

Thursday, 8 September 2022

*Te Hui o Te Kaunihera ā-Rohe o Heretaunga*

**Hastings District Council**

**Council Meeting**

*Kaupapataka*

# Supplementary Agenda

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*Te Rā Hui:*  
Meeting date: **Thursday, 8 September 2022**

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*Te Wā:*  
Time: **1.00pm - Agenda Items 11 & 13 Reports circulated separately**

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*Te Wāhi:*  
Venue: **Council Chamber  
Ground Floor  
Civic Administration Building  
Lyndon Road East  
Hastings**

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*Te Hoapā:*  
Contact: **Democracy and Governance Services  
P: 06 871 5000 | E: [democracy@hdc.govt.nz](mailto:democracy@hdc.govt.nz)**

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*Te Āpiha Matua:*  
Responsible  
Officer: **Chief Executive - Nigel Bickle**

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**HASTINGS DISTRICT COUNCIL**  
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Phone **06 871 5000** | [www.hastingsdc.govt.nz](http://www.hastingsdc.govt.nz)  
**TE KAUNIHERA Ā-ROHE O HERETAUNGA**



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# Supplementary Agenda

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*Tiamana*

**Chair:** Mayor Sandra Hazlehurst

*Mematanga:*

**Membership:**

*Ngā KaiKaunihera*

**Councillors:** Bayden Barber, Alwyn Corban, Malcolm Dixon, Damon Harvey, Tania Kerr (Deputy Chair), Eileen Lawson, Simon Nixon, Henare O'Keefe, Peleti Oli, Ann Redstone, Wendy Schollum, Sophie Siers, Geraldine Travers and Kevin Watkins

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*Tokamatua:*

**Quorum:**

8 members

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*Apiha Matua*

**Officer Responsible:**

Chief Executive – Nigel Bickle

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*Te Rōpū Manapori me te*

*Kāwanatanga*

**Democracy and**

**Governance Services:**

Louise Stettner (Extn 5018)



*Te Rārangī Take*

## Order of Business

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<b>11.0</b>	<b>Recommendations of the Rural Halls Subcommittee Meeting held 5 September 2022</b>	<b>7</b>
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<b>13.0</b>	<b>Stabling Investment for Tomoana Showgrounds</b>	<b>9</b>
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Thursday, 8 September 2022

*Te Hui o Te Kaunihera ā-Rohe o Heretaunga*  
**Hastings District Council: Council Meeting**

**Item 11**

## *Te Rārangi Take*

# Report to Council

**Nā:**  
**From: Vicki Rusbatch, Senior Advisor Democracy & Governance Services**

**Te Take:**  
**Subject: Recommendations of the Rural Halls Subcommittee Meeting held 5 September 2022**

### **1.0 Purpose and summary - *Te Kaupapa Me Te Whakarāpopototanga***

- 1.1 At its meeting held on 5 September 2022, the Rural Halls Subcommittee considered the remaining applications to the 2022-23 Rural Halls Maintenance Funding round.
- 1.2 In accordance with the terms of reference of the Rural Halls Subcommittee, the recommendations of the subcommittee are hereby submitted for the approval of Council.

### **2.0 Recommendations - *Ngā Tūtohunga***

- A) That Council receive the report titled Recommendations of the Rural Halls Subcommittee Meeting held 5 September 2022 dated 8 September 2022
- B) That the Council approve the allocation of the following grants from the 2022/23 Rural Halls Maintenance Fund:

	Hall	Project	Amount
01	Poukawa Hall	Towards Doors	\$2,000
06	Kererū Hall Society	Towards Bathroom	\$17,151
07	Clive Community Hall Inc	Repair water damage and lighting	\$3,252
09	Sherenden Hall Society	Gutter Guard	\$1,800
14	Matapiro District Recreation Society Inc	Maintenance - Towards Ramp	\$2,036
		Total	\$26,239.00

**Attachments:**

There are no attachments for this report.



