

Attachment 1 - COVID-19 Financial Relief Measures for Consideration, 21/04/20

	Potential relief measure	Considerations	Financial implications	Recommended action
1	<p>Remove user fees and charges for building and resource consent amendments, extensions of time and cancellations</p> <p>(Chamber proposal was until 30 June 2020).</p>	<p>There are policy provisions in place to allow this.</p> <p>Further loss of revenue will inhibit the city's ability to raise debt to deliver on the current capital programme that is supporting the growth agenda.</p> <p>The building consents and resource consent teams are comfortable that this would not inhibit the provision of their service.</p>	<p>For building consents the combined impact of these remissions would be around \$15,000 per month.</p> <p>For resource consents the combined impact of these remissions would be around \$7,000 per month.</p> <p>The duration of the removal of this fee will determine its impact on TCC service.</p> <p>A full year reduction in revenue is circa \$264,000. Two months (May/June) would be \$44,000.</p> <p>While building consent activity is not rate funded so the shortfall in revenue would impact debt. In the case of planning activity the loss of revenue would be rate funded and may contribute to a deficit for the year.</p>	<p>Staff recommendation is that this fee reduction is not supported as staff are still required to undertake this work with costs incurred.</p>
2	<p>Remove user fees and charges for retailers and hospitality businesses (e.g. until 30 June 2020). This includes registration fees, food safety plans and licences to occupy footpaths.</p>	<p>Further loss of revenue will inhibit the city's ability to raise debt to deliver on the current capital programme that is supporting the growth agenda.</p> <p>This process would be extremely difficult to administer, for limited benefit.</p> <ul style="list-style-type: none"> Liquor licencing is charged both annually and 3 yearly (two parts). The fee is set by legislation and a 	<p>Council collects approximately \$38,000 per month in relation to liquor licences and \$2,500 in relation to food permits. There may be additional administration costs in relation to this as it appears complicated to administer.</p>	<p>Because of the administrative complexity and uneven distribution of the benefits, this option is not recommended.</p> <p>Council could elect to make a provision (funded from rates) to which these organisations could apply for financial assistance.</p>

		<p>portion needs to be passed to the Crown.</p> <ul style="list-style-type: none"> • Food safety is paid irregularly (6-18 months). • Hairdressers (and others) are paid annually in September each year so no impact for next 3 months. <p>This means only a small number of those effected would benefit from this and those people would benefit significantly compared to other similar businesses.</p> <p>In the short term, we suggest we continue to work with retailers on a case by case basis in terms of providing any assistance we can.</p>	<p>Depending on the Alert level we are operating at, there may be less demand for new licences.</p> <p>The application of this change on existing licence holders would be very inconsistent.</p>	
3	Provision of a COVID-19 Response fund (funded from rates) to which organisations could apply for financial assistance toward their council-related costs.	Further work would be required to clarify basis under which hardship would be recognised.	The cost of such a fund would include the amount of funding provided, e.g. \$100,000 plus administration.	Council to consider whether to approve funds up to an amount of \$100,000 and agree that this fund, although operational in nature, should be loan funded.
4	Councils to work with Government to urgently pass emergency legislation to streamline RMA and Building Act approval processes. This includes the ability for council inspectors to approve minor consent amendments while on site.	<p>Fully support and a work stream is in progress.</p> <p>TCC are fast tracking the development of software that would enable remote building inspections, further streamlining this process.</p>	<p>For building consents any reduction in revenue is likely to be offset by reduced costs.</p> <p>For Resource consents, this is expected to result in lower revenue generation, but we are unable to assess the level at this stage.</p>	This is already happening
5	Defer application fees until the building or resource consent or consent amendments are decided.	We do not charge the fee on building consents until it is ready to be collected, which includes all amendments.	Not expected to have any financial implications for building consents or resource consent applications.	No additional response recommended.

