

AGENDA/KAUPAPA



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MEMBERSHIP: Her Worship the Mayor Rehette Stoltz, Deputy Mayor Josh Wharehinga, Colin Alder, Andy Cranston, Larry Foster, Debbie Gregory, Ani Pahuru-Huriwai, Rawinia Parata, Aubrey Ria, Tony Robinson, Rob Telfer, Teddy Thompson, Rhonda Tibble and Nick Tupara

EXTRAORDINARY MEETING OF COUNCIL/TE KAUNIHERA

DATE: Wednesday 1 November 2023

TIME: 9:00AM

AT: Te Ruma Kaunihera (Council Meeting Room), Awarua, Fitzherbert Street, Gisborne

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Council

Chairperson:	Mayor Rehette Stoltz
Deputy Chairperson:	Deputy Mayor Josh Wharehinga
Membership:	Mayor and all Councillors
Quorum:	Half of the members when the number is even and a majority when the number is uneven
Meeting Frequency:	Six weekly (or as required)

Terms of Reference:

The Council's terms of reference include the following powers which have not been delegated to committees, subcommittees, officers or any other subordinate decision-making body, and any other powers that are not legally able to be delegated:

1. The power to make a rate.
2. The power to make a bylaw.
3. The power to borrow money, or purchase or dispose of assets, other than in accordance with the Long Term Plan.
4. The power to adopt a Long Term Plan, Annual Plan, or Annual Report.
5. The power to appoint a Chief Executive.
6. The power to adopt policies required to be adopted and consulted on under the Local Government Act 2002 in association with the Long Term Plan or developed for the purpose of the Local Governance Statement.
7. The power to adopt a remuneration and employment policy.
8. Committee Terms of Reference and Delegations for the 2019–2022 Triennium.
9. The power to approve or amend the Council's Standing Orders.
10. The power to approve or amend the Code of Conduct for elected members.
11. The power to appoint and discharge members of Committees.
12. The power to establish a joint committee with another local authority or other public body.
13. The power to make the final decision on a recommendation from the Ombudsman where it is proposed that Council not accept the recommendation.

14. The power to make any resolutions that must be made by a local authority under the Local Electoral Act 2001, including the appointment of an electoral officer.
15. Consider any matters referred to it from any of the Committees.
16. Authorise all expenditure not delegated to staff or other Committees.

Council's terms of reference also includes oversight of the organisation's compliance with health and safety obligations under the Health and Safety at Work Act 2015.

Note: For 1-7 see clause 32(1) Schedule 7 Local Government Act 2002 and for 8-13 see clauses 15, 27, 30 Schedule 7 of Local Government Act 2002

9. Reports of the Chief Executive and Staff for DECISION



23-227

Title: 23-227 Cost Sharing Decision for the Future of Severely Affected Land
Section: Recovery
Prepared by: Maxine Day – Principal Policy Advisor (Seconded)
Meeting Date: 1 November 2023

Legal: Yes

Financial: Yes

Significance: **High**

Report to COUNCIL/TE KAUNIHERA for decision

PURPOSE - TE TAKE

The purpose of this report is to present Council with the options and community feedback to inform a decision to accept or reject the Government Support Package offered to assist recovery from Cyclone Gabrielle and improve resilience to future severe weather events.

SUMMARY - HE WHAKARĀPOPOTOTANGA

The Government Support Package has been outlined in previous reports to Council (Report **23-188** and Report **23-212**). Council resolved to consult on the Package prior to deciding whether to accept or reject the Crown's offer.

The Package has been presented as an all or nothing deal. What this means is that to unlock funding for regional transport issues and the additional flood resilience funding, the Council must accept and undertake the category 3 buyouts.

Consultation on the Package was undertaken between 2 and 16 October. 221 people provided written feedback. More than 150 people engaged at hui, online or at the A&P show. People expressed a wide range of views about their experiences with the Severe Weather events from early 2023, and views on recovery. About 90% of respondents supported accepting the government Package, and approximately 10% did not. Many people accepted that the funding was necessary for the region to recover and to improve future resilience.

Council also consulted on changes to the Revenue and Financing Policy. 84% of respondents supported the changes to the Revenue and Financing Policy, while those who did not, wanted Council to consider alternative funding sources to help cover the costs of recovery. The amended Revenue and Financing Policy is attached (**Attachment 1**).

A summary of the feedback on the Government Support Package and the Revenue and Financing Policy is attached (**Attachment 2**).

The recommendations in this report are to accept the Government Support Package and adopt the amendment to the Revenue and Financing Policy.

Next steps

If Council accepts the Government Support Package, the Funding Agreement with Government is initiated, and Council can commence activities to use the funds. Activities will include Category 3 land buyouts, community flood mitigation projects and regional transport improvements.

RECOMMENDATIONS - NGĀ TŪTOHUNGA

That the Council/Te Kaunihera Committee:

1. Agrees to accept the Government Support Package as outlined in Report 23-188.
2. Authorises the Chief Executive to execute the Funding Agreement with the Crown for the Government Support Package and take any other steps necessary to implement and give effect to the Funding Agreement.
3. Approves the amended Revenue and Financing Policy, (Attachment 1), including:
 - a. Provision for the purchase of Category 3 properties, or provision of compensation to owners of category 3 properties.
 - b. A new activity and a new rate, namely ‘Cyclone Gabrielle – Voluntary Residential Property and Property Rights Purchase’.
 - c. That the funding sources for the new activity will be a mixture of grants and subsidies, borrowing and general rates.
4. Agrees that the total rates revenue increases, and debt thresholds are inconsistent with the 2021-2031 Long Term Plan and Financial Strategy. Notes rates increase for 2024/25 will be above the 5.5% cap (forecast to be 6.3%) and notes:
 - a. The reason for the inconsistency is that the changes associated with outcomes of negotiations with the Government were not anticipated in the 2021-2031 Long Term Plan; and
 - b. Given the one-off nature of the offer and that a 2024-2027 Three Year Plan process will be completed by the 30 June 2024, there is no intention to amend the Financial Strategy.
5. Agrees that debt for the years 2024/25 and 2025/26 will be above the 130% level (forecast at 132% and 136% respectively) and;
 - a. The reason for the inconsistency is that the changes associated with outcomes of negotiations with the Government were not anticipated in the 2021-2031 Long Term Plan; and
 - b. Given the one-off nature of the offer and that a 2024-2027 Three Year Plan process will be completed by the 30 June 2024, there is an intention to amend the Financial Strategy to 150% debt to revenue.
6. Agrees that debt will increase from the 2021-2031 LTP by an additional \$21 million.
7. Notes that a draft buyout methodology for Category 3 properties has been developed for Council approval and is the subject of Report 23-228.

Authorised by:

Nedine Thatcher Swann- Chief Executive

Keywords: Government support package, Cost sharing offer, FOSAL, Category 3, Buyout, Regional Transport Issues, Community flood hazard mitigation

BACKGROUND - HE WHAKAMĀRAMA

1. Council considered the Government Support Package on 24 August 2023 (**Report 23-188**). The content of that report is not repeated here. Instead, this report focuses on the feedback from consultation, the decision to accept or reject the Package and next steps.
2. Council resolved to consult on the Package and on 28 September approved the Consultation Document 'Tairāwhiti - Our Road to Recovery'. The Consultation Document set out the two main options – to accept the Package or reject it. The document included an explanation of the Package, the options, their advantages and disadvantages, and explained the financial implications.
3. Council resolved to consult on the Statement of Proposal for the amendment to the Revenue and Financing Policy on 28 September 2023 as part of **Report 23-212** Consultation Document on Government Support Package. Consultation on the amendment to the Revenue and Financing Policy occurred concurrently with the Consultation Document on the Government Support Package.
4. Public engagement occurred between 2 and 16 October and involved a series of hui across the region, as well as provision of information at libraries, Council offices, and online. Council ran a media campaign to encourage feedback, and specifically contacted Category 3 landowners to advise of the opportunity to provide feedback.

DISCUSSION and OPTIONS - WHAKAWHITINGA KŌRERO me ngā KŌWHIRINGA

5. The analysis of feedback on the options to accept or reject the Government Support Package indicates overwhelming support for Council to accept. The most popular reasons cited included:
 - a. 'Getting on with recovery' for benefit of homeowners and communities, and
 - b. The need to accept the offer in order to unlock infrastructure funding.
6. Many people supported accepting the Package but had concerns. These concerns can broadly be summarised as:
 - a. Negative impact on rates and ratepayers. There were a number of submitters concerned about current high rates and affordability. Many other submitters asked Council to consider alternative funding sources. The amount is not enough to support successful recovery. There were a number of people who particularly noted the high cost associated with fixing roading, bridges and drainage.
 - b. Lack of capacity and capability for the Council and its contractors to undertake all the work necessary. While some submissions focused on perceived failures of Council in other areas, others raised concern that the organisation was not sufficiently resourced to do the work associated with the funding.
7. Feedback on the Revenue and Financing Policy (RFP) showed that over 80% of people supported the changes, but others were concerned about the sources of funding. Many people suggested Council look for alternative funding sources.

Staff response in relation to commentary regarding alternative funding sources

8. Council has limited funding options and has developed some principles to assist in making informed and consistent funding choices. All funding decisions consider affordability and whether options support the outcomes of Tairāwhiti 2050. Council explores funding options from all other sources before choosing rates to fund activities. Provision has been made in the Revenue and Financing Policy for funding from subsidies, grants, and borrowing for this activity.
9. Council has not found any alternative funding sources to offset the anticipated rates increase in the 2024-2025 and 2025-2026 financial years.
10. Other issues raised included:
 - a. Lack of information about how the funding will support Māori.
 - b. People also felt there was a lack of information about how the money will be spent; and lack of information for Category 2 landowners. Several people commented that communication from Council could improve, while other were complimentary of the clear information provided in the Consultation Document and at hui.
 - c. Concerns about the transparency with how money will be spent and communication.
 - d. Many project specific suggestions (that will be separately addressed).
 - e. The need to look after people through this process.

Options

11. Following consultation, the options to accept or reject have not altered; however, we have considered if the matters raised by the public affect the analysis of advantages and disadvantages. Any additional matters for consideration are included below:

Option	Advantages	Disadvantages
Option 1- Accept the Government Support Package (preferred).	Strong support for Council to quickly action projects that improve infrastructure resilience.	Creates moral hazard and risk of precedents.
		May not be enough to do all that is necessary for recovery and future resilience.
Option 2 – Do Not accept the Government Support Package.	[no additional matters raised].	

12. There is also an option to approve or not, the Revenue and Financing Policy. The amendment makes provision for a new activity of the Council to facilitate Cyclone Gabrielle property transactions.

Option	Advantages	Disadvantages
Option 1- approve the amendment to the RFP. (preferred).	This new activity in the RFP will provide for the administration of the process from initial offer to final settlement for FOSAL category 3 properties.	The funding of Councils share for the activity will come mostly from the community in rates via the UAGC.
	Strong support for Council to approve the amendment so that owners and the community can focus on recovery.	
	There would be benefit through reducing the risk to residents and reducing the cost of emergency response and recovery actions.	
Option 2 – Do Not accept changes to RFP.	[no additional matters raised]	Increased risk of owners continuing to live in at-risk properties because they could not afford to relocate to safer homes.
		Increased costs of emergency response and recovery actions.

ASSESSMENT of SIGNIFICANCE - AROTAKENGA o NGĀ HIRANGA

Consideration of consistency with and impact on the Regional Land Transport Plan and its implementation

Overall Process: High Significance

This Report: High Significance

Impacts on Council's delivery of its Financial Strategy and Long Term Plan

Overall Process: High Significance

This Report: High Significance

Inconsistency with Council's current strategy and policy

Overall Process: High Significance

This Report: High Significance

The effects on all or a large part of the Gisborne district

Overall Process: High Significance

This Report: High Significance

The effects on individuals or specific communities

Overall Process: High Significance

This Report: High Significance

The level or history of public interest in the matter or issue

Overall Process: High Significance

This Report: High Significance

13. The decisions or matters in this report are considered to be of **High** significance in accordance with Council's Significance and Engagement Policy. The recovery from the Cyclone is of high interest to a large part of our community; the impacts of buying Category 3 homes on those landowners will be significant; impact on Category 2 landowners will be significant as the funding unlocks community flood protection mitigations; and there may be a long-term financial impact from the decision to enter into the new activity of buying category 3 homes.
14. Consultation undertaken on the options has provided Council with an understanding of the community's views of the options.

TANGATA WHENUA/MĀORI ENGAGEMENT - TŪTAKITANGA TANGATA WHENUA

15. The Government is developing a separate process to engage with Māori, including appropriate processes for compensating landowners of whenua Māori. Engagement with those communities will be led by the Cyclone Response Unit, Te Arawhiti and supported by local councils.
16. A high-level briefing on the contents of the offer has been presented to iwi Chairs and Chief Executives. They expressed their support for the Package at a meeting with Hon. Grant Robertson.
17. Engagement with Māori has included informing iwi Chief Executives on consultation process and the engagement activities planned across the region.

COMMUNITY ENGAGEMENT - TŪTAKITANGA HAPORI

18. Engagement with the community on the Government Support Package Options and the proposed amendment to the Revenue and Financing Policy was undertaken using a modified Special Consultative Procedure. Engagement occurred over 14 days (2 – 16 October). No hearing was held because:
 - People had an opportunity to orally present their views to Councillors at the series of hui held across the region. Several councillors and senior staff attended each hui. This enabled them to hear the views of residents and ratepayers.
 - Written feedback has been enabled; and
 - A reduced timeframe enables faster progress on decisions that impact individuals and communities.

19. The consultation was promoted on multiple media platforms including via radio, print and digital media channels.
20. Letters were also sent to all categorised property homeowners notifying them of the engagement process.

CLIMATE CHANGE – Impacts / Implications - NGĀ REREKĒTANGA ĀHUARANGI – ngā whakaaweawe / ngā ritenga

21. The frequency and impact of severe weather events is expected to increase due to the impacts of climate change. Option 1 is recommended as it enables Council to draw on the Government Support Package funding to improve the region's resilience to future events.
22. Under Option 2 Council would need to consider an alternative suite of proposals to improve resilience or retain the status quo.
23. Some of the feedback on the options included the need to accept the funding so that Council was better prepared and more resilient for future events.

CONSIDERATIONS - HEI WHAKAARO

Financial/Budget

24. The financial context of the Government's offer and the implications on Council finances were addressed in the Consultation Document. In summary, Council's contribution of \$21.4m (both Category 3 buyouts \$15m; and \$6.4m for category 2 risk mitigation projects) from participating and delivering voluntary residential property rights purchases and risk mitigation projects for category 2 properties is offset by the additional funding secured from the Government. Overall, Council will contribute 8.9% of the total funding, but receive \$182.8m net benefit.
25. The anticipated forecast financial movements of accepting Option 1 are:
 - a. Debt threshold – 150% of revenue (moving from 130%).
 - b. Debt increases by \$21.4m.
 - c. Rates impacts increase by 1% in 2024/25.

Financial Strategy

26. The Financial Strategy adopted under the 2021-2031 Long Term Plan includes two thresholds: Overall rates revenue increases (%) and external debt limits.
 - a. Total rates revenue increases were set a maximum of:
 - i. Years 1 to 3: 6.5% plus growth
 - ii. Years 4 to 10: 5% plus growth
 - b. Total external debt is to be no more than 130% of revenue throughout the Long Term Plan.

27. Council's rates and debt will increase, which means that there are some minor changes to the 2021-2031 Financial Strategy.
28. A rates increase is expected with any increased level of service. Most of these costs arise from depreciation from the Category 2 new flood resilience projects, and demolition and restoration costs of the Category 3 properties. In 2024/25 rates are expected to be slightly above the Financial Strategy threshold of 5.5% (up 0.78%, or a total of 6.3%).

Debt Cap

29. The additional loans needed for category 2 and category 3 expenditure amount to \$21m. This means the total borrowing will breach our "self-imposed" limit of 130% as set within the 2021-2031 Financial Strategy.
30. Our ability to borrow is based on our debt lending covenants with our external borrower – Local Government Funding Agency (LGFA). This limit is set at 175% of debt to revenue.
31. If for any reason, we needed to increase over the 175% threshold, LGFA has stated that with prior approval they can extend the threshold for a limited period of time. In addition to this, LGFA maybe willing to consider bespoke financial arrangements, such as to "exclude the \$30m of Government funding" from the threshold cap, while the interest free loan facility is in place.
32. After taking into consideration all aspects of the Government offer (including the concessionary interest free loan for 10 years), Council will remain financially sound. While Council's 'debt capacity' will have shrunk by the new loans required for Category 2 and Category 3 purposes, Council will still have around \$18m of debt funding available, while still being under the revised 150% debt to Income threshold.
33. Feedback on the financial implications included concern about affordability of rate rises, long term implications, funding sources, and the need to ensure Government, private insurers, forestry sector and individuals play a part in contributing to recovery.
34. The majority of feedback however supported the investment by Council to unlock the funding being offered by the Government.

Revenue and Financing Policy

35. As noted in (**Report 23-212**, 28 September) the financial costs associated with the outcomes of the negotiations with Government were not anticipated in the 2021-2031 Long Term Plan or the Revenue and Financing Policy. A proposed amendment to the Revenue and Financing Policy, to include the new activity, was also consulted on. The proposed new activity is 'Cyclone Gabrielle – Voluntary Residential Property and Property Rights Purchase'.

36. As part of the consultation material, we explained that the Revenue and Financing Policy sets out, by activity, how the funding needs of Council will be met. Council must comply with section 101(3) of the Local Government Act 2002 when making decisions that might impact on Council's financial management. Section 101(3) sets out the process and considerations Council must consider when developing a funding approach for a new activity:
- a. Community outcomes relating to the proposal.
 - b. Distribution of benefits.
 - c. Time frame (intergenerational).
 - d. Exacerbators.
 - e. Costs and benefits.
 - f. Overall impact of funding on the community.
37. Analysis undertaken under s101 of the LGA concluded that the costs/benefits (after the benefits for impacted property owners are considered), are district-wide, unable to be easily differentiated between groups and that a district-wide funding mechanism to recover costs is the most appropriate. Council's share of the revenue required to fund Category 3 purchases will be spread across the community. This is due to the scale of damage and scope of work required. It also takes into consideration the cyclones impact on the four well-beings.
38. The amendment to the Revenue and Financing Policy has a narrower focus on property transactions. The activity will mostly be funded by General rates which includes the UAGC. The UAGC is a fixed charge per separately used or inhabited pa property that is spread across the district. The Revenue and Financing Policy also makes provision for moderate funding from Grants, Subsidies, and Borrowing.
39. A number of submitters asked for consideration of alternative funding sources, other than rates. As discussed earlier in this report, there are no alternative funding sources. The specifics of the rating mechanism will be reviewed and determined as part of the 2024-2027 Three Year Plan.

Legal

40. Sections 83B and 83C of the LGA temporarily modified the special consultation procedure to require a minimum of 14 days for written submissions (as opposed to the normal one-month period), and provide that Hearings are highly desirable, but not mandatory. Council decided to use a modified special consultation procedure on 28 September 2023.
41. Delegating authority to the Chief Executive to take all steps necessary to implement and give effect to the Funding Agreement is necessary to ensure the efficient commencement of Category 3 buyouts.
42. **Report 23-188** Cost Sharing Proposal 'Cost Sharing Proposal for the Future of Severely Affected Land was considered as a public excluded report for the following reasons Sections 7(2)(g) and 7(2)(i) – those reasons can now be waived and so now can be made public.

Inconsistencies to Policies

43. Any differences or inconsistencies with Policies including the Financial Strategy are allowed and accounted for under section 80 LGA 2002. Decisions to change things can happen so long as it is clearly identified that there is a change and the reason for the decision.
44. In terms of possible rates breach of Financial Strategy cap Years 4 to 10, being 5.5% (5% plus growth), and the debt being slightly more than the 130% debt cap, this would be considered an inconsistent decision against the Financial Strategy. Section 80 LGA 2002 would accommodate this, but the reasons why rates and debt are slightly higher than was set in the Financial Strategy would have to be identified, and also state whether there was any intention of Council to amend its Policy to accommodate this decision.

POLICY and PLANNING IMPLICATIONS - KAUPAPA HERE me ngā RITENGA WHAKAMAHERE

45. Council has prepared a Policy pertaining to voluntary purchases of properties impacted by severe weather events - this Policy will only be adopted if Council decides to accept the Government Support Package.
46. If Council accepts the Government Support Package, and landowners opt to sell their land to Council, then decisions can be made about the future community use of those properties. That may affect future Reserve Management Plans and Activity Management Plans.
47. Future changes to the Tairāwhiti Resource Management Plan may also be required. The management of natural hazard risks on affected land is required under the Resource Management Act 1991 and is not affected by the acceptance or not of the Government's offer.

RISKS - NGĀ TŪRARU

48. The risks associated with this decision include:
 - **Financial:** Our borrowing capacity will be less than what we have planned and less able to address future impacts. However, the 100% funding of \$125m for transport initiatives, and the funding for Category 2 costs, means we are still better off than we would have been not entering into this Agreement.
 - **Capacity constraints:** There are no capacity constraints directly associated with accepting the offers from the Government; however, the offers do trigger processes to deliver funding to landowners, and to develop the programmes for community resilience projects, hazard management plans, and regional transport plans. Those subsequent processes will be a significant undertaking for a council the size of Gisborne District Council.
- Mitigation:** Additional resourcing is being sourced from central government to support this work. Some reprioritisations of existing resources within Council may also be required.

- **Precedent setting:** While the FOSAL programme may establish public expectations for compensation, the decisions to accept the offers from the Government do not obligate the Council to accept any future offers or undertake the buyout of property damaged by future weather or natural hazard events.

Mitigation: Clear communication on the terms and application of the negotiated Package; and communications with central government about these risks.

- **Public Confidence in Council to deliver:** A number of submitters raised concern about the capacity and expertise needed to deliver the full recovery works.

Mitigation: Forward planning and resourcing for recovery activities; good communication about the processes involved in delivery and progress; and clear reporting to Council and Government (as necessary).

- **New Government:** The Funding Agreement has been signed by the previous Government, and therefore the agreed funding is secured, however, any future renegotiations would need to be conducted with the new Government. We are awaiting clarity on their position with Cyclone recovery support.

NEXT STEPS - NGĀ MAHI E WHAI AKE

Date	Action/Milestone	Comments
1 November 2023	Adopt Voluntary Buyout Policy.	Subject to acceptance of Government Support Package and approval of the Revenue and Financing Policy amendment.
6 November 2023	Commence Category 3 voluntary buyout process.	
Ongoing	Community mitigation project planning.	
Ongoing	Regional transport improvement initiatives.	

ATTACHMENTS - NGĀ TĀPIRITANGA

1. Attachment 1 - Amended Revenue and Financing Policy [23-227.1 - 49 pages]
2. Attachment 2 - Feedback received during Cost Sharing Consultation [23-227.2 - 9 pages]



He Tauira Kaupapa Here Tahu me te Moni Whiwhi Revenue and Financing Policy

This policy determines when debt and rates will be used as a funding source. This includes targeted rates for the cost of an activity or service that should be paid for by particular groups or ratepayers who benefit from the activity or service.



Volume 2

Our Tairāwhiti: 2021–2031 Long Term Plan
POLICY AMENDMENT

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Purpose and scope

This policy outlines the choices Council has made in deciding the appropriate sources of funding for operating and capital expenditure from those sources listed in the Local Government Act 2002 (LGA). The policy also shows how the Council complied with section 101(3) of the LGA which sets out a number of factors we must consider when making these decisions. A comprehensive analysis of this is included in the Funding Needs Analysis (Appended).

The LGA requires that Council manages its revenues, expenses, and other financial responsibilities in a prudent manner and in a way that promotes the current and future interests of the community as a whole.

Deciding the best way to fund activities is complex. Applying the legislation is complex and involves many statutes, regulations, and multiple statutory policies. The outcome of balancing all those matters requires judgement having considered many factors including but not limited to:

In essence, the process involves council determining the activities that should be undertaken and the sources of funding (funding stream) that are most appropriate having regard for

Section 101(3)(a)

- a. The community outcome to which the activity primarily contributes.
- b. The distribution of benefits between the community as a whole, any identifiable part of the community and individuals.
- c. The period in or over which those benefits are expected to occur.
- d. The extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity.
- e. The costs and benefits, including consequences for transparency and accountability of funding the activity distinctly from other activities.

Section 101(3)(b)

The overall impact of any allocation of liability for revenue needs on the current and future social, economic environmental and cultural wellbeing of the community.

Cyclone Gabrielle

This amendment to the Long-Term Plan makes provision for a new activity of Council to facilitate Cyclone Gabrielle property transactions. This Revenue and Financing Policy includes updates to incorporate that new activity. See Page 44.

Principles

In applying those considerations (section 101(3) a and b), the Council has developed some principles to assist in making informed and consistent choices under the legal framework, the following principles have been developed and applied:

- a. All funding options will consider affordability.
- b. Funding choices will support the outcomes of Tairāwhiti 2050.
- c. Council will explore funding options from all other sources before choosing rates to fund activities.
- d. In collaboration with Māori, funding choices will contribute to enabling the development of Māori land.
- e. Each generation should pay for the services they receive.
- f. Revenue collection will be obvious, transparent, efficient, and simple.
- g. Actions and inactions that adversely affect the community, environment or Council assets can expect to pay more.
- h. Users of services can expect to contribute to the cost of operating the service.
- i. Borrowing will be used when it is financially efficient to do so and in the best interest of the community.

Complying with these principles can be challenging and compromise between principles is often required.

Policy

Funding sources for operating expenses

Operating expenses are the everyday spending on the services Council provides. This includes contributions to the wear and tear on assets used (depreciation), interest charged on borrowing for capital projects and overheads.

The funding of each activity must be considered individually. Some activities may be best funded by user charges, such as swimming pool admission fees, others with targeted rates, such as a roading, and others from the general rate, such as civil defence.

The funding sources used for operating expenses are described in the following sections.

User Charges

User charges are applied to services where it is identified there is a benefit to an individual or group. User charges are a broad group of fees charged directly to an individual or entity including but not limited to:

- Entry fees.
- Service charges.
- Hire.
- Rent, lease, licences for land and buildings.
- Permits.
- Regulatory charges.
- Fines and penalties.
- Connection fees.
- Disposal fees.
- Deposits.
- Private works.
- Memberships.
- Planning and consent fees.
- Statutory charges.
- Retail sales.

The price of the service is based on a number of factors, including:

- a. The cost of providing the service.
- b. The estimate of the users' private benefit from using the service.
- c. The impact of cost to encourage/discourage behaviours.
- d. The impact of cost on demand for the service.
- e. Market pricing, including comparability with other councils.
- f. The impact of rates subsidies if competing with local businesses.
- g. Cost and efficiency of collection mechanisms.
- h. The impact of affordability on users.
- i. Statutory limits.
- j. Other matters as determined by the Council.

The ability to charge user charges is limited by various statutes and regulations. As a general rule, fees for statutory functions should be set at no more than the cost of providing the service. In some cases, legislation sets the fees at a level that is below cost and in other cases, where provided by legislation (such as the Waste Minimisation Act 2008) fees may be set at greater than the cost of providing the service. It is appropriate to incorporate overhead costs when determining the cost of providing a service.

Generally, where goods or services are sold commercially, and taking into consideration legislative limitations, fees are charged on sound commercial basis. This includes retail sales, leases, rents and licences for land and buildings.

Fees and charges may be set at any time and are reviewed annually. A list of current fees and charges is maintained on our website.

Generally, revenue from user charges is allocated to the activity which generates the revenue.

Grants, sponsorship, subsidies, and other income

Grants, sponsorship, and subsidies are used where they are available. Many of these types of income are regular and predictable and can be budgeted for. Some other types are unexpected or unpredictable and may not be able to be prudently budgeted (such as reparation payments, civil defence and other reimbursements, legal settlements, and insurance claims).

Investment income and proceeds from the sale of assets

The Council's approach to investments is documented in the Investment Policy. These investments generate income such as dividends, interest, and rents.

Generally, income from all asset disposals are receipted to the activity that manages the asset. Low value items are likely to fund operating costs. How proceeds from high value items are used will be decided by Council.

Development contributions, financial contributions, and Lump sum contributions

Generally, there is little revenue from these funding sources to fund operating costs. Development Contributions revenue can be used to fund the interest cost on debt for growth related capital projects and some financial contributions can be used for operating costs. Refer to Development Contributions Policy.

Reserve funds

Reserve funds are used for the purposes that they were created. Cash-backed reserve funds may be used to meet operating costs. Depreciation Reserve funds are used for the purposes they were created, including the use for operating purposes where they may aid or protect the asset, such as significant costs for repairs and maintenance. Operational costs, such as feasibility studies, instigation costs are generally funded by other operational sources of funding, but reserves (including depreciation reserves) could be used when it is prudent to do so.

Borrowing

Council generally plans to fund all cash operating costs from sources other than borrowing but may in specific circumstances, where it determines it is prudent to do so, fund some operating costs from borrowing.

Rates

Council funds its operating expenses from rates when it is appropriate to do so. For many activities this is the main funding source.

The Council may establish general or targeted rates to fund operating costs.

Summary of sources of funding for operation costs by activity

The funding sources as described above were considered when determining the funding required from general rates or targeted rates for each activity in the Funding Needs Analysis, as required by section 101(3)(a).

Table 1 shows the degree (expressed as a range) to which each funding source is used to fund operating costs following the s101(3)(a) of the LGA.

After the activity by activity analysis, the Council undertakes an analysis of 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 results of this analysis may vary the outcome of the activity by activity analysis. This represents section 101(3)(a) assessment when it may be modified by the s101(3)(b) assessment of the LGA.

The ranges in Table 1 are expressed as a percentage of the revenue budgeted to fund each activity and are indicative only. They may change over time because of changes in expenditure requirements. Actual funding sources may differ from the budgeted funding sources.

