

Report No.	23-44
Decision Required	

CYCLONE GABRIELLE RECOVERY

1. PURPOSE

- 1.1. This item updates Council on the impacts of Cyclone Gabrielle and prior events on river and drainage infrastructure, and work programmes, and seeks approvals related to future works including damage repairs.

2. EXECUTIVE SUMMARY

- 2.1. Cyclone Gabrielle was a significant event nationally, and locally within the Manawatū-Whanganui Region with the Tararua District being included in the National State of Emergency and other territorial areas (Manawatū, Rangitīkei and Palmerston North) currently seeking to be recognised in the severe weather event legislation. The event flooded houses and a marae, damaged bridges, roads, power supplies, communication networks, farms, and river management infrastructure. This item focuses on the river management component of recovery, noting the event was similar to the 2004 event in the Upper Manawatū (50 to 100-year event), Pohangina (40-year event), Oroua (80 to 100-year event) and Rangitīkei (40-year event at Mangaweka).
- 2.2. Cyclone Gabrielle was a further event in a series of weather events during 2022 and early-2023 that impacted across Horizons region. These events created damage across a range of river and drainage schemes. Scheme reserve drawdowns were approved for damage repairs in the upper Whanganui scheme, Pohangina/Oroua scheme and a majority of drainage schemes in the west coast area of the region.
- 2.3. Cyclone Gabrielle occurred at a time when damage assessments were underway following the events of January and some of the identified repairs were in progress. Following the cyclone an intensive effort has been made to respond to enquiries and assess damage. More than 175 inspections have been completed and the total damage estimate including some proactive work is greater than \$9 million and is continuing to be refined. This report overviews the findings from the damage assessments and options for Council to fund repairs. The damage in the rivers following these events makes them more vulnerable to damage in future events and Council approvals to fund and undertake repairs are being sought. It is noted that some of the longer-term works that could be undertaken to reduce damage into the future are not included in this item and there are likely longer-term considerations around how to prepare for and respond to events.
- 2.4. The identified damage repairs are spread across eight schemes, five of which have sufficient reserves to fund the repairs. Two of the Tararua schemes and the Pohangina/Oroua do not have sufficient funds to pay for all of the identified repairs. This item requests Council's consideration of completing the identified works and how to fund these. Options include limiting the amount of works to the available reserve balances, use of Horizons emergency insurance reserve and reallocating some of the existing Central Government co-funding to these repairs. An Extraordinary Council meeting has been requested to enable works to get underway with the appropriate Council approvals.
- 2.5. The event has also had an impact on the ability to complete planned work programmes due to time spent in response and recovery and river/ground conditions impacting on work. This paper seeks Council's consideration of additional costs incurred and extending the timeframes for the Central Government co-funded projects.

3. RECOMMENDATION

It is recommended that Council:

- a. receives the information contained in Report No. 23-44.
- b. notes the scheme reserve drawdowns approved prior to the event.
- c. directs the Chief Executive to seek extensions to 30 June 2025 for all five Central Government co-funded river management projects.
- d. invites Ministers to observe the damage in the region and to discuss with Council and the community what Central Government support may be available.
- e. directs the Chief Executive to reallocate the approximately \$2.3M of unallocated Central Government co-funding from the Foxton Climate Resilience project with \$0.5M to the Rangitikei Climate Resilience Project and the balance of approximately \$1.8M to the lower Manawatū Climate Resilience Project. Council also directs and provides delegation to the Chief Executive to work with Kānoa Regional Economic Development & Investment Unit within MBIE on the final allocations to meet the requirements of the Central Government co-funding.
- f. notes the Climate Resilience projects require a 25% local funding share to enable use of the 75% government co-funding share and approves use of scheme reserves from the lower Manawatu scheme (approximately \$600,000) and the Rangitikei scheme (approximately \$167,000) to enable use of the Climate Resilience Central Government co-funding reallocated in e above.
- g. approves the use of River and Drainage reserves for the following schemes and amounts:
 - i. Pohangina Oroua Scheme, \$631,489;
 - ii. Rangitikei Scheme, \$345,000;
 - iii. Lower Manawatū Scheme, \$1,964,000;
 - iv. Manawatū Drainage Scheme, \$45,000;
 - v. Te Kawai Scheme, \$22,000;
 - vi. South East Ruahine, \$115,000;
 - vii. Tararua River Management Scheme, \$57,702; and
 - viii. Upper Manawatū Mangahao Scheme, \$562,331.
- h. notes the impact of these reserves drawdowns on scheme reserves and considers the implications for future events.
- i. approves a loan of up to \$500,000 to the Pohangina Oroua Scheme to be repaid over a 10 year period.
- j. approves the Pohangina Oroua scheme landowner contribution rate for non-channel management works to be 50% or 60% [choose one] and excludes the one site near Pohangina village from this policy.
- k. approves the use of Horizons Emergency Insurance Reserve for the following schemes and amounts:
 - i. Pohangina Oroua Scheme, \$621,000;
 - ii. Tararua River Management Scheme, \$40,298; and
 - iii. Upper Manawatū Mangahao Scheme, \$197,669;
- l. approves the funding of a work programme for debris and riparian management work programme in the Tararua District to be funded by: [choose one]
 - i. Via approval of \$200,000 from Horizons Emergency Insurance Reserve and establishment of a \$100,000 per year work programme rated to the Tararua on a capital value basis; or

- ii. Via loan funding of \$200,000 and establishment of an additional \$100,000 per year work programme rated to the Tararua on a capital value basis.
- m. notes that landowner contributions totalling approximately \$70,000 to works completed in the 2022-23 financial year as part of the Pohangina Oroua scheme have not yet been invoiced (and that approximately 80 percent of these works have been lost) and directs the Chief Executive to:
 - i. Invoice the landowners for these works; or
 - ii. To not invoice the works that are no longer functional and to fund these through use of Pohangina Oroua scheme reserves.
- n. delegates to the Chief Executive and Group Manager Catchment Operations to spend the funds allocated in the resolutions above.