6	Councils to pay accounts payable invoices within five working days.	<p>This is a possibility that can be considered noting for regular payees this only creates a one-off cash flow benefit. We have capacity to pay approved invoices where urgent payment is requested.</p> <p>Council's revenue loss and high debt levels constrain the ability to look at large forward payments.</p>	<p>Where payment is for agreed services provided there would be no significant cost to paying a week or so earlier than standard terms. However, current resourcing levels and the nature of claims review means that it would not be possible to bring forward all payments to a shorter processing time.</p>	<p>Council continues to process claims under contracts and undertake payments as efficiently as we can under current resourcing levels.</p> <p>Where a request is made for early payment for business cash flow purposes we would endeavour to respond supportively subject to agreement on the items being claimed for payment.</p>
7	Refund deposits for bookings at council-owned venues and parks impacted by COVID-19.	<p>Refunds are being provided for cancelled events.</p> <p><u>BayCourt</u> Deposits for cancelled events have already been refunded.</p> <p><u>Bay Venues Ltd</u> Deposits for cancelled events have already been refunded.</p> <p><u>Open Space</u> No deposits held</p> <p><u>Historic Village</u> No deposits held</p> <p><u>City Events</u> No deposits held</p> <p><u>Beachside Holiday Park</u> Deposits for cancelled bookings have already been refunded.</p>	<p><u>BayCourt</u> Deposits of \$1,400 have been refunded for events cancelled due to COVID-19. A further \$40,000 of deposits have been carried over to future events.</p> <p><u>Bay Venues Ltd</u> Deposits of \$45,000 have been refunded for events cancelled due to COVID-19. Deposits for future events still being held.</p> <p><u>Beachside Holiday Park</u> Deposits for visits cancelled due to COVID-19 have been refunded. A further \$50,000 of deposits are being held for future bookings. There is still strong demand at the Holiday Park.</p>	<p>No action required as deposits for events cancelled due to covid-19 are already being refunded.</p>

8	Councils to develop principles that will guide their future decisions, with employment being the highest priority outcome.	<p>Employment and housing are already two key considerations in council decision making. A primary focus of our applications to the government response programmes is employment.</p> <p>A discussion on core principles underlying the 2020/21 Annual Plan is scheduled for the 21 April Council meeting.</p>	<p>A number of requests for government support under CIP proposals were identified as providing employment opportunities. Most of these proposals were capital investments that had been approved in the draft 2020-21 annual plan prior to Covid19.</p> <p>Given reduced financial capacity to deliver capital investment as a result of Covid19, the undertaking of these projects is largely reliant on government funding.</p>	Consider through Annual Plan and following feedback from CIP and MHUD processes.
9	Maximising existing rating policies whereby ratepayers can approach council for rates postponement in times of hardship	<p>TCC's current policy has a number of conditions that must be met before postponement will be considered:</p> <ul style="list-style-type: none"> • paying the first \$1,000 • applying for a rates rebate • not being able to access financial assistance from private sector banking (i.e. being added to a mortgage). <p>Postponed rates are registered as a statutory land charge title and has a postponement fee.</p> <p>The existing policy is not available to commercial rating units.</p>	<p>Estimate \$38,500 for each \$1M residential postponed rates and \$200 cost to register and deregister each statutory land charge on the title. All charges recoverable through the fee that is charged against the postponed rates.</p>	<p>This is available to residential ratepayers with extreme financial hardship.</p> <p>Making postponement less complex than our current policy would move the risk to other ratepayers but the option is proposed later in this table</p> <p>Note: Some work is separately under way to explore a wider NZ-wide rates postponement scheme. However, this work is in early stages of scoping a proposal only and testing central government interest</p>
10	Remission of penalties on water rates whilst in lockdown	<p>Council can decide to blanket remit the water rates penalties on 20 April 2020 and 20 June 2020 through Section 80 of the Local Government Act.</p>	<p>Revenue would be reduced by approximately \$50,000 if penalties were remitted on both the April and June water bills. This penalty revenue is normally received across 1300-1400</p>	<p>Recommended to blanket remit the water rates penalties on 20 April 2020 and 20 July 2020 through Section 80 of the Local Government Act.</p>

			<p>residential and commercial water users.</p> <p>Water activity is operated as a cash balance activity so any shortfall in revenue remains within that activity (affecting the level of surplus or net debt) and would not impact the wider council rates requirement.</p>	<p>Recommend new penalty remission policy (rates and water rates) to assist in 2020/2021 rating year, and future similar emergencies.</p>
11	<p>Rates postponement through the development and approval of a new rates postponement policy.</p>	<p>This is only an option for the next financial year. TCC only has two instalments; so, we have already charged and collected the vast majority of rates for the current year.</p> <p>Implementing a new rates postponement policy may be difficult to achieve by 30 June. It would also exacerbate TCC's current debt levels and could create some default risk.</p> <p>If a new postponement option was created for commercial property the risk would be on the property owner, not the tenant. TCC would have no assurance that any relief provided to the property owner was passed on to the tenant.</p> <p>Note that most councils talking about postponement are referring to the final instalment of the 2019-20 year. They are also not actually meaning rates postponement. They are talking about changing the due date on the rates payment date and remitting the penalty charge when they pay as discussed in the option below.</p>	<p>The estimated cost of \$38,500 for each \$1M postponed and \$200 cost to register and deregister each statutory land charge on the title. All charges recoverable through the fee.</p>	<p>Do not recommend new postponement policies.</p>

