

Reference: 20240757

15 November 2024



Dear 

Thank you for your request made under the Official Information Act which was transferred to Treasury from the Department of the Prime Minister and Cabinet on 26 September 2024. You requested the following:

- *all briefings to the previous Minister for Cyclone Recovery (Grant Robertson) and all Cabinet papers that detail the concept (policy development) of 'intolerable life safety risk' and the expected outcomes in terms of insurance cover, resilience and disaster risk reduction.*
- *any documentation around the consideration/utilisation of building damage ratios and the time that it would take to get residential homes and associated infrastructure back to functionality.*

In response to the first part of your request, we have assumed your reference to "intolerable life safety risk" refers to the "intolerable risk of injury or death", which forms part of the definition of Category 3 in the risk categorisation framework announced by the Government [on 1 May 2023](#), in response to the 2023 North Island Weather Events. We have interpreted your request as seeking information on the concept of intolerable life safety risk and the development of the risk categorisation framework, rather than the application of the framework.

Central government developed the high-level risk categorisation framework, which was then interpreted and applied by local government. In response to your request, we are releasing documents that describe – in part - how councils applied the framework. The documents we are releasing were based on the best information available at the time they were drafted. For more detailed, up-to-date information about how the categorisation framework has been applied, please seek this information from the relevant council(s) websites or contact them directly.

In response to the part of your request seeking documentation about the "consideration/utilisation of building damage ratios", the Treasury does not hold any information that falls within the scope of this part of your request. Therefore, I am refusing this part of your request under section 18(e) of the OIA – *the document alleged to contain the information requested does not exist or cannot be found.*

Information being released

Please find enclosed the following documents:

Item	Date	Document Description	Decision
1.	5 May 2023	Joint Report T2023-831 Proposed content and process for developing 31 May report back to EWR on policy framework for severely affected locations	Release in part
2.	30 August 2023	Cabinet Paper - Future of Severely Affected Locations - August Report Back	Release in part

I have decided to release the documents listed above, subject to information being withheld under one or more of the following sections of the Official Information Act, as applicable:

- section 9(2)(g)(ii) – to maintain the effective conduct of public affairs through protecting Ministers, members of government organisations, officers and employees from improper pressure or harassment,
- section 9(2)(h) – to maintain legal professional privilege, and
- section 9(2)(k) – to prevent the disclosure of information for improper gain or improper advantage. This reduces the possibility of staff being exposed to phishing, social engineering, and other scams. This is because information released under the OIA may end up in the public domain, for example, on websites including Treasury's website.

Information publicly available

The following information is also covered by your request and is publicly available on the Treasury and Department of Prime Minister and Cabinet websites:

Item	Date	Document Description	Website Address
3.	3 March 2023	Cabinet Oral Item (slide pack): Report Back on Flood Insurance and Land Rehabilitation Issues in Response to Cyclone Gabrielle	https://www.treasury.govt.nz/publications/oia-response/materials-related-future-severely-affected-land-risk-categorisation-framework-oia-20240485
4.	14 March 2023	Cabinet Oral Item (slide pack): Future of Severely Affected Locations Next Steps	https://www.dpmc.govt.nz/sites/default/files/2024-07/pr-ewr-23-sub-0017-oral-item-insurance-and-risk.pdf
5.	23 March 2023	Joint Report: Future of Locations Severely Affected by Recent Flood Events	https://www.treasury.govt.nz/publications/oia-response/materials-related-future-severely-affected-land-risk-categorisation-framework-oia-20240485
6.	5 April 2023	Cabinet Paper: Future of Locations Severely Affected by Recent Flood Events	
7.	5 April 2023	Appendix One: Proposed Policy Framework for Additional Central Government Intervention for Flood-	

Item	Date	Document Description	Website Address
		Affected Properties	
8.	31 May 2023	Cabinet Paper: Central Government Funding Support for Property Owners in Severely Affected Locations	
9.	26 July 2023	Cabinet Paper: Future of Severely Affected Land: July Report Back	https://www.dPMC.govt.nz/sites/default/files/2024-05/pr-ewr-23-sub-0060-future-of-severely-affected-land-jul24.pdf

Accordingly, I have refused your request for the documents listed in the above table under section 18(d) of the Official Information Act, as the information requested is or will soon be publicly available.

Some relevant information has been removed from documents listed in the above table and should continue to be withheld under the Official Information Act, on the grounds described in the documents.

Information to be withheld

There is one additional document covered by your request that I have decided to withhold in full under section 9(2)(h) of the Official Information Act, to maintain legal professional privilege.

Item	Date	Document Description	Decision
10.	1 September 2023	Aide Memoire: Legally privileged – Future of severely affected locations: legal advice on primary legislation	Withhold in full s9(2)(h)

In making my decision, I have considered the public interest considerations in section 9(1) of the Official Information Act.

Please note that this letter (with your personal details removed) and enclosed documents may be published on the Treasury website.

This reply addresses the information you requested. You have the right to ask the Ombudsman to investigate and review my decision.

Yours sincerely

Alex Hamilton
Team Leader, Climate Change

OIA 20240757

Information for release

1.	<u>Joint Report T2023-831 Proposed content and process for developing 31 May report back to EWR on policy framework for severely affected locations</u>	1
2.	<u>Cabinet Paper - Future of Severely Affected Locations - August Report Back</u>	15



Joint Report: Proposed content and process for developing 31 May report back to EWR on policy framework for severely affected locations

Date:	5 May 2023	Report No:	T2023/831
		File Number:	SH-10-8

Action sought

	Action sought	Deadline
Hon Grant Robertson Minister of Finance and Minister for Cyclone Recovery	Discuss this advice with officials at the next Finance Priorities Meeting	8 May 2023
Hon Michael Wood Associate Minister of Finance	Discuss this advice with officials at your regular weekly meeting	8 May 2023

Contact for telephone discussion (if required)

Name	Position	Telephone	1st Contact
s9(2)(g)(ii)	Chief Advisor, Ministry for the Environment		s9(2)(g)(ii) ✓
	Director, Ministry for the Environment		
	Principal Advisor, Climate Change	s9(2)(k)	N/A (mob) ✓
	Manager, Cyclone Coordination		N/A (mob)

Minister’s Office actions

Return the signed report to Treasury. If agreed, **forward** this report to the Minister of Climate Change

Note any feedback on the quality of the report

Enclosure: Yes fosal appendix one for joint report 5 may 2023 (Treasury:4789717v1)

Please note, the appendix is withheld as out of scope of the request

Joint Report: Proposed content and process for developing 31 May report back to EWR on policy framework for severely affected locations

Executive Summary

Cabinet's Extreme Weather Recovery Committee (EWR) has invited Minister Wood to report back on 31 May 2023 seeking confirmation of the severely affected locations where additional support will be considered, the framework and overall approach for decisions about future land use in these locations, and more detailed policy design to support the proposed approach.

This advice sets out our proposed approach to the 31 May paper, for testing with you on 8 May, including the:

- overarching policy decisions and further work required
- process and timing by which we will prepare the paper and work through the various policy issues with you
- dependencies between the policy for the 31 May paper and work that the Taskforce is leading, and
- points we will test in engagement with local government and Māori prior to seeking EWR decisions.