4. FINANCIAL IMPACT

- 4.1. This report updates on a range of financial matters related to the River and Drainage Activity and seeks Council decisions on these.

5. COMMUNITY ENGAGEMENT

- 5.1. There has been a range of media and other communication over the course of the response and recovery to Cyclone Gabrielle. Councillors were updated as part of the Integrated Catchment Committee and Council meetings in February.
- 5.2. There has been a range of landowner meetings and several community meetings in the Pohangina/Oroua area. Due to the timeframes it has not been possible to meet with all of the impacted scheme committees in advance of this item.

6. SIGNIFICANT BUSINESS RISK IMPACT

- 6.1. It is considered that there is no significant business risk of this item. As part of response and recovery efforts to Cyclone Gabrielle there are reputational risks related to the various expectations of how Horizons should respond.

7. CLIMATE IMPACT STATEMENT

- 7.1. Horizons' River and Drainage Management Activity includes a range of construction activity and some environmental enhancement work, including tree planting. The activity has a focus on maintaining and increasing the resilience of the community to the impacts of climate change; however, delivery of that resilience does involve activities that are considered to have a climate change impact e.g. the use of fossil fuels.
- 7.2. This item seeks Council decisions on funding recovery from weather related events to enhance resilience to climate change.

8. BACKGROUND

- 8.1. Cyclone Gabrielle was a significant event nationally, and locally within the Manawatū-Whanganui Region. Figure 1 shows the relative rainfall across the Region with the highest totals being recorded in the Tararua and upper parts of the Pohangina, Oroua and Rangitīkei rivers. The rivers in these areas of high rainfall, and those further downstream, received damage. The damage from this event added to the damage from previous events and was likely increased due to damage from preceding events in January not being able to be addressed prior to this event.

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8.2. This item reports on the damage to rivers and requests Council's decisions on funding options. The item is arranged in sections to discuss:

- Funding options for cyclone recovery work;
- Damage assessment results and ability of schemes to pay from scheme reserves;
- Potential use of Horizons' Emergency Insurance Reserve.

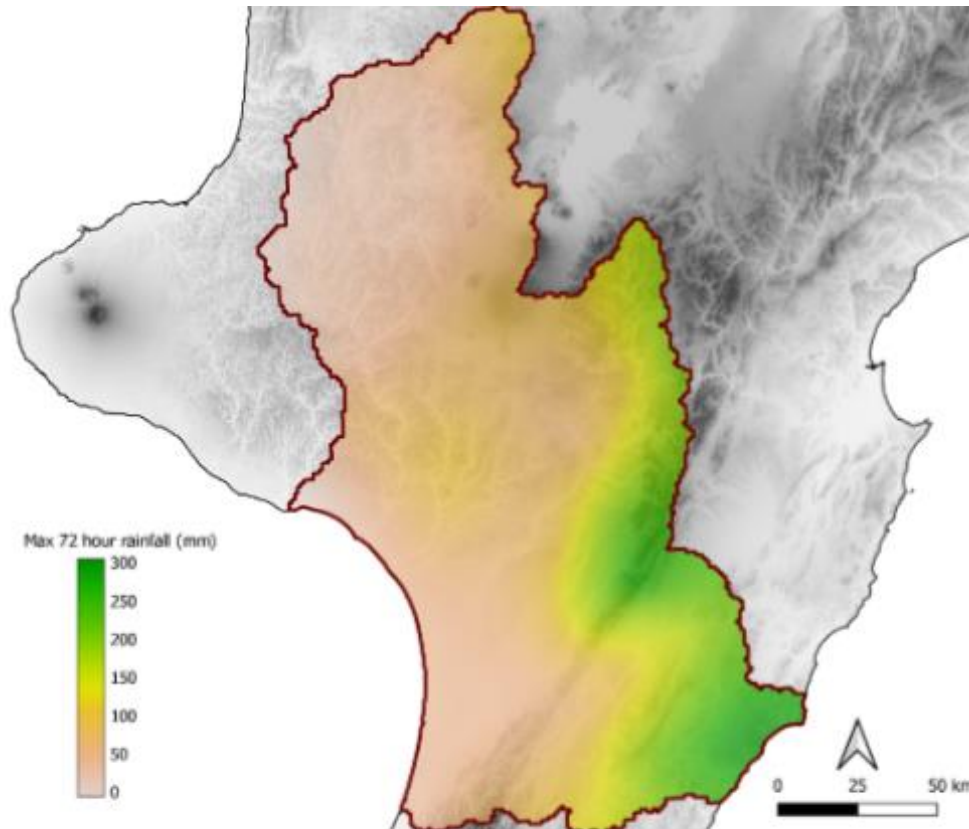


Figure 1: Rainfall totals over 72 hours during the Cyclone Gabrielle event.

