



For **now** &
our future

Climate Resilience Funding- Workshop 24 August 2023

Climate resilience funding

1. Perspectives on rates, regional income and assets - responsibility
2. Why are we looking at climate resilience funding?
3. What are the risks of change and risks of not changing?
4. Is it only the rates we need to change?
(scope, what's in and not in this review)
5. Questions – feedback

Perspective on size of the responsibility and risks

Interesting facts for perspective on rates, GDP and Capital value (asset values).

Rates

Environment Southland	\$29.5m
Total GDP Southland	\$7.2b, 2022
ES rates as % GDP	0.36% of GDP
Total capital value Southland	\$47b
Total improvement value	\$21b
ES rates as % capital value	0.06% (1/1600 th of CV)

ES is the agency charged with:

Leading Emergency Management / Civil Defence in Southland

Responsibility for flood control and prevention courtesy The Soil Conservation and Rivers Control Act 1941

Total budget for both EMS and Catchment river works, \$6m per annum.

As % of GDP 0.08% (1/1200th of GDP)

spent by ES on preparedness for emergencies and management and prevention of flood damage and soil erosion

% of Improvements 0.03% (1/3300th) of Improvement values

Case for changing how we share the cost of climate resilience

- a) We need to develop a policy and a rate system to fund current and future climate resilience investment
 - Infrastructure Strategy
 - Floodplain Management
- b) Current catchment rates need reviewing

Case for changing how we share the cost of climate resilience

- a) We need to develop a policy and a rate system to fund current and future climate resilience investment

The LTP 2021 advised ratepayers that we would consult with them on how we would rate to fund the debt repayment (local share) of the 2020 Kanoa climate resilience projects.

We need to obtain community views on

Repaying the Stead St pump station loan

Repaying debt for Invercargill and Eastern Southland flood bank improvements

Case for changing how we share the cost of climate resilience

b) Current catchment maintenance rates need reviewing

Historical context – based on “benefits”

“Benefits” have changed over time due to

Land use

Modified river systems

Weather patterns

Community

Changes to rate models over time

Exacerbator / contributor model

Basis for rating

Interpretation of legislation

Challenges with complexity, transparency

Case for changing how we share the cost of climate resilience

and

- c) Capacity building project – towards a new model
- d) Future focused solutions
 - Integrated floodplain management

Historical context

History of “Catchment rates”

Current “classification” system based on legislation originating in 1941, updated to Rating Powers Act 1988 and the current Act 2002.

Current calculations are incredibly detailed, complex, based on the belief that “individual” or “groups of benefits” could be identified and valued

Current schemes were updated in 1990’s, around the forecast benefits of the then new schemes and to enable repayment of the debt on the schemes.

There is no current rating mechanism for building new infrastructure

(Refer to “catchment maps” and “rate schedules” (hyperlinks))

Change – land use

Over the 30-40 years since building of flood schemes, changes have occurred to:-

Land use change

Land use change, clearing, development– across all parts of the catchment

Drainage – straightening, widening creeks, laying “tile” drains

Significant draw down on water tables – growing communities + irrigation

Housing developments, stormwater run off

Infrastructure and industry (built on flood plains)

Impact – changes in “speed” of water entering the river systems, higher peaks

Change – modified river systems

Modified Rivers - Council flood protection management on behalf of the community

Significant "modification", "channelising" of rivers by council teams

Straightening rivers, removing vegetation

Building flood banks

Protecting river banks, willows, rock

Impact - While improving localised flooding in the upper catchment, increases speed and volume further down stream

Changes - weather patterns

IDPO (Inter decadal Pacific Oscillation) + Climate change

Increasing periods of low rainfall, increasing periods of significant rainfall (rivers in the sky)

Prospect of sea level rise affecting lower catchments and "outfall" from rivers

Impacts

Added to "changes" in already modified river system, climate change is a contributor.

faster, deeper rivers, more river bank erosion, greater impacts on land owners and ratepayers

