4 key areas – Celebrating; Informing; Promoting; and Connecting. Figure 3 below provides a pictorial representation of the work programme and actions that sit under the 4 areas of focus.

Figure 3: How GTGH will achieve its vision



GTGH is supported through funding and use by the 5 Councils and BHB. A breakdown of GTGH contributions (and overall funding that goes into the platform) is provided in Table 16 below. Napier's contribution is not based on population hence the additional funding from CHBDC, HDC and WDC. The resource currently used to manage GTGH (0.1 of an FTE) is provided by the HDC economic development team and is not included in the table.

Table 16: GTGH Funding Split

	Funding Allocation 2020/2021
внв	\$2,750.00
CHBDC	\$2,855.19
HDC	\$16,752.74
HBRC	\$10,000
NCC	\$10,000
WDC	\$1,719.99
CHBDC – extra	\$1,023.98



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HDC – extra	\$1,023.98
WDC - extra	\$1,023.98
TOTAL	\$47,149.88

9.5.3 Performance Measures, monitoring & evaluation

Key measures used to evaluate GTGH have mainly been Google analytics including:

- Visits to website and time on the site
- · Social media followers across channels
- Impressions
- Google ads.

A number of important points in regard to these analytics have been made in reports to the funding partners:

- When GTGH was set up there was no search engine optimisation strategy (SEO) as it was an online
 magazine. There is still no SEO strategy just key words for googles ads which means if people are
 searching for information about Hawke's Bay GTGH doesn't always appear.
- Other regional platforms generally are "location.nz" so they are the first site that pops up on a search.
- A small number of stakeholder interviews in 2019 found GTGH was "a strong brand" but it is not clearly identifiable as Hawke's Bay; a strategy would assist in improving this.
- After the funding partners agreed a new vision for GTGH in 2019 the focus of the website and social media became less of general celebration of Hawke's Bay and more focused on celebrating and showcasing doing business and living in the Hawke's Bay. The smaller number of 'lifestyle posts' (especially on Instagram and Facebook) has had an impact on engagement.

In terms of recent performance reporting has highlighted the following:

Website performance

- Visits to the website have decreased however average pages looked at on each visit;
 has increased possibly suggesting greater relevance to visitors;
- o Brand Champion sign up has decreased.

Traffic to Website

- Currently Google ads account for the majority of the traffic to the website; this demonstrates a lack of other marketing strategies;
- GTGH currently only appears for very specific searches.

Google Ads

 The top 10 Key Search Words are: Jobs Hawke's Bay; seasonal work nz; Hawke's Bay business; seasonal jobs Hawke's Bay; New Zealand seasonal jobs; living in Hawke's Bay; employment Hawke's Bay; moving to Hawke's Bay; business Hawke's Bay.



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- The location of people viewing the ads Auckland, Wellington, Christchurch, Hamilton, Lower Hutt, New Plymouth, Tauranga, Rotorua
- Reducing the spend on Google ads has reduced impressions. An overall Marketing Strategy and Implementation pPlan would provide clear tactics to meet objectives.

Social Media

- Overall the number of followers has increased but the impressions and clicks have decreased
 this is especially apparent in March and April 2020 when there was a lack of GTGH news/ success
 stories to post due to COVID-19.
- Ceasing posting community and lifestyle stories has also contributed to this however given
 visitors are viewing more than one page and there is a reduced 'bounce rate' this would suggest
 what is being posted is more relevant.

10.0 SURVEY OF KEY STAKEHOLDERS

A key aspect of the second stage of the Review was a survey of key stakeholders in order to provide deeper and richer insights into the broad range of issues being considered e.g. rationale and focus; effectiveness and efficiency; opportunities for improving delivery, or new ways of delivering; and any implementation issues.

This survey was run between 2-15 September 2020 and was sent to around 300 stakeholders identified by the 5 Councils, BHB and HBTL. Fifty-nine (59) completed the survey in full and there was a good spread of respondents across stakeholder groups — Council (management and staff, and elected members), Iwi/hapū, business, Central Government, NGOs. Annexes D and E (separate PDF attachments) provide a full summary of the survey results and the (high-quality) verbatim comments provided by respondents. This section of the report provides a high-level view of the insights. These insights have been used (along with findings from the desktop analysis and insights from one-on-one interviews) to guide the case for change in Section 11.

10.1 High-level survey results

- In terms of rationale and focus a high proportion of respondents thought the economic
 development activities/services provided by Councils, BHB and HBTL were based on or somewhat
 based on clear and well-evidenced problems and opportunities for the region (80%, 64% and 78%
 respectively).
- Respondents highlighted a number of emerging trends, issues or opportunities presenting for the region. These included:
 - COVID-19 (strengthening the need to work collectively on targeted recovery activity, be agile and innovative, and to do things differently);
 - Central Government funding and views driving regional economic development;
 - The need to better engage and support Māori business as well as growing opportunities in non-traditional sectors for Hawke's Bay, such as the digital sector;



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- Climate change and broader sustainability drivers (including water quality/availability);
- Digital connectivity and business agility;
- Labour related issues, including work readiness and attracting qualified staff across a range of industries;
- The future of food and adding value along the supply chain;
- People moving from cities to the regions; and the need to focus on inequality verses growth.
- Overall responses to questions relating to quality, timeliness, and cost/processes of
 activities/services indicated that there were low levels of satisfaction or limited knowledge in
 regard to Matariki RDS; a mostly positive view in regard to Council and BHB activities/services,
 and a more positive view of HBTL activities/services.
- · Respondents were mostly satisfied that current services were supporting the private sector.
- Respondents highlighted a number of issues in regard to possible gaps and/or duplication in/of service provision. These included:
 - GTGH not being supported adequately by the region;
 - A perception of fragmented economic development initiatives across different councils and bodies, and challenges engaging with a common regional approach or strategy;
 - A perception of a lack of collaboration between Councils and BHB;
 - o A sense there is little understanding of what Māori development means to Māori;
 - A view that people and organisations aren't resourced to do everything they want to do, nor reach agreement for regional cooperation;
 - A view that there is duplication in business and start-up support services (Chamber and BHB); a desire for greater clarity on where each entity plays and does not play;
 - The need for industry/sector groups to be better connected and coordinated to overall regional objectives;
 - A gap in "foresight" expertise (e.g. what will the region look like and need in 2050);
 - Overlaps in small business workshops with the Chamber and BHB vying to be the voice of business in the region and both venturing into education;
 - A view that Councils were starting to get into business support which was not their core capability; and gaps and duplication regarding investment and talent attraction i.e. no coordinated campaign that leverages the draft strategy;
 - Inadequate delegation to BHB to manage regional pitches; and GTGH and BHB both focussed on investment/talent attraction.



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- Respondents thought that role clarity and funding were the biggest barriers to effectiveness. The
 next most significant group of barriers to effectiveness were information sharing, the way Matariki
 works, and information on the effectiveness of services.
- More respondents were dissatisfied than satisfied with current funding levels for economic development activities/services. A high proportion felt that funding should be increased.
- Respondents highlighted a number of important issues in to delivery arrangements. These included:
 - The need for a cohesive pan-regional approach;
 - The need for an integrated separate entity responsible for economic development and supported by all councils;
 - A reduction in duplication of services and common KPI's;
 - Collaboration and cohesiveness, with the right people in the right roles that generated a level of influence and partnership respect required to deliver results;
 - Role clarification and mandate; disciplined and mid to long-term commitment to funding BHB to enable regional development while leaving local government to supply and support infrastructure, services and well-being of the region at large;
 - Clarity around Matariki as a strategy and action plan (not an agency) with a focus on working collaboratively for collective impact; and
 - Streamlining Matariki governance and utilising existing governance forums for more meaningful collaboration and connection.
- Behaviours and the structure of teams and organisation were seen as the things that would most need to change for improvements to be successfully implemented. Appropriate funding was also seen as critical.

11.0 CASE FOR CHANGE

This section brings together the issues and opportunities that have been raised and identified through the different stages of the Review. These issues range from the adequacy of funding levels, the culture and capability needed to effectively support Hawke's Bay's economic development efforts, through to institutional and structural concerns with the way Hawke's Bay has organised its economic development activities and services.

The key observation is that there is a strong case for change for non-tourism related activities. The type and degree of change will, however, depend on whether Councils direct their focus on fixing some of the funding and collaboration-related issues, or take the opportunity to help create an enduring platform that provides Hawke's Bay with the appropriate scale and mandate to better guide and direct economic development activity to priority areas/issues. This is explored in more detail in Section 12.

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Table 17 below provides a summary of the main issues, challenges and opportunities that have been identified through the different stages of the Review.

The following observations can be made:

- Most stakeholders and those involved in delivery and funding are looking for greater clarity over
 roles and functions ("what are the lanes", "who's swimming in which direction and where are the
 overlaps that require collaboration and coordination"), with this being communicated clearly to
 key stakeholders.
- Businesses are looking for greater clarity over the activities and services available to support business activity.
- There is concern that there are unhelpful and competitive behaviours in the system and that this is constraining more effective collaboration. This is feeding a perception in the business community that the economic development system is fragmented and not particularly transparent. Stakeholders seem to understand that economic and social development is impossible without collaboration. It is a team game with multiple players, drivers and perspectives. A culture of trust and sharing is therefore more likely to deliver effective outcomes. There is also acknowledgment that governance and organisational structures can either support or constrain collaboration and there is a view that there's Hawke's Bay has not yet got this right.
- There is concern about whether Hawke's Bay has the right capability (alongside structure/s) to support effective and efficient delivery of activities and services, leading to views that the region is not as responsiveness to community needs as it could be and punching below its weight externally.
- BHB financial sustainably is clearly an issue. There is acknowledgement that BHB has delivered
 with the resources it has had at its disposal and it has, broadly, met KPIs that have set through
 contracting arrangements. But changes will need to be made to put BHB on a financially
 sustainable footing.
- More generally a high proportion of stakeholders feel that funding for economic development activities and services should be increased.
- HBTL is supported by its main stakeholders and appears to be doing a successful job in leveraging
 ratepayer investment into real value for the Hawke's Bay economy. At this point there does not
 appear to be a strong case for change in regard to HBTL. The issues involving any institutional
 change are looked at in more detail in Section 10.
- Funding for tourism relative to other sectors has been a theme of the feedback, with many viewing
 this as unbalanced. But tourism directly supports local retail and hospitality (and helps to create
 vibrant city centres and regional amenities that locals enjoy and play a role in people and talent
 attraction). This means it is not as simple as saying one sector versus the others. Ideally, we would
 be supporting a range of key sectors of importance/opportunity (taking into account the
 appropriate role of govt).



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Table 17: Issues and opportunities identified through the Review

Issue	Comment
Financial sustainability of Business Hawke's Bay	This is a clear and presenting issue. Status quo is not an option.
Role clarity across organisations and teams	Some suggest there is a lack of role clarity between agencies/teams. There is a view that role clarity has become more blurred through Matariki.
Clarity on support available to business	Businesses are looking for greater clarity over the activities and services available to support business activity.
Information sharing	 There is a view that information being generated from different activities/services largely stays in its silo and that greater use could be made of this information if it was shared across teams and organisations. Despite some things like the Think HB group working well, there appears to be a lot of trying to look over the fence to see what is going on in other areas. This suggests a lack of effective coordinating/collaborating mechanisms.
Capability to support effective and efficient delivery of activities and services	 There is concern about whether Hawke's Bay has the right capability (alongside structure/s) to support effective and efficient delivery of activities and services, leading to views that the region is not as responsiveness to community needs as it could be and punching below its weight externally. Stakeholders have queried whether the right capability is in place to effectively support Māori business in Hawke's Bay (see 'Partnership and engagement with Maori' section below) Other stakeholders have identified a gap in "foresight" expertise (e.g. what will the region look like and need in 2050).
Monitoring and evaluation	There appears to be a lack of a well-defined impact framework (which ties inputs to outputs and then outcomes) for regional development priorities. It is also not clear how the activities of the respective orgs/teams work together in pursuit of shared regional objectives. Monitoring is largely project-based and has been 'simplified' over time. It appears to be mainly compliance-focused.
Partnership and engagement with Māori business	There is a perception among Māori that key local support agencies have little understanding of what Māori development means to Māori. There is a view that Crown/Māori partnership arrangements in regard to economic development require a re-think. Stakeholders identified the need to better engage and support Māori business as a key opportunity.
Matariki	 There is recognition of its value of Matariki for its relationships and the way it connects people/agencies under one umbrella i.e. a collective of people working together on shared and interdependent objectives. There is a view that Matariki has become a brand rather than a real strategy. Other views – while Matariki represents a genuine attempt at creating a broader regional well-being framework, it currently has a social-bias and has lost some balance; implementation has not been funded adequately; it is seen as govt-centric and less relevant to business; and it is seen as process and governance heavy. Stakeholders are looking for greater clarity around the role of Matariki as a strategy and action plan with a focus on working collaboratively for collective impact, and some streamlining of Matariki governance.
Differing views on role of govt	There are differing views on the appropriate role for local government in supporting economic development which generates different approaches across the system. This is closely tied to the role clarity and information sharing issues raised above.



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Investment attraction	Investment, business and talent attraction and retention undertaken across the region
and retention has a	has the potential for a competitive element which may not be of benefit to the region
competitive element	as a whole.
	This is driven by the rating base of each area and the (direct) investment benefits
	flowing to the specific area. Less recognition is given to the impact on regional labour and other markets (e.g. housing).
	 There are, however, some clear examples of where collaborative effort has worked well.
Central Government	Central Government's role in regional economic development and its expectations of
role and expectations	local government and regional delivery agents has shifted over time.
	 Central Government wants regions to be "joined-up" and to be clear on regional priorities; it wants regional plans to fit with national sector/industry strategies where they exist and/or are being developed; it wants to utilise regional information that is closer to source to inform policy and programme development; and it says it wants to partner on longer-term objectives where there is a clear role for government to play. All this will require Hawke's Bay to have expertise at the regional level, it will require effective leadership, collaboration and coordination, and a funding and support system that can adapt to the changing needs of Hawke's bay businesses and sectors and leverage and maximise the support provided through Central Government.
Great Things Grow	There is a view that GTGH does not represent a lot of Hawke's Bay business
Here (GTGH)	 Another view is that GTGH could be a useful 'umbrella brand' that could usefully convey a HB story – both within the region (how we see ourselves and the behaviours and things we want to support), and external to the region (how we are seen by people and organisations outside of the region) Other views - needs to be clearer about what it is and what it isn't; it's trying to be something on its own; HB has a cluttered landscape of brands (or perceived brands) that are trying to convey HB attributes - HB Tourism, Be in the Bay, Matariki.