Context

Currently, the Cyclone Recovery Taskforce (the Taskforce) is leading work with local government in Hawkes Bay, Tairāwhiti and Auckland that is intended to result in:

- Data on the status of land in severely affected locations, sorted into categories as agreed by EWR on 5 April [EWR-23-MIN-0030 and we understand later refined on 3 May (subject to final minute)]. It is likely that the information will be produced in tranches, with not all areas necessarily having complete data by mid-May.
- An agreed decision-making process between central and local government, including expected timelines for announcements and decisions (noting that these will likely vary between locations).

The 31 May EWR paper will seek decisions on what central government's response will be for each category, within the decision-making process agreed between central and local government.

Overarching policy decisions

We propose that the 31 May EWR paper seeks agreement to two pathways, both locally-led but supported by central government:

- **A "faster" pathway for properties/areas where even at this early point it looks likely that residential use will not be able to continue for a significant proportion of residents – essentially category 3 as agreed by EWR.** Associated with this pathway would be clarity on the legal process that would be followed to reduce risk through changing land use, any relocation support it may be necessary to provide, and central government's potential contribution.
- **A more comprehensive pathway for land and properties where it is not obvious what the end result should be,** and where that result depends on the feasibility of, for example, investing in better flood protection measures – that is, categories 2C, 2P, and

2A as agreed by EWR. This pathway would result in each council producing a plan for how it will manage risks in its area, including land use change if necessary.

Central government's support for this pathway would involve providing guidance for what those plans need to look like and contain, and a Crown funding contribution at the plan level. We anticipate most properties will be on this pathway.

In its 5 April decision, EWR agreed that Māori connections to the whenua and the Crown's obligations as a Treaty partner will be central to any policy design [EWR-23-MIN-0030].

Meeting this objective plays out at a number of levels:

- Māori interests in the affected regions are broad in scope and have implications for the engagement approach. Māori interest and Treaty considerations relate to Māori land, land returned through Treaty settlements and sites of cultural significance to Māori, and also a broad consideration of the areas in which this land falls. The resident communities in the severely affected locations have high Māori populations and are 'Māori communities' meaning the Māori interest is wide-ranging.
- In terms of engagement, it is important to note Māori are embedded in the wider community. This means, in effect, engagement with Māori will occur at two levels – through bespoke engagement and through local community engagement generally.
- It is likely that we will need a tandem approach for the faster pathway if it transpires that Māori land of different types is classified as "category 3". A robust engagement approach with Māori in affected regions will be crucial.

s9(2)(h)

The 31 May EWR paper will outline specific risks associated with the processes recommended and outline proposed mitigations.

Detailed Policy

We will be providing a joint report on 19 May that will provide detailed policy advice on the full design of the Government's policy response for severely affected land. This report will be accompanied by a draft Cabinet paper. Detailed advice will be provided on:

- **Legal issues:** mechanisms to manage risk through changing land use, and legal requirements to ensure a legally and practically defensible process
- **the approach to any financial support for relocating homes and/or restricting land use:** if financial assistance is required, the approach will consider financial hardship, incentives for property owners to manage risk, cost-sharing between local and central government, a means of capping central government costs to manage fiscal risk, and an appropriate treatment of insurance.
- **implementation considerations:** the process for implementing a voluntary relocation scheme will be resource intensive and may require multiple bespoke approaches as different scenarios come to light.
- **guidance:** central government will provide local government with guidance and expectations designed to ensure consistency of plans between areas, covering the approach to risk, including allowances for climate change impacts, and the range of measures able to be considered.
- **approach to Crown funding:** the current framework for risk reduction investment is that responsibility for decisions and funding largely rest with local authorities, however the guide to Civil Defence Emergency Management sets out a process for how the Crown might provide extraordinary support based on an assessment of local authority finances. Any Crown contribution should consider the local authority's ability to pay.

Contributions will also have to consider any interaction with existing funding arrangements and be designed to avoid the potential for the funding approach to determine the flood management approach, rather than this being determined by a technical assessment of the best options.

Your office is scheduling a workshop with relevant Ministers and supporting officials to work through the policy informing the draft paper prior to finalising for lodgement for 31 May.

This timing depends on the work of the Taskforce proceeding on expected timelines. There are risks that if the data the Taskforce is gathering from local government is not ready by mid-May, or there are concerns about its robustness, Ministers may not have sufficient information on which to make policy decisions by 31 May.

Engagement

As part of developing the policy to support 31 May decisions, we intend to test our thinking with local government in affected regions and Māori, including the overall idea of the two pathways and the detailed design questions that sit underneath them.

Recommended Action

We recommend that the Associate Minister of Finance:

- a **discuss** this advice with officials at the regular check in meeting on 8 May.
- b **refer** this report to the Minister of Climate Change.

Refer Yes / No
Minister of Finance

Refer Yes / No
Associate Minister of Finance

s9(2)(g)(ii)

**Manager, Cyclone Coordination
The Treasury**

s9(2)(g)(ii)

**Director
Ministry for the Environment**

Hon Grant Robertson
Minister of Finance

Hon Michael Wood
Associate Minister of Finance

Treasury Report: Proposed content and process for developing 31 May report back to EWR on policy framework for severely affected locations

Purpose of Report

1. This report sets out our proposed approach to developing an EWR paper for 31 May which seeks confirmation of the framework and overall approach for decisions about future land use in locations severely affected by the recent North Island extreme weather events (NIWE).
2. We would like to discuss this advice with Hon Michael Wood at our regular officials meeting on 8 May and with Hon Grant Robertson at the next Finance Priorities meeting.

Background

3. Earlier EWR discussions covered the problem definition relating to areas most severely affected by the NIWE. This included the assessment that:
 - the magnitude of the impact of the events and the level of future natural hazard risk may mean that it was not desirable to rebuild in some locations (or that difficult choices on risk management options were required), and
 - a key policy problem is that if ultimately there is a decision that retreat is the preferred option for a given property, then the asset owner could possibly face undue financial hardship [EWR-23-MIN-0030 5 April, see also EWR-23-MIN-0017 of 14 March; EWR-23-MIN-0006 7 March].
4. On 5 April 2023 EWR [EWR-23-MIN-0030] invited you to report back on 31 May 2023 seeking decisions on the following:
 - confirmation of the severely affected locations where additional support will be considered
 - confirmation of the framework and overall approach applicable to the selected severely affected locations, and
 - more detailed policy design to support the proposed approach.
5. EWR also agreed to a broad categorisation of severely affected land, which we understand was subsequently refined by EWR on 3 May (the minute has not been issued at the time of writing):

Category	Definitions	Examples
1	Repair to previous state is all that is required to manage future severe weather event risk.	<i>Minor flood damage to repair but no need for significant redesign/retrofitting. Private insurance is sufficient but uninsured may face hardship.</i>
2C	Community level interventions are effective in managing future severe weather event risk.	<i>Local government repairs and enhancements to flood protection schemes are adequate to manage the risk of future flooding events in the face of climate change.</i>

