



**For now &
our future**

Funding of Flood Plain Management

Stephen Halliwell – Tanea Hawkins

Outline

Tanea Hawkins

Introduction to this segment of the workshop
Climate Resilience vs Flood Plain Management
Why change, what rates are we reviewing

Stephen Halliwell

Funding sources and options, the legal process
Using the LGA section 101(3) to guide our decisions

Workshop discussion groups

Break out in discussion groups
Feedback to workshop
Agreement on options to model

Climate Resilience vs Flood Plain Management

We have been using “Climate Resilience” to describe our river and flood management activities

We are using “Flood Plain Management” to describe Climate Resilience including Integrated Catchment Management

Review - what is Floodplain Management?

“This FMP aims to keep people and property ... safe. Its implementation involves proactively managing the river channels and using land use and protection measures to support the continued and appropriate use of rural and urban land and resources in potential flood- and erosion-prone areas.”

- Te Kāuru Upper Ruamāhanga Floodplain Management Plan, Greater Wellington Regional Council December 2018

What is included in Flood Plain Management?

Regional planning including spatial and hazard planning
Strategy, Communications and Engagement
Emergency Management planning and response
Science data and investigations
Biodiversity, biosecurity
Catchment Integration and education
Catchment operations (management, engineering, design)
River and flood management, infrastructure investment
Drainage management
★ New tools

INTEGRATED FLOOD RISK MANAGEMENT METHODS

STRUCTURAL

NON-STRUCTURAL

HARD

- AX1 Dams and reservoirs
- AX2 Diversions
- AX3 Constructed wetlands
- AX4 Levees
- AX5 Canal widening and deepening
- AX6 Floodways
- AX7 Pumping
- AX8 Engineered drainage systems
- AX9 Groynes and revetments
- AX10 Multipurpose infrastructure
- AX11 Warning/evacuation infrastructure

SOFT

- AY1 Upper watershed restoration
- AY2 Soil conservation measures
- AY3 Wetlands restoration
- AY4 Swales and infiltration devices
- AY5 Rainwater harvesting
- AY6 Detention basins and retention ponds
- AY7 Natural drainage path restoration
- AY8 Riparian vegetation restoration
- AY9 Removal of barriers
- AY10 Green roofs/walls and blue roofs
- AY11 Coastal and reef restoration

- B1 Soil and watershed protection legislation
- B2 Land use planning (regional/community)
- B3 Flood- and waterproofing (building regulations)
- B4 Regular maintenance of headworks
- B5 Flood monitoring and warning framework
- B6 Crop change and alternative land use
- B7 Community flood awareness and preparedness

Natural and Nature-Based Flood Management: Green Guide (2017, WWF)

Why the change in approach?

The rivers have changed

The community has changed

The environment has changed

The expectations have changed

The weather is changing

The RISKS are changing

Our response

1. We are responding to the changes by changing our approach, our methods, our investment, by working together across the council and communities
2. How we share the cost of this work going forward is the purpose of this review

Compelling case for change

The current catchment rating system does not

- support co-ordinated investment in regional resilience
- allow region wide management of the river network
- align with new methods and tools needed

The current system of rating is a tool developed in the past to fund past work methods and infrastructure. The benefits calculated and rated for have changed.

The recent approach is to focus more on overall community outcomes and well beings.

What rates are under review?

Flood plain management activities listed previously are mostly funded region wide (Gen rate)

Except

- ★ Biosecurity
- ★ Catchment Integration (Land Sustainability)
- ★ River and flood management
- ★ Drainage management

which remain part or fully funded by targeted rates

This funding review will consider the first three targeted rates

Why not drainage management?

Planning is still being undertaken for the drainage management activity under new legislation and new rules.

The recommendation is a rates review for each of the schemes be undertaken in conjunction with physical and environmental scheme reviews that will be needed going forward.