12 FUTURE DELIVERY OF ECONOMIC DEVELOPMENT ACTIVITIES/SERVICES IN HAWKE'S BAY

This section provides an assessment of a range of potential options for future delivery. The options have been designed to address the range of issues, challenges and opportunities that have been identified through the review and which are captured in Section 11 above.

In order to assess the options a set of objectives and criteria have been established. These are based on what success (in terms of delivery rather than outcomes i.e. what kind of delivery could achieve better outcomes), could look like for Hawke's Bay.

12.1 Objectives and criteria

The elements of the case for change above can be distilled into a set of high-level objectives to better enable Hawke's Bay to meet its wellbeing outcomes.

- 1. Hawke's Bay has a cohesive regional approach (with less real or perceived fragmentation and patch protection).
- Hawke's Bay's approach is embedded in a partnership with Maori and is responsive to community needs e.g. Maori; HB districts.
- There is commitment to appropriate ongoing resourcing to support the approach Hawke's Bay takes.



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- There are clear boundaries around who does what and consistent application and appreciation of roles and responsibilities.
- 5. There is more effective collaboration so that Hawke's Bay-Inc is greater than the sum of its parts.
- 6. There is greater clarity around the support that is available to businesses, investors and talent and greater clarity around how to access the support available.
- 7. There is greater transparency and accountability around activities being undertaken, delivery and evaluation.

In terms of implementation we also need to take into account:

- Practicality will the model be able to be implemented and will the changes be relatively easy to
 make with minimal disruption to existing services? For example, you would not want critical
 activities to stall because of a change process;
- Likely costs of change the costs need to be considered relative to likely efficiencies that would be possible and the level of investment in services; and
- Capacity to deliver services will the model ensure that activities are delivered or administered by an entity with the capacity to deliver the required range of services?

Bringing the implementation issues together with the high-level objectives (most of which are elements of effectiveness) we can use the following criteria to assess the different options available:

- Practicality will the model be able to be implemented and will the changes be relatively easy
 to make with minimal disruption to existing services? For example, you would not want critical
 activities to stall because of a change process.
- Effectiveness will the model be likely to be effective in delivering the required services and required areas of improvement and in achieving economic development objectives?
- Representation of, and responsiveness to, economic development needs and communities of interest. For example, is the model likely to be responsive to the needs of different industries, to Māori/iwi/hapū, to different districts?
- Likely costs of change the costs need to be considered relative to likely efficiencies that would be possible and the level of investment in services.
- Capacity to deliver services will the model ensure that activities are delivered or administered by an entity with the capacity to deliver the required range of services?
- Accountability to key funders and alignment with funders' priorities to what extent is the model likely to ensure accountability to Councils and other funders?
- Ability to attract/retain the right expertise to deliver the services (at governance and staff levels). For example, experts might be attracted to a model that has a greater scope of services.
- Ability to leverage resources of others (e.g., central government funding, private sector funding). For example, as noted, central government agencies like NZTE and Callaghan are more likely to want to fund a regional partner that has full regional reach rather than a range of agencies.



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12.2 Options for delivery

Section 17A of the LGA requires consideration of the following options when considering delivery improvements (note a 17A review is not limited to these options):

- (a) Responsibility for governance, funding, and delivery is exercised by the local authority
- (b) Responsibility for governance and funding is exercised by the local authority, and responsibility for delivery is exercised by –
- (i) a council-controlled organisation of the local authority; or
- (ii) a council-controlled organisation in which the local authority is one of several shareholders; or
- (iii) another local authority; or
- (iv) another person or agency:
- (c) Responsibility for governance and funding is delegated to a joint committee or other shared governance arrangement, and responsibility for delivery is exercised by an entity or a person listed in paragraph (b)(i) to (iv).

Given the Hawke's Bay context and the Review analysis the Reviewer believes there are 7 main options for consideration. Table 18 below provides more detail on these options but they are:

- 1. The Status Quo.
- 2. Enhanced Status Quo v1: Improved funding for BHB.
- Enhanced Status Quo v2: Improved funding for BHB + BHB takes on RBP contract (with HB Council support and Central Govt agreement via formal procurement process).
- 4. Transferring business support services to a Council or across Councils.
- 5. Leveraging other providers: A variation of Option 4. Responsibility for (non-tourism) business and industry development and support activities/services would sit with a Council or Councils but these activities/services would be contracted to other providers in the region (e.g., industry groups, iwi organisations) to deliver.
- Extended regional model of delivery for non-tourism economic development activities (EDA CCO): BHB would become Council Controlled Organisation (CCO). No change to HBTL.
- Combined Regional Economic and Tourism Agency: BHB and HBTL would be folded into a new combined Regional EDA/RTO for Hawke's Bay.



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Table 18: Description of main options

Opt	tions	Ownership Model	Detail/commentary	Where these models/structures are used elsewhere
1.	Status Quo	Business Hawke's Bay (BHB) Incorporated Society Not for Profit Hawke's Bay Tourism Ltd (HBTL) Registered company Hawke's Bay Tourism Industry Association (HBTIA) is the sole shareholder of HBTL	Business Hawke's Bay Independent Not Council Controlled No Council representation on Board Funded primarily by 5 Councils with funding tied to a CfS with quarterly and annual reporting Hawke's Bay Tourism Ltd (HBTL) Funded via HBRC and membership fees HBRC is the primary funder. KPIs are negotiated and agreed through an SLA. Quarterly and annual reporting is required. HBRC represented on Board.	The following orgs/structures are broadly relevant: Bay of Plenty: Priority One is an Inc. Society (doesn't cover tourism) Waikato: Te Waka is a trust (doesn't cover tourism) Eastern Bay of Plenty: Toi EDA is a trust (covers tourism and wider ED) West Coast: Development West Coast is a trust (covers tourism and wider ED) Marlborough: Destination Marlborough is a trust (covers tourism and wider ED)
2.	Enhanced Status Quo v1	No change to ownership models	Improved funding for BHB No change to HBTL funding Improved monitoring and reporting based on clear impact and intervention framework Council (and iwi) representation on BHB Board No change to RPB programme i.e. HBRC continues to hold contract and subcontract a position to the HB Chamber	
3.	Enhanced Status Quo v2	No change to ownership models	Improved funding for BHB No change to HBTL funding Improved monitoring and reporting based on clear impact and intervention frameworks Council (and iwi) representation on BHB Board BHB takes on RBP contract (with HB Council support and Central Govt agreement via formal procurement process) and sub-contracts a position to the HB Chamber	
4.	Transferring business support services to a	No change to ownership models	 A Council (e.g. HBRC as the only Council with a regional remit) or individual Councils would pick up responsibility for delivering (non-tourism) business and industry development and support activities 	Destination Clutha: Unit of Clutha District Council Enterprise Dunedin: Unit of Dunedin City Council



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	Council or across Councils			No change to RPB programme i.e. HBRC continues to hold contract and sub- contract a position to the HB Chamber BHB funding scaled back to support Business Hub operations and activation only HBTL funding either remains the same or scaled back		Waitaki Development: Unit of Waitaki District Council Central Otago Development: Unit of Central Otago Council Invercargill Development Economic Development Unit (EDU): Unit of Invercargill City Council Queenstown Economic Development Unit (EDU): Unit of Queenstown City Council Marlborough Economic Development Unit (EDU): Unit of Marlborough District Council
5.	Leveraging other providers	No change to ownership models	:	This is a variation of Option 4. Responsibility for (non-tourism) business and industry development and support activities/services would sit with a Council or Councils but these activities/services would be contracted to other providers in the region (e.g., industry groups, iwi organisations) to deliver.	•	Note, contracting out activities/services to those best able to deliver takes place across regions and organisational models
6.	Extended regional model of delivery for non-tourism economic development activities (EDA CCO)	BHB deregisters as an incorporated society and becomes a Council Controlled Organisation (CCO) No change to HBTL ownership model	:	Would require agreement from existing BHB Board Improved funding for new BHB CCO (note there would be benefit in retaining the name BHB as it is established in the marketplace (and broader economic development community) and use could be made of existing branding etc A new independent Board would be established Improved monitoring and reporting based on a clear impact and intervention framework BHB takes on RBP contract (with HB Council support and Central Govt agreement via formal procurement process)	for	te, all of the CCOs below are responsible tourism and broader economic velopment): Auckland: ATEED is a CCO Manawatu: CEDA is a CCO Wellington: WellingtonNZ is a CCO Christchurch: Christchurch is a CCO Canterbury: Enterprise North Canterbury is a CCO Northland: Northland Inc is a CCO Southland: Great South is a CCO Nelson: Nelson Regional Development Agency is a CCO
7.	Combined Regional Economic and Tourism Agency	BHB and HBTL would be folded into a new Regiona EDA for Hawke's Bay Organisation form could be – Trust; Incorporated	:	Would require agreement from both independent entities Could be established as a CCO or Trust. CCO's more common for combined EDA/RTAs. A new independent Board would be established Improved funding for economic development activities	:	Auckland: ATEED Manawatu: CEDA Wellington: WellingtonNZ Christchurch: ChristchurchNZ Northland: Northland Inc.



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Society, Unit of Council or	 Improved monitoring and reporting based on a clear impact and 	Southland: Great South
cco	intervention framework	Nelson: Nelson Regional Development
	 The new entity would takes on RBP contract (with HB Council support and 	Agency
	Central Govt agreement via formal procurement process) and sub-contracts	Taranaki: Venture Taranaki (a trust).
	a position to the HB Chamber	Tairawhiti: Trust Tairawhiti (a trust).
		Whanganui: Whanganui & Partners (a
		CCO)
		Rotorua Economic Development
		Ltd/Destination Rotorua (a CCO)
		Eastern Bay of Plenty: Toi EDA (a trust).
		West Coast: Development West Coast
		(a trust).
		Marlborough: Destination
		Marlborough (a trust).



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An assessment of the seven options against the criteria outlined above is provided in Table 19 below. Options have been rated on a 1-10 scale (with 10 being more attractive).

Table 19: Assessment of delivery options

Criteria	Weighting	OPTION 1: Status Quo	OPTION 2: Enhanced Status Quo v1	OPTION 3: Enhanced Status Quo v2	OPTION 4: Transferring business support services to a Council or across Councils	OPTION 5: Leveraging other providers	OPTION 6: Extended regional model of delivery for non-tourism economic development activities	OPTION 7: Combined Regional Economic and Tourism Agency
 Practicality 	10%	10	9	8	5	4	7	6
2. Effectiveness	30%	4	6	7	3	7	9	8
 Representation of and responsiveness 	25%	4	4	4	7	7	7	5
 Costs of change 	5%	10	9	8	7	5	7	6
 Capability and Capacity to deliver services 	15%	4	5	5	3	5	8	8
Accountability	10%	5	5	5	4	3	9	6
7. Ability to leverage resources of others	5%	5	5	6	4	4	9	9
Unweighted TOTAL	100%	42	43	43	33	35	56	48
Weighted TOTAL	100%	5.05	5.65	5.85 (3)	4.55	5.75	8.05 (1)	6.8 (2)



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Table 20: Comments on assessment of delivery options

Summary advantages / disadvantages	Major advantages	Major disadvantages
OPTION 1: Status Quo	No costs involved No disruption to existing services	Will not improve the existing situation and deal with the issues that have been identified Would be a lost opportunity to create an effective and enduring platform for Hawke's Bay
OPTION 2: Enhanced Status Quo v1	No disruption to existing services Limited costs of implementation - some minor costs to Councils from increased participation in governance and priority setting Could be increased responsiveness to different communities if BHB extends its hub and spoke model (with additional funding) Some increased transparency and accountability	Wouldn't necessarily result in the cohesive regional approach key stakeholders are wanting Would require additional funding from Councils Even with some governance changes wouldn't necessarily satisfy partnership objectives Objectives related to clarity of roles, collaboration, and clarity of support available would depend on focussed action and ongoing behavioural changes Wouldn't necessarily change the ability to attract/retain the right expertise or the ability to leverage resources of others
OPTION 3: Enhanced Status Quo v2	 Same as Option 2 except now limited (not no) disruption to existing services Embedding the RBP programme in an organisation providing other eco dev support services would allow the insight derived from this 'coal face' activity to be used to design other offerings for business, guide other strategic work etc. This option would retain the existing link with HB Chamber of Commerce (through the sub-contract of one position) to ensure strong links could continue to be made between organisations and respective services. 	Same as Option 2 In additional Central Govt (NZTE, Callaghan would have to agree to transfer of RBP programme to BHB. This would require regional support and BHB meeting all relevant criteria).
OPTION 4: Transferring business support services to a Council or across Councils	More accountability to Councils for economic development services	Could see large disruption to business support services Wouldn't necessarily result in the cohesive regional approach key stakeholders are wanting Wouldn't necessarily change the ability to attract/retain the right expertise or the ability to leverage resources of others Councils would need to take on extra services and either find or hire additional internal resourcing



