

Relief Packages

Responding to impacts of COVID-19

29 April 2020

Establishing a COVID19 relief package

At the 2020/21 Annual Plan Workshop on April 22 it was agreed to prepare material for further discussion about a COVID-19 relief package for the 2020/21 financial year.

Since then a provisional budget of \$3 million has been established.

The source of this funding is:

- Re-purposing of existing un-committed Community Funds \$ 655k
 - Partnership Fund \$600k
 - Annual Events Fund \$ 30k
 - Performing Arts Fund \$ 25k

- Additional budget item \$2,345k

Note: Staff are still investigating whether any other budgets can be re-purposed or transferred to reduce the \$2,345k allocation.

We require clear direction by the end of this briefing on the following topics:

- The amount allocated to relief packages for 2020/21 (provisionally \$3 million)
- How that is allocated into relevant categories
- The split of initiatives between:
 - Relief vs. Incentives
 - Reactive vs. Proactive
- Suggested initiatives/programs
- Approach to consultation (if needed)

Local government **does not** create financial **wealth**.

It receives a portion of our community's wealth, **transforms** it into **value** and **returns** it to them.



The proposed Annual Plan includes provision for \$3 million of funding for “relief packages”

It is proposed to split this into three categories:

Suggested splits

• Community Groups (including rural communities)	30%	\$ 900k
• District Development	45%	\$1,350k
• Ratepayer Support	25%	\$ 750k

The suggested splits are based on an initial discussion among staff and have been used as the basis for formulating a potential relief program.

Elected Members may wish to allocate the amounts differently or establish different categories.

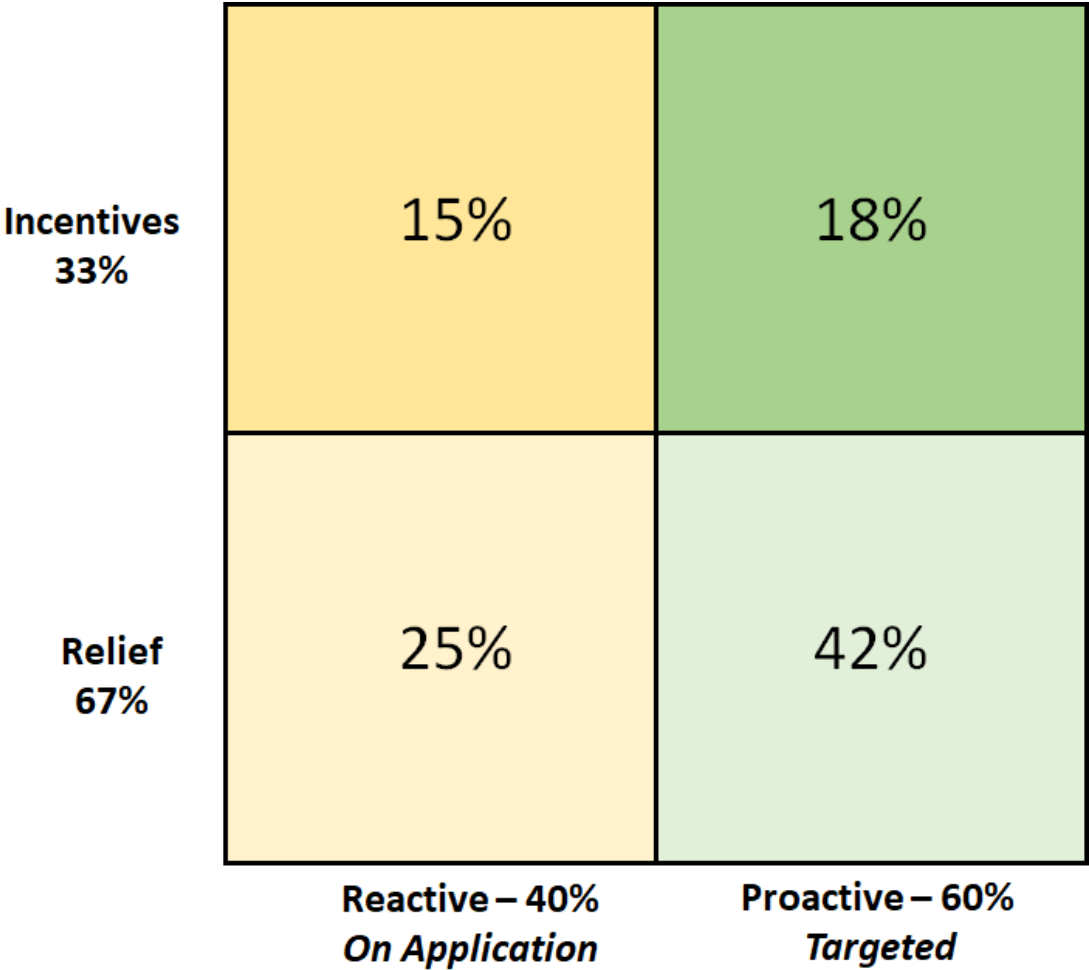
We should also establish *how* we allocate it...

We have developed this matrix, which allocates total funding by whether it is:

- Targeted by WDC, or by individual application
- Intended to be hardship relief or an incentive to encourage particular outcomes

Again, these are simply suggestions and are subject to any changes Elected Members agree to make in terms of the approach or allocations.

After each initiatives and estimated costings have been determined for each category, allocations can be assessed against this matrix to check the overall fit.



Ratepayer Support

Ratepayer Support Packages \$750k - 25% of total

Incentives 0%	0%	0%
	<i>Initiatives for individual ratepayers on application</i> 50%	<i>Policy changes to provide specific benefits</i> 50%
Relief 100%	Reactive – 50% <i>On Application</i>	Proactive – 50% <i>Targeted</i>

Ratepayer Support Packages \$750k - 25% of total

As a general principle the relief program is targeted at helping any ratepayers who have problems paying their rates by offering **flexibility with their cashflow**, rather than writing rates off through discounts (remissions) of rates for individuals or targeted groups.