Greater potential high country erosion, more sediment overall

Lowering of "flood protection" aka "levels of service potential drop from 1:100 -> 1:70 Gore

Increased flooding of low land, land not protected by flood banks

Increasing risk of overtopping and breaching of flood banks

Flood banks need heightened or flood channels widened

Need for long term investment in science and data to help plan future needs

Change in our communities

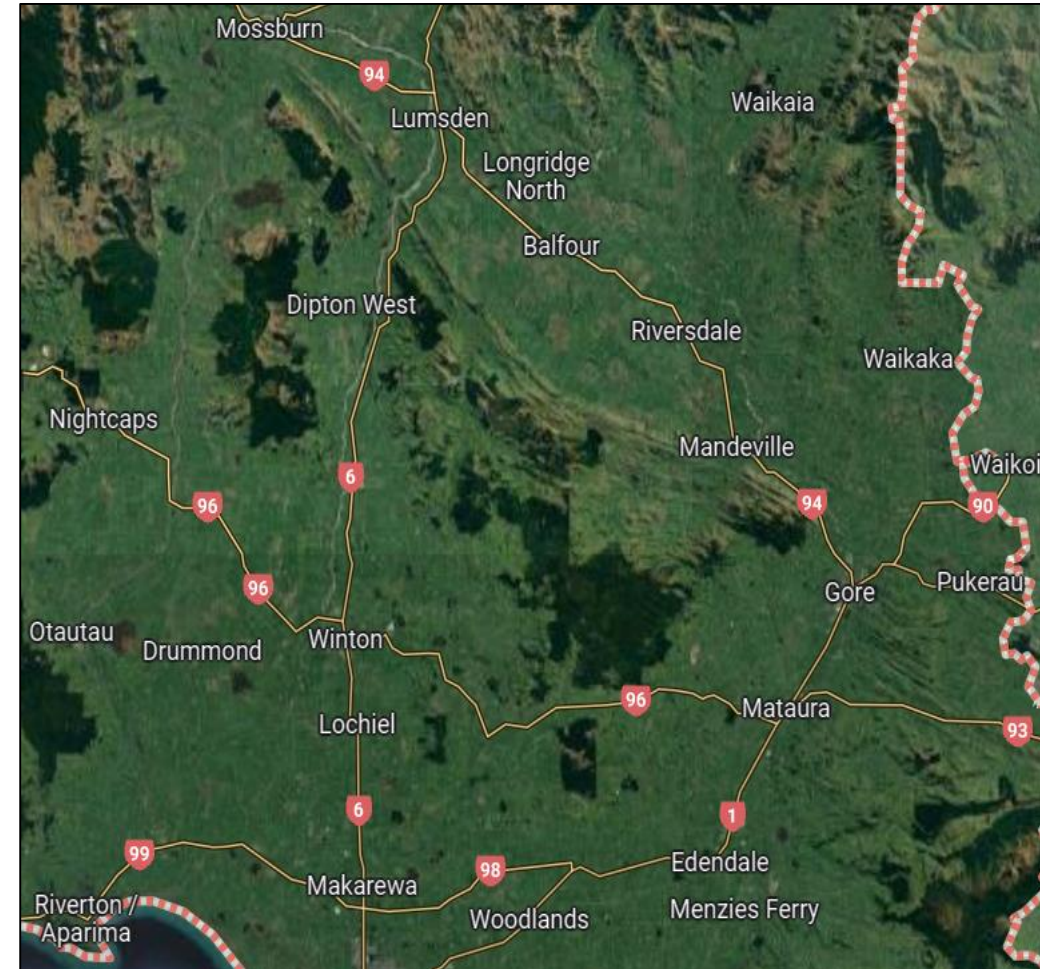
Community

State Highways are now *"life lines"* necessary to deliver food/supplies into the region

Fibre optic cables are the new *"digital super highways"* needed for communities to function

Greater understanding and expectation of change around environmental impacts.