Funding Needs Analysis Ranges

ACTIVITY	Funding Stream	Funding Stream No.	GENERAL RATE (Includes	TARGETED RATES	FEES AND CHARGES	GRANTS AND SUBSIDIES	INVESTMENT INCOME	DCS	BORROWING
Section One - Commercial Operations (Group Activity)									
	Community Housing	FS-014	x	x	✓	x	x	x	x
	Dividends to Council from Commercial Operations & CCO's	FS-006	x	x	x	x	✓	x	x
	Gisborne Airport, Quarry & Miscellaneous Semi commercial Properties	FS-005	✓	x	✓	x	x	x	x
	Staff Housing	FS-015	x	x	✓	x	x	x	x

Section Two - Environmental Services and Protection (Group Activity)									
Building Consents	Building Consents	FS-030	x	✓	✓	x	x	x	x
	LIMs/PIMs	FS-029	x	x	✓	x	x	x	x
Resource Consents	Resource Consents	FS-043	x	✓	✓	x	x	x	x
Enforcement & Compliance	Animal Control (includes stock control)	FS-041	x	✓	✓	x	x	x	x
	Business Area Patrols (Also known as City Watch)	FS-022	x	✓	x	x	x	x	x
	Food & Registered Premises	FS-033	x	x	✓	x	x	x	x
	Gambling, Housing, Septic tanks, swimming pools, Harbour Master, Surf-lifesaving	FS-031	✓	x	✓	x	x	x	x
	Liquor Policy, Footpath occupation permits	FS-035	x	x	✓	x	x	x	x
	Noise Control	FS-032	x	✓	x	x	x	x	x
	Parking Services	FS-050	x	x	✓	x	x	x	x

Section Three - Community Lifelines										
Land, Rivers and Coastal (Group Activity)	Coastal Erosion Management Scheme	FS-062	✓	x	x	x	x	x	x	
	Land Drainage	FS-060	x	✓	x	x	x	x	x	
	Rivers Asset Management	FS-058	✓	x	✓	x	x	x	x	
	Te Karaka Flood Control	FS-059A-B	✓	✓	x	x	x	x	x	
	Waipau River Erosion Protection Scheme	FS-059B	✓	✓	✓	x	x	x	x	
	Wainui Property Protection Capital Works	FS-061	x	✓	x	x	x	x	x	
	Waipaoa River Flood Control Scheme	FS-059A-A	✓	✓	✓	x	x	x	x	
Roads and Footpaths (Group Activity)	Flood damage & Emergency Reinstatement	FS-054	✓	✓	x	✓	x	x	x	
	Non Subsidised Local Roads	FS-051	x	✓	x	x	x	x	x	
	Passenger Transport	FS-052	x	✓	x	✓	x	x	x	
	Subsidised Local Roads	FS-053	✓	✓	✓	✓	x	x	x	
Solid Waste (Group Activity)	Waste Management									
	Cleaning of Defined Public Places	FS-064	✓	x	x	x	x	x	x	
	Commercial Recycling	No FS	x	✓	x	x	x	x	x	
	Rural Transfer Stations	FS-066	✓	✓	✓	x	x	x	x	
	Solid Waste	FS-065	x	✓		x	x	x	x	
	Solid Waste Legacy Debt & after care provisions	FS-068	✓	x	x	x	x	x	x	
	Waipau Landfill	FS-067	✓	x	✓	x	x	x	x	
	Waste Minimisation									
Waste Minimisation	FS-069	✓	x	x	✓	x	x	x		
Stormwater (Group Activity)	Stormwater	FS-057	✓	✓	x	x	x	x	x	
Wastewater (Group Activity)	Gisborne City Wastewater	FS-056-A	✓	✓	✓	x	x	x	x	
	Te Karaka Wastewater	FS-056-C	✓	✓	✓	x	x	x	x	
Water (Group Activity)	Water Supply	FS-055	✓	✓	✓	x	x	x	x	

Section Four - Liveable Communities (Group Activity)									
Cultural Activities	Libraries	FS-008	✓	x	✓	x	x	x	x
	Museum	FS-017	✓	x	✓	✓	x	x	x
	Theatres	FS-016	x	✓	✓	x	x	x	x
Recreation & Amenity	Aquatic & Recreational services	FS-007	x	✓	✓	x	x	x	x
	Cemeteries	FS-011	✓	x	✓	x	x	x	x
	Parks & Reserves	FS-013	x	✓	✓	x	x	x	x
	Leased Property	FS-009	x	x	✓	x	x	x	x
	Conveniences	FS-012	✓	x	✓	x	x	x	x
Catchments & Diversity	Animal, Plant and Aquatic Pest Management	FS-023	✓	✓	✓	✓	x	x	x
	Soil Conservation - Advocacy & Land Use	FS-024	x	✓	✓	✓	x	x	x
	Soil Conservation - Nursery and Reserve Management (included in FS-024)	FS-026	x	x	✓	x	x	x	x

Section Five - Regional Leadership and Support Services (Group Activity)									
Regional Leadership and Support Services	Civil Defence	FS-038	✓	x	x	✓	x	x	x
	Civic and Corporate Expenses of the District	FS-049	✓	x	x	x	x	x	x
	Cyclone Gabrielle Property and Property rights purchase ¹	FS-039	✓	x	x	✓	x	x	✓
	Treasury	FS-046	✓	x	x	x	x	x	x
	Governance	FS-045	✓	x	✓	✓	x	x	x
	Strategic Planning, Performance, Customer Engagement & Māori Responsiveness	FS-019	✓	x	x	✓	x	x	x
	Strategic Planning Private Plan changes	FS-037	x	x	✓	x	x	x	x
	Economic development & Tourism	FS-020	✓	✓	x	x	x	x	x
	Water Conservation	FS-027	x	✓	✓	✓	x	x	x

Range Name	Range	Key	If LGRA Sec 21 calculation (cap) close to 30%, this activity funding can move to general rates
Unlikely	0	x	
Minimal	0% - 20%	✓	
Low	20% - 40%	✓	
Moderate	40% - 60%	✓	
High	60% - 80%	✓	
Most	80% - 100%	✓	
All	100%	✓	

Funding sources for capital costs

Capital costs are those costs associated with the purchase and improvement of assets and the repayment of debt. The funding sources for capital costs are described in the sections that follow.

Council funds capital expenditure include but not limited to: borrowing, development and financial contributions, operational surpluses, sale of assets, subsidies, depreciation reserves and other operational or capital reserves, lump sum contributions internal loans, grants, or rates.

Councils Liability Management Policy, Investment Policy and Treasury Policy gives guidance on more specifics including mechanics of internal borrowing,

User charges

User charges are not often used for capital costs as individual user contributions would generally be too large to be affordable. Borrowing and charging users annually for financing costs (interest and principal) via rates is often a more affordable method of collecting user contributions for capital costs.

The Council may charge for capital works that are solely for private benefit (such as, a network extension to a single dwelling) or where capital works are undertaken outside of Asset Management Plans at the request of individuals (for example, a rural seal extension for dust suppression).

Grants, subsidies, and other income

The Council relies on significant subsidies for capital works relating to our transport activity, Waka Kotahi, Grants, and subsidies may be available for other activities from time to time.

Other income can be from many and varied sources and is unlikely to be predictable enough to budget for in advance. Other income used to fund capital costs could include bequests, insurance claims, and legal settlements.

Grants, subsidies, and other income are used wherever they are available.

Development contributions

Development Contributions (DCs) fund capital costs necessary to service growth, in accordance with our Development Contributions Policy (DC Policy).

DCs are applied on an activity and catchment basis as identified by the DC Policy. Growth projects identified in the DC Policy may be either completed projects (with debt yet to be repaid from future development contributions) or future projects planned in the period for which DCs may be collected.

Most contributions received are used to repay the debt on the growth portion of an assets and interest on that debt. A portion may pay for capital expenditure in the year it is receipted, depending on projects.

It is important to note that, in addition to the requirements of sections 103 and 101(3), the DC Policy describes funding matters in more detail as required by section 106(2)(c) of the LGA.

Financial contributions

Financial contributions are collected under the Resource Management Act 1991 to avoid, remedy, or mitigate adverse effects on the environment as conditions to resource consents. The requirements for these contributions are outlined in the Tairāwhiti Resource Management Plan. Many contributions are received as revenue by the vesting of assets although some may be paid directly to us.

Proceeds from the sale of assets

From time-to-time, assets are disposed of. Usually these are low value items, and the revenue is received by the activity that manages the assets.

The Council holds some higher value assets for investment purposes which, although not budgeted for, could be sold. Unrestricted proceeds from the sale of these assets would be used to repay debt, unless otherwise resolved by Council. Restricted revenues would be placed in the appropriate reserve fund and used for the purpose required by the document that imposes the restriction (such as the Capital Development Reserve Fund).

Reserve funds

Reserve funds for capital projects are held and the funds are used when a project meets the specific criteria for accessing the reserve. This includes renewal funding derived from rates for operating costs such as depreciation and other accounting provisions.

Borrowing

The Council borrows to fund its asset programme. The amount of borrowing available is restricted by the debt limits set in the Financial Strategy.

Borrowed funds, both the principal and interest components, are generally repaid by future rates.

Borrowing spreads, the cost of the project over a longer period of time, smoothing changes in rates and ensuring that future ratepayers who will enjoy the benefit of long-lived assets contribute to their costs.

Lump sum contributions

When undertaking a major project, there is an option to seek lump sum contributions to the capital cost of the project from those who are identified in the project's "capital project funding plan". Lump sum contributions are provided for in the Local Government (Rating) Act 2002 and have restrictions placed on how they are used. Where a lump sum payment option is proposed, ratepayers may choose to pay the lump sum or not. If not, the rating unit will be liable to pay any targeted rate set to recover the loan costs.

Rates

Rates are mostly used to fund everyday expenses including depreciation and interest costs related to borrowing.

A portion of rates funds the capital (principal) repayments of debt.

We may establish targeted rates to fund specific capital projects where there is a benefit of separate funding.

Council holds reserve funds for capital expenditure. Some funds in these reserve funds has been sourced from rates.

Rates may include the growth portion of any project or groups of projects that are unable to be funded from a DC Policy.

We may establish rates to fund in advance of a capital project.

Summary of sources of funding for capital costs by activity

Capital costs will be funded on the same basis as the operating costs funding policy unless the Council resolves otherwise. Such a resolution will follow the funding guidelines and in doing so will be consistent with this policy and not require an amendment to the policy. Existing projects (projects resolved prior to the adoption of this policy) will be funded according to the Annual Plan, Long Term Plan or other resolution made at the time Council approved the project. It is not practicable to determine a funding policy for an unknown future project, at this time.

The Council uses the following guidelines when considering the funding of capital projects:

- a. A Funding Needs Analysis will be completed (see paragraph 54).
- b. All projects are first funded from grants, subsidies, or other income (e.g., external contributions, donations, or bequests).
- c. Renewal projects that maintain the same service level are then funded from reserve funds set aside for that purpose.
- d. Reserve funds for other purposes (such as financial or development contributions) are considered.
- e. Lump sum rating options are considered.
- f. Projects that have exhausted previous funding sources or are for new or increased service levels or for growth in non-network infrastructure are generally funded from debt.

A single project may have a mix of each of these funding options.

It is not practical to create separate funding policies for each and every capital project. The Council will only do this when a project is particularly large, affects a particular group or does not fit with an existing funding policy or activity.

Whenever funding a capital project, the Council will consider the available sources of funds, the Revenue and Financing Policy, section 101(3) of the LGA in applying the above guidelines to a capital project. Generally, the Council will resolve the funding policy at the time the project is proposed in an Annual or Long Term Plan.

Overall funding consideration

We are required by section 101(3)(b) of the LGA to consider “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”. This section allows that as a final measure, we may modify the overall mix of funding that would otherwise apply after the initial s101(3)(a) analysis for both operating and capital expenditure.

The following adjustments have been made:

- a. The allocation of the rates liability between sectors of the rating base may be altered by using differentials on the general rate and certain targeted rates. The allocations in this Long Term Plan were determined by the Council after consultation with the community in 2020. The Council may modify these differentials during the term of the Long Term Plan to reflect a change in benefit or to achieve better community outcomes or wellbeing.
- b. Rates affordability (people’s ability to pay rates) is an issue in parts of the region. Adjustments to limit the impact of fixed rates on lower value homes (or otherwise referred to in general terms as “rating units”) were made so that rates are more affordable for lower value homes.
- c. The Council may waive or discount fees and charges where it is considered appropriate to do so. Some matters we may consider in deciding whether it is appropriate to waive fees are for social reasons, the promotion of events and facilities, commercial reasons, due to poor service or to minimise risk.
- d. The Council may remit rates where it considered appropriate to do so and as allowed for in the Rates Remissions and Postponements Policy (including Māori Freehold Land). These policies address social matters as well as adjusting rates for benefits that differ for some rates assessments (such as additional or no provision of some services), or unintended consequences arising from the application of a rating policy.
- e. The Council may use accounting provisions and reserve funds to spread the costs of activities over multiple years to smooth the cost to users and ratepayers.
- f. We may modify the allocation of liability for growth related network infrastructure projects when considering the matters required by s106 in the DC Policy.

Rates

Our final consideration of funding by rates comes:

- a. After considering how other funding sources will be used to fund operating and capital costs.
- b. After rates have been applied to activities in the Funding Needs Analysis; and/or
- c. After being adjusted for the overall funding considerations.

The following section outlines the Revenue and Financing Policy requirements that are used to set rates. To have a full understanding of rates they should be read with regard to the analysis above and in conjunction with the Rating Setting Profile, Funding Impact Statement and Rates Resolution.

General rates

The general rate is allocated to all rateable properties based on the capital value of the property. A Uniform Annual General Charge (UAGC) will be set on each separately used or inhabited part (SUIP) of all rating units.

The Council has determined in its Funding Needs Analysis which activities should be funded from general rates (see Table 1).

The Council has chosen to differentiate the General Rate into four rating categories:

- a. Residential.
- b. Commercial and Industrial.
- c. Horticulture and Pastoral.
- d. Forestry.

The Council primarily uses valuation data (specified in the Rating Valuations Rules) to determine the allocation of rating units to Differential rating categories. The full definitions can be found in the rates Funding Impact Statement and Rate Setting Profile and may change during the term of this Long Term Plan.

In setting the differential categories, and the differential factors, the Council considered the requirements of the LGA and a number of other considerations, including:

- a. The activities funded by the general rate and the s101(3) considerations for the activities.
- b. The impact of any change, or rate of change to the differential.
- c. The views of those impacted by the differentials.
- d. Other reasonable options, and the advantages and disadvantages of those options.
- e. The overall impact of the differential on ratepayers.

The Uniform Annual General Charge (UAGC) is part of the general rates and is a fixed rate. The Council can set the UAGC based on an allocation of the cost of specific activities or at an amount the Council considers is appropriate. In past years, the Council has preferred to base the UAGC on the allocation basis. The costs allocated to the UAGC are listed in the Rates Setting Policy.

The Council recognises the regressive nature of fixed rates. Rates affordability is a matter the Council considers when setting the UAGC. Council's remissions policies provide for some adjustment to UAGCs for properties where the rate may be unjust or unaffordable. During the term of this Long Term Plan the Council may adjust the UAGC as part of its rate setting process in order to improve community wellbeing for current and/or future communities.

If the cost allocation from activities (as described in the Rates Setting Policy) is amended, or an adjustment is made to the UAGC to improve community wellbeing, the amount removed from the UAGC will remain part of general rates.

Cap on rates

The Local Government (Rating) Act sets a maximum amount that can be collected from certain rates. Rates included in the cap are the UAGC and Targeted Rates set on a uniform basis as a fixed amount per rating unit or separately used or inhabited part. This maximum amount is 30% of the total rates revenue.

There are two rates excluded from the cap. These are targeted rates that are set solely for water supply or sewage disposal. If the 30% cap is forecast to be exceeded, Council will move one or more activities funded in this way to a district-wide General Rate based on Capital Value. This process will occur as part of the Long Term Plan and Annual Plan rates setting and modelling each year. The activities that will move out of the UAGC to the General Rate, if required, are as follows:

- a. Strategic Planning, Performance, Customer Engagement and Māori Responsiveness
- b. Civil Defence and Emergency Management
- c. Economic Development
- d. Civic and Corporate Expenses of the District

Targeted rates

Targeted rates are finalised when adopting the Funding Impact Statement in the Long Term Plan or an Annual Plan. The Council may introduce new targeted rates in accordance and in consideration of section 102 of the LGA, when setting rates in any year as documented in the respective year's Funding Impact Statement and Rates Resolution. The Council's requirement to consult on the Annual Plan is determined by s95A of the LGA.

The rates assessment contains information about what activities each ratepayer contributes to funding. Information on targeted rates is listed in the Rates Setting Profile, Rates Resolutions and Funding Impact Statement for each year.

The Council consulted on changes to targeted rates in its 2020 rates review, the outcomes of which are reflected in this Revenue and Financing Policy and other relevant policies.

References

The Funding Needs Analysis, section 101(3) of the LGA, provides the background and analysis to explain the funding decisions we have made. It is guided by the funding principles and choices of funding sources documented in the Revenue and Financing Policy. See Appendix 1.

The Development Contributions Policy provides further analysis, as required by section 106(2)(c) of the LGA. This explains why we have chosen to use development contributions to fund the capital costs needed to meet increased demand for infrastructure.

The Investment and Liability Management Policy places restrictions on the use of the proceeds from asset sales.

The Rates Setting Profile further clarifies funding requirements by documenting matters not included in the rates Funding Impact Statement, rates resolutions or this Revenue and Financing Policy. It includes definitions and maps for rating areas.

The Funding Impact Statement is included in each Long Term Plan and Annual Plan as required by clauses 15 or 20 of schedule 10 of the LGA. This statement shows the results of the detailed rates

calculation for each year.

Together the above documents form the necessary components to lawfully charge under the LGA for our revenue requirements. We must also comply with other legislation regarding the setting of some fees and charges and the Local Government (Rating) Act 2002 for the setting of rates.

Funding Needs Analysis

This Funding Needs Analysis records the detailed application of LGA s101(3). The Revenue and Financing Policy describes how the Council has complied with LGA s101(3).

Purpose and scope

The Funding Needs Analysis (FNA) provides the background and analysis to explain the funding decisions made by the Council.

To comply with section 101(3),¹ the Council must determine the appropriate sources of funding for each activity. In determining this, they must take into consideration under s 101(3)(a):

- a. "The community outcomes to which the activity primarily contributes.
- b. The distribution of benefits between the community as a whole, any identifiable part of the community, and individuals.
- c. The period in or over which those benefits are expected to occur.
- d. The extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity.
- e. The costs and benefits, including consequences for transparency and accountability, of funding² the activity distinctly from other activities."

Having completed the above analysis, the Council must then consider, under section 101(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 legislation places no more or less weight or priority on any one of the factors listed in section 101(3)(a).

The following sections document the matters and approaches the Council has taken to determine the funding needs of an activity and how that translates into the Council's decision on the appropriate funding sources to be used.

Previous reviews

The FNA was last reviewed in 2018, prior to the adoption of the Revenue and Financing Policy included in the 2018-28 Long Term Plan (LTP).

The Council undertook a full review and rewrite in 2020. Changes have been made reflecting the considerations of the Council as they considered the funding of activities in developing the 2021-2031 LTP.

¹ All references to legislation are to the Local Government Act 2002 (LGA), unless otherwise stated.

² The funding sources are listed in section 103 LGA and the Council's preference for using funding sources is described in the Revenue and Financing Policy.

Funding sources for operating costs

Operating costs are the everyday spending that maintains the services delivered by the Council. This includes corporate overheads, funded wear, and tear on assets (depreciation) and interest costs of borrowing for capital projects.

The Council must consider the funding for each activity in a way that relates exclusively to that activity. Some activities may be best funded by user charges such as swimming pool entry fees, others with targeted rates and others from a general rate. Distinct funding may assist ratepayers or payers of user charges to assess more readily whether the cost of the service provided to them either directly or indirectly represents good value. They can also more easily determine how much money is being raised for the service and spent on the service.

The funding sources for operating and capital costs are:

- a. Fees and charges.
- b. Grants and subsidies and fuel taxes.
- c. Other income.
- d. Investment income.
- e. Financial contributions
- f. Development contributions
- g. Reserve funds.
- h. Borrowing
- i. Proceeds from the sale of assets
- j. Rates
- k. General rate
- l. Targeted rates.

Each funding source and how the Council prefers to use that funding source for operating expenses is described in detail in the Revenue and Financing Policy and is based on the analysis set out in this document.

Table 1: Matters the Council considers in applying the legislation for operating expenses

Section 101(3)(a) - Step 1 reference	Matters Council might consider
Community outcomes - s.101(3)(a)(i)	<p>The Council determines which of its community outcomes an activity primarily contributes to.</p> <p>Eight Community Outcomes are identified in Tairāwhiti 2050. This spatial plan creates a link between community wellbeing, community outcomes, opportunities, and aspirations for 2050. These then link through to five important challenges to be addressed to achieve the Tairāwhiti we want by 2050.</p> <p>The Council will consider how their funding choices will support the achievement of the community outcomes and their aspirations for 2050.</p>
Distribution benefits - s.101(3)(a)(ii)	<p>The distribution of benefits is given consideration by the Council. Determining benefit is inherently subjective and is for the Council to determine.</p> <p>Where the Council considers there is a clearly identified direct relationship between users and the services provided then the Council will consider fees and charges or targeted rates.</p> <p>Where the Council considers the services provide a benefit to the community as a whole; is of a uniform nature; or where the Council is not able to identify a direct relationship between users and the service the Council will consider using general rates.</p>

Section 101(3)(a) - Step 1 reference	Matters Council might consider
Period of benefit - s.101(3)(a)(iii)	<p>For most operational expenses the benefit is received in the year the expense is incurred.</p> <p>For most activities' depreciation (an operating expense) is cash funded from revenue sources and this is placed into reserve funds for the future renewal of assets.</p> <p>Some operational expenses (provisions) may have a benefit over multiple years and so the Council may choose to fund the activity over that period.</p>
Who creates the need - s.101(3)(a)(iv)	<p>Some services are provided because the actions or inactions of individuals or groups create the need to undertake the activity.</p> <p>The Council may choose to target these people or organisations through fines, charges, or rates.</p>
Separate funding - s.101(3)(a)(v)	<p>The Council must consider the practicalities of separate funding along with transparency and accountability.</p> <p>In some cases, while it may be desirable to charge individuals there may be no practical way of doing so.</p> <p>For all activities the Council is able to easily identify what proportion of operational expenses is recovered from each funding sources. In the case of rates, the Council is able to inform individual ratepayers of their rates contribution to each activity.</p>

Analysis for operating costs by activity is described in Schedule 1.

Funding sources for capital costs

Capital costs are those costs associated with the purchase and improvement of assets and for the repayment of debt. The funding sources for capital costs include:

- a. Fees and charges.
- b. Grants and subsidies and fuel taxes.
- c. Other income.
- d. Investment income.
- e. Financial contributions.
- f. Development contributions.
- g. Reserve funds.
- h. Borrowing.
- i. Proceeds from the sale of assets.
- j. Rates.
 - General rate
 - Targeted rates.

Each funding source and how the Council prefers to use that funding source for capital expenses is described in detail in the Revenue and Financing Policy and is based on the analysis set out in this document.

Analysis for capital costs by activity

Capital costs would be funded on the same basis as the operating costs funding policy unless the Council resolves otherwise. Such a resolution will follow the funding guidelines and in doing so would be consistent with this policy and would not require amendment to the policy. Existing projects (projects resolved prior to 3 December 2020) will be funded according to the Annual Plan, Long-term Plan, or other resolution at the time of the Council approving the project. It is not practicable to determine a funding policy for an unknown future project, at this time.

The Council uses the following guidelines when considering the funding of capital projects:

- a. A Funding Needs Analysis will be completed (see paragraph 18).
- b. All projects are first funded from grants, subsidy, or other income.
- c. Renewal projects that maintain the same service level are then funded from reserve funds set aside for that purpose.
- d. Reserve funds for other purposes (e.g., financial or development contributions) are considered.
- e. Lump sum rating options are considered.
- f. Projects that have exhausted previous funding sources or are for new or increased service levels or for growth in non-network infrastructure are then funded from debt.

A single project may have a mix of each of these funding options.

It is not practical to create separate funding policies for each and every capital project. The Council will only do this when a project is particularly large, affects a particular group or does not fit with an existing funding policy or activity.

Whenever funding a capital project, the Council will consider the available sources of funds, the Revenue and Financing Policy, section 101(3) in applying the above guidelines to a capital project. Generally, the Council will resolve the funding policy at the time the project is proposed in an Annual or Long-term Plan. In undertaking this assessment, it shall have regard to the matters in Table 2.

Each funding source and how the Council prefers to use that funding source for capital expenses is described in detail in the Revenue and Financing Policy and is based on the analysis set out in this document.

Table 2: Matters the Council considers in applying the legislation for capital expenses

LGA s.101(3) reference	Matters Council might consider
Community outcomes - s.101(3)(a)(i)	The Council determines which of its community outcomes the capital project or activity contributes to.
	Eight Community Outcomes are identified in Tairāwhiti 2050. This spatial plan creates a link between community wellbeing, community outcomes, opportunities, and aspirations for 2050. These then link through to five important challenges to be addressed to achieve the Tairāwhiti we want by 2050.
	The Council will consider how their funding choices will support the achievement of the community outcomes and their aspirations for 2050.
Distribution benefits - s.101(3)(a)(ii)	The distribution of benefits is expected to be the same as that for the operating costs of the activity in which it is funded unless the Council resolves otherwise.
	The Council may choose to target those people or organisations who primarily benefit through financial and development contributions, lump sum options or targeted rates.

LGA s.101 (3) reference	Matters Council might consider
Period of benefit - s.101(3)(a)(iii)	For most capital projects the benefit is received over the life of the asset. The Council will have regard to the equitable distribution of costs to each generation for the construction and renewal of the asset. For example, this may result in the Council not funding asset renewal while still funding debt.
Who creates the need - s.101(3)(a)(iv)	Some services are provided because the actions or inactions of individuals or groups create the need to undertake the activity. The Council may choose to target these people or organisations through financial contributions or targeted rates.
Separate funding - s.101(3)(a)(v)	The Council must consider the practicalities of separate funding along with transparency and accountability. In some cases, while it may be desirable to charge individuals there may be no practical way of doing so. For many smaller capital projects, it is not practical to have a separate funding policy. Where the Council does not resolve otherwise a capital project will be funded in accordance with the funding mechanism adopted for the operating costs in the activity in which it is funded.

For growth-related capital projects a separate s.101 (3) analysis is required in the Financial and Development Contributions Policy, as required by s106.

Funding bands

After considering the section 101(3)(a) components, the Council considers to what extent each of the funding sources is able to fund each activity. This policy is intended to be in place for the next three years before it is reviewed and because things change over time, it is not possible to precisely determine the percentage allocated. For this reason, the Council has decided to band the percentages into the categories listed in table three.

The assessment in Schedule 1 identifies the most likely sources of funding an activity is budgeted to receive. In all cases, rates fund the balance of the activity after all other sources have been maximised. It is likely that from time to time the Council will be able to secure additional funding that may be become available.

Budgets will normally be set within these ranges. These ranges are expressed as a percentage of the cost of the activity and are indicative only. They may change over time because of changes in expenditure rather than changes in revenue. It is also likely that actual funding sources will be different from budgeted funding sources.

Table 3: Funding bands

Name	Percentage range
Unlikely	0%
Minimal	0% - 20%
Low	20% - 40%
Moderate	40% - 60%
High	60% - 80%
Most	80% - 100%
All	100%

Funding sources and rationale

The 'Rationale' column of Schedule 1 identifies which of the funding sources the Council plans to use in budgeting to fund the operating costs of each activity. It is determined by the Council after consideration of each clause of section 101(3)(a).

The assessment of the funding sources is a complex matter of weighing up the requirements of section 101(3)(a) with the available sources and the Council's preferences for using these sources. The Council has documented its rationale for choosing each the funding source in this Funding Needs Analysis and the Revenue and Financing Policy.

The funding source for an activity may be modified by the Council when it considers the requirements of section 101(3)(b). If this has occurred, it is considered as part of the overall funding considerations section in the Revenue and Financing Policy.