2P	Property level interventions are needed to manage future severe weather event risk, including in tandem with community level interventions.	<i>Property specific measures are necessary e.g., improved drainage, raising houses. Benefits accrue to property owners but some may face affordability issues.</i>
2A	Potential to fall within 2C/2P but significant further assessment required.	<i>Interventions may be required / possible but insufficient information to provide initial categorisation (these may subsequently move within category 2 or to categories 1 / 3).</i>
3	Future severe weather event risk cannot be sufficiently mitigated. In some cases, current land use may remain acceptable, while for many others there is an intolerable risk of injury or death.	<i>In the face of increased climate risks the property may face unacceptable risk of future flooding, which could be an intolerable risk of injury or death, or very significant and regular damage to the property. Other property could be subject to unstable land that poses an ongoing risk.</i>

6. Currently, the Cyclone Recovery Taskforce (the Taskforce) is leading work with local government in affected regions to categorise properties/areas. This will feed into the 31 May Cabinet paper to enable Ministers to confirm the severely affected locations where additional support will be required.
7. Early indications are that there will be areas where:
 - retreat is the primary option as there is significant risk to life and no technically feasible or cost-effective options to otherwise manage that risk, and
 - a complex mix of responses will be required including infrastructure, property specific resilience measures, and retreat.
8. Across the local government involved in this process there are differences in
 - capability
 - the scale of the cyclone damage relative to local government ability to pay (and flow on impact on ratepayers), and
 - the desired pace to progress the response given councils' views on their community's level of preparedness to engage in the response.
9. Local government has also expressed a need for central government guidance on matters such as retreat where there is no existing policy framework and uncertainty over legal powers for implementation.
10. The 31 May report back is one of a number of related EWR decisions and associated workstreams relating to the overall plan for managing the future of severely affected locations. In particular, on 3 May 2023, EWR considered papers prepared by the Taskforce and Cyclone Recovery Unit (CRU) respectively. The minute from that decision has not yet been issued, but a key recommendation from the Taskforce's paper *Future of Severely Affected Locations: Risk Categorisation and Engagement* was that:

“once initial risk assessment and categorisation of severely affected locations has been completed by council officers and the necessary assurances completed:

 - a. the proposed categorisation will be shared with the Minister for Cyclone Recovery, the relevant Lead Regional Minister, the Associate Minister of Cyclone

- Recovery, and Associate Minister of Finance and these Ministers will notify Extreme Weather Recovery colleagues.
- b. the Lead Regional Minister and Minister for Cyclone Recovery will work with local government governing bodies to jointly finalise the initial risk assessment categorisation of severely affected locations in consultation with representatives of iwi, Māori communities and Māori land owners;
 - c. the Taskforce will share information and associated messaging with insurance and finance sectors for input;
 - d. community engagement, consultation and public announcements will then be delivered after this point, led by local government and supported by the Cyclone Recovery Unit and Taskforce.”
11. In practical terms, we expect the related streams to come together over the next few weeks as we finalise the policy for the 31 May paper. We anticipate that the Taskforce will have:
- received categorisation data collected from local government beginning by mid-May which will provide a sense of the scale and nature of the issues in the different locations and enable Ministers to confirm the severely affected locations where additional support will be required, and
 - led an overall decision-making process and timeline with local government, covering which decisions they will make, when, and following what process, which will give context to the policy decisions.
12. This advice sets out our proposed approach to the policy aspects of the 31 May paper, including the:
- overarching policy decisions and further work required
 - process and timing by which we will prepare the paper and work through the various policy issues with you
 - dependencies between the policy for the 31 May paper and work that the Taskforce is leading, and
 - points we will test in engagement with local government and Māori prior to seeking EWR decisions.
13. We do not yet have the information expected from the Taskforce for most areas. Consequently, we are developing proposals with considerable uncertainty about how well they will match actual need and the issues in specific locations. There is also uncertainty regarding the scale of the issue and potential fiscal implications. We would like to test some core propositions with you now to keep design work on track but note that there could be a need to revisit these once the Taskforce’s analysis is available.

Overarching policy decisions

14. The EWR report back on 31 May will seek confirmation of the framework and overall approach for decisions about future land use in severely affected locations. This will require two overarching policy decisions, on responsibilities and sequencing of the next phase of work. We discuss these in turn below.

Responsibilities

15. We propose that the next phase of the work on properties in severely affected locations continues to be locally-led (but centrally supported), with planning and decision-making undertaken by local government to the extent possible. In practice, this would require each council to produce a plan setting out how it will address natural hazard risks in

light of recent events, including whether land use needs to change. This approach would require local government to engage with their communities and work collaboratively with local iwi.

16. Continuing with a locally-led approach (rather than a more centrally-driven approach, as occurred after the Canterbury earthquakes) is consistent with the objectives and principles agreed by Cabinet that emphasised the need to maintain incentives on all parties to manage risk, that risk management is to be locally-led and centrally supported, and that support should be proportionate and target those worst affected [EWR-23-MIN-0030].
17. The core principle underlying the proposal for a locally-led approach is that local government is responsible for managing and mitigating risks from natural hazards in their areas, including with respect to key infrastructure assets. This principle underpins multiple pieces of primary and secondary legislation, including the Local Government Act 2002, Civil Defence Emergency Management Act 2002, and the National Civil Defence Emergency Management Plan 2015. Most of the powers necessary to make changes to land use in affected areas, if that is the ultimate decision reached, sit with local government.
18. Central government's role in the current natural hazards framework includes disaster relief costs, up to 60% of repair costs of essential local government infrastructure, repair of local roads, additional support for infrastructure betterment on an ad hoc basis, and the repair or rebuild of Crown-owned infrastructure. All other risks and costs are typically shared across private asset holders, insurers, and local government.
19. In overwhelming events, central government often uses its discretion to take on an additional support role, typically to ensure equity and avoid undue hardship. We consider this is the best approach to take in the current situation for the following reasons:
 - **Equity and policy coherence:** central government has an interest in ensuring that locally made decisions are consistent across the country and are consistent with central government's objective of increasing long-term resilience to natural hazard risks.¹
 - **Affordability:** central government may be required to provide funding assistance to local government (e.g. in relation to decisions on retreat to avoid undue hardship).
 - **Implementation:** some powers required to implement local government decisions may sit with central government rather than local government (or potentially require new legislation).
20. In this case we recommend the central government intervention comprise the following:
 - guidance and expectations to promote consistency and quality across local government solutions
 - technical expertise to assist the local response where needed, and
 - a funding contribution as required under existing cost-sharing arrangements or where it is needed to ensure a local government response is more closely aligned with the quality and timeliness Ministers desire.
21. An approach that rests primarily on local government decision-making has the following implications:

¹ In the long term there are multiple levers that central government can use to incentivise and drive desired policy action and outcomes on resilience, with many of these being progressed through the Climate Adaptation work programme. In the short term, however, funding levers are the most readily available, including cost sharing with different actors.

- Central government will not have ultimate control over the decisions made but could influence these significantly, especially through requirements that may be put around any central government's funding contribution.
- Variation across regions and localities in how quickly decisions are made is likely, with some potential for slower outcomes in some regions, but with greater likelihood of community buy-in.
- Central Government will need to ensure that the local government approach and response manages the Crown's Treaty of Waitangi obligations.

Proposition to test:

We propose that the overall approach is locally-led, meaning that:

- it would rely primarily on the existing roles, responsibilities, and powers of local government, and
- central government would not have direct control over timing of decisions or outcomes but could influence these strongly through requirements for central government funding, and support for processes if desired.

