



Meeting of the Clifton to Tangoio Coastal Hazards Strategy Joint Committee

Date: Friday 31 May 2019
Time: 10.00am
Venue: Council Chamber
 Hawke's Bay Regional Council
 159 Dalton Street
 NAPIER

Agenda

ITEM	SUBJECT	PAGE
1.	Welcome/Notices/Apologies	
2.	Conflict of Interest Declarations	
3.	Confirmation of Minutes of the Clifton to Tangoio Coastal Hazards Strategy Joint Committee held on 18 March 2019	
4.	Call for Items of Business Not on the Agenda	3
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Decision Items		
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Information or Performance Monitoring		
7.	Community Consultation – options and risks around LTP alignment	23
8.	Project Manager's Update	27
9.	Current Coastal Projects Update	29
10.	Discussion of Items Not on the Agenda	31

**CLIFTON TO TANGOIO COASTAL HAZARDS STRATEGY JOINT COMMITTEE****Friday 31 May 2019****Subject: CALL FOR ITEMS OF BUSINESS NOT ON THE AGENDA****Reason for Report**

1. Hawke's Bay Regional Council standing order 9.13 allows:
 - 1.1. "A meeting may discuss an item that is not on the agenda only if it is a minor matter relating to the general business of the meeting and the Chairperson explains at the beginning of the public part of the meeting that the item will be discussed. However, the meeting may not make a resolution, decision or recommendation about the item, except to refer it to a subsequent meeting for further discussion."

Recommendations

2. That the Clifton to Tangoio Coastal Hazards Strategy Joint Committee accepts the following "Items of Business Not on the Agenda" for discussion as Item 10:

Item	Topic	Raised by
1.		
2.		
3.		

Annelie Roets
GOVERNANCE ADMINISTRATIVE
ASSISTANT

James Palmer
CHIEF EXECUTIVE



CLIFTON TO TANGOIO COASTAL HAZARDS STRATEGY JOINT COMMITTEE

Friday 31 May 2019

SUBJECT: ACTIONS FROM PREVIOUS CLIFTON TO TANGOIO COASTAL HAZARDS STRATEGY JOINT COMMITTEE

Reason for Report

1. In order to track items raised at previous meetings that require action, a list of outstanding items is prepared for each meeting. All action items indicate who is responsible for each, when it is expected to be completed and a brief status comment.
2. Once the items have been completed and reported to the Committee they will be removed from the list.

Decision Making Process

3. Staff have assessed the requirements of the Local Government Act 2002 in relation to this item and have concluded that, as this report is for information only, the decision making provisions do not apply.

Recommendation

That the Clifton to Tangoio Coastal Hazards Strategy Joint Committee receives and notes the "*Actions from previous Clifton to Tangoio Coastal Hazards Strategy Joint Committee Meetings*" report.

Authored by:

Simon Bendall
PROJECT MANAGER

Approved by:

Chris Dolley
GROUP MANAGER ASSET
MANAGEMENT

Attachment/s

- [1](#) Agreed actions from 18 March 2019 Joint Committee

Agreed actions from 18 March 2019 Joint Committee

Task	Meeting / Agenda Item	Actions	Resp.	Status/Comment
1.	Actions from 18 March 2019	To distribute PDF version of the OECD case study to members once available.	Simon Bendall	– Waiting to hear from OECD/MfE.
2.	Project Manager's Update	<ul style="list-style-type: none"> Proposed that TAG bring back a report in how to manage risks around LTP alignment. (Having a stand-alone consultation alongside the LTP's). Proposed to engage with Dave Cull at an earlier stage and to attend the presentation with James Shaw. 	TAG	<ul style="list-style-type: none"> Completed – in agenda for 31 May 2019 meeting. In progress – verbal update to be provided at 31 May 2019 meeting.
3.	Workshop actions	<ul style="list-style-type: none"> Based on the discussions, the TAG funding subgroup would further refine the funding model and have the model externally peer reviewed. Proposed to have an update/progress on Central Government funding. 	TAG	<ul style="list-style-type: none"> On hold. Pending receipt of refined costings for physical works programme. Verbal update to be provided at the 31 May 2019 meeting following meetings held in Wellington on 28 May 2019.

Item 5

Attachment 1

CLIFTON TO TANGOIO COASTAL HAZARDS STRATEGY JOINT COMMITTEE

Friday 31 May 2019

Subject: CONTRIBUTORY FUND

Reason for Report

1. This report proposes options for establishing, managing and funding the Coastal Response Contributory Fund (contributory fund) to support the implantation of the Clifton to Tangoio Coastal Hazard Strategy 2120 (Strategy). Specifically the report.
2. Outlines how the contributory fund will be used and expenditure is reported to the Councils.
3. Provides a draft Coastal Contributory Fund Rules Deed to assist with further direction from the Joint Committee.