This maintains equity across the entire rating base, and also recognises that the party using a property (e.g. a business) is not always the party paying the rates.

We propose to:

- Extend the date for paying the first instalment
- Let people defer paying any rates at all for one or two instalments
- Reduce the penalties for those who fall behind in their payments

The estimated cost of these initiatives is based on forecast additional interest costs due to reduced cashflows to WDC

We considered, but decided not to propose:

- Waiving penalties altogether (as this could be extremely detrimental to WDC cashflow)
- Increasing the Early Payment Discount from 2% to 4% (as this would probably be taken up by those who don't need relief and pay up-front anyway, so this would not improve WDC cashflow to offset other initiatives)
- Remitting (say 50%) of rates for vacant rental property (which would be almost impossible to administer)
- Have any new initiatives that rely on information that we don't already hold e.g. tax returns, cashflow projections (as this introduces subjective elements and may impose extra costs on ratepayers)

Ratepayer Support Packages \$750k - 25% of total

Proactive policy changes proposed are:

Estimated Cost

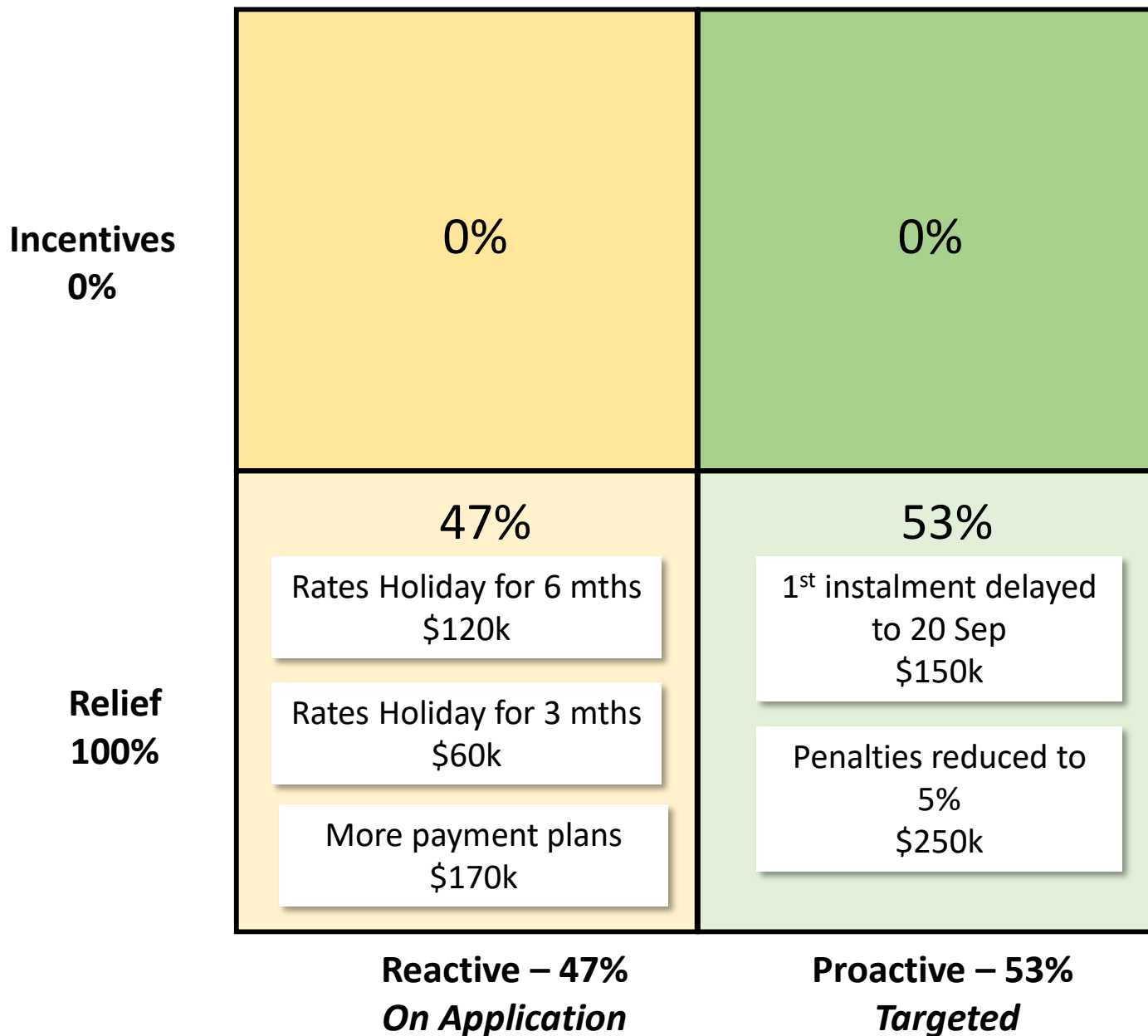
- Changing the date the **first instalment** is due from 20 August to 20 September \$150k
- Reducing the **Arrears Penalty** from 10% to 5% \$250K

Reactive responses to ratepayer applications (with estimated costs are)

- Continuing to promote **payment plans**, with any penalties remitted if Direct Debits are honored to clear rates by June 20 2021 \$170k
- **3 month Rates Holiday** – No payments until October 2020, then a Direct Debit program established to clear rates over nine months to June 2020 without penalties \$ 60k
- **6 month Rates Holiday** - No Payments until January 2020, then a Direct Debit program established to clear rates over six months to June 2020 without penalties \$120k

While we would promote the 3/6 month Rates Holidays, in practice we would offer flexibility as long as there is a credible payment plan established.

