Tuesday, 17 June 2025

Te Hui o Te Kaunihera ā-Rohe o Heretaunga
Hastings District Council
Council Meeting

Kaupapataka

Supplementary Attachment

Whakatū West Stormwater Statement of Proposal final for Council

Te Rā Hui: Meeting date:	**Tuesday, 17 June 2025**
Te Wā: Time:	**9:00 AM**
Te Wāhi: Venue:	**Council Chamber** **Ground Floor** **Civic Administration Building** **Lyndon Road East** **Hastings**

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TE KAUNIHERA Ā-ROHE O HERETAUNGA

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Statement of Proposal – Whakatū West Stormwater Scheme

Image: Cyclone Gabrielle Flooding

It is very important that you have your say whether you support or oppose this proposal, so the Council can fully consider landowner and wider community views prior to making a final decision. Submissions Close 6 June 2025.

This proposal is supplemented by the landowner meeting information circulated at the 24 March and 7 April information meetings. This information is available as supporting information to the proposal and available to the wider community at myvoicemychoice.co.nz.

Item

Statement of Proposal – Whakatū West Stormwater Scheme

This is a formal proposal under the Local Government Act 2002. Whilst the Council has chosen not to consult on its full 2025/26 Annual Plan it is consulting on this defined proposal impacting on landowners in the Whakatū stormwater catchment. The proposal may also be of some public interest.

PART A – NATURE AND SCOPE OF PROPOSAL

This proposal seeks to establish a new stormwater solution in the Whakatū West Industrial area and to recover the cost predominantly from landowners deemed to be in the serviceable area of the scheme.

This formal proposal follows numerous conversations with landowners on this matter, noting not all landowners were able to be contacted or responded to contact attempts. If the proposal is approved by Council (following consultation under the Local Government Act 2002) a targeted rate will be incorporated in the adopted 2025/26 Annual Plan and levied on landowners effective from 1 July 2025.

For this reason, it is very important that you have your say whether you support or oppose this proposal so the Council can fully consider views prior to making a final decision.

Why invest in stormwater infrastructure in Whakatū?

Property protection from flooding

- Hydraulic analysis defines the collecting catchment area of 105 hectares in a 1 in 50-year storm event. The current 1 in 5-year level of service is inadequate to cater for potential future flooding events particularly as storm events become more frequent and intense. The proposed 1 in 50-year Level of service (including climate change predictions) will better protect properties and meet the NZ Building Code.
- Cyclone Gabrielle gave us real event data and flooding impacts from which we can learn. It also needs to be noted that the Whakatū area whilst experiencing flooding was relatively lightly impacted by the Cyclone due to where the main rainfall fell. This may not be the case in a future event.
- All properties assessed as being in the Whakatū West stormwater catchment area (as shown by Council's flooding model) contribute water into the catchment area under certain weather conditions. As well as property flood protection, other benefits from the scheme include:

- Potential uplift in property values for some properties.
- Better future insurance prospects.
- Business continuity in a storm event.
- Ability to retain and attract tenants.
- Improved protection of critical infrastructure

Unlocking more land for industrial development

- Further land identified as being unlocked for development from the scheme equates to circa 8 hectares.
- Development in this area aligns with Council's policy of containing development in zoned areas and avoiding sprawl onto fertile soils.

Why should the Whakatū Industrial zone pay?

Council's main urban stormwater networks are funded from the broader general rate with costs attributable to growth funded from the development contributions charging regime (from those undertaking development and benefitting from new infrastructure).

Whakatū West is not part of the urban stormwater network, and this lower level of service is reflected in the lower commercial rating differential applied to commercial properties in Whakatū West, relative to the main urban rating category.

The Stage One Whakatū gravity stormwater infrastructure enabled development to occur in Whakatū West and this was funded by a targeted rate on those properties deemed to benefit from the infrastructure (in a similar way that development contributions are recovered in the urban area for properties undertaking development). Some remaining undeveloped land is low lying and still floods but this land had contributed in the past to the Stage One gravity-based scheme.

The new infrastructure investment proposed in Stage Two is a new scheme which will provide a higher level of service that alleviates existing issues and provides future resilience, which will enable more development and reduce flood risks for everyone.

Therefore, the funding options presented in this proposal are focused on the most fair and equitable way to recover the cost from those properties in the serviceable area of the scheme.

Note: Had this proposed infrastructure been in place prior to the land being zoned and initially developed for industrial development these costs could have been passed onto landowners via development contributions.

Background - What was achieved in Stage One of this scheme?

The infrastructure funded under Stage One of the original proposal (1 in 5-year gravity pipeline constructed to the Clive River in 2007) enabled initial development in Johnston Way, Rangitane Road and Whakatū Road. Further development is constrained due to risk of flooding.