Changing expectation around the use of river management tools



Combined impacts -1

Faster and deeper river channels in normal flow

Impact – Increasing river edge erosion, degrading and aggrading gravel banks

Adjacent land owners, significant land loss, more edge protection Increasing, compounding costs

Environmental impact, greater loss of habitat, increased sedimentation

Photo : “Stream bank erosion in Murihiku/Southland and why we should think differently about sediment” ES June 2018, Ellis, Hodgetts, McMecking



Figure 2: LEFT: locations of the channel in the lower Oreti River from the 1950s, 2007 and 2014. RIGHT: bank erosion at the same sight indicated by black arrow.

Combined impacts - 2

Peak of flood arrives faster and at potentially higher levels

More frequent flooding of land not protected by flood banks

Greater likelihood of flood banks being over topped or breached

A quote from the last Chairman of the Catchment Board Owen Horton:

“the shortened river carries the water away quickly and the drainage brought thousands of acres into production, but the lack of meanders turned the river channel into a big ditch.”



Change in rate models - Exacerbators

Modern rates analysis includes acknowledgement of those in the community who exacerbate or contribute to the need for a council service.

The current catchment rating models have no acknowledgement of this impact.

Acknowledging that all properties collect rainfall and thus water flows from all parts of a catchment, is considered important when undertaking a modern rating review.

Most recently Northland Regional Council's rates analysis included allowing for the contributor effect.

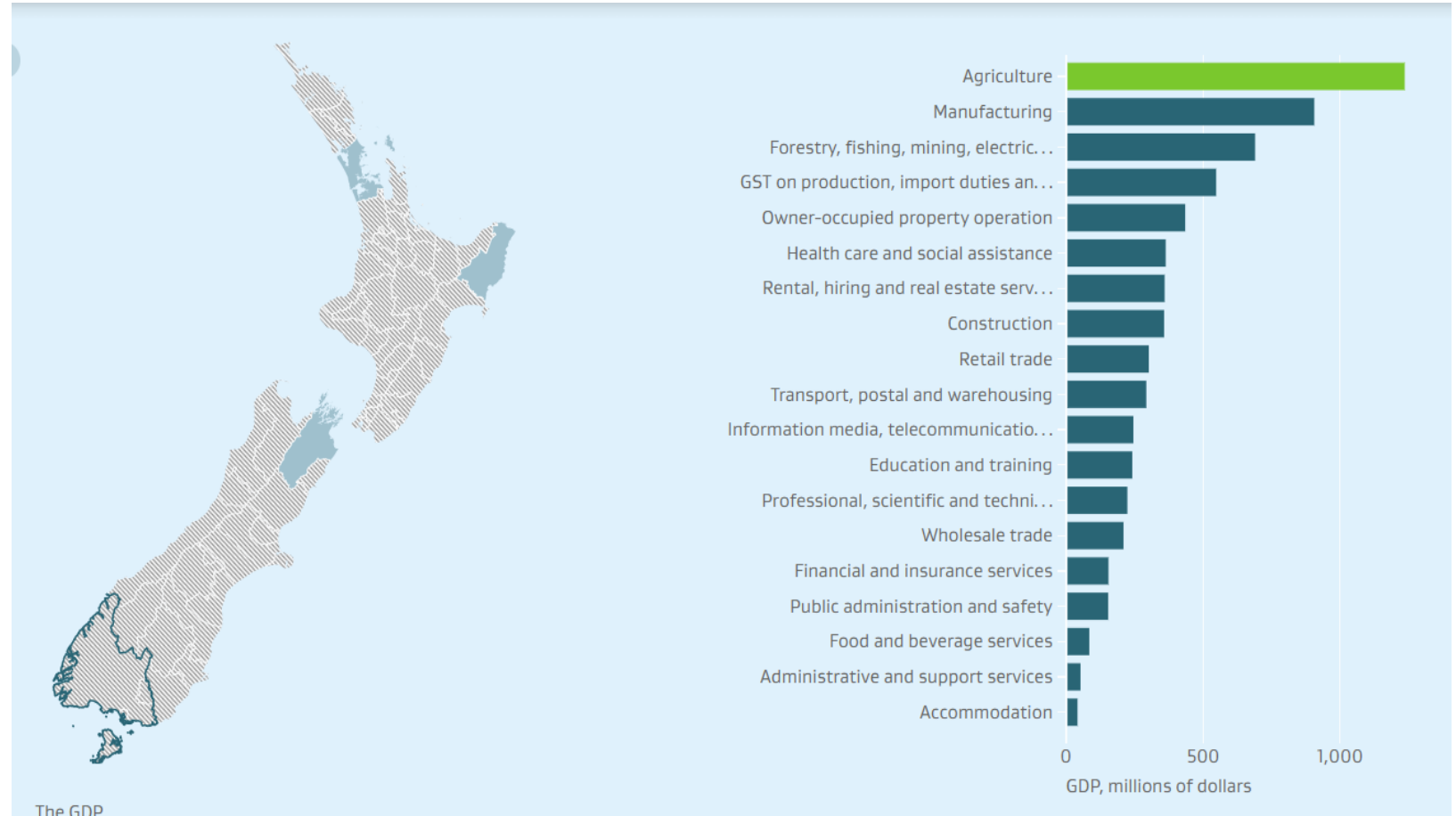
Changes in rating basis- spreading the cost across the community