Background

4. The Joint Committee have been discussing the concept of a contributory fund since the idea was first introduced in Stage 2 of Strategy development, and have agreed in principle to establishing such a fund. The Joint Committee have previously requested further detail from TAG Funding Workstream on how the fund would be operated, managed and governed.
5. Currently Napier City Council (NCC), Hastings District Council (HDC) and Hawke's Bay Regional Council (HBRC) have agreed to commit to providing \$100,000 each for the next 10 years for the continued development of the Strategy.
6. This allocation of money is being used for design engineering, financial strategy development, project management, communication planning and joint committee meeting expenses. At this stage, there is no intention to discontinue this commitment and the current \$300,000 per year will not be part of the contributory fund.
7. The contributory fund is a separate collection of funds from ratepayers and other external funding agencies. It has been proposed that the three partner Councils begin collecting from the ratepayers from the 2021/22 year for spending in the future for the public good and protection of the TLA's and HBRC's infrastructure portions (when the whole community benefits from the expenditure) from the physical intervention.
8. The private good benefit (when individuals or identified parts of a community will benefit) will be collected at a later stage through a targeted rate when there is certainty of the timing and value of the physical intervention. Once collected, this money will also be deposited in the contributory fund account.
9. Debt funding for the construction will be applied for at the time of the physical construction and this money again will be added to this fund.
10. All expenditure for the strategy will be paid out of the contributory fund.
11. Managed retreat has been considered in the strategy but only in the long-term, along the terms of covering the costs for making safe and good abandoned property for public good.

Basis of the Contributory fund

12. A contributory fund is a way we can start collecting money now to assist to offset the future costs of physical intervention. A key output of the Design Workstream, detailed estimates for each interventions are currently being prepared. As a guide the 2018 Report, "Report of the Northern and Southern Cell Assessment Panels" estimated the rating impact of implementing all recommended pathways would have a rating cost of \$3.2m p.a with an estimated total cost of \$52m over the first 20 year horizon. In addition, the Joint Committee paper presented on 5th December 2017 Titled "Coastal Hazards Strategy- High Level Cost Estimates" developed an envelope cost for the preferred pathways over all three time horizons of between \$130m to \$285m.
13. Although this level of money is not required immediately, it would be sensible and prudent to start collecting money now to reduce the reliance on debt financing in the future.
14. To date the order in which the proposed interventions will be implemented has not been confirmed.
15. The Joint Committee has previously recommended that each council share the responsibility to collect for the contributory fund from the ratepayers in their city/district/area.

What is the fund being collected for

16. Initially the fund will be used for funding the public good component of the physical interventions and for the protection of the TLA and HBRC owned infrastructure behind the interventions.
17. Items that are primarily considered public good
 - 17.1. Making safe & good the abandoned property and possible areas of managed retreat
 - 17.2. District/regional plan change costs related to the implementation of the strategy
 - 17.3. Consenting costs and related expenses.
18. Items that have components of public and private good
 - 18.1. Physical interventions
 - 18.2. TLA infrastructure protection, HBRC infrastructure protection
19. Each mitigation for each cell must be considered individually to identify the percentage of public and private good, and these percentages may differ from coastal community to coastal community.
20. It is noted for clarity this fund will not be for business as usual expenses or other coastal works programmes that occur outside of the Strategy.

When to start the Fund

21. Given the expected cost of the proposed interventions, any funds collected in advance will reduce the need for debt funding later, and the sooner the Councils commence collecting, the larger the contributory fund will be when required. For this reason the TAG Funding Workstream is recommending that all Partner Councils commence the collection of funds as soon as it is practicable.
22. The TAG Funding Workstream are recommending that public consultation commence as soon as practicable, and on that basis it should take place in July/August 2020. With the intention of rating for the year 2021/22
23. It is envisaged that all three Councils would consult together being led by HBRC with consistent messages.
24. This approach would allow the fund to commence early, and would have a compounding impact on the ultimate size of the fund for when works commence.

25. On the flip side, in 2021/2022 the Strategy would not have completed their modelling and the preferred pathway and detailed costs will not be known. However, we are certain that doing nothing is not an option, and whatever is done will be expensive.
26. The disadvantages of collecting early is that at this stage there has been no decision on what the public good percentage will end up being for each intervention, nor have we decided what is the value of the protection being offered to each TLA for each intervention.