A further Stage to unlock further land for development was part of the original planning and discussion but a decision was made at the time that a pump station was too expensive.

Note: The original pump station was only to protect up to a 1 in 5-year storm event (when the Clive River was in flood). This new scheme proposal provides a significantly enhanced level of service.

A New Proposal – The new scheme at a glance

The new proposal goes beyond a Stage Two extension of the original scheme.

Rainfall modelling prepared for the Whakatū West area has investigated the flooding impacts of a 1 in 50-year storm event, and how this could be mitigated. This increased level of flood protection better reflects what is anticipated in the future and reflects learning from recent weather events.

To provide this enhanced level of stormwater attenuation across the scheme, this new proposal involves establishment of a stormwater pump station, additional pipeline to the Clive River and detention area.

When the Clive River reaches a certain height for a certain duration the existing gravity pipeline cannot discharge stormwater into the river. Under those weather conditions the new pump station and pressurised pipe will be able to discharge the surplus stormwater so that flooding risk is mitigated.

Whilst this type of event is more likely in the future, the reality is that the pump station will only be triggered into action infrequently. Landowners will need to assess the risks and benefits in relation to their circumstances, when assessing the benefits of the proposed infrastructure solution.

Proof of Concept Design

A comprehensive flooding model has assessed the scheme design and its effectiveness. The findings were:

- The pump station will reduce peak water levels;
- The scheme will prevent, or at least significantly minimise inundation of buildings;
- There would be a much shorter period of flooding in an event

Images: Cyclone Gabrielle flooding

Existing Landowner Consent Requirements

Landowners should note that the proposed stormwater scheme does not replace existing consenting rules under the Regional or District planning requirements.

PART B – THE INFRASTUCTURE OPTIONS

Outlined below are the key options and Council's preferred option.

What are the reasonably practicable options?

- Status Quo – (No further investment currently)

  Advantages

  - No further cost for landowners
  - No impact on Council debt

  Disadvantages

  - Some land is constrained for development
  - A significantly lower level of service to reduce potential flooding
  - Loss of business continuity for some properties in a storm event
  - Some critical infrastructure remains at risk
  - Properties with an existing flooding hazard registered against the property title will retain it

- Adopt the proposal – (invest $6.3 million)

  Advantages

  - Provides 1 in 50-year flood protection
  - Unlocks circa 8 hectares for industrial development
  - Provides greater protection to some critical infrastructure
  - Will enhance business continuity for existing properties in the area protected in a storm event
  - Provides enhanced property insurance prospects
  - Provides enhanced tenant retention and attraction prospects
  - May remove existing hazard notices and avoid new notices prompted by future consent applications

  Disadvantages

  - Cost, and extent of funding impact on landowners
  - Consumes some Council debt headroom
  - Requires land for detention area

- Other Option Considered – Large Pump Station (with no detention)

  Advantages

  - Not reliant on detention.

  Disadvantages

  - High cost in the order of $15m
  - Likely higher operating and maintenance costs

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Level of service – why a one in fifty-year event?

Modelling and climate predictions tell us we have not yet seen the worst effects from a changing climate. The current 1 in 5-year level of service for the area will not be sufficient for this new future.

A flooding model prepared shows the build-up of water under certain event conditions and then the impact of the new scheme dispersing that water.

The most practicable minimal level of protection has been assessed as a 1 in 50-year level of service. These are the conditions created by a prolonged rain event feeding the Karamu/Clive River catchment. For a broad comparison Cyclone Gabrielle was in the order of a 1 in 50-year event for the Whakatū catchment – acknowledging that most of the rainfall was in catchments in other parts of the district.

The 1 in 50-year level of service has also been chosen as it aligns best with the NZ Building Code.

What's the preferred infrastructure solution?

Solution Componants

- Detention Area – 10,000m2 on private land
- 2 x Diesel BA500 pumps plus land
- New discharge pipe

PART C – SCHEME COST

Outlined below are the key costs associated with the scheme.

The capital cost

The total cost of the scheme has been estimated at $6.3m (excl. GST), including alternative optioneering, appropriate contingencies, land acquisition costs and costs incurred to date for the investigation and design phase. The targeted rate calculations in the information sent to landowners have been based on the remaining capital cost of the scheme, estimated at $5.7m plus GST.

Should the scheme be able to be delivered for a lower cost, then the savings would be passed onto the scheme contributors and the targeted rate adjusted accordingly.

These costs include compensation to the landowner for the portion of land used for the detention area.

Ongoing operating and renewal costs

The ongoing costs are not considered significant in the context of the total stormwater activity budget.

The scheme is being treated the same as everyone else across the district whereby operating costs are funded through the general rate.

It needs to be noted that under the governments Local Water Done Well proposals it is possible that catchment charging could be put in place with specific stormwater rates for specific locations.