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		Some services may end up being split across Councils, reducing efficiency
		May end up being less responsive to businesses for some services
		Most (in-scope) economic development activities are not core to the effective
		functioning of Councils, nor do they require frequent decision making. Advice
		on services also often requires commercial expertise.
		Many businesses may be less willing to engage directly with a Council than an
		arms-length entity (e.g. businesses may not be prepared to share confidential
		information with a Council if they are also involved in negotiating terms for
		consents or services)
		Wouldn't necessarily satisfy partnership objectives
		Objectives related to clarity of roles, collaboration, and clarity of support
		available would depend on focussed action and ongoing behavioural changes
	Likely to be able to extend reach through contracting	 Could see large disruption to business support services
	May be closer to communities/businesses/industries depending on	Wouldn't necessarily result in the cohesive regional approach key stakeholders
	providers	are wanting
	 Likely to be able to leverage resources of the private and non- 	Wouldn't necessarily change the ability to attract/retain the right expertise or
	government sector	the ability to leverage resources of others
OPTION 5:	 Contracting out helps to ensure high level of expertise is used 	It's not clear that this model would be any more efficient (for example, it
Leveraging other		would require procuring and managing multiple contracts) or effective than
providers		the status quo and provide less oversight and control for Councils (and hence
		limited potential to achieve greater alignment with regional priorities).
		There isn't also a single external agency in Hawke's Bay that has a broad
		enough scope of interests or expertise to be contracted to deliver all services
		e.g. HB Chamber's role is business advocacy, networking and training, it does
		not extend to broader industry development activities.
OPTION 6:	This model would help to create a cohesive regional approach if it	Would require agreement from existing BHB Board
Extended regional	had the mandate, funding, and over time mana to more effectively	Would require additional funding from Councils
model of delivery for	represent the region	There would be costs involved in changing the delivery model for non-tourism
non-tourism	Would be an opportunity to consider the iwi/hapū partnership model	related activity/services e.g. potential for disruption to activities/services
economic	through the appointment on an independent Board	
development	 Ensures joint Council discussion and influence over priorities (e.g. 	
activities	through yearly Statement of Intent and Service Level Agreement	
(EDA CCO)	(SLA) / Contract for Service (CfS) setting discussions)	
	Given clear ownership interests it would help ensure HB Councils	
[PREFERRED OPTION]	played a strong, supporting role that helped guide/shift	



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individualistic behaviours that are present (and will always be present as long as HB has 5 Councils) Would be an opportunity to clarity roles and responsibilities and enhance collaboration Would be an opportunity to clarify the support available to businesses, investors and talent and how to access the support Would increase the ability to attract/retain the right expertise (given stronger mandate) Would increase the ability to leverage resources of others (given stronger mandate, more effective funding and capability of staff) Would be an opportunity to provide greater transparency and accountability around activities being undertaken, delivery and evaluation. 'Ownership' of destination marketing and management would be retained by tourism industry (members of HBTIA). A lack of ownership and ability to direct tourism-related activities has led to disquiet and subsequent structural changes (where these activities had been combined with broader ED activities) in other parts of the country. Same as Option 6 Same as Option 6 This option strengthens the regional remit and mandate of the The main difference would be the additional costs (including disruption to organisation. This could further enhance the ability to attract/retain services) involved in folding in HBTL's tourism activities and services. These **OPTION 7:** the right expertise and leverage the resources of others. costs are real while the benefits of combining activities under one structure are Combined Regional There would likely be some overhead-related savings through shared possible (and mainly relate to a reduction in overheads and a strengthening of Economic and mandate). It's also possible to avoid these costs and still achieve the objectives back office support Tourism Agency relating to regional cohesion, partnership, collaboration, clarity of roles/functions and clarity of support without going to a fully combined model.



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12.3 The recommended option

Overall the assessment of the options against the criteria suggest that the best option is an extended regional model of delivery for (non-tourism) economic development activities (Option 6 – EDA CCO).

This would involve seeking agreement from the current BHB Board to deregister as an Incorporated Society with a new joint Council Controlled Organisation (CCO) entity (potentially) formed under the same name (to leverage existing knowledge of BHB among businesses and the wider economic development community). A new independent Board would be appointed by the Hawke's Bay Councils. No change would be sought to the HBTL ownership model.

A CCO is essentially any company with a majority council shareholding, or a trust or similar organisation with a majority of council-controlled votes or council-appointed trustees, unless designated otherwise. More than one council may be represented in a council-controlled organisation. While the terminology 'CCO' appears exclusionary it is actually quite a flexible organisational form and would provide a strong base for partnering with Hawke's Bay Maori and Hawke's Bay business.

Preference for this model over other options is based on the degree to which this option:

- Is most able to create an enduring platform that provides Hawke's Bay with the appropriate scale
 and mandate to better guide and direct activity to priority areas/issues; support a culture of
 sharing, connection and collaboration; and support Hawke's Bay to be greater than the sum of its
 parts (e.g. by presenting a strong and united voice and vision to external investors, talent and
 Central Government; and by helping to attracting the resources of others); and
- 2. Avoids creating unnecessary transition costs for areas of support that are currently delivering for Hawke's Bay e.g. destination management and marketing.

While other options would solve some of the issues that have presented through this review they would not deliver fully on the effectiveness and efficiency outcomes Councils (and stakeholders) are seeking and solve what is currently missing for Hawke's Bay – a well-supported and funded organisation that has the mandate and backing to be the economic development voice for Hawke's Bay.

However, for this model to address all of the required areas of improvement/opportunity that have been identified the following recommendations/resources changes would need to be implemented and/or considered as part of implementation:

Council funding for non-tourism related economic development activities will need to increase.
 It is likely that around \$1.6m of additional funding would be needed for the EDA CCO model to be successful. Table 21 below provides an indicative estimate of the resources required based on current BHB activities and likely areas of focus. The exact areas of focus and resourcing would obviously be for the independent Board to agree upon based on a clear understanding of Council priorities (which would be communicated through a Statement of Intent and/or Service Level Agreement).



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- There is an opportunity to embed a partnership with Māori in the new model. This would start with the composition of the new independent Board. The model would allow for discussions on the level of engagement with Māori business and, potentially, a joint resourcing approach with Hawke's Bay Māori/iwi/hapū fora or organisations. It would also allow a fresh conversation on the appropriate governance model (and levels of governance) needed to support a regional approach (Matariki). Included in the additional resourcing for the EDA CCO is a dedicated FTE focused on Māori business development and support. This role could work with Māori businesses in Hawke's Bay to help support, tailor, and/or create business support programmes targeted at areas of need for Māori business. This role could be shared with HBTL.
- Retain the Hawke's Bay Business Hub as it is playing an important role in bringing together, under one roof, many of the key business support agencies operating in Hawke's Bay. Co-location of support services/agencies: provides an opportunity to present a united voice for business regardless of the underlying structures and mechanisms used to provide support services; offers a clear front door for local businesses and external investors and talent to be directed to the right area of support; and aids collaboration by reducing the costs of interaction and increasing the opportunity for important 'water-cooler' conversations. If the Business Hub structure did not exist in Hawke's Bay it would be a key recommendation of this Review to consider supporting something of this nature. The Hub is also clearly filling a need for a meeting and connection space that has a look, feel, and vibe that businesses and organisations will pay to use.
- Support the proposed 'Hub and Spoke model' through the new Regional Economic Development
 Agency (EDA) COO to strengthen business support across the region i.e. currently businesses in
 Hastings, Central Hawke's Bay and Wairoa indicate it is harder to access services given the Hub's
 location in Ahuriri. This would implement a key Matariki action and an identified regional COVID
 recovery priority. The FTE resources required have been included in the estimated funding needs
 (see next recommendation).
- Create a regional pool of funds to be used to investigate economic development opportunities
 that are aligned with the region's strengths/opportunities/strategy. The region currently lacks a
 shared pool for funds of this nature which means that opportunities are considered in an ad hoc
 way and support for any investigation will depend on the degree of funding available to individual
 Councils at the time and the strength of any advocacy. To support this \$300,000 per annum (which
 would support 2-3 robust investigations) has been included in the \$1.6m funding estimate.
- Consider embedding the RBP programme in the new EDA CCO. This would require Central Government agreement via the formal RBP contract procurement process. Embedding the RBP programme in an organisation providing other economic development support services would allow the insight derived from this 'coal face' activity to be used to better design other offerings for business and guide other strategic economic development work. It is possible the formal RBP contract procurement timeline will not match the transition timeline if Councils agree to the Review recommendations. In this situation HBRC could consider retaining the contract (through the procurement process) with some contractual arrangements formed in time with the new EDA CCO. The position that is currently sub-contracted to the Hawke's Bay Chamber of Commerce should be retained in order to provide a strong link to the Chamber's work and expertise.



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- Consider investing in the development of a clear 'impact framework' for Matariki to better
 articulate the relationship between activities delivered and the desired outcomes for the region
 over the short, medium and longer-term. This would help improve current measurement and
 reporting frameworks which are not effective in tracking the relationship between activities,
 outputs and outcomes i.e. whether ratepayers' money is being used effectively. A framework like
 this could also provide greater clarity on the respective roles and responsibilities of organisation
 and teams that contribute to regional economic development efforts.
- Consider, as part of the engagement with Māori and Central Government agencies, the opportunities to streamline Matariki governance (e.g. by utilising other existing governance forums for some of the conversations that support meaningful collaboration and connection), and increasing the resources to support the Pou working groups. Estimated FTE resources have been included in the additional resourcing for the EDA CCO. This would help resolve two of the key issues raised by a large number of key stakeholders (the cumbersome and duplicative governance structure, and lack of resources to support effective programme delivery). Matariki's Pou structure is not unlike the previous Government's Business Growth Agenda (BGA), and the BGA had a part (or full)-time programme support person to support each of the six key areas of the Agenda and the relevant lead agency.



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Table 21: Indicative estimate of resources required for the EDA CCO model to be successful

Core roles and areas of focus		Current FTEs	Proposed FTEs/change	Additional funding required		
Connecting to business	Business Hub operations and activation	1 FTE - Hub Concierge position 0.75 - Ops and activation 0.15 - CE	2 FTEs – Hub Concierge & an overall Hub Operations and Activator role Role focused on ops/activation would increase from 0.75 to 1 FTE. This would free CE role for strategy, representation and management activities. TOTAL NEW = 0.15 FTE	O.15 FTE x approx. \$85k salary for operations/activator role = \$12,750 The Hub currently runs at a loss. Operating costs are covered by not CAPEX. Additional funding would be required to put this on a sustainable footing. This is estimated at \$20,000/annum.		
Con	Hub and Spoke model (to better service Hastings, CHB and Wairoa)	N/A – note not counting the additional funding HDC has just signed off on	0.75 FTE per Hub (x3) = 2.25 FTEs TOTAL NEW = 2.25 FTEs	• 2.25 FTEs x approx. \$62k/role = \$139,500		
y development	Business development and support	0.75 FTE - Business Connector position	4.9 FTEs This includes the RBP team (and subcontracted HB Chamber position) which is normally 2.1 FTEs but COVID has added another 2.8 until end Oct 2020. Key decisions still to be made on future resourcing via Central Govt.	No additional funding required. Existing Business Connector position resource could be redeployed.		
Business and industry development	Mãori business development and support	• N/A	This role would work with Māori businesses in Hawke's Bay to help support, tailor, and/or create business support programmes targeted at areas of need for Māori business. This role could be shared with Hawke's Bay Tourism.	• 1 FTE x approx. \$130k salary = \$130,000		



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	Innovation and industry development support, such as cluster & sector work with industry coalitions Skills building, attraction and retention initiatives	1.1 FTEs - Business Development Manager - Land to Brand (0.5) Business Growth Manager (0.6) 0.2 FTE - CE 0.35 FTE - Business Connector -	TOTAL NEW = 0.9 FTE TOTAL NEW = 0.9 FTE TOTAL NEW = 0.65 FTEs	 0.9 FTE x approx. \$130k salary = \$117,000 0.65 FTE x approx. \$130k salary = \$84,500
	Investment promotion and attraction	O.2 FTE - CE and Business Growth Manager	2 FTEs TOTAL NEW = 1.8 FTEs	2 FTEs x approx. \$130k salary = \$260,000 It would be worth thinking about endowing the new entity with a pool of funding it could use to investigate opportunities (that are aligned to a strategic view of regional opportunities) as they arise e.g. Eastern Film Alliance Note – a full Business Case can cost anywhere \$100,000 - \$150,000 depending on complexity Recommend, \$300,000/year which would allow a robust investigation of two (possibly more) opportunities per year.
	HB brand strategy and activation	0.05 FTE - Marketing Support for GTGH	1 FTE (not including CE) TOTAL NEW = 0.95 FTE	0.95 FTE x approx. \$85k salary = \$80,750
HB ED / Wellbeing Strategy	Strategy development (including futures thinking) and policy/programme guidance	0.4 – CE 0.35 – Business Connector role	1 FTE (not including CE) TOTAL NEW = 0.65 FTEs	0.65 FTE x approx. \$130k salary = \$84,500