Thursday, 8 September 2022

*Te Hui o Te Kaunihera ā-Rohe o Heretaunga*  
**Hastings District Council: Council Meeting**

**Item 13**

*Te Rārangi Take*

# Report to Council

*Nā:*  
**From: Bruce Allan, Group Manager: Corporate**

*Te Take:*  
**Subject: Stabling Investment for Tomoana Showgrounds**

## **1.0 Executive Summary – *Te Kaupapa Me Te Whakarāpopototanga***

- 1.1 The purpose of this report is to seek Council's approval to invest in stabling infrastructure for the Tomoana Showgrounds for the primary benefit of the Horse of the Year show.
- 1.2 With a shortfall of suitable stables for the 2023 show, Horse of the Year (Hawke's Bay) Limited (HOYHB) have investigated alternatives including purchasing the required stables, utilising existing stables at HB Racing's Wall Road site or a combination of those two options.
- 1.3 The proposal is that Council supports HOYHB to purchase 100 stables for the 2023 show with a \$460,000 loan with HOYHB meeting the deposit requirements of \$100,000. HOYHB would then meet the annual interest and principal repayment cost with an assumed interest rate of 5% which would equate to \$59,000 per year for 10 years.
- 1.4 Following the completion of the Tomoana Showgrounds Masterplan, Council or the newly established Trust may consider purchasing the stables off HOYHB and incorporating them into the Showgrounds permanent infrastructure.

## **2.0 Recommendations - *Ngā Tūtohunga***

- A) That Council receives the report titled Stabling Investment for Tomoana Showgrounds dated 8 September 2022.
- B) That the Council approves to lend \$460,000 to Horse of the Year (Hawke's Bay) Limited for the purpose of purchasing 100 stables for the 2023 Horse of the Year event and subsequent events.
- C) That Council delegates to the Chief Executive to enter into appropriate lending arrangements with Horse of the Year (Hawke's Bay) Limited.

- D) Noting that Council, in future, will have the right to purchase the stabling off Horse of the Year (Hawke's Bay) Limited if the Tomoana Showgrounds Masterplan and Council supported such a transaction at that time.

### 3.0 Background – *Te Horopaki*

- 3.1 Hastings District Council is a one third shareholder in Horse of the Year (Hawke's Bay) Limited (HOYHB) along with equal shareholdings from Equestrian Sports New Zealand and Show Jumping Hawke's Bay. Council will also be the landowner as at 1 April 2023 of the Tomoana Showgrounds, the home of the Horse of the Year event.
- 3.2 It is imperative for the successful operation of the Horse of the Year (HOY) event that fit-for-purpose stabling is provided for the horses attending the event. Animal welfare is a high priority for HOYHB and Equestrian Sport New Zealand (ESNZ) and suitable stabling is necessary.
- 3.3 While the previous two HOY events have been cancelled due to COVID, the practice for previous events has been to hire in 250 stables for the show at an annual cost of approximately \$75,000, the cost of which was largely recovered through the users of those stables. Those stables are now no longer available for HOYHB and alternative options are being investigated.
- 3.4 HOYHB have provided a proposal to Council which is attached as **Attachment 1**. In that proposal, HOYHB have identified three opportunities to bridge the gap (from not having access to the 250 stables previously hired including utilising 84 stables at Hawke's Bay Racing's Wall Road site and purchasing 100 stables). HOYHB have explored options including accessing a local provider who could either manufacture locally or utilise a Chinese manufacturer whom they already have a relationship with, import direct from China utilising an Auckland based importer, or import directly from an Australian manufacturer.
- 3.5 The proposal notes that this solution is still short of what is ultimately required in the long term and it is likely that further investments will be required in subsequent years to provide sufficient stabling at the Showgrounds if HOY is to continue and the grounds are to be fit for purpose for other equestrian events. The Tomoana Showgrounds masterplan will ultimately determine how this should be provided and to what extent.
- 3.6 HOYHB are recommending that they contract directly with an Australian manufacturer, Mobistall and that Council supports the purchase with a loan to HOYHB. Ownership of the stables will reside with HOYHB.
- 3.7 While the Australian product is more expensive than the Chinese imported product (\$564,577 vs. \$503,973), there has been less risk assessed around product quality and deliverability and given the need for these stables to be on-site and installed for the 2023 show, the assurances given by the Australian option carry significant weight.
- 3.8 HOYHB have, over the past two years, built up sufficient reserves to make a financial contribution to this stabling purchase and they propose to make the initial deposit payment of \$100,000 and will require a loan from Council as a shareholder in the company and the owner of the Tomoana Showgrounds of approximately \$460,000 to be repaid over 10 years.
- 3.9 It is not possible to be precise on the loan requirement at this stage as the purchase price is subject to exchange rate fluctuations and installation and earthworks are currently estimated numbers. However, the cost of purchasing 100 stables (70 covered and 30 open) and installing them is \$564,000.
- 3.10 HOYHB would then meet the annual interest and principal repayment cost with an assumed interest rate of 5% which would equate to \$59,000 for 10 years (noting that while this is cheaper than the annual hireage in previous years, it is providing for less stables.)