PART D – BENEFICIARIES AND FUNDING

Outlined below are the key matters in respect of who benefits from the scheme and how it should be paid for. A more detailed analysis is outlined in the appendix to this proposal.

What's the serviceable and chargeable area of benefit?

The serviceable area of benefit has been defined as properties contributing stormwater into the Whakatū West stormwater catchment (105 hectares). These are the properties who collect and contribute stormwater runoff and exacerbate the flooding issue under certain weather conditions. Scheme area below (from detailed flood modelling):

The area of land which would be subject to the targeted rate funding mechanism is 95 hectares. The reduction from 105 hectares recognises that some land has restricted use and cannot ever be developed. This includes roads, council reserves and a urupa. There are 61 rating units in the scheme area.

Scheme beneficiaries and exempt properties

Within the overall scheme boundary two potentially distinct groups of properties have been identified as outlined below.

1. Primary Group - Scheme Contributors

   As outlined above these properties collect and contribute stormwater runoff into the Whakatū catchment. In addition, they receive some ancillary benefits through improved accessibility during storm events and business continuity, better insurance prospects, ability to retain and attract tenants, and potentially increased land value once the scheme level of service is increased.

2. Secondary Group – Enhanced Property Protection

   In addition to the above some properties identified as having "Enhanced Property Protection" (19 properties – 15.6 hectares) would also receive higher levels of property flood protection from the increased level of service to cater for up to a 1 in 50-year storm event (due to the low-lying nature of their land). In some cases, the scheme would unlock further land for development.

   It is acknowledged that most of these properties contributed to the original gravity system cost, which remains as an element of this new proposal.

Further work would be required to validate how a differentiated rate could be applied across the catchment. That would include an assessment of what the relative additional uplift in property value would be for these properties, the previous scheme contributions made by properties along with an assessment of how the costs of that additional flood protection would be quantified and distributed between the "Scheme Contributors" group and the "Enhanced Property Protection" group.

The map opposite outlines the impacts of a 1 in 50-year storm event and shows those properties with higher flooding depths, which would then have flooding alleviated by the pump and detention area solution (marked in light and dark blue).

Note: The funding model presented in this proposal is based on a simple catchment approach. It has not attempted to separate out and define further this group of properties for charging purposes, given the funding allocation judgements that need to be made. The Council would like to hear views on this and may consider some refinements by way of differentials if supported by submissions and appropriate to introduce without further consultation.

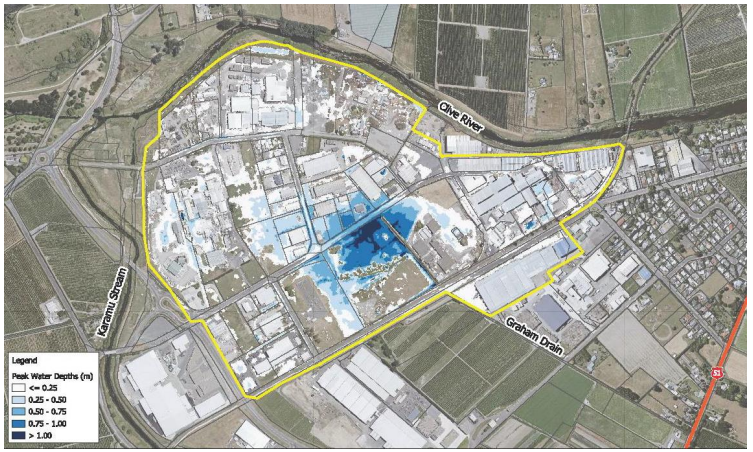

Image: Cyclone Gabrielle flooding

Exempt Properties

The only properties exempt are those that have restricted use and cannot be developed. These include Council reserves and roads and one urupa. This reduces the chargeable area to 95 hectares.

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How would the scheme be paid for?

At a high level the funding would be split as follows:

Total Scheme Cost $6.3m (excl. GST)

Government – (not successful currently)

Community (Rates) – (9.5% - $600,000) already committed to investigation & design phase

Scheme Beneficiaries (90.5% of scheme cost) - $5.7m

A summary is outlined below. More detail can be found in the full section 101 Analysis appended to this proposal.

Government Funding

No contribution.

Community (Public Good) – Ratepayer loan funding

The matter of "Public Good" is a standard consideration when assessing funding for new projects.

The Council have undertaken an assessment and have determined that no primary public good benefits exist over and above other growth development areas in the Hastings District. The infrastructure in these other areas has been funded on a "Private Beneficiary" basis in the form of Development Contributions.