All of current catchment rates = are currently “land value” based rates. These do not reflect the value of the “improvements” in housing and businesses.

Rural land values = 90% of capital value whereas for Industrial sites land value can equal only 10% of capital value.

Need to reconsider the “basis” on which rates are calculated to ensure equity across the community.

Southland GDP (economy) by sector 2021 (MBIE)



Legislation – greater emphasis on community outcomes & well being

The funding needs of the local authority must be met from those sources that the local authority determines to be appropriate, following consideration of,—

(a) in relation to each activity to be funded,—

(i) the community outcomes to which the activity primarily contributes; and

(ii) the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals; and

(iii) the period in or over which those benefits are expected to occur; and

(iv) the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity; and

(v) the costs and benefits, including consequences for transparency and accountability of funding the activity distinctly from other activities; and

(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.

Legislation – Greater flexibility enabling new rating methods

Council is required to work through the process of determining how to fund each activity of council.

All of the parts of the section 101(3) legislation are relevant, but the weight put on each is a matter of council discretion (Simpson Grierson)

Rating choices no longer require calculation of benefit and close correlation to rates. (Simpson Grierson)

The final part to the section (b), summarises the new rate setting abilities and emphasis of councils.

“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.”

Catchment Rate funding – Complexity

Council funding of “Catchment based” activities is currently;-

	Gen rate %	Targ rate %
Biodiversity	100	0
Biosecurity	0	100
Land Sustainability	0	100
Catchment Ops	40	60
Riverworks	30	70
Drainage	10	90

We must take the opportunity to review and “simplify” the funding mechanisms for all “catchment based” rating.

Summary of Catchment targeted rates for 2023.24 (including GST)			
District	River management	Various drainage	Total district
Mataura	1,225,779	319,650	1,545,429
Oreti	915,111	276,000	1,191,111
Invercargill and surrounds	621,764	319,762	941,526
Aparima	388,770	75,000	463,770
Makarewa	242,659	60,600	303,259
Te Anau	242,540	12,800	255,340
Waituna & Waikawa		122,676	122,676
Waiau	811	87,351	88,162
Waimatuku		71,995	71,995
	3,637,435	1,345,833	4,983,269
Number of schemes	7	23	
Flood banks	517		
Kms managed	818	1,400	
Total rates levies			141
Annual targeted rate per km (incl GST)	\$ 4,447	\$ 961	

Catchment Rate funding – Lack of transparency

The current funding mechanism (catchment rates classification system) is;

Determined on past costs and “benefits” arising from the construction of the existing flood schemes

Extremely granular and complex, very little consistency between catchments.

Significant “differential” rate levies, between properties and within properties, create concern.

Difficult for staff to explain to affected ratepayers.