#### 4.0 Discussion – *Te Matapakitanga*

- 4.1 While HOYHB have identified a preference for ownership of the stables, if Council was of a mind to help facilitate this stabling purchase, there are two options for Council's involvement:
  - 4.1.1 HDC lends the money to HOYHB which is repaid over 10 years – HOYHB will then own the stables.
  - 4.1.2 HDC owns the stables and the purchase price is recovered through the annual site hireage. The stabling assets would then be incorporated into the Showgrounds masterplan when that is undertaken.
- 4.2 Given the uncertainties around the outcomes of the overall master planning work along with the governance and operational arrangements at the Showgrounds, the preferred approach by HOYHB is where they own the stabling assets is also preferred by Officers. HOYHB will be carrying the risk and the ongoing maintenance and administration of any future hires. HOYHB will also keep any revenue derived from the stables throughout the year.
- 4.3 As mentioned above, there are risks that come with the uncertainties created through the exact product quality and deliverability concerns.
- 4.4 Product Quality – HOYHB have undertaken due diligence with the Australian manufacturer, undertaken product and supplier reference checks and have been provided with assurances that the product is fit for purpose and of a good quality.
- 4.5 Deliverability for 2023 Show – The Australian manufacturer has provided a commitment that the stables can be manufactured and delivered in time for the 2023 show. However to achieve this, the order needs to be placed and confirmed with the paid deposit by September 9<sup>th</sup>. Despite this assurance, there is still a risk due to the current supply chain disruptions and international freight uncertainties.
- 4.6 There is an option for the purchase of the stables to be supported through the 3 Waters Reform Better Off funding. A separate report on this Council agenda addresses the preferences for that Better Off funding and this opportunity has been identified as a reserve project should the DIA not approve one or more of Council's preferred funding requests.
- 4.7 HOYHB have explored opportunities for other grant funding, however, due to the current rather narrow use of the stables, advice received is that external funding opportunities may be limited with funders preferring to see grants going to investments that may be able to benefit multiple users and for multiple uses.
- 4.8 It is noted that due to the timing of the 2023 show in March, the Tomoana Showgrounds will still be owned by the A&P Society and the normal approvals will be required to have these stables constructed on site.
- 4.9 A&P Society support this investment.

#### 5.0 Options – *Ngā Kōwhiringa*

Option One - Recommended Option - Te Kōwhiringa Tuatahi – Te Kōwhiringa Tūtohunga

- 5.1 Agree to loan \$460,000 to Horse of the Year (Hawke's Bay) Limited for the purpose of purchasing 100 stables to be located at the Tomoana Showgrounds. To be repaid over 10 years and with Council reserving the right to purchase the stables from HOYHB if that action aligned with the adopted masterplan and new governance arrangements for the Tomoana Showgrounds.

Advantages

- Given the current market situation and the lack of stables for hire in New Zealand, purchasing stables is the only option that HOYHB has to provide this necessary infrastructure for the show. A Council loan provides HOYHB with the necessary funding to enable this transaction to happen in a timely way and reduces the risk of a late delivery.

- HOYHB have undertaken due diligence on the product and have gained assurance as to the quality and legitimacy of the product. While there is a Hawke's Bay based alternative that could import through existing channels or manufacture locally, both of those options are more expensive.
- HOYHB are investing \$100,000 of their own funds into this asset.
- With HOYHB retaining ownership and simply repaying the Council debt and meeting interest costs, it enables HOYHB to generate alternative revenue opportunities. It also means that it is HOYHB that administers the alternative bookings. This could be revisited when the new Trust arrangement is in place at the Tomoana Showgrounds and the masterplan has been adopted.

#### Disadvantages

- There is a degree of uncertainty with the Australian manufacturer, however, trade references from have provided the necessary assurances around the legitimacy and product quality. This option is considered to be of less risk than the Chinese manufactured options.
- There is also uncertainty that the stables will arrive in time for the 2023 show.