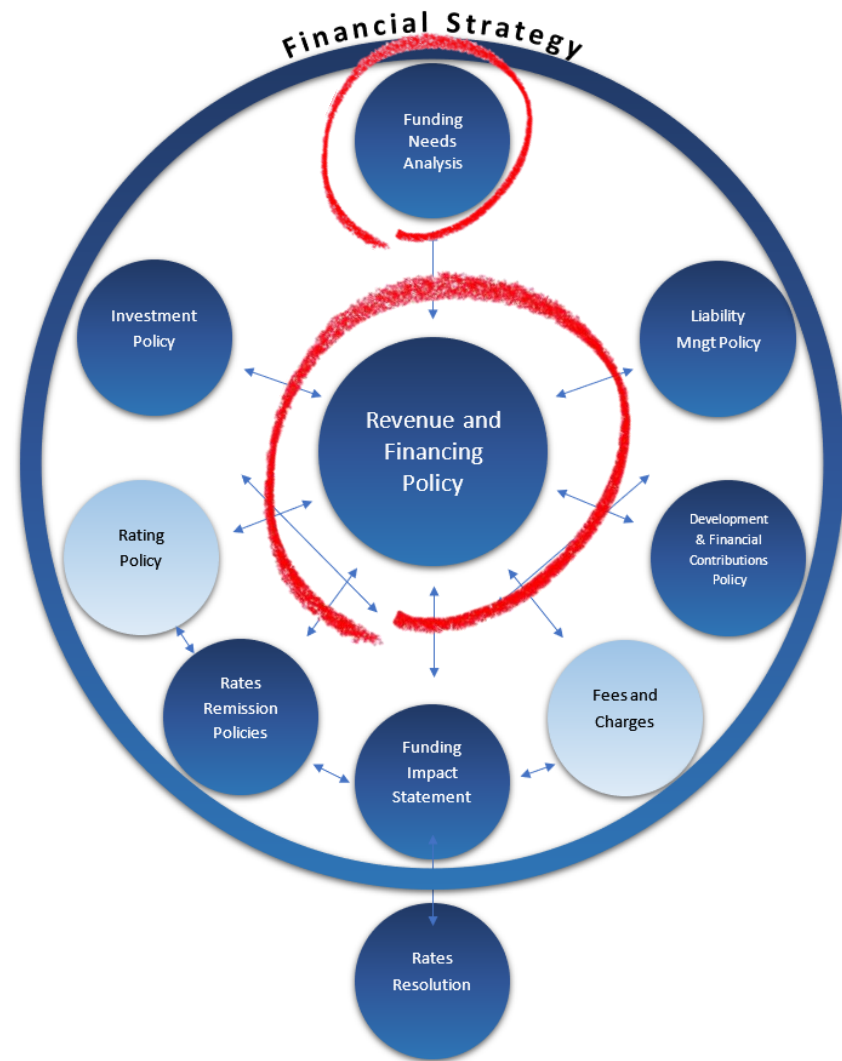
Our guiding financial principles

1	We ensure the everyday costs for services to the region are met from everyday income.
2	We ensure that where future ratepayers will use assets created today, they will pay their share through our prudent use of debt.
3	We maintain financial resilience by having funds, debt capacity and insurance sufficient to fund unplanned or unforeseen events.
4	We clearly define service levels and deliver them in an efficient and effective, customer focussed manner, providing value for money.
5	We charge on a cost recovery basis where we identify there is a private benefit and it is efficient to collect.
6	We aim for rates to be affordable and equitable, with increases set to provide certainty to ratepayers.
7	We manage our investment funds and other investments by taking a prudent approach to risk and return.