Collection of the Fund

27. The TAG Funding Workstream has considered who should collect the contributory fund. There are two options,
 - 27.1. The first and most obvious is Hawke's Bay Regional Council (HBRC) due to previous Joint Committee meetings agreeing that they are the most obvious vehicle to collect the public good component of future works.
 - 27.2. The second option is that all three Council begin collecting funds for the contributory fund. HBRC would collect for the public good component of the future works, and the Territorial Local Authorities (TLA) would collect for their contribution for the protection of their infrastructure (roads and 3 waters).
28. The advantages of the second method is that a greater level of funding can be accrued by spreading collections over all three Councils; we anticipate that the amount collected could be double that collected were a single Council collecting. We know that whatever the amount we are able to collect through a contributory fund, it will never be sufficient to meet all construction costs and will need to be complemented with debt funding; the more we can collect now, the less debt funding that will ultimately be required.
29. Below is a table that demonstrates what the proposed new rate might raise per year if implemented where the rate per property averages \$5 to \$25 per property per Council.
30. Options range from \$5 per property per Council to \$25 per property per Council

		Additional Rate per property for Coastal protection against Climate Change				
		\$5	\$10	\$15	\$20	\$25
HBRC	55,000 Repayable Properties	\$ 275,000	\$ 550,000	\$ 825,000	\$ 1,100,000	\$ 1,375,000
	Rating Base (2018-2028 LTP)	\$ 22,800,000	\$ 22,800,000	\$ 22,800,000	\$ 22,800,000	\$ 22,800,000
	Percentage Change	1.2%	2.4%	3.6%	4.8%	6.0%
HDC	30,000 Repayable Properties	\$ 150,000	\$ 300,000	\$ 450,000	\$ 600,000	\$ 750,000
	Rating Base (2018-2028 LTP)	\$ 81,900,000	\$ 81,900,000	\$ 81,900,000	\$ 81,900,000	\$ 81,900,000
	Percentage Change	0.2%	0.4%	0.5%	0.7%	0.9%
NCC	25,000 Repayable Properties	\$ 125,000	\$ 250,000	\$ 375,000	\$ 500,000	\$ 625,000
	Rating Base (2018-2028 LTP)	\$ 58,900,000	\$ 58,900,000	\$ 58,900,000	\$ 58,900,000	\$ 58,900,000
	Percentage Change	0.2%	0.4%	0.6%	0.8%	1.1%
TOTAL	Additional Rate Collected	\$ 550,000	\$ 1,100,000	\$ 1,650,000	\$ 2,200,000	\$ 2,750,000
	Percentage Change	0.3%	0.7%	1.0%	1.3%	1.7%

31. For example if only HBRC were collecting the rate and the amount settled on was \$15 per property per year, then \$825,000 would be collected in year one, which represents a 3.6% rate increase on the existing HBRC rating base.
32. However if all three Councils implemented an average rate increase of \$15 per property, \$1,650,000 would be collected. While the HBRC rate increase would remain at 3.6%, and the TLA's would be between 0.5-0.6%, the overall impact on the ratepayer is a 1% increase in rates on his or her property. This is the level that the TAG Funding Workstream would recommend for year 1.

33. The TAG Funding Workstream also debated whether that rate should remain at \$15 for year 2, or whether it would progressed up to \$20 year 2, and then \$25 year 3. Given the ultimate cost of the interventions, it is TAG Funding Workstream's view that year 2 and 3 should include a gradual increase so the fund has a meaningful balance available when works commence.
34. Rationale is the balance between affordability and meaningful contributions for the size of the strategy

Method of Collection – Uniform Rate vs General Rate with differentials

35. Having decided to collect towards the contributory fund, the next decision is how to collect it. There are two main options;
 - 35.1. The first is the easiest to implement and understand being a flat uniform charge of \$xx per property.
 - 35.2. The second is to create a targeted rate where the rate is based on bands of proximity to the coast.
36. The first option is easy to explain, but does not take into account the differing levels of benefits that a coastal property would enjoy compared to say a rural property or a elevated residential property, which may be many kilometres from the coast. It also does not address affordability as every property owned pays the same.
37. The second option is a targeted rate with bands based on proximity to the coast. This addresses the issue of benefit. However, the rate could be a flat charge per property, or based on land values. A land value approach could be done to try to address affordability as the property owners in Flaxmere and Maraenui would pay less than those in Havelock North and Napier Hill would, however you'll have a perverse outcomes for farmers, orchardists, and commercial building owners.
38. Ultimately it isn't the place of the Joint Committee to make this decision as each individual Council sets their own rates, but rather to highlight that the decision to collect early has knock on decisions that each individual Council will need to make in due course.
39. The Tag Funding Workstream on balance recommend that a flat uniformed charge per property is the easier collection method. Each Council must come to their own conclusion as to the rating tools used to recover their share of the contribution. This may include modifying the Revenue & Financing Policy and considering the requirements of Section 101 (3).
40. Also the implications of the introduction of a new rate and the impact of this against its own Significance and engagement policy and the need to consult. If the councils introduce a new targeted rate, outside of the LTP process, then they need to consider the impacts of section 23 (2) of the Local Government (Rating) Act 2002.