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	٠.	0.8 FTE - Programme Management	١.	1 FTE – Matariki REDS Programme Manager	•	1 FTE x approx. \$120k salary =
	١.	0.2 FTE - Management Support -	١.	2.5 FTEs – Matariki Project Coordination		\$120,000
		CEO		support for Pou Leads	•	2.5 FTEs x approx. \$65k salary =
Matariki Hawke's Bay REDS	٠	0.1 FTE - Communications Lead	١٠	TOTAL NEW = 3.5 FTEs		\$162,500
Programme Management support		(contractor)	٠	(Note - existing funding for Programme		Note – some cost-share
e.g. coordination, communications,	٠.	0.2 FTE - Secretariat Support		Management runs out in Dec 2020 so is not		arrangement should be
monitoring and reporting	٠.	TOTAL = 1.3 FTE		counted as resource that can be carried		investigated (with Central Govt
				over. Secretarial and Comms support would		agencies in particular) for the
				shift to proposed Project Coordination		Project Coordination support roles
				resource)		
Cornerate	•	0.25 FTE - Admin Support	•	1 FTE (not including CE)	٠	0.4 FTE x approx. \$65k salary =
Corporate	٠.	0.6 FTE - CE	٠	TOTAL NEW = 0.4 FTE		\$26,000
	•	0.25FTE - Communications Lead	•	1 FTE	•	0.45 FTE x approx. \$100k salary =
Communications and marketing		(contractor)	٠	TOTAL NEW = 0.45 FTE		\$45,000
	•	0.3 FTE - Marketing Support				
	•	Currently 6 established positions	•	TOTAL = 36.5 FTEs + CE = 37.5 FTEs	•	TOTAL ADDITIONAL FUNDING FOR
		(soon to be 7 with new "Business	•	TOTAL NEW = 10.05 FTEs		NEW FTEs = \$1,262,500
		Connector" position), this doesn't				
		count the Comms Lead				
		contractor).				
TOTAL ETES	•	Only 2 positions are full time.				
TOTALTIES	•	FTEs approx. 4.5 established (rising				
		to 5.25 in October); 6.35 FTEs if				
		you count Comms Lead (a				
		contractor and Portfolio Manager				
		position which is only funded until				
		Dec 2020)				
	Programme Management support e.g. coordination, communications, monitoring and reporting Corporate	Matariki Hawke's Bay REDS Programme Management support e.g. coordination, communications, monitoring and reporting Corporate Communications and marketing TOTAL FTES	Matariki Hawke's Bay REDS Programme Management support e.g. coordination, communications, monitoring and reporting - 0.2 FTE - Communications Lead (contractor) - 0.2 FTE - Secretariat Support - 0.2 FTE - Secretariat Support - 0.6 FTE - CE - 0.25 FTE - Admin Support - 0.6 FTE - CE - 0.25 FTE - Communications Lead (contractor) - 0.3 FTE - Marketing Support - Currently 6 established positions (soon to be 7 with new "Business Connector" position), this doesn't count the Comms Lead contractor) Only 2 positions are full time FTEs approx. 4.5 established (rising to 5.25 in October); 6.35 FTEs if you count Comms Lead (a contractor and Portfolio Manager position which is only funded until	Matariki Hawke's Bay REDS Programme Management support e.g. coordination, communications, monitoring and reporting - 0.25 FTE - Communications Lead (contractor) - 0.2 FTE - Secretariat Support - 0.6 FTE - CE - 0.25 FTE - Admin Support - 0.6 FTE - CE - 0.3 FTE - Management Support - 0.2 FTE - Secretariat Support - 0.6 FTE - CE - 0.7 FTE - Management Support - 0.7 FTE - Management Support - 0.8 FTE - Secretariat Support - 0.9 FTE - Admin Support - 0.9 FTE - Management Support - 0.9 FTE - Secretariat Support - 0.7 FTE - Management Support - 0.8 FTE - Management Support - 0.9 FTE - Secretariat Support - 0.9 FTE - Management Support - 0.9 FTE - Secretariat Support - 0.7 FTE - Management Support - 0.8 FTE - Secretariat Support - 0.9 FTE - Secretariat Support - 0.7 FTE - Management Support - 0.8 FTE - Secretariat Support - 0.9 FTE - Secretariat Support - 0.9 FTE - Secretariat Support - 0.9 FTE - Management Support - 0.9 FTE - Secretariat Support -	Matariki Hawke's Bay REDS Programme Management support e.g. coordination, communications, monitoring and reporting - 0.2 FTE - Communications Lead (contractor) - 0.2 FTE - Secretariat Support - TOTAL = 1.3 FTE - 0.25 FTE - Admin Support - 0.6 FTE - CE - 0.25 FTE - Admin Support - 0.6 FTE - CE - 0.25 FTE - Communications Lead (contractor) - 0.3 FTE - Communications Lead (contractor) - 0.4 FTE - CE - 0.25 FTE - Admin Support - 0.6 FTE - CE - 0.25 FTE - Communications Lead (contractor) - 0.3 FTE - Marketing Support - 0.4 FTE - 0.25 FTE - Communications Lead (contractor) - 0.3 FTE - Marketing Support - 0.4 FTE - TOTAL NEW = 0.4 FTE - TOTAL NEW = 0.45 FTE - TOTAL NEW = 10.05 FTES - TOTAL NEW	Matariki Hawke's Bay REDS Programme Management support e.g. coordination, communications, monitoring and reporting - 0.2 FTE - Communications Lead (contractor) - 0.2 FTE - Secretariat Support - TOTAL = 1.3 FTE - 0.25 FTE - Admin Support - 0.6 FTE - CE - 0.25 FTE - Admin Support - 0.6 FTE - CE - 0.25 FTE - Communications Lead (contractor) - 0.6 FTE - CE - 0.7 FTE - Communications Lead (contractor) - 0.8 FTE - CE - 0.8 FTE - CE - 0.9 FTE - Matariki Project Coordination support of Pour Leads - TOTAL NEW = 3.5 FTEs - (Note - existing funding for Programme Management runs out in Dec 2020 so is not counted as resource that can be carried over. Secretarial and Comms support would shift to proposed Project Coordination resource) - 0.6 FTE - CE - 0.25 FTE - Admin Support - 0.6 FTE - CE - 0.25 FTE - Communications Lead (contractor) - 0.3 FTE - Marketing Support - 0.3 FTE - Marketing Support - 0.3 FTE - Marketing Support - 1 FTE - TOTAL NEW = 0.45 FTE - TOTAL NEW = 0.45 FTE - TOTAL NEW = 10.05 FTES - TOTAL NEW = 10.05 FTES - TOTAL NEW = 10.05 FTES - TOTAL NEW = 10.05 FTES - TOTAL NEW = 10.05 FTES - TOTAL NEW = 10.05 FTES - TOTAL NEW = 10.05 FTES - TOTAL NEW = 10.05 FTES - TOTAL NEW = 10.05 FTES - TOTAL NEW = 10.05 FTES



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	TOTAL FUNDING	 BHB P+L for 19-20 FY: Funding from Councils: \$321,666.55 Business Hub Operations – OPEX: \$41,543.41 Co Starters Revenue: \$15,395.91 Interest Income: \$1,412.43 LTO Rent: \$141,753.42 MBIE Funding: \$240,000.00 (NB: this funding ends Dec 2020) Other Revenue: \$65,618.11 Room Hire HB Business Hub: \$43,380.18 Sponsorship Income (from local businesses): 141,749.97 Total Income: \$1,012,519.98 Expenses: \$1,113,199.60 Net loss: \$56,622.92 		 TOTAL ADDITIONAL FUNDING / YEAR = \$1,582,500 Made up of: Staff = \$1,262,500 Hub (CAPEX) = \$20,000 Regional Opportunities Fund = \$300,000
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13 ANNEX A: HAWKE'S BAY ECONOMY AND INDUSTRY TRENDS

This overview provides a summary of the Hawke's Bay economy and how it differs to the national average.

13.1 Overview of key economic indicators

Table 22 table below captures key economic indicators for Hawke's Bay and the comparison with the national average.

The following high-level points can be made:

- Hawke's Bay economy is biased toward land-based sectors relative to the national economy, although manufacturing makes up a larger share of the regional economy than nationally.
- The economy is more export-oriented than it is nationally, reflecting the importance of land-based industries – meat, horticulture and forestry.
- Growth (economic and employment) has been slower than the national average over the last 10 years, but has been growing faster more recently (pre-COVID).
- Like the rest of NZ our businesses are mostly SMEs (around 86% have 5 employees or less).
- At an aggregate level, businesses are less productive than the rest of the economy.
- In terms of economic output, Hawke's Bay is an export-facing economy. In terms of business
 units, it is more domestic service-based.

Table 22: Comparison of Hawke's Bay and New Zealand key economic indicators

Measure		Hawke's Bay		New Zealand		
GDP, 2019		\$7,695 million		\$297,894 million		
		(2.6% of national total)				
Economic growth						
 Annual change, 2018-2019 		- 3.6%		- 3.0%		
 Annual average change, 2000-2019 		- 1.7%		- 2.5%		
Population						
 Total population 		- 173,100		- 4,917,000		
		(3.5% of national total)				
 Population growth, 2019 		- 1.3%		- 1.6%		
 Population growth, 2009-2019 		- 1.2%		- 1.2%		
Mean household income		\$98,017		\$111,472		
Mean annual earnings		\$54,880		\$62,774		
Top 3 industries, 2019	1.	Manufacturing - 13.2%	1.	Manufacturing - 9.7%		
(1 digit ANZSIC)	2.	Agriculture, Forestry and	2.	Professional, Scientific and		
		Fishing - 12.0%		Technical Services - 8.3%		
	3.	Rental, Hiring and Real	3.	Rental, Hiring and Real		
		Estate Services - 7.3%		Estate Services - 7.0%		
Biggest contributors to economic growth, 2009-	1.	Agriculture, Forestry and				
2019		Fishing				

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	_		_	
	2.	Retail Trade		
	3.	Construction		
Fastest growing (detailed) sectors between	1.	Sheep, Beef Cattle & Grain		
2018 and 2019		Farming		
	2.	Horticulture & fruit growing		
	3.	Wholesale trade		
Comparative advantage	1.	Horticulture & Fruit Growing		
		(6.5)		
	2.	Pulp & Paper Product		
		Manufacturing (4.2)		
	3.	Forestry & Logging (3.6)		
Employment	-	83,076	-	2,543,195
 Total employment 2019 		(3.3% of national total)		
 Employment growth in last year 	-	1.9%	-	1.9%
 Employment growth, 2000-2019 	-	Average 0.6% pa	-	Average 1.5% pa
Employment by broad sector	1.	Agriculture, Forestry and	1.	Health Care and Social
		Fishing - 13.60%		Assistance - 9.80%
	2.	Manufacturing - 12.40%	2.	Construction - 9.60%
	3.	Health Care and Social	3.	Manufacturing - 9.50%
		Assistance - 11.20%		
Productivity				
 GDP per filled job, 2019 	-	\$92,625	-	\$117,134
 Productivity growth, 2019 	-	1.7%	-	1.7%
 Productivity growth, 2000-2019 		1.1%	-	1.1%
Business Units				
 No of business units, 2019 	-	19,131	-	582,459
 Growth in business units, 2000-2019 		2.8%	-	12.4%
 Size of business units 				
	-	65% sole traders;	-	69% sole traders;
	-	21% (1-5 employees);	-	20% (1-5 employees);
	*	5% (6-9 employees)	-	5% (6-9 employees)

13.1.1 Gross Domestic Product (GDP)

- In 2019 Hawke's Bay's GDP was \$7,695 million, representing 2.6 percent of the national total of \$297,894 million.
- Economic growth has risen sharply in recent years, with an annual increase of 3.6 percent between 2018 – 2019 (compared to a national average of 3 percent).
- This is up from an annual average change of 1.7 percent between 2000 2009 (compared to a national average of 2.5 percent).



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8.00% 7.00% 6.00% 5.00% 4.00% 3.00% 2.00% 1.00% 0.00% -1.00% 2002 2006 2008 2012 2014 2016 2018 2020 2004 -2.00% -Hawkes Bay New Zealand

Figure 4: Annual GDP Growth

An industry breakdown of contribution to GDP is outlined in Figure 5 and Table 23 below.

The key points are:

- Manufacturing and Agriculture, forestry and fisheries contribute a significantly higher share to the Hawke's Bay economy than they do nationally:
 - Manufacturing (13.2% compared with 9.7%).
 - o Agriculture, forestry and fisheries (12% compared with 5.2%).
- Areas where Hawke's Bay sectors contribute a lower than average share to GDP when compared nationally include:
 - o Professional, Scientific and Technical Services (5.2% compared with 8.3%).
 - Financial and Insurance Services (2.7% compared with 6%).
 - o Information Media and Telecommunications (1% compared with 3.5%).



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Unallocated Owner-Occupied Property Operation Mining Arts and Recreation Services Information Media and Telecommunications Other Services Electricity, Gas, Water and Waste Services Accommodation and Food Services Administrative and Support Services Financial and Insurance Services **Education and Training** Public Administration and Safety Wholesale Trade Transport, Postal and Warehousing Professional, Scientific and Technical Services Retail Trade Construction Health Care and Social Assistance Rental, Hiring and Real Estate Services Agriculture, Forestry and Fishing Manufacturing 0.00% 2.00% 4.00% 6.00% 8.00% 10.00% 12.00% 14.00% ■ New Zealand share of total Hawke's Bay share of total

Figure 5: GDP share of total by industry⁸

Table 23: Industry GDP and share of total

	Hawk	e's Bay	New Zealand		
Industry	Level	% of total	Level	% of total	
Manufacturing	1,015.30	13.20%	29,015.50	9.70%	
Agriculture, Forestry and Fishing	923.9	12.00%	15,631.00	5.20%	
Rental, Hiring and Real Estate Services	565.3	7.30%	20,886.60	7.00%	
Health Care and Social Assistance	538.8	7.00%	17,309.00	5.80%	
Construction	480.4	6.20%	18,960.70	6.40%	
Retail Trade	436.1	5.70%	15,069.70	5.10%	
Professional, Scientific and Technical Services	400.8	5.20%	24,871.80	8.30%	
Tourism	370.2	4.80%	16,150.00	5.40%	

⁸ Unallocated items include taxes levied on the purchaser rather than the producing industry (such as GST, import duties, and taxes on capital transactions), and items that cannot easily be allocated to a specific industry (such as the seasonal adjustment balancing item). A seasonal adjustment balancing item is necessary to ensure that the sum of all seasonally adjusted industries can be reconciled with total GDP. Source: Infometrics Hawke's Bay Region Overview.



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Total	7,694.90		297,894.30	
Unallocated	588.9	7.70%	22,797.00	7.70%
Owner-Occupied Property Operation	591.4	7.70%	18,628.20	6.30%
Mining	11	0.10%	3,571.70	1.20%
Arts and Recreation Services	55.8	0.70%	4,049.60	1.40%
Information Media and Telecommunications	79.8	1.00%	10,381.30	3.50%
Other Services	106	1.40%	5,336.70	1.80%
Electricity, Gas, Water and Waste Services	133.9	1.70%	8,158.70	2.70%
Accommodation and Food Services	154.3	2.00%	6,455.70	2.20%
Administrative and Support Services	176.2	2.30%	6,180.40	2.10%
Financial and Insurance Services	209.6	2.70%	17,772.60	6.00%
Education and Training	279	3.60%	11,380.00	3.80%
Public Administration and Safety	295.4	3.80%	12,940.00	4.30%
Wholesale Trade	311.9	4.10%	15,221.00	5.10%
Transport, Postal and Warehousing	341.1	4.40%	13,277.30	4.50%

The broad industries which made the largest contribution to economic growth between 2018 – 2019 were:

- Agriculture, Forestry and Fishing growth of 7.9 percent, which contributed 0.91 percentage points to Hawke's Bay's overall 3.6 percent growth rate.
- Rental, hiring and real estate services growth of 4.6 percent, which contributed 0.34 percentage points to overall growth.
- Wholesale trade growth of 8.3 percent, which contributed 0.32 percentage points to overall growth.

