

Leigh Collecutt

From: [REDACTED]
Sent: Monday, 9 September 2019 4:33 PM
To: Leigh Collecutt
Cc: [REDACTED]
Subject: FW: RE: One page Scope document for Water Holdings CHB
Attachments: image003.png; image004.png; image008.jpg; image001.png; image002.png; image005.jpg; [DRAFT 2] Freshwater Security Scheme.docx



[REDACTED]

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www.chbdc.govt.nz

-----Original Message-----

From: Tom Skerman [mailto:Tom@hbrc.govt.nz]
Sent: May 13, 2019 8:15 AM
To: Monique Davidson [mailto:monique.davidson@chbdc.govt.nz]
CC: James Palmer [mailto:james.palmer@hbrc.govt.nz]
Subject: RE: One page Scope document for Water Holdings CHB

[Absolutely can chat.](#) [Attachment referred to in earlier email this time](#)

From: Monique Davidson <monique.davidson@chbdc.govt.nz>
Sent: Sunday, 12 May 2019 7:02 PM
To: Tom Skerman <Tom@hbrc.govt.nz>
Cc: James Palmer <james.palmer@hbrc.govt.nz>
Subject: RE: One page Scope document for Water Holdings CHB

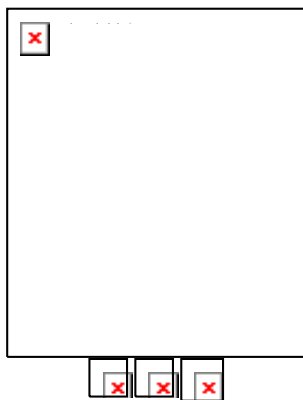
Hi Tom

Thanks - this is helpful.

Can we chat tomorrow - I have made progress since I spoke to James Friday morning with some key players, so will discuss tomorrow some ideas I have

Thanks


Monique



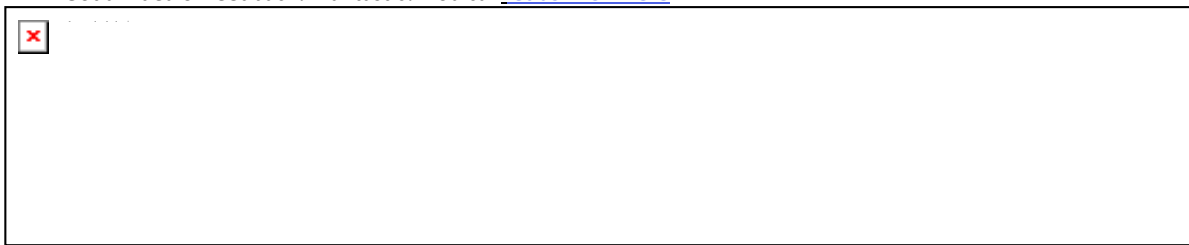
Monique Davidson
Chief Executive
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Got an idea or feedback? Fantastic! You can [let us know here](#)



-----Original Message-----

From: Tom Skerman <Tom@hbrc.govt.nz>
Sent: 10 May 2019 03:12 PM
To: Monique Davidson <monique.davidson@chbdc.govt.nz>
Cc: James Palmer <james.palmer@hbrc.govt.nz>
Subject: FW: One page Scope document for Water Holdings CHB

Monique,

James has just spoken with me.

Please see below for my last communication with WHL in relation to the PGF. We remain hopeful that the Regional Water Security Package will be successful, but I am yet to have formal approval.

Perhaps this is not for me to say, but is there any chance your Annual Plan consultation decision could allow for the possibility of the proposed CHB funding to be allocated to the development of WHL's IP either directly or alternatively indirectly via the Regional Freshwater Security Programme being progressed by HBRC?

Technically the RFWSP exists at two levels. First, as an approved work programme and policy looking to progress water security in the Ruataniwha and Heretaunga catchments (see attachment) + some other things. Second, the same programme but on steroids via the PGF. In other words, we effectively have had to reverse engineer the HBRC policy (and \$5m budget) to match the PGF so that we had the local share funding locked in in case we were successful with the PGF.

This would be helpful from the PDU's perspective, as I discussed in my email to Hugh, as it speaks to stronger regional alignment etc.