Draft Deed of Agreement

41. To assist the Joint Committee with some further detail on how a contributory fund could operate in practice, TAG Funding Workstream have worked with independent legal advice to prepare a draft Deed of Agreement (**attached**). It is noted for clarity the attached Deed is an early proposal for Joint Committee feedback.
42. As the Joint Committee has been formed under Clause 30(1)(b) of Schedule 7 of the Local Government Act 2002 (LGA) by agreement between the Councils it is not a Council-Controlled Organisation under the LGA because it is not an "entity".
43. The Joint Committee operates under the Terms of Reference that does not currently provide any functions in relation to the management or oversight of a contributory fund.
44. The TAG Funding Workstream consider that the Joint Committee is well placed to provide this oversight, and notes that amendments to the Terms of Reference would be required by agreement of all the Members, to enable this function and to confirm how decisions on holding and spending the funds should be made.

45. The structure of the DRAFT Deed attached is on the following basis:
 - 45.1. The only parties of the Deed are the three funding Councils
 - 45.2. The primary function of the deed is to govern how the funds are to be held by the holding party (using HBRC as example until the Joint Committee decide)
 - 45.3. The draft Deed sets out how the funds are to be used
46. Any other matters pertinent to the operation of the fund can be set out in the terms of reference by which all councils are governed.
47. Previous legal advice indicates that one council can hold the funds for the benefit of all Councils. It is currently proposed in the draft Deed that HBRC would hold the funds and would be entitled to invest the funds in accordance with HBRC's investment policy. However this is a matter for further discussion with the Joint Committee.
48. The Holding Council's Investment Policy will be an attachment to this Deed. The funds must be held in a separate account on trust for all three funding Councils.
49. Any losses (not due to breach, fraud or wilful default by Holding Council) would be met as to 1/3 each by each of the three funding Councils.
50. The percentages collected for each Council are to be inserted following further discussion. This includes the total to be collected and will equate to \$XX per ratepayer in Napier/Hastings based on 55,000 ratepayers for the first year (this may change in subsequent years if the number of ratepayers changes).
51. The \$XX per ratepayers for the first three years is still to be determined. Confirming where it is the same fixed rate for all three years or a step up increase each year will indicate that we are serious about doing something.
52. The financial commitment is proposed to be confirmed for the first three years only – thereafter the three Partner Councils are to review whether they continue with this model.
53. If/when debt funding is obtained, that would also be paid into the same contributory fund account. Note: if that occurs then it is likely that all three Funding Councils would need to be the borrower for that debt funding.
54. Also, when private benefit funding is rated and received this too will be deposited into this fund.
55. This fund will hold all the income and pay out all the expenses related to Strategy Implementation.

Allocation of the Funds

56. When it comes to allocating the funds Clause 3.3 of the draft Deed sets out a suggested process for how this could work being:
 - 56.1. TAG to make a proposal to the Joint Committee
 - 56.2. Joint Committee to decide if proposal is a public good and if it agrees with the proposal
 - 56.3. If so, Joint Committee refers proposal to the three funding Councils for their approval
 - 56.4. If not, Joint Committee can amend proposal or reject it. Amendments can be made either in consultation with TAG or not – this provides flexibility to the Joint Committee depending on what the objectionable aspect is
 - 56.5. If the three funding Councils agree with the proposal then the Joint Committee can authorise specified nominated signatories to give the holding party (currently proposed as HBRC) notice to release funds
 - 56.6. If any of the three funding Councils do not agree with the proposal then it would be vetoed until either it was rejected by the Joint Committee or amended so that all three funding Councils agree with the proposal.

57. Funds can only be paid out on either written instruction signed by the Nominated Signatories (suggested three Joint Committee members or designated council representative appointed by each funding Council) or as provided in the Deed.
58. It is intended that the contributory fund covers any investment costs incurred as well as the deduction of any tax or bank fees or other charges on the account.
59. It is not intended that the holding Council would be paid any fees for holding the funds but it would be entitled to deduct third party charges or fees for holding the funds and/or investing.
60. However, once physical intervention starts and the fund is used as an operating fund the intention would be to pay the holding council an annual administration fee as agreed by the Joint Committee.

Recommendations

That the Clifton to Tangoio Coastal Hazards Strategy Joint Committee:

1. Receives and notes the “**Contributory Fund**” report;
2. Recommend to Hawke’s Bay Regional Council, Napier City Council, and Hastings District Council that a Coastal Contributory Fund be established.
3. Recommend to Hawke’s Bay Regional Council, Napier City Council, and Hastings District Council that Hawke’s Bay Regional Council be the Council that administers the Fund on behalf of Hawke’s Bay Regional Council, Napier City Council and Hastings District Council.
4. Recommend to Hawke’s Bay Regional Council, Napier City Council, and Hastings District Council that they all begin rating towards the future cost coastal intervention works in the 2021/22 financial year at the rate of \$15.00 per ratepayer, with amount to be reviewed annually thereafter.
5. Endorse the Contributory Fund Rules Deed in principle acknowledging it is an early draft.