Schedule One: Activity Funding Needs Analysis

Group Activity: Environmental Services and Protection

Activity: Building consents						
Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need?	Separate Funding	Rationale	Funding Sources by Funding Stream
101 (3)(a)(i)	101 (3)(a)(ii)	101 (3)(a)(iii)	101 (3)(a)(iv)	101 (3)(a)(v)		
<p>This activity primarily contributes to Council's outcome of:</p> <ul style="list-style-type: none"> A vibrant city center and townships and is associated with Council's outcome: We take sustainability seriously. <p>We support quality development that improves housing choices, creates healthy homes, and meets the needs of Māori.</p>	<p>Individuals that apply for consents, licenses and use other services in this area directly drive the majority of the costs. Services within this activity also provide for the safety of the public, and requirements earthquake prone buildings. Information is supplied to the public through inquiries, for example providing support to potential applications or responding to service requests. The benefits are expected to accrue:</p> <ul style="list-style-type: none"> Primarily to individual users. Partly to the district as a whole. 	<p>The benefit of most operating costs is expected to arise in the year the funding is sourced. There is a secondary benefit to future housing stock that is fit for purpose.</p>	<p>The actions of individuals and groups drive the costs in this activity.</p>	<p>The distinct beneficiaries for each component support multiple funding streams.</p>	<p>Fees and charges are favoured for the full cost of LIMs and PIMS. Although the primary benefit of a building consent sits with the consent holder the Tairāwhiti 2050 plan desires that we have a great place to live work and play. And so, Council wants to encourage growth and improvement of existing housing and businesses. For these reasons Council considers it appropriate to fund a portion of the costs of consents from ratepayers rather than consent applicants.</p>	<p>LIMs /PIMS (FS-029) ALL (100%) Fees and charges UNLIKELY All other funding sources. Building Services (FS-030) HIGH (60% - 80%) Fees and charges LOW (20% - 40%) Targeted rates UNLIKELY All other Funding sources.</p>

Activity: Enforcement and compliance						
Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need?	Separate Funding	Rationale	Funding Sources by Funding Stream
101 (3)(a)(i)	101 (3)(a)(ii)	101 (3)(a)(iii)	101 (3)(a)(iv)	101 (3)(a)(v)		
<p>This activity primarily contributes to Council's outcomes of:</p> <ul style="list-style-type: none"> A vibrant city centre and townships We celebrate our heritage. <p>Tairāwhiti has a circular economy that supports diverse, inclusive, and sustainable growth. We are future focused and plan and care about the future of the region and how to enhance its natural and built environment for future generations. Tairāwhiti is a great place to live, work and play and our communities have a sense of belonging. The lifestyle, services and facilities here enable communities to live a balanced and happy life and attract visitors and residents from across Aotearoa and the world.</p>	<p>Animal Control minimise danger, distress and nuisance caused by stray dogs and to ensure the control of stock on the roads of the district in the interests of public safety.</p> <p>Parking Services benefits:</p> <ul style="list-style-type: none"> Individual users benefit from vehicle rotation. Total mobility parks need controls to ensure legitimate road users can access these parks. CBD business benefit by constant rotation of parks. Individual benefit for road users for ticketing offences under the Transport Regulations. Minor enforcement role in outer suburban shopping centres. <p>The benefits are expected to accrue:</p> <ul style="list-style-type: none"> Primarily to individual users. Partly to the district as a whole. 	<p>The benefit of Operating costs is expected to arise in the year the funding is sourced.</p>	<p>The actions of individuals and groups drive the costs in this activity. Some activities are undertaken to protect others from the actions of licensees or consent holders.</p>	<p>Identifying separate funding assists in the accountability and transparency of Council's costs on this activity.</p>	<p>Fees and charges for Environment Health licensing etc, Parking Services and for some Animal Control services (e.g. impounding costs) recognise there is a direct benefit for the user the services in this activity.</p> <p>Fees and charges for Animal Control are largely collected in registration the owners of dogs in recognition that it is their action of owning a dog or then inaction of controlling a dog or stock that drives costs.</p> <p>Targeted rates recognise that a portion of animal control and environmental health benefit different parts of the community. It provides transparency of the costs a ratepayer is paying toward these activities.</p>	<p>Animal Control (includes Stock) (FS-041) HIGH (60% - 80%) Fees and charges LOW (20% - 40%) Targeted rates UNLIKELY All other funding sources. Parking (FS-050) ALL (100%) Fees and charges UNLIKELY All other funding sources. Business Area Patrols City Watch (FS-022) ALL (100%) Targeted rates UNLIKELY All other funding sources.</p>

Activity: Enforcement and compliance						
Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need?	Separate Funding	Rationale	Funding Sources by Funding Stream
101 (3)(a)(i)	101 (3)(a)(ii)	101 (3)(a)(iii)	101 (3)(a)(iv)	101 (3)(a)(v)		
	<p>Environmental Health promotes and improves human health, safety, comfort, and wellbeing for all persons in the Gisborne district and protects the environment from preventable harm.</p> <p>Environmental Health comprises noise control, food and registered premises, gambling policy, liquor policy, housing, on-site wastewater (septic tanks), water supply monitoring, swimming pool monitoring, footpath occupation permits, harbourmaster functions and surf lifesaving.</p> <p>The main beneficiaries are:</p> <ul style="list-style-type: none"> are business owners, consent holders, occupiers and the community as a whole. 					<p>Gambling Policy, Housing, On-site Wastewater (Septic tanks) Swimming Pool Monitoring, Harbourmaster Functions, Surf Lifesaving (FS-031) HIGH (60% -80%) General Rates LOW (20% - 40%) Fees and charges UNLIKELY All other funding sources.</p> <p>Noise Control (FS-032) ALL (100%) Targeted rates UNLIKELY All other funding sources.</p> <p>Food and registered Premises (FS-033) ALL (100%) Fees and charges UNLIKELY All other funding sources.</p> <p>Liquor Policy, Footpath Occupation Permits (FS-035) ALL (100%) Fees and charges UNLIKELY All other funding sources.</p>

Activity: Resource consents						
Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need?	Separate Funding	Rationale	Funding Sources by Funding Stream
101 (3)(a)(i)	101 (3)(a)(ii)	101(3)(a)(iii)	101 (3)(a)(iv)	101 (3)(a)(v)		
<p>This activity Primarily contributes to Council's outcomes of:</p> <ul style="list-style-type: none"> A vibrant city centre and townships We celebrate our heritage and is associated with Council's outcome: We take sustainability seriously. <p>Tairāwhiti is a great place to live, work and play and our communities have a sense of belonging. The lifestyle, services and facilities here enable communities to live a balanced and happy life and attract visitors and residents from across Aotearoa and the world.</p> <p>We recognise the intrinsic value of ecosystems and biodiversity. There is no further loss of significant natural, cultural or historic heritage. We have restored key areas of the environment as Tairāwhiti grows.</p> <p>We all practice active guardianship.</p>	<p>Individuals that apply for consents and use the other services in this area are the predominant beneficiaries of this activity. Through their actions they directly drive the majority of the costs.</p> <p>These resource consent activities also provide benefit to persons other than the applicant such as future owners and occupiers of the land (a property-based benefit). There is also a person-based benefit in relation to the information that is supplied to the public through inquiries, for example providing support to potential applications or responding to service requests. Future residents benefit from the protection of our environment and our response to climate change. Resource Consent Compliance Monitoring and RMA Enforcement benefits the consent holder and the community.</p> <p>The benefits are expected to accrue: Primarily to individual users.</p> <ul style="list-style-type: none"> Partly to the district as a whole in support of the community outcomes. 	<p>The principal benefit of operating costs is expected to arise in the year the funding is sourced.</p> <p>There is a secondary benefit to future sustainability.</p>	<p>The actions of individuals and groups drive the costs in this activity.</p>	<p>Identifying separate funding assists in the accountability and transparency of Council's costs on this activity.</p>	<p>A user charge recognises the benefits to people who apply for resource consents.</p> <p>Although the primary benefit of a resource consent sits with the consent holder the Tairāwhiti 2050 plan desires that we have a great place to live work and play and we look after our ecosystems. And so, Council wants to encourage a high level of consent compliance. For these reasons Council considers it appropriate to fund a high portion of the costs of consents from ratepayers rather than consent applicants.</p>	<p>Resource Consents (FS-043)</p> <p>HIGH (60% - 80%)</p> <p>Targeted rates</p> <p>LOW (20% - 40%)</p> <p>Fees and charges</p> <p>UNLIKELY</p> <p>All other funding sources.</p>

Group Activity: Land, Rivers and Coastal

Activity: Land, rivers and coastal						
Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need?	Separate Funding	Rationale	Funding Sources by Funding Stream
101 (3)(a)(i)	101 (3)(a)(ii)	101 (3)(a)(iii)	101 (3)(a)(iv)	101 (3)(a)(v)		
<p>This activity primarily contributes to Council's outcome:</p> <ul style="list-style-type: none"> Resilient Communities and is associated with Council's outcomes: A vibrant city centre and townships We take sustainability seriously. <p>We have increased the resilience of our infrastructure, economy, and our communities.</p>	<p>Rivers Asset Management: There is a mix of community public good and identifiable parts of the community benefiting.</p> <p>Wider Community:</p> <ul style="list-style-type: none"> The wider community benefits through processing of consents, advocacy for the activity and providing them with information about flooding areas and erosion protection. Flood warnings are available for the wider community. <p>Identifiable parts of the community:</p> <ul style="list-style-type: none"> Those specific people who receive flood warnings for properties and land. People requesting resource consents and information. Those on the Poverty Bay flats benefit more than others from the management / administration of the activity because there is a flood protection scheme on the Poverty Bay flats. <p>Flood Control (Waipaoa, Te Karaka, Ruatoria):</p>	<p>The benefit of most operating costs is expected to arise in the year the funding is sourced.</p>	<p>The actions of most individuals or groups have a minor impact.</p>	<p>Identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity.</p>	<p>Rivers management and flood control provide a large benefit to the wider community by enabling the protection of property and more resilient economic activity. For this reason, rating options extend beyond the direct beneficences and across the region when Council considers that appropriate. Some protection (rivers or coastal) has a high degree of direct benefit to individuals and Council when appropriate will adjust the allocation of funding to these groups.</p>	<p>River Asset Management † (FS-058) MOST (80% - 100%) General rate MINIMAL (0% - 20%) Fees and charges UNLIKELY All other funding sources</p> <p>Flood Control - Waipaoa (FS- 059A-A) MODERATE (40% - 60%) General rates LOW (20% - 40%) Targeted rates Fees and Charges UNLIKELY All other funding sources.</p> <p>Flood Control – Te Karaka (FS-059A-B) MOST (80% - 100%) Targeted rates MINIMAL (0% - 20%) General rates UNLIKELY All other funding sources.</p> <p>Waipaoa River Erosion Protection - Ruatoria</p>

Activity: Land, rivers and coastal						
Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need?	Separate Funding	Rationale	Funding Sources by Funding Stream
101 (3)(a)(i)	101 (3)(a)(ii)	101(3)(a)(iii)	101 (3)(a)(iv)	101 (3)(a)(v)		
	<p>Economic benefit to the wider community especially employment and cropping opportunity.</p> <p>Individual beneficiaries - protection of private property.</p> <p>Land Drainage: The community as a whole does not receive any specific benefits.</p> <p>Individuals receive the entire benefit.</p> <p>Wainui Foredune Protection: Individual residents who have properties on the Wainui shore and the wider community who utilise this stretch of beach.</p> <p>Coastal Protection Schemes: Individual residents who have properties on the shore.</p> <p>River channel maintenance and infrastructure works:</p> <ul style="list-style-type: none"> There is a mix of community, public and identifiable parts of the community benefiting. <p>Wider Community – The wider community benefits through continuity of access along some roadways in identified essential channel works areas.</p>					<p>(FS-059B)</p> <p>MODERATE (40% - 60%)</p> <p>General rates Targeted rates</p> <p>MINIMAL (0% - 20%)</p> <p>Fees and charges</p> <p>UNLIKELY</p> <p>All other funding sources.</p> <p>Land Drainage (FS-060)</p> <p>ALL (100%)</p> <p>Targeted rate</p> <p>UNLIKELY</p> <p>All other funding sources</p> <p>Coastal Erosion Management †</p> <p>Scheme Rate (FS-062)</p> <p>ALL (100%)</p> <p>General rate</p> <p>UNLIKELY</p> <p>All other funding sources</p>
						Wainui Property

Activity: Land, rivers and coastal						
Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need?	Separate Funding	Rationale	Funding Sources by Funding Stream
101 (3)(a)(i)	101 (3)(a)(ii)	101(3)(a)(iii)	101 (3)(a)(iv)	101 (3)(a)(v)		
	<ul style="list-style-type: none"> • Identifiable parts of the community: <ul style="list-style-type: none"> ○ All properties and businesses including residents and owners within the area of the essential channel maintenance works benefit due to reducing any erosion issues. • The road infrastructure within the area of the essential channel maintenance works benefit due to reducing any erosion issues. 					<p>Protection Capital Works (FS-061) ALL (100%) Targeted rate UNLIKELY All other funding sources</p>

Group Activity: Roads and Footpaths

Activity: Roads and footpaths						
Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need?	Separate Funding	Rationale	Funding Sources by Funding Stream
101 (3)(a)(i)	101 (3)(a)(ii)	101(3)(a)(iii)	101 (3)(a)(iv)	101 (3)(a)(v)		
<p>This activity primarily contributes to Council's outcome:</p> <ul style="list-style-type: none"> • Connected and safe communities, and is associated with Council's outcomes: • Resilient communities • A vibrant city centre and townships • We take sustainability seriously. <p>Our communities and business are connected to each other and to our markets by a safe efficient and integrated transport network. Walking, cycling, and public transport are preferred choices.</p>	<p>Roading: The roading network serves the whole region and everyone benefits.</p> <p>Roads, street lighting, signage, maintenance of wharfs and footpaths are provided as a public good.</p> <p>Individuals and business benefit directly from access to property and facilities.</p> <p>Roads are necessary to deliver export products to markets within Gisborne, New Zealand, and the world. Gisborne District's economic prosperity is dependent on production from its rural catchment.</p> <p>Roads provide corridors for other utility providers such as power, communications, water, and wastewater.</p> <p>Residential streets, suburban shopping areas (parking) and rural townships benefit from non-subsidised roading expenditure.</p>	<p>The benefit of most operating costs is expected to arise in the year the funding is sourced.</p>	<p>There is an impact of the actions or inactions of others.</p> <p>Costs are driven by traffic volumes and size (e.g., heavily loaded vehicles cause more wear and tear damage on roads than lighter vehicles)</p> <p>The forestry industry at times of harvest creates significant damage beyond that of other users to roads.</p> <p>The growth of the forestry industry is leading to greater roading damage.</p>	<p>Identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity.</p> <p>There are few reasonably practicable options for charges in users directly for their use of or damage to the roads.</p>	<p>Subsidies are primarily sourced from Waka Kotahi New Zealand Transport Agency.</p> <p>Additional funding will be sourced whenever available (e.g. Provincial Growth Fund)</p> <p>Council also collects a small amount of regional petrol tax.</p> <p>Council maximises the amount of subsidy for the level of spending it approves.</p> <p>The whole region benefits from the roading network.</p> <p>Targeted rate for subsidised and non-subsidised roading and flood damage and emergency reinstatement allow for the differential allocation of benefit to sectors and adjustment of costs associated with those whose actions cause damage.</p>	<p>Nonsubsidised Local Roads (FS-051)</p> <p>ALL (100%)</p> <p>Targeted rates</p> <p>UNLIKELY (0%)</p> <p>All other funding sources</p> <p>Subsidised Local Roads (FS-053)</p> <p>HIGH (60%-80%)</p> <p>Grants and subsidies</p> <p>LOW (20%-40%)</p> <p>General rates</p> <p>Targeted rates</p> <p>MINIMAL (0% - 20%)</p> <p>Fees & Charges</p> <p>UNLIKELY (0%)</p> <p>All other funding sources</p> <p>Flood Damage and Emergency Reinstatement (FS-054)</p> <p>HIGH (60%-80%)</p> <p>Grants and subsidies</p> <p>LOW (40%-60%)</p> <p>Targeted rates</p> <p>24%</p> <p>MINIMAL (0%-20%)</p> <p>General rates</p> <p>8%</p> <p>UNLIKELY (0%)</p> <p>All other funding sources</p>

Activity: Roads and footpaths						
	<p>Passenger Transport: The Gisborne Regional Public Transport Plan specifies target groups of beneficiaries.</p> <ul style="list-style-type: none"> • Those less mobile members of our community, Total Mobility and Super Gold card holders. • Those users without access to vehicles. • School students who don't comply with Ministry of Education passenger transport criteria. <p>The benefit is limited to Gisborne City.</p> <p>Road Safety: Road Safety provides education for the benefit of the whole community.</p> <p>Emergency Works Unplanned maintenance required following weather events. Beneficiaries are the same as for routine maintenance.</p>				<p>An allocation of costs to a UAGC allows for the benefit individual rating units get from access to the network.</p> <p>Targeted rate for passenger transport limited to the city. Fees and charges are collected by the contractor and is recognised in the contract price.</p>	<p>Passenger Transport (FS-052) HIGH (60%-80%) Grants and subsidy LOW (20%-40%) Targeted rates UNLIKELY (0%) All other funding sources Note: the above does not include revenue collected by the contractor.</p>

Group Activity: Solid Waste

Activity: Waste management						
Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need?	Separate Funding	Rationale	Funding Sources by Funding Stream
101 (3)(a)(i)	101 (3)(a)(ii)	101(3)(a)(iii)	101 (3)(a)(iv)	101 (3)(a)(v)		
<p>This activity primarily contributes to Council's outcome of:</p> <ul style="list-style-type: none"> We take sustainability seriously and is associated with Council's outcomes: Resilient communities A vibrant city centre and townships. 	<p>Individuals and businesses benefit directly from having waste and recycling collected from properties. The benefits are expected to accrue:</p> <ul style="list-style-type: none"> Primarily to individual users Partly to the district as a whole <p>Cleaning of defined public places: The whole community benefits from a cleaner environment.</p> <p>Domestic solid waste collections: Individual households (separately used or inhabited part of a property) who receive the service benefit. The whole community benefits with the protection of public health. There is a mix of community public good and identifiable parts of the community benefiting through reducing health risks.</p> <p>Commercial Recycling A service provided to individual businesses by request.</p>	<p>The benefit of most operating costs is expected to occur in the year the funding is sourced.</p>	<p>This activity is only required due to the act of creating waste. Those who create the waste are individuals and business.</p>	<p>Identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity.</p>	<p>The actions of individuals or groups (largely business) create the need to have this activity. Kerb-side refuse collection provides a high level of service that all residents on the route have access to. Targeted rates appropriately recognise this benefit. The whole community benefits from a clean environment. Cleaning of public places can be appropriately funded from general rates. The fees and charges at landfills and transfer stations (where Council provides the services), and part of the rate for refuse collection only partially funds the cost of disposal. Higher fees and charges encourage those who create the waste recognise the cost of their actions and encourage waste reduction.</p>	<p>Cleaning of Defined Public Spaces (FS-064) ALL (100%) General rates UNLIKELY All other funding sources.</p> <p>Domestic Solid Waste Collections (FS-065) ALL (100%) Targeted rates UNLIKELY All other funding sources.</p> <p>Commercial Recycling (Included in FS-065) ALL (100%) Targeted rates UNLIKELY All other funding sources.</p> <p>Rural Transfer Stations (FS-066) MODERATE (40% - 60%) General rates MINIMAL (0% - 20%) Targeted rates LOW (20% - 40%) Fees and Charges</p>

Activity: Waste management						
	<p>Operation of rural transfer stations: The whole community benefits from a cleaner environment. The local townships are major beneficiaries as their solid waste makes up the major proportion of the waste going to these transfer stations.</p> <p>Operation of the Waiapu landfill: The whole community benefits from a clean environment. The district benefits by not receiving solid waste from the East Coast and therefore not having to pay additional out of district cartage fees and landfill charges.</p> <p>The East Coast townships are major beneficiaries as their solid waste makes up the major proportion of the waste being landfilled. The district benefits in the event of a civil defence emergency with a consented landfill in the region if road access to State Highway 2 to Napier and/or Opotiki is cut off.</p>				<p>There is also a small benefit to the whole community of this activity with waste not dumped elsewhere.</p>	<p>UNLIKELY All other funding sources.</p> <p>Waiapu Landfill (FS-067)</p> <p>MOST (80% - 100%) General Rates</p> <p>MINIMAL (0% - 20%) Fees and charges</p> <p>UNLIKELY All other funding sources</p> <p>Solid Waste Legacy Debt and Aftercare Provisions (FS-068)</p> <p>ALL (100%) General rates</p> <p>UNLIKELY All other funding sources.</p>

Activity: Waste minimisation						
Community Outcomes 101 (3)(a)(i)	Distribution of Benefits 101 (3)(a)(ii)	Period of Benefit 101(3)(a)(iii)	Whose Act Creates a Need? 101 (3)(a)(iv)	Separate Funding 101 (3)(a)(v)	Rationale	Funding Sources by Funding Stream
<p>This activity primarily contributes to Council's outcome of:</p> <ul style="list-style-type: none"> We take sustainability seriously and is associated with Council's outcomes: Resilient communities A vibrant city centre and townships. 	<p>The whole community benefits from action in this area to minimise the negative impacts of waste. The benefits are expected to accrue:</p> <ul style="list-style-type: none"> Primarily to individual users Partly to the district as a whole 	<p>The benefit of most operating costs is expected to occur in the year the funding is sourced.</p>	<p>This activity is only required due to the act of creating waste. Those who create the waste are individuals and business.</p>	<p>Identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity.</p>	<p>The actions of individuals or groups (largely business) create the need to have this activity. There is also a small benefit to the whole community of this activity.</p>	<p>Waste Minimisation (FS-069) MOST (80% - 100%) Grants and subsidies MINIMAL (0% - 20%) General rates UNLIKELY All other funding sources.</p>

Group Activity: Wastewater

Activity: Wastewater						
Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need?	Separate Funding	Rationale	Funding Sources by Funding Stream
101 (3)(a)(i)	101 (3)(a)(ii)	101 (3)(a)(iii)	101 (3)(a)(iv)	101 (3)(a)(v)		
<p>This activity primarily contributes to Council's outcome:</p> <ul style="list-style-type: none"> A vibrant city centre and townships and is associated with Council's outcomes: Resilient communities We take sustainability seriously. <p>Tairāwhiti is a great place to live, work and play and our communities have a sense of belonging.</p> <p>We have increased the resilience of our infrastructure, economy, and our communities.</p> <p>Everyone has access to affordable and safe essential services (water, wastewater, and energy).</p> <p>We are future focussed and plan and care about the future of the region and how to enhance its natural and built environment for future generations.</p>	<p>The collection, treatment, and disposal of wastewater are primarily a private benefit for people whose properties are connected to the schemes.</p> <p>The entire community benefits by improving and maintaining water quality and safety, protecting waterbodies and coastal waters that have important ecosystem, recreational and cultural values and moving toward more efficient and sustainable use of freshwater.</p> <p>This community benefit is at the forefront of government policy changes and important to the community.</p> <p>The benefits are expected to accrue:</p> <ul style="list-style-type: none"> To individual properties. The whole community. 	<p>The benefit of most operating costs is expected to arise in the year the funding is sourced.</p> <p>Annual funding is sourced from revenue for depreciation that is likely to be spent partially in the current year and probably in future years.</p> <p>This is managed through reserve funds.</p>	<p>A small number of heavy commercial producers have an adverse impact greater than most users.</p>	<p>Identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity.</p>	<p>In most cases it is not practicable to measure the quantity of each individual's contribution to the wastewater system.</p> <p>In the case of heavy commercial users of the waste system it is practical to measure the volume and quality of waste and charge appropriately for this.</p> <p>Those who (either directly or indirectly) connected targeted rate per pan is an efficient and simple way that approximates benefit of access and use of the services.</p> <p>The community benefit as identified in Tairāwhiti 2050 and in the consideration of the benefits of the wastewater activity is recognised in the general rates.</p>	<p>Wastewater (FS-056)</p> <p>MOST (80% - 100%)</p> <p>Targeted rate</p> <p>MINIMAL (0% -20%)</p> <p>General rates</p> <p>Fees and charges</p> <p>UNLIKELY</p> <p>All other funding sources.</p>

Group Activity: Urban Stormwater

Activity: Urban stormwater						
Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need?	Separate Funding	Rationale	Funding Sources by Funding Stream
101 (3)(a)(i)	101 (3)(a)(ii)	101 (3)(a)(iii)	101 (3)(a)(iv)	101 (3)(a)(v)		
<p>This activity primarily contributes to Council's outcome:</p> <ul style="list-style-type: none"> A vibrant city centre and townships <p>and is associated with Council's outcomes:</p> <ul style="list-style-type: none"> Resilient communities We take sustainability seriously. <p>Tairāwhiti is a great place to live, work and play and our communities have a sense of belonging.</p> <p>We have increased the resilience of our infrastructure, economy, and our communities.</p> <p>Everyone has access to affordable and safe essential services (water, wastewater, and energy).</p> <p>We are future focussed and plan and care about the future of the region and how to enhance its natural and built environment for future generations.</p>	<p>The collection, treatment and disposal of stormwater are primarily a community benefit in serviced communities.</p> <p>The entire community benefits by having an accessible roading network, improving and maintaining water quality and safety, protecting waterbodies and coastal waters that have important ecosystem, recreational and cultural values and moving toward more efficient and sustainable use of freshwater.</p> <p>Some individual properties or groups of properties benefit from not being flooded.</p> <p>The benefits are expected to accrue:</p> <ul style="list-style-type: none"> To individual properties. The whole community. 	<p>The benefit of most operating costs is expected to arise in the year the funding is sourced.</p> <p>Annual funding is sourced from revenue for depreciation that is likely to be spent partially in the current year and probably in future years.</p> <p>This is managed through reserve funds.</p>	<p>The actions of individuals in increasing hard surfaces on properties increases stormwater volumes.</p>	<p>Identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity.</p>	<p>There is no practical way to charge individuals or groups for any direct benefit.</p> <p>Urban stormwater networks are funded from a mix of general and targeted rates reflecting the benefit to property owners in an urban area and the wider community benefit of stormwater managed on the road corridor and the environmental, economic, social, and cultural wellbeing benefits of managing stormwater.</p>	<p>Urban Stormwater (FS-057)</p> <p>MOST (80% - 100%)</p> <p>Targeted rate</p> <p>MINIMAL (0%-20%)</p> <p>General rates</p> <p>UNLIKELY</p> <p>All other funding sources.</p>

Group Activity: Liveable Communities

Activity: Catchments and diversity						
Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need?	Separate Funding	Rationale	Funding Sources by Funding Stream
101 (3)(a)(i)	101 (3)(a)(ii)	101 (3)(a)(iii)	101 (3)(a)(iv)	101 (3)(a)(v)		
<p>This activity primarily contributes to Council's outcome of:</p> <ul style="list-style-type: none"> We take sustainability seriously and is associated with Council's outcome: We celebrate our heritage. <p>We recognise the intrinsic value of ecosystems and biodiversity. There is no further loss of significant natural, cultural, or historic heritage. We have restored key areas of the environment as Tairāwhiti grows. We all practice active guardianship.</p>	<p>The whole community benefits from the quality of information about natural resources including for recreational use, commercial use, and avoiding hazards.</p> <p>Individuals especially benefit, both urban and rural landholders.</p> <p>Because animal pests are mobile, and move freely across property boundaries, benefits are not confined to particular properties.</p> <p>Animal, Plant and Aquatic pests: Animal pests are largely land based and the major beneficiaries are rural land occupiers. Council adopted the 10-year Regional Pest Management Plan in October 2017.</p>	<p>The benefit of operating costs is expected to arise in the year the funding is sourced.</p>	<p>The actions of individuals and groups drive the costs in this activity.</p>	<p>Identifying separate funding assists in the accountability and transparency of Council's costs on this activity.</p>	<p>Rates are the largest funding source for this activity recognising the predominant community benefit. These will be split between general and targeted rates to recognise that some services have a benefit or contribute to an outcome for the whole region and some services provide a greater or lesser based on location.</p> <p>Fees and charges are collected for some items that have a direct benefit to individuals or groups of individuals. The Nursery operates on a commercial basis and is budgeted to collect fees and charges to make a surplus.</p>	<p>Animal, Plant and Aquatic Pest Management (FS-023) HIGH (60% - 80%) General rates LOW (20% - 40%) Targeted rates MINIMAL (0%-20%) Fees and charges Grants and subsidies UNLIKELY All other funding sources.</p> <p>Soil Conservation (FS-024) MOST (80% - 100%) Targeted rates MINIMAL (0%-20%) Fees and charges Grants and subsidies UNLIKELY All other funding sources.</p> <p>Soil Conservation-Nursery and Reserve Management (FS-026, included with FS-024) All (100%) Fees and Charges UNLIKELY All other funding sources.</p>

Activity: Cultural activities						
Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need?	Separate Funding	Rationale	Funding Sources by Funding Stream
101 (3)(a)(i)	101 (3)(a)(ii)	101 (3)(a)(ii)	101 (3)(a)(iv)	101 (3)(a)(v)		
<p>This activity primarily contributes to Council's outcome of:</p> <ul style="list-style-type: none"> We celebrate our heritage and is associated with Council's outcome A vibrant city centre and townships. <p>Tairāwhiti is a great place to live, work and play and our communities have a sense of belonging.</p>	<p>Theatres: There is specific benefit to those who use the facility and attend activities. The business community benefits from spending by visitors attending facilities and events. The whole community benefits from having access to facilities that enable community gatherings and allow the public to experience performing and visual arts.</p> <p>Museum: The whole community (including particular sector groups e.g., schools) benefit from the Museum through the provision of cultural services, information and education, exhibition, and management of the museum collection.</p> <p>Library: The whole community benefits (urban and rural) from the activity through access to materials and services which the Library provides.</p> <p>The main beneficiaries of the Library are individuals through the provision of recreation and educational resources.</p> <p>Non-residents also benefit through access to the Library services.</p> <p>The central business district benefits indirectly from having increased traffic in the city centre.</p>	<p>The benefit of most operating costs is expected to arise in the year the funding is sourced.</p>	<p>The actions of Most individuals or groups have a minor impact on this activity.</p>	<p>Identifying separate funding assists in the accountability and transparency of Council's costs on this activity.</p>	<p>Theatres provide a benefit directly to the users which can be collected, however a wider benefit to a vibrant community is also recognised by rating across the district with regard to distance from the venues. Museums and Libraries provide some individual benefit are largely for educational benefits of the community and are important for understanding and celebrating our heritage.</p> <p>These all contribute to Tairāwhiti being a great place to live. Council considers it appropriate to fund the rates contribution to these activities using a general rate.</p>	<p>Theatres (FS-016) HIGH (60% - 80%) Targeted rates LOW (20%-40%) Fees and charges UNLIKELY All other funding sources.</p> <p>Museum (FS-017) MOST (80 - 100%) General rates MINIMAL (0%-20%) Fees and charges Grants and subsidies UNLIKELY All other funding sources.</p> <p>Libraries (FS-008) MOST (80% -100%) General rates MINIMAL (0%-20%) Fees and charges UNLIKELY All other funding sources.</p>