Phasing

22. Given the different requirements for properties across the three categories, we propose they are put into different 'pathways' and that these pathways are progressed in parallel, but at different speeds:

- **A "faster" pathway for properties/areas where even at this early point it looks likely that residential use will not be able to continue for a significant proportion of residents – essentially category 3 as agreed by EWR**

Associated with this pathway would be clarity on the legal process that would be followed to reduce risk through changing land use, any relocation support it may be necessary to provide, and central government's potential contribution.

- **A more comprehensive pathway for land and properties where the end result is not obvious**, and where that result depends on the feasibility of, for example, investing in better flood protection measures – that is, categories 2C, 2P, and 2A as agreed by EWR. This pathway would result in each council producing plans for how they intend to manage risks in their area, including land use change if necessary.

Central government's support for this pathway would be providing guidance for what those plans need to look like and contain, and funding support at the plan level, recognising that many of the investments that the plans identify may not be feasible without central government funding support. We anticipate most properties will be on this pathway.

23. We do not propose a pathway for category 1, that is the properties where repair to previous state is all that is required to manage future severe weather event risk. The specific pathways are for land/properties where there is a need for further interventions to manage risk – that is, categories 2 and 3.

24. We recommend carefully considering the words that are used to publicly describe land that has been placed in category 1, as there are risks to central government in saying or implying that any particular land area is "safe". For example, it is possible that central government may change its view on appropriate risk tolerance in the future, and our knowledge of climate change implications on future weather patterns and risks to people and land will continue to evolve. Instead, we suggest focusing on communicating which property/land is *in* specific processes, with property that is out being defined primarily by exclusion.

25. We will develop policy on the more detailed process associated with each pathway for 31 May, and it is likely that the overall process may need to continue to be refined as the policy is implemented.

Proposition to test:

We propose that there be two pathways, a faster pathway associated with category 3 and a more comprehensive pathway associated with category 2 (and subcategories).

Detailed policy design

26. We will be providing a joint report on 19 May that will provide detailed policy advice on the full design of the Government's policy response for severely affected land. This report will be accompanied by a draft Cabinet paper.
27. Our view is that the design of the faster pathway needs to be further advanced by 31 May than the design of the more comprehensive pathway, but both need consistent underpinning elements. That view reflects a judgement that people who own land in category 3 will need certainty about what they can expect to happen as soon as possible, including certainty about the support central government will offer.
28. Attached as Appendix 1 is a table summarising the main policy questions, some context for each issue, and our initial thinking. We outline some of the high-level issues below.

Core policy choices associated with the faster pathway

29. A high-level choice is whether the process should be **voluntary** or **mandatory**. There is doubt that existing legal powers would allow for mandatory relocation or restrictions to prohibit residential land use. Additionally, only some of the properties placed in category 3 may be those where there is a clear risk to life, so the basis for requiring mandatory restrictions or relocation may be open to challenge.
30. Implications associated with this choice include the following:
 - We are aware that there are property owners in likely category 3 areas who have expressed a determination to stay in their current location. Ministers will need to consider if they would be satisfied with a process that makes property owners aware of the risks, provides them an opportunity to move including financial assistance, and then leaves those who refuse to move in place.
 - Enforcement of an approach based on restricting land uses, but not a change of land ownership, may be complex.
 - The level of financial assistance will obviously have an impact on uptake. A voluntary approach would allow for individual property owners to make assessments of the risks they are willing to take against the value they place in retaining their attachment to their land.

Proposition to test:

We propose that the faster pathway associated with category 3 is unlikely to involve legally requiring people to relocate, but rather would be primarily a voluntary process for those who wish to move.

31. We will be bringing you further advice on:
 - **Overall process and legal mechanisms:** this will cover the legal mechanisms required to sufficiently reduce risk and where various powers sit between central and local government. We will also consider what process elements are necessary and/or desirable in order for the process to be legally and practically defensible, for example:
 - i Whether any further assessment is necessary beyond the locally-led classification into "category 3" prior to being eligible for the process – in particular, whether property level assessments are required.

- ii What level of community engagement and consultation should occur before a finalised offer can be presented. That is, local and central government may wish to present a proposal for feedback prior to finalisation.
- **Approach to any financial support for relocating property owners:** if financial assistance is required, the approach will need to consider:
 - i financial hardship
 - ii incentives for property owners to manage risk
 - iii cost-sharing between local and central government
 - iv a means of capping central government costs to manage fiscal risk, and
 - v addressing complications such as the treatment of insurance, enabling property owners to receive and utilise the relevant payout from their insurers (in certain cases supplemented by Government).
- **Implementation considerations:** the process for implementing a voluntary relocation scheme will be resource intensive and may require multiple bespoke approaches as different scenarios come to light. We understand that on 3 May EWR agreed that from May the implementation role will shift to the Cyclone Recovery Unit (minute pending). There are process elements that will be significant, for example:
 - i the capacity to undertake property-by-property assessments and engagements with owners
 - ii the operational support for the legal process that needs to happen – the support necessary depends on the model chosen, but if the Crown purchases land it will need to make offers to landholders and document resulting sales, and
 - iii an approach to managing the land once it has been retreated from.
- **Land types that are in and out of scope:** The EWR paper will need to make choices about which land and property types are in and out of scope for the “faster” pathway. The focus of the pathway will be on residential properties, but there are scope choices around mixed-use properties (for example farms), tenanted properties, and second homes.

Core policy choices associated with the more comprehensive pathway

32. Policy developed for the faster pathway will be relevant for the more comprehensive pathway but additional thinking will also be required. We will be providing you with advice on:
- **Content of guidance:** central government will provide local government with guidance and expectations designed to ensure consistency of plans between areas. This guidance should cover the approach to risk, including allowances for climate change impacts, and the range of measures able to be considered. For the complex areas under this pathway, the optimal response is likely to require integrated plans that use the mixture of responses that provide the overall most effective response. Plans in these areas may include mixes of infrastructure repairs and enhancements, property resilience measures, and retreat.
 - **Approach to Crown funding:** the current framework for risk reduction investment is that responsibility for decisions and funding largely rest with local authorities, however the guide to Civil Defence Emergency Management sets out a process for how the Crown might provide extraordinary support based on an assessment of local authority finances. Any Crown contribution should consider the local authority’s ability to pay. Contributions will have to be designed to avoid the potential for the funding approach to determine the flood management

approach, rather than this being determined by a technical assessment of the best options. For this reason, we are considering an approach where any Crown funding to support councils' plans is available at the whole plan level rather than for specific elements of the plan. Contributions will also have to consider any interaction with existing funding arrangements. The Local Government Flood Resilience Co-Investment Fund initiative agreed to for Budget 2023 could be directly integrated with work underway on the future of severely affected land process. We understand that the Minister of Local Government may seek agreement from EWR to integrate the Co-Investment fund with this work.