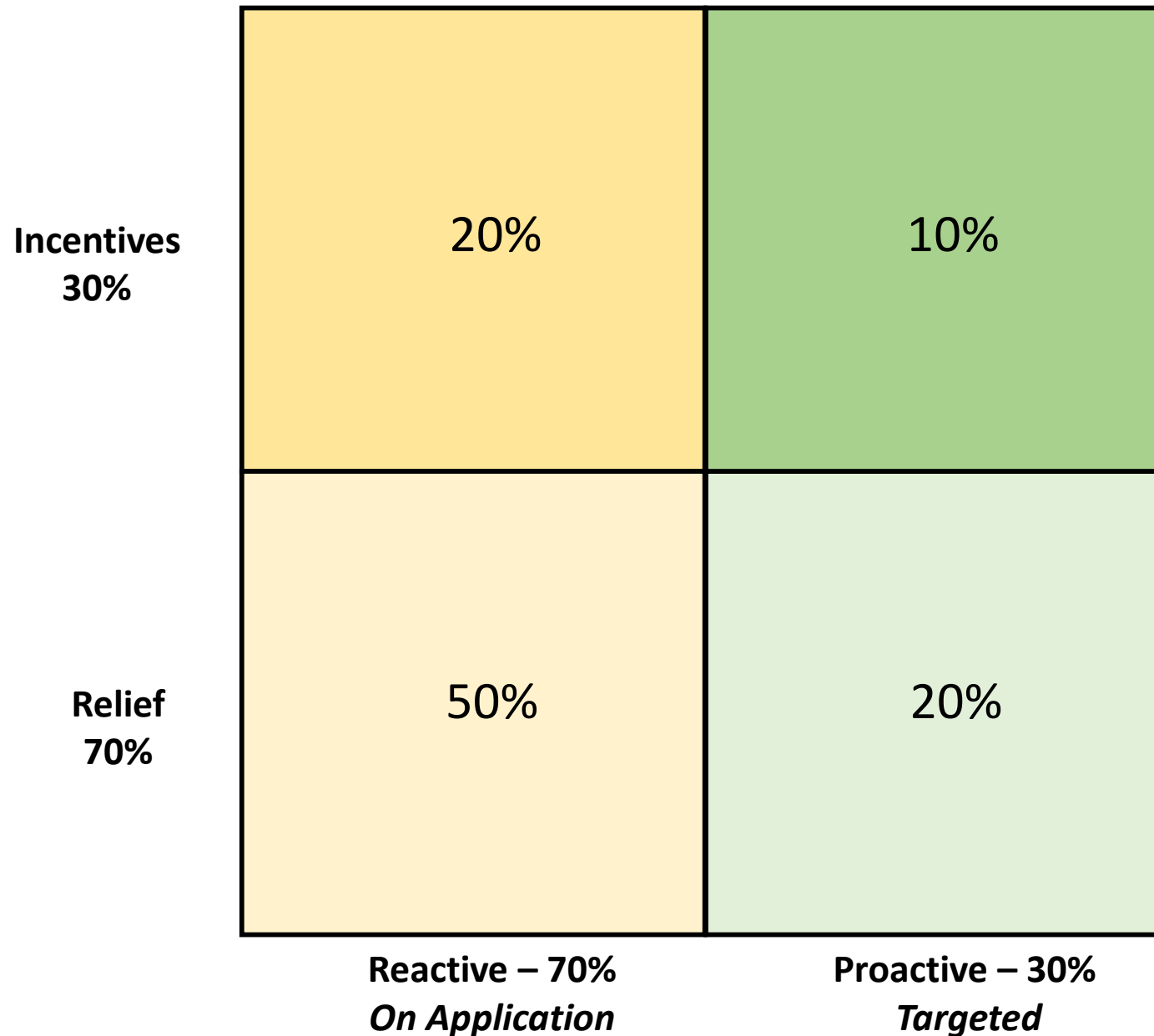
Ratepayer Support Packages \$750k - 25% of total