Activity: Recreation and amenity						
Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need?	Separate Funding	Rationale	Funding Sources by Funding Stream
101 (3)(a)(i)	101 (3)(a)(ii)	101(3)(a)(iii)	101 (3)(a)(iv)	101 (3)(a)(v)		
<p>This activity primarily contributes to Council's outcome:</p> <ul style="list-style-type: none"> A vibrant city centre and townships <p>and is associated with Council's outcome:</p> <ul style="list-style-type: none"> We celebrate our heritage. <p>Tairāwhiti is a great place to live, work and play and our communities have a sense of belonging.</p>	<p>Leased Properties: Benefits flow to the whole community and to the individual groups who lease Council Land Areas to undertake their activity (e.g., sporting, recreational and other community organisations). There is a benefit gain for visitors and individuals who use and enjoy the other community facilities provided within this activity.</p> <p>Community Buildings: Benefits flow to the whole of the community, through the provision of heritage, leisure, arts, and cultural activities, that each act on to educate and enliven our communities. These buildings make the district an interesting destination for visitors or attract new residents to a district that is a great place to live, work and play. The benefits are expected to accrue primarily to the district as a whole.</p> <p>Cemeteries: Individual users, particularly families of the deceased. The community as a whole in the availability of well maintained open space and as a repository of genealogical and other human interest or heritage information.</p> <p>Conveniences: Individuals, visitors, businesses, and the wider community all benefit from the provision of accessible, safe, and</p>	<p>The benefit of operating costs is expected to arise in the year the funding is sourced.</p> <p>Annual funding is sourced from revenue for depreciation that is likely to be spent partially in the current year and probably in future years.</p> <p>This is managed through reserve funds.</p>	<p>The actions of most individuals or groups have some impact on this activity.</p>	<p>Identifying separate funding assists in the accountability and transparency of Council's costs on this activity.</p>	<p>There is no practical way to collect revenues from some individual benefit across this activity. Local residents enjoy the benefits of landscape amenity in their locality. Council may use the financial contributions reserve funds for some operating expenses, generally of a project nature. Some rents are received.</p>	<p>Aquatic and Recreation Facility (Olympic Pool) (FS-007) HIGH (60% - 80%) Targeted rates LOW (20%-40%) Fees and charges UNLIKELY All other funding sources. Leased Property (FS-009) ALL (100%) Fees and charges UNLIKELY All other funding sources. Cemeteries (FS-011) MODERATE (40% - 60%) General rates Fees and charges UNLIKELY All other funding sources.</p>

Activity: Recreation and amenity						
Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need?	Separate Funding	Rationale	Funding Sources by Funding Stream
101 (3)(a)(i)	101 (3)(a)(ii)	101(3)(a)(iii)	101 (3)(a)(iv)	101 (3)(a)(v)		
	<p>sanitary conveniences.</p> <p>Parks and Reserves: There is a public / whole of community benefit through the provision of formal and informal recreational opportunities that enhance and support community health and well-being. There is a private/individual benefit to the community and sporting groups who use Council recreational facilities.</p> <p>There is a benefit gain for event organisers and sections of the business community from the commercial spend of participants associated with particular events.</p>					<p>Conveniences (FS-012) MOST (80% - 100%) General rates MINIMAL (0%-20%) Fees and charges UNLIKELY All other funding sources.</p> <p>Parks and Reserves (FS-013) MOST (80% - 100%) Targeted rates MINIMAL (0%-20%) Fees and charges UNLIKELY All other funding sources.</p>

Group Activity: Regional Leadership and Support Services

Activity: Emergency management						
Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need?	Separate Funding	Rationale	Funding Sources by Funding Stream
101 (3)(a)(i)	101 (3)(a)(ii)	101(3)(a)(iii)	101 (3)(a)(iv)	101 (3)(a)(v)		
<p>This activity primarily contributes to Council's outcome of:</p> <ul style="list-style-type: none"> Resilient communities and is associated with Council's outcome: Connected and safe communities. 	<p>Civil defence activities are provided for the benefit of all the people in the district as anyone can be affected by an emergency event.</p> <p>Civil defence emergency may be initiated in response to threats to life or property. The benefits are expected to accrue primarily to the district as a whole.</p>	<p>The benefit of operating costs is in having plans in the event of an emergency at some time in the future.</p> <p>The annual operating costs ensure there are up to date plans and staff and volunteers are trained.</p> <p>Costs are incurred in the year the funding is sourced.</p> <p>Annual funding is sourced from revenue for depreciation that is likely to be spent partially in the current year and probably in future years.</p> <p>This is managed through reserve funds.</p>	<p>The actions of natural forces, individuals and groups can have a significant impact in this activity.</p> <p>Everyone living in a hazardous environment creates a need.</p>	<p>Identifying separate funding assists in the accountability and transparency of Council's costs on this activity.</p>	<p>In the event of an activation Council may be entitled to subsidies for some civil defence costs such as welfare.</p> <p>The planning for an emergency benefits the whole community and is fully rate funded.</p>	<p>Civil Defence (FS-038)</p> <p>MOST (80% - 100%)</p> <p>General rates</p> <p>MINIMAL (0% - 20%)</p> <p>Grants and Subsidies</p> <p>UNLIKELY</p> <p>All other funding sources.</p>

Activity: Cyclone Gabrielle Category 3 property and property rights purchase						
Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need?	Separate Funding	Rationale	Funding Sources by Funding Stream
101 (3)(a)(i)	101 (3)(a)(ii)	101 (3)(a)(iii)	101 (3)(a)(iv)	101 (3)(a)(v)		
<p>This activity primarily contributes to Council's outcome of:</p> <ul style="list-style-type: none"> Resilient communities and is associated with Council's outcome: Connected, safe communities. 	<p>The main benefactors (category 3 property owners) are being considered via the offer to purchase process and policy criteria supporting that process. The remaining benefits (or costs to be shared in this case) have been considered in the same way that Civil Defence is considered as a broad community benefit to be spread across the district.</p>	<p>By taking action now, the community will benefit from increased safety from any future flooding event. The benefit is long term.</p>	<p>Impacted landowners can't easily mitigate the risk from future extreme weather events and the negotiations with the Crown and proposed process recognises this. The remaining group being the community at large cannot be easily differentiated in terms of benefits received or actions/inactions. Action by Council and impacted property owners will provide benefit through reducing the risk to residents and reducing the cost of emergency response and recovery actions.</p>	<p>The impact of the cyclone (not only on the voluntary residential property purchase process, but the extensive roading network damage across our community) is likely to warrant a separate focus and targeted funding mechanism to differentiate it from business as usual activity. Both in terms of the different nature of the expenditure, the joint funding with the crown, the period of recovery and for transparency with our community. For this Amendment which has a narrower focus on property transactions the existing district-wide funding mechanism (Uniform Annual General Charge) has been used until wider consideration via the 2024 3 Year Plan process occurs and consultation with our community.</p>	<p>Due to the scope of damage and work required liability for revenue rests across our district when considering the cyclones impact on the four wellbeings and the impact of the cost of recovery on our community.</p>	<p>Cyclone Gabrielle- Category 3 property and property rights purchase (FS-039) MOST (80% - 100%) General rates MODERATE (40% - 60%) Grants and Subsidies MODERATE (40% - 60%) Borrowing</p>

Activity: Governance and democracy						
Community Outcomes 101 (3)(a)(i)	Distribution of Benefits 101 (3)(a)(ii)	Period of Benefit 101(3)(a)(iii)	Whose Act Creates a Need? 101 (3)(a)(iv)	Separate Funding 101 (3)(a)(v)	Rationale	Funding Sources by Funding Stream
<p>This activity primarily contributes to Council's outcome of:</p> <ul style="list-style-type: none"> A driven and enabled Tairāwhiti and is associated with all other Council outcomes. <p>Council works with Iwi, Hapu, and stakeholders to promote and enable change in the region. Together, we show leadership, advocacy and collaboration and provide certainty about where to invest in Tairāwhiti.</p>	<p>The activity supports the decision-making function of Council and therefore benefits the community as a whole.</p>	<p>The benefit of most operating costs is expected to arise in the year the funding is sourced.</p>	<p>The actions of individuals or groups have a minor impact on this activity.</p>	<p>Council considers that there is little benefit of separately funding this activity.</p>	<p>The benefits of this activity are available to the whole community; the majority of electors are ratepayers.</p>	<p>Governance (FS-045) MOST (80% - 100%) General rates MINIMAL (0% - 20%) Fees and charges Grants and Subsidies UNLIKELY All other funding sources.</p>

Activity: Science						
Community Outcomes 101 (3)(a)(i)	Distribution of Benefits 101 (3)(a)(ii)	Period of Benefit 101(3)(a)(iii)	Whose Act Creates a Need? 101 (3)(a)(iv)	Separate Funding 101 (3)(a)(v)	Rationale	Funding Sources by Funding Stream
<p>This activity primarily contributes to Council's outcome of:</p> <ul style="list-style-type: none"> We celebrate our heritage and is associated with Council's outcome: We take sustainability seriously. 	<p>The whole community – water, riverbeds and coastal areas are community resources that are highly valued.</p> <p>Users may be in conflict with each other. The need for this activity is created by users (consumptive or otherwise) placing pressure on water resources and the community demanding information and initiatives that will address their concerns.</p>	<p>The benefit of operating costs is expected to arise in the year the funding is sourced.</p>	<p>The actions of individuals and groups drive the costs in this activity.</p>	<p>Identifying separate funding assists in the accountability and transparency of Council's costs on this activity.</p>	<p>Rates are the largest funding source for this activity recognising the predominant community benefit.</p> <p>Fees and charges are collected for some items that have a direct benefit to individuals or groups of individuals.</p>	<p>Water Conservation (FS-027) MOST (80% - 100%) Targeted rates MINIMAL (0% - 20%) Fees and charges Grants and Subsidies UNLIKELY All other funding sources.</p>

Activity: Strategic policy and planning						
Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need?	Separate Funding	Rationale	Funding Sources by Funding Stream
101 (3)(a)(i)	101 (3)(a)(ii)	101(3)(a)(iii)	101 (3)(a)(iv)	101 (3)(a)(v)		
<p>This activity primarily contributes to Council's outcome of:</p> <ul style="list-style-type: none"> A driven and enabled community and is associated with all other Council outcomes. 	<p>Planning: The whole community benefits from the activity.</p> <p>Performance: The whole community benefits from the activity</p> <p>Māori Responsiveness: The whole community benefits from the activity</p> <p>Private Plan Changes: The private plan change requests to date have had benefits that accrue to clearly-defined private interests. Proposals may be promoted by public interest groups but are more likely to be by someone seeking specific benefits from resource use.</p> <p>Economic Development: The business community primarily benefits from economic development of a region (e.g., increased income and people are likely to increase business wealth). Sectors within the business community benefit through targeted economic development programmes. The not for-profit sector benefits through indirect effects of economic development such as the promotion of events in the social and sporting sector.</p>	<p>The benefit of operating costs is expected to arise in the year the funding is sourced.</p>	<p>The actions of individual and groups can have a significant impact in this activity.</p>	<p>Identifying separate funding assists in the accountability and transparency of Council's costs on this activity.</p>	<p>This activity supports all activities of Council and has wide community benefits.</p> <p>The economic development services provide a wide range of inputs into an improved economy, leading to more jobs.</p> <p>Mostly funding tools that recognise these wider benefits are preferred while some attention should be given to benefits of groups.</p>	<p>Strategic Planning, Performance, Customer Engagement & Māori Responsiveness (FS-019)</p> <p>MOST (80%-100%) General rates</p> <p>MINIMUM (0% - 20%) Grants and Subsidies</p> <p>UNLIKELY All other funding sources.</p> <p>Strategic Planning and Customer Engagement: Private Plan Changes (FS-037)</p> <p>ALL (100%) Fees and charges</p> <p>UNLIKELY All other funding sources.</p> <p>Economic Development and Tourism (FS-020)</p> <p>MODERATE (40%-60%) General rates Targeted rates</p> <p>UNLIKELY All other funding sources.</p>

Activity: Strategic policy and planning						
Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need?	Separate Funding	Rationale	Funding Sources by Funding Stream
101 (3)(a)(i)	101 (3)(a)(ii)	101(3)(a)(iii)	101 (3)(a)(iv)	101 (3)(a)(v)		
	The whole community benefits through the spin-off impacts of economic development and through having a coordinated approach to economic development, e.g., if the district develops well then everyone benefits.					

Activity: Support services						
Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need?	Separate Funding	Rationale	Funding Sources by Funding Stream
101 (3)(a)(i)	101 (3)(a)(ii)	101(3)(a)(iii)	101 (3)(a)(iv)	101 (3)(a)(v)		
<p>This activity primarily contributes to Council's outcome of:</p> <ul style="list-style-type: none"> A driven and enabled Tairāwhiti <p>Council works with Iwi, Hapu, and stakeholders to promote and enable change in the region. Together, we show leadership, advocacy and collaboration and provide certainty about where to invest in Tairāwhiti.</p>	The activity supports the decision-making function of the Council and therefore benefits the community as a whole.	The benefit of most operating costs is expected to arise in the year the funding is sourced.	<p>The actions of individuals or groups have a minor impact on this activity.</p> <p>The Council in complying with the statutory provisions of the LGA 2002 creates a need through its coercive powers of rates extraction. The whole of the community creates a need through requiring transparency and accountability of funding.</p>	Identifying separate funding assists in the accountability and transparency of Council's costs on this activity.	The benefits of this activity are available to the whole community.	<p>Treasury (FS-046) ALL (100%) General rates UNLIKELY All other funding sources. Civic and Corporate Expenses of the District (FS-049) ALL (100%) General rates UNLIKELY All other funding sources.</p>

Group Activity: Commercial Operations

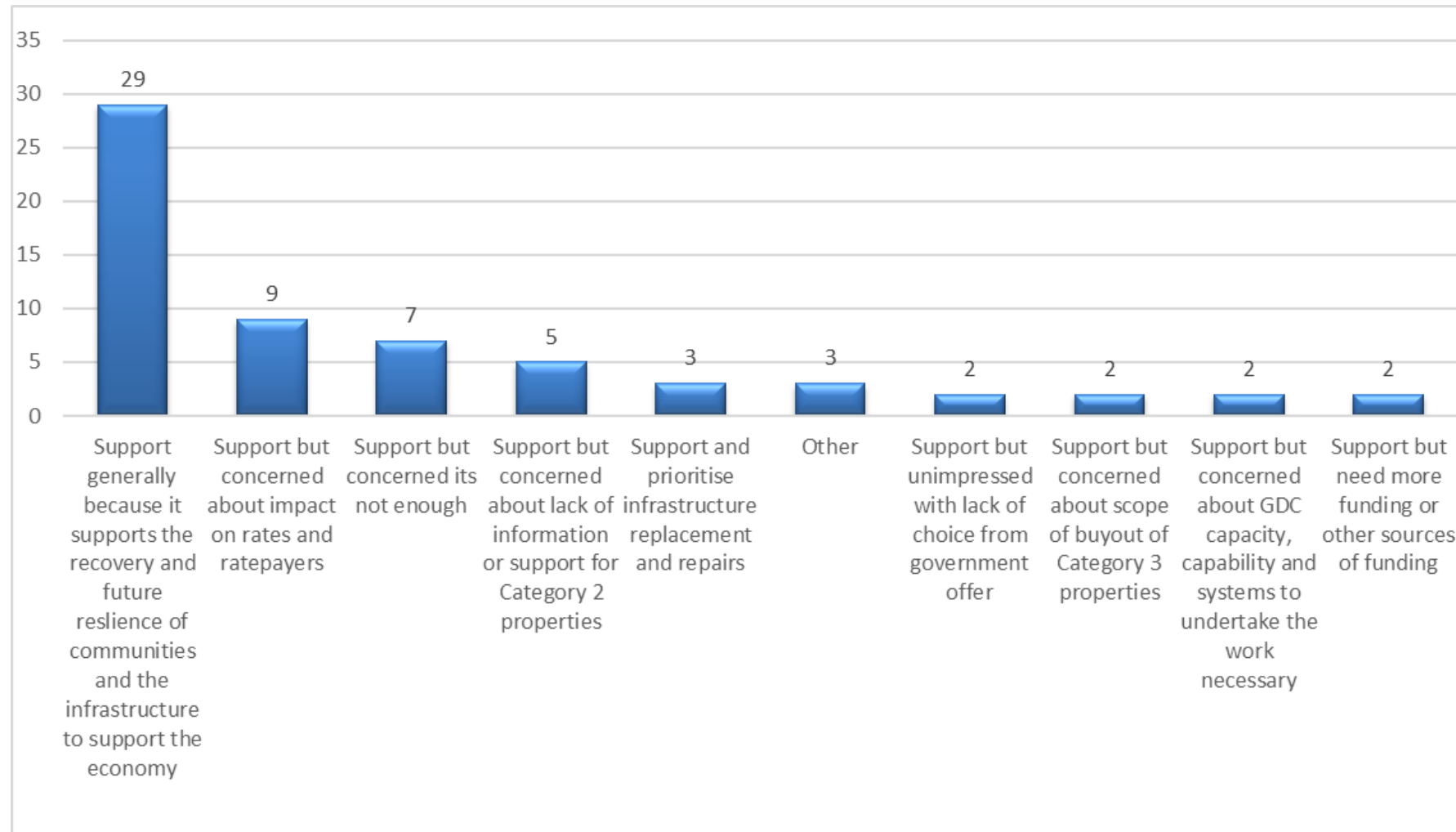
Activity: Commercial Operations						
Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need?	Separate Funding	Rationale	Funding Sources by Funding Stream
101 (3)(a)(i)	101 (3)(a)(ii)	101(3)(a)(iii)	101 (3)(a)(iv)	101 (3)(a)(v)		
<p>This activity primarily contributes to Council's outcome of:</p> <ul style="list-style-type: none"> A diverse economy and is associated with Council's outcome: We take sustainability seriously. 	<p>Direct benefits accrue to customers and forestry joint venture partners. Direct benefits from Forestry accrue to the city ratepayers through the protection of the water supply catchment. Direct benefits from the commercial property activity accrue to purchasers of the land for development.</p> <p>Direct benefits accrue to the lessees of commercial property. Ratepayers benefit from increased utilisation of Council assets.</p> <p>There are indirect benefits to the district through the degree that regional capital investment enhances the local economy. Indirect beneficiaries of commercial operations are ratepayers throughout the district who benefit through reduced rates as a result of the internal dividends paid by these activities.</p> <p>The district as a whole benefits from forestry through the stabilisation of erosion prone land that supports critical infrastructure like roads and the</p>	<p>The benefit of most operating costs is expected to arise in the year.</p> <p>The funding is sourced.</p>	<p>The actions of individuals or groups have a minor impact on this activity.</p>	<p>Identifying separate funding assists in the accountability and transparency of Council's costs on this activity.</p>	<p>The benefits of this activity are available to the whole community.</p>	<p>Gisborne Airport and miscellaneous semicommercial properties (FS-005) HIGH (60% -80%) Fees and charges</p> <p>MINIMAL (0% - 20%) General rates UNLIKELY All other funding sources.</p> <p>Community Housing (FS-014) ALL (100%) Fees and charges UNLIKELY All other funding sources.</p> <p>Staff Housing (FS-015) ALL (100%) Fees and charges UNLIKELY All other funding sources.</p> <p>Dividends to Council from Commercial Operations and CCO's (FS-006) ALL (100%) Investment Income UNLIKELY All other funding sources.</p>

Activity: Commercial Operations						
Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need?	Separate Funding	Rationale	Funding Sources by Funding Stream
101 (3)(a)(i)	101 (3)(a)(ii)	101(3)(a)(iii)	101 (3)(a)(iv)	101 (3)(a)(v)		
	<p>town water supply line.</p> <p>Community Housing provides basic quality housing for residents over 55 years of age who have difficulty providing it themselves. Tenants are the primary beneficiaries. The community as a whole benefits from having appropriate affordable housing available to senior residents.</p> <p>Staff Housing provides accommodation where rental properties are unavailable and house purchase is not practicable. It also utilises legacy accommodation attached to Council offices, cemeteries etc. which cannot be readily disposed of. Tenants are the primary beneficiaries.</p> <p>The related Council activity benefits from having appropriate housing available to staff.</p>					

Summary of feedback on Government support package & changes to the Revenue and Financing Policy

Themes from Feedback

Support for Option 1 – Accept Package

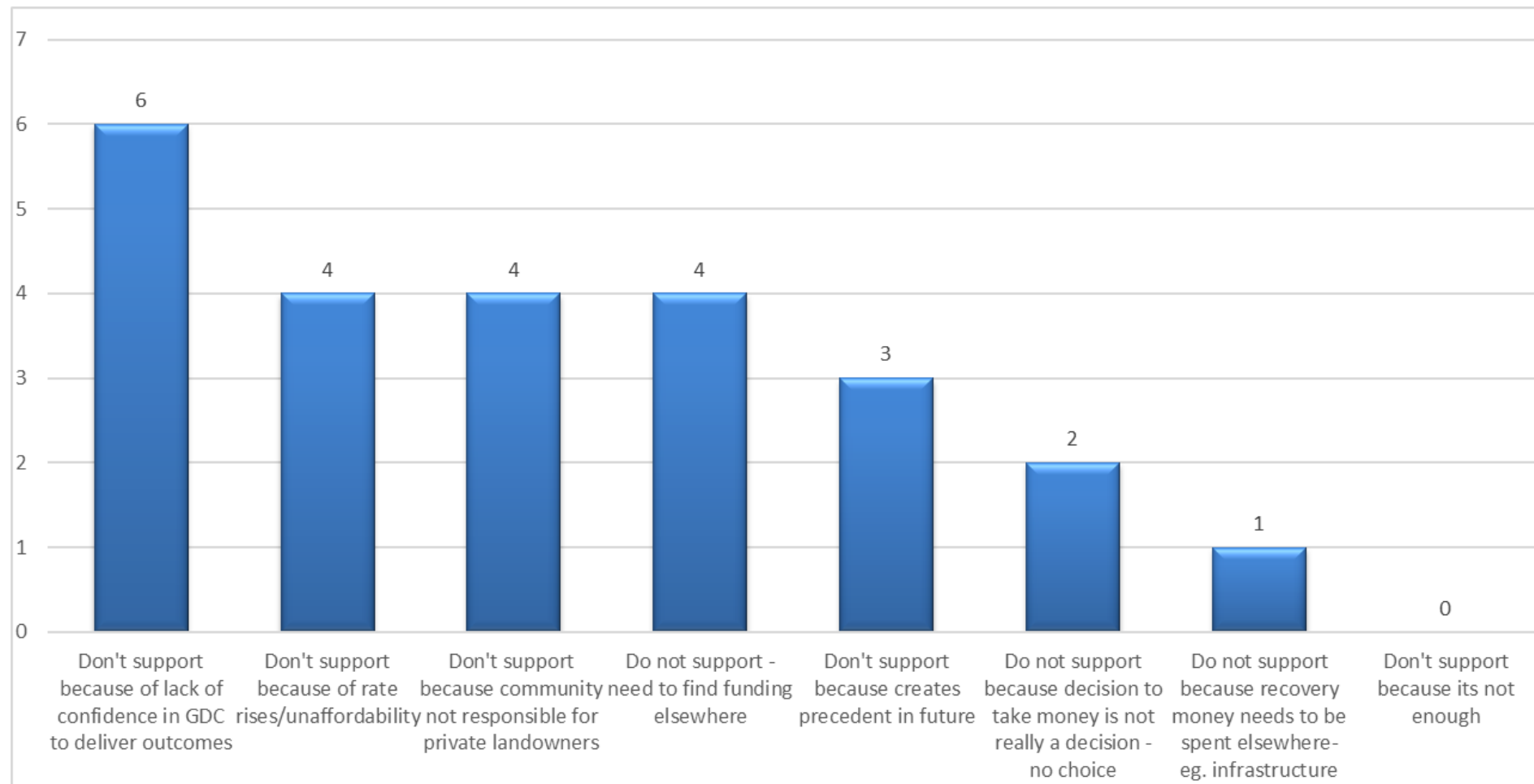


Sample of Comments

THEMES FOR FEEDBACK OPTION 1	SAMPLE OF COMMENTS
Support generally because it supports the recovery and future resilience of communities and the infrastructure to support the economy	<ul style="list-style-type: none"> - Absolutely critical to enable region wide transport infrastructure recovery projects and flood protection works to gain momentum. We also support the payout proposal for category 3 property owners. Acceptance is critical for the community benefit as a whole. - Displaced families must be prioritised for their home buyouts so they can start the process to resettle. This is reflected in the timeline already - As long as the money actually gets put into the district, and through local businesses, as first choice. It's all good and well rebuilding the roads, but rebuild those roads, and ensure the money used goes back into the local families that are struggling.
Support but concerned about impact on rates and ratepayers	<ul style="list-style-type: none"> - Accept the package but council please find other ways to fund your 50% of the costs for red sticker property replacement rather than increasing rates and passing this expense down to your community. - More is needed for our whanau who were affected - especially up the coast. It's extremely unfair our rates will be affected by this. We already pay HUGE rates in this region. Middle income earners who are not eligible for any financial assistance or rebates are already massively struggling. I expect that you will allow the community to elect a councillor we can trust to oversee the spending of these funds wisely. - Federated Farmers is concerned that the ability for the district's ratepayers to absorb further rates increases above what has already been forecasted in the Long Term Plan 2021-31 is already at full capacity, and farmers simply cannot afford further rates increases. - Reduce spending in other areas of council budgets so that rates don't rise
Support but concerned its not enough	<ul style="list-style-type: none"> - 204m is not going to be enough to fix all the issues we have. Rooding and drainage need to be sorted. Allowing so much tile draining, building, subdivisions without thinking where all that water has to go. The drains, streams and Taruheru river desperately need to be dug out to allow water to get out. - We need to accept the package but my fear is that we will need more funding for roading that just this amount. We need to design span type bridges so logs don't collect around piles, ensure land is stabilised in slip-prone areas such as Otoko hill (there is not enough money to by-pass I don't believe) & any land that has had houses on it, needs to be planted with natives for land erosion & biodiversity. We also need better swales for water to flow in heavy rain and rivers dredged to remove silt - This funding desperately needs to be re negotiated with the new government. Our region cannot afford to accept this pitiful offer. GDC needs to actually send a good negotiating team to Wellington to sort this all out. These packages are not acceptable.

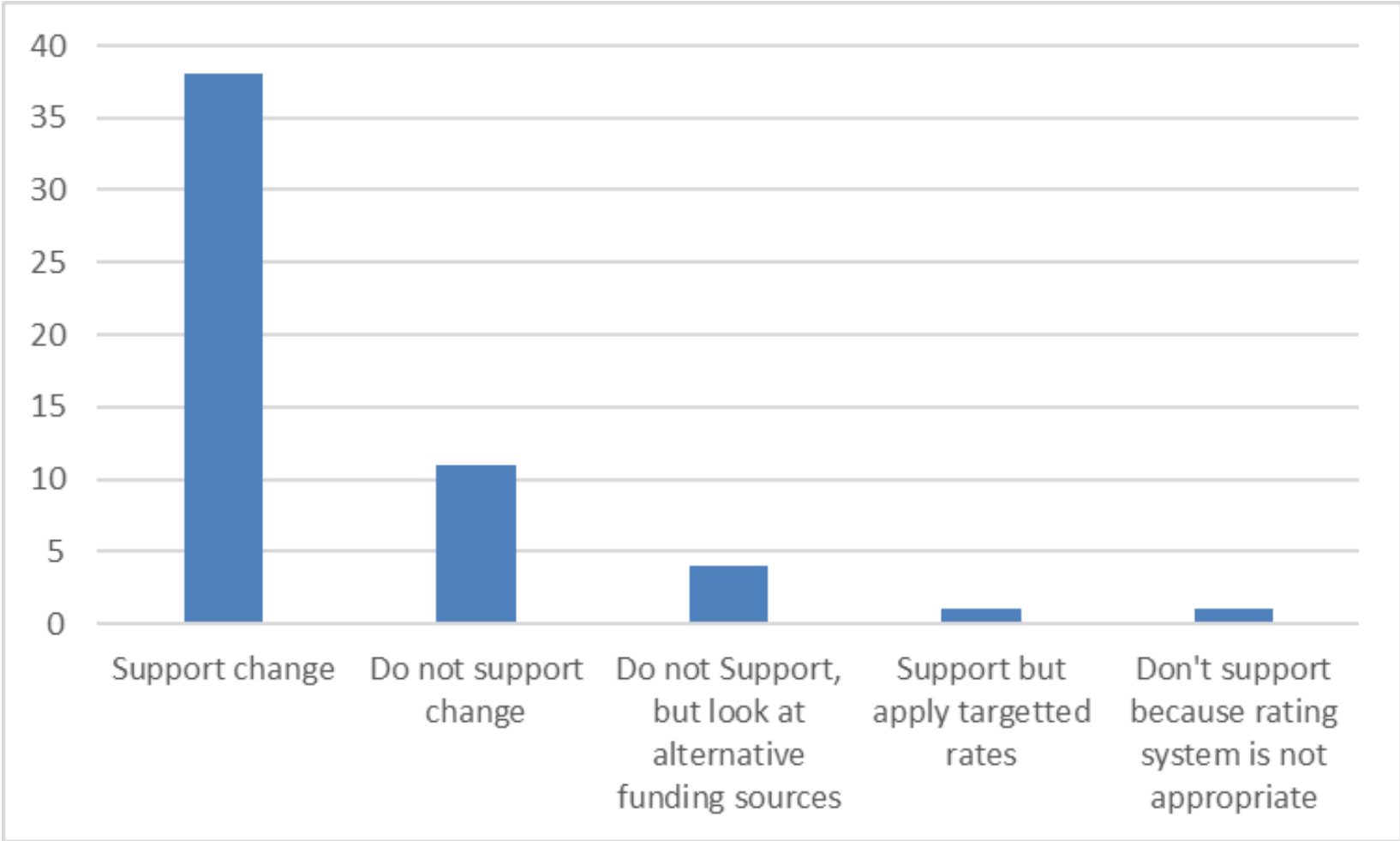
THEMES FOR FEEDBACK OPTION 1	SAMPLE OF COMMENTS
Support but concerned about lack of information or support for Category 2 properties	<ul style="list-style-type: none"> - Would be good to see the entire schedule of flood repair and resilience work. We are in Cat 2 and haven't heard or seen anything. - I also hope the people who are in category yellow - needing flood remediation to be able to live safely in their homes, will have this done too. It may mean a rise in rates, but it needs to be done. - If we can't lift houses and stop back is not an option, could we get some feasibility done on what impact dredging the Taruheru river from Darby to Lytton Street would achieve to mitigate further flooding. - We need clarity asap about what mitigation measures will be covered, this will affect whether our category 2a properties become category 3 or stay in category 2, which will in turn affect our insurance. We have heard nothing about what there could be for Fergusson Dr. We were told acceptable risk will depend on conversations with property owners. Cannot do that without options. We want dredging the river and controlling the invasive grass for the Taruheru, as well as a new Gladstone Rd bridge.
Support and prioritise infrastructure replacement and repairs	<ul style="list-style-type: none"> - We have a care for our communities and have invested interests/ shareholding in land that support, horticulture, agriculture tourism and a cascade of employment, albeit in the rows of fruit trees or behind a computer. Accessible roads to and from Gizzy are what makes the economy turn over. Getting it right the first time means whomever sits in that seat(s) has to get it right. - Concern about GDC getting on with infrastructure work quickly - Let's repair our destroyed roads especially Tiniroto Rd network as well as the washed-out bridge on Ruakaka Road - the residents and farms are suffering from the lack of access the impact is huge and ongoing. Unlike red or yellow stickered homes, we have not had any options for rates relief or funding, yet we pay substantial rates - It is essential that damaged roads and bridges are repaired and replaced to reconnect communities to Gisborne. This should be completed by experienced bridge and road building companies with contracted prices to get the job done fast, to a high standard and within budget and who are able to start immediately. These companies may not be local
Iwi	<ul style="list-style-type: none"> - What percentage will go to Iwi groups that are currently dealing with the issues of assisting people in the various catchments?
Support but concerned about scope of buyout of Category 3 properties	<ul style="list-style-type: none"> - Worth considering and discussing carefully compensation for people that have chosen to build in an area where hazards were clearly identified. Eg some properties with clear hazard notices against title. - Partial payout to property owners based on % of current property value. owners contribute - Payment for Category 3 properties should only be diff between property value and any insurance paid - Funding should be for house only not baches. Realistic value of relocation. Insurance needs to come to the party as well - I am deeply concerned about the moral hazard that effectively rewards those homeowners who were underinsured on their property but understand the offer is a take it or leave it proposition.
Support but concerned about GDC capacity, capability and systems to undertake the work necessary	<ul style="list-style-type: none"> - There needs to be external oversight. This council has lost the communities trust on many issues. Our rates cannot keep going up. More doing, less hui. Sick of our rate money being used on morning teas and meeting about action rather than on the action the community needs. - GDC needs to be transparent about what money they will and do spend on consultancy fees and operators from outside the region for all this. As rate payers I would expect there to be transparency and a policy to offer work to local companies first.

