



HAWKES BAY
REGIONAL COUNCIL
TE KAUNIHERA Ā-ROHE O TE MATAU-A-MĀUI

Minutes of an Extraordinary meeting of the Hawke's Bay Regional Council

Date: 13 March 2024

Time: 9.04am

Venue: Council Chamber
Hawke's Bay Regional Council
159 Dalton Street
NAPIER

Present: Cr H Ormsby, Chair
Cr W Foley, Deputy Chair
Cr X Harding
Cr T Hokianga
Cr N Kirton
Cr J Mackintosh
M Paku, Māori Committee Co-chair
Cr D Roadley
Cr Siers (*online*)
Cr M Williams
T Hopmans – Maungaharuru – Tangitū Trust (*from 10.26 am*)

In Attendance: N Peet – Chief Executive
S Young – Group Manager Corporate Services
C Dolley – Group Manager Asset Management
C Comber – Chief Financial Officer
D Cull – Manager Strategy & Governance
V Fauth – Finance Manager
M Johansson – Director Communications & Engagement
S Bell – Team Leader Strategy & Performance
L McPhail – Recovery Manager
J Bennett – Senior Manage – Finance Recovery
P Bicknell – Senior Group Accountant (*online*)
P Martin – Senior Governance Advisor

1. Welcome/Karakia/Apologies/Notices

The Chair welcomed everyone and led the offering of a karakia to open the meeting.

4. Funding Category 2 Flood Mitigation

Desiree Cull summarised the reason and rationale for why Council has been asked to consider the item with the public excluded; being due to detailed maps and modelling (attached to the agenda) being available at the property level which could impact negatively on property values. Following discussion it was decided that consideration of item 4 will commence in public and move into public excluded session only for discussions of the detailed scheme maps and rates modelling.

RC22/24 Resolution

1. Upon conclusion of the meeting, the Funding Category 2 Flood Mitigation agenda item will be made publicly available except for the following contents which will remain publicly excluded:
 - 1.1. Detailed scheme maps attached to the agenda
 - 1.2. Table 1: Proposed flood mitigation to category 2 areas
 - 1.3. Rates modelling examples attached to the agenda.

**Williams/Roadley
CARRIED**

Resolution

RC23/24 That the apologies for absence from councillors Sophie Siers (for part of the meeting), Jerf van Beek and Charles Lambert, and from Tania Hopmans for lateness be accepted.

**Ormsby/Foley
CARRIED**

2. Conflict of interest declarations

There were no conflicts of interest declared.

3. Confirmation of Minutes of the Hawke's Bay Regional Council meeting held on 28 February 2024

RC24/24 Resolution

Minutes of the Hawke's Bay Regional Council meeting held on Wednesday, 28 February 2024, a copy having been circulated prior to the meeting, were taken as read and confirmed as a true and correct record.

**Harding/Mackintosh
CARRIED**

4. Funding Category 2 Flood Mitigation

Nic Peet introduced the item and the team undertaking the work. Comments and discussions included:

- The decision ahead is how Council will rate for its 25% share of the flood mitigation for category 2 areas.
- This item seeks guidance on the principles for setting the rates for category 2 areas, which will then form part of the LTP consultation document which will seek public feedback on all of the matters included.
- The Government financial assistance is \$250m approx. to meet the costs of building flood protection infrastructure, with \$70m of this being a 100% contribution for the new Wairoa

scheme. The balance (~\$180M) has been provided on the condition that HBRC meets 25% of the cost of building or strengthening existing flood schemes.

- HBRC already agreed to fund this ‘local share’ now we are working through the details of how the costs might be rated for, including what proportion could be met by those who will be protected by particular flood schemes.
- Flood protection schemes are typically funded by those benefitting from them, often by way of a targeted rate for the larger proportion and the wider community paying the balance through the general rate.
- If funding cannot be committed for a flood scheme in a category 2 area, then that area is likely to be reassessed as category 3 because the threat to life still remains if a flood scheme isn’t built and the properties in that area cannot be inhabited.

Councillor Thompson Hokianga joined the meeting at 9.17am

- This meeting is not setting rates for any affected properties – those decisions will come after the LTP consultation and the public has had the opportunity to provide feedback on proposed options.

RC25/24 **Resolution**

That Hawke’s Bay Regional Council excludes the public from this section of the meeting, being Agenda Item 4 Funding Category 2 Flood Mitigation, with the general subject of the item to be considered while the public is excluded. The reasons for passing the resolution and the specific grounds under Section 48 (1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are:

General subject of the item to be considered	Reason for passing this resolution	Grounds under section 48(1) for the passing of the resolution
Funding Category 2 Flood Mitigation	<p>Disclosing the modelling done for comparative purposes could impact on property values in scheme areas. A range of funding scenarios have been modelled for comparative purposes in order to agree a preferred funding model for consultation. Maps of the scheme areas will be provided to show the defined scheme footprints and it will be possible to identify individual houses on those maps.</p> <p>Rating decisions are subject to strong public interest, in particular the landowners/property owners most likely to be affected by the decisions. However, these may also be the individuals with the most to lose by disclosing modelling done for comparative purposes. Scheme ratepayers and the wider community will have an opportunity to provide feedback on the proposed funding scenarios during the public consultation process.</p>	s7(2)(e) To protect against material loss by members of the public

**Harding/Mackintosh
CARRIED**

The meeting moved into public excluded session at 9.21am and out of public excluded session at 10.13am.

The meeting adjourned at 10.13am and reconvened at 10.18am.