COMMUNITY

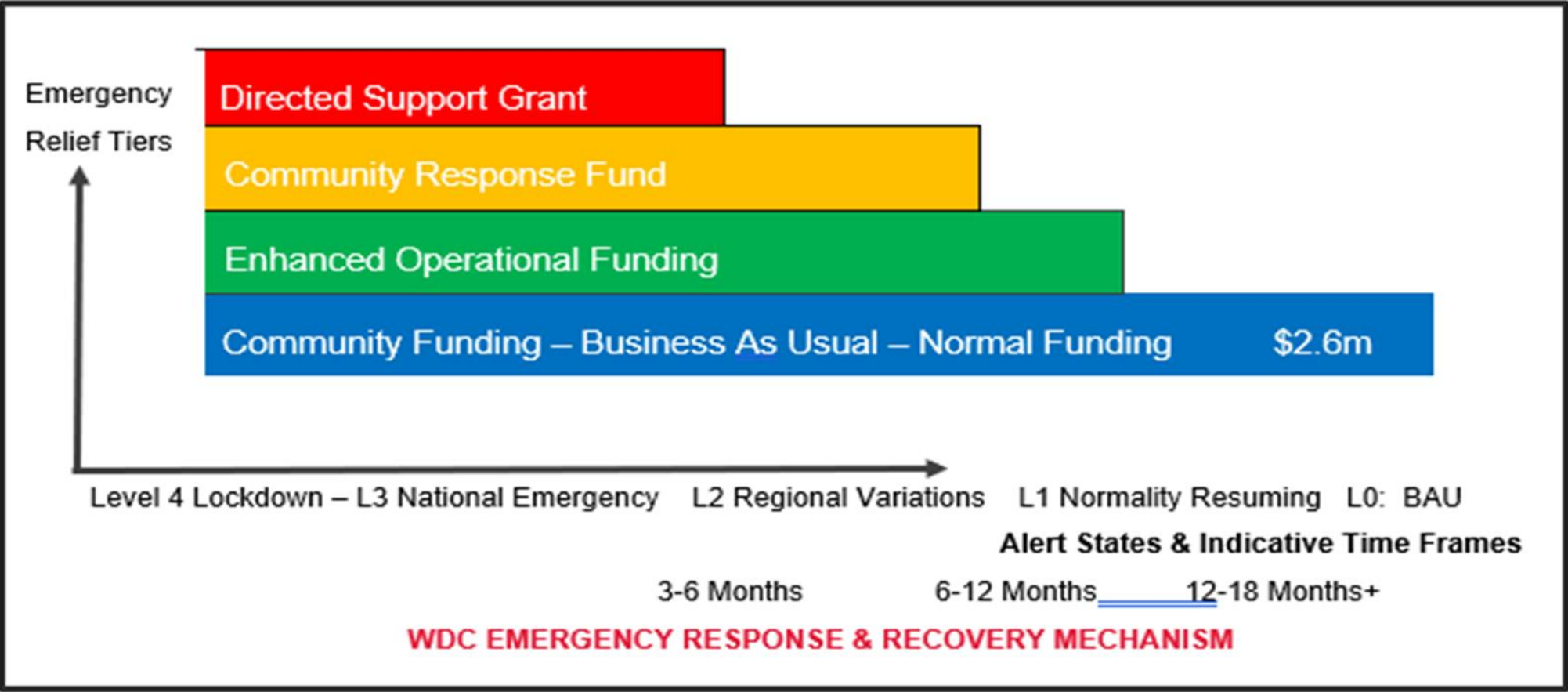


Community Relief Packages \$900k - 30% of total



Community Relief Approach: COVID-19

Emergency Response & Recovery Mechanism



The Emergency Response & Recovery Mechanism combines three key elements:

Directed Support

- Funding instigated by WDC having proactively identified entities delivering community support benefits. Council identifies and approaches a group with a specific offer of support in response to COVID-19.

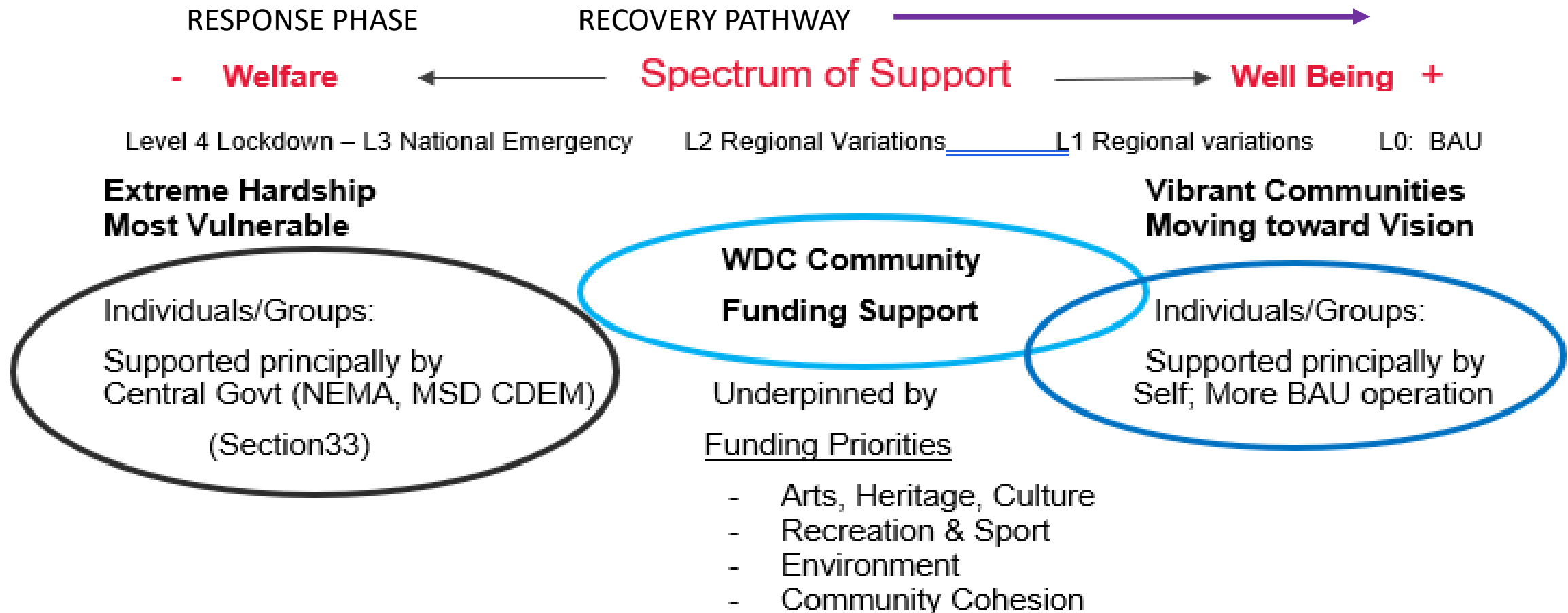
Community Response

- Funding in response to specific exceptional community requests. WDC responds to requests instigated by eligible community organisations or council partners for support outside of normal community funding in response to COVID-19.

Enhanced Operational

- Funding allocated to a request for support that we receive that can be managed through our normal funding round processes and time frames, most appropriately, but that goes beyond the normal levels of support normally provided for that fund.