Impacts on work programmes, areas needing work are “not rated”.

Creates confusion, frustration and mistrust

Challenging to administer with 22,000 individual Special Rating Areas.

Example of significant rate levy differences – Te Anau

	River management rates	Rate per \$100k of LV
Rural	Te Anau River Edge Protect E3 - SDC	1,075
	Te Anau River Edge Protect E5 - SDC	1,075
	Te Anau River Edge Protect E4 - SDC	430
	Te Anau River Edge Protection E1 - SDC	215
	Te Anau River Flood Prone B1 - SDC	52
	Te Anau River Off Site Ben D3 - SDC	24
	Te Anau River Off Site Ben D1 - SDC	22
	Te Anau Basin Rural F1 - SDC	5
Urban	Te Anau Basin Te Anau Town F2 - SDC	10
	Te Anau Basin Manapour Town F3 - SDC	10

Capacity Building Project 2019 – commitments made

Develop a structure that assists the community to transition over time to more sustainable land use practices.

A catchment wide committee with a rating classification that is ready for future challenges while recognising current needs.

Whole of catchment committee, whole of catchment plan, whole of catchment rating

Work with a team of people, seeking advice from experts, that we can ground-truth

Step 2 of capacity building project - review funding/rating

- Establish efficiency and effectiveness of current rating approach to fund activities
- Review of what other councils are doing
- Funding option for future approaches – links to other rate tools: form of river management rate.
- Impact on Long Term Plan/ Annual Plan

The Capacity Building Project assured Catchment Liaison Committees that a “new” broader based rating system would be put in place to fully support “Integrated Catchment Management”.

Future focused solutions – healthy rivers, resilient communities

Integrated Flood Plain Management

Communities working together to determine what the “right mix” is for their community

Understanding the options, data and science required
River management, still required, still part of toolbox

Flood control infrastructure, new investment in physical and nature based options, land purchases