Ancillary public good benefits that were determined were:

- Increased productivity and job creation
- Better links and connectivity (throughfare to Whakatū township)
- Enhanced flooding protection of some critical infrastructure

Given that the primary drivers and beneficiaries of the project are private in nature, the Council have assessed this project as a project that should be predominantly landowner funded. This approach maintains a level playing field with the funding approach to other development areas and accords with the Council's approach to funding other similar projects where the protection of private assets is involved. The accessibility benefits were considered more localised in nature as opposed to wider public good. In the case of the critical infrastructure protection, it was considered that those entities should be undertaking to protect their assets just like other property owners. It was not for ratepayers to contribute to this.

Whilst difficult to quantify any ancillary public good benefit, the Council considers that the circa $600k of public funding which has been advanced to the project for the investigation and design phase to constitute the full and final public good Council contribution. This equates to approximately 10% of the total project cost.

Scheme Beneficiaries

Much of the funding is proposed to come from the scheme beneficiaries for the reasons detailed in various sections of this proposal. The key considerations to fund this share of the project are detailed in Section D titled Beneficiaries and Funding. This share of the infrastructure cost would be funded via a targeted rate as outlined below.

How would the proposed targeted rate work?

The targeted rate would be levied on all properties within the defined area of benefit. This is detailed in the map appended. The rate would appear as a separate line on each rates invoice and is linked to the property. Therefore, if the property is sold the rate is treated like all other rates and transfers to the new property owner.

How would the targeted rate be constructed/calculated?

It is proposed to levy the scheme area as one targeted rate, based on the land area of a property. The total cost of the project would be divided by the rateable 95 hectares to determine a per square metre rate. That rate would then be charged proportional to each properties land area.

What are the payment options?

Normal Council borrowing for capital assets is 25 years. Discussion with landowners resulted in a preference for a shorter period to reduce the impact of debt servicing costs. Figures presented to scheme owners contain a 10-year loan repayment option.

Council is seeking your feedback on the most appropriate time payment period if you do not agree with the 10-year period proposed.

How would this proposal impact individual properties?

Given that this proposal impacts landowners in the proposed scheme area directly, a separate mailout with an estimate of the specific rates impact for their property/s will be distributed.

Also included will be a scheme preference form which Council is encouraging landowners to complete so that Council will have the best understanding of community views prior to making a final decision.

Refinements to the rating proposal?

The Council needs to hear your views on the rating proposal. The Council will consider refinements to the rating proposal that come through the consultation process.

PART E – ASSURANCE

In preparing this proposal the Council has drawn on various data sources and has had various elements of the work peer reviewed and tested by appropriately qualified external entities.

Quality Assurance

Infrastructure Solution Review

Hydraulic modelling analysis has been completed by E2 Environmental, a specialist engineering company based in Christchurch. E2 completed rain on grid modelling to determine the catchment area for a 1 in 50-year storm event. This work will be supported by a peer review.

Engineering and design for the pump station and reticulation has been completed by Strata Group Consulting Engineers.

Costings

Cost estimation has been completed by Strata Group Consulting Engineers. Key component pricing has been based on quoted prices for all main elements for a period of 3 months (as at 31st March 2025).

Local Water Done Well

The Council is currently consulting on the options to deliver water services in the future as part of the governments "Local Water Done Well" strategy.

The preferred model (subject to consultation) is for the establishment of a multi entity council-controlled organisation incorporating the neighbouring councils of Napier, Wairoa and Central Hawkes Bay.

This would see the delivery of all water services (water supply, wastewater and stormwater) and the assets transferred to that new entity in the coming years.

The Whakatū stormwater scheme would also transfer via that process along with the remaining responsibility for charging and collecting revenue. No consequential impacts are anticipated from this change.

Key Assumptions

Forecasting assumption and effect of uncertainty	Risk / Level of Uncertainty	Risk Mitigation
FUNDING The proposal is not underpinned by any external government funding. No risk of loss of funding identified.	Low	No mitigation required
COSTS / INFLATION Inflation can have an impact on construction pricing. The risk would be rising inflation and its impact on the forecast construction cost.	Low	Quoted prices have been obtained. Contingencies are built into the estimates.
INTEREST Interest has been assumed at 5.0% - the Council's average cost of borrowing within its Long-Term Plan. The risk is that interest rates rise above this level over the term of the loan.	Low/Med	Assumption is based on advice from treasury advisors and is reviewed. Any fluctuations can be managed within Council's overall cost of borrowing

PART F – RELATED AMENDMENTS AND IMPACTS

If the scheme is approved by Council, minor amendments will be required to other Financial Management documents of Council.

Revenue and Financing Policy

The Council's Revenue and Financing Policy sets out its policy regarding the funding of operating and capital expenditure from various revenue sources. This can be found in Part Two of the Council's 2024-2034 Long Term Plan (LTP) along with the Council's Rating Policy.

The current policy already provides for capital works within a defined area of benefit to be funded by targeted rates as set out in the Local Government Rating Act.