The Funding Framework

- complex
- non linear process
- mostly statutory
- flexible

But potentially costly if you get it wrong



Funding sources

- General rates (includes UAGC)
- Targeted rates
- Lump sum contributions
- Fees and charges
- Interest and dividends
- Borrowing
- Proceeds from asset sales
- Development contributions
- Financial contributions
- Grants and subsidies
- Regional fuel taxes
- Other

Must consider each funding source for:

- operating expenses
- capital expenses

Summary of our funding needs analysis

Catchment management

- funded gen rate 40%, 60% cost to riverworks

Riverworks

- funded gen rate 30%, 70% targeted within catchment
- Based on land value with classifications

Drainage

- funded gen rate 10%, 90% targeted within catchment
- Based on either land value or hectares and classifications

Biosecurity

- funded 100% targeted rate

Catchment Integration (Land sus)

- funded 100% targeted rate

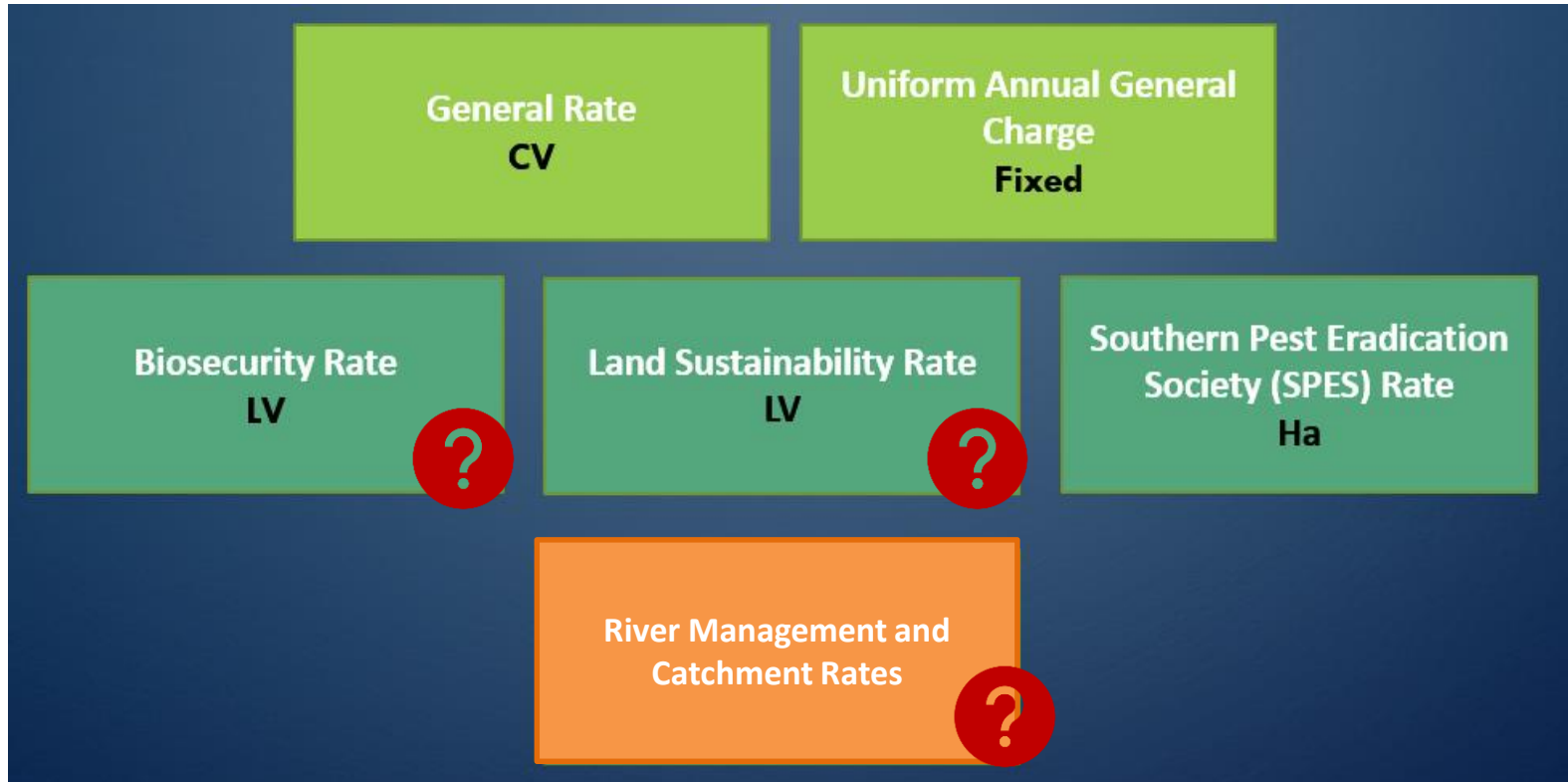
Activity Groups	Activities	Fees and Charges	Other Income (incl. Grants and Subsidies)	Targeted Rate	General Rate (incl. UAGC and General Funds)
Air Quality	Regulation and Planning				100%
	Science, Research and Monitoring	0% - 20%			80% - 100%
	Community Engagement and Education				100%
	Partnerships		0% - 20%		80% - 100%
Water and Land	Regulation and Planning				100%
	Science, Research and Monitoring	0% - 20%			80% - 100%
	Community Engagement and Education			100%	
	Partnerships		0% - 20%		80% - 100%
Biosecurity and Biodiversity	Regulation and Planning			40% - 60%	40% - 60%
	Science, Research and Monitoring	0% - 20%		80% - 100%	
	Community Engagement and Education			100%	
	Partnerships		20% - 40%	60% - 80%	
	Operations			100%	
Climate Change and Community Resilience	Regulation and Planning				100%
	Science, Research and Monitoring	0% - 20%			80% - 100%
	Community Engagement and Education		0% - 20%		80% - 100%
	Partnerships		80% - 100%		0% - 20%
	Operations				
	- River Works			60% - 80%	20% - 40%
- Land Drainage			80% - 100%	0% - 20%	
- Catchment Planning			60% - 80%	20% - 40%	
Coast and Marine	Regulation and Planning		100%		
	Science, Research and Monitoring	0% - 20%	80% - 100%		
	Community Engagement and Education		100%		
	Partnerships				100%
	Operations				
- Harbours	100%*				
- Marine Oil Spill Response		100%			
Regional Leadership	Regulation and Planning				100%
	- Regional Planning				40% - 60%
	- Consents and Compliance	40% - 60%			
	Community Engagement and Education				100%
	Partnerships		0% - 20%		80% - 100%
Governance				100%	
Operations			100%		