4. Funding Category 2 Flood Mitigation

The meeting recommenced considering the item, and discussions covered:

- The community benefits from flood protection schemes, either ‘direct’ or ‘indirect’. Direct benefit properties have physical protection in place and indirect benefit is those who gain some benefit from being alongside the flood scheme, e.g. locals who use roads and bridges that remain useable in flood events; those whose power supply will be more resilient.
- The funding needs to be confirmed before the Crown will commit its contribution to the flood scheme construction costs.
- After the LTP consultation process (which will present proposals for community feedback) is

completed, Council will submit a business case to the Crown, showing the rating details being proposed to meet the HB community's 25% capital contribution to the flood schemes.

- The capital cost of the Wairoa flood scheme will be met 100% by Crown funding with ratepayers there being required to fund its maintenance costs going forward.
- Drainage schemes allow surface water to slowly drain off and are intended to cope with 'everyday' rainfall events; different from flood protection schemes which are designed to protect the community from river flooding.
- The affordability of some of the smaller flood schemes, Porangahau and Whirinaki (Other), will be an issue and it may be that a larger general rate contribution across HB is required to make these viable.
- The local 25% contribution will be by borrowing to be repaid over 20 or 30 years. Rates will meet the loan payments – a mix of targeted rates from those directly/indirectly benefitting and general rates from all HB ratepayers.

Tania Hopmans joined the meeting at 10.26am

- Loan servicing for larger projects is usually spread over a 20 year period as recommended by staff. Loan repayment over 15, 20 and 30 years will options included for consultation.
- During the LTP process there will be a rates testing/look up tool available on the HBRC website to allow ratepayers to see their current rates and compare them against a range of options.

Councillor Sophie Siers left the meeting at 10.29am

- Crown funding will be used to replace the three pumping stations in Awatoto, Pakowhai and Brookfields.
- All capital works will be carried out at the same time. Delaying will add costs (such as inflation) that are not in the Crown agreement.
- The Council's rates for drainage and flood schemes are 70% targeted rate on local directly and indirectly affected ratepayers and 30% general rates.
- Today, Council needs to identify a range of options to form the upper and lower 'bookends' of the public choices available.
- If no options are provided, then the Revenue and Financing Policy rules become the default position. The consultation is seeking a variation of that for the Category 2 properties.
- A separate line on the rates invoice could specify the cost of Category 2 flood mitigation for each ratepayer.

Resolutions

RC26/24 That Hawke's Bay Regional Council:

1. Receives and considers the *Funding Category 2 Flood Mitigation* staff report.
2. Agrees that the decisions to be made are not significant under the criteria contained in Council's adopted Significance and Engagement Policy, and that Council can exercise its discretion and make decisions on this issue without conferring directly with the community or persons likely to have an interest in the decision.

**Ormsby/Roadley
CARRIED**

RC27/24 3. Agrees, subject to consultation, on the funding sources for the cost-share items as proposed in the table below as the *preferred* options.

Category 2 Flood Mitigations	Activity in R&F Policy	Recommended Capital Funding	Recommended O & M funding
Wairoa	Flood protection and control works/Flood protection schemes	N/A	30% general rate and 70% targeted rate based on CV with new scheme footprint

Whirinaki (Industrial)	Flood protection and control works/Flood protection schemes	30% general rate and 70% targeted rate based on CV with new scheme footprints	30% general rate and 70% targeted rate based on CV with new scheme footprints
Whirinaki (Other)	Flood protection and control works/Flood protection schemes	30% general rate and 70% targeted rate based on CV with new scheme footprints	30% general rate and 70% targeted rate based on CV with new scheme footprints
Heretaunga Plains (includes Ohiti Road/Omahu, Pakowhai, Waiohiki)	Flood protection and control works/Flood protection schemes	30% general rate and 70% targeted rate based on CV on existing HPFCS footprint	30% general rate and 70% targeted rate based on CV on existing HPFCS footprint
Pōrangahau	New line in the R&F Policy under Flood protection and control works/Flood protection schemes for the new scheme	100% general rate	30% general rate and 70% targeted rate based on CV with new scheme footprint
General Works			
Additional work to rapid repair sites	New line in the R&F Policy under Asset Management specific to General Works as part of the FOSAL cost-share agreement	100% General Rate	100% General Rate
Pump stations			
Scheme reviews			
Telemetry			

4. Agrees, subject to consultation, on the funding sources for the cost-share items as proposed in the table below as *another/alternative* option for the Whirinaki (Other) flood scheme capital funding and the Pōrangahau flood scheme operational and maintenance funding.

Category 2 Flood Mitigations	Activity in R&F Policy	Recommended Capital Funding	Recommended O&M funding
Whirinaki (Other)	Flood protection and control works/Flood protection schemes	50% general rate and 50% targeted rate based on CV with new scheme footprints	30% general rate and 70% targeted rate based on CV with new scheme footprints
Pōrangahau	New line in the R&F Policy under Flood protection and control works/Flood protection schemes for the new scheme	100% general rate	50% general rate and 50% targeted rate based on CV with new scheme footprint

**Williams/Harding
CARRIED**

- RC28/24 5. Agrees that the term of the loans for the Category 2 flood mitigation schemes will be 20 years aligning with current practice.

**Kirton/Harding
CARRIED**

- RC30/24 6. Agrees to consult on the proposed amendments to its Revenue and Financing Policy concurrently with the 2024-27 Three-Year Plan.

**Harding/Kirton
CARRIED**

Closure:

There being no further business the Chair declared the meeting closed at 11.40am on Wednesday, 13 March 2024.

Signed as a true and correct record.

Date: by HBRC resolution 27 March 2024

Chair: Hinewai Ormsby