

Report No.	19-196
Information Only - No Decision Required	

## RIVER MANAGEMENT ENVIRONMENTAL GRANT PROCESS (OFS 06 02)

### 1. PURPOSE

- 1.1. This item provides an overview of the **Environmental Grants for River Works (EGWs)** process.

### 2. RECOMMENDATION

That the Committee recommends that Council:

- a. receives the information contained in Report No. 19-196 and Annex.

### 3. FINANCIAL IMPACT

- 3.1. There is no financial impact associated with this report.

### 4. BACKGROUND

- 4.1. Environmental Grants for River Works outside of scheme areas (or within a scheme area but not within the mandate of that scheme) are likely to date back to local government reorganisation and the removal of central government subsidies for such works that took place in the late 1980's / early 1990's.
- 4.2. Catchment boards commonly administered what were known as 'local share' arrangements for non-scheme works. The cost of those works were typically shared equally between the affected landowners with the board administering the subsidy money received from the **National Water and Soil Conservation Authority (NWASCA)**. Most newly created regional councils adopted some form of grant scheme to replace the local share arrangement.
- 4.3. A portion of the River and Drainage Engineering – General Advice and Work budget (refer Revenue and Financing Policy 13 – page 285 of the **Long-term Plan (LTP)**) is allocated annually to EGWs. The amount currently allocated is \$60,000 for physical works and consents/ approvals where they are required (where no existing resource consent covers the activity or where the permitted activity rules/ provisions of the River Management Code of Practise are not sufficient). Staff time associated with responding to enquiries, undertaking site visits, investigating and designing solutions, procurement and construction supervision are fully funded by Council and are additional to the \$60,000 budget.
- 4.4. The existence of the fund is not promoted per se – applications in general are a result of landowners approaching Council with a particular river management issue. Staff will prepare an application on behalf of the landowner and conduct an initial screening process using a set of criteria/ principles. The grant rate typically applied is 30% of the cost of the work.
- 4.5. Councils' delegations manual (page 64) limits delegations for allocating grant money to the Chief Executive and Group Manager River Management. The financial limit for that delegation is \$50,000 – sums larger than that amount require Council approval. Given the size of the budget relative to the financial delegation limit that request is normally accompanied by a request to transfer additional funds from reserves to the EGWs budget.

- 4.6. An example of such a request was the work at Ashhurst Domain; a tripartite funding arrangement between Horizons, the Palmerston North City Council and the New Zealand Transport Agency with a portion of the Horizons contribution funded from the EGWs budget.
- 4.7. Eligibility criteria applied to applications is in accordance with the broad criteria outlined in the LTP (page 61), notwithstanding the relatively high level of subjectivity applied. Those criteria are that the work proposed is related to preventing or mitigating flooding or erosion, it provides benefit wider than the property boundary, the work is outside of or not within the mandate of an existing scheme and that the work is owned and maintained by the landowner. Consideration is given to both new work and existing work damaged by floods.

## 5. ISSUES / CONSIDERATIONS

- 5.1. There are a range of issues that arise from time-to-time with EGWs. One is the suggestion that it would be more cost-effective and convenient for the landowner to supervise and/ or undertake the work. On the face of it there is also a potential risk to Council in undertaking the work and then recovering the 70% landowner share.
- 5.2. There are however a range of advantages to Council arranging and supervising the work, including ensuring the works are constructed correctly/ robustly and that the scope of work remains as agreed. Aside from the obvious efficiencies associated with using the correct materials, experienced contractors and appropriate construction techniques/ methodologies, some liability inevitably exists for Council with river works such as the potential for poorly constructed works to fail and to create or exacerbate issues downstream.
- 5.3. The current EGWs arrangement also ensures that Council adequately meets its statutory obligations not only from a Health and Safety perspective but also from a Resource Management Act perspective. In reality financial risks to Council also don't exist - a check of the last six years of grants identifies that none of the landowners that have received grants have defaulted on paying their share.
- 5.4. In regard to budget, this is still considered adequate. As demonstrated with the June 2015 flood event, \$60,000 is unlikely to be adequate in a 'bad' year but where over expenditure looks likely, the request can be made to Council to either meet the demand or decline applications. In a 'good' year the unspent portion drops into reserves.
- 5.5. The approach to considering application is in part 'first come, first served' but can involve delaying a decision on some applications, particular those submitted early in the financial year that don't strongly meet eligibility criteria. A few applications have been declined - one application received in 2018 could not be granted for some time due to large portion of the EGWs budget needing to be retained to meet commitments relating to the Ashhurst Domain project. The applicant was advised that funding was potentially available in the following financial year but they did not want to delay the work.
- 5.6. In that particular case I felt that the application did not strongly meet the criteria work and therefore did not warrant a specific request to Council for the budget to be extended, so the application was declined. A request was made around deferred funding but I've endeavoured to avoid such arrangements because of the precedent and the complexities involved with doing so.
- 5.7. More recently an application was declined on the basis that it appeared to be work (retaining wall construction) that had little river management merit and was more focussed on maximising the area of the section.
- 5.8. Demand may reduce with more district-wide / catchment-wide river management schemes as a relatively large number of the grants made have related to willow-clearing; conversely with the dissolution of the Taringamotu Scheme in 2018 staff are anticipating more EGWs

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requests over time from that part of the region (over and above what the district-wide scheme will provide in regard to levels of service).

## **6. POLICY**

- 6.1. Any works that are carried out with EGWs funding will be done so by Horizons and the landowner will be invoiced for their 70% share of the total cost of the works.
- 6.2. The reasons for following this process relate to both the procurement of the work as well as Health and Safety considerations.
- 6.3. With Horizons providing funding towards the works, it is important that the engagement of any contractors is done within the procurement policy to ensure that the best value for Council's money is achieved.
- 6.4. Horizons's EGWs Policy - Horizons:
  - manages the procurement process and engages the contractor;
  - is contract Principal;
  - supervises the works; and
  - pays the contractor and invoices the landowner(s) for their share.
- 6.5. Approval of EGWs continues to be contingent on the grant criteria being met and confirmation that the landowner accepts ownership and maintenance responsibilities.

## **7. SIGNIFICANCE**

- 7.1. This is not a significant decision according to the Council's Policy on Significance and Engagement.

Ramon Strong

**GROUP MANAGER RIVER MANAGEMENT**

## **ANNEXES**

- A Geographical Location of Environmental Grant Works 2012-2019