WDC is a Key Link in the Chain to Recovery



4 Well-Beings

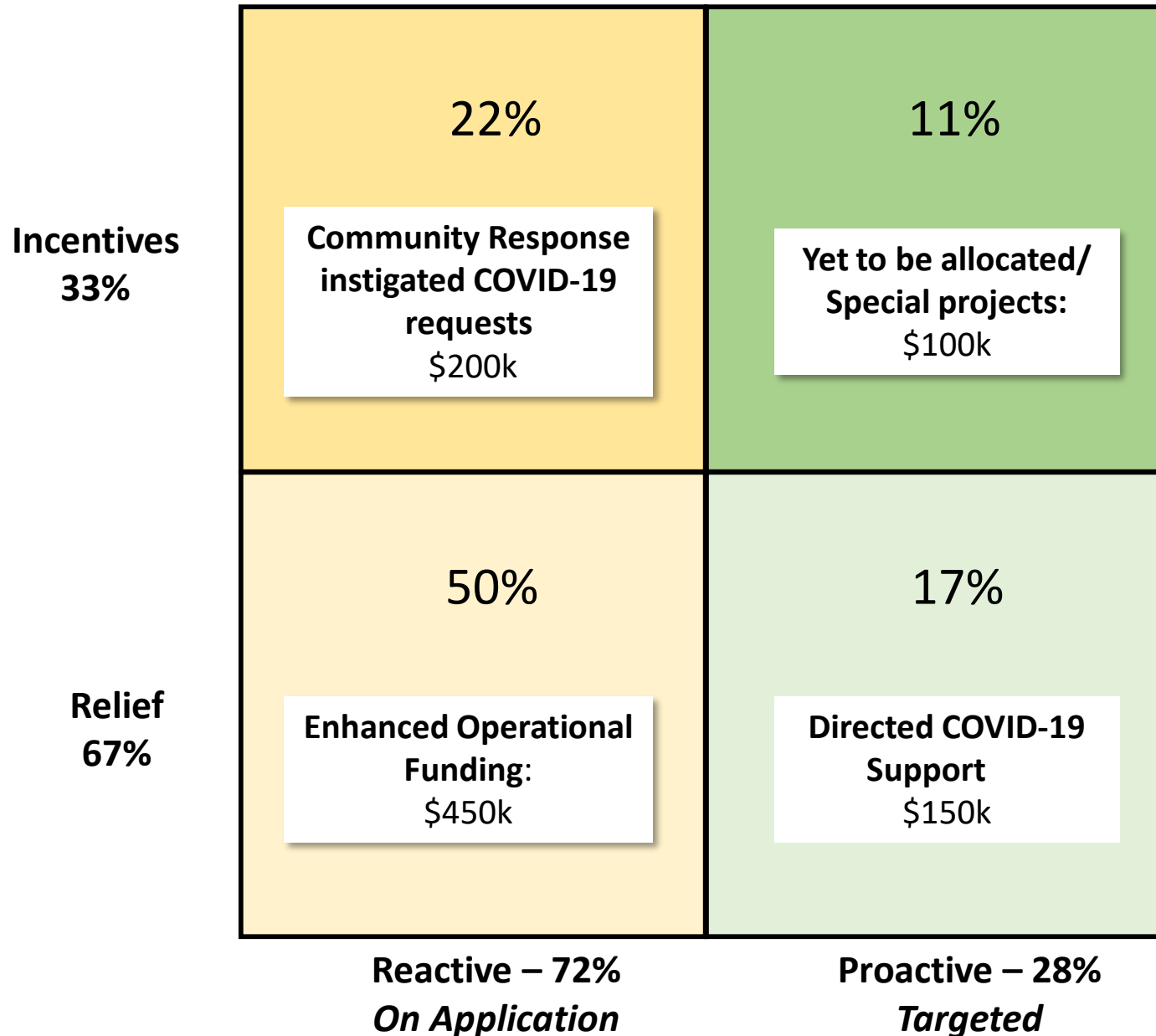
Social, Cultural, (Community) Economic and Environmental

Emergency Response & Recovery Mechanism

– Provisional Allocations

Type of Support	Instigator	Description	Provisional Allocation
Directed Support	Council by offer of support (Proactive)	COVID-19 Related support to operational/project/service costs	\$150k
Community Response	Community by application (Reactive)	COVID-19 Related response to programmes of support or community service delivery	\$200k
Enhanced Operational Funding	Community by application (Reactive)	Additional requests from applications to Annual Operating & Community Funds for eligible operational costs	\$450k
Unallocated/Special Projects	Council as required (Generally Proactive)	Operational reserve to allocate to the above mechanisms or for specific projects as need/opportunity arises	\$100k