Therefore, only a minor update to the policy would be made to make specific reference of the Whakatū West Stormwater Targeted Rate in Table 2 of the policy (based on the material in this proposal) – should a targeted rate be adopted by Council.

Note: Only significant policy amendments require broad consultation and external audit. Council considers the material in this proposal to meet the relevant section 82 Local Government Act 2002 consultation requirements and to be at the low end of the continuum of significance within Council's Significance and Engagement Policy.

The Revenue and Financing Policy update to be included in Table 2 (Page 45 of the Policy within the 2024/34 LTP (as an addition to the stormwater activity description) would read as follows:

WATER & ROADS				
Outcome Group	**Who Benefits**		**Funding Sources**	**Conclusion (who creates a need and funding choices)**
Activity Description	Community (Public)	Individuals (Private)		
Whakatū West Stormwater	Yes Low	Yes High	Targeted Rate	The section 101 benefit analysis outlines the rationale for the primary benefit being sheeted home to the scheme beneficiaries. As Development Contributions did not fit with the unique characteristics of this scheme, the best available funding tool is a differentiated targeted rate.
			General Rate	The investigation and design phase of the project has been funded from the general rate and is considered to constitute the public good contribution to the project.

Funding Impact Statement 2025/26 Annual Plan

Should a targeted rate for Whakatū West Stormwater be adopted by Council then the following would form part of the 2025/26 Annual Plan – which forms the basis for setting rates for the 2025/26 financial year. (Note: the rates resolution for the 2025/26 year would also include the newly adopted targeted rate).

The Funding Impact Statement update would read as follows:

Whakatū West Stormwater Scheme

Scheme Contributor Rate

A targeted rate will be set and assessed in accordance with Section 16, Schedule 2 Clause 6 and Schedule 3 Clause 5 of the Local Government (Rating) Act 2002 on each rating unit within the contributing area defined on Council map 'Whakatū West Stormwater Scheme'.

The targeted rate shall recover from all rating units contributing stormwater into the catchment 100% of the total capital cost (plus interest incurred over 10 years) of the Whakatū West Stormwater Scheme. Note: The cost of initial investigations and design has been funded as a community wide contribution equivalent to approximately 10% of total costs.

The rate for 2025/26 is $8,900 per hectare (including financing costs and GST) within each rateable rating unit.

Note: The Council will look to make an early payment option available for the remaining nine years of the rate (after 25/26) in accordance with provisions in the Local Government Rating Act 2002.

Where to find the 2024-2034 Long Term Plan

This can be viewed and downloaded at:
https://www.hastingsdc.govt.nz/assets/Document-Library/Plans/Long-Term-Plan/Long-Term-Plan-2024-2034.pdf

or alternatively you can request a copy from our friendly Customer Services team at 06 871 5000.

PART G – HOW TO HAVE YOUR SAY

It is very important that you have your say whether you support or oppose this proposal.

The Council will be considering feedback received before making a final decision whether to proceed to incorporate the targeted rate in its Annual Plan for adoption on 26 June 2025. The rate would then become effective from 1 July for the 2025/26 year.

There are several ways to Have Your Say and find out information as detailed below.

To access the information, you can head online to our consultation website http://www.myvoicemychoice.co.nz

- or visit the district public libraries;
- or visit the Council Central Offices, Lyndon Road
- or call us on 871 500 and we can send you the information.

Finding out more

Scheme Meeting

A landowner meeting on the proposal will be held at the Council Chamber, Lyndon Road, Hastings on Monday 26 May 2025 at 6pm.

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Submissions

Submissions on this proposal may be made in writing to the Council. Submissions close on 6 June 2025. Submissions can be made:

- Electronically at http://www.myvoicemychoice.co.nz
- By using the hard copy submission form or in any other written form to the attention of Lex Verhoeven, Strategy Manager, Hastings District Council, Private Bag 9002, Hastings 4156 or by email to lexfv@hdc.govt.nz

Any person who makes a submission will have the opportunity to be heard by the Council if this is requested. Hearings will be held at a Council meeting on 17 June 2025.

It is also important that impacted property owners indicate your preference on the reply form and return, so the Council can have a complete understanding of your views on this proposal.

NOTE: The setting of a targeted rate is not a rate you can opt out of. If the Council proceeds it will be levied on all properties within the defined area of benefit.

PLEASE ENSURE YOU HAVE YOUR SAY

APPENDIX – SECTION 101 WORKING PAPER

The following is an analysis of funding needs for the Whakatū West Stormwater Scheme in accordance with section 101 of the Local Government Act 2002.

Local Government Act 2002 - *Section 101 Financial management*

(1) A local authority must manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community.

(2) A local authority must make adequate and effective provision in its long-term plan and in its annual plan (where applicable) to meet the expenditure needs of the local authority identified in that long-term plan and annual plan.