Conversely:

- Arts and Recreation Services declined by 2.9 percent and reduced overall growth by -0.02 percentage points.
- Information Media and Telecommunications declined by 2.8 percent and reduced overall growth by -0.03 percentage points.
- Education and Training declined by 0.8 percent and reduced overall growth by -0.03 percentage points.

On a more detailed level, Table 2 ranks the detailed industries by their contribution to economic growth over the past year.



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The detailed industries which made the largest contribution to economic growth between 2018 – 2019 were:

- Sheep, Beef Cattle & Grain Farming growth of 15.0 percent which contributed 0.42 percentage points to Hawke's Bay's overall 3.6 percent growth rate.
- Horticulture & fruit growing growth of 13.2 percent which contributed 0.39 percentage points.
- Wholesale trade growth of 8.3 percent which contributed 0.32 percentage points.

Conversely:

- Fruit, Cereal & Other Food Product Manu declined by 4.9 percent and reduced overall growth by 0.10 percentage points.
- Basic Chemical & Chemical Product Manufacturing declined by 19.8 percent and reduced overall growth by 0.08 percentage points.

Table 24: Detailed industry contribution to economic growth

	G	GDP		Annual Growth
Industry	2018	2019		
Sheep, Beef Cattle & Grain Farming	208	239	0.42%	15%
Horticulture & Fruit Growing	220	248	0.39%	13.2%
Wholesale Trade	288	312	0.32%	8.3%
Professional, Scientific & Tech Services	379	401	0.30%	5.8%
Central Gov Admin, Defence & Safety	219	238	0.26%	8.9%
Construction Services	242	259	0.23%	7%
Property Operators & Real Estate Services	466	482	0.21%	3.3%
Other Store & Non Store Retailing	213	226	0.18%	6.3%
Machinery & Other Equipment Manu	102	114	0.16%	11.5%
Finance	150	160	0.14%	7%
Rental & Hiring Services	74	84	0.13%	13.3%
Beverage & Tobacco Product Manu	169	177	0.11%	4.8%
Electricity & Gas Supply	100	108	0.10%	7.3%
Meat & Meat Product Manufacturing	171	176	0.07%	3%
Water, Sewerage & Waste Services	21	26	0.07%	23.4%
Forestry & Logging	173	178	0.06%	2.7%
Supermarket & Specialised Food Retailing	136	140	0.05%	2.8%
Road Transport	130	134	0.05%	2.8%

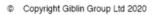


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Total	7,426	7,695	3.60%	3.60%
Unallocated	571.6	588.9	0.23%	3%
Owner-Occupied Property Operation	583.6	591.4	0.10%	1.3%
Fruit, Cereal & Other Food Product Manu	146	139	-0.10%	-4.9%
Basic Chemical & Chemical Product Manu	31	25	-0.08%	-19.8%
Polymer Product & Rubber Product Manu	27	22	-0.06%	-17.4%
Rail, Water, Air & Other Transport	27	24	-0.05%	-14.1%
Telecomms, Internet & Library Services	62	60	-0.04%	-4.4%
Education & Training	281	279	-0.03%	-0.8%
Arts & Recreation Services	57	56	-0.02%	-2.9%
Agric Support Services & Hunting	180	179	-0.01%	-0.5%
Fishing & Aquaculture	19	18	-0.01%	-3.4%
Dairy Product Manufacturing	6	5	-0.01%	-10.4%
Heavy & Civil Engineering Construction	131	130	-0.01%	-0.3%
Accommodation & Food Services	155	154	0.00%	-0.2%
Health Care & Social Assistance	539	539	0.00%	0.00%
Primary Metal & Metal Product Manu	5	5	0.00%	-1.1%
Insurance & Superannuation Funds	8	8	0.00%	-0.2%
Wood Product Manufacturing	41	41	0.00%	0.00%
Petroleum & Coal Product Manufacturing	0	0	0.00%	
Seafood Processing	3	3	0.00%	10.6%
Information Media Services	20	20	0.01%	2.3%
Printing	11	12	0.01%	5.1%
Mining	10	11	0.01%	7.2%
Administrative & Support Services	175	176	0.02%	0.7%
Non-Metallic Mineral Product Manu	16	17	0.02%	8.7%
Transport Equipment Manufacturing	17	19	0.02%	8.7%
Textile, Leather, Clothing, Footwear Manu	46	48	0.02%	3.3%
Auxiliary Finance & Insurance Services	39	41	0.02%	4.2%
Postal, Courier & Warehousing Services	182	184	0.02%	0.9%
Other Services	104	106	0.02%	1.8%
Poultry, Deer & Other Livestock Farming	14	16	0.03%	13.3%
Fabricated Metal Product Manufacturing	74	76	0.03%	2.9%
Furniture & Other Manufacturing	36	39	0.03%	6.7%
Local Government Administration	55	57	0.03%	4.7%
Dairy Cattle Farming	42	44	0.03%	6.2%
Motor Vehicle, Parts & Fuel Retailing	67	70	0.04%	4.3%
Pulp & Paper Product Manufacturing	93	97	0.05%	3.7%





13.1.2 Employment, productivity and business units

The following high-level points can be made:

- Total employment (filled jobs) in Hawke's Bay in 2019 was 83,076 representing 3.3 percent of the national total.
- The employment growth rate has risen over recent years 1.9 percent between 2018-2019 (the same as the national average), compared with an average of 0.6 percent between 2009 – 2019 (national average of 1.5 percent).
- 48.7 percent of people are employed full time. The unemployment rate was around 3.6 percent pre-COVID.
- · Hawke's Bay key employing sectors are:
 - Agriculture, Forestry and Fishing 14 percent;
 - Manufacturing 13 percent; and
 - Health Care and Social Assistance 11 percent.
- While these generally align with the top employing sectors nationally (Health Care and Social Assistance; Construction; and Manufacturing, which all have rates of 10 percent), it does emphasise the higher than average dependency that Hawke's Bay has on the primary industries for employment.
- Hawke's Bay measured productivity level of \$92,625 (GDP per filled job) is lower than the national average of \$117,134. Productivity growth picked up between 2018-2019 relative to the national average (1.7 percent vs 1.1 percent) but has been consistent with the national average of 1.1 percent since 2000.
- In 2019 there were 19,131 business units which closely tracked the national average in size: 65
 percent sole traders (compared with 69 percent nationally); 21 percent had 1-5 employees (20
 percent nationally); and 5 percent had 6-9 employees (5 percent nationally).
- The growth in business units of 2.8 percent from 2000 2019 was significantly lower than the national rate of 14.4 percent.

13.1.3 Tourism

- In 2019 tourism in Hawke's Bay contributed 4.8 percent of the region's economic output (up from 2 percent in 2000), totalling around \$370 million per year. Tourism is slightly less important to the regional economy than it is nationally (where it contributes around 5.4 percent of GDP). It has nevertheless grown in importance over time.
- The Hawke's Bay tourism sector grew by 5.5% between 2018-2019, slightly below the national average of 6.6 percent. Over the last 10 years the tourism sector in Hawke's Bay has grown by



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around 86% (average yearly growth of around 6.4 percent), compared to a growth rate of around 118% nationally (average yearly growth of around 8.1 percent). International visitors account for approximately a quarter of regional tourism.

Tourism in Hawke's Bay contributes 6.8 percent of employment (around 5,261 people), less than
the national average of 9.0 percent, and down from 7.2 percent in 2009.

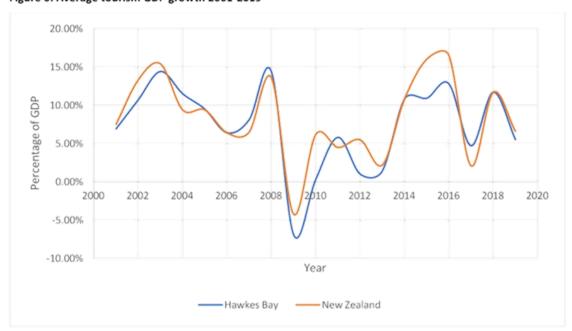


Figure 6: Average tourism GDP growth 2001-2019

13.1.4 Population

- Hawke's Bay's population is around 173,100, or 3.5 percent of the national total.
- Population growth has remained relatively steady over the last decade increasing 1.3 percent in 2019 and 1.2 percent on average over the ten years. This compares broadly with national population growth of 1.6 percent and 1.2 percent respectively over the same periods.
- Ethnically, Hawke's Bay has a higher proportion of Māori than nationally, less Pacific and considerably less Asian people.

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Table 25: Key statistics for Hawke's Bay population (2018 census)

Measure	Hawke's Bay	New Zealand
Number of people 2019	173,100	5,037,600
Growth in 2019	1.3%	1.6%
Growth previous 10 years	1.2%	1.2%
Median age	40.6 years	37.4 years
Males	81,054	2,502,100
Females	85,314	2,535,600
Ethnicity:		
European	75.0%	70.2%
Maori	27.0%	16.5%
Pacific	5.6%	8.1%
Asian	5.0%	15.1%
Middle Eastern/Latin American/African	0.6%	1.5%
Other	1.1%	1.2%
Number of Māori	44,931	775,836
Māori median age	25.4 years	25.4 years

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14 ANNEX B: ECONOMIC DVELOPMENT ACTIVITIES AND THE APPROPRIATE ROLE FOR GOVERNMENT

Table 26: Explanation of types of economic development /economic wellbeing activities and services

Type of economic development / economic wellbeing service		Explanation of activity (adapted from Martin Jenkins, 2017)				
1. Destination marketing	g and management					
Visitor attraction, prone Events /activities prone and facilitation Running events	notion, and marketing notion, marketing, support	 This covers activities such as regional promotion and destination marketing. These activities are often provided because there is a 'public good' element involved with tourism promotion and coordination. For example, individual tourism operators cannot capture all of the benefits of marketing and the diverse nature of the industry makes it difficult to organise a cooperative marketing effort across all relevant businesses. Similar arguments can also warrant local government involvement in events and conference attraction and investment in events infrastructure (e.g. businesses surrounding an events centre obtain benefits from visitors to events but it could be very difficult to get them all to co-invest in the event). When "events" is captured as an activity it is referring to larger scale events that typically attract people from outside the district or region. It does not capture business to business and local networking type events. Local government also has a role as it is often the provider and manager of infrastructure and services used by visitors (such as public spaces, parks, public transport), and hence is already involved in creating an environment that is attractive to visitors. 				
2. Business developmen	t and support					
Business information a Business capability sup		 This covers activities that provide basic business information and advice (e.g. about relevant local government regulation), referral services, and facilitating access to networks and to other support (e.g. funding and business capability support). This is to overcome information problems (e.g. about where to find advice, about the quality of available advice or about the benefits that advice will bring), much of which has a particularly local or regional flavour. Business capability support are the various programmes that have been designed around building business capability in different areas e.g. cashflow management, digital skills, strategy etc. 				
3. Innovation and indust	ry development support					



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•	R&D funding /support	١.	Local government agencies can have a role in coordinating activities of business and research organisations, and providing
٠	Feasibility studies and business cases for sector		information on research and commercialisation expertise available in the region.
	and investment projects	١.	This can be to overcome a lack of awareness of relevant R&D support that exists in the region (i.e. to overcome coordination
٠	Cluster & sector work with industry coalitions		and information failures) and to leverage the broader benefits associated with innovation activity.
٠	Co-investment in major projects	١٠	A Council or its key delivery agents may be seen as an impartial broker to help coordinate activity/investment across an
			industry. Local government can therefore play a role in coordinating and facilitating sector/industry and cluster work
			(groups of businesses or organisations who have identified an opportunity to collaborate). This can involve assistance with
			coordinating and aligning local and central govt support, policy and regulatory advice and support, infrastructure planning
			or feasibility analysis.
		١٠	Local government may also be involved in related activities, such as regulating the use of, or owning, land or an asset that is
			sought by a particular industry. If the public benefit case is significant, this role can also involve seed funding or co-
			investment in major projects.
4.	Skills -related support		This covers the promotion of the benefits of upskilling and education and training opportunities, support for job matching
			programmes and promoting job and education opportunities in the region
		•	It doesn't typically cover the training itself, unless for a limited time (to prove to the private sector that the training works).
			Businesses may under-invest in these activities due to a lack of certainty about the benefits that may result (information
			problems) and due to concerns about trained staff leaving their business (knowledge spillovers).
5.	Investment attraction		
•	Business attraction	•	This covers encouraging and promoting inward investment to the region and bridging information gaps and networks
•	Talent attraction		between inward investors and key organisations in the local economy.
•	Capital attraction	١٠	Potential investors may have limited knowledge about the local economy and investment opportunities that a Council or its
			agency may be well placed to fill (i.e. to overcome information problems).
		١.	It can also cover assisting existing investors to expand or retain their investment in the region by facilitating regulatory
		١.	It can also cover assisting existing investors to expand or retain their investment in the region by facilitating regulatory approvals, access skilled staff or R&D expertise.
6.	Export and/or offshore investment support		approvals, access skilled staff or R&D expertise.
6.	Export and/or offshore investment support		approvals, access skilled staff or R&D expertise. This can also be warranted due to the broader benefits that investment can bring (e.g. new and better jobs).
6.	Export and/or offshore investment support		approvals, access skilled staff or R&D expertise. This can also be warranted due to the broader benefits that investment can bring (e.g. new and better jobs). This covers support for the provision of information on offshore markets, facilitating trade/diplomatic visits and facilitating
6.	Export and/or offshore investment support	•	approvals, access skilled staff or R&D expertise. This can also be warranted due to the broader benefits that investment can bring (e.g. new and better jobs). This covers support for the provision of information on offshore markets, facilitating trade/diplomatic visits and facilitating connections between local business and offshore networks.
6.	Export and/or offshore investment support	•	approvals, access skilled staff or R&D expertise. This can also be warranted due to the broader benefits that investment can bring (e.g. new and better jobs). This covers support for the provision of information on offshore markets, facilitating trade/diplomatic visits and facilitating connections between local business and offshore networks. This can be warranted because local government can have a natural advantage in its knowledge of the regional or local
6.	Export and/or offshore investment support	•	approvals, access skilled staff or R&D expertise. This can also be warranted due to the broader benefits that investment can bring (e.g. new and better jobs). This covers support for the provision of information on offshore markets, facilitating trade/diplomatic visits and facilitating connections between local business and offshore networks. This can be warranted because local government can have a natural advantage in its knowledge of the regional or local economy and ability to match this to offshore opportunities.