12	Allowing later payment of rates due and remitting penalties for some affected ratepayers in 2020-21	A simpler way to achieve some cashflow relief would be to consider on a case by case basis remitting penalties for late payment. As with other councils this should be done with criteria in place to confirm financial hardship	Alternative option: postponing due date through remission: would costs \$19,250 for each \$1M of rates delayed payment for 6 months. If 10% of ratepayers were impacted going into 2020/2021 and were eligible for a remission this equates to an estimated \$224,000 in interest for delayed payment	<p>Recommendation to provide options to extend payment dates in certain circumstances through remitting the penalties under hardship criteria.</p> <p>Recommend new penalty remission policy (rates and water rates) to assist in 2020/2021 rating year, and future similar emergencies to be agreed through the current annual plan process.</p>
13	Extend rates rebate scheme	TCC are already having conversations with Government about extensions to the rates rebate scheme. Note that some councils are establishing their own rebate scheme for those in hardship. Whilst this is an option it would need to be funded across the wider ratepayer base and hence would not be recommended by staff given the ongoing costs on other ratepayers.	<p>Extending the existing DIA scheme would have no costs to council.</p> <p>Creating a rates rebate scheme similar to Hamilton City Council would cost an estimated \$600,000 based on TCC's volume of existing claimants.</p>	<p>Recommend working with Central Government to extend the rates rebate scheme.</p> <p>Do not recommend a ratepayer funded rates rebate scheme.</p>
14	Longer term rental increase freezes	<p>Lease terms vary for each lease.</p> <p>Various rent review dates, some are every 3 years and longer.</p> <p>Restricted immediate benefit when business need.</p> <p>Already reduced rents below market value to allow for TCC flexibility & use.</p>	Based on say a 2% increase the revenue impact of a rent freeze would be about \$40,000 per annum.	As this option only applies next year it is recommended that no specific decision be taken at this stage, but any adjustment to budgets could be considered as part of the 2020-21 annual plan process.
15	Rent Relief for Commercial & Residential Licence to Occupy, Lease and Grazing agreements	277 agreements held with Commercial entities, Residential Tenancies and	Total revenue budget \$2m for the full year.	50% Rent relief for those organisations that meet the government support package

	<p>under TCC Property Management.</p> <p>Airport agreements are considered separately below.</p>	<p>individuals held directly with TCC Property team.</p>	<p>Forecast reduction of revenue from 50% rent relief till end of year approximately \$200,000-\$300,000.</p> <p>As property activity is not rate funded this loss of revenue would impact on net debt but not on rates.</p>	<p>criteria, to the end of this financial year (30 June 2020)</p> <p>For next financial year to consider any further adjustment on a case by case basis to be factored into revenue assumptions during the 2020-21 annual plan process.</p>
16	<p>Historic Village - Rent relief for Community Organisations, and Commercial enterprise at Historic Village.</p>	<p>54 agreements held directly with TCC.</p> <p>Level 4 & 3 restrict return to work opportunities and use of space.</p> <p>Rent relief requests from Tenants has been received.</p> <p>Proposal to help to maintain variety of community services with potential for community benefit exceeding monetary loss.</p>	<p>The cost of 3 months' rent abatement as proposed to the end of this financial year would be a loss of revenue of about \$80,000.</p> <p>If 6 months continued rent abatement for next year the revenue loss for 2020-21 would be \$160,000.</p> <p>Because this activity is operated as a cash balance activity this loss of revenue would impact on net debt but not on rates.</p>	<p>For the last three months of this financial year rent relief is proposed of full rent abatement for community groups and for commercial tenants 50% rent abatement.</p> <p>For next year it is proposed that we consider 3-6 month rent abatement for Community Groups and tenants with proven hardship with proposals to be considered in the 2020-21 annual plan process.</p>
17	<p>Open Space - Rent relief for Community Organisations, Sports Groups leasing land directly from Tauranga City Council for the remainder of this year and next year.</p> <p>Any agreements with BVL & Tauranga Race Course Trust</p>	<p>151 agreements held directly with TCC across Open Space Portfolio.</p> <p>Alert Levels 4,3 & 2 restrict gatherings and therefore impact membership and revenue for organisations.</p> <p>Rent relief requests from Tenants received. Council proposal would help to maintain variety of clubs in Tauranga, with potential for community benefit exceeding monetary loss?</p>	<p>Full rent abatement for the last 3 months of this year is proposed of \$135,000.</p> <p>Total Annual income of \$555,824 which would be lost for 2020-21 annual plan if a proposed full rent abatement was considered.</p> <p>Because this activity is rate funded the proposed rent</p>	<p>For the last three months of this financial year rent relief is proposed of full rent abatement for community groups</p> <p>For next year it is proposed that we consider 6-12 month rent abatement for Community Groups with proposals to be considered in the 2020-21 annual plan process.</p>