Option 2 - Don't Support Package



THEMES FOR FEEDBACK – OPTION 2	SAMPLE OF COMMENTS
Don't support because of lack of confidence in GDC to deliver outcomes	<ul style="list-style-type: none"> - Money never goes to the right place, who can we trust these days, our infrastructure was not up to standard in places before the cyclone, dig deeper do some cute where you can council and do a better job for our community, our rates here are already high for what we get. - Independent external consultants need to be put in place to structure and execute all works and allocate contractors. - We have been waiting since Gabrielle to get a crossing out of here...Glen Innis...and we have seen a lot of wastage with contractors who have been dealing with our problem so no matter what the Council decides there's certainly not a lot of faith there.
Don't support because of rate rises/unaffordability	<ul style="list-style-type: none"> - Without decent roads/infrastructure Tairawhiti is a lost wilderness.
Don't support because community not responsible for private landowners	<ul style="list-style-type: none"> - Why should us rate payers fork out anymore for those that clearly want to continue living in their category 3 properties. How does their living become a community problem? Look at all that funding most have gained from being flooded. most of who chose to ignore any weather warnings, and yet again no insurance and yet some have all those benefits. I know of a few that live in Te Karaka that came back after the floods, to purposely seek free living... tell me how this is fair to us all. Choices.
Don't support because creates precedent in future/ questions with Buyout process	<ul style="list-style-type: none"> - Do not like the idea of council being the back up to private property owners (unless council actions are the cause) This is not a good precedent, however given package recommend council accept. - This will set a huge precedent for buying out properties for future disasters like tsunamis. Why market value not rateable? - how is the value decided? Isn't Insurance meant to be in place with EQC for this reason? Why pay insurance then? What's the full criteria for buyouts and will that be publicly available? How will you ensure emotion isn't a factor? Who decides? Who keeps them in check? Is the \$15m capped as could be significantly more with market value and cat2 props needing buy.
Do not support because recovery money needs to be spent elsewhere- eg. infrastructure	<ul style="list-style-type: none"> - Spending is out of control and should be put where required.

Revenue and Financing Policy



THEMES FOR FEEDBACK	SAMPLE OF COMMENTS
Do not Support, but look at alternative funding sources	<ul style="list-style-type: none"> - It's unfair that rate payers are having to pick up the slack and pay these increases to cover debt costs. We are already paying a lot and have for years, yet looking around our community, even before the cyclone is not reflective of good spending to date. I believe it is fairer for each community to hold information evenings to discuss possible funding opportunities eg, Makaraka come together to raise money to work out ways to best prepare and safeguard our area. Let communities come together. - You should not be borrowing money from government then making ratepayers pay it back especially when you're making insane decisions like spending multi millions on a bloody waka. We have Millions sitting in GHl's account use that money to pay for what we need that is where the money came from (Community Assets etc. No to anything you clowns think is a good idea. - Sell GDC assets to pay for this
Support but apply targeted rates	<ul style="list-style-type: none"> - I propose that only those in the flood prone areas should have their rates increased
Don't support because rating system is not appropriate/unfair	<ul style="list-style-type: none"> - I don't agree with rates increase, but you will increase anyway, you always do. I don't agree because the way you work out SUIP charges is unfair. Not all ratepayers are paying equally. 2+ person household pay less per head than single person households (for income earners that would be eligible to contribute). When you increase rates, single person households pay more per head than others.....NOT FAIR. Rates are already a small fortune. Work out fairer system for rates.

OTHER COMMENTS:

- Support local businesses
 - Ensure the funding is spent appropriately, so much being wasted at present on traffic management. Our local roads are not Matata so don't need lights, stop go and a pilot vehicle. Make use of the forest industry equipment, they are in a slow period, they can get things done quicker, better and cheaper. Ensure the outside contractors coming in do not take staff off local business.
 - The generosity of both ratepayers (and taxpayers) to subsidise this buy out for individual properties should be acknowledged. It helps that community assets (both new and improved) will also be developed. Re. new flood protection works - I support this, but encourage Council to access the best data, advice and opportunities to consider modern technology and knowledge, climate proof and local matauranga in the design and construction of any new works. Not enough space for my full answer.
 - GDC and the community must accept the Government offer and its consequences. Not to do so makes no fiscal sense at all. However, there are non-commercial (i.e. residential within the city and lifestyle in the country) properties in Categories 1 and 2 that are significantly affected by the toxic silt deposits as a result of the flooding associated with Cyclone Gabrielle, but that have no support for remediation from insurance, EQC, GDC, or Govt, who only cover damage up to 8m from the house.
 - Don't delay because its affecting wellbeing of people in the community
 - Accepting in good faith you are truly listening to our community. 5 years simply isn't sustainable - businesses and livelihoods will not survive. The impact on mental health across our community is devastating.
 - We need to move forward but central government needs to have an open process to cover future issues and costs e.g. new slip at Waerenga-o-kuri.
 - Can you please just help with the clean-up of slash and fix our forever eroding roads and potholes. Thank you
 - Where do private companies, like logging companies, fit into this scheme? There has been a visit by a group of 3 to consider the future Forestry Policy, and surely that should be taken into account with the planning. 2023 must mark the change in our thinking; we must be more proactive and less reactive if we want to continue living in Tairāwhiti.
-
- Restoration of the natural flow of rivers where possible. Restoration of wetlands
 - A significant portion of the flood mitigation component of \$64 million put towards financing long term solutions for future flooding
 - Do we really have a choice?? Makes it so hard to say no. I've called GDC and told them the main street is looking shabby eg moss on road signs and buildings nothing has been done. Gisborne city centre has never looked this bad. Hopefully this will get someone's attention
 - Roads are a mess and need quality fix
 - We would also like to think the Council will support helping people with silt and debris costs that are outside the allocated amount of 210k
 - The focus should be on a just transition to a carbon-free future. With regard to roads simply restoring is not good enough. Council should factor in a radical reappraisal of cost/benefit in the light of climate change and the need for resilience.

LOCATION/PROJECT SPECIFIC COMMENTS

- We need people with expert CAPABILITY to start asp contacted to fix bridges. The Doneraile Park bridge must start Now..not wait til April .The Bluffs at Hangaroa must be opened now. Contractors must finish their work before leaving it half done as has being happening many times.
- It's my belief that some of the money for Tiniroto road should be used to make temporary access for residents to go through the bluffs as Parikanapa is too dangerous. If you can't use that money than use other council money to help maintain the bluffs until the new road is made.
- Keep the Hangaroa bluffs open until the new road is built.
- I have been affected by every weather event in 2023 (Hale, Gabrielle, and June rains) the flooding, drain backups, and land movement I believe could all be mitigated with the help of prevention works. [Makorori Beach Road]
- Please have the Tiniroto Road completed asap.
- The Wainui Rd creek has been eating away at my property for years now and with the volume of water that comes through on heavy rainfall days is causing our property to flood.
I would like to know if GDC would take joint responsibility in helping solve these issues as we are personally obligated to pay out of our own pockets to have everyone else who live upstream stormwater runoff come through and flooding our property
- Personally, I do not see a plan for the Waiapu River.
Does this funding include 1.7km of roading from the Hangaroa River to our house cross farmland (GlenInnis Station)
- What about NOW any budget to get the Parikanapa road up to safe standard
- Continued funding of pest control in particularly in the Waingake waterworks catchment and elsewhere to keep pest numbers in control that allows our natural environment to recover
- We have had to spend thousands on getting temporary fences put in, tracks re-excavated, culverts replaced. Our landline telephone poles are still lying on the ground waiting for Chorus to replace them. We lost all communication, roads and electricity for weeks after the cyclone. All repairs and replacements we have had to pay for ourselves.
- None of the Government funding package will go towards helping rural industries.
- Support but wanted to ensure that money will be spent on East Coast roads as well as Tiniroto

Title: 23-228 Policy for Category 3 Voluntary Property and Residential Rights Purchases

Section: Recovery

Prepared by: Maxine Day, Principal Policy Advisor (Seconded)

Meeting Date: 1 November 2023

Legal: Yes

Financial: Yes

Significance: **High**

Report to COUNCIL/TE KAUNIHERA for decision

PURPOSE - TE TAKE

The purpose of this report is to present the Category 3 Property and Property Rights Purchase Policy (referred to as the Voluntary Buyout Policy or Policy) for adoption by Council.

SUMMARY - HE WHAKARĀPOPOTOTANGA

This report presents the Voluntary Buyout Policy that will support recovery from Cyclone Gabrielle. The Policy is a property purchase methodology and is a condition of the terms of the Government Funding Agreement.

The Policy explains who can access funds from the Voluntary Buyout Scheme and the level of support that will be provided. Specifically, the Policy includes objectives, principles, criteria, and terms to guide the development of offers for residential properties (**Attachment 1**).

The overarching objective of the Policy is to help get people out of harm's way because there is an intolerable risk to life.

Consultation on the principle of purchasing Category 3 houses was undertaken during October 2023, and specific engagement with Category 3 landowners on potential policy settings was undertaken concurrently.

Feedback has informed the recommendations in the Policy, and these are outlined in a comprehensive Evaluation Report (**Attachment 2**). The Evaluation Report provides analysis of the options, their advantages and disadvantages, and a summary of feedback received.

Adoption of the Policy is conditional on Council deciding to accept the Government Support Package.

Once adopted, Council can initiate the property purchase programme.

The decisions or matters in this report are considered to be of **High** significance in accordance with the Council's Significance and Engagement Policy.

RECOMMENDATIONS - NGĀ TŪTOHUNGA

That the Council:

1. Notes the Report 23-228 on the Category 3 Voluntary Buyout Policy, including attachments.
2. Adopts the Category 3 Voluntary Buyout Policy (Attachment 1) and supporting Evaluation Report (Attachment 2).
3. Notes the Chief Executive will have delegated authority to make decisions implementing the Policy.
4. Notes a copy of the Policy will be sent to Central Government in accordance with the terms of the Funding Agreement for Cost sharing for Category 3 properties and support for Category 2 interventions.
5. Notes the Buyout Programme is to commence by 6 November 2023 in accordance with the terms of the Funding Agreement for Cost sharing for Category 3 properties and support for Category 2 interventions.

Authorised by:

Joanna Noble - Director Sustainable Futures

Keywords: Category 3, Property purchase, Buyout policy, FOSAL, relocation grant, methodology

BACKGROUND - HE WHAKAMĀRAMA

1. The context to the Policy is a series of severe weather events that struck Gisborne in early 2023, most notably Cyclone Gabrielle on 13 February. Like other parts of the North Island the impact was significant in Gisborne and many homes were inundated or affected by land movement.
2. In response to the overwhelming amount of damage and costs for recovery, the Government announced a cost-sharing arrangement for Category 3 properties. Category 3 is the highest risk category, where residential buildings are not safe to live in (or be rebuilt) because of the unacceptable risk of future flooding and loss of life.
3. The categorisation of land was undertaken by Council. The methodology for the categorisation was developed by Council and peer reviewed by Pattle Delamore Partners Limited. Simply, Category 3 properties were identified based on whether properties faced an intolerable risk to life from flooding or land movement and where there was no ability to feasibly mitigate future risks.
4. A Funding Agreement was prepared which set the terms for the cost sharing arrangement (the details of the arrangement are set out in **Report 23-212**). Essentially, the arrangement is that Government pays 50% of costs for purchasing Category 3 properties, or relocation grants paid for mixed-use properties. Council pays the remaining 50%. Council is responsible for developing a methodology to support the purchase process.
5. The Government, rather than Council, is funding compensation in relation to Māori land under its Kaupapa Māori Pathway, where Māori landowners elect to participate in that process.
6. The process of identifying Category 3 properties has been undertaken by Council, with the current estimate at 51 properties in Tairāwhiti - at least 3 of which are whenua Māori.
7. Category 3 landowners can voluntarily enter the buyout scheme. The eligibility and content of the offer is guided by the attached Policy.
8. The accompanying Evaluation Report essentially 'tells the story' of how, why and what we have included in the Policy. It explains the options and analysis to support robust decision-making under the Local Government Act 2002. The Evaluation Report also provides a rationale and record for future reference.

DISCUSSION and OPTIONS - WHAKAWHITINGA KŌRERO me ngā KŌWHIRINGA

9. The Policy sets out objectives and principles that have been used to guide the choices in the Policy. These Objectives and Principles can be used for future decision-making when applying the Policy and when special circumstances may require a departure from the settings in the Policy.
10. The Policy sets out eligibility criteria for Category 3 properties and explains the content for offers. Specifically, it includes details for residential property purchase and residential relocations for mixed-use properties. The Policy includes information about the content of the offers in relation to valuations, insurance, demolition, and covenants (for residential relocation offers).

11. The Policy outlines key process steps, including the voluntary nature of the process, information requirements, valuation process, and timeframes. There are also a set of standard terms that will apply to offers made for purchases, including cost-sharing arrangements, treatment of chattels, GST, and deposits.
12. A clause for special circumstances is included so that there is flexibility in the Policy, on the basis that discretionary decisions need to be consistent with the objectives and principles of the policy.
13. The **attached** Evaluation Report provides a comprehensive analysis of the considerations, options, advantages, disadvantages, and limitations of the Policy. It considers things like why we are treating insured and uninsured properties in the same way and why we have selected our valuation approach.

ASSESSMENT of SIGNIFICANCE - AROTAKENGA o NGĀ HIRANGA

Impacts on Council's delivery of its Financial Strategy and Long Term Plan

Overall Process: High Significance

This Report: Medium Significance

Inconsistency with Council's current strategy and policy

Overall Process: High Significance

This Report: High Significance

The effects on all or a large part of the Gisborne district

Overall Process: Medium Significance

This Report: Medium Significance

The effects on individuals or specific communities

Overall Process: High Significance

This Report: High Significance

The level or history of public interest in the matter or issue

Overall Process: Medium Significance

This Report: Medium Significance

14. The decisions or matters in this report are considered to be of **High** significance in accordance with Council's Significance and Engagement Policy.
15. The Policy significantly affects Category 3 landowners. They are directly impacted by the Policy and settings within it.
16. The Policy also sets up a pathway for managing future risk on Category 3 properties. The consequence of property purchases includes ownership of properties that are anticipated to experience similar natural hazard events in the future. Decision on future use will be required once the scale and location of property purchases progresses.
17. As a new activity for Council, the purchase of Category 3 properties was considered sufficiently significant for consultation to be undertaken via a modified special consultative procedure from 2 –16 October. The consultation included details on the financial implications of the Policy.

TANGATA WHENUA/MĀORI ENGAGEMENT - TŪTAKITANGA TANGATA WHENUA

18. The Kaupapa Maori pathway led by the Crown covers direct engagement with Maori who come under that approach. There has also been engagement with those directly affected within the Council process for dealing with Category 3 property owners.
19. Matanuku Mahuika of Kāhui Legal briefed Iwi chairs during negotiations and support was confirmed at a meeting between Iwi, Minister Cyclone Recovery, DPMC and Council on 17 August. Iwi Chairs endorsed the policy.

COMMUNITY ENGAGEMENT - TŪTAKITANGA HAPORI

20. As noted above, the voluntary purchase of residential property and provision of relocation grants is outside the scope of usual Council business. Accordingly, the Council consulted with its community on the new activity of purchasing Category 3 property and property rights. The Evaluation Report details the engagement that was undertaken during the Policy's development.
21. In summary, engagement included:
 - a. Consultation on the Government Support Package during October 2023, including Category 3 residential property purchases. That consultation focussed largely on the question of whether the purchases should be carried out.
 - b. Correspondence and meeting with Category 3 landowners to discuss potential policy settings and seek feedback on them. The policy settings showed how the purchases would be completed.
 - c. Consultation on amendments to the Revenue and Financing Policy, which set out the potential mechanism for funding Council's share of the costs.
22. Feedback themes included strong support for the activity of property purchase, however, in many cases the public support was conditional or given because of the wider funding attached to the Government Support Package. Several people and one organisation raised concerns about the purchase of Category 3 properties, including:
 - money is not enough to cover all the recovery work needed
 - the process of purchasing houses sets a precedent for the future
 - uncertainty about future use of land
 - the process and costs
 - the scope of the buyouts – including how it may affect rural land use
 - the need for the process to be voluntary.
23. There was also strong support for Council to 'get on with it' and continue to help people with the recovery process.
24. The feedback from Category 3 property owners was more specific, with strong support for many of the potential policy settings that were discussed with them. Overall, the feedback endorsed Council's approach and included heartfelt appreciation for the support provided through the Policy.

25. However, there were several Category 3 landowners who raised issues of fairness relating to the treatment of insured and uninsured properties. This was a matter carefully considered and is explained in the Evaluation Report.
26. During the Policy formulation we also engaged with numerous agencies, central government and specialists. The insurance policy settings were discussed with the Insurance Council of New Zealand and EQC representatives to determine workability.
27. We drew on the experiences of Christchurch (Lessons from the Canterbury earthquake sequence - Whole of Government Report) and United States (Floodplain Buyouts: Challenges, Practices and Lessons Learned, 2021). The Government's Consultation Document on managed retreat was also considered.
28. Two councillor workshops were held to review the initial options for the Policy, and then to review the feedback and possible changes to the Policy.
29. Council also drew on the work of Hastings and Napier City Council, as well as Auckland Council, to try to provide a general level of consistency in the consideration of options to Category 3 buyouts. Local factors do, however, necessitate some variation – as can be found between Gisborne's policy and those of the Hawkes Bay and Auckland Councils.
30. A more detailed summary of the feedback from consultation with the public and Category 3 landowners is set out in Appendix B of the Evaluation Report.

CLIMATE CHANGE – Impacts / Implications - NGĀ REREKĒTANGA ĀHUARANGI – ngā whakaaweawe / ngā ritenga

31. The Policy provides one part of a methodology for managing risk arising from major natural hazard events. These hazard events are predicted to get more severe and more frequent over time. The purchase of Category 3 'high risk' properties helps manage future risks to these people.
32. Decisions on the future use of the purchased land may consider the role those properties have in improving community resilience – such as room for flood protection works or alternatively, enabling 'room to move' for rivers.

CONSIDERATIONS - HEI WHAKAARO

Financial/Budget

33. The Consultation Document outlined the financial impacts associated with entering into the new activity of Category 3 property purchases, and further consideration of the financial impacts – including feedback. That analysis is not repeated here.
34. In summary, Council's contribution is \$15m towards Category 3 buyouts. That amount is offset by the additional funding secured from the Government for community flood mitigation and regional transport. Overall, Council will contribute 8.9% of the total funding, but receive \$182.8m net benefit.

35. The Funding Agreement includes a \$30m 10-year interest free loan, and an ability to renegotiate the terms of the agreement in particular circumstances. Re-negotiation may be necessary if the number of Category 3 houses exceeds the number used during the original negotiation for funding.
36. Financial matters specific to the policy settings have been considered in the evaluation of options and are detailed in the attached evaluation report.

Legal

37. Like any policy of Council, there is potential for the settings or entire policy to be challenged. Section 77 –79 of the Local Government Act set out the decision-making requirements for Council, such as identifying all reasonably practicable options, and consideration of the views of affected persons. The Evaluation Report provides Council with the information for it to meet its obligations under the LGA.
38. Council may be able to sufficiently address concerns from affected parties through its discretionary powers under the Local Government Act, and Special Circumstances of the Policy.

POLICY and PLANNING IMPLICATIONS - KAUPAPA HERE me ngā RITENGA WHAKAMAHERE

39. The Policy does not sit within any existing planning or policy framework of Council. The activity is new.
40. As noted in the reports on cost sharing (**Reports 23-188 and 23-227**), if Council accepts the Government support package, and landowners opt to sell their land to Council, then decisions can be made about the future community use of those properties. That may affect future Reserve Management Plans and Activity Management Plans. Future changes to the Tairāwhiti Resource Management Plan may also be required. The management of natural hazard risks on affected land is required under the Resource Management Act 1991 and is not affected by the adoption of this Policy.

RISKS - NGĀ TŪRARU

41. Concerns have been raised about the potential for this Policy to set a precedent for future property purchases. Careful and consistent communications in decision-making and public-facing documents have clarified that the decisions in this Policy only apply to the North Island Weather Events of 2023. While this reduces the risk that Council is not bound to apply the same approach in the future, there is potential for the expectations of the landowners to include similar treatment of severely impacted properties in the future. Council expects a national response to address this issue through the work the Government is doing on managed retreat and the anticipated Climate Adaptation Act.
42. There is a risk that the Policy is too inflexible. This risk is reduced with the special circumstances clause in the Policy, and ability for Council to review the Policy at any time.

NEXT STEPS - NGĀ MAHI E WHAI AKE

Date	Action/Milestone	Comments
6 November	Commence Voluntary Property Buyout process	
By 6 November	Supply copy of Policy to Central Government	As required in the Funding Agreement

ATTACHMENTS - NGĀ TĀPIRITANGA

1. Attachment 1 - Category 3 Voluntary Buyout Policy Final Amended 27 October 2023 [**23-228.1** - 10 pages]
2. Attachment 2 - Evaluation Report for the CA T 3 Property and Property Rights Purchase Policy- Final [**23-228.2** - 33 pages]

[insert Gisborne District Council logo]

GISBORNE DISTRICT COUNCIL

CATEGORY 3 VOLUNTARY BUYOUT POLICY

1. INTRODUCTION

- 1.1 In early 2023, Gisborne/Tairāwhiti faced devastation and loss from a series of severe weather events, particularly Cyclone Gabrielle. Across the region, our communities have endured significant impact to their lives, livelihoods, whānau, homes, farms, commercial enterprises and neighbourhoods.
- 1.2 In May 2023, the Government announced several risk categories for land affected by the North Island "Severe Weather Events" (as defined under the Severe Weather Emergency Recovery Legislation Act 2023). The most at-risk areas, referred to as Category 3, were described as areas "*not safe to live in because of the unacceptable risk of future flooding and loss of life*"¹. As part of a wider package to assist the recovery of Tairāwhiti, the Crown entered into an agreement with the local authorities which includes a 50:50 cost share for the purchase of Category 3 residential or mixed-use properties (under which the relevant property would not be further used for residential purposes).
- 1.3 On 1 November 2023, Gisborne District Council (Council or GDC) resolved to provide for the new activity of undertaking the purchase of Category 3 Residential Property and Residential Property rights. Council also separately adopted this Policy, which sets out the process for how those purchases will be undertaken.
- 1.4 Council is in the process of assessing and categorising all flood and landslide-affected land. This policy only applies to those properties that Council identifies and confirms as being Category 3, being land where "*Future severe weather event risk cannot be sufficiently mitigated. In some cases, some current land uses may remain acceptable, while for others there is an intolerable risk of injury or death*".

¹ Future of Severely Affected Land FOSAL Information Pack, Department of Prime Minister and Cabinet, 2023
<chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://www.dpmc.govt.nz/sites/default/files/2023-07/Future-of-Severely-Affected-Land-FOSAL-Information-Pack.pdf>

[insert Gisborne District Council logo]

- 1.5 The purchase of Category 3 properties is a response to the impact of the severe weather events of 2023. In Gisborne, these impacts included major flooding, landslides, and initiation of land instability in rural and urban areas. The Council decided to provide for voluntary purchases in recognition of the substantial impact that the events had on people's lives and the risk associated with people continuing to live in these Category 3 areas. The Council recognises that there is significant loss and damage beyond what is covered by the Policy, however its scope is limited by the terms of the agreement with the Government and is targeted at achieving the objectives below.
- 1.6 Council also recognises that there are likely to be similar events in the future. However, this Policy is a one-off, limited response to the exceptional circumstances of the Severe Weather Events, and is not a permanent policy for Council's response to any such future events. Council will consider the statutory and planning provisions available to address or mitigate the effects of such events in the future.
- 1.7 Some of the land classified as Category 3 is Whenua Māori, where land is held in Māori Freehold title. The Government has developed a separate Kaupapa Māori pathway in respect of Whenua Māori. This separate pathway is intended to recognise and take account of the importance of the whenua, and how any settlement gives effect to Te Tiriti o Waitangi and previous Treaty settlements. As such, this Policy is not intended to apply to Whenua Māori generally, however, Whenua Māori landowners may elect to be subject to the Council's Policy, rather than the government's Kaupapa Māori pathway. If a party elects to use the Kaupapa Māori pathway, this policy does not apply.

2. OBJECTIVES AND PRINCIPLES OF THE POLICY

- 2.1 The Council has adopted objectives and principles that have been used to develop the Category 3 Voluntary Buyout Policy (**the Policy**) and which will be relevant to any issue of interpretation or situation where special circumstances may arise.

Objectives

- (i) Help people get out of harm's way, based on the natural hazard risks arising from the Severe Weather Events, where there is:
- Imminent threat to life; or
 - Unacceptable future risk that cannot be managed; or
 - Land damage that makes rebuilding infeasible.

[insert Gisborne District Council logo]

- (ii) Only purchase as much land as necessary to meet Objective 1 (this also applies to relocation offers) and enable owners to retain ownership of land where this is desired.
- (iii) Demonstrate manaakitanga to help our communities recover quickly.
- (iv) Demonstrate responsible and prudent expenditure of rate-payer funds.

Principles

2.2 In achieving the Objectives, the Council will apply the following principles:

- (a) Act in good faith
- (b) Treat people with respect
- (c) Provide realistic options to people
- (d) Work to achieve timely outcomes
- (e) Communicate clearly
- (f) Be fair and objective
- (g) Understand the individual views and aspirations of Māori landowners

3. ELIGIBILITY FOR OFFER

3.1 An offer under this Policy will be made where the following criteria are met:

- (a) Land:
 - (i) Is, or includes, Category 3 land identified by Council in response to the Severe Weather Events; and
 - (ii) Is a Residential Property or a Mixed-Use Property; and
 - (iii) One or more Dwelling was, as at 12 February 2023, located within the part of the land classified as Category 3.
 - (iv) Has not had a change of ownership since 12 February 2023, other than where a transfer has been made to a Related Party of the former Owner.
- (b) The Owner has provided written confirmation to Council that they wish to receive an offer under this Policy within 3 months of receiving confirmation that the land is classified as Category 3.

3.2 The offer will be made to the Owner(s) of the Residential Property or Mixed-Use Property.

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4. CONTENT OF OFFER

Outline

- 4.1 There are two bases on which offers are made – a Property Purchase Offer and a Residential Relocation Offer (as described in clauses 4.4 and 4.5 respectively).
- 4.2 Owners of Residential Properties can elect to pursue a Property Purchase Offer or a Residential Relocation Offer as set out below. The election can be made prior to, or within one month of after an offer is made.
- 4.3 Owners of Mixed-Use Properties are only eligible for a Residential Relocation Offer.

Property Purchase Offer

- 4.4 A Property Purchase Offer is made in accordance with the process set out at clause 5 and shall include:
 - (a) Purchase by the Council of the Residential Property (including all Residential Improvements).
 - (b) Where the property is not insured, payment of the market value of the Residential Property as at 12 February 2023.
 - (c) Where the property is insured, the Owner may elect one of the following options:
 - (i) Payment for the market value of the Residential Property as at 12 February 2023, less any Insurance Proceeds that have not been spent, in good faith, on repairs to the Dwelling and any payment under the Earthquake Commission Act 1993 for damage to the land that have not been spent, in good faith, on repairs to the land; or
 - (ii) To retain any Insurance Proceeds related to the Dwelling and Residential Improvements, in which case payment shall be made for the market value of the land as at 12 February 2023, less any payment under the Earthquake Commission Act 1993 for damage to the land that have not been spent, in good faith, on repairs to the land.

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Residential Relocation Offer

4.5 A Residential Relocation Offer is made in accordance with the process set out at clause 5 and shall include:

- (a) Payment comprising:
 - (i) Purchase by the Council, at market value as at 12 February 2023, of any Dwelling(s) and Residential Improvements on the Residential Property or that part of a Mixed-Use Property that is within the Category 3 area. The purchase shall include the rights necessary to undertake demolition and/or removal of the Dwelling and Residential Improvements, and such site reinstatement considered by the Council to be appropriate in order to make the site safe (including removal of septic tanks and capping of wells, where necessary); and
 - (ii) A Relocation Grant.
- (b) The Owner will retain ownership of the land. A covenant in gross in favour of the Council or similar legal instrument will be registered on the title of the property, which will provide that no residential activity may occur within that part of the property categorised as Category 3 (which area will be shown on a plan included with the legal instrument).
- (c) Where the property is not insured, payment under clause 4.5(a)(i) is for the market value of the Dwelling and Residential Improvements as at 12 February 2023.
- (d) Where the property is insured, the Owner may elect one of the following options in relation to the payment under clause 4.5(a)(i):
 - (i) Payment at market value for the Dwelling and Residential Improvements as at 12 February 2023, less any related Insurance Proceeds that have not been spent, in good faith, on repairs to the Dwelling; or
 - (ii) To retain any Insurance Proceeds related to the Dwelling and Residential Improvements, and not receive any payment from the Council for the purchase of the Dwelling and Residential Improvements (in which case the Owner will be eligible for the Relocation Grant only).