Happy to discuss

-----Original Message-----

From: Tom Skerman

Sent: Saturday, 2 March 2019 10:41 AM

To: 'Hugh Ritchie' [REDACTED]

Subject: RE: One page Scope document for Water Holdings CHB

Thanks Hugh,

We have had regular contact with PGF officials on our application. For the reasons we have traversed in depth recently, I believe that by pushing the PGF hard for specific WHCHB funding you run the risk of it backfiring. The PGF is requiring applications and application packages to have strong regional support and not conflict with other applications. So they are having difficulty reconciling CHBDC's support for the Regional Water Security Package currently being developed by HBRC with CHBDC's support for a distinct piece of work around your IP due to CHBDC's annual plan initiative and/or a direct application by your team. Logically they would form a part of the same package and they could, but for WHCHB's reluctance to explicitly rule out inundation of the DoC land or further consequential deferral of minimum flow regimes. Now I know we could have a long debate about what is rational and what is not, but lets for the moment just embrace reality and say that because of this issue we cannot include specific WHCHB funding in our PGF package because neither HBRC or Central Government politicians (at least) believe their respective constituencies would support it.

We have discussed how the regional package is being constructed and how, for the CHB project, MAR (whether viable or not) will need to be integrated with other solutions. Accordingly, there will be a requirement to re-visit storage options in CHB based on different criteria (environmental and water security criteria ahead of, but not instead of, growth opportunities). That in turn will create an opportunity for WHCHB to advocate for a review of its assets through the project and governance structures established and approved by the PGF for the Regional Water Security Package.

WHCHB does not have a bird in the hand and two in the bush, it has 3 birds in the bush: CHBDC's annual plan proposal, WHCHB's PGF application, and the Regional Water Security Application. You might net all 3, or you may get none. Nothing is guaranteed in all of this, lest of all the success or failure of our regional application. I just wanted to provide you with a free and frank assessment of the situation as I saw it.

I acknowledge and appreciate that your motives are first and foremost for the community even though you have and will continue to be accused of representing self-interest. All the best.

From: Hugh Ritchie [REDACTED] >

Sent: Wednesday, 27 February 2019 7:42 AM

To: Tom Skerman <Tom@hbrc.govt.nz>

Subject: One page Scope document for Water Holdings CHB

Tom here is the outline of our proposal and will work with you / advice on next steps. In mean time we will work up an application for the PGF to meet this scope.

Hugh Ritchie

Tom Skerman
Group Manager Strategic Planning
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Hawke's Bay Regional Council | Te Kaunihera ā-rohe o Te Matau a Māui
159 Dalton Street, Napier 4110 | hbrc.govt.nz Enhancing Our Environment Together | Te Whakapakari Tahī I
Tō Tātau Taiao

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Hawke's Bay Regional Council
Freshwater Security Scheme

Document Control

Purpose of this document:

The Freshwater Security Scheme Policy outlines how specified Long Term Plan funding will be allocated and administered by the Hawke's Bay Regional Council (the Council).

Intended Audience:

This Policy is intended for internal use by Council staff administering the Scheme.

Controlled Document:

The Policy is a controlled document and will be stored on the Council's HerBiGO system.

The Policy will remain current until 2021 and will be reviewed annually. Any changes to the Policy shall be reflected in accompanying implementation guidance for public use.

Any revision must be approved by the Document Owner, Group Manager Strategic Planning.

Document Information

	Position
Document Owner	Tom Skerman – Group Manager Strategic Planning
Issue Date	
File Name	Freshwater Security Scheme v1

Document History

Version	Issue Date	Changes
0.1	<date>	Policy approved by Document Owner

Document Review

Name	Role	Review Status
Ellen Humphries	Policy Planner	In progress

Document Sign-off

Name	Role	Sign-off date
Tom Skerman	Group Manager – Strategic Planning	

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1 Introduction

The Hawke's Bay Regional Council (the Council) has committed \$5 million over the next three years to support water augmentation investigation and feasibility projects.

This policy sets out the decision making process that will be used to allocate this funding, the Freshwater Security Scheme (the Scheme), including criteria that will be used to assess proposals.