Emergency Management - preparedness

Spatial Planning, working together

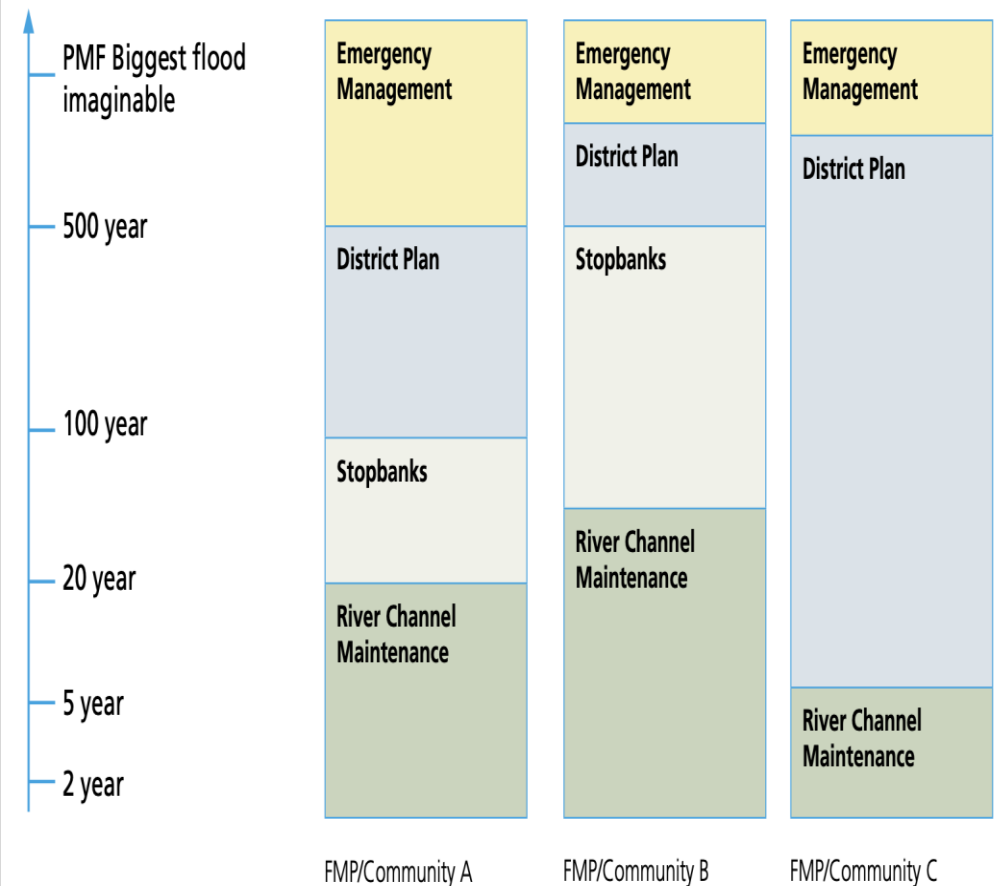
Healthy rivers

Catchment management, limit setting

Biodiversity

Ecology, habitat protection, restoration

Different communities, with different approaches



Combined impacts of change - Summary

30 – 40 years of change in the system has to a large extent removed the previously calculated benefits, certainly the relationships between them.

The “benefits” to some are now “costs” to others in the catchment.

Legislation, the communities and their expectation have changed significantly. Exacerbators are now a legitimate consideration in the calculation of rates.

Whole of community benefits and well being are now recognised as being of much greater importance in determining how costs are shared between ratepayers.

Funding for “Future focussed Climate Resilience solutions” requires the replacement of the current rating system with a simpler more broad based system.

1. What is the Process for change?

1. Review the current system, new funding required, undertake stock take involving key stakeholders, review alternate options from other councils.
2. Undertake a “funding analysis review” as per LG Act using Section 101(3), (previous), following a step by step analysis.
3. Consider alternative options, model the impacts on groups and the whole council. Report back to council/stakeholders.
4. Prepare early engagement opportunities to obtain community views on Climate Resilience funding
5. Consider feedback, review models, create formal consultation documents
6. Seek formal consultation feedback
7. Review and decide on changes

1. What is the Urgency?

1. Need to increase the work programme budgets of the catchment team

A review of our own assets, learnings from around Aotearoa, it's clear more work needs to be done around Climate Resilience, expenditure will increase.

A broader based rating system is essential for that to be able to occur.

2. Currently no rating basis to fund new infrastructure, this needs a “new rate” regardless of any change to maintenance rates.

Best if consistent policy on “whole of community benefit” is applied to current rates AND to the new Climate Resilience Infrastructure rates.

3. Promises – 2019 Capacity building review promised a rate review in 2020.

2. What are the risks of changing ?

Community unhappiness with shifting of rates burden, not wanting to pay more

Community resistance to further “council imposed” changes

Communicating the importance of the river management and flood protection story is key.

Legal challenges to the process

Risks very low with good engagement and ensuring the procedural process is followed

Courts decisions support councils ability to set rates for overall community well being

2. What are the risks of not changing?

Critical flood protection work isn't undertaken

Budgets continue to be restrained due to uneven impact on parts of community

Currently "unrated" areas do not receive attention needed

Investment in future solutions does not occur

Large parts of community remain "unaware" of the importance of river management and flood protection works and the investment needed

The administrative complexity and lack of ratepayer understanding continues.

4. Is it only the rates we need to change?

The stock take of catchment rating uncovered other opportunities for improvement

Communication of rates system, maps, descriptions, communications with new land owners adjacent river, can improve service levels to ratepayers

Policy, differences between rural and urban levels of service.

Urban vs Rural flood bank maintenance

Priorities

Future solutions means working together on “priorities”

Community representation not part of this review, but very important in next steps

Climate Resilience Funding

1. Perspectives on rates, regional income and assets - responsibility
2. Why are we looking at Climate Resilience funding?
3. What are the risks of change and risks of not changing?
4. Is it only the rates we need to change?
(scope, what's in and not in this review)
5. Questions – feedback



» End of presentation