9. FUNDING CYCLONE GABRIELLE RECOVERY WORK

9.1. As noted above, the level of damage from Cyclone Gabrielle exceeds the ability for some schemes to undertake all of the identified repairs and other work. There are several options for Council to fund Cyclone Gabrielle recovery work which are discussed below. They include:

- Insurance;
- Reserves;
- Reallocation of Central Government co-funding from Climate Resilience projects;
- Additional Central Government funding;
- Rating/loan funding the repairs via the Annual Plan / Long-term Plan; and
- Landowner and asset owner co-funding.

9.2. This item seeks approvals to get work underway at a time where rivers are vulnerable to further damage from future events and it is acknowledged that in time further funding from insurance or Central Government may be received. It provides for work to get underway with an understanding of how it will be paid for in the event other sources of funding do not eventuate. In a similar manner, some repairs to areas protecting critical infrastructure are underway, and conversations regarding funding from the asset owners e.g. district councils and power companies are yet to be finalised.

Insurance

- 9.3. Councillors have recently had a workshop on the organisation's insurance, which included an overview of insurance for the River and Drainage Management Activity. Analysis of what, if any, insurance claims will be completed by Horizons as part of recovery from this event is yet to occur. This item seeks Council's decisions on funding repair works and presents options, including use of reserves, potential reallocation of some Central Government co-funding for Climate Resilience projects, and use of loans and rate funding. In the event insurance is received it is proposed that any reserves or co-funding used could be repaid to reserves or the project from the insurance claim.

Reserves

- 9.4. Horizons has an Emergency Insurance Reserve and a range of river and drainage management reserves (Table 1). The unaudited value of these reserves totalled approximately \$21.5M at the beginning of this 2022-23 financial year.
- 9.5. Horizons Emergency Insurance Reserve totals more than \$3.6M. This reserve was established through an annual rating contribution that is no longer being rated for. Council may like to consider what would trigger the use of this reserve, if it could be utilised for this event, and if in future it should continue to be rated for.
- 9.6. There are four types of River and Drainage Activity related reserves – a self-insurance reserve, a river and drainage general reserve, scheme emergency reserves and renewal reserves. The scheme emergency and renewal reserves are the Targeted Rate component of the reserves. The funding policy for the schemes include a general rate component and this is in addition to the amounts shown for scheme emergency reserves or scheme renewal reserves. NB these policies are generally 80 percent Targeted Rate and 20 percent General Rate. Scheme reserves are generated through rating to accumulate reserves for years where damage occurs or capital renewals are required. Scheme reserves also accumulate via under-expenditure in some years.
- 9.7. In this paper the river management reserves are reported as a total available reserve, i.e. the combination of the targeted reserves (typically 80 percent) and general rate component (typically 20 percent). The total available reserves also merges the two types of reserves – scheme emergency reserves and scheme renewal reserves.

Table 1: Emergency Management and River and Drainage (R&D) reserves.

Reserve	Total as at June 2021	Total as at June 2022 – unaudited
Horizons Emergency Insurance Reserve	\$3,617,960	\$3,617,960
R&D General Reserve	\$2,988,301	\$2,988,301
R&D Self Insurance Reserve	\$1,062,000	\$1,182,000
R&D Scheme reserves – Emergency	\$11,784,415	\$12,621,840
R&D Scheme reserves – Renewals	\$1,012,310	\$1,083,762
Total	\$20,464,986	\$21,493,863

Scheme reserve drawdowns in the 2022-23 financial year

- 9.8. A range of events impacted Horizons River and Drainage activity during the 2022 and early-2023 year. These include two events that required Moutoa gate openings and events that impacted the upper Whanganui and Pohangina/Oroua Scheme. A very wet winter impacted groundwater levels in the west coast area of the region and all drainage schemes had approvals for reserve drawdowns in response to additional costs.
- 9.9. These approvals were made via the process confirmed in the [resolutions](#) of the August 2022 Catchment Operations Committee meeting. These resolutions enabled staff reserve

drawdown delegations with approval from Scheme Chairs, the Chair of the Integrated Catchment Committee and Chair of the Regional Council. These individual scheme delegations are for drawdowns up to \$250,000 of reserves and no more than 90 percent of the reserves.

- 9.10. Scheme's reserve drawdowns approvals are shown in Table 2. In total, \$620,000 of reserves usage has been allocated via this process.

Table 2: Scheme reserve drawdowns during 2022-23. NB reserve balances shown are for the combination of scheme emergency reserves and scheme renewal reserves, and the funding policy of 80% targeted, 20% general rate that applies to all schemes in this table. Reserve balances are unaudited and may change via the audit process.

Scheme	Reserve balance* (\$)	Approved drawdown* (\$)	New reserve balance* (\$)
Upper Whanganui	383,524.28	100,000.00	283,524.28
Pohangina/Oroua	881,489.22	250,000.00	631,489.22
Ohaū/Manakau	778,594.64	75,000.00	703,594.64
Foxton East Drainage	980,851.57	10,000.00	970,851.57
Himitangi Drainage	17,589.54	10,000.00	7,589.54
Makerua Drainage	417,617.04	50,000.00	367,617.04
Manawatū Drainage	593,899.36	75,000.00	518,899.36
Te Kawau	357,932.21	50,000.00	307,932.21
Total	4,411,497.86	620,000.00	3,791,497.86

*Combination of emergency and renewal reserves and 20% general rate reserve.