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Standard terms of offer

- 4.6 Following settlement, any Dwelling and Residential Improvements within Category 3 land will be removed from the Site if reasonably practicable or otherwise demolished by Council and the site made safe. For the avoidance of doubt, the offer does not include removal of silt or full site clearance for use for any particular purpose.
- 4.7 From the date of execution of the Sale and Purchase Agreement, the Owner agrees not to remove any part of the Dwelling or Residential Improvements from the site, except where specified in the terms of the Sale and Purchase agreement.
- 4.8 The Council and the Owner shall agree a mutually acceptable settlement date, no later than 3 months from the date the execution of the Sale and Purchase Agreement.
- 4.9 The Council will agree to reimburse the Owner, on receipt of appropriate invoices, for legal costs related to finalising the sale and purchase agreement and conveyancing costs up to a maximum of \$1,500 (excl GST). If the Owner chooses to obtain their own valuation, it will be at their own cost.
- 4.10 Any payment made by the Council under the offer, except payments made under clause 4.9, will be paid to the Owner's solicitor who will attend to any payment owing to any security holder (eg. Owner's bank) where there is a mortgage or other equivalent encumbrance over the Property (except where the security holder agrees otherwise).
- 4.11 Acceptance of the offer made by the Council is voluntary. The Council and the Owner acknowledge that the land is not being taken for a public work, and that the Owner waives any right to have the property offered back to it or its successor if Council purchases but later decides to dispose of it.
- 4.12 The offer will include GST, if any.
- 4.13 For the avoidance of doubt, the offer will not extend to the purchase of chattels or home contents that could be subject to a contents insurance policy and any such items will be excluded in valuing the Property Purchase Offer or Residential Relocation Offer (as the case may be). The Owner will also remain liable for unpaid rates, charges for power, telecommunications or other unpaid monies owed by the landowner.
- 4.14 The Council may agree to extend any of the timeframes specified in this Policy.
- 4.15 Council may require shorter timeframes than those specified in this Policy, in any instance where it considers it is necessary to do so to ensure settlement under any Sale and Purchase Agreement is no later than 30 June 2025.

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5. PROCESS FOR OFFER

5.1 Offers will be made in the following manner:

- (a) Category 3 landowners will be offered an opportunity to voluntarily participate in the buyout scheme.
- (b) Through agreeing to participate, the owner will be required to provide information (including insurance and mortgage information) and potential undertakings needed to finalise the offer. If the owner does not comply with any reasonable request for information within 3 months, the Council may determine that the landowner no longer wishes to participate in the buyout scheme.
- (c) Valuation
 - (i) The Council will prepare an offer based on the relevant Valuation obtained in accordance with the Valuation Process.
 - (ii) Valuation Process means the process of Council commissioning a Valuation from a registered valuer which takes into account (to the extent considered appropriate by the registered valuer) relevant information provided by landowners, and relevant Council information.

If a vendor provides their own valuation (from a registered valuer), via the negotiation process, that materially differs from the Council commissioned Valuation, the Council and vendor will arrange a meeting of the two registered valuers to review their respective valuations and attempt to provide an agreed valuation. Where agreement cannot be reached, Council will appoint an independent valuer to review the matter and determine a final value, and no further consideration of value will be undertaken.
- (d) Council Offer
 - (i) The Council's Representative will present the Owner with an offer, including a Sale and Purchase Agreement, in accordance with clause 4 and clause 5 and any further terms and conditions as appropriate.
 - (ii) The Council will specify an expiry date for the offer, being no later than 31 March 2025.
 - (iii) The offer will expire on the expiry date for the offer, unless a mutually agreed extension of time has been approved by Council.

5.2 If the Owner accepts the Council offer or the Owner and the Council agree a different amount, a deposit of 10% or \$50,000 (whichever is the higher amount) will be paid on execution and, as soon as practicable, settlement will be executed in accordance with the Sale and Purchase Agreement.

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- 5.3 If at any stage prior to acceptance of an offer the Owner rejects the Council offer and advises the Council's Representative in writing that they wish to end the negotiation process, then the process is at an end and any Council Offer is treated as having been withdrawn. The Council has complete discretion as to whether to recommence the process should the Owner advise they wish to do so, having previously ended the process.
- 5.4 The Owner may advise the Council's Representative in writing at any stage prior to accepting an offer that they wish to pause the process. The Council will agree to a pause or an extension of time where there is good reason and progress towards an agreement is still being made in good faith.

6. SPECIAL CIRCUMSTANCES

- 6.1 At the request of an Owner, a departure from this Policy (including as to what is regarded as a Residential Property and a Mixed-Use Property; but not the classification of the property as Category 3) may be considered at the absolute discretion of the Chief Executive of Gisborne District Council. Any decision to depart from this Policy, which could include providing for a different process or outcome, will have regard to:
- (a) The overarching objective of removing risk-to-life associated with residential activity within Category 3 areas and other objectives and principles of the Policy;
 - (b) The reasons for, extent of, and implications of any departure from the Policy; and
 - (c) Whether the departure involves any increased cost to the Council.
- 6.2 Any decision to depart from the Policy in any way will be made by the Council or its delegate and recorded in writing, with reasons.

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7. REVIEW PROCESSES

- 7.1 Other than in relation to determining Valuation (which is subject to clause 5.1 (c)), if an Owner believes that the Policy is not being applied correctly or in accordance with the principles set out in clause 2.2, they may request a review of their case by the Council's Chief Executive or his or her delegate.
- 7.2 The review will be carried out within four weeks of receipt of a written request and the outcome of the review will be communicated to the Owner.
- 7.3 In all other respects, because acceptance of the offer under the Policy is voluntary, there is no appeal process provided under the Policy.

8. POLICY REVIEW DATE

- 8.1 The Policy will be reviewed by the Council on or before 30 June 2025, including as to whether it should continue to apply. If the policy has not been reviewed by that time it will continue to apply.

DEFINITIONS

Category 3 Land means land which has been identified by and confirmed as Category 3 land by Gisborne District Council.

Council's Representative is a person to whom the Council has delegated authority to undertake certain actions on the Council's behalf.

Dwelling means a building, or part of a building (including decks, patios and pergolas) that was, as at 12 February 2023, lawfully established, and was self-contained with the facilities necessary for day-to-day living on an indefinite basis (including somewhere to cook, sleep, live, wash, and use a toilet) and was or could be used by 1 or more persons to live in as their home.

Insurance proceeds includes any sums paid or to be paid to the Owner or their mortgagee related to the repair or replacement of the Dwelling and Residential Improvements of the property by an insurer, and includes any such relevant payments under the Earthquake Commission Act 1993.

Mixed-Use Property means land on which one or more Dwelling(s) was located as at 12 February 2023 and which is greater than 1 ha in size, regardless of whether activities other than residential activities were occurring on the land at that date.

Owner means the legal owner of the Residential Property or Mixed-Use Property.

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Related Party means for the purpose of this policy, a party who the council is satisfied is closely connected to the landowner, including by family, marriage, adoption or whangai, or a person that has inherited a property through a deceased estate.

Relocation Grant means a payment to the Owner of an amount that represents the difference in the market value of the land with and without the right to rebuild a Dwelling on the Category 3 Land.

Residential Improvements means lawfully established improvements ancillary to the residential use of the Dwelling, used by the owners or occupiers of the Dwelling for household purposes (such as for parking or storage, and residential recreation facilities) or for access to the Dwelling or to house infrastructure for the Dwelling (such as a shed housing a pump that supplies drinking water to the Dwelling) and includes pathways, driveways, landscaping, fences and gates associated with the Dwelling.

Residential Property means land on which one or more Dwelling(s) was located as at 12 February 2023 and which is 1 ha or less in size.

Valuation means, as the case may be, and in each case as at 12 February 2023:

- (a) the market value of the Residential Property;
- (b) the market value of the land excluding the Dwelling(s) and Residential Improvements on the land;
- (c) the market value of the Dwelling(s) and Residential Improvements on the land;
- (d) the difference between the market value of the land with the right to rebuild a Dwelling and the market value of the land without the right to rebuild a Dwelling.
- (e) In any case where the property was affected in a Severe Weather Event prior to 12 February 2023, the valuation will be undertaken on the basis that the property had not been affected as at 12 February 2023.

Valuation Process means the same as described in Clause 5.1 (c) (ii).

CATEGORY 3 PROPERTY and PROPERTY RIGHTS PURCHASE POLICY (VOLUNTARY BUYOUT POLICY)

EVALUATION REPORT FOR GISBORNE DISTRICT COUNCIL

Prepared by: Maxine Day, Principal Advisor, Gisborne District Council Recovery Office & Jacinta Bowes, Senior Legal Counsel

Date: 1 November 2023



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1 Introduction

1.1 Purpose of this Report

Here, we effectively 'tell the story' of what is proposed in terms of carrying out the activity of purchasing residential property and property rights on Category 3 land, and the reasoning behind it. Our evaluation aims to communicate the thinking behind the proposal to the community and to decision-makers. The evaluation also provides a record for future reference as to the matters that were taken into account and the reasons for the various components of the Policy.

This Report sets out the options and matters considered in formulating the Category 3 Property and Property Right Purchase Policy (also referred to as the Voluntary Buyout Policy or the **Policy**) which is intended to be adopted by Gisborne District Council (the **Council**). Our recommended version of the Policy is **Attachment 1**.

As part of the Crown agreement for funding (referred to as the Government Support Package or Government funding), the Council were required to determine a Category 3 buyout methodology and to then notify the Government of this methodology – the Policy sets out Council's buyout methodology.

Context of the Policy

A series of severe weather events struck Gisborne in early 2023, most notably Cyclone Gabrielle on 13 February. Like other parts of the North Island the impact was widespread flooding, extensive land movement, loss of access, property damage and, most tragically, loss of life. In order to quantify future risk to property owners the Government announced that areas affected by the North Island Severe Weather Event¹ would be classified according to an assessed level of risk, as follows:²

Category 1 - Low Risk – Repair to previous state is all that is required to manage future severe weather event risk.

Category 2 - Managed Risk – Community or property-level interventions will manage future severe weather event risk.

Category 3 - High Risk – Future severe weather event risk cannot be sufficiently mitigated. Some land uses may remain acceptable, while having intolerable risk of injury or death for residential land use.

The methodology for the Categorisation was developed and undertaken by Council. The work was peer reviewed by Pattle Delamore Partners Limited. Simply, Category 3 properties were identified on the basis of whether properties faced an intolerable risk to life from flooding or land movement and where there was no ability to feasibly mitigate future risks. At the time of drafting, Council had not completed the assessment process for all properties.

Given the inability to mitigate against future flooding events in Category 3 areas, the Government announced that a voluntary property purchase would be offered by the Council to affected residential property owners. This would be part of an overall 'locally led – Government supported' process.

Subsequent to this announcement, negotiations to determine the level of Government support were undertaken. This resulted in a Council-Government agreed funding package that included 50:50 funding for the voluntary purchase of residential property, or the payment of relocation grants for mixed-use properties, in Category 3 areas. Part of the terms of agreement is that the Council are required to prepare a buyout methodology which is to be attached to the final agreement. Purchases of, and relocation grants in respect of, Category 3 land must be carried out in accordance with that methodology.

¹ severe weather event means any of the following weather events:

- a) Cyclone Hale, which crossed the North Island during the period commencing on 8 January 2023 and ending on 12 January 2023:
- b) heavy rainfall commencing on 26 January 2023 and ending on 3 February 2023 in the Northland, Auckland, Waikato, and Bay of Plenty regions:
- c) Cyclone Gabrielle, which crossed the North Island during the period commencing on 12 February 2023 and ending on 16 February 2023

(Severe Weather Emergency Response Legislation Act 2023)

² <https://www.beehive.govt.nz/release/update-assessment-affected-properties-post-cyclone-and-flooding>, 1 May 2023

The purchase of Category 3 residential property and provision of relocation grants is outside the scope of usual Council business. Accordingly, the Council consulted with its community on the new activity of purchasing Category 3 property and property rights. In parallel with that process, the Council prepared options for a Voluntary Buyout Policy and engaged with Category 3 landowners. The feedback helped inform the development of the Policy.

1.2 Limitations of the Policy

The scope of the Policy will not address all the effects that Cyclone Gabrielle has had on people and land throughout Gisborne - it does not seek to, and cannot, address all the damage caused. The mandate the Council have as part of the Crown agreement and the new activity of Category 3 residential purchases, is to address risk-to-life within areas identified as Category 3. The Policy does not extend to land with less risk, such as non-residential and commercial activities, nor does it seek to address any commercial or other financial losses suffered as a result of Cyclone Gabrielle.

The Policy itself does not remove or restrict the existing use rights associated with the land (but those may change once the land is purchased or covenanted). Areas that have been identified as at-risk of significant flooding or land instability will be relevant to future proposals to build within Category 3. Management of risks associated with existing buildings will either occur via the Building Act, Local Government Official Information and Meetings Act, Resource Management Act, or via this Buyout Scheme.

At the time of preparing this Report, the Council have not proposed any changes to the planning rules around land-use within Category 3 areas, although the natural hazard risk information now known by the Council means this will be considered in due course.

The Policy also does not seek to address existing issues which are acknowledged to exist in the Gisborne region, and the country, including a housing shortage, a cost-of-living crisis and general social inequity. Again, while these are matters that remain of concern to the Council, the Policy does not seek to directly address them. The Policy and associated buyouts are however a societal intervention to manage risk, and for Gisborne the objective of manaakitanga is included in the Policy. This objective has contributed to the Policy settings relating to the 'generosity of the offer', cost sharing, insurance, and deposits.

The Policy does not apply to Whenua Māori where the property owners have elected to use the Government's Kaupapa Māori pathway. At the time of preparing this Policy there were at least four titles within Category 3 areas that are held as Whenua Māori. The owners of these titles will have a choice to use either the Kaupapa Māori pathway or this Policy. Land titles that are 'General Land owned by Māori' that are treated as if they are whenua Māori will also be eligible for the Kaupapa Māori Pathway (determined by central government's Cyclone Recovery Unit).

Although the Government indicated the Council would implement a process for purchasing residential property and residential property rights, there is no statutory obligation or duty on Council to undertake such purchases: they are voluntary in nature and limited in precedent. Therefore, how any purchases will be undertaken is for the Council to determine.

A parallel process of defining affected properties was underway at the same time as developing the Policy. Information from that process assisted in understanding the potential costs and magnitude of work necessitated by any policy. However, there were constraints. Assessment of properties was still being undertaken during the development and consultation on this Policy. Information continued to change, and we had limited information about individual property owners' circumstances or needs. Case Coordinators (sometimes referred to as Navigators) had been established to provide a 'human face' for Category 3 landowners to connect with the Council, but this connection did not extend to systematic gathering of information about each person's financial or personal circumstances.

Finally, the Policy does not address the important question of the future of Category 3 land. In response to the Government Support Package, and Category 3 Buyout Policy consultation launched in September and October 2023 by the Council, a number of submissions raised the issue of the future of Category 3 land. What will happen with Category 3 land going forward will require careful consideration and is outside the scope of what the Policy can address at this time. Decisions of the future use of land will be made at a future stage and is outside the scope of this Policy.

2 Evaluation Process

This Report sets out our evaluation for the purpose of meeting requirements under the Local Government Act, 2002 (LGA). Section 77 of the LGA requires that a Council identify all reasonably practicable options for the achievement of the objective of a decision and assess those options in terms of their advantages and disadvantages and considers the relationship of Māori to ancestral land.

Section 78 requires that the Council, in the course of its decision-making, give consideration to the views and preferences of persons likely to be affected by, or to have an interest in, the matter.

Section 79 provides that it is the responsibility of the Council to make, in its discretion, judgment about how to achieve compliance with sections 77 and 78 that is largely in proportion to the significance of the decision. Those judgments must be made having regard to the significance of all relevant matters and in addition to the principles relating to local authorities in s 14 of the LGA, the extent of the Council's resources, and the extent to which the nature of the decision allows scope to consider a range of options and views of other persons.

3 Engagement

Under s 78 Local Government Act 2002, "a local authority must, in the course of its decision-making process in relation to a matter, give consideration to the views and preferences of persons likely to be affected by, or to have an interest in, the matter".

The purchase of Category 3 residential property and residential property rights is a new activity for the Council and has been the subject of consultation and included as an activity in Council's Revenue and Financing Policy. While that consultation was focused largely on the question of whether the purchases should be carried out, this Policy relates to how the purchases will be completed.

In parallel with a modified special consultative procedure carried out in relation to the Government Support Package, and amendments to the Revenue and Financing Policy, the Council also sought the views of significantly affected people. We wrote to affected Category 3 property owners, to seek their views on draft objectives, principles, and potential policy settings. Consultation occurred between 21 September and 13 October 2023. This included a hui with Category 3 landowners on 28 September 2023. We note the consulted landowners were only those categorised at the time of developing the Policy – we acknowledge that more properties may be subsequently categorised as 'Category 3' who did not have an opportunity to directly input. Consequently, we have relied on the view presented by those consulted to be representative of concerns and interests of Category 3 landowners. A summary of the feedback is set out in **Appendix B**. The feedback from submissions was considered in terms of each aspect of the Policy and is discussed in the relevant sections below.

The detail of the Policy settings was refined, evaluated, tested with Council officers, elected officials, and Category 3 property owners. Council officers provided feedback regarding the objectives and principles; financial implications; democracy, legal and governance implications; and engagement. Workshops and meetings allowed elected officials to challenge Policy settings and discuss reasons.

During the Policy formulation we engaged with numerous agencies, other councils, councillors, central government and category 3 landowners and specialists. The insurance policy settings were discussed with the Insurance Council of New Zealand and EQC representatives.

We drew on the experiences of Christchurch (Lessons from the Canterbury Earthquake Sequence- Whole of Government Report) and United States (Floodplain Buyouts: Challenges, Practices and Lessons Learned, 2021). The Government's consultation document on managed retreat was also considered.

Council drew on the work of Hastings District Council and Napier City Council ("Hawkes Bay Councils"), as well as Auckland Council, to try to provide a general level of consistency in the consideration of options to Category 3 buyouts. While consistency is not required, there are benefits to communities and local government if a similar consideration and approach is taken between regions - particularly for informing national policy development for future events. Local factors do, however, necessitate some variation – as can be found between Gisborne's Policy and the councils of the two other affected regions.

Over two months, regular Government facilitated workshops were held for council staff across the three affected regions. The workshops focused on sharing knowledge about how to develop and apply the Future of Severely Affected Land (FOSAL) land classifications and prepare for property purchases. Each council was at different stages and had different contexts for decision-making, therefore a single fully consistent approach to buyouts was not promoted or adopted. For the most part, however, the approach taken by Gisborne is very similar to that of the Hawkes Bay Council and we have drawn on their analysis throughout this Report where it aligns with our thinking. In particular, we have relied on their study of legal precedents that affect the Policy setting.

4 Policy Development

4.1 Objectives and Principles Development Process

A clear statement of objectives is intended to assist the assessment of alternatives for the provisions of this Policy and will also assist users of the Policy when any issue of interpretation arises or where an exercise of discretion is required.

In general, the process adopted in identifying the objectives for the Policy included:

- A review of central government’s FOSAL information and draft funding agreement.
- A review of related material and outcomes sought to be achieved by similar policies. Helpfully among these was the work of Hastings District Council and Napier City Council, as well as shared views from Auckland Council officers. The Report of the Expert Working Group on Managed Retreat also helpfully identified a series of outcomes and principles relevant to a programme of managed retreat that were considered in the development of the Buyout Policy.
- Council Senior Leadership review and input on draft objectives and principles.
- Councillor workshop with elected members on 13 September. Elected members were asked to provide feedback on draft objectives, principles, and options for policy settings. They supported a suite of recommended options to discuss with Category 3 landowners prior to finalising them.
- Further consideration of the objectives, principles and recommended options following feedback from the public and Category 3 landowners, including a further Councillor workshop on 18 November 2023.

The recommended objectives are outlined below.

4.2 Overarching Objective

The recommended overarching objective of the Policy is:

Overarching Objective	
1.	To help people get out of harm’s way, based on the natural hazard risks arising from the 2023 North Island Weather Events, where there is: <ul style="list-style-type: none"> • Imminent threat to life; or • Unacceptable future risk that cannot be managed; or • Land damage that makes rebuilding infeasible.

Category 3 properties are those that have an intolerable risk of injury or death for residential land use.

As such, the removal of risk to life (i.e.. getting people out of harm’s way) from people living on Category 3 land was considered to be the core reasoning for why the Council have agreed to embark on a purchase process. This has been identified as the overarching objective for the Policy as a whole.

For the Policy to be effective, the settings need to be sufficiently generous to encourage people to get out of harm’s way by accepting a property purchase or relocation offer from Council.

The feedback that was received generally aligned with the need to help get people out of harm’s way.

4.3 Other Objectives

Other key objectives were identified to guide the development and implementation of the Policy.

Sub-Objectives	
2.	Only purchase as much land as necessary to meet Objective 1 (this also applies to relocation offers) and enable owners to retain ownership of land where this is desired.
3.	Demonstrate manaakitanga to help our communities recover quickly.
4.	Demonstrate responsible and prudent expenditure of rate-payer funds.

Objective 2 is to only purchase as much land as necessary and is included as it serves to give effect to Objective 1, while also limiting the amount of money spent on property purchases and the ongoing management of land. It particularly guides decisions for larger mixed-use properties and the valuation processes.

Objective 3 is included to recognise that in Gisborne the affected property owners are diverse and have been extensively impacted. There is both a need and desire to use this Policy to help people and communities recover as quickly as possible – where recovery includes social and cultural components that need consideration when applying this Buyout Policy. The Council can demonstrate care for people and generosity through this objective. This objective particularly relates to policy settings for landowner choice, generosity of offer, cost-sharing and enabling special circumstances to be considered in applying the Policy.

Objective 4 is included to recognise that public funds are being used to implement this Policy. The costs will fall on ratepayers and taxpayers (being in many cases, the same people). This objective particularly helps guide consideration of cost-sharing with landowners, timeframes for the total process, and insurance settings.

The themes of feedback from the public broadly support these objectives, particularly the need to help people and communities manage risks, in a financially sensible way, while looking after people who have been badly affected.

4.4 Principles

Supporting the objectives are a list of principles which relate to how the objectives are intended to be achieved. These were derived using the same process outlined above, with the recommended principles being:

Principles
Acting in good faith
Treating people with respect
Working to achieve timely outcomes
Communicating clearly
Be fair and objective
Understand the individual views and aspirations of Māori landowners

These principles are also intended to provide guidance to decision-makers, and help persons charged with delivering the Policy to Category 3 landowners, particularly where discretion needs to be applied.

Feedback from Category 3 landowners strongly supported the principles of fairness, moving quickly, and treating people with respect.

4.5 Policy Settings

Policy settings were considered for a range of matters considered relevant to developing a buyout policy. Consideration of reasonable and feasible options was undertaken for each of the following settings: Eligibility and Content of the Offer. We have also evaluated the need for provisions on Other Matters, Special Circumstances, and Reviews.

5 Eligibility

5.1 Option Identification and Evaluation Process

This part of the Report considers who should be eligible for an offer under the Policy. In terms of possible criteria that might apply to limit eligibility for an offer, we have primarily considered the objectives of the Policy, scope of the FOSAL package of information from central government and funding constraints associated with the Government Funding Agreement. For instance, the Policy does not set out to address all financial loss associated with Cyclone Gabrielle, rather it is focused on reducing residential land use risks. Consideration has also been given to feedback received through public engagement.

Options for consideration of including Category 2 properties and commercial properties were immediately eliminated because they are not within the scope of the Crown-Council cost sharing arrangement (i.e. the Government Support Package).

The Government Support Package is clearly focused on addressing land within Category 3. This has both a backwards and forwards looking aspect, in that land must have been affected by North Island Weather Events and identified as subject to unacceptable risk from future severe weather events. Offers to purchase properties affected by a North Island Weather Event without the requisite level of forward-looking risk denoted by a Category 3 classification is outside the scope of this Policy and were not considered further.

The Crown has taken responsibility for Whenua Māori land (including general land owned by Māori where there was a history of it being Whenua Māori land). This Policy does not apply to any Whenua Māori land where the landowner has reached an agreement with the Crown under their Kaupapa Maori Pathway.

The following matters relating to eligibility were considered and evaluated against the objectives:

- Types of residential uses.
- Lawfully established buildings vs. unauthorised dwellings.
- No current dwelling.
- Insurance status.

5.2 Evaluation of Eligibility

5.2.1 Types of Residential Uses

Options considered:

Option 1:	All residential property qualifies for buy-out scheme, if it had a lawfully established dwelling located on it at 12 February 2023.
Option 2:	Exclude secondary homes (rental accommodation or holiday homes).

We recommend option 1, which enables properties with secondary homes (such as rental accommodation or holiday homes, to be eligible. This option will best achieve the objective of moving people out of harm's way.

Consideration was given to whether there should be differentiation between types of residential uses that may or may not be eligible for an offer. The policies adopted by Hawkes Bay Councils and Auckland Council do not differentiate.

From the public engagement on the Government Support Package, there was one submission that suggested holiday homes should not be eligible for buyouts. Category 3 landowner feedback strongly supported the proposed eligibility criteria.

There is an option to treat secondary homes differently to primary residences. The financial impact on landowners of secondary homes could arguably be considered less severe than that to primary home landowner. There are many 'fish-hooks' in the assumptions around financial impact and we are mindful that the objective of the Policy is not financial compensation, rather management of risk.

In terms of impact, to date, we have been only able to identify three Category 3 dwellings as being holiday homes – all others appear to be permanently occupied or have long term occupancy. Council does not have a complete system for identifying holiday homes.

If we did not include holiday homes in the Policy, it is likely this would include additional complexity and administration time and cost which would counteract key objectives of enabling removal of risk to life and doing so in an affordable and timely manner.

We acknowledge that in the case of holiday homes the risk profile may currently be lower than permanently occupied homes - but that there remains an opportunity for permanent occupation, and therefore risk to life. For these reasons we recommend that all residential properties qualify for an offer under the Policy.

5.2.2 Eligibility for Lawfully established dwellings

A matter for consideration is whether buildings used as dwellings should be covered by the offer, even where they are not lawfully established as such. For instance, people living in sheds or other buildings where these were not the subject of a building consent. We considered the following options:

Option 1:	'Dwelling' only includes lawfully established dwellings (and ancillary buildings).
Option 2:	Include all dwellings irrespective of their lawful status.

We recommend option 1. This option is consistent with the Council being financially prudent.

The definition of a dwelling is largely based on the definition in the Natural Hazards Insurance Act 2023 (s.6 (1)), but with the additional requirement that the building (or part of a building) be lawfully established as at 12 February 2023. As such it is not intended to capture situations where people have been living in buildings not lawfully approved for residential activity. To capture unlawful living situations would create a high level of complexity and uncertainty. For instance, the Council would have no records of such occupations and the persons living in the buildings may be less likely to be the owner of the land, meaning any benefit in purchasing the property would not accrue to the people whose home has been lost. There is also opportunity for 'gaming of the system' with landowners potentially advising the Council of residential use, when no such use was undertaken.

We have been made aware, as part of this process, that in a limited number of cases people have been living within Category 3 areas in vehicles or buildings that have not been approved for residential habitation. As a regulator, Council cannot condone unauthorised housing.

However, Option 1 does not fully deliver the objective to reduce risk to life. There is a possibility that persons would continue to reside in unlawful buildings if no offer for purchase is made.

Category 3 landowner feedback did not raise any issues or opposition to the criterion for lawfully established buildings.

In this instance, we recommend it is necessary to apply the Policy only where there is a lawful dwelling on land. Council will have discretion to depart from this Policy in special circumstances.

5.2.3 Eligibility where there is no current dwelling (bare land)

Options considered:

Option 1:	Offer restricted to land with existing dwellings at 12 February 2023 (i.e. no offer where properties are bare land).
Option 2:	Offer available to properties where there is evidence that there was a genuine intention to exercise a 'right' to construct a dwelling. This would be established via a current building consent or resource consent for a dwelling (this excludes subdivision resource consents).
Option 3:	Offer available to all titles where a residential right exists.

We recommend Option 1. Purchasing sites where there is no dwelling is not necessary for the purpose of moving persons out of harm's way, and it would be inconsistent with the aim of Council purchasing no more land than is necessary.

We note that options 2 and 3, which would have included some properties without dwellings, may better address potential economic hardship and inequity amongst landowners. These options may be more consistent with the objective of demonstrating manaakitanga. However, this Policy is not able to address all financial loss associated with the weather events.

The Council will be able to extend the Policy to include a site with bare land if it considers it appropriate to do so in the circumstances, through the application of its Special Circumstances Policy. Factors relevant to such a decision could be:

- Whether a residential right exists.
- Whether there is evidence of a genuine intent to build a dwelling (such as a resource consent or building consent).
- Whether the dwelling was intended to be the main home for the owner.
- The financial circumstances of the owner.
- Relevant planning rules and consent notices relating to natural hazards.

5.2.4 Eligibility based on Insurance Status

Given the terms of the funding agreement with Government, which includes a 50% share of costs between them and Council, less insurance, we considered if uninsured properties would be eligible.

Option 1:	Properties would be eligible for buyout irrespective of insurance status.
Option 2:	Properties without insurance would not be eligible for buyout.

We recommend Option 1 – to include uninsured properties within the scope of the Policy.

Option 1 is consistent with the overarching objective to remove risk to life and get people out of harm's way. This approach also treats people equally irrespective of their personal circumstances or reasons relating to insurance, demonstrating manaakitanga in relation to eligibility.