(3) The funding needs of the local authority must be met from those sources that the local authority determines to be appropriate, following consideration of,—

a. in relation to each activity to be funded,—
   i. the community outcomes to which the activity primarily contributes; and
   ii. the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals; and
   iii. the period in or over which those benefits are expected to occur; and
   iv. the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity; and
   v. the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities; and

b. the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural well-being of the community.

(3) a. i. The community outcomes to which the activity primarily contributes.

1) "Safe and Inclusive Place" *(p. 9 Long Term Plan 2024-34).*

2) "Sufficient and Supportive Economy" *(p. 9 Long Term Plan 2024-34).*

Relevant strategic goals within these community outcomes are:

1) "Our communities are safe and resilient".

Council has a key role in shaping urban form. Climate change is increasing the intensity and frequency of rainfall, and this is impacting on the places where people can live and conduct business without undue risk. The incidence of flooding to properties and risk to our community is worsening.

2) "We enable growth and development".

Council has a key role in economic development, from infrastructure and amenity provision to land availability and efficient regulation.

(3) a. ii. The distribution of benefits between the community as a whole, any identifiable part of the community, and individuals.

(a) Community as a whole

The matter of "Public Good" is a standard consideration when assessing funding for new projects.

The Council have undertaken an assessment and have determined that no primary public good benefits exist over and above other growth development

areas in the Hastings District. The infrastructure in these other areas has been funded on a "Private Beneficiary" basis in the form of Development Contributions.

Ancillary public good benefits that were determined were:

- Increased productivity and job creation
- Better links and connectivity (throughfare to Whakatū township)
- Enhanced flooding protection of some critical infrastructure

These benefits were considered similar to other growth areas (funded on a private beneficiary basis), more localised in nature to the Whakatū area or in the case of protecting critical infrastructure (the responsibility of the particular asset/property owner).

Given that the primary drivers and beneficiaries of the project are private in nature, the Council have assessed this project as a predominantly landowner cost to be funded. This is based on the following key landowner benefits:

- Property flood protection;
- Potential uplift in property value;
- Better insurance prospects;
- Business continuity in a storm event;
- Ability to retain and attract tenants.
- Land development potential (for some properties)

This approach maintains a level playing field with the funding approach to other development areas and accords with the Council's approach to funding other similar projects where the protection of private assets is involved.

Whilst difficult to quantify any ancillary public good benefit, the Council considers that the circa $600k of public funding, which has been advanced to the project for the investigation and design phase, to constitute the full and final public good Council contribution. This equates to approximately 10% of the total project cost.

IN SUMMARY - For equity and fairness reasons with other industrial land supply across the district it has been assessed that this activity is predominantly of private landowner benefit. Any minor, "whole of community benefit" attributable to the scheme, is considered to have been already allocated to funding the concept and design process to date (about 10% of the total project cost).

(b) Identifiable part of the community

The serviceable area of benefit has been defined as properties contributing stormwater into the Whakatū West stormwater catchment – as validated by Council's flood model. These are the properties who collect and contribute stormwater runoff and exacerbate the flooding issue under certain weather conditions. This services an area of 105 hectares of which 95 hectares of land is capable of being developed. Please see map attached titled "Whakatū West Stormwater Scheme".

IN SUMMARY - For the reasons above the map defined as "Whakatū West Stormwater Scheme" is considered the most accurate assessment of the serviceable area of benefit.

The individual beneficiaries within the scheme area have been classified as outlined in the following section.

(c) Individuals

The individual beneficiaries within the scheme area have been classified into two broad groups as follows, for the following reasons:

Scheme Contributors

These properties collect and contribute stormwater runoff into the Whakatū catchment. In addition, they receive some ancillary benefits through improved accessibility and business continuity during storm events, better insurance prospects, ability to retain and attract tenants and potentially increased land value once the scheme level of service is increased.

Enhanced Property Protection Properties

A group of 19 properties (15.6 hectares) defined as "Enhanced Property Protection" will also receive a higher level of flood protection from the proposed 1 in 50-year level of service from the construction of the scheme which also unlocks the potential for some further land development.

It is acknowledged that these properties contributed to the gravity system cost which remains a part of the new scheme.

IN SUMMARY – Whilst not an exact science, the benefit assessment does identify 2 distinct categories of beneficiaries with similar characteristics that could form the basis of a charging regime for the scheme. Those categories being "Scheme Contributors" and "Enhanced Property Protection" Properties (see later discussion regarding consideration of rating mechanisms).

(3) a. iii. The period in or over which those benefits are expected to occur.

Acting now will result in increased resilience to wet weather events and will unlock land not currently suitable for industrial development. The nature of the infrastructure being built (i.e. pump stations and pipes with multi-generation asset lives) means that the benefit is assessed as long-term.