Central Government Funding

- 9.11. Central Government funding is discussed below in two parts, firstly the ability to obtain new funding and secondly impacts on the existing Central Government co-funded projects and potential to reallocate funds within these.

Potential for new Central Government funding

- 9.12. At this stage in the recovery process, the methods to seek or apply for Central Government co-funding are unknown. The Tararua area of the region may be better placed to access Central Government co-funding given its inclusion in the national declaration. Recently Horizons and Territorial Authority staff have been working with Central Government to seek inclusion of the Manawatū District, Rangitīkei District and Palmerston North City Council areas within the severe weather event legislation.
- 9.13. It is recommended that Council invite Ministers involved in the recovery to view the damage in the Region and to discuss the region's ability to access Central Government support.
- 9.14. While that process is underway, this item seeks approvals to get works underway primarily based on using reserves that have been accumulated to use when damage occurs.

Existing Central Government co-funding

- 9.15. Horizons currently has five Central Government co-funded projects: the Rangitīkei, Lower Manawatū, Palmerston North, Foxton and Te Pūwaha (lower Whanganui) projects.
- 9.16. Cyclone Gabrielle has impacted delivery across these and other Horizons River and Drainage projects. This impact relates to:
- The ability to physically do work while rivers are high, damage to sites where work was underway (e.g. works on the Manawatū River near Te Matai Road);
 - Delays to starting contracted work (e.g. works on Manawatū River near Albert Street);
 - Delays in letting contracts due to concerns about the amount of time available for construction before winter if a contract was let (e.g. Tokomaru Phase 2); and

- Staff capacity being directed to cyclone response and recovery work delaying progress on some projects.
- 9.17. It is recommended that Council seek an extension from Central Government for all five of the Central Government co-funded River Management projects. This may result in changes to the Annual Plan capital programme. Having these work programmes reallocated over two years rather than one would enable more capacity to be directed to the new works identified to be completed as part of cyclone recovery.
- 9.18. At the February 2022 Integrated Catchments Committee meeting, Councillors resolved to reallocate Central Government co-funding from the Foxton Climate Resilience project to projects that could utilise the co-funding within the available timeframes. Council may like to revisit this approach if there is an ability to extend the project timeframes. It is noted that the impacts of the cyclone have, and will continue to, also delay delivery of aspects of the planned Foxton Climate Resilience project work programme. If Council would like to do further works as part of the Foxton project, this would need to be scoped and planned to see which components could be delivered within the next two years and how this relates to the longer-term project plan, budget and timeframes.
- 9.19. Staff have discussed the reallocation of this co-funding of approximately \$2.3M with Kanoa staff who administer the Central Government co-funded projects. Kanoa have signalled that co-funding can only be redirected to climate resilience projects that are underway and not to other areas where damage has occurred. This limits the allocation of these funds to Foxton, Rangitīkei, Lower Manawatū and Palmerston North projects (noting the Te Pūwaha project in Whanganui is not funded through Climate Resilience Funding). All reallocations would require a formal project variation process.
- 9.20. The reallocation of this funding could be done in a range of ways. The work programmes for the Foxton, Rangitīkei, Lower Manawatū and Palmerston North Climate Resilience projects have been reviewed during the past year with some reallocations of funding within these projects made and some areas of potential risk further investigated.
- 9.21. As part of this work, the Moutoa and Makino gates have been prioritised for assessment and has identified a significant upgrade for the Moutoa gates that is in the early stages of scoping and pricing. The upgrade relates primarily to mechanical and electrical components, noting the gates are still able to be operated but some maintenance issues have been identified as a priority to address within the next two years. This work is still being assessed, including engaging structural engineers. Very preliminary estimates indicate the cost may be in the order of \$2M. If this were to be funded by reallocation of the Central Government co-funding, 75% of that cost (\$1.5M) could be co-funded and 25% (\$0.5M) would need to be locally funded. This local co-funding could be via rating for additional loan funding as part of the lower Manawatū Scheme or via use of reserves.
- 9.22. Cyclone Gabrielle has impacted the Climate Resilience works in the lower Manawatū, particularly the Te Matai Road project upstream of Palmerston North. This site had started work and was required to be consolidated during several weather events earlier in 2023. Additional costs were encountered, particularly during Cyclone Gabrielle where this site required significant effort to avoid a breach. Additional costs for this site are yet to be fully analysed but are estimated to exceed \$250,000. Other work in a Lower Manawatū project at Tokomaru has also been impacted.
- 9.23. Cyclone Gabrielle has also impacted the Rangitīkei River, as further discussed in the Damage Assessments Section below. The damage is estimated to total \$845,000, including two key sites at Whisker's and Colliver's.
- 9.24. The recommended approach is to reallocate the additional Central Government co-funding from the Foxton project. It is recommended to allocate approximately \$1.8M to the lower Manawatū Scheme and to fund the local contribution (approx. \$600,000) to that work via schemes reserves. It is recommended that \$0.5M of the Central Government co-funding be allocated to the Rangitīkei Climate Resilience project and that the 25% local share be

funded from scheme reserves (\$167,000). The aim of these reallocations is to fund the works to build climate resilience in the lower Manawatū Scheme through the upgrade to the Moutoa gate infrastructure and meeting additional costs in the Lower Manawatu project incurred due to weather events. The allocation of co-funding to the Rangitikei is to enhance resilience through completing flood damage repairs.