#### Option Two – Alternative Option - Te Kōwhiringa Tuarua – Te Āhuatanga o nāiane

- 5.2 Council purchases and owns the stables with a financial contribution of \$100,000 from HOYHB and recovers the cost through increased site hireage fees.

- This option is not preferred as Council's procurement policy requires a more formal procurement process. The recommended option does provide Council with the rights to purchase the stables in the future if the new Trust arrangements and the masterplan for the Tomoana Showgrounds recommends that outcome.

#### Option Three – do nothing option

- 5.3 Doing nothing is not an option that could be considered. Council either supports the recommended option or directs HOYHB to incur higher costs and procure the stables directly from the local Hawke's Bay supplier and their existing Chinese manufacturer. This option would incur an additional cost of \$60,000 for the 100 stables required.

## 6.0 Next steps – Te Anga Whakamua

- 6.1 If Council supports the recommended option, HOYHB will place the order and pay the deposit. Officers working with the Chief Executive will put in place the necessary loan agreements with HOYHB for the debt to be repaid over 10 years at an average interest rate of 5%.

### Attachments:

1 [↓](#) HOYHB Stable Purchase Proposal

CG-16-2-01222

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## Summary of Considerations - He Whakarāpopoto Whakaarohanga

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### Fit with purpose of Local Government - E noho hāngai pū ai ki te Rangatōpū-ā-Rohe

The Council is required to give effect to the purpose of local government as set out in section 10 of the Local Government Act 2002. That purpose is to enable democratic local decision-making and action by

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(and on behalf of) communities, and to promote the social, economic, environmental, and cultural wellbeing of communities in the present and for the future.

[Link to the Council's Community Outcomes – Ngā Hononga ki Ngā Putanga ā-Hapori](#)

This proposal promotes the social and economic wellbeings of communities in the present and for the future.

### **Māori Impact Statement - Te Tauākī Kaupapa Māori**

There is no prepared Māori Impact Statement for this recommended transaction.

### **Sustainability - Te Toitūtanga**

Importing from Australia rather than making domestically does create a larger carbon footprint, however, the cost of making in New Zealand prohibits consideration of that option.

### **Financial considerations - Ngā Whakaarohanga Ahumoni**

The financial considerations have been canvassed in the report and will require Council to borrow \$460,000 and on-lend to HOYHB to be repaid over 10 years. There will be no impact to the ratepayer as all financing costs will be met by HOYHB.

### **Significance and Engagement - Te Hiranga me te Tūhonotanga**

This decision/report has been assessed under the Council's Significance and Engagement Policy as being of low significance.

### **Consultation – internal and/or external - Whakawhiti Whakaaro-ā-roto / ā-waho**

There has been no external consultation although discussions have been had with HOYHB and the other shareholders.

### **Risks**

The primary risks have been canvassed in the report and centre around product quality and the likelihood of the stables arriving in time for the show.

REWARD – <i>Te Utu</i>	RISK – <i>Te Tūraru</i>
Providing sufficient stabling and demonstrating a willingness to upgrade the facilities at the Tomoana Showgrounds will help support HOYHB's case to have the HOY contract extended with Equestrian Sports NZ.	Deliverability

### **Rural Community Board – Te Poari Tuawhenua-ā-Hapori**

N/A

## STABLES PURCHASE



### WHY

Due to the portable stables that we have hired previously not being available and no one else in the country having stables for hire, it is vital for our event to source other stables. As you are aware, the current state and size of the showground stables are unacceptable in regard to equine animal welfare. This is more apparent for our international & top-level riders. We are required/expected to house their horses in fit-for-purpose stables as per regulation.

This year with the increased interest from Australia and the current proposal for us to host the International Oceania Eventing Competition for the first time, we will not be able to host them without suitable stables. We will be forced to downgrade the event and withdraw the proposal.

### ALTERNATIVE

In the past, we have hired 250 stables at \$75k. We have looked at all options to remedy the problem; purchasing is the only option. With the help of the Hastings Racecourse allowing us to hire the Wall Road stables (84 stables), we will be able to accommodate our up-and-coming event with an additional 100 on-site stables. This is still short of what we require long-term but will enable us to deliver an event that protects the longevity and fulfils the expectations of all attendees.