Authored by:

Trudy Kilkolly
PRINCIPAL ACCOUNTANT RATES AND
REVENUE

Brent Chamberlain
MANAGER STRATEGIC FINANCE

Approved by:

Chris Dolley
GROUP MANAGER ASSET
MANAGEMENT

Attachment/s

- [1](#) Coastal Contributory Fund Rules Deed - Draft

COASTAL CONTRIBUTORY FUND RULES DEED

Between

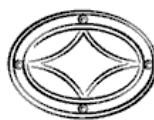
HASTINGS DISTRICT COUNCIL

and

NAPIER CITY COUNCIL

and

HAWKES BAY REGIONAL COUNCIL



**SAINSBURY
LOGAN &
WILLIAMS**
LAWYERS SINCE 1875

DEED dated

2019

PARTIES

- (1) **HASTINGS DISTRICT COUNCIL (HDC)**
- (2) **NAPIER CITY COUNCIL (NCC)**
- (3) **HAWKES BAY REGIONAL COUNCIL (HBRC)**

BACKGROUND

This deed relates to contributions made by each of the parties to the Coastal Contributory Fund to give effect to the Coastal Hazards Strategy referred to in the Terms of Reference.

OPERATIVE PART:

1. INTERPRETATION

- 1.1 In this deed, the following words and expressions shall have the following meanings:

Coastal Contributory Fund means the fund established to provide for funding of coastal works along the coast from Clifton to Tangoio that are for the public good including the protection of Council owned infrastructure and will also include contributions in respect of those obtaining private benefit from the works being done;

CCF Account means a separate bank account held by HBRC into which all funds for the Coastal Contributory Fund are paid;

Joint Committee means the Clifton to Tangoio Coastal Hazards Strategy Joint Committee formed under clause 30(1)(b) of Schedule 7 of the Local Government Act 2002;

Nominated Signatories means one representative from each Partner Council being either the CEO, Chairperson/Mayor or such other person as delegated by that Partner Council that have been appointed for the purpose of signing directions to HBRC in accordance with clause 4.2(a) of this deed;

Terms of Reference means the Terms of Reference for the Clifton to Tangoio Coastal Hazards Strategy Joint Committee dated March 2015;

TAG means the technical advisory group.

- 1.2 Words and expressions defined in the Terms of Reference have the same meanings when used in this deed except where the context otherwise requires.

2. DEPOSIT OF FUNDS

- 2.1 Each of NCC, HDC, and HBRC shall agree the amount required to be collected by each Council (in conjunction with the Joint Committee) by [30 September - TBC] for the following financial year. This amount is to be budgeted in each individual Partner Council's Annual / Long Term Plan for that coming year including the apportionment between

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funding for public good and funding for private benefit in accordance with the percentage apportionment determined by the Joint Committee.

- 2.2 For the initial financial year the total sum to be contributed to the CCF Account on account of the public good shall be \$INSERT (calculated on the basis of \$INSERT per ratepayer in the Hastings and Napier areas of Hawkes Bay being INSERT ratepayers in the 2020/2021 financial year). Thereafter, the total sum each year for the public good shall be the figure that equates to \$INSERT per ratepayer in the Hastings and Napier areas of Hawkes Bay (recognising that the number of ratepayers may vary in each financial year).
- 2.3 NCC and HDC and HBRC shall each pay their contributions into the CCF Account in instalments within [30] days of each of their rates instalment due dates. All payments must be made in cleared funds and without any deductions or set-off whatsoever.
- 2.4 The parties agree that the intention is for the contributions collected in the CCF Account to accrue until such time as any necessary resource or other consents are obtained for works to be carried out to protect the coast between Clifton and Tangoio.
- 2.5 The funds in the CCF Account may be applied to the cost of obtaining of the necessary consents for works to be carried out to protect the coast between Clifton and Tangoio including the costs of undertaking these works and the cost of maintaining these works once built along with funding any legal proceedings relating to the consent process or works.
- 2.6 Any debt funding obtained to undertake the works, and any targeted rates collected for the private benefit component of the works, shall be added to the CCF Account and be used in accordance with the provisions of this deed.
- 2.7 The funds in the CCF Account may also be applied to the servicing of and the repayment of debt that has been added to the CCF Account under clause 2.6 above.