10. DAMAGE ASSESSMENTS

- 10.1. Damage assessments have been completed via helicopter surveillance flights, targeted inspections and meetings with landowners. The helicopter flights were completed in close coordination with the relevant district councils, and roading/infrastructure staff from Manawatū District Council and Tararua District Council joined Horizons Area Engineers in the flights to assist with a coordinated response.
- 10.2. A dedicated email address for enquiries was established to inform this process. Two community meetings (Pohangina and Oroua) were organised by the community and attended by representatives of Horizons, Manawatū District Council, Rural Support Trust and Ministry for Primary Industries. These meetings led to further contact with landowners and additional follow-up visits. A follow-up meeting regarding the Pohangina/Oroua scheme was organised by Horizons and held on 31 March 2023.
- 10.3. Iwi/hapū representatives have been involved in three helicopter flights to survey and assess the damage, and Horizons representatives met with the committee of the marae near Feilding and gave a \$5,000 koha toward their clean-up. A further meeting with landowners has been held in relation to the flooding of the marae and the future arrangements for flood warning and protection in the short-term and long-term.
- 10.4. The damage assessments included more than 175 inspections and analysis of photos and video. This is still a work in progress and more will be learnt as more work is done. The costings are estimates and will be refined over time.

Categorisation

- 10.5. The works identified have been categorised into five risk categories, using a risk matrix approach, ranging from very low to very high risk. In broad terms the risk matrix considered the combination of:
 - Likelihood of further damage if a flood occurs before repairs are completed (ranging from minor damage to asset failure); and
 - The consequence of a flood occurring before damage repair ranging from minimal through to damage to key community infrastructure.
- 10.6. The risk matrix approach was based heavily on risk of failure and in many cases the low or medium risk works were more focussed on preventive measures where work now is to fix small issues and/or to prevent future damage.
- 10.7. The identified works were also categorised into timeframe categories of:
 - Short-term (this financial year, by 30 June 2023);
 - Medium-term (next financial year, 1 July 2023 to 30 June 2024); and
 - Longer-term (after June 2024).
- 10.8. The categorisation into timeframes was rather subjective and the ability to complete works will depend on a range of factors including funding, approval processes (e.g. procurement), contractor availability, regulatory permissions and in some cases landowners' ability to pay. Given these considerations the short-term work could easily not be able to be achieved by 30 June 2023. The long-term work includes work that is considered proactive and/or work that will require more preparation e.g. design, consenting etc. and is included at this time as part of the funding is to enable the preparation work.

Damage Assessment results

10.9. Overall, \$9.057M of damage repairs have been identified across eight schemes and across 170 sites (Table 3). It is noted that the potential changes in reserve amounts and potential shortfalls in budget have not accounted for potential overspends in this financial year or works that may be able to be funded through budgets next year (July 2023 to June 2024).

10.10. In summary, of the eight schemes impacted by Cyclone Gabrielle:

- Five schemes can afford to fund all of the identified works within available reserves; and
- Three schemes are unable to fund the full amount of work (Pohangina/Oroua, Tararua River Management scheme and Upper Manawatū Lower Mangahao scheme).

Table 3: Summary of damage costs, reserves and potential reserve drawdowns if works are limited to funds available from reserves.

Scheme	Damage	Total scheme reserves*	Proposed scheme reserve drawdown	Scheme reserve* balance after drawdown	Works unable to be completed
Pohangina/Oroua**	\$5,208,000	\$631,489	\$631,489	\$0	\$4,576,511
Rangitikei	\$845,000	\$1,555,035	\$845,000	\$710,035	\$0
Lower Manawatu	\$1,964,000	\$4,192,453	\$1,964,000	\$2,228,453	\$0
Manawatu Drainage Scheme**	\$45,000	\$518,899	\$45,000	\$473,899	\$0
Te Kawau**	\$22,000	\$307,932	\$22,000	\$285,932	\$0
South East Ruahine	\$115,000	\$737,604	\$115,000	\$622,604	\$0
Tararua (TRM)	\$98,000	\$57,702	\$57,702	\$0	\$40,298
Upper Manawatu Lower Mangahao	\$760,000	\$562,331	\$562,331	\$0	\$197,669
Total	\$9,057,000	\$8,563,446	\$4,242,522	\$4,320,923	\$4,814,478

*Combination of emergency and renewal reserves and 20% General Rate reserve.

** Adjusted for Scheme Reserve drawdowns during 2022-23 financial year.

10.11. Several options are presented for Council to consider in relation to funding the damage repairs. These are:

- Option 1: Using available River and Drainage reserves only (Table 3). This enables schemes to do works within their available budgets; and
- Option 2: Similar to option 1 enabling use of available River and Drainage reserves and also adding an allocation of funding for the schemes that cannot afford to do all of the work from the Emergency Insurance Reserve;

10.12. The scheme reserve drawdowns and amount of work completed if Option 1 is implemented are shown in Table 3.

10.13. The scheme drawdowns and amount of work completed with Option 2 will depend on the amount of funds allocated from the Emergency Insurance Reserve. Some scenarios for allocations are discussed in the subsequent sections.

10.14. All schemes with damage face a challenge around the drawdown of reserves. This relates to the reduced financial resilience of the scheme if significant amounts of the available reserves are approved, i.e. if reserve usage is approved there will be reduced ability for schemes to respond should another event occur in the short to medium term, while reserves are replenished.

Pohangina/Oroua scheme

10.15. The Pohangina/Oroua scheme encountered similar sized events to 2004. The return periods are estimated at a 40-year event in the Pohangina (likely higher in the upper

Catchment) and an 80 to 100-year event in the Oroua. An example of the damage in the Pohangina/Oroua is provided in Figure 2.