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7.	Strategy development, economic intelligence, monitoring	
:	Economic strategy development Economic intelligence and monitoring	 Local government has a role in providing leadership for the economic development direction of the locality (and region – see below). This provides clarity and certainty for business location and investment decisions. It also has role in ensuring that robust local economic development data and information is available to inform strategy development and planning and enable decision-making. This includes measuring and evaluating the achievement of strategies, plans and investment to identify where improvements or changes or direction need to be made. This is to overcome information problems and reflects the fact that local government often has better access to relevant information and is an impartial source of that information.
8.	Regional economic development and economic wellbeing implementation support [e.g. Matariki Hawke's Bay Regional Development Strategy and Action Plan]	 Local government has a role in providing leadership for the economic development direction of the region. This provides clarity and certainty for business location and investment decision and the focus and priority of public sector investment and activities. In the Hawke's Bay context this work largely relates to the Matariki Hawke's Bay Regional Development Strategy and Action Plan.



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15.1 Business Hawke's Bay (BHB)

BHB's work programme can be broken down into 6 main areas:

- 1. Employment Skills & Capability
- 2. Inwards Investment Development
- 3. Sector, Cluster & Enterprise Development
- 4. HB Business Hub in Ahuriri
- 5. Matariki REDS Programme Management
- 6. BHB Corporate Support.

Table 27: BHB work programme, KPIs, and performance

Priority	Activity	Description of activity and outputs generated	Resource (FTE)	Measure
Employment Skills & Capability	Matariki Pou2: BHB Role in Employment, Skills & Capability	 The activities under Matariki Pou2 are focussed on growing people to be work-ready and connecting them with employee-ready organisations who are embedding pastoral care, personal growth, and learning and development in the way they work BHB CE co-leads Pou 2 with the MSD Regional Commissioner Key activities under Pou2 (BHB work is focussed on 2.3, 2.5 and 2.6): 2.1 Link local people on benefits to 1,000 new jobs over three years 2.2 Grow employment opportunities for the benefit of local people, whānau and businesses 2.3 Strengthen a sustainable pipeline of talent from education to employment 2.4 Support Workforce Development 2.5 Support Employer/Industry Development with a focus on demand 2.6 Enabling people of all life stages and ability to participate in meaningful and productive work This work will be aligned to inform the range of activity across the entire Employment, Skills & Capability programme of work. 	Current Resource: .2 FTE (CEO) e.g. 10 hours out of a 50 week .35 FTE (Business Connector – new position) e.g. 15 hours out of a 30 hour week Additional Resource needed (S - not funded yet): Consultant + .5FTE minimum	 Matariki Action Pan (MAP) Pou2 'Key Results' (interim m Unemployment rate is less than 5% Employment is comparable to the NZ average rate of Labour is improved to a rate consistent with the NZ define]9 Exceed 85% of school leavers achieving NCEA level 3. Reduce NEETs rate from 18% to 12% (equivalent to Have at least 30% of employment in highly skilled on than 38% in low-skilled Increase knowledge- intensive industries in the regileas the NZ overall percentage [of x define] Note: The Matariki Action Pan (MAP) notes that "over ear work and objectives and key results will be further rescopes are developed". Targets are in the process of being reset The new Hawke's Bay Interim Regional Skills Leader has a budget to commission regionally specific data insights. The iRSLG can also utilise Central Government reso meaningful measures, dashboards, in-depth data se inform decision making and support activity.

planning and development (Identified as a COVID recovery priority action)	planning to create better and more attractive jobs across the region and address critical issues relevant to training, employment and the development of workers. BHB CE has been proposed as co-chair with MSD Regional Commissioner (in confidence and subject to Cabinet approval). This role would work with iRSLG members to set the strategic direction and champion regional priorities. Key areas of focus would be: To identify current and future workforce and skills needs for the region To Identify sub-regional challenges and priorities experienced by employers in accessing skilled workers To deliver an annual Regional Workforce Plan (RWFP) to understand the demand and supply of workers in a region To provide advice to government, employers and facilitate action with regional actors on how to meet these needs	
Education to Employment - Vocational Pathways (Identified as a COVID recovery priority to support the infrastructure pipeline and jobs for youth)	 This activity is new and focussed on: Supporting the growth of vocational education pathways for students to 'earn while they learn' Partnering with EIT (under a SLA and MSD contracts) to focus on developing employer connections Developing 'Hawke's Bay Vocational Pathways' (My Next Move) online resource to engage with and inform students, interns, teachers/advisors, employers etc. Building a series of Vocational Pathways videos, showcasing Hawke's Bay businesses, employer brands and youth in the workplace, to be used in local schools and by employers Supporting and contributing to the development of vocational pathway events for students and employers (e.g. in school careers expo, big day out sector specific type activities) Partnering to uncover the barriers to employment in vocational pathways and to support solutions. Engaging and building relationships and partnerships with employers and businesses. Connecting employers and providers (e.g. MSD work brokerage team, Taiwhenua, EIT vocational brokers, He Poutama Rangatahi and Mana in Mahi funded organisations), to increase job opportunities. 	KPIs for areas that BHB directly engages with (note, thespecific targets): Business reached Students reached (via Hawke's Bay My Next Move (development by BHB)) Events participated in Areas that BHB supports: Events that are provider led Schools reached ITPS & ITOs reached Surveys are required to be completed.

	(\$ - not yet funded)	with businesses/employers in a meaningful way. This will be available in late October 2020 and programme of work will be fully scoped at that point. To develop a regional programme to support workforce diversity, enabling people of all life-stages and ability to participate in meaningful and productive work. The initial focus will be on the aging workforce and people with disabilities. To enable and support employers/sectors with workforce development programmes focussed on engagement, productivity, retention, social responsibility, progression, higher value jobs, future of work consideration etc.		
Inwards Investment Development	Matariki Pou 5: BHB Role in Promoting Our Place for Investment, Business, Talent, Visitors	BHB leads Matariki Pou5 This has involved: The establishment of an Investment Working Group The establishment of a Talent Working Group; and Facilitation of the Think Hawke's Bay collaborative working group Key projects sitting under Pou 5 are: 5.1. Key Develop and implement a skills and migration attraction strategy and action plan that includes: delivery of a promotional campaign; settlement retention programme; and considers international and domestic migration 5.2.a Develop and implement an Investment Attraction Strategy and action plan that includes: an investment readiness programme a regional investment and property profile; and investor education programme based on the strategy 5.2.b Develop, agree on and initiate two regionally significant projects that meet the objectives of Matariki for economic, inclusive and sustainable growth, to be in train or completed by 2025 5.3.a Develop and implement a Business Attraction Strategy 5.3.a.i An initial project includes to launch an Auckland Landing Pad to connect and facilitate two-way business opportunities between Auckland and Hawke's Bay 5.5. Leverage regional marketing and promotional activities across Pillar 5	Current BHB resource 0.1 FTE (CEO) e.g. 5 hours out of a 50 week Required resource (\$ - not funded) 1 FTE (senior partner, permanent) 1 FTE (project support – recovery, fixed-term)	Activity relevant to Key Result Area 3 of Contract for Sen Co-ordinate the 'Think Hawke's Bay' group collective meetings Partner in the 'Think Hawke's Bay' collective on three promotional and attraction initiatives Provide case study examples of where combined seenabled economic development in the region Matariki Action Pan (MAP) Pou5 'Key Results': 10 High growth businesses attracted to Hawke's Baten Population grows from [x] to [y] by 2025 Increase regional GDP growth by 1% to New Zealar Mean annual earnings for the Hawke's Bay Region Zealand average and Māori vs non-Māori gap is recursions Businesses and industries are increasingly aware of emissions
	Investment Programme	There are 3 elements to this work: Business readiness for investment Investor educating investors on how to invest Bringing businesses and investors together e.g. for pitch sessions		A work programme with goals/objectives has been specific performance measures have been set

(Identified as a regional COVID recovery priority given high levels of inward regional migration and increased demand for technical expertise to support significant infrastructure and new business growth projects.)	 Key activities could include: A supportive resettlement and retention programme for those new to the region, considering moving or returning to the region, and those already A programme of work to deliver the regional Hawke's Bay Higher-level Talent Strategy (completed in Dec-19 by the Think Hawke's Bay Group) The provision of information, resources and services that support a 'one stop shop' for all things settlement, integration, retention and development Formalise/expand the connecting role that BHB plays in the job market through the redevelopment and marketing of the BHB Skills & Freelance Boards. This would support not only the resettlement and repatriation programme, but also those who have lost their jobs over past few months. Support talent with building/refining their online and written CVs, applications, interview preparedness and connections. Partner with employers to assist them in developing their employment brand with the opportunity to promote through the portal 		place with MSD. It is proposed that the new Business Connector role (0.75 FTE) starting in October could spend half their time on this work programme.	Ke	Service. y outcomes being sought are: To achieve positive settlement outcomes to assist w and/or retention of those who choose to live and w To support the long-term retention of those who ar region, mitigating a short-term boom-bust talent cy To promote both the employee/employer propositi recognition of Hawke's Bay as a regional leader in ta with next steps of the programme focussed on taler career progression and pathways. To open up wider access to the informal 'network' j Hawke's Bay, (the estimated 80% of jobs in the region without being advertised). To provide a professional service that bridges the gare unable to access services through government p MSD.
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Enterprise Development	Lead Matariki Pou 4 – Economic Growth	BHB leads Matariki Pou4 This involves: Facilitating Pou4 working group meetings, collaboration on activities, assistance with prioritisation, and COVID response/recovery activity	Current Resource: .1 FTE (CEO) e.g. 5 hours out of a 50 week Capacity and funding for resourcing programmes is a constraint.	Establishment of programmes of work to support 4.1 ar for 4.2. Matariki Action Pan (MAP) Pou4 'Key Results': Regional Business Profile and change measured yes number of business units, FTEs etc. Regional business growth at a higher percentage the growth Have at least 30% of employment in highly skilled colless than 38% in low-skilled Increase knowledge-intensive industries in the region as the New Zealand overall percentage Hawke's Bay has a GDP per capita at or above the I define] Tourism GDP share continues to exceed 5% of regions.
Sector, Cluster &	Start-ups and Scaleups Ecosystem Development	This activity is relevant to the Pou4 Matariki Action Plan and Key Result 2 of the Contract for Service (Greater Business Diversity and Sector Development). This work involves: Running the "Co.starters" programme Promoting regional innovation and startups through the NZ Entrepreneur Founder series. This follows 10 Hawke's Bay startups to showcase regional opportunity and collaboration Evaluation of other national/international start-up ecosystem support programmes to identify value to Hawke's Bay e.g. programmes such as Innovate, Idea Summit, StartUp Weekend,	Current Resource: 0.29 FTE (Business Growth Manager) e.g. 7 hours out of a 24 hour week	Activity relevant to Key Result Area 2 of Contract for Ser Engage with start-up businesses across the region, pi that BHB engagement has added value directly to fiv

Hub & Spoke (\$ - not yet fully funded) (Identified regional COVID recovery priority given high levels of business stress and the need for access to support services)	This is a new approach and is currently being delivered. It is captured in the MAP Pou4 Action Plan (4.1a - Deliver an aligned 'one-front door' hub and spoke model of service delivery for all businesses and key sectors that want to grow). This would involve or be seeking to achieve: Strengthening the enterprise support ecosystem across the region. Implementation of a Business Hub in Hastings to support business recovery and so that businesses have access to support services in Hastings.' Alignment with the CHBDC and WDC Innovation Hub projects funded through the Provincial Growth Fund Developing a consistent, positively identified and recognised brand for business support services under the Hawke's Bay Business Hub umbrella brand ie Hawke's Bay Business Hub in Ahuriri, Hastings, Waipukurau, Wairoa. Investigating in time further opportunities for pop-ups in Flaxmere, Havelock North etc and another permanent Hub within FoodEast. Support for the enterprise support ecosystem for Māori and Pacifica businesses, micro and SME businesses and startups through appropriate region-wide access to services.	Current BHB resource re Hastings Hub - 20 hours pw for 4 weeks to scope and develop project for HDC funding application. Establishment and ongoing resourcing is funding/ partnership dependant. (\$) .75 FTE per Hub. Part-time connector roles have been identified as necessary for each Hub with sub-regional differentiation 1 FTE overall Activator role engaged across all Hubs.	Key impact measures would need to be developed alig plans/ funder requirements/ user experience etc. But k would come from: Regional Business Partner data re regional delivery both COVID specific and BAU growth in enquiries a funding issued across the region Regional shifts in trends of engagement HB Busines through visitor sign-in system.
IT/ Digital / High-value Manufacturing / Hi- tech	This activity is relevant to the Pou4 Matariki Action Plan and Key Result 2 of the Contract for Service (Greater Business Diversity and Sector Development). The work has 4 key dimensions: Innovation and entrepreneurship –building an ecosystem of support for high value business growth Talent and skills – building a pipeline of talent and skills for Hawke's Bay businesses Technology – work with business to develop and embed technology e.g. Hi-Tech HB Group; ecosystem mapping; and cluster Development (Hort Robotics and Automation) Investment – work with investors to connect opportunities with funding	Current Resource: 0.29 FTE (Business Growth Manager) e.g. 7 hours out of a 24 hour week	Activity relevant to Key Result Area 2 of Contract for Set Deliver five regional business events and workshop sector development Regional participation in three national business events at least one case study that demonstrates development supported by BHB in each identified: Engage with start-up businesses across the region, evidence that BHB engagement has added value didup business Specific internal KPIs have been set around: Establishing an Industry Advisory Group Achieve 100 members; and Connect businesses (no target)
Land to Brand Sector Support Programme	This activity is relevant to the Pou4 Matariki Action Plan and Key Result 2 of the Contract for Service (Greater Business Diversity and Sector Development). The work involves: Building an ecosystem of support, capability development, collaboration and connections for primary sector food and beverage, food processing and manufacturing businesses from micro to large scale Accessing or commissioning research reports to inform regional opportunities e.g. Frost and Sullivan "Identification and Assessment of Potential Value-added Food and Beverage Products from Hawke's Bay's Primary Produce Sector"	0.5 FTE (Business Development Manager - Land to Brand) e.g. 10 hours out of a 20 hour week NB: This role has recently become vacant	Activity relevant to Key Result Area 2 of Contract for Se Deliver five regional business events and workshop sector development Regional participation in three national business events are development supported by BHB in each identified: Engage with start-up businesses across the region, evidence that BHB engagement has added value diup business. Specific internal KPIs have been set around:

	Sharing with industry insights to support new product development and collaborative opportunities. Leveraging national research into sheep and goat dairy land diversification and market opportunities with a local working group (which includes potential investors). Upskilling and building regional capability, productivity, innovation and entrepreneurship in the sector through developing and hosting professional events, keynote speakers, training and development workshops, conferences, networking events, customer relationship management, digital communications		event and year before that the Future Foods work
Regional Food, Fibre and Agri-tech Strategy	This is a new activity and scope and validation are underway. This involves, and key considerations, include: BHB are leading a working group to develop a collaborative food, fibre and agritech strategy The strategy will guide the development of the regional food, fibre and agritech ecosystem development and identify areas for regional collaboration. Food Sovereignty - Rights of regional producers to control food systems to produce culturally appropriate and healthy food for our people through sustainable methods Food Tourism - Develop and celebrate the regional Food and Wine Country brand and story Food Innovation Ecosystem - Capability development and fostering of innovation and entrepreneurship through: Training, Investment, Events	0.2 FTE (Business Development Manager - Land to Brand) e.g. 4 hours out of a 20 hour week NB: This role has recently become vacant	To be developed. The strategy is intended to: Foster innovation and entrepreneurship, Support commercialisation and the development o Assist growth in productivity, profitability and the clocal businesses, Attract investment and talent to Hawke's Bay
FoodEast (Food Innovation Hub)	This work has involved: Direct engagement with, and contribution to, the FoodEast Project as a founding member of the steering committee and working group Work has involved - ideation, feasibility and business case development Current active member of the Establishment Board	Current Resource: .04 FTE (CEO) 2 hours/50pw	Complete Feasibility and Business Case Seek and negotiate Govt/PGF funding Support establishment phase

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	HB Business Hub in Ahuriri	Hub External Engagement Hub Activation - Training, Professional Development & Events Hub Operations	Commerce, Business Central, Export NZ, Chartered Accountants ANZ, The Icehouse, NZTE, Regional Business Partners, NZ Food Innovation Network, and the HB Councils. Hub services are focussed on: Provision of information to help businesses make decisions on which regional services they may need to help them grow Connections to business support services across Hawke's Bay Access to networks within The Hub and beyond Information on business events, training and professional development at The Hub and across the region.	.75FTE (Ops & Activation) .15 FTE (CEO) e.g. 8 hours out of a 50 hour week	Focus groups Digital engagement measures Activity relevant to Key Result Area 1 (Programme)	
	Matariki Programme Management	Management	Portfolio, Programme and Project Management Matariki Governance Group Secretariat and Reporting Executive Steering Group Secretariat and Reporting Pou Working Group support Monitoring and Reporting at regular intervals Data and analysis Communication services Financial and operational services	only: .8 FTE Programme Management .2 FTE Management Support (CEO) 10 hours/50pw .1 FTE Communications Lead (contractor) .2 FTE Secretariat Support	Management of Matariki HBRDS Programme) of Contract for Service. Annual KPIs: Deliver effective Programme Management services through a dedicated Programme Manager and BUB team approach Provide meeting and administration services to the Matariki Executive Steering Group and Governance Group Lead an annual refresh of the Matariki HBRDS action plan The CAMMS project management system is updated by agencies and performance reporting is circulated for monitoring and action Matariki HBRDS Communications plan is delivered.	
	BHB Corporate Support	Partnerships & Engagement	This work involves: Marketing & Communications Management People & Capability Management Contract & Funding Management Stakeholder & Partnerships Engagement Revenue Generation & Sales Financial Management Operational Management Governance Support & Board Reporting Team Leadership and Management Support This work involves: Establishing a Business Leaders Advisory Forum (by Q2 2020) Funding HQ Sponsorship & Partner Engagement (programme to be initiated) Support for partnerships in all other programmes of work	Current Resource: .25 FTE (Admin Support) .6 FTE (CEO) 30 hours/50pw Current Resource not yet allocated	No internal KPIs available Internal KPIs: Establish a Business Leaders Advisory Forum (by Q2 2020) Funding HQ Sponsorship & Partner Engagement (programme to be initiated)	
		Communications and Marketing	above. This work involves: Digital – Websites (Business Hub, Matariki, BHB, GTGH) Social Media (Business Hub, BHB)	Current Resource: .25FTE Communications Lead	Internal KPIs: Build position of BHB as the regional voice of economic development (by business/for business)	:

	Support key activities, events		Build engagement	
	Build business community engagement		Develop sustainable sponsorship model and management	
Great Things Grow	This work involves:	Current Resource:	Activity relevant to Key Result Area 4 (Partner in the `Great	•
Here (GTGH)	Being a member of the GTGH advisory board and financial	.05 FTE Marketing Support	Things Grow Here' (GTGH) Economic Development Brand	•
	contributor		Platform) of Contract for Service. Annual KPI:	•
	Contracted to curate and post online GTGH web stories			
	Use of GTGH marque		Provide evidence of promotion and utilisation of the brand	
	Review of GTGH purpose, activity and outputs		platform in business promotion and attraction initiatives	
	recommended			

Priority area	Description of activity and outputs generated	Resource (FTE)	KPIs
	These roles involve: Management of marketing budget HBTL owns and runs www.hawkesbaynz.com website This requires ongoing maintenance and development Ongoing development costs of around \$20-30k/year, hosting costs of around \$50k/year and search engine marketing costs of around \$7k/year	2.8 FTEs Marketing Manager Marketing coordinator CHB coordinator (0.8)	Visitor spend, benchmarked against national performance. Data provided by MBIE's Monthly Regional Tourism Estimates.
Marketing	 These roles lead in the promotion of the region on an ongoing basis This consists of: Organising ads for magazines and radio. Writing briefs for creative agencies for initiatives and campaigns Liaising with buying agencies (who buy the marketing space) Managing social media 		Increase industry contribution - Develop membership engagement on climate change (mitigation and adaptation) and environmental sustainability
	 Research and monitoring and data – i.e. understanding what the visitor spend looks like, competitor analysis, position in market etc Marketing plans and initiatives for events such as FAWC Work with membership (over 200) on their digital content for hbnz.com website The development of an annual (income generating) visitor Managing a media library – use of image library etc. 		- Increase in members signing up to Tourism Industry Aotearoa's "Tourism Sustainability Commitment" 4. Industry advocacy. Support existing
R & Comms	This role: Aims to attract as much free publicly as possible Creates stories and opportunities that promote HB and give the region a competitive advantage e.g. hosting journalists Creates significant profile for the region to an audience that is out of region – domestic and international Writes press releases and responds to the media on a regular basis Leads communication with Members and the community	• 0.8 FTE	tourism operators to develop new products, and expand into new markets 5. Tourism operators value Hawke's Bay Tourism's leadership and contribution to growth of industry
avel trade sales	This role: Works with distributors, wholesale travel companies, inbound tour operators etc to ensure there is appropriate Hawke's Bay content in trade promotional material Helps members be "export read' so that product can be taken to market and be showcased in offshore markets Provides impartial advice on venues, hotels, attractions and activities in HBTL role as Hawke's Bay's "convention bureau". Works with cruise lines and cruise sector representatives	• 1 FTE	6. Lead the development of a regional visitor strategy for Hawke's Bay
vents Co- dination	HBTL owns 3 main events - FAWC, Big Easy and Spring Fling This role manages and coordinates these events and plays a role in bidding for hosting rights for regional events	• 1 FTE	
dministration	HBTL has a \$2.2m budget and around 9 staff (not all FTEs) This administration function leads on, or assists CE with, finance, HR, meeting and dairy management and overall office systems and procedures.	• 0.8 FTE	
ood &Wine oject	This new role is focused on the following: Conduct an audit and produce a spatial plan of what is grown and produced, raised and caught, when, by whom, and for which markets Produce a man of culings a provinces leading to potential trail development.	• 0.75 FTE	Full audit and spatial plan of what is growthen, by whom, and for which market. Map of culinary experiences leading to
10 months, from 1 Sep 2019)	Produce a map of culinary experiences leading to potential trail development Work with primary producers to define the regional food story Understand the opportunities for iwi and hapu and positions related to food		Development of a food and wine region Consultations and collected views with sufficient, safe and nutritious food that

• Food trail development: Work with local restaurants and chefs to develop menus and recipes that can be achieved by visiting the various producer farm gates and cellar doors.

• Map development for printed and app ver Database developed

	cus of economic development / nomic wellbeing activity	Description of activity and outputs generated	FTE Resource	Measuring impact: Relevant performance measures / to - Is this being measured? - If so, how?
1.	Destination marketing and managem	ent		
	 Visitor attraction, promotion and marketing Events /activities promotion, marketing, support and facilitation Running events 	These activities are not undertaken directly Undertaken through HBTL via: Agreement with HBRC (covering baseline or basic expectations); and Additional contract for Tourism Coordinator role (3 days per week) Tourism coordinator role leads on some events e.g. Little Easy and Spring Fling Have been more active on bidding for events in collaboration with HBTL e.g. NZ cycle nationals Nga Ara Tipuna (a Maori cultural tourism project), is relevant. CHBDC Economic Manager spends approx. 1/5 of time on this	0.6 FTE (Tourism Coordinator employed by HBTL) 0.2 (CHBDC Economic Manager)	1. The annual visitor spend increase annually. [Proposed update – Vhas increased 50% by 2029 (2012). 2. The number of participants in esupported by Council. [Target –
2.	Business development and support			
	 Business information and referral services Business capability support 	These activities are not typically undertaken directly Undertaken via Business Hawke's Bay (BHB) and HB Chamber of Commerce CHBDC plays a funnelling role to main providers of services CHBDC also funds 'Shop Local CHB' in an ad hoc manner to deliver some of these services. Considering a digital business hub to strengthen this activity.	0.1 FTE (CHBDC Economic Manager)	Support the creation of net new District. The percentage of the communithe Economic and Social Develo of Council. [Target—80%, and pr 95%. This is assessed via an inde community views survey].
3.	Innovation and industry developmen	t support		
	 Feasibility studies and business cases for sector and investment projects Cluster & sector work with industry coalitions Co-investment in major projects 	Mainly provision of local context Ad hoc, usually in-kind support where needed	0.1 FTE (CHBDC Economic Manager)	Council actively participates in r collaborative initiatives around social development. Support the creation of net new District. The percentage of the communithe Economic and Social Develo of Council.
4.	Skills -related support	CHBDC has played a role in creating frameworks for thinking about skills development in a local context e.g. a (regional) skills attraction strategy has been created. Not yet activated. Funding is being sought. Act as a channel for funding from e.g. Mayor's Taskforce for Jobs Examples of activities (undertaken via contract for service): Mobile employment clinics Drivers licensing (including heavy vehicle endorsements) Pastoral support and work readiness PPE and health and safety training Have redeployed 46 people over the last 5 weeks.	0.1 FTE (CHBDC Economic Manager)	Support the creation of net new District. The percentage of the communithe Economic and Social Develor of Council.
5.	Investment attraction			
	 Business attraction Talent attraction Capital attraction 	 Undertaken through the Think HB group (the economic development leads of the 5 Councils plus representatives from Napier Port and Hawke's Bay Airport). 	0.1 FTE (CHBDC Economic Manager)	 Council actively participates in recollaborative initiatives around a social development. Support the creation of net new District.