Early discussions with Councillors indicated a preference for treating insured and uninsured the same, and that all Category 3 properties would be eligible for a buyout irrespective of insurance status. This reasoning was driven by a need to achieve the overarching objective of helping people get out of harm's way.

The best information available at the time of preparing the Policy is that there was only 1 property in Category 3 that did not hold insurance for the affected dwelling. This meant that excluding uninsured properties would have a very marginal impact on the financial objective.

While there was a lot of feedback on the matter of insured versus uninsured (and to a lesser extent underinsured) properties, the sentiment was not that uninsured properties should not be eligible for a buyout. Rather, the focus was on differentials, or preferential treatment for insured owners; valuation method; and the role of Council versus private insurance companies. Some submitters were concerned about the moral hazard arising from the inclusion of uninsured properties and others raised concerns about the precedent buyouts may set in the future.

The majority of Category 3 landowners either supported or partially supported the inclusion of insured and uninsured as eligible in the Policy.

5.3 Summary Evaluation of Key Recommendations

Table 1 – Eligibility

	1. All Category 3 Residential Properties are eligible	2. Lawfully Established dwelling only	3. Land with a Dwelling only	4. Insured and Uninsured properties are eligible
OVERARCHING OBJECTIVE Removal of risk to life associated with people living in Category 3 land.	Consistent: Captures residential activities where risk to life is most significant and not broader than required.	Somewhat consistent: Reduces risk in the vast majority of properties. People may reside in a range of buildings or vehicles that have not been lawfully established and may continue to do so if no offer is made.	Consistent: This option captures the most effective way to reduce risk. If it is bare land, there are no people living on the land so there is no current risk to life.	Consistent: Recognises that insurance status does not reflect risk
OBJECTIVE: Only purchase as much land as necessary to manage the risk	Consistent: Risk to life from residential properties is considered higher than commercial or industrial land. L	NA	Consistent: Only land necessary to remove risk of harm is purchased	Consistent: Risk exists irrespective of insurance status.
OBJECTIVE Demonstrate manaakitanga to help communities recover quickly	Somewhat consistent: This does cover residential property but does not cover commercial or industrial land – where these landuses are also part of the community's recovery.	Somewhat consistent. Provides manaakitanga to vast majority of property owners. Does not demonstrate manaakitanga to those people in unlawful structures.	Somewhat inconsistent. Some landowners may experience financial hardship. However, special circumstances can be taken into account under the Policy.	Consistent: This approach treats people equally irrespective of their personal circumstances or reasons relating to insurance.
OBJECTIVE Responsible and prudent expenditure of ratepayer funds	Consistent: Limits the scope of expenditure to residential land only, in conjunction with central government.	Consistent: This limits expenditure to only those buildings associated with lawful dwellings.	Consistent: Limits expenditure to residential uses.	Consistent: The very low number of uninsured properties means the financial impact is expected to be marginal.

5.4 Conclusion on Eligibility

For the reasons given above, the recommendation is that an offer should be available under the Policy to the owner of land that is within Category 3 and has a lawful residential dwelling on the Category 3 area. We do not recommend eligibility is determined by a property owner's insurance status.

Where minor aspects of the eligibility requirements are not met, the Council could exercise discretion to extend an offer where the offer still meets the objectives of the Policy.

6 Content of Offer

6.1 Option Identification and Evaluation Process

The next step is to consider what the content of the offer will be and whether it is appropriate to set thresholds, differentials, and other parameters to the offer.

6.2 Evaluation of Content Options

6.2.1 Purchase or Relocation Grant

We considered which land should be eligible for purchase as opposed to some other arrangement where the owner retains the land with the residential right removed.

In Gisborne there a wide range of property land uses on Category 3 land – being purely rural, horticultural, non-productive uses, lifestyle uses and residential uses. Some of the areas affected by flooding have high quality soils and can be used for small scale intensive uses or are part of larger-scale farming operations. In other cases, we have large residential sections with extensive non-productive gardens or vegetated areas.

For larger properties there may be rural or horticultural activities, or other dwellings or building sites not affected by the severe weather events.

We considered whether mixed use land should be eligible for purchase. We also considered if owners of residential land should have the option of selling only the residential property rights for their land rather than selling the land.

Option 1:	Offer to purchase all Category 3 land (residential or mixed use).
Option 2:	Offer purchase of residential land, and purchase only the residential rights of mixed-use land.
Option 3:	For mixed use land offer to purchase residential rights only, and offer owners of residential land the choice of purchase of property or retaining land ownership and Council purchase residential rights only.

We recommend option 2. The simplest option would have been to offer to purchase all Category 3 land outright (option 1). However, this option was not preferred because some of the affected properties are large rural properties with viable productive uses. In relation to these properties the following considerations were relevant.

- Purchasing the whole property would be going further than is necessary to remove people from harm's way.
- Purchasing the property would be expensive and would be inconsistent with the objective of affordability/financial prudence.
- Large scale land ownership is not a core role of local government and is unlikely to result in the best productive and commercial use of the land.

In light of these factors, we therefore do not recommend offering to purchase all Category 3 land.

We note also that the Funding Agreement with the Crown indicates that the intent is for residential land to be treated differently from mixed-use land.

The main alternative considered is to not offer to purchase mixed-use land, but instead offer to purchase the residential rights of the land only. This would mean that the owner retains the ownership of the land, and may use it for other purposes. In practice, this would involve Council buying and demolishing the dwelling, and paying the owners a contribution to allow them to relocate out of harm's way. Given the Council would not own the land, in exchange for the relocation grant the owner would agree not to undertake any residential activity on the Category 3 land. This can be secured by covenant or similar legal instrument on the title to the land to ensure that future owners would have specific notice of the bar on residential use.

We have considered whether, in exchange for the relocation grant, the Council should also impose a covenant in gross in favour of the Council or similar legal instrument to prevent the owner from opposing any future plan change or variation to the District Plan (or equivalent legal instrument) that would restrict or prevent residential activity within Category 3 in the future.

However, we consider such a covenant is unnecessary. The Council decision-maker could consider any potential submission from the landowner alongside the fact that the land was assessed as Category 3, and that the Council paid the owner money in exchange for the imposition of the covenant preventing further residential activity on the Category 3 land. A covenant restricting participation in relation to their Category 3 land may also have the unintended effect of discouraging the landowner from participating more generally in the decision as it relates to other land. It may be of benefit to the Council's decision-makers to hear information from the landowners, in light of their first-hand experience of the effects of the Severe Weather Events in the vicinity. In any event, it seems unlikely that landowners would be motivated to oppose planning changes of this nature, given the restriction on the title preventing residential activity would apply regardless of the outcome of the planning process.

The issue with the 'Relocation' option is that all land would remain privately owned but, for smaller lots, there may be no realistic ongoing value in them for the owners, and they could be effectively abandoned. Management of privately owned but not maintained lots would be problematic for Council and is not considered to result in positive outcomes, either for the wider environment or the community.

We consider that this risk can be managed by the Council purchasing Category 3 land where there is no other viable use. The threshold for what is deemed "mixed-use" is considered in the next section of this document.

We also considered whether it was necessary for Council to purchase all residential land, or whether the owners of the residential land should have the option of a relocation grant.

There may be some circumstances where the owner wishes to retain ownership of the land despite no longer being able to reside there. There may be an ongoing use for the land such as grazing stock or horticulture. In those circumstances and provided the option to use the land for residential activity is physically and legally removed, there is no reason why Council should insist on securing the land itself, particularly where doing so would result in greater cost. We have recommended that the option of an offer for house plus relocation grant be left open for owners should they wish to retain ownership of the land.

We also consider that a choice of relocation or purchase for land less than 1ha enables Māori with landholdings that have cultural or traditional importance to be retained – despite the land not being classified as Whenua Māori.

Feedback from Category 3 owners supported retaining a choice of relocation or purchase for smaller lots, and no parties sought outright purchase of larger properties. The submission from Federated Farmers supports the rural land being used for rural purposes and giving people a genuine choice through this Policy. The relocation grant enables land to be retained by rural landowners and consideration of alternative locations within a property for a house to be re-established.

Two Category 3 property owners with larger land holdings raised issues relating to the economic viability of maintaining access to their properties, and whether Council should consider full purchase where total long-term costs were taken into account. We considered that examples such as these would be best dealt with on a case-by-case basis in light of the particular circumstances, under the Special Circumstances provisions of the Policy.

Other public feedback did not raise significant issues for consideration under this Policy setting.

We recommend Council provides a choice for landowners of property less than 1ha to either sell the land entirely, or sell the residential right, and retain ownership of the land.

6.2.2 Threshold between Residential Property and Mixed-Use Property

We considered how a property would be classified as residential as opposed to mixed-use. Matters for consideration included types of land use on the property, rating database classification, zoning or size.

Option 1:	Apply a 1ha threshold for Mixed Use property.
Option 2:	Apply a land area higher threshold (such as 2ha or greater).
Option 3:	Determine whether a property is mixed use on a case-by-case basis in light of land use.

We recommend Option 1.

Option 3 was not considered a viable option, given the difficulty of accurately determining land uses on property at the time of the event, and the administrative burden and uncertainty created by such an approach.

We then considered whether rating and/or zoning methodologies could be used to determine an appropriate land-size threshold. We looked to apply an approach that was administratively straightforward, could be equitably applied, and reflected how Council had previously classified land.

The threshold size recommended is 1 hectare. The Tairāwhiti Resource Management Plan and rating valuation database both move land out of residential classifications once they are over 1ha. In the TRMP, the zoning system is Residential, Lifestyle, Rural Residential and then Rural (as relevant to this Policy). The minimum lot size increases from Residential zones up to Rural zones. The threshold between the residential zones and lifestyle zone is 1ha (noting that existing titles and discretionary consent decisions enable titles of different sizes).

For rating purposes, 1ha is used as the threshold between residential and lifestyle classifications. The valuation process treats these two categories differently.

At 1ha or more, lifestyle properties may:

- have an opportunity to contain commercial landuses,
- have an opportunity to relocate within the property
- be leased or sold to neighbouring landowners for non-residential purposes.

Therefore, these properties were likely to have a viable ongoing use if the right to reside in the Category 3 portion of the land was removed. We also considered other measures of when a property is deemed to be residential as opposed to 'rural', 'commercial' or something other than residential.

The vast majority of feedback from Category 3 landowners supported the threshold between mixed-use and residential properties. No other submissions raised issues relating to the 1ha threshold.

We recommend Council applies the 1ha threshold for mixed-use land because it allows Council to meet its objective of only purchasing as much land as necessary to meet its overarching objective.

As with any 'threshold' applied, there is an element of arbitrariness, however we consider the 1ha can be applied in a fair and objective way, is reflective of land use classification in Gisborne, and is more supportable than any other option available.

Where the 1ha threshold results in unreasonable outcomes, the Council may consider this as "special circumstances" under the Policy.

6.2.3 Relocation Grant

Both mixed-use properties, and those residential property owners that wish to retain their land, will be made a Residential Relocation offer. The options for Council are:

Option 1:	Provide a relocation grant to recognise a loss of residential land value.
Option 2:	Provide a nominal 'fixed amount' relocation grant.

Under Option 1, a Relocation grant would be determined based on the residential use right of the land. The value of residential use right is essentially the difference between what the land is worth with the right to build a dwelling versus there being no right to build a dwelling on a property. Generally, the smaller the property's size, the greater the portion of the value of the property is reflected in the right to build a dwelling. For larger farming blocks, the land may retain much of its value irrespective of the right to build.

There was very limited substantive feedback about the relocation grants, instead people asked for more clarity about what it was and how it applied. This has been included in the Policy.

The valuation of each property would be undertaken and include the dwelling and residential improvements.

While we lightly considered different options for how Relocation grants could be determined, we were persuaded by the approach taken in Hawkes Bay. We agreed that applying an option such as a fixed amount would not reflect the circumstances of each property. We also concluded that the fairest way of determining the amount was based on a market valuation given the wide range of property types and values relating to the eligible properties.

As we had determined to undertake site specific market valuations, the information on which to base a relocation offer would be available at the time of an offer and should be used to make an informed a site-specific value for the relocation grant. We consider this represents a prudent use of public funds, while demonstrating manaakitanga.

Therefore, we recommend Option 1, to provide a relocation grant that recognises a loss of residential land value.

6.2.4 Valuation

The date of valuation and type of valuation were raised early as keys matter in the Policy. The options for the Policy were:

Option 1:	Market valuation pre-storm.
Option 2:	RV based on 1 August 2023 valuation data (with storm discounted).
Option 3:	Modified RV with individual assessment (with storm discounted).

Early engagement with landowners indicated a strong preference for a market valuation based on a date prior to the cyclone damage.

The negotiations with the Government on the Support Package were based on the most recent Rating Valuation (RV) data held by Council.

In Gisborne, RV's had been undertaken during 2023, with district wide rating valuations set for 1 August 2023.

The option of valuing properties based on a post-Cyclone basis was not considered as, in almost all cases, this would not be at a level that would materially assist people to relocate to another property outside of Category 3. This would be likely to adversely affect the uptake of the offers, and it would therefore fail to meet the overarching objective of removing risk to life within Category 3 areas by a considerable margin.

The original reason for considering a modified rateable valuation (based on 1 August 2023) was that due to timing, it would line up with the release of district-wide rating valuations – thus being a consistent, equitable, and efficient approach. However, we found out subsequently that the Valuer General could not accept valuations that excluded damage on properties from Cyclone Gabrielle, and therefore we would need to have separate valuations for Category 3 properties. This meant that we would not achieve consistency or administrative efficiency, therefore staff recommended a change to market value as at 12th February (i.e. a day before the cyclone). This is consistent with the approach taken in Hawkes Bay and Auckland.

One of the issues raised in feedback on the Policy settings was market movement. Since February 2023, we have been advised by valuers Lewis Wright of downward movement in property market values. However, due to the timeframes that may be involved in settlement between the landowner and Council, there is a risk that property prices rise. A rise in property prices may mean the landowner is not able to relocate without ‘topping up’ the amount. If the market declines further, the property owner receives the difference.

We considered if there should be a mechanism to account for market movement and discussed the options for this. While it is technically possible to adjust values to changes in market value, we considered that it would not meet the Council’s objectives and principles, particularly the principle of fairness. Landowners would be settling at various times and may be advantaged (or disadvantaged) by market movements. The generosity of offer at 100% was also considered to help counter-act the financial impact of potential markets movements.

We did not want to find parties ‘gaming the system’ or delaying the process in an effort to receive a higher offer. That does not represent financially prudent use of public funds.

Another issue raised by a Category 3 landowner related to the date for valuation. In their situation, the storms on 29 June 2023 impacted their property. That storm falls within the NISWE dates and is Category 3 and is therefore included for a buyout. The issue of the valuation date being proposed as 12 February means that their damaged property at that time would be valued lower than ‘pre-storm’. In response, we have recommended that the Policy provide for all valuations to be undertaken on a pre-storm damage basis.

Valuations are to be supplied to the landowner at the time an offer is made and can be contested through the negotiation process.

We recommend Option 1, that is a valuation made at market value pre-storm (12 February 2023). We consider this provides a level of payment that fairly represents what such owners had prior to the event, and which is consistent with allowing them to move out of their Category 3 property (or affected residential area). In our view this option is most likely to best deliver outcomes consistent with the overarching objective – more people are likely to take up the offer and get out of harm’s way.

6.2.5 Percent of value offered and cap

Under this setting we considered the following options:

Option 1:	Whether to offer 100% with no cap.
Option 2:	Whether to offer a lower percent and/or a cap.

While the Council Policy offers 100% payment of value of the property (or Residential area for mixed-use) to Category 3 landowners, we did consider offering a lower percent, such as 90% or 95% so that landowners carried some of the costs associated with relocating them out from harm’s way. This would have helped recognise that:

- there is a private benefit arising from use of public funds,
- there is no legal responsibility for Council to make a payment
- the costs to the rate-paying and tax-paying communities are high, therefore a prudent approach to the use of money should be applied.
- Council is likely incur costs in housing demolition or removal and may incur costs remediating the land.
- the Policy is not intended to cover for financial loss, rather it is a tool for achieving risk reduction.

95% contribution was also the basis of the Funding Agreement with central government.

We have been mindful of the approaches taken and reasons in Christchurch, Hawkes Bay and Auckland regions. Hawkes Bay Councils offered 100% to insured and uninsured with no cap. Auckland Council offered 95% to insured property owners, and 80% to uninsured property owners (with special circumstances to go up to 95%) with no cap. The reasons for Hawkes Bay approach were driven primarily by their over-riding objective to reduce risk to life.

Feedback varied on this aspect of the Policy. The vast majority of Category 3 landowners were unsurprisingly very supportive of a 100% value pay out. One, however suggested a lower value should be offered for uninsured properties. Public feedback suggested that landowners needed to bear some of the costs of their property decisions, that there should be a cap and that Council should not be picking up the costs for private property (the matter of insurance differential is considered further below).

In Gisborne, we were mindful of the overarching objective of the Policy and also conscious of the relative low value of some properties, and the socio-economic needs of some communities. Giving effect to the objective of manaakitanga contributed to the recommendation to Council to make offers of 100% value (subject to any differentials that may apply) and no cap.

6.2.6 Demolition and Land remediation costs

The Government's funding agreement does not cover any costs for demolition or land remediation – this means the Council covers 100% of the costs.

The options we considered were:

Option 1:	Council covers the costs of demolition of buildings and land remediation.
Option 2:	Landowners cover the costs for demolition and land remediation.

As the overarching objective of the Policy is to get people out of harm's way (ie. removing risk to life from people living in Category 3 areas), it is considered important that dwellings be physically removed from the land (ie. through demolition). **Therefore, we recommend Option 1.**

If not demolished, there is a risk that, over time, the buildings will start to be used for residential activity once again, meaning the risk has not been appropriately addressed. Council can better control the demolition of buildings where it has clear responsibility for this. There is also a risk of perverse or dangerous behaviours by landowners if they have to carry the costs of demolition.

High level cost estimates for house demolition were considered in the negotiations with central government. A cost estimate of \$3m was developed by Gisborne District Council, based on demolition costs of approximately \$450m², and 47 houses. Council used its rating database to estimate the area of the houses.

Ultimately, the government declined to take on any costs associated with demolition or land remediation, citing the land was to be retained by Council and value could be extracted from that through alternative uses.

In some cases, there may be a practical opportunity for houses to be removed and relocated to another site. It is anticipated that this option will be considered through the individual assessments and negotiations with landowners. Where a property owner wants to retain the house for relocation purposes, the valuation and negotiation process would need to factor this into the offer made for purchase.

In many cases where dwellings have been significantly damaged by the Cyclone, relocation will not be possible, and there will be other situations where cost and other logistical issues mean relocation is not feasible. We have included a clause in the Policy to simply indicate that the feasibility of relocation should be considered.

Feedback from Category 3 landowners supported costs of demolition being carried by Council. The meeting with Category 3 landowners raised questions about how and what would be covered with demolition costs – these are clarified in the Policy.

The Policy includes provision for costs from demolition, relocation and land remediation to be borne by the Council (except where the insurance policy contains cover for demolition or remediation of a site). We wanted to ensure the risk to life was removed as efficiently as possible and progressing with Sale and Purchase arrangements as quickly as possible – not waiting for removal before purchase or leaving houses for an owner to remove (and risk re-occupation). We also thought the costs of demolition may be a deterrent for people to take up the offer.

6.2.7 Differentials

6.2.7.1 Insured v Uninsured v Underinsured

Options considered:

Option 1:	Insured properties and uninsured properties are treated the same.
Option 2:	A differential is applied between insured and uninsured properties.

Insurance status of properties was a matter carefully considered and the subject of feedback by the public and landowners. We considered whether properties should be subject to an equal offer irrespective of whether they are insured or uninsured.

A limited amount of feedback from the public on this matter indicated that uninsured properties should be treated differently to insured properties. Some indicated that uninsured should shoulder some of the risk associated with that. Others thought Council should only cover land value and let the house value be covered by insurance (therefore meaning people without insurance would only get land value).

Category 3 landowners were most vocal about this issue. Many wanted uninsured and/or underinsured to be treated differently to insured. Fairness appeared the primary reason for their concerns. Others felt that insured should have a preferential treatment through the process (eg, through processing insured people first). Others raised the issue of their contribution to EQC because they are insured – i.e. they are contributing to a public pool of funds, while uninsured are not.

We think the matters of fairness, and how properties contribution to EQC is factored in, are legitimate – we have considered these matters closely. As part of our consideration, we referred to the material prepared by Hastings District and Napier City Councils about the appropriateness of differentiating based on insurance status. Their analysis set out useful analysis of the Christchurch experience and caselaw, which is set out below:

The question of whether it is appropriate to differentiate based on insurance status was considered in detail in the Quake Outcasts litigation, summarised below. Consideration of past treatment of differentiation based on insurance status is considered important to ensuring the Policy meets the objective of being legally robust.

Following the Christchurch earthquakes in 2011, a Cabinet decision was made to offer to purchase insured properties in the red zone at 100% of the most recent rating valuation, while owners of uninsured improved residential properties and uninsurable bare residential land were offered 50% of unimproved land value (with nothing for improvements). The lawfulness of the 50% offers was challenged on judicial review as being inconsistent with the Canterbury Earthquake Recovery Act 2011 and as being oppressive, disproportionate and breaching the appellants' human rights.

The claim was considered by the Supreme Court in Quake Outcasts v Minister for Canterbury Earthquake Recovery [2015] NZSC 27. For present purposes, the key question was the relevance of the insurance status of offerees. The Government had identified the following factors as relevant to its decision to provide a reduced offer to uninsured residential properties (at [150] – [151]):

- *they were not covered by EQC land or improvements insurance;*
- *the risks of not having insurance should have been factored into the decision to invest in the property;*
- *the owners of residential properties should have been aware of the risks when choosing not to purchase insurance;*
- *a non-differentiated offer would compensate for uninsured damage;*
- *a non-differentiated offer would be unfair to other red zone property owners who have been paying insurance premiums; and*
- *a non-differentiated offer would result in moral hazard, due to a reduction in the incentives to insure in the future where insurance is available (because such an offer could create an expectation that the government would step in to bail out property owners struck by natural disasters in the future)*

The Supreme Court considered each of these factors in turn and found none of them to be persuasive. It noted a distinction between bare residential land which was not able to be insured and situations where improved residential land could have been but was not insured (uninsurable vs uninsured). It noted that many of the reasons given for a reduced offer applied differently to those two categories. For instance, moral hazard or conscious choice not to insure did not apply to uninsurable properties.

Key aspects of the Court's decision included:

- While a 100% offer would compensate for uninsured damage, this also applied to many insured properties who would higher payments than what they would under their insurance policies. The court noted the offer to pay at 2007 (pre-event) values were designed to make the offer attractive to achieve the purpose of encouraging voluntary withdrawal from the red zones.
- Untested assumptions are not a proper basis for decision-making. For instance, the Court found it was "unfair to take into account a factor (that of a conscious choice to remain uninsured) that may or may not have been applicable to each member of the uninsured group" (at 156]). The Court also considered that the factor of unfairness to insured property owners had not been tested and was an "unjustified assumption of public lack of generosity for those in need that [stood] in marked contrast to the public's actual response to the earthquakes" [at 161].
- In terms of moral hazard, the Court referred to economic evidence that insurance packages in New Zealand were sold on a bundled basis covering a range of risks (fire, burglary, theft, accidental damage and natural disaster) and "very few policy owners would elect to forego all insurance to achieve any imagined benefit from no longer retaining the natural disaster component" (at [162]).

The Court also noted that moral hazard applied to insured properties as well, as many were anticipated to be paid more than the value insured, which might equally act as a disincentive to insure fully. Further, the Court considered moral hazard concerns were diminished by the decisions to purchase "in the context of a disaster of major proportions with widespread damage and significant human cost" (at [164]).

The area-wide solution to red zoning and removing residential uses, even where individual properties may not have suffered much damage, warranted an area-wide solution (at [178]). In those cases, insurance would not have made a significant difference, and the damage was effectively caused by the zoning, rather than the earthquake.

While acknowledging the insurance status of properties was not irrelevant, the Court concluded the insurance status should not have been treated as determinative of whether a differential should be applied, and if so, the nature and extent of the differential (at [167]).

The Court further noted that the voluntary nature of the offers was not sufficient to address any unfairness to the uninsured properties, holding that "the reality is that the red zone is no longer suitable for residential occupation" (at [176]). The Court agreed it was a "Hobson's choice" to accept a substantially reduced offer or to remain in effectively abandoned communities with degenerating services and infrastructure.

The Supreme Court made a declaration that the decisions relating to uninsured improved residential property owners and to vacant residential landowners in the red zones were not lawfully made, and directions were made that the decisions be reconsidered.

Subsequently, the Minister made revised offers of 100% of unimproved land value to owners of improved uninsured properties, but offered no payment for improvements. That decision was similarly challenged, and the Court of Appeal declared the decision to offer nothing for uninsured improvements was unlawful (*Quake Outcasts v Minister of Canterbury Earthquake Recovery* [2017] NZCA 332).

This time, the reasons given for not paying for uninsured improvements were moral hazard, cost to the Government, fairness to other owners and causation, with the Court concluding moral hazard and fairness were the principal matters relied on. The Court accepted these were relevant considerations but went on to consider whether the offer was unreasonable.

Applying the Supreme Court decision, the Court of Appeal held "the Minister could not rely on moral hazard to justify paying an owner nothing for uninsured improvements unless he had first considered the owner's circumstances and satisfied himself that they should be held responsible" (at [86]). There was no suggestion the Minister had considered individual circumstances, as an area-wide approach was taken.

In terms of fairness among owners, the Court held it was not open for the Government to assume that the uninsured owners were seeking compensation for uninsured loss. Some had suffered no or little loss from the earthquakes themselves and the loss was caused by the decision to red zone the land.

The Court further held it was unreasonable to take into account cost to the Government without estimating the marginal cost on the correct basis.

The Quake Outcasts decisions were made in a different statutory context, however the principles set out in the Supreme Court and Court of Appeal decisions are considered relevant to any decision by the Council to differentiate offers based on insurance status (Summary Evaluation Report for Voluntary Buyout Policy, Hastings District Council and Napier City Council, 2023)

We have considered if we should apply a differential between properties that are insured, underinsured, or uninsured.

The Insurance Council of New Zealand (ICNZ) was informative about the insurance status of properties in Gisborne, but we did not hold property specific data at the time of developing this Policy. Our early data showed that the majority of properties had some form of cover and was taken into account in considering the Policy. Significantly, our work with Category 3 landowners indicated only one property was uninsured (for the reason that subsequent to purchase they could not receive insurance cover). This substantively affected our recommended approach.

ICNZ was also informative about how insurance policies apply, and how any transfer of policy to Council would work. The latter information was useful because we considered if Council should take ownership of the insurance claim, from the owner, as part of the settlement process. That approach would enable insured landowners to move quickly on with their lives. However, ICNZ advised that insurance companies would only pay indemnity value (rather than replacement value) if the policy and claim were transferred to Council. We were advised that indemnity value is significantly less than replacement value (or sum insured). This means Council would end up paying a higher percent of the costs for the purchase of properties. This approach does not meet the objective of prudent use of ratepayer funds, even though it would meet the objective of manaakitanga.

Accordingly, it is in the best interests of the Council, and their ratepayers, to wait until the insurance claims have been substantially settled, using replacement value, before commencing proceedings. Council will seek that the property owner substantially settle their insurance claims before a Sale and Purchase Agreement is entered into. We acknowledge the feedback from Category 3 landowners that felt it was unfair that it would take longer for insured than uninsured properties to work through the negotiation process because of the need for insurance to be settled. We could not find an appropriate alternative that was financially prudent for Council.

We were also mindful that at the time of the Policy development we were dealing with only one uninsured property. We do not think that insured properties will be unduly delayed in their negotiation processes with Council because of the very low number of uninsured properties. We may have taken a different position if there was a substantively higher number of uninsured properties.

We also considered fairness for insured landowners where they had policies for replacement that may exceed the market valuation; as well as options for landowners who were underinsured. We concluded that a landowner should not be disadvantaged if they had paid for replacement value that exceeded market value. We agreed with the model proposed by Hastings District and Napier City Councils, based on the Canterbury earthquakes model.

In Canterbury, for red zone residential property, Property Owners could elect either to accept an offer based on:

- *The Capital Value of their property, less insurance recoveries received; or*
- *Retain the Insurance proceeds and the Government just purchases the land at Land Value.*

For Gisborne we recommend that an offer to Property Owners (of land 1ha or less) would include a choice of:

- Purchase the property at market value, less insurance proceeds, or
- Enable the Property Owner to retain any insurance proceeds relating to the dwelling and residential improvements, and the Council buys the land.

The same approach is applied for land over 1ha where the Council would offer to purchase the dwelling and residential improvements at market value less insurance proceeds or enable the property owner to elect to retain the insurance proceeds relating to the dwelling and residential improvements. In both cases the Council would also make a Relocation grant reflecting the loss of property value arising from the loss of the residential activity right.

A property owner can then decide which option better suits their circumstances. It is expected that those who are fully insured are likely to select the second option as the full replacement cost of dwelling is likely to exceed the market value of the dwelling. Those that are uninsured, under-insured or have only limited damage to their dwelling will most likely benefit from the first option of receiving a market value offer for their property, less insurance proceeds. Having two options reduces the risk of unfairly 'penalising' fully insured Property Owners.

For insured properties, Council's contribution may only be for the land value only, reducing the total cost of the Buyout Scheme.

Like the Hawkes Bay councils:

We note that because of the importance of understanding the extent and terms of an insurance payout when preparing an offer, it is proposed that the owner will need to agree to provide the Council with all relevant insurance claim settlement information, including the Scope of Works and the Insurance Settlement Sheet that their Insurer has provided. The Council may also require the owner to make enquiries of their insurer on behalf of the Council. Agreement to disclosing information provided by the insurer is proposed to be a prerequisite to receiving an offer.

Notwithstanding the content of the Policy, the Council is aware that this approach may have a perverse impact on future insurance habits of landowners – effectively incentivizing low or no insurance cover for natural hazards. It is difficult to counteract that outcome while still achieving the objective of the Policy. The potential precedent effect may be mitigated to some extent through clearly identifying that this Policy only relates to the North Island Severe Weather Events of 2023 - but social expectation is likely to remain. A nationally-led approach to this matter will be needed to influence insurance behaviour in the future.