- 10.16. The Pohangina/Oroua is a scheme that focusses on channel management and erosion protection. The scheme does not have flood protection as a goal and it is noted that houses in the Saddle Road area near Ashhurst did experience flooding, and there is work to do with these families and Palmerston North City Council to understand how the flooding occurred and how it might be prevented in the future. A budget for this work has not been included in this item as this has not yet been scoped.
- 10.17. The Pohangina/Oroua scheme was severely impacted in 2004 and at that time took out a loan to enable repairs. This loan has since been repaid and with the same level of rating the scheme has been able to build up reserves.
- 10.18. A fundamental question for the scheme is how to go about further flood protection work in recognition that continued investment and losses are occurring in the catchment. The landowner and community meetings have actively discussed this.



Figure 2: Cyclone damage at one site in the Oroua Catchment upstream of Feilding (near Almadale).

Pohangina Oroua Funding model

- 10.19. The Pohangina/Oroua scheme funding model is that the scheme pays 100% of the channel management costs and landowners pay 50% of the cost of the erosion control works. Previously this funding policy for erosion control repairs was 60% from landowners, 40% from the scheme.
- 10.20. This funding model has some challenges as it does not provide for a coordinated investment in river management, in particular where landowners are not willing to invest in river management works. This can result in damage occurring and then causing further issues for landowners downstream. The community and landowner meetings have identified concerns for areas of **Department of Conservation (DOC)** land, including leased

land, where DOC does not contribute to erosion control works. One specific site near the Pohangina Village has been identified as a key concern for village residents and landowners in the area. The repairs to this location are estimated to require \$100,000 of work, which is currently unable to be advanced.

- 10.21. Post the cyclone, there may be some challenges in completing the full amount of work identified due to the ability/willingness of landowners to pay the landowner share.
- 10.22. The following sections discuss the works packages for various scenarios including:
- Only the available scheme reserves being used; and
 - Central Government, Regional Government and/or loan funding being available to complete all of the works, or all of the very high and high priority works.

Works if only scheme reserves are used

- 10.23. Overall, the damage identified in the Pohangina/Oroua scheme is estimated at more than \$5.2M and approximately \$630,000 of reserves is available. It is noted that some work considered urgent has been undertaken or is underway.
- 10.24. Overall, Horizons engineering staff consider the channel management work to be a priority and also recognise the value of adding erosion protection to that.
- 10.25. The recent meeting with scheme members and local committee discussed options for funding the damage repair work. The general view was that the reserves should be released to enable works.
- 10.26. The outcome of the meeting was that if reserves were all that were available, then the works should be split evenly between channel management and erosion control works. This approach would enable approximately \$316,000 (44%) of the channel management work in the Oroua and Pohangina rivers to be completed and approximately \$631,000 of erosion control works to be completed (with a 50% contribution from landowners). Combined, this equates to approximately \$947,000 of the \$5.2M of work identified. If the landowner share was increased to 60% the total work package would be \$1.105M.

Potential additional funding to reserves

- 10.27. The meeting with Pohangina/Oroua scheme members showed considerable interest in determining if Central Government or Horizons would assist with funding and requested that Ministers, including the Minister of Conservation, be invited to visit and discuss this. The meeting generally agreed that if regional or national assistance was provided, the area near Pohangina village would be a first priority for that funding and that this would likely need to be 100% funded from the fund provided through regional or national assistance.
- 10.28. Loan funding is a further option. Horizons finance team are yet to model loan scenarios for this scheme, but have indicated that if approximately \$50,000 from the existing rates to the scheme can be directed to loan funding, a loan of approximately \$500,000 could be established for payment over 10 years. This potentially could be funded by transferring less to reserves each year and a small reduction to the work programme.
- 10.29. The meeting with scheme members indicated an openness to a new loan within existing rating amounts. There was caution around loan-funding works when potentially the work could be lost in a further event, leaving the ratepayers to establish the work again while continuing to pay the loan. Loan funding via an increase in rates was also discussed, e.g. investigating what a 10 percent scheme rate rise would enable in terms of borrowing. A future Annual General Meeting of the scheme was proposed as a mechanism to discuss this.
- 10.30. An increased landowner co-funding share is another option for the scheme for example returning to the 60% landowner share that was used in this scheme prior to the current 50% landowner share co-funding model.

10.31. The sections below present a summary of the amounts required from other sources to complete all identified works with either a 50% landowner share or a 60% landowner share.

Amount of additional funds required to complete all works

10.32. The funding model is significant in estimating the amount of additional funds required to fund repairs. The funding model has two components:

- the works fully funded by the scheme; and
- the works that are co-funded by landowners.

10.33. In the scenarios below the fully funded works are modelled as the combination of the \$720,000 is for channel management and \$100,000 for works near Pohangina village i.e. a total of \$820,000. The remainder of the identified works are assumed to be 50% or 60% co-funded by landowners.

10.34. The damage assessment work has identified approximately \$5.2M of work. Adding a further \$50,000 to enable the works near Pohangina village to be funded 100% from the scheme increases this to \$5.25M. The fully funded component of this is the channel management and works near the Pohangina village. Combined these total \$820,000. The remainder of the works \$4.438M would be co-funded.