Treaty of Waitangi considerations

33. In its 5 April decision, EWR agreed that Māori connections to the whenua and the Crown's obligations as a Treaty partner will be central to any policy design [EWR-23-MIN-0030]. Meeting this objective plays out at a number of levels. Māori interests in the affected regions are broad in scope and have implications for the engagement approach. Māori interest and Treaty considerations relate to Māori land, land returned through Treaty settlements and sites of cultural significance to Māori, and also a broad consideration of the areas in which this land falls. The resident communities in the severely affected locations have high Māori populations and are 'Māori communities', meaning the Māori interest is wide-ranging.
34. In terms of engagement, it is important to note that Māori are embedded in the wider community. This means, in effect, engagement with Māori will occur at two levels – through bespoke engagement and through local community engagement generally. Local government should work collaboratively with local iwi in the development of their plans.
35. In particular, if category 3 land ultimately includes land that has been returned via a Treaty Settlement (or is landbanked for a future one), collectively-owned Māori land, or sites of particular cultural significance to Māori, it is unlikely that the faster pathway outlined above will be sufficient to meet the Crown's obligations as a Treaty partner. For these types of land, a more bespoke process may need to be designed, working closely with Māori to do so. Treaty of Waitangi considerations will also arise in the design of the more comprehensive pathway. For example, whether a different approach to value for money considerations is warranted for land where the Crown has significant Treaty obligations.

Legal and other risks across both pathways

36. s9(2)(h) 
The 31 May EWR paper will outline specific risks associated with the processes recommended and outline proposed mitigations.

Fiscal implications

37. We are developing a costing model to help understand the fiscal implications of this work. However, this is reliant on the data to be produced by the Taskforce as costings require information on properties impacted and information on insurance pay-outs that are outstanding.
38. Nevertheless, even with limited data it is clear that fiscal implications could be significant. For example, preliminary data indicates that category 3 properties in Hawkes Bay alone may total several hundred. In addition, fiscal costs incurred responding to the current damaged areas are only a subset of the fiscal risk being

created by creating a precedent of central government support for property retreat in the face of natural hazards.

39. Policy design to manage the fiscal risk to the Crown will be essential, such as capping the central government contribution and sharing costs with local government and property owners. Future legislative and regulatory changes to improve land-use planning relating to natural hazard risks could also help manage fiscal risk by minimising the ongoing placement of property in harm's way.

Process and timing

40. We will provide you with a joint report on 19 May that provides the detailed policy analysis underpinning the proposed policy response for severely affected land. That report will be accompanied by a draft Cabinet paper.
41. Following that, we will hold a workshop with other relevant Ministers and supporting officials. Given that the policy is developing at pace we are unlikely to be able to allow a generous amount of time for Ministerial consultation, so the workshop will be a way of bringing Ministers into the policy thinking early.
42. We also have shared this advice with interested agencies – Te Arawhiti, Te Puni Kokiri, the Taskforce and the CRU - to give them visibility of the likely policy in the 31 May paper. We will work with those agencies as the policy develops.

Dependencies

43. As noted above, we are expecting that by the time we finalise the policy for the 31 May EWR paper the information to be provided by the Taskforce will be available. There may be delays in this process and information may be provided in stages. If the data gathered by the Taskforce is not ready by mid-May, or has been produced but we are not confident in its robustness, Ministers may not feel they have a sufficient information base to make decisions on the policy framework (e.g., it will not be possible to give an accurate estimate of the costs of policy choices). It would be possible to make policy decisions based on data from only some areas, but it increases some risks, in particular the risk that the ultimate fiscal impact is significantly different to that which would be implied by the initial area.
44. Given these uncertainties and risks, we recommend that we continue to work to 31 May as the date for decisions on the policy framework but use the workshop your office is scheduling with Ministers and supporting officials to test what kind of policy decisions Ministers would be comfortable making should related work be delayed.

Engagement

Engagement with local government

45. While the Taskforce will lead the engagement approach with local councils, insurance and the finance sector, The Treasury and the Ministry for the Environment will also need to engage with local government on the policy framework and approach, including to inform the report back to EWR on 31 May.
46. Engagement on the policy framework needs to be coordinated with the overall Taskforce-led engagement to ensure the work is connected. Officials will work closely with the Taskforce and the CRU to ensure we don't duplicate efforts and overburden councils, and that we are proactive, streamlined and transparent across all our engagement activities. We will ensure that in our communications with councils we provide clarity about the purpose of our engagement, particularly to avoid any

confusion between Taskforce-led and official-led engagement. Having open channels of communication between the Taskforce and the CRU will be critical.

47. As MfE and the Department of Internal Affairs have existing relationships with councils, where possible and practical we will use existing and relevant fora, and only look to set up new and targeted engagement where there is a need. This will ensure we are sensitive to the time burdens and pressures Councils are currently facing.
48. The key points we wish to test with councils are the proposed two pathways, the workability of the approach, the use of existing legal powers, the guidance local government would like to receive, and local government expectations regarding Crown funding.

Engagement with Māori at a national level

49. We also think it will be important to test the policy framework and approach with national level Māori entities prior to going to EWR. We propose to use existing engagement structures such as the NICF. This testing would be in addition to the local level engagement with Māori in the affected areas that will need to happen and is being led by the CRU. We will keep your office updated on the outcome of these discussions and any plans for engaging with Māori between now and 31 May.

Engagement between Ministers and Councillors

50. Ministers may wish to have discussions with Councillors from affected regions over the next few weeks, particularly about the approach central government might take to funding. We suggest the following messages would be useful in any meetings:
 - Central government is open to providing funding support but expects that local government will also fund initiatives, including but not limited to the costs of relocating people if necessary.
 - At a more general level, central government is considering an approach where it would fund a proportion of a council's overall plan to increase resilience to natural hazard risks, as opposed to funding individual elements.
 - Individual councils' ability to pay will be relevant. It is unlikely that central government's contribution would be based on a strict formula approach.

Next steps

51. The immediate next steps associated with this work are:
 - **8 May:** Meeting you for your feedback.
 - **Week of 10 May onwards:** Testing the policy framework and approach with local government and Māori, continuing to develop policy in parallel
 - **19 May:** Providing you with a joint report outlining the substantive policy advice, accompanied by a draft Cabinet paper.
 - **Week of 19 May:** Workshop with you, other relevant Ministers, and supporting officials.
 - **Week of 22 May:** Ministerial and agency consultation on the draft Cabinet paper.
 - **25 May:** Lodgement for 31 May EWR and subsequent Cabinet.

Office of the Minister of Finance
Chair, Cabinet Extreme Weather Recovery Committee

Future of severely affected locations: August report back

Proposal

- 1 This paper provides an update on central government support to councils as they progress categorisation and funding decisions for property severely affected by the 2023 Auckland flood events and Cyclone Gabrielle, within the context of a locally-led response for Category 2 and 3 properties.
- 2 Progress on the implementation of the Crown-led Kaupapa Māori pathway is covered in the accompanying paper *Future of severely affected locations: Kaupapa Māori pathway report-back*.

Relation to government priorities

- 3 This paper relates to the Government's ongoing recovery response to the impacts of the 2023 Auckland flood events and Cyclone Gabrielle.

Executive Summary

- 4 On 31 July, Cabinet invited the Minister of Finance to report back in August on property categorisations; progress on the implementation of the Category 2, Category 3 and Kaupapa Māori pathways; ongoing departmental responsibilities; and the proactive release of Cabinet papers [CAB-23-MIN-0334 refers].
- 5 Decisions on categorisations sit with councils, as part of the locally-led, centrally-supported Future of Severely Affected Locations (FOSAL) approach. Councils are progressing, at different speeds, towards finalisation of their categorisation methodologies, which need to be in place to form part of the final funding agreements each council will have with the Crown.
- 6 Hawke's Bay, Gisborne, and Auckland councils are also developing the details for their Category 3 buyout processes and I expect these to be finalised in the form of attachments to the funding arrangements between councils and the Crown.