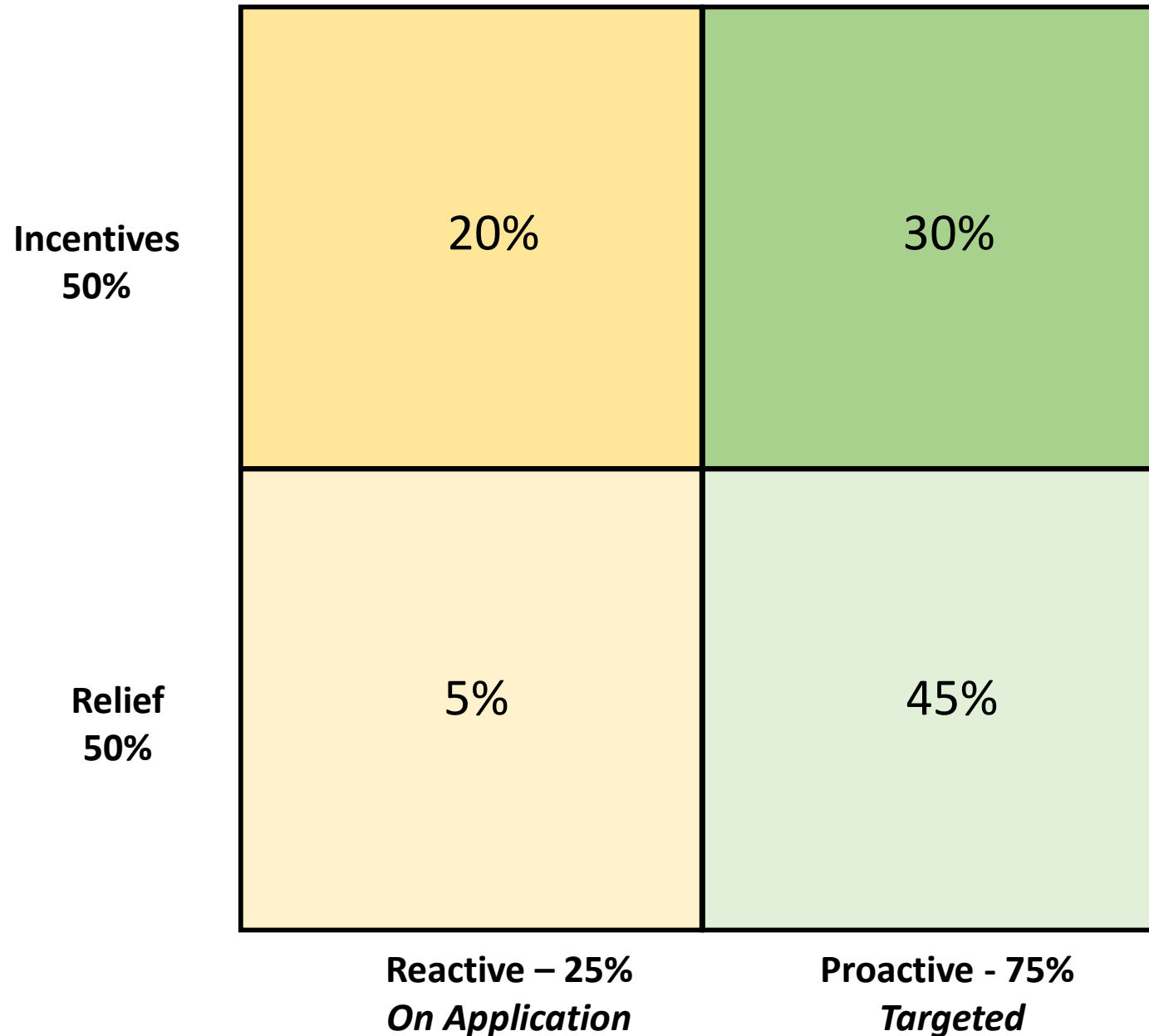
Community Relief Packages \$900k - 30% of total



District Development



District Development Packages \$1,350k - 45% of total



District Development opportunities

1. Partnerships to provide relief to the business community - \$300k

There are a number of initiatives being driven by both Northland Inc and NorthChamber.

These initiatives are part of their core focus, but there is a valuable role for Council to support these initiatives.

The initiatives include:

- Support for Northland Inc with the 239 businesses that have come through the Business Helpline. This is a Growth Advisor role to support Northland Inc's team with capacity. Working across both WDC and Northland Inc to provide solid Whangarei business intel and develop cross collaboration projects.
- Discovery calls with businesses and supporting them through the process as well as emotional/lending an ear support. There are 25 clients that our own staff are providing support to through Regional Business Partners with approximately \$15,500 worth of support to date.
- Contributing to business sector intel for Civil Defence updates
- Working with Northland Inc as Regional Tourism Organisation to identify and develop from local government

Additional initiatives could be considered through applications

District Development opportunities

2. Targeted relief for What's Next Whangarei (WNW) - \$50k over 4 months

A key part of the programme is promotion and communication with the business community in Whangarei.

There is limited ability for the group to create the communications that are needed and the necessary platforms, such as a website.

Targeted relief could include:

- Hosting a website and using Whangarei Love It Here! social channels
- Using the existing District promotion budget to promote the District and our businesses in a new way
- Graphic design / comms input to branding and promotional material

District Development opportunities

2. Rent relief - \$580k based on 6 months relief in addition to the 3 months already accounted for

This package delivers rent relief for tenants of Council property for an additional 6 months over and above what is already accounted for.

If this is not needed, the funds could be repurposed for a new opportunity or to increase the funding for existing programmes.

Incentives may also be needed to encourage new tenants for vacant premises.

District Development opportunities

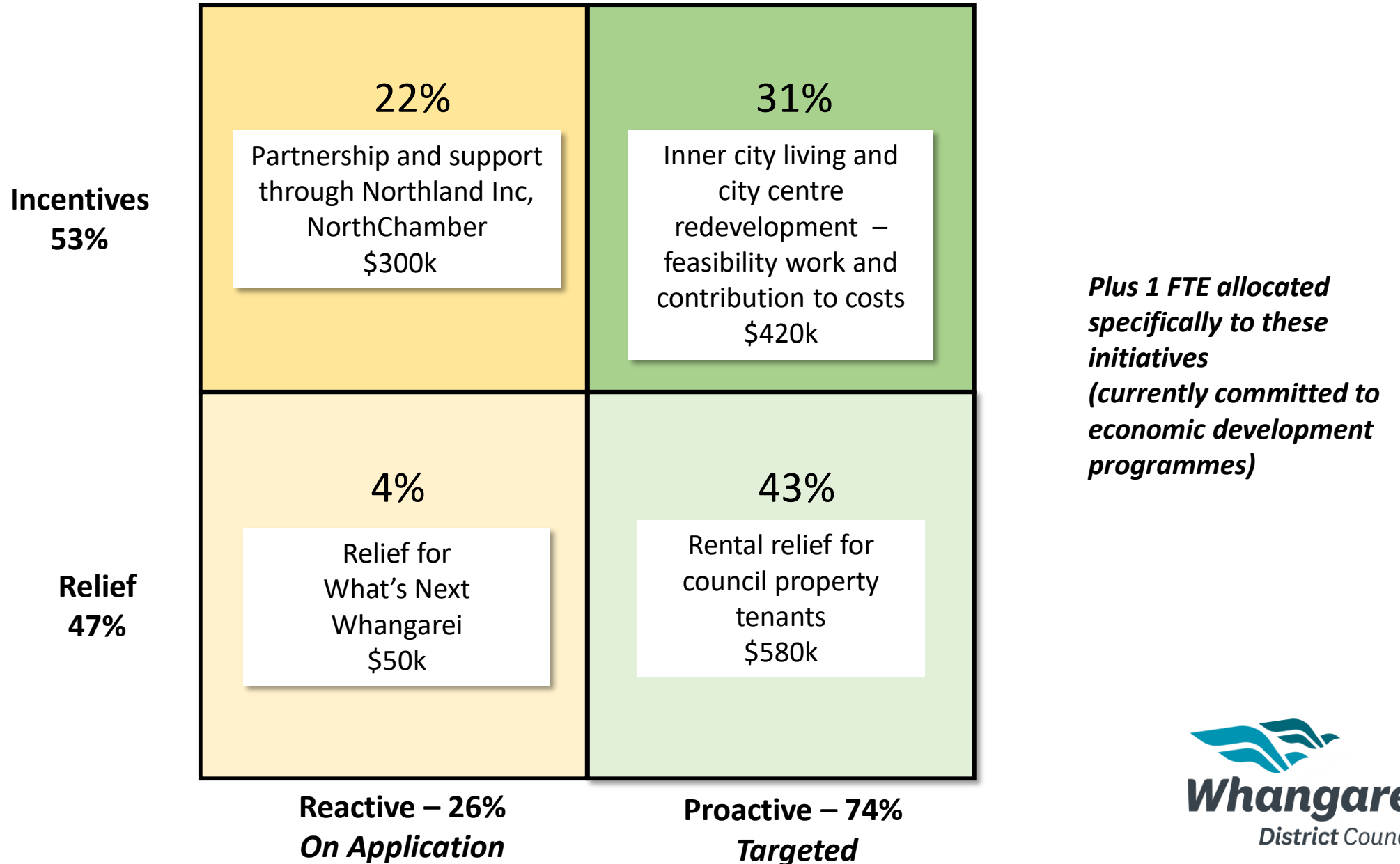
4. Incentivise city centre regeneration and inner city living - \$420k over 12months