For long-term benefit projects (new assets) the normal loan funding duration of 25 years is typically used. However, its anticipated landowners will want to find a more optimal repayment period which incurs less debt servicing cost.

IN SUMMARY - The recommended duration in which to recover benefits is 10 Years. It is recommended that impacted landowners are consulted on various time payment options.

(3) a. iv. The extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity.

The scheme has been designed to rate those properties that contribute stormwater runoff in a defined catchment referred to as the "Whakatū West Stormwater Scheme". Using land area as a charging factor could scale the individual property contribution relative to its land area and contribution to runoff.

Note: The scheme is designed on the basis that all properties have the potential to develop their land, given it is zoned for industrial development, and that this will occur over time.

IN SUMMARY – Those contributing to stormwater runoff are assessed as the group of properties that contribute to the need to undertake the activity. Variations in scale of impact could be captured via the land area of an individual property contributing.

(3) a. v. The costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities.

This is a new function for Council located in a distinct and definable area, separate from other urban based stormwater infrastructure.

The assessment of benefits would not fit with the composition of the general rate for example (calculated on various formula and differentiated across various land use types across the district).

Separate targeted rates have been used by Council for many other similar functions as outlined in the Council's Revenue and Financing Policy. They are considered a cost-effective way of charging the correct beneficiaries in a targeted and transparent way.

In addition, the funding of stormwater infrastructure in other distinct industrial zones, such as Omahu Road industrial, has been separately funded (via development contributions). As development has already occurred in much of the area being serviced in Whakatū, a targeted rate is considered to be the most effective mechanism.

IN SUMMARY - For transparency and to separate the funding approach from other business as usual activity it is assessed that a targeted rate set on one of the criteria below is the best funding approach.

The basis of rating:

(a) Land Value

Land value does attribute relative value to the land characteristics in the serviceable area and will have some relativity to the area of each rating unit. However, larger blocks of land that are yet to be subdivided and developed tend to have lower land values on a per hectare basis.

(b) Capital Value

Whilst capital value would reflect the extent of land development and the asset that's being protected from flooding, the scheme is designed on the basis that all land will have the potential for development and that development decisions are those that need to be made at the individual property level. A potential shortcoming of Capital value is that there could be a significant time lag in development occurring or not occurring at all, which may distort how equitably the benefits from the scheme are paid for.

(c) Land Area

Land Area was the charging factor used for original Stage 1 of the scheme. It is the best proxy for the extent of runoff from a property into the catchment (given the scheme is designed to allow for all properties to be developed in an area that is zoned for industrial development).

The flood modelling does show that a group of the most low-lying properties (19 properties – 15.6 hectares) would benefit more from the schemes flood protection attributes. A differential may be able to be constructed that reflects that higher level of benefit based on the proportion of a properties area that falls within that higher flood protection zone.

The Council considered the matter of a differential rate and in its initial calculations. Apportioning a share of the cost of the scheme between the two broad groups of beneficiaries was considered problematic and is subject to many judgements. Those judgements related to the assessed portion of a

property receiving an assumed higher level of service, the assumed uplift in property value from the scheme's mitigation of an existing hazard and the actual area unlocked for future development

These are matters that may be able to be worked through over time, but not within the timeframe of this proposal. The consultative process may prompt further enquiry from landowners on this point.

It is acknowledged that these properties contributed to the existing gravity scheme, which remains a part of this new scheme.

A differential based on land use was also discounted given that the land use is similar across the catchment and presented no logical basis for considering any weighting relative to use. This could be reconsidered if submissions indicate that would be appropriate.

(d) Fixed Uniform Charge or combination with the above

There may be an argument to recover a portion of the cost as a fixed uniform charge to reflect the "we are all in it together" argument – (a type of scheme membership charge).

However fixed charges are regressive on smaller properties and would not reflect the extent of stormwater runoff into the catchment or the development potential of a site and its relative level of flood protection.

For the reasons above the scenario that was modelled and shared with impacted landowners in April 2025 was as follows:

A) Land Area (shared proportionally over the whole scheme contribution area)

IN SUMMARY – The simplest charging factor that fits with the nature of the scheme is assessed as being a Land Area based rate over the entire contributing catchment.

Note: Some rough order modelling was undertaken based on a differentiated rate allocating more of the cost to low lying properties but subsequently discounted due to the lack of confidence in the accuracy of the judgements having to be made that would underpin a differential in the timeframe of the preparation of this Statement of Proposal. This is a point the Council could consider drawing out via the consultative process on the Statement of Proposal.

(3) b. The overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural well-being of the community.

The Council's Financial Strategy outlines the Council's current fiscal context with an explicit priority focus on debt reduction as an overriding priority for long-term community wellbeing. Any new initiative/project needs to be assessed against this overriding Council and Community priority.