7 s9(2)(h)

8

s9(2)(h)

9

- 10 Officials have been meeting with councils from additional regions (other than Auckland, Gisborne, and Hawke's Bay) that have been impacted by Cyclone Gabrielle, being Northland, Waikato, Bay of Plenty, Manawatū-Whanganui, and Wellington (Wairarapa). Council officials raised questions relating to the level of support available for categorisation, and the extent of funding that could be available, including how this could be accessed and whether debt caps could be raised.
- 11 I propose that central government support also be made available to these regions, for consistency in our approach to the North Island Extreme Weather Events (NIWE) response for priority regions, and that this be encouraged through cross-council conversations and ongoing communication. I envisage any resulting requests for Crown financial support would be relatively small, in comparison to the initial three FOSAL focus regions.
- 12 In relation to ongoing departmental responsibilities for implementing the FOSAL programme, I am proposing that the Cyclone Recovery Unit (CRU) hold the overall lead responsibility for implementation.
- 13 CRU would also chair a cross-agency steering group, whose membership would include the Treasury, the Ministry for the Environment, Te Puni Kōkiri, Land Information New Zealand, the Ministry of Housing and Urban Development, the Department of Internal Affairs, and other agencies, as required. The steering group would be supported by an inter-agency working group.
- 14 The Treasury would remain responsible for cost-sharing negotiations and finalising funding arrangements for the three priority regions. Once these arrangements have been finalised, CRU would then be responsible for preparing any funding arrangements for other regions, management of the agreements, including administering the Crown's financial support to councils for Category 2 and 3 and monitoring delivery. Crown Infrastructure Partners would also have significant operational contract management and monitoring roles in this work.
- 15 I am recommending that CRU be responsible for assessing Category 2 business cases and for funding distribution, management and monitoring. As some Category 2 initiatives are also contained in Regional Recovery Plans (RRPs), CRU would also be responsible for administering Local Government Flood Resilience Co-investment Fund funding agreements. Similarly, CRU would have responsibility for disbursement and monitoring of the Crown's contributions to councils in support of their Category 3 property buyouts, consistent with the cost-sharing Funding Agreements.

- 16 I am also proposing that the Joint Ministers responsible for drawdown decisions on the Local Government Flood Resilience Co-investment Fund be changed, from the current Ministers of Finance, Local Government, Regional Economic Development and Climate Change; to the Minister of Finance, Minister for Cyclone Recovery, and the Minister of Local Government, along with other appropriation Ministers as necessary.

Background

- 17 On 31 July, Cabinet invited the Minister of Finance to report back in August on the Future of Severely Affected Locations (FOSAL) work programme, specifically on [CAB-23-MIN-0060, refers]:
- 17.1 an agreed understanding of the categorisation approach with councils;
 - 17.2 progress on implementation of the Category 2 and Category 3 pathways;
 - 17.3 progress on implementation of the Kaupapa Māori pathway;
 - 17.4 arrangements for ongoing departmental responsibilities of the implementation of the FOSAL programme; and
 - 17.5 proactively releasing earlier FOSAL programme Cabinet papers where policy consideration has now concluded.
- 18 Note that progress on policy development and the implementation of the Crown-led Kaupapa Māori pathway is covered in the complementary paper, *Future of severely affected locations: Kaupapa Māori pathway report-back*.

Estimated properties by category

- 19 There are currently an estimated 1,015 properties classified as Category 3 across the Auckland, Gisborne, and Hawke's Bay regions, and a further 14,620 properties classified as Category 2 (see table below). While the number of Category 2 properties has only marginally changed since the July update (14,597 in July), the estimated number of Category 3 properties is significantly larger (estimated 722 properties in July).

Location	Number of properties			
	2C	2P	2A	3
Auckland Council	2650	2550	6315	700
Gisborne District Council	0	0	1800	49
Wairoa District Council	0	0	684	0
Napier City Council	0	1	0	20
Hastings District Council	133	19	205	246
Central Hawke's Bay District Council	0	8	127	0
All Regions	2911	2578	9131	1015

July update totals	2783	2578	9236	722
--------------------	------	------	------	-----

- 19.1 **Auckland:** The increase in Category 3 properties is largely due to Auckland Council’s identification of about 400 properties as Category 3 for their Making Way for Water proposal, with the remaining 300 Category 3 properties in Auckland relating to geotechnical issues.
- 19.2 **Gisborne:** Through the cost-sharing negotiations with Gisborne District Council, their current estimate of Category 3 properties has gone from 55 properties to 49. However, given the large number of Category 2A properties, this number could still increase.
- 19.3 **Hawke’s Bay:** We have not received information of any changes to categorisation numbers since our last update at the end of June 2023.
- 20 These figures will continue to fluctuate as more detailed property-by-property technical assessments are carried out by councils, and remediation and flood management works (such as stopbank repairs and construction) are completed (e.g., moving properties into Category 1). It may be several months before category numbers stabilise.

An agreed approach to categorisation by councils

- 21 Categorisation is the process of councils placing properties or groups of properties into classes of policy response (Category 1, 2 or 3), based on the ability to mitigate intolerable levels of risk as revealed by Cyclone Gabrielle and the 2023 Auckland flood events.
- 22 Decisions on categorisation policy sit with councils under the locally-led, centrally-supported approach. Councils will finalise their categorisation methodologies via their final funding agreements with the Crown.
- 23 EWR agreed in principle to the categorisation framework on 5 April [EWR-23-MIN-0030]. The Task Force and councils then discussed and agreed the categorisation framework as a tool to support councils’ locally-led work on risk assessment and solution design, and to support communication with people to provide them with as much certainty as possible about their situation.
- 24 To encourage knowledge sharing and consistency across councils, officials have convened several workshops with working level staff from impacted councils.

Progress on categorisation

- 25 Councils are following broadly similar processes, starting with risk assessment and decisions on risk thresholds, then initial categorisation, then public consultation:
- 25.1 Hawke’s Bay publicly released their initial categorisation decisions on 1 June and are currently consulting with affected communities with an expectation to finalise categorisations by the end of September. At the

same time, public consultation is occurring on changes to Long-Term Plans to enable voluntary buyouts and changes to finance policy, which would in turn enable cost-sharing arrangements between the Crown and Hawke's Bay councils to go ahead.