1.1 Background

The Scheme responds to the following challenges:

1. Pressure on existing water resources, particularly during summer low flow periods, and demand for irrigation and urban water, which is expected to continue increasing. Demand estimates made in 2012 are likely to underestimate actual growth and more recent forecasts.
2. Climate change is expected to alter the way we interact with and utilise our surface and ground water resources. Alongside sea-level and temperature rises, climate change is expected to change the amount, distribution, frequency and timing of rainfall for Hawkes Bay. There is considerable uncertainty in models available regarding the extent of these changes.
3. Allocation and access to freshwater needs to be community mandated, providing for community wellbeing, including for our Maori communities.

Looking forward, the cumulative effects of increasing urban and rural water demands and a changing climate are likely to reduce water quantity and reliability of supply if no changes are made to current practices. These factors impact water quality and instream values, economic and investment decisions, equitable allocation and access to water, and consequentially, community wellbeing.

1.2 Statutory Context

The Scheme is consistent with the purpose and core services of local government under sections 10(1)(b) and 11A of the Local Government Act 2002, to meet the current and future needs of communities for good quality infrastructure and local public services in a way that is most cost-effective for households and businesses and avoid or mitigate natural hazards.

The Scheme supports the Council's functions under the Resource Management Act 1991 (RMA) to promote the sustainable management of natural and physical resources (Section 5 RMA). It assists in giving effect to the National Policy Statement for Freshwater Management and the Regional Resource Management Plan (the Regional Plan).

1.3 Strategic alignment

The Scheme aligns with central government's direction for solutions that provide multiple benefits across the wider community, and initiatives such as the Provincial Growth Fund.

The Scheme directly delivers on two of the four focus areas in Council's *Strategic Plan 2017-2021*:

1. Water quality, safety and certainty
2. Sustainable services and infrastructure

It contributes to the other two focus areas: 'smart, sustainable land use' and 'healthy and functioning biodiversity', and supports the Council's *Land and Water Management Strategy 2011*.

2 Freshwater Security Scheme

2.1 Purpose

The Scheme's purpose is to assist rural and urban communities within the Hawke's Bay region to continue growing and flourishing in the face of challenges and uncertainties arising from climate change and cumulative impacts of resource use limits. The Scheme aims to improve, or at the very least, maintain the security and reliability of access to water, for now and into the future.

Through experience and engagement, the Regional Council understands the region is demanding an integrated and holistic set of freshwater solutions. The Scheme is part of a multi-layered approach to identifying and supporting the development of water management solutions that maximise the benefits of water available for users today, without compromising current and future ecosystem health or the ability of people to meet their needs in the future. Two concurrent work streams will set an evidence-based platform for community engagement and investigate opportunities for water security and reliability through conservation, efficiency or storage.

The Scheme reflects Plan Change 9 policies 54, 56, 57 and 58 which relate to further investigation of present and future regional supply and demand, allocation of high flow water for Māori development and investigation of freshwater reliability solutions.

Consequently, the Scheme will help balance the competing needs and opportunities of all water users and not exacerbate or perpetuate the perceived inequities created by the Resource Management Act's "first come, first served" framework. The Scheme is not intended to be a contestable fund.

2.2 Scope

The Long Term Plan 2018-2028 (LTP) makes available \$5 million over the next three years for assessment of water augmentation options.

There are two parallel work streams:

1. Regional Freshwater Assessment (Freshwater Assessment) - to identify the region's long-term freshwater priorities and potential water management solutions, particularly water efficiency and conservation options, which will serve communities' needs for decades to come. This assessment will not be a prerequisite for all projects under the second stream.
2. Ready Reaction Fund (RRF) - to further develop solutions and feasibility studies for which pre-feasibility work has been completed and those solutions identified through the Freshwater Assessment.

2.3 Scheme Criteria

Water management solutions under the Scheme must demonstrate how they:

1. Achieve the Objective(s) of the Freshwater Assessment or RRF;
2. Are consistent with the Key Principles; and, in particular
3. Achieve multi-value benefits.

2.4 Key Principles

The following principles underpin the policy and both funding streams:

Integrated: Integrated within the wider physical, regulatory and strategic context, and complementary to other proposals and Council projects.