Uninsured Properties

For uninsured properties, the option to retain the replacement value of the house does not apply, so the valuation option will be the only applicable option.

EQC

Like Hawkes Bay councils we considered if EQC payments should be factored into the purchase offer. For any insured properties the Council is offering to purchase outright, the offer would include any payment from EQC for damage to the land.

The EQC building cap for a residential building containing one dwelling was \$150,000 + GST for each natural disaster event. This increased to \$300,000 + GST from 1 October 2022 – however the new cap only takes effect if an insurance policy had been renewed (or new policy issued) after 1 October 2022. This means the maximum a person could receive is \$300,000 from EQC for things such as:

- Damage to land within a property boundary
- Damage to land structures, like bridges or retaining walls
- Damage to the home and land caused by landslips
- Damage to the land caused by debris and silt from flooding, or loosened soil from flooding

In the situation where an owner opts to retain the insurance proceeds for the dwelling, and have Council pay for the land only, the owner may have received a payment in respect of damage to the land from EQC. As the Council is acquiring the land at its market value, and taking on responsibility for site remediation and demolition, the EQC payment should effectively pass to the Council. We therefore propose that the EQC component of insurance proceeds under that option should be deducted from any payment by the Council.

Where an owner opts to receive market value, the offer would be 'net insurance' – meaning Council pays the difference between insurance paid and market value. The owner essentially keeps the EQC payment.

Where there is no insurance recovery, there is no EQC payment that can pass to the Council. This means Council pays more for uninsured properties. This situation exists irrespective of the EQC payment, but the quantum of the difference increases if Council does not seek a differential for uninsured properties. We considered mechanisms for addressing this impact, including the method put forward by Hawkes Bay. Their method involves making an assessment of the amount that would have been recoverable from EQC if the property had been insured, and that amount should be deducted from the price to be paid. Our discussions with EQC and the Insurance Council of New Zealand raised concerns about how we can calculate an 'equivalent EQC payment' given the significant limitations with capacity to undertake this type of assessment.

Determining a quantum for the differential was not straight-forward. We considered if we take the median house price for Gisborne region, less the maximum EQC payout of \$300,000 and convert that to a percentage differential. We concluded that approach is very crude and could result in significant hardship for an owner. It would also likely disincentivise the owner from leaving the property.

Ultimately, we considered that it was inefficient for Council to develop a satisfactory differential that still met the objectives of the Policy when there was only a very low number of uninsured properties. Our view would likely be different if we had substantively more uninsured properties, as the financial impact would be more significant (ie. Council picks up a higher percent of costs).

Alternatively, Council could disregard EQC payments entirely. However, that approach would not meet the Government's terms in relation to payments being 'net insurance', meaning Council would have to cover the entire value of the EQC payment themselves. This does not represent financial prudence and is not recommended.

Our recommendation is to not apply a differential between insured and uninsured because it is inefficient given the scale of the problem, and that the differential may disincentivise relocation out of harm's way. Again, we may have taken a different approach if the scale of uninsured properties – and therefore impact on Council finances - was greater.

6.2.7.2 Primary v secondary home differential

Having determined that secondary homes, rentals and holiday homes are eligible for a buyout, we considered whether a differential offer should be made between these properties and primary homes.

Option 1:	Do not apply a differential to holiday homes, rentals, or secondary homes.
Option 2:	Apply a differential, such as 75% of the market value.

Under Option 2, offering a lower amount would recognise that the financial impact on a person of a lower offer may not be as significant as if it were their primary home; and would see a lower total cost to Council for the buyout scheme. If a person decides not to accept the lower offer from Council there is a risk of temporary or permanent occupation of the dwelling, which does not meet the objective of the Policy.

Feedback from Category 3 landowners unsurprisingly supported primary and secondary homes being covered by the Policy. A small amount of public urged Council not to pay for baches.

We did not receive any feedback about applying different rates for residential homes vs holiday homes.

We noted earlier that we have a very low percent of holiday homes in Category 3. For the reasons of efficiency and reducing risk under Objective 1, **we recommend Option 1**, with no differential applied for secondary homes. Like the insurance issue, our recommendation may have been different if we had a larger percent of holiday homes because the financial impact would be more significant.

6.2.7.3 Differential where a natural hazard notice is on the title

A question has arisen whether landowners that have knowingly built on hazard prone land should have some responsibility for the consequence of any financial loss – i.e. they accepted that there were risks and proceeded to invest.

Local government uses mechanisms such as notices on a title to advise that a consent has been issued where there is a known natural hazard affecting the site. For buildings, these notices have been issued under either s 641 of the Local Government Act 1974, or s 73 (1)(c) of the Building Act 2004 or 36(2) Building Act 1991.

Where a building consent has been issued under s 72 (and notice imposed under s 73(1)(c)), then s 392 of the Building Act applies. It states the building control authority:

... is not liable in any civil proceedings brought by any person who has an interest in the building referred to in subsection (2) on the grounds that the building consent authority issued a building consent for the building in the knowledge that the building for which the consent was issued, or the land on which the building was situated, was, or was likely to be, subject to damage arising, directly or indirectly, from a natural hazard.

Section 221 of the Resource Management Act can also be used to advise of on-going conditions of resource consent. Commonly, s. 221 notices are used to advise of particular geotechnical requirements that apply at the time of building.

Options for consideration include:

Option 1:	Do not apply a differential where a property has a hazard notice.
Option 2:	Apply a differential where a property has a relevant hazard notice.

At the time of analysis of the Category 3 titles, we found two with a s 641 notice; two with s.36(2) notices, four with s.73(1)(c) notices and one with a s.221 notice. Of these, only the four titles with s.73 notice and one with s.221 contains any information about the nature of the hazard. Four of the earlier title notices contained no information about the hazard. The knowledge of risk is extremely difficult where the notices do not contain any information about the hazard.

For all the Category 3 buildings with natural hazard notices, none of the building consents were issued for new dwellings. This means the houses were established before the notices were imposed on the titles. The more recent s.73(1)(c) notices were applied for a range of building works that required consent, including installation of a fire, retaining wall, deck extension, and house additions or alterations.

One of the titles had a s. 221 notice, requiring a geotechnical report accompany any future building applications. The purpose of a geotechnical report in this context is to address land stability issues associated with or arising from construction on the site.

A very small amount of public feedback suggested we should look at applying different rates of compensation where a property was subject of a hazard notice.

We considered that a differential may be applicable where a person had constructed a new house and they had knowledge of the natural hazard risk on the site via a notice on the title (ie. they had knowingly taken on the risk). Of the properties reviewed, we could find no instances of this in the Category 3 properties in Gisborne. Even if there had been properties in those circumstances, we note that differentiating on that basis may risk the uptake of those owners of the Council offer and hence increase the risk that persons will remain in harm's way.

Therefore, we recommend Option 1.

We think in future this is an important matter for national consideration because natural hazard notices on a title have been considered an important mechanism for addressing liability for Councils.

Summary evaluation of key recommended options:

	1. Choice of Purchase or Relocation Grant	2. Threshold for mixed use 1ha	3. Date of Valuation 12 February	4. Percent of value offered	5. Demolition & remediation costs	6. No differential for uninsured
OVERARCHING OBJECTIVE Removal of risk of harm associated with people living in Category 3 land.	Consistent: This option provides choice for owners and means they are more likely to accept an offer that removes residential risks from the property.	Consistent: enables removal of risk of harm	Consistent: An offer with pre-storm valuation is more likely to see higher uptake by landowners, thereby reducing risk to life on Category 3 land.	Consistent: High percentage offered means higher chance of uptake by landowners	Consistent: Owners more likely to uptake offers if value is not reduced by costs associated with demolition and remediation.	Consistent: Encourages high uptake and therefore removal of risk associated with remaining on property
OBJECTIVE: Only purchase as much land as necessary	Consistent: This option may result in Council purchasing less land where owners prefer to retain ownership.	Consistent. 1ha is a reasonable threshold, so that Council does not have large land areas to maintain following purchase	NA	NA	NA	NA
OBJECTIVE Demonstrate manaakitanga to help communities recover quickly	Consistent: Demonstrates care about people's desires to retain affiliation with their whenua.	Consistent. Landowners of larger lots get to retain their land for productive uses	Consistent: Pre-storm value is a generous approach to valuation.	Consistent: The high percent being offered enable landowners to re-purchase in the region if they wish or relocate within a property.	Consistent: Demolition and remediation can be stressful and complex. Council taking responsibility for this demonstrates manaakitanga.	Consistent: Represents a generous offer to all affected persons.
OBJECTIVE Responsible and prudent expenditure of ratepayer funds	Consistent: A lower payment will be made if people choose a relocation grant over outright purchase.	Consistent. 1ha threshold means council does not need to spend large amounts of money on land where there may be limited risk to life.	Somewhat consistent: Pre-storm value is higher than post storm value, meaning greater financial cost. Prudent approach given other objectives.	Somewhat consistent: Higher values paid to owners mean a greater financial cost. Prudent approach given other objectives. This objective best given effect to via eligibility criteria.	Somewhat consistent: Demolition costs excluded from government funding and fully borne by Council. Prudent approach given other objectives	Somewhat consistent: While this results in higher Council expenditure, given the low number of uninsured properties, differentiating would have marginal impact.

6.2.8 Standard terms

The recommended Policy includes a number of 'standard terms' which will apply to any agreement to purchase a residential property or the house and Relocation grant for a Mixed-Use property. Some of the issues associated with the standard terms have been covered above and have influenced the recommendations for the final set of standards terms.

For efficiency, we do not detail all these in this Evaluation Report. Many of them are standard matters where little discretion or analysis is warranted. We have highlighted a few matters where there was feedback or explanation may assist future considerations.

On the matter of cost sharing, we concluded that we ought to reimburse the landowner for some of the legal costs associated with the conveyancing of the property. The amount and extent of costs covered differs to that of the Hawkes Bay Councils because we considered that some costs could 'lay where they fell' and that the objective of being prudent with ratepayer funds could be applied. We note that in the context of an ordinary property sale, the owner would need to meet the full legal costs and any marketing costs.

Feedback from Category 3 landowners suggested the \$1500 was supported by most, but one questioned if it could be negotiated where other savings to Council may arise due to actions of the landowner (eg. legal costs associated with obtaining a higher insurance payout). One other considered the amount to be too low, however the vast majority of feedback from Category 3 landowners supported the Policy settings for cost sharing.

We consider that the cost-sharing proposal is only a contribution towards legal costs (and does not include their own valuation costs) – it is not intended to cover all costs. We consider this contributes to the objective of being financially prudent with public funds.

Other various standard sale and purchase terms have been included relating to payments, such as appropriate payment to solicitors for payment of any mortgage, and GST.

For the avoidance of doubt, the Policy does set out the approach to chattels. In most cases a standard approach to inclusion of chattels will be taken, insofar as they assessed as part of the valuation (where appropriate) and are then specified in the Sale and Purchase contract. The offer may be informed by the valuation and negotiations. However, the Policy does clarify that a landowner will not receive payment where the item has (or could be) been covered by an insurance payment.

One of the final matters for inclusion, is an acknowledgement that the landowner has voluntarily accepted the offer. No compulsory acquisition has occurred – and therefore no aspects of the Public Works Act 1981 apply. The sale by the vendor and purchase by Council stands as a standard, binding contract, with no additional rights or duties conferred – except where provided for as conditions in the Sale and Purchase agreement. For out-right purchase of residential properties, Council will consider the future use of that land entirely at its own discretion.

6.3 Conclusion on Content

Our evaluation of the content for the Policy covers many of the considerations we took into account during Policy development. The evaluation considered not only the Objectives of the Policy but also principles of fairness and equity. We needed to balance the need to remove people from harm's way, with Council's financial interests, equity, and care for people during a very stressful time.

We conclude that the proposed content represents a fair and balanced approach that will result in offers to landowners that are taken up and therefore risks to life from natural hazards reduced. Our proposed support for landowners through cost sharing and coverage of demolition costs demonstrates manaakitanga, as does the pre-storm valuation date and generosity of offers to landowners. We think the Policy represents the best chance for our landowners and their communities to recover.

We have considered specific feedback on potential Policy settings from Category 3 landowners, and more general feedback from the public via consultation on the Government's Support Package. There is overwhelming support for the buyouts – but many people had opinions about how it should be done. We have considered the feedback and amended our position in some cases.

7 Other matters

7.1 Process

A description of the process for making an offer to owners is included in the Policy. This evaluation of the options is reduced because the scale and significance of the process is less than that of the content. Our evaluation therefore considers only key matters such as the proposed timeframes, offers where ownership has changed hands, and valuation process.

The Policy includes a series of timeframes relating to how long the offer remains open, and how long a person must respond to requests for information relating to an offer. These timeframes were initially kept long because experience from other disaster events, such as New South Wales floods, and the Christchurch earthquakes showed that it can take some time for insurance matters to be settled, and for people to feel able to 'cope' with the negotiation process. While we did not want to add to people's burden by imposing short deadlines we were also mindful of the funding agreement with the Crown, under which the window of time for sharing costs ends at 30 June 2025.

The Insurance Council of New Zealand advised that shorter timeframes are preferable so that any new insurance policies can be determined. We think that the timeframe allows for people to act quickly if they wish, but also allows for each person to set the pace of their negotiations. That said, Council does need to put some limits on the process so that it can sensibly manage its finances and budgets – and ensure costs are shared with the Crown.

A two-year window was originally considered appropriate, with an option for discretionary time extensions. This was the timeframe that we proposed in our engagement with Category 3 landowners.

Feedback from Category 3 landowners largely supported the timeframes proposed. One sought shorter timeframes (presumably because of concerns Council may 'drag its feet').

Subsequent to Council engagement, we noted the terms of the Crown Funding Agreement deadlines that will need to be met to secure Crown funding for the purchase of the property. We have recommended flexible timeframes that will enable the Council to secure the Crown funding. We consider the timeframes will still enable sufficient time to respond while ensuring that the Council acts in a financially prudent manner.

We also included a clause in the Policy that no offer would be made where the ownership of the Property changed after 12 February 2023. This has been included because Council does not want to see perverse market behaviour or incentivise sales behaviours that may see third parties pressure vulnerable people into selling before proper market valuation is paid. This does not mean that people cannot sell their properties – they can – but any subsequent owner will not get the offer for buyout (unless the Council considers the subsequent owner is a related party of the former owner). We think this is prudent use of Council funds and demonstrates manaakitanga to potentially vulnerable affected property owners.

While we spent considerable time considering different approaches to valuation, in the end we found it unnecessary for the Policy to specify this, as it is professional exercise undertaken by an independent party. A valuation process which at a minimum involves Council obtaining a valuation from a registered valuer. This is consistent with acting in good faith and with respect, while also seeking to achieve affordability for ratepayers by using professional registered valuers. This approach was supported during early consultation with affected landowners.

The negotiation process enables valuations to be contested, and we have included information about how differences between valuations are to be reconciled in the Policy (see Valuation Process). This process enables an independent review of the valuation by another independent valuer where necessary.

We discussed the valuation approach on several occasions with Category 3 landowners, with the most support shown for a market valuation by an independent valuer.

7.2 Conclusion on Process

We think that the process steps included in the Policy achieve the objectives and principles of the Policy. The process includes clear timeframes, certainty for landowners and Council, and provides for a fair process. Ultimately, we think this will help with uptake of offers, and thereby greater reduction of risk. Feedback on the process steps supported the proposals.

8 Special Circumstances / Review Appeal Processes

8.1 Option Identification and evaluation

We have included a general 'Special Circumstances' section, given the wide range of property characteristics and circumstances affected by a Category 3 classification. We considered if it was necessary to include such a provision, given the broad powers of discretion under the Local Government Act 2002. We concluded it was useful to include a section on special circumstances so that it was clear that Council could consider a departure from the Policy, provided that the objectives and principles of the Policy were still being met.

We also considered options for a dispute or review process, including:

- No dispute or review process.
- Full dispute or appeal process with recourse to mediation or determination by a higher body.
- Limited review process by way of review by the Council's Chief Executive.

Because the acceptance of an offer is voluntary, if an owner is not happy with an offer that has been made under the Policy, they have the absolute discretion to reject it. That being said, and acknowledging that such an outcome is not the Council's desire, we recommend a limited review process, by which an owner can request a review of their complaint by the Chief Executive. We note that the valuation process already provides an independent review process for valuation disputes, and therefore it is appropriate to exclude valuation disputes from this review process.

We considered this to be an appropriate balance between the extremes of providing no formal complaint process and providing a full appeal or mediation process. The 'in-between' approach was considered in respect of the objectives and principles because:

- Providing a method of dispute resolution is consistent with trying to ensure offers are ultimately accepted and owners can relocate out of Category 3;
- This option provides a clear pathway, without introducing complexity and uncertainty into the process;
- A limited complaints mechanism is affordable for the ratepayer compared to a fully mediated option.

8.2 Conclusion on Approach to Special Circumstances / Reviews

For the reasons above, it is considered appropriate to provide clarity that there is discretion to depart from the Policy. Discretion can be exercised where outcomes can be achieved that are consistent with the objectives and principles of the Policy.

Similarly, where an owner believes the Policy is not being administered in a way that reflects the objectives and principles, it is appropriate to provide a clear method of seeking to resolving issues in a timely way.

We consider these clauses will aid the Council to deliver on the Policy's overarching objective.

9 Conclusion

This evaluation of the proposed Voluntary Residential Buyout Policy explains how Council can implement a buyout process that helps address some of the issues facing Tairāwhiti after the North Island Severe Weather Events of 2023, and achieves a reduction in risk to life from future events. This Policy targets Category 3 landowners classified from the specific 2023 weather events and does not address impacts on other affected properties – nor does it consider how buyouts may be conducted for any future natural hazard events.



Appendix A – Recommended Policy

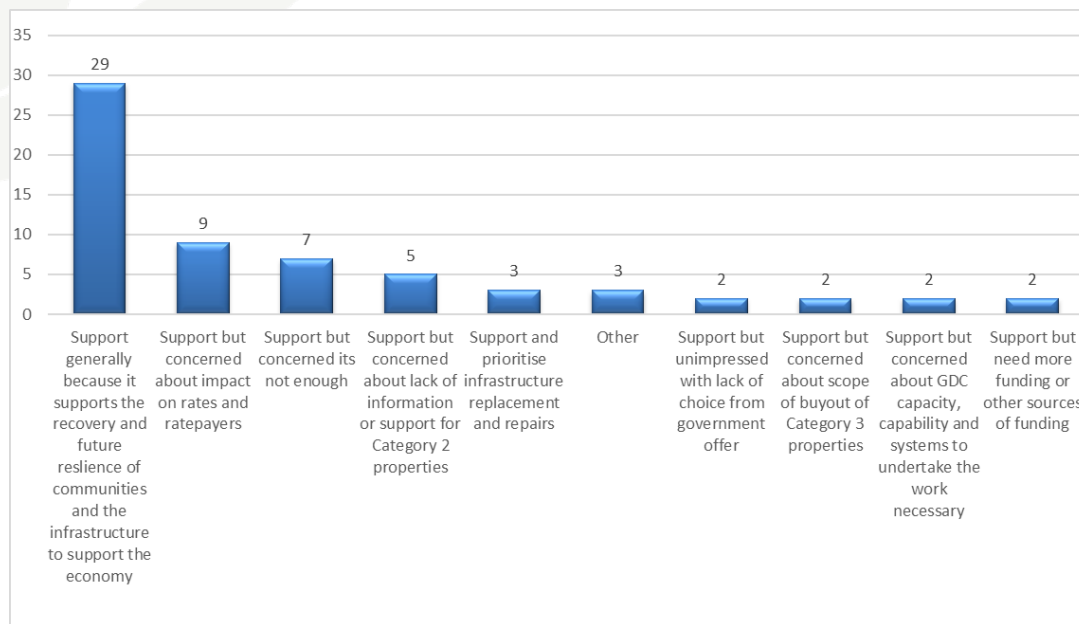
[The recommended Policy is Attachment 1 to Report 23-228 on Council Agenda 1 November 2023].

Appendix B – Summary of feedback themes from engagement (September and October 2023)

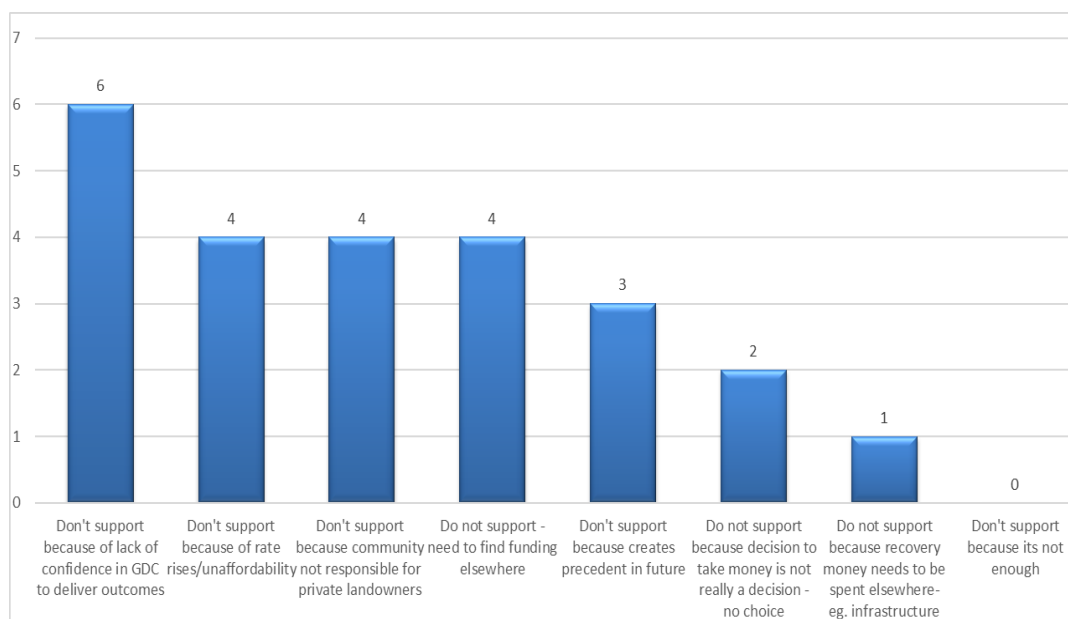
Public Feedback on whether to accept the Government Support Package, including purchasing Category 3 houses:

Themes from Feedback

Support for Option 1 – Accept Package



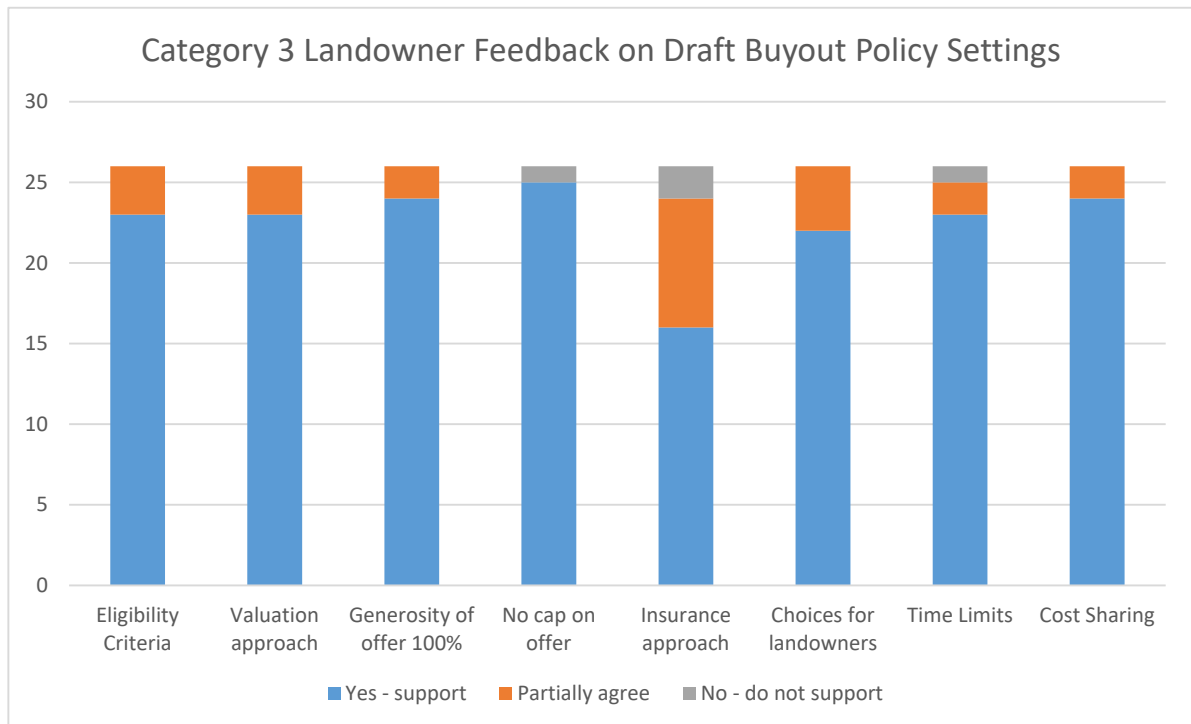
Option 2 - Don't Support Package



Comments on Category 3 house purchases from the public consultation included:

<p>Support but concerned about scope of buyout of Category 3 properties</p>	<ul style="list-style-type: none"> - Worth considering and discussing carefully compensation for people that have chosen to build in an area where hazards were clearly identified. Eg some properties with clear hazard notices against title. - Partial payout to property owners based on % of current property value. owners contribute - Payment for Category 3 properties should only be diff between property value and any insurance paid - Funding should be for house only not bachs. Realistic value of relocation. Insurance needs to come to the party as well - I am deeply concerned about the moral hazard that effectively rewards those homeowners who were underinsured on their property but understand the offer is a take it or leave it proposition. - Concern about the precedent effect that is being established, particularly with climate change - Concern about the affordability of starting to buy houses and impact that has on ratepayers - Concern about the role of Council in purchasing private houses and also the potential of it being a 'land grab'. - Uncertainty about the future uses of land and transparency of how decisions will be made.
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Feedback following consultation with Category 3 landowners on potential policy settings included:



The sentiments and specific comments on each element of the Policy has been included throughout the evaluation document, however, the insurance setting generated the most comments, therefore have been included below:

Please provide feedback on the proposed 'Insurance' policy setting:

I feel that insured properties should be given preferential consideration over uninsured ones, but just how that looks I don't know. Perhaps a rate loading to recover the cost over time, assuming they buy again. Or a 'window of time' for insured to settle prior to uninsured, something like preferential concert ticket purchasing.

There should be preferential treatment for insured homeowners. Insured people who make EQC payments have contributed to the pool of funds.

I struggle with the uninsured getting the same deal as those of us that have contributed our insurance premiums over the many years. Yes they should be helped but maybe at a reduced value and once the insured have had their negotiations complete.

Being underinsured or not insured is a choice. Why, when insured pay thousands of dollars a year, do uninsured/underinsured get the same buyout offer? Perhaps they should get land value only (or a partial building layout for underinsured). Recompensing uninsured at the same rate encourages two things:

People to not be insured, meaning the burden would fall more and more on Councils (remember you are setting a precedent this time).

Fraud. I already know of a local resident with a large uninsured property, going around with a bucket of silt to raise the "tide mark" in order to be classified as Category 3. I understand he is trying very hard to be reclassified as 3.

I am GST registered. Following on from advice from my accountant and IRD, I will be required to pay the GST content of the insurance payment. Due to this being the case, only the net insurance payment should be payable as a contribution towards the 'buyout'.

Insurance claim was lodged earlier, turned down. have the records. pre-Gabrielle

It was brought up in the last meeting that uninsured people will be receiving offers earlier than fully insured people caught up in delays by insurance companies. This seems unfair to those of us who have been paying insurance for years. Uninsured people will be in a position to buy properties sooner (avoiding increases in the property market should this happen) and those of us caught up in land issues may be disadvantaged by the delays.

The insured are time-constrained by their insurers whereas the uninsured will have access to Govt buyout earlier. this might be material in terms of access to the property market that is very much low on supply currently.

Perhaps the uninsured are processed after the insured have been provided offers.

I think a deduction should be made from uninsured properties for the value of EQC payment

It is difficult to comment on this given we are still waiting on our insurance assessment and figures (claim value) to be completed. We will have feedback on this, but it is too soon to comment on it at this stage.



Appendix C – Selected Index of Documents referred to in preparing Policy

Building Act 1991 & 2004
Natural Hazards Insurance Act 2023
Resource Management Act 1991
Local government Act 1974 & 2002
Community-led retreat and adaptation funding: Issues and options, Ministry for the Environment, August 2023
Report of the Expert Working Group on Managed Retreat: A Proposed System for Te Hekenga Rauora / Planned Relocation, Ministry for the Environment, 2023
Roles, responsibilities and funding of public entities after the Canterbury earthquakes, Office of the Auditor General, October 2012
Whole of Government Lessons from the Canterbury Earthquake Sequence, Department of Prime Minister and Cabinet, [undated]
Summary Evaluation Report for Voluntary Buyout Policy, Hastings District Council and Napier City Council, 2023
Floodplain Buyouts: Challenges, Practices and Lessons Learned, University of Delaware Disaster Research Center[sic], 2021
New South Wales Resilient Homes Programme https://www.nsw.gov.au/regional-nsw/northern-rivers-reconstruction-corporation/resilient-homes-fund/resilient-homes-program#toc-learn-about-the-resilient-homes-program
and
Tweed Shire Council Voluntary House Purchase Scheme https://www.tweed.nsw.gov.au/property-rates/floods-stormwater/flood-studies-projects/voluntary-house-purchase-scheme

10. Public Excluded Business

RESOLUTION TO EXCLUDE THE PUBLIC

Section 48, LOCAL GOVERNMENT OFFICIAL INFORMATION and MEETINGS ACT 1987

That:

1. The public be excluded from the following part of the proceedings of this meeting, namely:

PUBLIC EXCLUDED BUSINESS

Item 10.1 23-265 Decision to Join Class Action Claim for Forestry Debris

2. This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information & Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act which would be prejudiced by the holding of the whole of the relevant part of the proceedings of the meeting in public are as follows:

Item 10.1 7(2)(g) Maintain legal professional privilege