

FUNDING REVIEW FOR FLOOD MANAGEMENT AND DRAINAGE

COUNCILLOR WORKSHOP | 22 APRIL 2026 | V1



THE PURPOSE OF THIS WORKSHOP

The purpose of this session is to provide an update to Councillors on the progress to assess the costs and benefits of flood management and drainage infrastructure.

This work is an essential component of the funding review for flood management and drainage

The targeted rating approach was last reviewed in Project Watershed, nearly 20 years ago, and there are both affordability and viability challenges for some of the Waikato schemes

We are looking at where the costs and benefits of the schemes occur, and where non-rate funding can be accessed to assist ratepayers with the long-term viability

HOW WE'RE GOING ABOUT THE WORK

The first step is to assess where the benefits of flood management occur, to help inform how the costs should be shared.

The traditional view is that the direct beneficiaries of flood management – landowners – should bear the costs of the schemes

However, flooding disasters have much wider effects than the immediate landowners – individuals, families, businesses, insurance companies, the wider economy, and the government are all affected

We are developing a platform that shows how these effects ripple through the community and the economy, and puts a dollar value on them

The purpose is to ensure everyone who receives benefit from flood management pays a fair share of the scheme's costs

VALUING THE IMPACTS OF FLOODING

The platform starts from the WRC flood models, then produces economic and social impact valuations for the flood event.

There are three components to the valuation:

1. The value of assets affected, including buildings, infrastructure, and vehicles
2. The impact on businesses and farms, including stock damage and turnover loss
3. The impact on people, including financial, health, and wider social effects

All three components are valued in dollar-equivalent terms, so the costs of the flood events can be easily understood

We are assessing both the direct and indirect costs as they spread across the economy

THIS WORK TIES INTO NATIONAL INITIATIVES

The valuation work is aligned with activity being undertaken by Te Uru Kahika on behalf of regional and unitary councils.

The methodology we're using is aligned with the national work, and is being used as the example for national cost/benefit discussions with the Crown

In parallel, Te Uru Kahika is continuing to advocate for a long-term 60/40% co-investment split between the Crown and Councils for flood management infrastructure

This approach has been successful so far, and WRC has applications in progress for \$18.25m of Crown funding for projects in Tranche 3, which is being considered for Budget 2026

In order to have the Crown agree to co-investment, we must demonstrate the scale of benefits they are receiving from flood management

WHAT THE DOCUMENT CONTAINS

We're providing a draft version of the report so we can gather your thoughts and insights as it is developed.

The document we're circulating today is in draft form, and parts are still incomplete

The final version is due to be be tabled with Council in May, so we are taking the opportunity to seek your input as it progresses

It is fairly complex material, so we will walk you through the document structure and answer questions as we go

Once you've had a chance to read it more thoroughly, the project team is available for further questions via email

The May workshop is longer in duration and will provide the opportunity to drill into the work in more detail

THE SCOPE OF THIS PHASE

The current document is the proof of concept – demonstrating we can link flood events to wider economic and social impacts.

The report explains the methodology to get from floods to dollars, validates the data sources we will draw on to develop the valuations, and shows how the figures will be calculated

Importantly, the valuations have not been developed in the GIS systems as yet – that's the next phase of the work

In parallel, we have provided an overview of possible non-rates funding mechanisms for flood management, covering both private and public sources

INTENTIONS AND OUTCOMES

There are two purposes to the work: to put in place equitable funding for schemes, and to enable informed discussions with communities.

The next phase of the analysis is likely to highlight that the current funding models for specific schemes are out of date and need to be reviewed

It is also likely to highlight that contributions from some other stakeholder groups are appropriate, based on the benefit received

However, the GIS modelling needs to be completed before changes to general or targeted rates can be considered by Council and ratepayers

There is no intention to propose major changes to targeted or general rates in the 2026 LTP as a result of this work.

QUESTIONS SO FAR?

DOCUMENT WALK-THROUGH

In this section we'll walk through the structure of the document, so you have some orientation before taking it away for detailed reading.

The document is in four parts:

1. The first section is the document introduction
2. The second section describes the opportunities and challenges, primarily for non-technical audiences
3. The third section describes the analysis and valuation methodology
4. The fourth section discusses the equity considerations and funding possibilities

SECTION 2: OPPORTUNITIES AND CHALLENGES

The first part of the document provides an introduction to flood management in the Waikato, and is intended for non-technical audiences.

It covers WRC's responsibilities and the legislative framework for the Council

It describes the extent and value of the assets, and how these are managed

The forecasted future investment requirements are highlighted, along with how Council raises revenue to support flood management

It outlines the challenges: legislation, affordability, costs and benefits, land use change, and climate change

It sets out the scope and intentions for the analysis that follows.

SECTION 3: ANALYSIS METHODOLOGY

The next section steps through how the effects of flood events are modelled and valued.

It describes the analytical process, from flood modelling to impact to valuation, starting with risks and hazards

It shows how the impacts are assessed, ranging from direct tangible effects through to indirect and intangible impacts

It explains how these impacts are quantified and provides an overview of the equations we use to calculate the valuations

It covers assets, economic impacts, and social impacts from flood events.

SECTION 4: EQUITABLE FUNDING

The next section describes the principles for equitable funding, and looks at possible funding sources.

It starts with a description of what we mean by equity and the principles that apply to it

The funding component sets out the instruments that can be used directly by WRC, the partnership approaches, and the funding sources that Council can advocate for with other stakeholders

The section then progresses to a detailed breakdown of the possible funding sources for flood management, including both private sector and public sector mechanisms.

NEXT STEPS

The report is still in draft form, and its scope means we want to get perspectives and input from Councillors as it is further developed.

The full document is being sent to you, and you're welcome to ask questions and provide input via email – details will be in the covering email

The next workshop is planned for Monday 11 May to go through the final version of the report in detail, clarify questions, and seek your endorsement for the next steps

Once the report is completed it will form the basis for the analysis work in the GIS system, which will generate the scheme-specific valuations

The report helps inform the community, but won't immediately lead to rating changes in this year's LTP.

THE WIDER CONTEXT

This work also informs the national project being undertaken by Te Uru Kahika to establish a long-term 60/40% funding split with the Crown.

As noted, WRC has applications on the table for \$18.25m of Crown funding as part of Budget 2026, which is being considered by Ministers at the moment

To be able to justify the Crown's ongoing commitment we need to demonstrate it is receiving significant fiscal benefit from the investment, which this work will do

Going to ratepayers with changes to general or targeted rates when there is work underway to bring significant Crown funding to the table would be premature, hence the delay to these changes past this year's LTP.

FURTHER QUESTIONS?