	are outside this proposal and considered separately.	Community groups related to open space are different to those in Historic Village as they have a more limited period of the year in which to collect their revenue and so have been treated slightly differently to the group in 16 above.	abatement will impact on rates requirement and may contribute to a rates deficit.	
18	Airport Commercial Leases	The commercial lease portfolio operated by the Airport has tenants from across the board i.e. Bunnings to car dealers and food manufacturers. There have been varying requests for some form of rent relief in the short to medium term due to the lock down period and the associated loss in revenue.	The monthly income from these leases is \$250k approx. pcm. The recommendation to reduce rent by 50% for the last two months of this year would have a cost of \$250k. Because there is no rates funding in the airport activity this loss of revenue would be reflected in net debt but not in rates requirement.	That commercial tenants are offered a 50% rental reduction for 2 months. Any rental consideration applying to next financial year should be a deferral rather than relief with details to be negotiated tenant by tenant. An estimate of the impact on revenue would be incorporated in the 2020-21 annual plan process.
19	Review procurement processes to ensure local contractors have greater opportunity to bid for/secure work and for work to come on stream quickly to support retention of local skilled workers	Staff are developing a procurement strategy to enable greater use of streamlined procurement processes. The strategy will reflect some of the disaster recovery procurement options that were built into the rules governing public-sector procurement following the Christchurch and Kaikoura earthquakes. It is not considered that any change to Council policy or approach is needed as there is already flexibility to look at alternate ways of procurement. However, the strategy will consider: Engaging early with local businesses so they are aware of opportunities and	Streamlined procurement processes should not have a detrimental financial impact. Local suppliers where appropriate are already used. However, it is important that Council and our contractors source appropriate skills and materials which may involve going outside the region. Otherwise project risks including financial risks would be increased.	If we are successful with CIP shovel ready bid there is further work required to ensure that we can complete the proposed work efficiently and work collaboratively rather than competitively with other councils and agencies in the region. Consider options through procurement strategy review.

		<p>appropriately supported to have the right information to put in bids for work;</p> <p>How projects are framed so we present different packages to the market - a mix of big, medium and small to make sure that the smaller operators have the opportunity to bid (or larger suppliers use local companies in their own bids);</p> <p>Placing high value on suppliers who support the local economy, reduce local unemployment and generally recognise "wins" for the local community.</p>		
20	Revision of User Fees	<p>Council could review the proposed increases in user fees.</p> <p>An example of this relates to dog registrations (see separate report to this meeting). Due to the impact of COVID-19 it has been recommended to keep this unchanged from the current fee.</p> <p>A second example relates to parking fees. Parking fees will be set as part of the 2020/21 Annual Plan Process.</p>	<p>Not increasing the registration fee for dogs would reduce Council revenue by approximately \$57,000 (excl GST).</p> <p>Not increasing the parking fee would have the impact of reducing revenue by \$885,000 in the 2020/21 year. This revenue reduction is likely to be further exacerbated by COVID-19 induced delays in the opening of Harrington St carpark and reduced parking demand.</p> <p>This loss of revenue would be reflected in net debt but not in rates requirement.</p>	<p>Note the dog registration fee is the subject of a separate paper at today's council meeting.</p> <p>Consider parking and other user fees and charges as part of the current Annual Plan consultation process.</p>