- 25.2 Gisborne District Council has carried out some initial categorisation work and notified up to 49 Category 3 property owners. The Council is likely to simultaneously consult on initial categorisations and its cost-sharing arrangement with the Crown once the agreement is confirmed.
- 25.3 Auckland Council is carrying out surveys with affected property owners and has commenced property-level risk assessment work. Property by property assessments will be staged, suburb by suburb, with buyouts to follow as each suburb's categorisation is finalised. Auckland has now received its geotechnical reports for properties on the west coast. Auckland Council is also carrying out information sessions for affected people, and publicly consulting on its Making Space for Water programme.
- 26 Finalisation of categorisation methodologies is still in process and methodologies are to be attached to final funding agreements. Hawke's Bay has publicly announced its 'term sheet'¹ in early August and is currently undertaking public consultation, with an expectation that buyouts could start by mid-October. Gisborne District Council is to consider their term sheet in late August, ahead of public consultation. Auckland expect to have their categorisation methodology finalised by mid-September. Auckland expect to begin buyouts in late October for properties that have been categorised by that point.
- 27 The final funding agreements will need to finalise the remaining details of categorisation that councils are still working through and that have policy and fiscal implications. I signalled these matters in my last report to EWR; that is, the pathways for Category 2 versus Category 3, as well as the Kaupapa Māori pathway, the type of risk threshold applied, and the approach to land damage.
- 28 In addition, categorisation decisions will also impact councils' building consent work, such as information on future hazards and mitigations, and the approach to already consented building work which is now on Category 3 land.

Finalising methodologies for Category 2 and Category 3 pathways

- 29 Auckland Council is considering applying capped support for Category 2P properties - where property-level interventions are recommended - to balance the need for reasonable support for risk reduction, with fiscal exposure. That is, if the property-level intervention is not taken up by the property owner, then Auckland Council would not then offer a buyout or grant as an alternative.

¹ Term sheets are the preliminary terms of arrangements, subject to public consultation and final decisions.

- 30 I am supportive of councils making these distinctions based on their assessment of risk, though I have asked officials to further encourage councils to ensure as much consistency as possible between regions.

Finalising methodologies regarding the type of risk threshold

- 31 The original category descriptions simply referred to ‘risk’, and did not differentiate between risk to life or, for example, risk to property. On 31 May, EWR agreed that criteria would be determined by councils, but within that, criteria for Category 3 would be risk to life and safety and where land damage makes rebuilding technically or economically infeasible [EWR-23-MIN-0044].² These criteria drew on previous examples where the Crown has supported councils to conduct buyouts (e.g., risk to life in the Port Hills and Matatā, land damage in Christchurch).
- 32 Councils are following this approach, with risk thresholds being set, or planned, for entry into Category 2 and 3 based on intolerable risk to life safety and land damage.
- 33 Councils are still working through the question of whether there may be some properties, particularly in Category 2, where the risk is primarily to property rather than strictly risk to life, but still meets an “intolerable” threshold.

Finalising methodologies regarding land damage

- 34 EWR agreed on 31 May [EWR-23-MIN-0044 refers] that, as determined by councils, land damage that makes rebuilding technically or economically infeasible would be a criterion for inclusion in Category 3 – that is, eligible for a buyout offer. As noted above, this was included to reflect previous instances where the Crown has contributed to buyouts, namely; damage to land following the Christchurch earthquakes.
- 35 Auckland and Gisborne District Council’s application of this criterion shows that the impacts from the events are specific to individual properties, rather than presenting the kind of area-wide remediation issues which drove the need for buyouts on liquefied land in Christchurch. That is, the issues arising for property owners differ slightly from the original policy intent of the criterion. (Hawke’s Bay did not report land damage issues as part of FOSAL).
- 36 Auckland’s and Gisborne’s approach is to support property owners so badly affected by land damage that land remediation and building construction cannot cost effectively be carried out in place and where this creates a barrier to property owners moving on with their lives.
- 37 On balance, I recommend that the Crown supports councils (as previously signalled) to buy out properties that they have identified as Category 3 due to

² Agreed that Category 3 properties are, as determined by local authorities, those properties that:
21.1 have been impacted by the 2023 Auckland flood and/or Cyclone Gabrielle events; and
21.2 the future risk of flood or landslide includes:
21.2.1 imminent threat to life; and/or
21.2.2 land damage making rebuild technically or economically infeasible; and
21.2.3 unacceptable future risk to safety and compelling evidence that no other solution can reduce risk to acceptable levels at an acceptable cost.

land damage for now, but that this issue requires further consideration as part of longer-term managed retreat policy.

Future adaptation policy

- 38 I note that central government may face subsequent choices on whether to provide support to councils for property owners who experience similar impacts, such as flooding, silt damage and land damage from extreme weather event situations, which are expected to occur more frequently in the future.
- 39 To mitigate this risk, I recommend communicating that the FOSAL policy settings are not intended to be an indication of long-term adaptation policy. Rather, central government should signal that the longer-term policy settings on matters such as the treatment of land damage should be determined through the continuing work and submissions related to the recently published Issues Paper on community-led retreat and adaptation funding and the associated Select Committee Inquiry.

The Category 2 pathway

- 40 Cabinet previously agreed that after councils in priority regions have confirmed the key cost-sharing funding terms with the Crown, they will be invited to submit business cases for eligible Category 2 risk mitigation projects, consistent with the process for the National Resilience Plan (NRP) [CAB-23-MIN-0329] and with some FOSAL-specific expectations. This funding has been pre-allocated for these regions.
- 41 Where there are several initiatives in a region, I would expect councils to take a strategic programme-wide approach. This will support cohesive delivery of projects and will be an opportunity to further refine prioritisation and sequencing.
- 42 Councils have indicated projects to the Crown that will be included in agreed cost-sharing funding terms and pre-allocation. It may be that, once councils have completed their categorisation exercise, that some of the Category 2 projects do not address intolerable risk to life, but rather they address long-standing historic underinvestment or affordability issues. In my view Crown support may nonetheless be considered, in keeping with making infrastructure fit-for-purpose in preparation for future climate impacts, and consistent with objectives of the National Resilience Plan. These proposals may be considered using criteria from the special policy for recovery outlined in the National Civil Defence Emergency Management Plan Order 2015.³
- 43 The process for accessing funding for Category 2 projects⁴ will be closely integrated with regional recovery planning. Many risk mitigation projects were identified in the first version of Regional Recovery Plans (RRPs), and the second version of RRPs (late 2023) will include revised programmes of

³ Clause 164 of the National Civil Defence Emergency Management Plan Order 2015 states:
Special policy financial support may be available to local authorities in cases where, to decrease the likelihood of the occurrence of a similar emergency, funding in addition to existing resources is required for—
(a) new programmes of work to meet specific needs in an affected region; or
(b) the upgrading of facilities to a level that is higher than existed previously.

⁴ See Appendix 1 for the business case flow chart.

projects that are being developed and submitted for funding through business cases.

- 44 For councils in other impacted regions, EWR agreed that proposals can be assessed against the NRP business case process [EWR-23-MIN-0070]. I propose these are also subject to FOSAL-specific expectations which include:
- 44.1 taking a programme-wide, area-based approach to hazard risk management, including assets not owned by councils or residential property owners, such as State Highways and commercial properties;
 - 44.2 using the PARA (protect, accommodate, retreat, avoid) framework when considering options;
 - 44.3 considering cultural values and other non-monetary costs and benefits, such as environmental and equity impacts, and;
 - 44.4 consulting with local communities, including affected Māori and owners of whenua Māori, and have taken into account Māori rights and interests.