3. **NOMINATED SIGNATORIES AND DIRECTIONS**

- 3.1 Each of HDC, HBRC and NCC must advise HBRC in writing of their respective Nominated Signatories appointed by each of them and of any changes from time to time in such Nominated Signatories including the date and time at which such changes are to take effect.
- 3.2 The parties record their intention to propose an amendment to the Terms of Reference to provide:
 - (a) for the appointment of Nominated Signatories as set out above;
 - (b) that the process for any written direction given to HBRC is:
 - (i) first, TAG puts forward a proposal to the Joint Committee for spending funds from the CCF Account for coastal works;
 - (ii) second, the Joint Committee determines whether or not it agrees with the proposal and whether or not it considers the proposal is for the public good (as distinct from works that are only for the benefit of private individuals or entities);
 - (iii) if the Joint Committee is satisfied with the proposal then it must put forward the proposal to the Partner Councils along with a recommendation of the proportion that the Joint Committee considers is public good versus private benefit in accordance with paragraph (c) below. If the Joint Committee is not satisfied then it may either amend the proposal (either in

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Attachment 1

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consultation with TAG or otherwise) until it is satisfied or it may reject the proposal;

- (iv) upon receiving notification of a proposal from the Joint Committee pursuant to paragraph (iii) above, each Partner Council must advise the Joint Committee in writing whether or not it agrees with the proposal. If all three Partner Councils agree with the proposal then they shall each ensure their Nominated Signatories give written notice to HBRC as provided in clause 4.2(a) below. If any of the three Partner Councils do not agree with the proposal then the Joint Committee may amend the proposal (either in consultation with TAG or otherwise) until all three Partner Councils agree with the proposal or the Joint Committee may reject the proposal;

- (c) for the Joint Committee to recommend to the relevant Partner Council for each unit within the Coastal Hazards Strategy a percentage apportionment between amounts funded for the public good and amounts funded by those receiving private benefit from the works. Once the Partner Council for that unit agrees with the percentage apportionment such agreement must be recorded in Council resolution and a copy of the resolution must be provided to the Joint Committee and the other Partner Councils. If the Partner Council does not agree with the Joint Committee's recommendation then...[To be discussed].

4. **OPERATION OF THE CCF ACCOUNT**

- 4.1 HBRC shall hold the CCF Account for and on behalf of HBRC, HDC and NCC and shall apply the same in accordance with the provisions of this deed.
- 4.2 HBRC shall not release any funds from the CCF Account except:
 - (a) as directed by notice in writing signed by all three Nominated Signatories (whether on the same document or in counterparts); or
 - (b) as otherwise provided in this deed.
- 4.3 Any bank, tax or other charges arising on the CCF Account shall be charged to the CCF Account.
- 4.4 Any interest or profit accruing to the CCF Account (subject to any deduction of tax at source and any bank or other charges properly charged to the CCF Account) shall be retained in the CCF Account.
- 4.5 The parties acknowledge and agree that HBRC shall be entitled to invest funds from the CCF Account in accordance with clause 6.

5. **LIABILITY OF HBRC**

- 5.1 HBRC shall have no obligations or liabilities in connection with the CCF Account or its operation other than those set out in this deed and shall not be liable to anyone in respect of the operation of the CCF Account unless such liability or obligation arises as a result of a breach by HBRC of the terms of this deed or fraud or wilful default on the part of HBRC (or HBRC's agents or employees).
- 5.2 Each of HDC and NCC shall severally as to 33.3 per cent each indemnify and hold HBRC harmless from and against any and all liability which may arise as a result of the operation of the CCF Account unless such liability arises as a result of a breach by HBRC of the

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terms of this deed or fraud or wilful default on the part of HBRC (or HBRC's agents or employees).

- 5.3 HBRC shall be entitled to rely on, and shall be protected in acting upon, and shall be entitled to treat as genuine and as the document it purports to be, any letter, paper or other document furnished to it by or on behalf of the Committee and believed by HBRC acting reasonably to be genuine and to have been signed and presented by two members of the Committee.

6. **INVESTMENT**

- 6.1 The parties agree that the funds in the CCF Account may be invested by HBRC to obtain the highest return possible provided that HBRC may only make investments in accordance with HBRC's investment policy from time to time.

- 6.2 HBRC shall be entitled to invest part or all of the funds from the CCF Account and may invest in one lump sum investment or in multiple separate investments provided that at all times the funds from the CCF Account are held separately so as to be identifiable at all times and not mixed or co-mingled with funds from any source other than the Coastal Contributory Fund.

7. **FEES AND EXPENSES OF HBRC**

- 7.1 Subject to clause 7.2, HBRC shall not be entitled to be paid professional fees for holding the Coastal Contributory Fund or for investing the same. However, HBRC shall be entitled to deduct from the CCF Account any third party fees or charges incurred by HBRC in relation to holding and/or investing the Coastal Contributory Fund.

- 7.2 Once the consent process or works planning and construction begins, the parties acknowledge that there will be administrative work involved for HBRC in respect of the CCF Account and the parties agree that at that point HBRC will be paid an administration fee for this work. The fee shall be determined by the Joint Committee.

- 7.3 The parties record their expectation that they will appoint a project manager to manage the consent process and/or works planning and construction and will record that agreement along with any remuneration arrangements in a separate document. The project manager may be one of the three Partner Councils.