10.35. If the co-funded works (\$4.438M) were 50% co-funded by landowners there would be a landowner contribution of \$2.2M and a requirement for the scheme to have \$2.2M toward these co-funded works. The total scheme budget requirement would be \$820,000 plus \$2.2M i.e. \$3.04M. If all of the \$631,489 of reserves were utilised the scheme funding deficit (excluding landowner share) is \$2.408M.

10.36. If the co-funded works (\$4.438M) were 60% co-funded by landowners there would be a landowner contribution of \$2.66M and a requirement for the scheme to have \$1.775M toward these co-funded works. The total scheme budget requirement would be \$820,000 plus \$1.775M i.e. \$2.595. If all of the \$631,489 of reserves were utilised the scheme funding deficit (excluding landowner share) is \$1.964M.

Amount of scheme funds required to complete all very high and high priority works

10.37. The damage assessment work has identified approximately \$1.85M of work including the channel management and area near the Pohangina village (\$820,000). If the Pohangina village works are to be funded 100% from the scheme, the total works package for the high and very high works would total \$1.9M and the total amount of co-funded works would be \$1.08M.

10.38. If the co-funded works (\$1.08M) were 50% co-funded by landowners there would be a landowner contribution of \$540,000 and a requirement for the scheme to have \$540,000 toward these co-funded works. The total scheme budget requirement would be \$820,000 plus \$540,000 i.e. \$1.36M. If all of the \$631,489 of reserves were utilised the scheme funding deficit (excluding landowner share) is approximately \$729,000.

10.39. If the co-funded works (\$1.08M) were 60% co-funded by landowners there would be a landowner contribution of \$648,000 and a requirement for the scheme to have \$432,000 toward these co-funded works. The total scheme budget requirement would be \$820,000 plus \$432,000 i.e. \$1.252M. If all of the \$631,489 of reserves were utilised the scheme funding deficit (excluding landowner share) is approximately \$621,000. This is the scenario that has been included in the draft resolutions with balance of \$621,000 proposed to be drawn from Horizons Emergency Insurance Reserve. It is noted that this could also be loan funded

10.40. If it is assumed the \$621,000 from Emergency Insurance Reserve is approved by Council, all of the very high and high priority works would be able to be completed and the total works package would be \$1.9M. There would be a balance of \$3.36M of identified works not able to be completed via this budget. The addition of a \$500,000 loan would attract a

further landowner share of \$500,000 at 50% landowner share or \$750,000 at 60% landowner share. This would enable a further \$1M of works at 50% landowner share or a further \$1.25M of the works at 60% landowner share.

Potential further scheme drawdown

- 10.41. There is potential for a further scheme reserve drawdown in the Pohangina/Oroua scheme. This relates to the funding policy related to landowner contributions to works completed prior to the weather events in early 2023. In the Pohangina/Oroua scheme the funding model is for channel management work to be paid 100 percent by the scheme funds and erosion control works are a shared cost with the landowner paying 50 percent of the cost.
- 10.42. Approximately \$70,000 of landowner contributions are yet to be invoiced for work in the 2022-23 year and it is estimated that 80% of the works completed have been lost due to weather events. The landowner contributions are spread across eight landowners with the largest invoice being for approximately \$25,000 and the smallest approximately \$3,000.
- 10.43. Council's decision on whether to invoice these costs, or to fund them via scheme reserves or some other way is requested via this item. A question has been raised as to whether Horizons would fund the landowner share of these jobs and a resolution requesting Council's guidance on this is included in this item. It is noted that there will be a range of jobs across Horizons programmes that may be in a similar circumstance, however the scale and scope of this is unknown.

Tararua

- 10.44. The Tararua District was significantly impacted by Cyclone Gabrielle and was included in the National State of Emergency. This section discusses the funding shortfall for completing damage repairs for three of the Tararua schemes. A separate section below discusses the issue of debris and riparian management in the Tararua.

Tararua damage assessments

- 10.45. Of three schemes in the Tararua with damage identified:
- The South East Ruahine is the only scheme that has sufficient reserves with approximately \$738,000 to fund the estimated \$115,000 of damage repairs. If the drawdown for these works is approved the reserve balance is predicted to reduce to \$622,604.
 - The Tararua River Management Scheme has a shortfall of approximately \$40,000 with \$98,000 of estimated damage repairs identified and approximately \$58,000 of reserves. The draft resolutions include the drawdown of the reserves and an allocation of \$40,298 from the Emergency Insurance Reserve to enable completion of the identified works.
 - The upper Manawatū, Lower Mangahao scheme has a shortfall of approximately \$198,000 with \$760,000 of estimated damage repairs identified and approximately \$562,000 of reserves. The draft resolutions include the drawdown of the reserves and an allocation of \$197,669 from the Emergency Insurance Reserve to enable completion of the identified works.

Summary of proposed drawdowns

- 10.46. This item proposes the use of scheme reserves where available and includes some allocations of the Emergency Insurance Reserve and reallocations of existing co-funding from Central Government.
- 10.47. A summary of the proposed drawdowns is provided in Table 4 below. The total proposed Emergency Insurance Reserve drawdown is \$858,967 of the \$3.617M (approximately 24%).
- 10.48. It is noted that the proposed reallocation of central government co-funding to the lower Manawatū Scheme is not included in Table 4 and this reallocation relates to work that is

outside of the scope of the approximately \$9M of damage repairs identified in Table 4. If the reallocation of funds to the lower Manawatū project is approved this will further reduce the scheme reserve balance after drawdowns shown in Table 4 by approximately \$600,000 reducing the lower Manawatū Scheme balance to approximately \$1.628M.