Information: Based on robust and defensible information, applying scientific tools, modelling and community feedback.

Collaboration: Communities and local authorities work together to identify suitable tools and options for water management.

Multi-value benefits: Projects cannot be developed in isolation, they must deliver benefits for the environment, catchment, and the community that outweigh the costs. The benefits listed below are not a tick list each project must deliver, rather it ensures project development addresses freshwater and community context, opportunities for delivering multiple benefits and the potential for perverse outcomes.

Environmental sustainability

- Remedies or offsets stream depletion effects of surface and/or groundwater takes;
- Enables freshwater quality objectives to be met, including more stringent requirements arising from changes to the Regional Plan;
- Enhances, or at the very least maintains, the health of freshwater ecosystems.

Climate change and extremes

- Improves resilience to predicted climate change and extreme weather events.

Community wellbeing

- Maintains or enhances community values (e.g. health, recreation and amenity values);
- Remedies or offsets negative effects on tikanga Māori;
- Integrated with the functioning of community water systems (supply, waste, storm);
- Enables community-mandated projects;
- Imposes costs equitably.

Economic wellbeing

- Enables economic opportunities for tangata whenua, including allocation for Māori development;
- Enables higher value land uses that do not risk environmental degradation¹;
- Enables confidence in investment decisions through great surety around freshwater security and reliability.

Strategic development

- Achieves leverage with other funding sources;
- Is fit-for-purpose within the New Zealand resource management framework;
- Introduces innovative approaches or new technologies to water management.

3 Regional Freshwater Assessment

The Council will undertake a strategic assessment of the region’s freshwater, updating and building upon previous work, to consider where and how to future-proof the reliability of our freshwater resources, particularly through efficiency and conservation measures.

3.1 Freshwater Assessment Funding Objectives

1. Update our analysis of regional freshwater availability and supply, with special regard for growth opportunities in and around Wairoa, based on:
 - i. Revised estimates for urban and primary industry growth

¹ Note that enabling higher value land use does not require “grandfathering” of existing productive land uses.

- ii. Improved understanding of freshwater resources and climate change impacts
 - iii. Community expectations for freshwater allocation
 - iv. Environmental bottom lines set in the Regional Resource Management Plan (the Regional Plan)
2. Identify priority catchments where it is critical to implement better water management solutions for a sustainable future
 3. Investigate new and emerging options to improve water security and reliability:
 - i. Conservation and efficiency – identify and assess options available to all users, including industrial and domestic as well as irrigation for farming and growing, so we can use our water better
 - ii. Water storage – consider opportunities to improve reliability of water supply including integration opportunities for Managed Aquifer Recharge and improving our understanding of resource limitations
 - iii. Distribution and offsetting – explore new methods of balancing the wider communities freshwater needs.
 4. Work with Tangata Whenua to understand Māori context, priorities, emerging issues and support opportunities for investment and growth
 5. Identify and prioritise with communities the strategic actions and initiatives required to ensure security of supply, through conservation, efficiency, land use improvement, storage and innovation.

3.2 Approach

The Council will lead this assessment, working with territorial authorities to achieve common goals and minimise duplication. The Freshwater Assessment will culminate in a written report including recommended priority projects for further investigation and investment.

The updated region-wide supply and demand analysis will underpin the identification of priority catchments where it is more critical to develop sustainable water solutions, drawing from information already held by the Council. It will incorporate relevant information from the TANK and Tukituki plan development processes and provide an evidence-based platform for further engagement.

The main emphasis of the Freshwater Assessment is to identify options for these priority catchments. Option investigation will include research into international best practice and must consider the New Zealand resource management framework, including the Resource Management Act, National Policy Statement for Freshwater Management and regional water quality assessments.

A range of stakeholders from across business sectors, community, Iwi and local government will be invited to collaborate in further developing and prioritising options². Community information sessions will be held to raise awareness and check progress against a wider audience.

Regional representative governance, including the Regional Council, Territorial Authorities and iwi, will oversee technical advisory groups and the community engagement process.

² The process for community engagement at this stage will be further developed closer to the time in order to respond appropriately to governance structures or collaborative approaches taken with the Territorial Authorities.