8. **DISSOLUTION**

- 8.1 The parties agree that if the Committee is dissolved or otherwise wound up and is not replaced by any replacement body that is agreed between the parties then any funds remaining in the CCF Account shall, unless agreed otherwise by the parties in writing, be distributed as to 33.3% each to each of NCC, HDC and HBRC provided that any debt funding is first repaid.

9. **GENERAL**

- 9.1 This deed is governed by New Zealand law and the parties submit to the jurisdiction of the High Court of New Zealand.

- 9.2 This deed may be executed in any number of counterparts each of which is to be deemed an original, but all of which together will constitute a single instrument. A party may enter into this deed by executing any counterpart. This deed may be executed on the basis of an

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Attachment 1

- 5 -

exchange of facsimile or scanned emailed copies and execution of this deed by such means is to be a valid and sufficient execution.

Executed as a deed.

NOTE: Does each party need sign under seal?

SIGNED for and on behalf of
HASTINGS DISTRICT COUNCIL
by two authorised signatories

.....

.....

SIGNED for and on behalf of
NAPIER CITY COUNCIL
by two authorised signatories

.....

.....

SIGNED under the seal of the
HAWKES BAY REGIONAL
COUNCIL
in the presence of two authorised
signatories

.....

.....

Attachment 1

Item 6

Item 6

Attachment 1

CLIFTON TO TANGOIO COASTAL HAZARDS STRATEGY JOINT COMMITTEE

Friday 31 May 2019

Subject: COMMUNITY CONSULTATION – OPTIONS AND RISKS AROUND LTP ALIGNMENT

Reason for Report

1. This report has been prepared in response to a request from the Joint Committee for the Technical Advisory Group (TAG) to consider risks associated with commencing community consultation on the Clifton to Tangoio Coastal Hazards Strategy (the Strategy) at the same time as Councils commence consultation on their respective Long Term Plans (LTP).

Background

2. At the last meeting of the Joint Committee on 18 March 2019, the Project Manager reported that 12 months had been added to the project timeline to provide additional time for the Design Workstream to complete their work. This additional time is required to account for the complexity of tasks in this workstream and the resources available to complete them.
3. A consequence of the amended timeframes is that public consultation on the Strategy under the Local Government Act (LGA) has been delayed from the first quarter of 2020 to the first quarter of 2021. This means that, rather than commence as a separate item under a special consultative process, consultation on Strategy implementation will coincide with public consultation on the next review of Council Long Term Plans.
4. The Joint Committee noted their concerns with this alignment, given the volume of information that will be put before the community for feedback at one time. It was felt that this may lead to consultation fatigue / overload. The Joint Committee requested that TAG consider these risks and report back to the next meeting.

Discussion

5. As previously reported to the Joint Committee, Stage 4 of the Strategy is being developed in 3 phases:
 - 5.1. Phase 1: Pathway Concept Development, Testing and Planning;
 - 5.2. Phase 2: Community Consultation and Approvals; and
 - 5.3. Phase 3: Pathway Implementation Projects (multiple).
6. TAG are currently working on Phase 1, which seeks to refine, test and develop to a next level of detail the recommended pathways developed by the Assessment Panels in Stage 3; this is essentially the implementation plan for the concepts developed by the Panels.
7. TAG have established 5 interrelated workstreams (Design, Funding, Governance, Regulatory and Triggers) to complete the work required in Phase 1.
8. The full package of detailed information developed in Phase 1, including concept plans, costs and funding policies, requires full consultation with all members of the Napier and Hastings communities.

9. Having considered the risks noted by the Joint Committee with aligning this Strategy consultation with consultation on Council LTPs, TAG have identified 3 options for Joint Committee consideration. These options are presented and assessed below.

Option	Description	Strategy Consultation Commences	Pros	Cons
Aligned consultation	Strategy consultation commences with and as part of Council consultation on LTPs.	Early 2021	<ul style="list-style-type: none"> • Efficient for Councils with all major consultation activity occurring through one combined process • Avoids further delays in Strategy implementation 	<ul style="list-style-type: none"> • Consultation overload – significant volume of material for community to consider at one time. Likely to affect ability to provide meaningful input
Delayed consultation	Strategy consultation occurs as a separate LGA special consultative process after 2021 LTP consultation is fully completed.	Late 2021	<ul style="list-style-type: none"> • Avoids consultation overload • Reduces time pressures for TAG / Joint Committee 	<ul style="list-style-type: none"> • Further delays Strategy implementation – loss of momentum and risks failure to respond to Assessment Panel recommendations within reasonable timeframe
Staged consultation	Strategy consultation is staged; initial concepts (e.g. contributory fund) are tested with the community ahead of LTP consultation in 2021 and remaining matters are consulted on as a separate LGA special consultative process after 2021 LTP consultation is fully completed	Stage 1 – July / Aug 2020 Stage 2 – late 2021	<ul style="list-style-type: none"> • Breaks-up complex consultation process into more manageable parts • Enables earlier community contact than other options – better maintains momentum and engagement • Allows outcome of Stage 1 consultation to be incorporated into 2021 LTP e.g. commencement of rating for contributory fund • Timing also avoids overlaps with annual plan consultation. 	<ul style="list-style-type: none"> • Ultimate outcome is still delayed until post 2021 LTP