6.	Export and/or offshore investment	• N/A		
	support			
7.	Strategy development, economic			
	intelligence, monitoring			
	Economic strategy	CHBDC has developed a CHB Economic Development Action Plan and a COVID-19	0.2 FTE	Council implements the Econom
	development	and Drought Recovery Plan	(CHBDC Economic	Action Plan
	 Economic intelligence and 	 CHBDC is a user, not creator, of economic intelligence 	Manager)	
	monitoring	 CHBDC uses Dot Loves Data dashboard and Infometrics regional licences 		
8.	Regional economic development	CHBDC has representation on 5 of the Matariki pou	0.1 FTE	Council actively participates in re
	and economic wellbeing		(CHBDC Economic	collaborative initiatives around e
	implementation support		Manager)	social development

507700	us of economic development / nomic wellbeing activity	Description of activity and outputs generated	FTE Resource	Measuring impact: Relevant performance m - Is this being measured? - If so, how?
1.	Destination marketing and managem	ent	*	
	Visitor attraction, promotion and marketing Events /activities promotion, marketing, support and facilitation Running events	 Undertaken mainly through HBTL via agreement with HBRC HDC owns the local i-Site that undertakes some of this activity (although 75% of enquiries are citizens advice-related) HDC funds and sponsors key events. Approx. 30% of these events are larger events that attract out of region visitors e.g. Horse of the Year ED team sponsors key events e.g. AMP wine awards, Export NZ, Lanten Festival 	i-Site has 5 FTEs with varying roles 0.5 FTE – ED team Have not counted contribution of HDC marketing team	HDC Objective: Appealing Performance measures: 1. Number of visitors to annum. Target - 73, 2. Total visitors to Splation 100,000 (45% from 3). Total financial suppositions 125,000
2.	Business development and support		***************************************	A
•	Business information and referral services Business capability support	 Undertaken mainly via Business Hawke's Bay (BHB) and HB Chamber of Commerce Play a funnelling role to main providers HDC has a hot-desk at the Business Hub HDC runs a Hastings District Productivity Programme. They contract the 'Lean Hub' to provide a '5s programme'. This has recently been broadened to cover leadership training. Similar in nature to the RBP programme. \$5-\$10k per business. Business cofunds. 	0.1 FTE (HDC Economic Manager)	HDC Objective: Supportin Performance Measure 1. Total financial supportin Bay. Target – funding Key action KA27: Advance job creation initiatives. But supported by a specific measure.
3.	Innovation and industry development	t support		
•	R&D funding /support Feasibility studies and business cases for sector and investment projects	 R&D funding / support not provided Mainly provision of local context and in-kind support HDC does provide financial support for feasibility and business case work on a case by case basis at times 	0.5 FTE (HDC Economic Manager)	HDC Objective: Supportin Key action KA27: Advance job creation initiatives. Be supported by a specific m
	Cluster & sector work with industry coalitions Co-investment in major projects	 The HB FoodHub has been a major recent project and undertaking HDC (and NCC) provide top-up funding for Learning HB 		
	coalitions	The non-ordered has been a major recent project and andertoning		

		 HDC can develop tailored material for businesses looking to locate in HB e.g. Datacom and NZ Institute of Skills and Technology. This is typically a collaborative effort with BHB and other Councils (through Think HB). HDC leads on Great Things Grow Here (GTGH) on behalf of region HDC has a team called 'Strategic Projects, Key Account Services and Capital Investment Partnerships' (SPKASCIP) that can work alongside key businesses and/or projects to smooth the investment process and engagement with Council HDC also has a Financial Incentive Grant that can be used to support specific opportunities e.g. where the public benefit case is significant. 	0.1 FTE (Project management support for GTGH)	job creation initiatives. Bu supported by a specific m
6.	Export and/or offshore investment	HDC Eco Dev team leads on international engagement/connection work e.g. China	0.1 FTE	No specific performance i
	support	Tourism Project; and Sister City with Guilin in China	(HDC Economic Manager)	available.
7.	Strategy development, economic intelligence, monitoring			
	Economic strategy development	HDC does not have an independent standalone economic development strategy.	0.1 FTE	No specific performance r
١.	Economic intelligence and	Economic development objectives are captured in the LTP and Annual Plans.	(HDC Economic Manager)	available.
	monitoring	HDC has played a key role in recent COVID recovery work	,	
		HDC is a user of economic intelligence. They share the Infometrics and Dot Loves		
		Data regional licences and buy retail stats from Market View (retails stats are shared		
		with business associations)		
		Summaries are prepared and made available for senior leaders, use in media		
		releases, speeches etc		
8.	Regional economic development	HDC has representation on 5 of the Matariki pou	0.2 FTE	No specific performance i
	and economic wellbeing		(HDC Economic Manager)	available.
	implementation support			

Not sure if this is needed

	rus of economic development / nomic wellbeing activity	Description of activity and outputs generated	FTE Resource	Measuring impact: Relevant performance measures / to - Is this being measured? - If so, how?
1.	Destination marketing and managem	ent		
	Visitor attraction, promotion and marketing Events /activities promotion, marketing, support and facilitation Running events Business development and support	Undertaken through agreement HBTL HBRC contributes to the costs of a range of events. Approx. \$74,000 / year HBRC marketing and comms team plays a role in promotion of events		
l Section			7	
	Business information and referral services Business capability support	Not directly Undertaken via Business Hawke's Bay (BHB) and HB Chamber of Commerce Play a funnelling role to main providers		
3.	Innovation and industry developmen	t support	-	
	R&D funding /support Feasibility studies and business cases for sector and investment projects Cluster & sector work with industry coalitions Co-investment in major projects	Provision of local context Ad hoc e.g. Wairoa Hort Project; Napier/Wairoa rail project Provision of local context Provision of local context		
4.	Skills -related support	• N/A		
5.	Investment attraction		- 1 -	
:	Business attraction Talent attraction Capital attraction	Reactive Great Things Grow Here (GTGH)		•
6.	Export and/or offshore investment support	Sister region in China Otherwise N/A		3.
7.	Strategy development, economic intelligence, monitoring			
:	Economic strategy development Economic intelligence and monitoring	No formal HBRC economic strategy COVID recovery work A user of economic intelligence Summaries are prepared and made available for senior leaders		5.
8.	Regional economic development and economic wellbeing implementation support	HBRC has representation on 5 of the Matariki pou		7.

Focus of economic development / economic wellbeing activity	Description of activity and outputs generated	FTE Resource	Measuring impact: Relevant performance measures / to - Is this being measured? - If so, how?
1. Destination marketing and manage	ement		
 Visitor attraction, promotion and marketing Events /activities promotion, marketing, support and facilitation Running events 	Undertaken through HBTL via agreement with HBRC NCC owns the local i-Site that undertakes some of this activity NCC owns Napier Conference Centre which plays a key role in hosting conferences that attract people from out of region. Employees are NCC employees NCC Manger of Business and Tourism, oversees running of museum, i-Site and Conference Centre NCC has an Event Manager who is also involved in event attraction NCC marketing team plays a role	1 FTE – (Event Manager) 0.5 FTE – (Manager of Business and Tourism) Have not counted contribution of NCC marketing team	This activity falls under 'Commu Experiences' priority area. Initiatives are project based e.g. activity management plan for th Centre; commence developmen and Tourism Strategy". There do not appear to be releviperformance measures and/or t used.
2. Business development and suppor	t .	<u>'</u>	·
Business information and referral services Business capability support	These activities are not undertaken directly Undertaken via Business Hawke's Bay (BHB) and HB Chamber of Commerce NCC plays a funnelling role to main providers of services	0.1 FTE (NCC Economic Manager)	2.1.1 Advocacy Communicate constructively on strategic importance with key or such as Napier Port, EIT, BHB an Airport. KPI: SLT and CMT acknowledge tunderstand each stakeholder's part Meet quarterly with key stakeholder. Be a contributor to "enabling" allows selected industries to locacity. KPI: Positive feedback received to f stakeholders. Review and con economic impact briefs and econstudies. Provide 3 examples.
3. Innovation and industry developm	ent support		
R&D funding /support Feasibility studies and business cases for sector and investment projects Cluster & sector work with industry coalitions Co-investment in major projects	R&D funding / support not provided Mainly provision of local context Ad hoc, usually in-kind support where needed e.g. tech sector NCC (and HDC) provide top-up funding for Learning HB	0.1 FTE (NCC Economic Manager)	2.1.1 Advocacy Communicate constructively on strategic importance with key or such as Napier Port, EIT, BHB an Airport. KPI: SLT and CMT acknowledge tunderstand each stakeholder's part Meet quarterly with key stakeholder. 2.1.3 Enabling Industry

				KPI: Positive feedback received 1 of stakeholders. Review and con economic impact briefs and ecol studies. Provide 3 examples.
4.	Skills -related support	N/A		
5.	Investment attraction			
	Business attraction Talent attraction Capital attraction	 Mainly undertaken through the Think HB group (the economic development leads of the 5 Councils plus representatives from Napier Port and Hawke's Bay Airport). Unlike Hastings District Council (HDC) NCC does not have a specific team that works alongside key businesses and/or projects to smooth the investment process and engagement/s with Council. There are, however, 2 roles in NCC planning teams that provide this type of service. These roles have been captured for completeness and comparability. 	0.2 FTE (NCC Economic Manager) 2 FTES (in planning teams)	2.1.2 Promotion/Attraction Successful marketing, promotion partnerships that draw investors Bay. KPI: Demonstrate contribution t Attraction KPI and attend one re Trade Show. 2.1.3 Enabling Industry Be a contributor to "enabling" a allows selected industries to locicity. KPI: Positive feedback received 1 of stakeholders. Review and con economic impact briefs and econ studies. Provide 3 examples.
6.	Export and/or offshore investment support	Sister City relationships with: Tomokomai, Japan Victoria, Canada Linguanyan, China	0.05 FTE (NCC Economic Manager)	Relevant NCC ED Objective/s: 2.1.4 Grant/Sponsorship Managemer e.g. Provide funding and governs for economic impact initiatives e City, Food Hub, NCBI, University Matariki REDS, GTGH, Learning h KPI: Demonstrate positive benef Napier from each grant/sponsor arrangement. Provide and recor assessment after event has occu
7.	Strategy development, economic intelligence, monitoring			
:	Economic strategy development Economic intelligence and monitoring	 Napier City Council does not have an economic development strategy But the City Vision Framework is relevant, as well as the more recent COVID recovery work The NCC 2020-21 Annual Plan notes that a key 'business and tourism' initiative under the 'Community and Visitor Experiences' priority area will be to "commence development of a Business and Tourism Strategy". NCC is a user of economic intelligence. Summaries are prepared and made available for senior leaders 	0.2 FTE (NCC Economic Manager)	2.1.0 Research Identify and communicate technorelevant to Napier City and compotential economic impacts to it stakeholders. KPI: One internal workshop per at least one initiative. 2.1.5 Leadership Develop a strategy for the Econorelevelopment role and develop rigob descriptions for the benefit cerearch.

8.	Regional economic development and economic wellbeing implementation support	NCC has representation on 5 of the Matariki pou	0.2 FTE (NCC Economic Manager)	Relevant NCC ED Objective/s: 2.1.1 Advocacy Communicate constructively on strategic importance with key or such as Napier Port, EIT, BHB an Airport. KPI: SLT and CMT acknowledge t understand each stakeholder's p Meet quarterly with key stakeho 2.1.2 Promotion/Attraction Successful marketing, promotion partnerships that draw investors Bay. KPI: Demonstrate contribution t Attraction KPI and attend one re Trade Show. 2.1.3 Enabling Industry Be a contributor to "enabling" a allows selected industries to locicity. KPI: Positive feedback received to f stakeholders. Review and con economic impact briefs and econ studies. Provide 3 examples. 2.1.4 Grant/Sponsorship Managemer e.g. Provide funding and governator economic impact initiatives of City, Food Hub, NCBI, University Matariki REDS, GTGH, Learning benefit Napier from each grant/sponsor arrangement. Provide and recor
				assessment after event has occu

	cus of economic development / onomic wellbeing activity	Description of activity and outputs generated	FTE Resource	Measuring impact: Relevant performance measures / to - Is this being measured? - If so, how?
1.	Destination marketing and managem	ent		
	Visitor attraction, promotion and marketing Events /activities promotion, marketing, support and facilitation Running events	Undertaken mainly through HBTL via agreement with HBRC WDC owns the local i-Site that undertakes some of this activity. Focus is on information for tourists and visitors WDC has a Community Development Officer that spends around 20% of time on community events. These include larger ones that attract people from outside of district (approx. 30% of events)	2 FTEs at the i-Site 0.2 FTE (Community Development Officer)	From: WDC Economic Development F 1. Wairoa increases its share of the 2. Support existing businesses and
2.	Business development and support			
	Business information and referral services Business capability support	These activities are not undertaken directly Undertaken via Business Hawke's Bay (BHB) and HB Chamber of Commerce WDC plays a funnelling role to main providers of services	0.1 FTE (WDC Economic Manager)	From: WDC Economic Development F
3.	Innovation and industry developmen	t support	'	
:	R&D funding /support Feasibility studies and business cases for sector and investment projects Cluster & sector work with industry coalitions Co-investment in major projects	R&D funding / support not provided Mainly provision of local context Ad hoc, usually in-kind support where needed	0.1 FTE (WDC Economic Manager)	From: WDC Economic Development F 1. Increase the Wairoa district's Ma 2. Support existing businesses and 3. Regional collaboration to achiev district 4. Increase our share of the nation
4.	Skills -related support	Act as a channel for funding from e.g. Mayor's Taskforce for Jobs Provide letters of support for key businesses when seeking RSE workers to fill skill gaps	0.1 FTE (WDC Economic Manager)	From: Wairoa Community Partnershi 1. All Whānau across the Wairoa D From: WDC Economic Development F 2. Population decline is halted or r 3. Increase the Wairoa district's M 4. Support existing businesses and 5. Regional collaboration to achiev district 6. Decrease in the percentage of or unemployed 2019 7. Increase our share of the nation
5.	Investment attraction			
	Business attraction Talent attraction Capital attraction	Mainly undertaken through the Think HB group (the economic development leads of the 5 Councils plus representatives from Napier Port and Hawke's Bay Airport). Also ad hoc involved with laying out the welcome mat for potential investors e.g. work with Rocket Lab. Note talent attraction from a WDC perspective also involves encouraging ex-pat whanau to return home to contribute to Wairoa's wellbeing	0.2 FTE (WDC Economic Manager)	From: Wairoa Community Partnershi 1. All Whānau across the Wairoa D From: WDC Economic Development F 2. Population decline is halted or ri 3. Increase the Wairoa district's Mi 4. Support existing businesses and 5. Regional collaboration to achiev district 6. Decrease in the percentage of or unemployed 2019

intelligence, monitoring			
 Economic strategy development 	WDC has an Economic Development Strategy from 2017	0.2 FTE	From: WDC Annual Plan
 Economic intelligence and monitoring 	The Wairoa Community Partnership Group and related goals and work programme are relevant as this captures the broader wellbeing approach Wairoa is taking to economic development Recent work has involved working with iwi on a Wairoa recovery plan WDC is a user of economic intelligence	(WDC Economic Manager)	Actions in the Economic Develor progress and completed (% of activity completed) The cost related to this activity completed.
8. Regional economic development and economic wellbeing implementation support	WDC has representation on 5 of the Matariki pou	0.1 FTE (WDC Economic Manager)	From: WDC Economic Development F 1. Regional collaboration to achiev district

9 RECEIPT OF MINUTES FROM COMMITTEES/ACTION SHEETS

Nil

10 PUBLIC EXCLUDED ITEMS

Nil