COVID-19 is likely to adversely impact our hospitality, retail and tourism sectors. This will mean that our city centre is likely to be hit hard with business closures, empty premises and less active land uses (such as cafes).

However there are opportunities to address issues around housing affordability and housing choice to meet the needs of our community. This could include:

- Work with land owners, developers and council to look at a feasibility report for an exemplar development to outline how inner city living can be achieved and then share the learnings and information with the development community
- Advocate and partner with Ministry of Housing and Urban Development and Kāinga Ora to deliver affordable housing in the city centre/city centre fringe
- Support implement the City Core Precinct Plan / Complete Streets Master Plan. The implementation will also provide opportunities for local contractors with leverage of government infrastructure funding and subsidies to implement quickly.

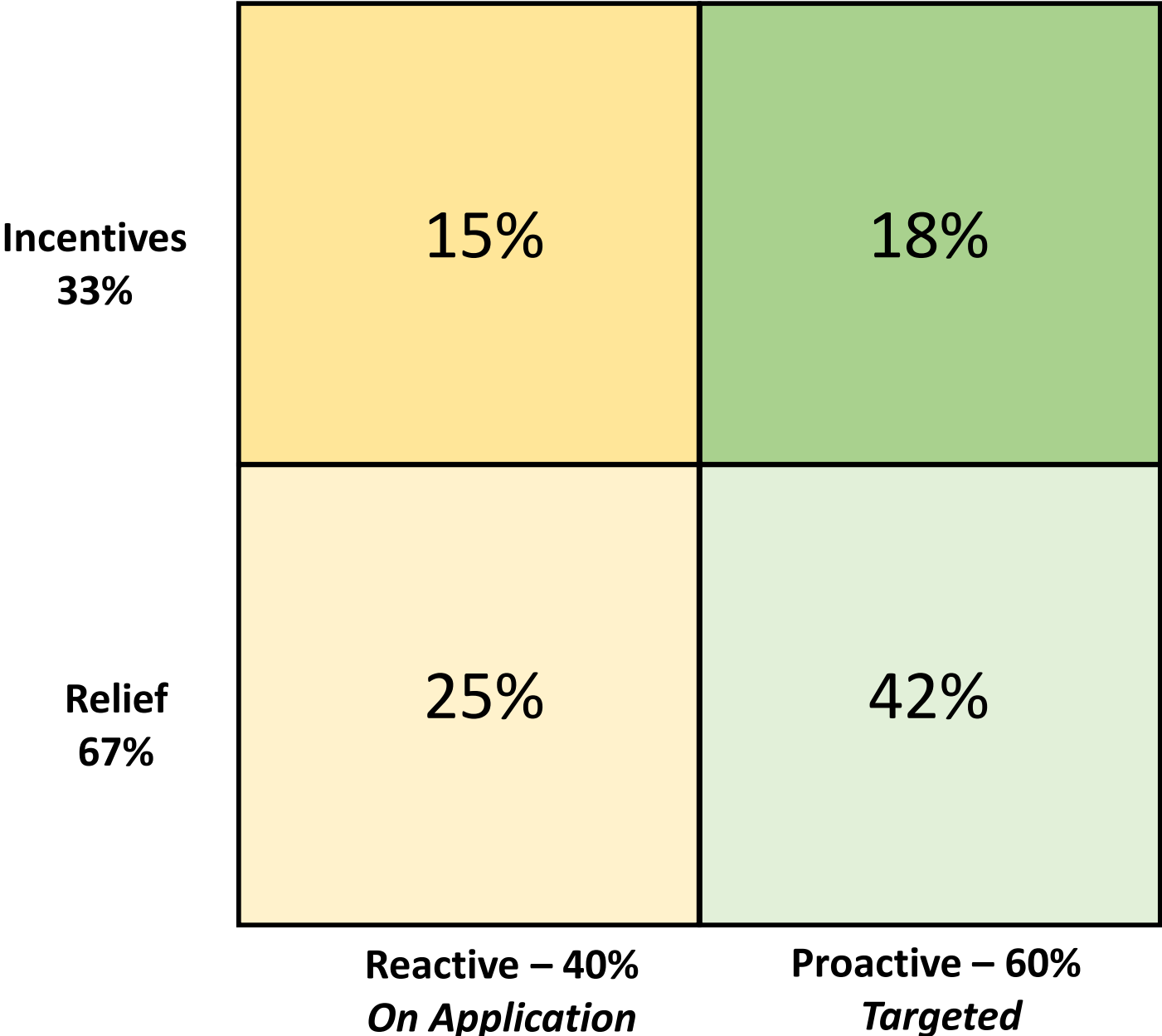
District Development Packages \$1,350k - 45% of total