10. Overall, TAG recommend the Staged Consultation approach.
11. A key concern is to maintain momentum following the delivery of the Assessment Panel's recommendations. The staged approach strikes the best balance, in TAG's view, between maintaining momentum while avoiding risks associated with shortening project timelines or combining with other significant consultation processes.
12. If the Joint Committee agree with this approach, TAG will develop some further detail for Joint Committee review around the following points:
- 12.1. The subject areas that can be developed for consultation to occur in July/August 2020;

- 12.2. How the outcome of that consultation can be incorporated into 2021 LTP review process;
- 12.3. The timing and detail of the full consultation process to occur post the 2021 LTP review process; and
- 12.4. A revised project plan to account for the staged consultation approach.

Comment on Consultation Process

- 13. It is noted that, whether staged or not, consultation on the proposed approach to implementing the Strategy will be a significant undertaking on a scale not dissimilar to triennial Council Long Term Plan consultation. As such, TAG are mindful that the consultation process needs to be appropriately resourced and carefully planned and executed.
- 14. For example, the consultation document will need to traverse a broad range of complex material, from coastal hazards risks to technical concept drawings and financial models. A range of options (beyond those recommended by the Assessment Panels) will also need to be developed and presented for community feedback; Councils cannot consult on only one option. Clearance from Audit NZ will also be required before any consultation documentation can be distributed
- 15. Following notification, the consultation document will likely attract significant public interest and potentially high numbers of submissions, given the subject matter and level of Council expenditure proposed. This means a hearings process, and potential opposition to the proposal.
- 16. With these aspects of the consultation process in mind, and following feedback from the Joint Committee on the options discussed above, TAG will develop a Consultation Plan to map out the consultation process and associated requirements. A draft plan will be presented to the Joint Committee for review and approval.

Recommendation

That the Clifton to Tangoio Coastal Hazards Strategy Joint Committee receives and notes the “*Community Consultation – Options and Risks around LTP Alignment*” report.

Authored by:

Simon Bendall
PROJECT MANAGER

Approved by:

Chris Dolley
GROUP MANAGER ASSET
MANAGEMENT

Attachment/s

There are no attachments for this report.



CLIFTON TO TANGOIO COASTAL HAZARDS STRATEGY JOINT COMMITTEE

Friday 31 May 2019

Subject: PROJECT MANAGER'S UPDATE

Reason for Report

1. In accordance with instructions from the Joint Committee, this report is provided in place of the written report required from the Project Manager in accordance with the Terms of Reference for the Joint Committee.
2. It provides an opportunity for the Project Manager to present a verbal update to the Committee and answer any questions on general project matters including tracking against timeframes, milestone achievements and project risks. The Project Manager will provide a verbal update at the meeting.

Recommendation

That the Clifton to Tangoio Coastal Hazards Strategy Joint Committee receives the *"Project Manager's Update"* report.

Authored by:

Simon Bendall
PROJECT MANAGER

Approved by:

Chris Dolley
GROUP MANAGER ASSET
MANAGEMENT

Attachment/s

There are no attachments for this report.



CLIFTON TO TANGOIO COASTAL HAZARDS STRATEGY JOINT COMMITTEE

Friday 31 May 2019

Subject: CURRENT COASTAL PROJECTS UPDATE

Reason for Report

1. This report provides an opportunity for the Technical Advisory Group (“TAG”) to provide an update on various coastal projects the Joint Committee have expressed an interest in keeping abreast of, namely:
 - 1.1. Whakarire Ave Revetment Works being led by Napier City Council.
 - 1.2. Westshore Sand Engine Provincial Growth Fund application led by Napier City Council.
2. TAG members will provide a verbal update on each of these projects at the meeting.

Recommendation

That the Clifton to Tangoio Coastal Hazards Strategy Joint Committee receives the “*Current Coastal Project Update*” report.

Authored by:

Simon Bendall
PROJECT MANAGER

Approved by:

Chris Dolley
GROUP MANAGER ASSET
MANAGEMENT

Attachment/s

There are no attachments for this report.



CLIFTON TO TANGOIO COASTAL HAZARDS STRATEGY JOINT COMMITTEE

Friday 31 May 2019

Subject: DISCUSSION OF ITEMS NOT ON THE AGENDA

Reason for Report

1. This document has been prepared to assist Committee Members to note the Items of Business Not on the Agenda to be discussed as determined earlier in Agenda Item 5.

Item	Topic	Raised by
1.		
2.		
3.		
4.		
5.		