

Revenue and Financing Policy Statement of Proposal

Cyclone Gabrielle – Category 3 property and property right purchase

Introduction and reasons for the proposal

1. On 14 February 2023, our district was severely impacted by Cyclone Gabrielle. Gisborne District Council has been in complex discussions with the Government to arrive at a cyclone support package that enables our communities to move forward with their lives.
2. The Government has made an offer of an assistance package for the district, but this will not cover the full costs of cyclone. Whether Council accepts the support package or not, there is likely to be a period where rates are increased to meet the additional recovery costs.
3. FOSAL is the term for the Government approach to the Future of Severely Affected Land (FOSAL). Under FOSAL, Category 3 properties are those properties that are no longer appropriate for residential use because of the risk of flooding or landslide.
4. Part of the overall agreement with Government, will involve Council making offers to purchase Category 3 properties. As this is not an approach we had anticipated when the Long Term Plan 2021-2031 Revenue and Financing Policy was prepared, we are proposing an amendment to our Revenue and Financing Policy.

Proposed Amendment to Revenue and Financing Policy

5. This proposal makes provision for a new activity of Council to facilitate Cyclone Gabrielle property transactions. This will enable Council to establish a new activity to administer the process from initial offer to final settlement for FOSAL category 3 properties. The purchase may include purchase of the property or a relocation grant.
6. The Revenue and Financing Policy amendment includes incorporating the new activity 'Cyclone Gabrielle Category 3 property and property right purchase' for residential properties.

The activity is described as:

7. 'Cyclone Gabrielle Category 3 property and property right purchase – The Government has provided an assistance package to help our district recover from Cyclone Gabrielle. Part of the overall agreement involves Council making offers to purchase Category 3 properties or the residential rights of Category 3 properties which owners can voluntarily accept or decline. This activity enables Council to administer the process from initial offer to final settlement.'
8. As part of setting up a new activity of Council for Category 3 property and property right purchase, the Council is required to amend its Revenue and Financing Policy. This policy sets out how Council will fund each of its activities.

Section 101(3) of the Local Government Act

- 9 The Revenue and Financing Policy outlines the choices Council has made in deciding the appropriate sources of funding for operating and capital expenditure. The policy also shows how the Council complies with section 101(3) of the LGA which sets out several factors we must consider when making these decisions. The analysis below supports the decisions for the proposed new activity Cyclone Gabrielle Category 3 property and property right purchase.

Community Outcomes 101 (3) (a) (i)

- 10 This activity primarily contributes to Council's outcome of resilient communities and is associated with Council's outcome of connected and safe communities.

Distribution of Benefits 101 (3) (a) (ii)

- 11 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.

Period of benefit 101 (3) (iii)

- 12 By taking action now, the community will benefit from increased safety from any future flooding event. The benefit is long term.

Whose Act Creates a Need? 101 (3)(a)(iv)

- 13 Impacted landowners can't easily mitigate the risk from future extreme weather events and the negotiations with the Government 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.

Funding Source for FS 039 Cyclone Gabrielle- Category 3 property and property right purchase

- 14 After above activity analysis, the Council undertakes further considerations 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 analysis.
- 15 The Revenue and Financing policy uses ranges that 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.

Range Name	Range	Key
Unlikely	0	x
Minimal	0% -20%	□
Low	20% -40%	□
Moderate	40% - 60%	□
High	60% - 80%	□
Most	80% - 100%	□
All	100%	□

Separate Funding 101 (3)(a)(v)

- 16 The impact of the cyclone (not only on the Category 3 property and property right purchase, 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 government, the period of recovery and for transparency with our community.
- 17 The activity will be mostly (80% to 100%) funded by General rates which includes the Uniform Annual General Charge. General rates are spread across the district. For this change, which has a narrower focus on property transactions, the existing district-wide funding mechanism (Uniform Annual General Charge) has been used until a wider consideration of funding options occurs via development and consultation on the 2024 Three Year Plan.
- 18 There may be moderate funding (40% - 60%) from Grants and Subsidies, and from Borrowing.

Rationale: Social, economic, environmental and cultural wellbeings

- 19 Irrespective of the significant investment in flood control schemes, some areas will still be unsafe to live in. Those properties have been assessed as Category 3 properties.
- 20 Due to the scope of damage and work required, liability for revenue rests across our district when considering the cyclone's impact on the four wellbeings. The impact of the cost of recovery and benefits (after the benefits for impacted property owners are considered) are district wide and unable to be easily differentiated between groups in our community. For this reason, a district wide funding mechanism to recover costs is considered most appropriate.

Summary of Statement of Proposal

- 21 A Summary of the Proposal is on Council's website www.participate.gdc.govt.nz

Timeline

- 22 The dates for consultation are Monday 2 October 2023 to Sunday 16 October.

Copies of this proposal and associated information are available from:

- a) The Council offices at 15 Fitzherbert Street, Gisborne
- b) The HB Williams Memorial library, Peel Street, Gisborne.
- c) The Council website – www.participate.gdc.govt.nz

Have your Say Head to www.participate.gdc.govt.nz to give us your feedback OR
Complete a submission form at Gisborne District Council, 15 Fitzherbert Street, Gisborne.

Submissions close at 5pm on 16 October 2023

More information

Got questions? Feel free to phone our friendly customer service call centre on 0800 653800 or 06 8672049