- 10.49. Overall with the proposed reserve drawdowns, reallocation of Central Government co-funding to the Rangitikei project and proposed Emergency Reserve drawdowns the total amount of damage repairs works able to be completed is approximately \$5.75M across all of the schemes and the shortfall to complete all of the damage repairs is approximately \$3.36M.
- 10.50. The Pohangina Oroua scheme is modelled two ways in Table 4. Both methods include an allocation from the Emergency Insurance Reserve of \$621,000 and assume a landowner contribution of 60%. The second method includes a loan of \$500,000 that then attracts a further landowner share of \$750,000 increasing the total amount of damage repairs works to approximately \$7M across all of the schemes and reduces the shortfall to \$2.108M (all of which is in the Pohangina Oroua scheme).

Table 4: Summary of proposed reserve drawdowns, allocations of Central Government co-funding and allocation of Emergency Insurance Reserve to enable Cyclone Gabrielle damage repairs to be undertaken. Note the Government co-funding for the lower Manawatū is not included in this as it relates to works not included in the damage assessments. Note the Pohangina Oroua damage assessment has been increased by \$50,000 to provide for full payment of the work site near Pohangina village.

Area	Scheme	Damage	Total reserves*	Allocation of Central Government co-funding/ loan	Proposed reserve drawdown	Reserve balance after drawdown	Allocation from Emergency Reserve	Erosion control works landowner share at 60%	Total works completed	Works unable to be completed
Northern	Pohangina/Oroua**	\$5,258,000	\$631,489		\$631,489	\$0	\$621,000	\$648,000	\$1,900,489	\$3,357,511
	Rangitikei with Govt. co-funding	\$845,000	\$1,555,035	\$500,000	\$345,000	\$1,210,035	\$0		\$845,000	\$0
Central/ Southern	Lower Manawatu	\$1,964,000	\$4,192,453		\$1,964,000	\$2,228,453	\$0		\$1,964,000	\$0
	Manawatu Drainage Scheme**	\$45,000	\$518,899		\$45,000	\$473,899	\$0		\$45,000	\$0
	Te Kawau**	\$22,000	\$307,932		\$22,000	\$285,932	\$0		\$22,000	\$0
Eastern	South East Ruahine	\$115,000	\$737,604		\$115,000	\$622,604	\$0		\$115,000	\$0
	Tararua (TRM)	\$98,000	\$57,702		\$57,702	\$0	\$40,298		\$98,000	\$0
	Upper Manawatu Lower Mangahao	\$760,000	\$562,331		\$562,331	\$0	\$197,669		\$760,000	\$0
	Total	\$9,107,000	\$8,563,446		\$3,742,522	\$4,820,923	\$858,967	\$648,000	\$5,749,489	\$3,357,511
	Pohangina/Oroua** with a loan	\$5,258,000	\$631,489	\$500,000	\$631,489	\$0	\$621,000	\$1,398,000	\$3,150,489	\$2,107,511
	Total	\$9,107,000	\$8,563,446	\$1,000,000	\$3,742,522	\$4,820,923	\$858,967	\$1,398,000	\$6,999,489	\$2,107,511

*Combination of emergency and renewal reserves and 20% General Rate reserve.

** Adjusted for Scheme Reserve drawdowns during 2022-23 financial year.

11. Tararua debris management

- 11.1. In addition to the damage repairs identified, further works have been identified as a priority. The main example of this is debris and riparian management in the Tararua. Council have requested that staff review willow management in the Tararua and the proposed approach to this is to establish a programme of work that can revisit sites that have had willow management and enable debris and willow management at these sites. A further consideration is the significant debris issue in the Tararua rivers which includes willows, native and other trees. Presently, addressing this debris issue requires careful prioritisation to keep work programmes within existing scheme budgets. The issue relates to sites planted by Horizons, sites planted by others, self-established riparian vegetation and material that has moved through the river system.
- 11.2. Initial scoping of this issue has estimated that a project of approximately \$400,000 available across the Tararua District would enable significant work to be done on locating

and removing debris and visiting/managing sites where willows have been sprayed, or issues have been identified etc.

- 11.3. The preliminary assessment is that there is a large initial pulse of work to be completed and that over time there will need to be a programme to continue this work. An option for Council is to allocate \$400,000 to debris and riparian management across the Tararua District over a two-year period and a programme to complete this type of work be funded at \$100,000 per year into the future.
- 11.4. If the work is advanced, costings for future years will be able to be refined based on experience. Funding options for this include loan funding the work and rating the Tararua District for this loan. Further options include funding this work via the Emergency Insurance Reserve or funding an initial pulse of work from the Emergency Insurance Reserve and then funding an ongoing programme for this type of work.

12. NEXT STEPS

- 12.1. Depending on Council's decisions on this item, the next steps include getting further repair works underway, following up on potential contributions from Central Government, working with Kanoa around variations to contracts for the Central Government co-funded projects and ongoing engagement with landowners.
- 12.2. Further next steps will include updates to Annual Plan budgets and likely items to Council on other recovery work including flood warning systems and communication, Tōtara Reserve and some other aspects of response and recovery that have not been identified in this paper.

13. SIGNIFICANCE

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

Dr Jon Roygard

GROUP MANAGER CATCHMENT OPERATIONS

ANNEXES

There are no attachments for this report.