A closer look

Operations	FUNDING NEEDS ANALYSIS POLICY	Targeted rate	General rate
- River Works		60% - 80%	20% - 40%
- Land Drainage		80% - 100%	0% - 20%
- Catchment Planning		60% - 80%	20% - 40%

Operations	ACTUAL	Targeted rate	General rate
- River Works		70% LV	30%
- Land Drainage		90% LV/Ha	10%
- Catchment Planning		60% CV	40%

Environment Southland Rates



What are we trying to achieve ?

Our financial principles suggest our rates are affordable, equitable and certain

Plus, the our method of rating needs to be

Transparent

Flexible

Fit for Purpose

Future focused

Funding options



The legal stuff

Decision Making Process

Engagement and Consultation Process

Section 101(3) – Funding Needs Analysis Process

Revenue and Financing Policy

Rates Setting Process

**Follow the process and the choice is yours to
make**



The process for 2023

1. Options development
2. Modelling – with Elected Members and stakeholders
3. Pre-engagement
4. Statement of Proposal
5. Council meeting to approve Statement of Proposal
6. Consultation period - 1 month
7. Hearings – combined with LTP hearing
8. Review modelling and policies
9. Council decision to adopt policies – at LTP adoption meeting prior to the Adoption of the LTP and rates resolution

S.101(3) of the Local Government Act 2002

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**

(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**

Current 2021 Funding Needs Analysis Considerations

Group Activity: Operations (Including flood protection and control Works)

Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need?	Separate Funding	Rationale	Funding Source
<p>This activity primarily contributes to Council's outcome:</p> <ul style="list-style-type: none"> Communities empowered and resilient Managed access to quality natural resources Diverse opportunities to make a living and is associated with all other Council's outcomes. <p>We are increasing the resilience of our infrastructure, economy and our communities through Community Resilience Projects.</p>	<p>The activity supports the governance and the range of decision-making responsibilities and activities of Council and the Catchment Liaison Committees and therefore benefits the community as a whole.</p> <p>The three base activities included are River Works, Land Drainage, and Catchment Planning.</p> <p>River Works: There is a mix of community public good and identifiable parts of the community benefiting.</p> <p>Economic benefit to the wider community especially employment from the Community Resilience Projects (Shovel-ready projects – Capital expenditure projects).</p> <p>Land Drainage: The community as a whole does not receive any specific benefits. Individuals receive the entire benefit.</p> <p>Catchment Planning: There is a mix of community, public and identifiable parts of the community benefiting.</p> <p>Identifiable parts of the community: All properties and businesses including residents and owners within the areas of the essential channel maintenance works benefit due to reducing any erosion issues.</p>	<p>The benefit of most operating costs is expected to arise in the year the funding is sourced.</p>	<p>The actions of individual and groups can have a significant impact in this activity.</p>	<p>Identifying separate funding assists in the accountability and transparency of Council's costs on this activity.</p>	<p>Rivers management and flood control provide a large benefit to the wider community by enabling the protection of people, property and businesses and more resilient economic activity. For this reason, rating options extend beyond the direct beneficences and across the region when Council considers that appropriate.</p> <p>Some protection (rivers) has a high degree of direct benefit to individuals and Council when appropriate will adjust the allocation of funding to these groups.</p>	<p>RIVER WORKS LOW (20%-40%) General rate HIGH (60%-80%) Targeted rate – Catchment UNLIKELY All other funding sources.</p> <p>LAND DRAINAGE MINIMAL (0%-20%) General rate MOST (80%-100%) Targeted rate – Catchment UNLIKELY All other funding sources.</p> <p>CATCHMENT PLANNING LOW (20%-40%) General rate HIGH (60%-80%) Targeted rate – Catchment UNLIKELY All other funding sources.</p>



Summary - Stephen

Process of working through new rates options

Outcome today

- Today we are discussing River and flood management rating
- Leave workshop with options to develop, model and bring back

Process

- Discussion groups work through questions, feed back to group
- Collate feedback, determine what is agreed on, create options

Discussion group questions

Sharing the cost

Questions

1

Can we operate more effectively using a regional approach?

2

Is there still a need to share the cost between ratepayers dependent on where the property is situated? Is there any value in having any type of classification system based on "benefit"?

3

Is land value still the best way to calculate targeted rates?

Questions to be provided in large format for discussion groups, along with some guidance

1a no, not sure

If we have a region wide approach we have no need for a separate local rate. If we have multiple schemes we need to determine the split between the region and local community. What is the appropriate amount for the region to fund vs the local community?

2a yes

If sharing the cost between different ratepayers is important, on what basis would we do that, location, type? How much complexity are we adding or retaining?

1b

Is it possible to simplify by reducing the number of differently funded activities?


Questions 1a and 1b needed if answer to 1 is "no or not sure"

Question 2a needed if answer to 2 is yes

Question 3 to be answered independently of questions 1 & 2

Collation of options

Activity : River Management		Options based on current system		Option 3	Option 4	Option 5	Option 6
Scenario name	Current	Mataura CLC	Te Anau CLC				
# of Uniquely funded Council Activities	3	3	3				
# of Catchment schemes	6	6	6				
Regional share (gen rate)	30%	30%	30%				
Local share (targeted rate)	70%	70%	70%				
Rates allocated by location or type	location	none	none				
Calulation basis	land value	capital value	area				



Summary – wrap up