3.3 Timeframe and quantum of funds

The Freshwater Assessment has been allocated \$500,000 from the total budget of \$5 million. Work will commence in the second half of FY2018/19 and is anticipated to take 12 to 18 months.

4 Ready Reaction Fund (RRF)

The RRF is to enable targeted investment for further investigation into and support for specific initiatives. It is intended for use where the Council has recently completed issues and objectives assessments with the community, such as the Tukituki and TANK catchments, and for priority projects recommended from the Freshwater Assessment.

4.1 Ready Reaction Funding Objectives

The objectives of the RRF are to:

1. Further investigate and develop candidate projects to identified through Tukituki and TANK plan development and the Freshwater Assessment
2. Develop feasibility studies
3. Provide ongoing technical input and commercial viability support to:
 - a. develop a viable commercial model
 - b. access alternate funding for pilot trials and implementation.

4.2 Approach

The RRF work stream will occur concurrently with the Freshwater Assessment, starting with two candidate projects identified through Tukituki and TANK plan development and implementation programme work:

- Heretaunga Flow Enhancement Scheme
- Tukituki Water Security Project.

The Council will work with local authorities, tangata whenua, land and water users and the wider community to review, inform and further develop these projects. Once a proposal has been further developed, the Council will lead the early stages of feasibility investigation. The Council will have continued involvement in the projects by providing technical support, guidance and advice. Council involvement may be quite extensive depending on the nature of the project.

4.3 Timeframe and quantum of funds

The RRF will be available from the second half of FY2018/19. \$4.5 million from the total budget of \$5 million has been allocated to the RRF.

Specific project investments will differ and there is no maximum limit set for each project within the \$4.5 million window.

5 Provincial Growth Fund

The Establishment of the Scheme via the LTP has coincided with creation of the PGF. This policy is deliberately designed to mirror PGF objectives to better enable co-funding opportunities through the PGF. In the event that PGF requirements necessitate changes to this policy, Council will be informed and any changes tabled for approval.

6 Fund Governance

Individual projects, including the Freshwater Assessment and all priority projects, will have their own project governance that is appropriately representative of the users and interest groups. As projects progress, alternative or succeeding project and governance arrangements are evaluated so as to better represent local impact and stakeholder interests.

The Council's Environment and Services committee will recommend to Council authorisation of funding allocations and provide overarching governance of the Fund. Staff will provide annual reports to the Environment and Services Committee and relevant project governance regarding spending of the funds and any adjustments.

The Policy is managed by the Group Manager, Strategic Planning.

7 Financial Overview

7.1 Funding allocation

The Council, as part of the Long Term Plan, has allocated \$5 million to the Freshwater Security Scheme. Funding was allocated evenly over three years as per the table below, however, the multi-year appropriation may be adjusted between years and extended out according to uptake.

Year 1 18/19	Year 2 19/20	Year 3 20/21
\$1,666,000	\$1,666,000	\$1,666,000

Depending on up-take of the Fund, the multi-year appropriation may be extended out.

7.2 Funding Financial authority

The financial authorities for funding are:

- Regional Freshwater Assessment: Group Manager Strategic Planning
- Ready Reaction Fund: Group Managers Strategic Planning and Integrated Catchment Management. Where Council's financial delegation policies require, some decisions will be made by the Chief Executive.

8 Policy Administration

8.1 Policy Authority

The Group Manager Strategic Planning holds primary responsibility for approval and revision of this Policy.

8.2 Conflicts of interest

Elected members will act in accordance with Item 8 of the *Hawkes Bay Regional Council Code of Conduct 2016*³.

Council employees will act in accordance with *Staff Policy 28: Conflict of Interest and Other Employment*.

³ <https://www.hbrc.govt.nz/assets/Document-Library/Council-Documents/20161130-HBRC-Code-of-Conduct-adopted.pdf>

8.3 Policy Duration and review

This Policy will remain current until 2021 and will be formally reviewed by the Group Manager Strategic Planning Group annually. This review will consider the following:

- Performance of policy
- Monitoring results against objectives
- Performance against financial forecasts.

A review may also be conducted if the current policy requires urgent revision, due to factors such as over subscription to the Ready Reaction Fund.