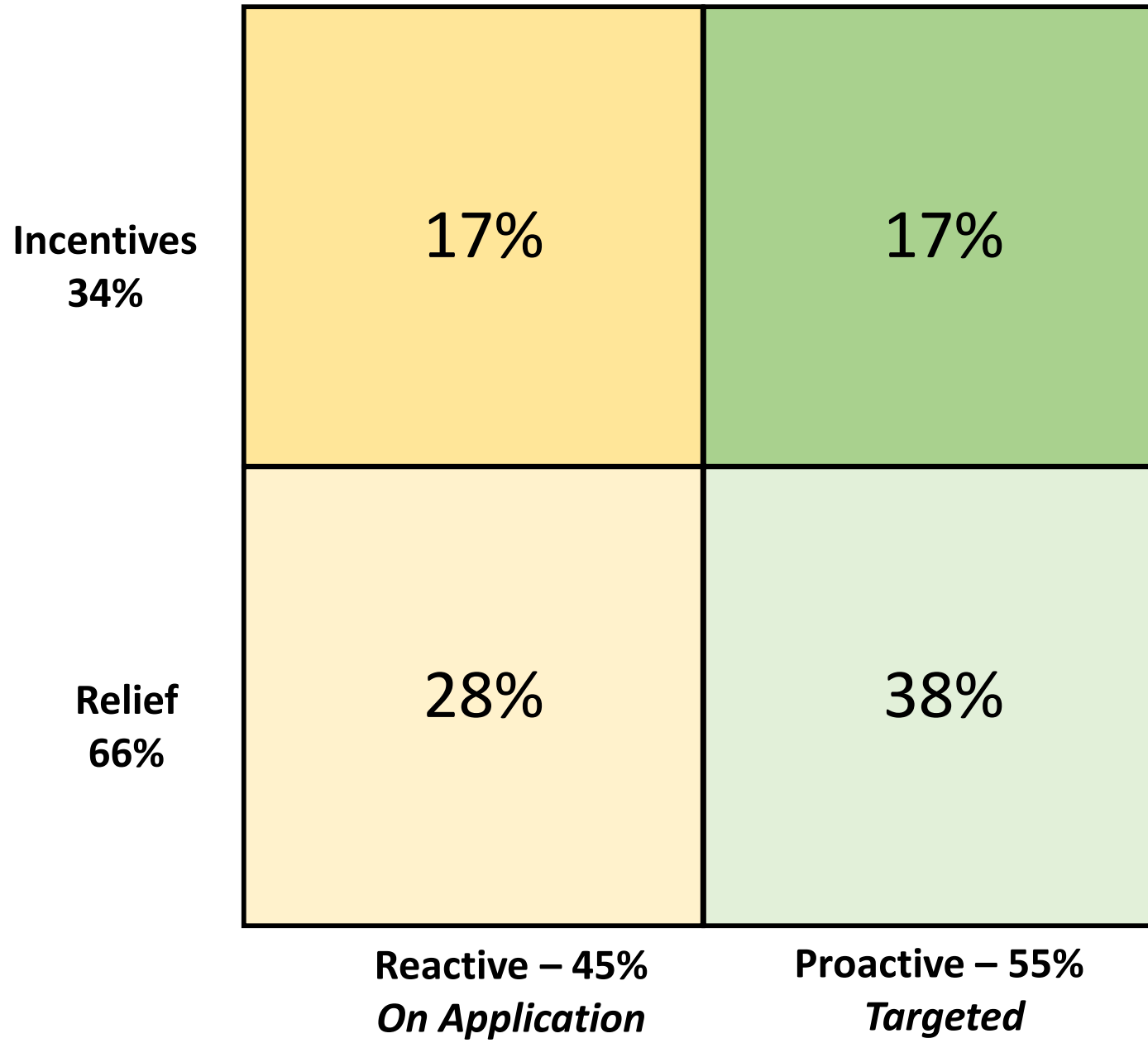


SUMMARY

WDC Relief Packages \$3 million – Initial Target



WDC Relief Packages \$3million – Proposed



Ongoing monitoring and review

These proposals are based on current thinking about how our community will be affected by COVID19 over the next 12-15 months and the support WDC can provide to assist them.

In doing this we have had to use incomplete data sets and make many assumptions about how our community will respond. We will not have got everything right...

Therefore it is critical that whatever program is put in place, there are regular reviews to check that:

- we have got the balance right
- each initiative is having the desired impact
- the funding allocated to each initiative is right
- we reprioritise and/or establish new initiatives to meet emerging needs

Next steps

Assuming there is general support for this relief program and the amounts allocated to each initiative, there is no need to extend the proposed consultation program to include anything presented today:

All initiatives:

- Fall within parameters already established in the 2018-28 Long term Plan
- Do not require any new or revised Rates Remission and Postponement Policies
- Have been incorporated into the new 2020/21 Annual Plan financial envelope
- Fall within the overall consultation already being developed

Staff will incorporate any direction given by Elected Members today into:

- The overall implementation plan for the adoption of the Annual Plan
- Communications about our responses to the impacts of COVID19

Questions / Discussion