### BENEFITS

Purchasing these stables will support our event, and all equestrian groups that use the grounds - Dressage HB, Northern HB Show Jumping, Showing, and the A&P Society shows. It will also create a space that is fit for purpose immediately, meaning the master plan can be implemented without disruption of equestrian venue hire.

Due to their modular/temporary ability, the stables can be moved around to suit the occupancy and need on the grounds.

### PURCHASE

100 stables - 70 Covered / 30 Un Covered - note: all prices (NZD) have been based on today's rates. Purchasing NZ Made stables would not only support a Hastings business but guarantee they arrive on time and provide after-service. However, HOYL cannot cover the price difference.

all prices get excluded	Auckland Importer (Ex China)	Mobistall (Ex Australian)	Hastings Supplier (Ex China)	Hastings Supplier (Ex Hastings)
<b>STABLES</b> Landed tpr inc. clearance	\$ 463,973	\$ 524,577	\$ 582,818	\$ 782,136
<b>Install</b>	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
<b>Earthworks</b>	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
<b>Total</b>	\$ 503,973	\$ 564,577	\$ 622,818	\$ 822,136

### FUNDING

My recommendation is for HOYL to purchase the Mobistall stables. The repayments would be \$59,136 yearly over 10 years at 5% interest. To service the yearly repayments, the event budget would cover \$35k, with the event Surplus funding the remaining \$24kk. However, if HOYL did not make a surplus consecutive years in a row or had extreme circumstances resulting in a large negative result, HOYL would not be able to service the loan entirely. HOYL may require support in this case.

Purchase	\$ 564,577	Yearly repayment 10yrs @ 5%	\$ 59,136
HOYL Deposit	\$ 100,000	HOYL Event Budget Spend	\$ 35,000
Funds required	\$ 464,577	HOYL Servicing	\$ 24,136

### LIABILITY

If HOYL did not run the event or no longer required the stables, they could be purchased by individuals or other equestrian groups or by the trust as part of the overall master plan.

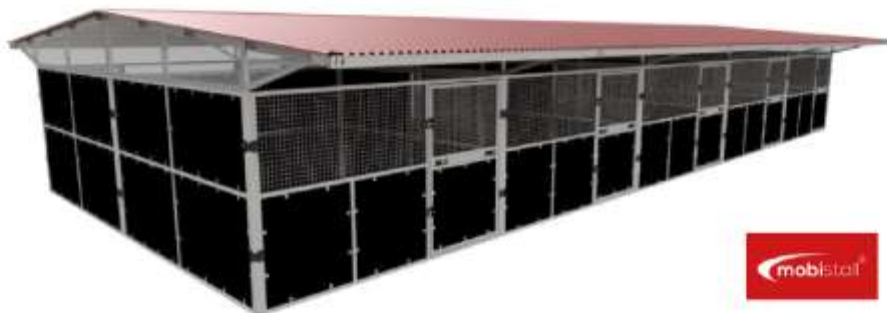




#### PROCEDURE TO HIRE

Future venue hire charged by the Trust to HOYL would not include the stables. The ground in which they are placed will be factored in accordingly. HOYL would have the ability to hire out the stables to other equestrian groups to help service the loan.

Equestrian Groups would book directly with HOYL. Stables would be padlocked, to be opened by either the groundsman or HOYL Staff upon hire. The Equestrian Group will be responsible for supplying bedding, charging a bond and leaving as found. Waste as per venue hire.



#### DILIGENCE

##### THE COMPANY

The Fiedler Family Trust - ABN:15 347 035 989  
17 Huntington Pl, Banyo, QLD 4014, AUSTRALIA

T/A Mobistall  
<https://mobistall.co/>  
<https://www.facebook.com/search/top?q=mobistall.co>  
<https://www.instagram.com/mobistall.co/>

T/A Agritom  
<https://www.agritom.co/>  
<https://www.facebook.com/AgritomFodder/>

Contact – Dean Fiedler [info@mobistall.co](mailto:info@mobistall.co) +61 408 489 747

Mobistall is a manufacturer of high-quality mobile livestock stalls. As a family-run company based in Australia, they produce and distribute their products worldwide. Dean's involvement and manufacturing of Fodder Systems meant he had the resources to expand. Dean developed Mobistall after seeing a gap in the market.

##### OTHER PROJECTS



[www.hoy.kiwi](http://www.hoy.kiwi)