A secondary contextual factor is that the Council is currently borrowing to fund its operations for 2 more years as part of its strategy to recover from Cyclone Gabrielle. Any new initiative that would attract any level of "whole of community" funding needs to be assessed against this context.

Irrespective of the funding solution, the scheme would be initially loan funded by Council consuming more of its limited debt capacity.

The Council will need to turn its mind to its relative priorities and what, if any, part of the capital programme can be moved to accommodate this project within the current debt profile.

IN SUMMARY – If the Council considers the Whakatū West Stormwater Scheme to be an infrastructure priority then its needs to be cognisant of its impact on Council's debt profile and overall capital delivery plan. Any consideration of public good funding needs to consider the commentary above in section (3) a. ii. and the impact on forecast rate increases contained in Council's Financial Strategy, which are significant post Cyclone Gabrielle.

Image: Cyclone Gabrielle flooding

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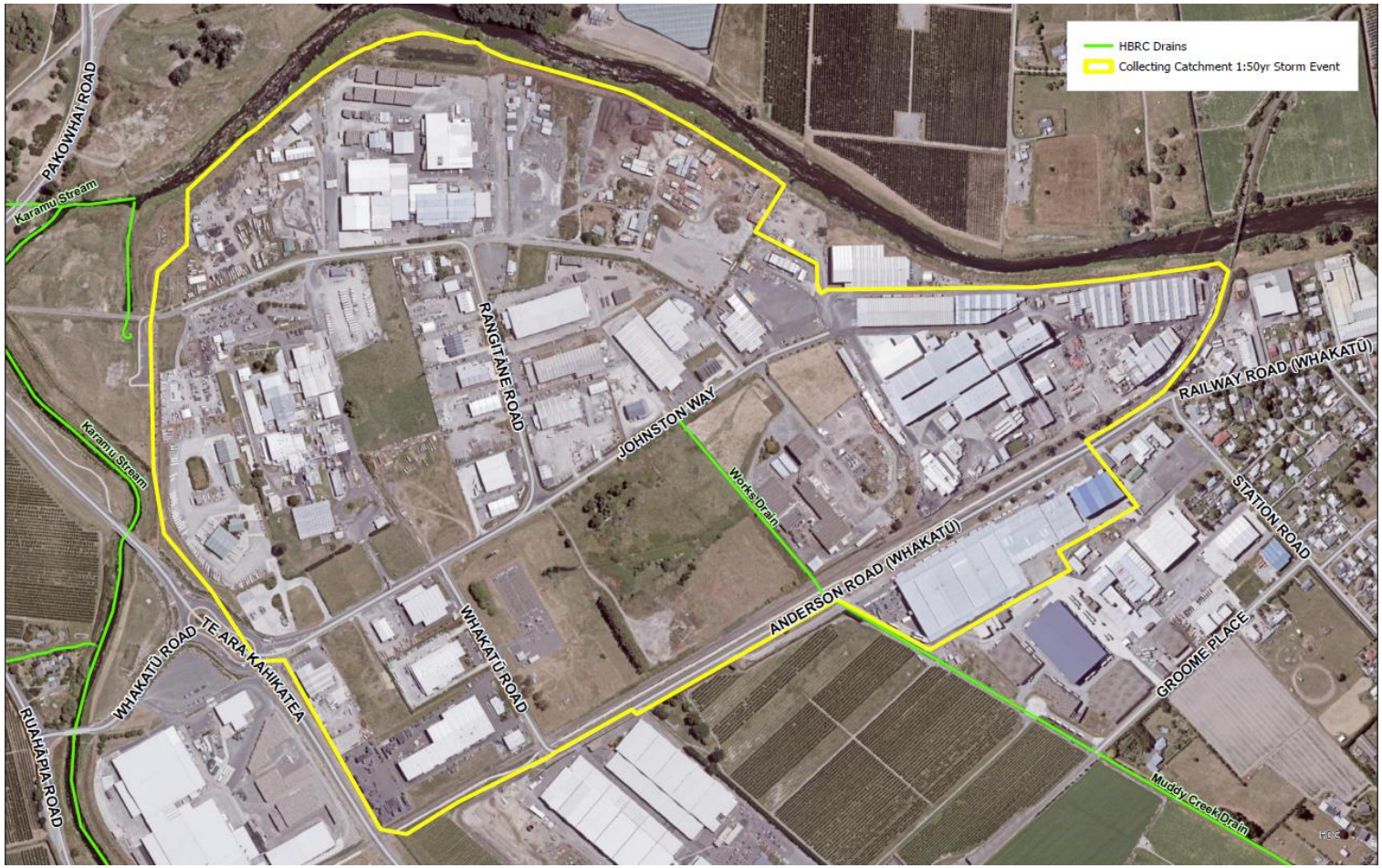
Whakatū West Stormwater Scheme



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