The Category 3 buyout process

- 45 Officials continue to support councils via joint and individual workshops. Councils are still forming their views on their preferred design for buyouts.
- 46 As I noted in my July update, initial indications from Hawke's Bay Regional Recovery Agency (HBRRRA) is to apply no cap, valuations at individual property level rather than blanket approaches, offers at 100% of pre-event value, and second homes being eligible. For mixed-use properties, grants would be offered to enable property owners to relocate while maintaining non-residential uses. Pure residential properties (including rental properties) would be included. HBRRRA has not provided further updates. We do not believe at this stage they are considering differentiating offers according to whether the property was insured at the time of the event.
- 47 Gisborne District Council and Auckland Council have engaged in workshops but have not yet provided updates on their preferred design.
- 48 I expect the key details of buyout (and grant) design to be finalised in the form of agreed attachments to funding agreements between councils and the Crown.

s9(2)(h)



50

s9(2)(h)

51

Support for other NIWE-impacted regions

- 52 The focus for support to date has been on the three regions (Auckland, Gisborne, and Hawke's Bay) most severely impacted by the 2023 NIWE events. Officials have also been engaging with councils from the other affected regions of Northland, Waikato, Bay of Plenty, Manawatū-Whanganui, and Wellington (Wairarapa).
- 53 Officials met with councils from these regions on 16 August, to provide an overview of the locally-led, centrally-supported future of the FOSAL programme and seek an understanding of key areas of concern for those councils.
- 54 Questions raised by councils included whether there was a legal requirement for the process, what support was available for categorisation, and the extent of funding, including how this could be accessed and whether debt caps could be raised. Officials have reiterated the focus of the work is on residential land, and for mixed-use properties, the residential component of those properties.
- 55 Each area is unique and influenced by different factors, including councils' capacity. Officials are working with councils to understand the extent and type of issues in each area and how the locally-led and centrally-supported process may need to be applied differently in each region, and in a way that is relative to the impacts. Based on discussions to date, we expect that numbers of impacted properties are small, relative to the main three regions. For example, Masterton District Council has identified up to nine properties that could potentially be Category 3, while Tauranga City is considering two to three properties.
- 56 I propose central government support be made available to ensure consistency in approach to the extent possible. I envisage any resulting requests for Crown financial support would be small in relation to the initial three FOSAL focus regions.
- 57 Officials from the Cyclone Recovery Unit met with the Mayor of Nelson City, Council members and Council officials on 24 August. In the paper '*Contribution to funding for Nelson City Council to address impacts from a severe weather event that occurred in August 2022*' that accompanies this report, I am recommending that the Crown provide some financial to support to Nelson.

I propose ongoing departmental responsibilities for FOSAL programme implementation

- 58 I propose that the CRU will hold overall lead responsibility for ongoing FOSAL implementation across affected regions. I expect this to include engagement and ongoing policy support for councils, administering the Crown's financial supports, and any associated ministerial servicing. I also expect this to include co-ordinating with relevant agencies as necessary.

Implementation oversight

- 59 Cyclone recovery and implementation of the FOSAL approach remains a locally-led and centrally-supported process. Central government's role is to support councils and communities by providing policy support and financial assistance to support the recovery. With the transition towards implementation in the first three focus regions, central government's FOSAL policy support role will shift towards providing the financial assistance agreed with councils, consistent with achieving the outcomes intended and value for money. Central government will also support councils' ongoing planning, land use and natural hazard management responsibilities. Finally, central government will also focus on delivering the Kaupapa Māori pathway.
- 60 Councils are leading on designing and delivering a FOSAL voluntary buyout scheme and identifying interventions for Category 2 areas.
- 61 The CRU is also responsible for the Regional Recovery Plan triage process, coordination and advice, communications and engagement across all affected regions, among other aspects of the broader cyclone recovery. The coordination across all these activities streamlines communications with councils and ensures different processes are aligned and not operating in isolation.
- 62 I am also proposing that, to support councils to implement the FOSAL approach, the CRU chairs a steering group that brings together central government agencies. The steering group will have membership that will include the Treasury, the Ministry for the Environment, Te Puni Kōkiri, Land Information New Zealand, the Ministry of Housing and Urban Development, and the Department of Internal Affairs, with other agencies joining as required.
- 63 The steering group will be supported by an inter-agency working group, with representation from steering group agencies and other agencies, as required. The working group will ensure that all cyclone recovery programmes remain connected and coordinated.
- 64 The steering group will ensure alignment with other related governance arrangements for cyclone recovery, climate change, and spatial planning. Beyond this, there will be further links with workstreams such as the response to the Ministerial Inquiry into Land Use, and as a reporting mechanism to Cyclone Recovery Ministers. The steering group will also be responsible for ensuring that flow-on impacts from buyouts and interventions, such as the displacement of people and communities and workforce capacity, are monitored.

- 65 Having these groups in place will ensure there are coordinated central government responses and support for council and iwi and hapū needs, and that central and local implementation is well-integrated. Close engagement with regions will be crucial as councils lead implementation at a local level. The chair of the steering group, supported at a working group level, will ensure that there is regular and effective engagement with councils, to ensure that they are getting the support they need.
- 66 The CRU is leading central government coordination and engagement with other NIWE-impacted councils to understand their individual situations and provide support as required.
- 67 To assess the ongoing implementation of the FOSAL programme and to learn from the approach taken, CRU will report back to responsible Ministers with a monitoring and evaluation framework designed to assess implementation delivery.

Administering the Crown's financial support for councils

- 68 There are five streams of financial support that the Crown has agreed with Hawke's Bay, Gisborne, and Auckland councils: Category 3 buyouts, Category 2 risk mitigation interventions, two types of transport financial support, and concessional financing (Gisborne only):
- 68.1 ***Transport*** – I propose that the CRU, with support from CIP, will be responsible for administering the transport packages agreed with councils through cost sharing negotiations.
- 68.2 ***Concessional financing*** – We have agreed that the Crown will facilitate concessional financing for Gisborne. This financing will be provided by the Local Government Funding Agency with the Crown funding the applicable interest costs. I recommend the Treasury is given responsibility for administering this support.
- 68.2.1 Access to the concessional financing facility will be linked to Category 3 buyouts, and Category 2 and transport projects contemplated in this paper for NRP funding. Drawdowns can only be made once the relevant business cases have been submitted and approvals granted.

Category 3 buyouts

- 69 The Treasury will remain responsible for concluding cost-sharing negotiations for the three focus regions and finalising funding arrangements with the Hawke's Bay, Gisborne, and Auckland councils. The CRU is currently considering options for cost-sharing or other support required for other NIWE-affected regions.
- 70 The CRU will be responsible for ensuring that councils are supported to carry out their voluntary buyout processes, drawing on expertise of other agencies as appropriate. For example, this could include support to design aspects of

their buyout scheme or post-buyout land use changes, or to facilitate access to technical advice such as surveyors and conveyancers.

- 71 Once finalised, the management of funding agreements with councils will sit with CRU who, supported by Crown Infrastructure Partners (CIP), will distribute the agreed funding and monitor councils' delivery.

Category 2 risk mitigation projects

- 72 I propose the CRU, with support from CIP, have responsibility for administering the Crown's financial support for Category 2.
- 73 The CRU will also be responsible to minimise the risk of perceived inequities being created between the scope of Category 2 and Category 3 pathways, and Kaupapa Māori pathway. Potential discrepancies could be created, for example, in relation to the treatment of mixed-use land and the remediation of land to productive use.
- 74 I propose that we direct CRU officials to report back to responsible Ministers on the final implementation settings for Category 2, Category 3 and the transport packages agreed through cost-sharing negotiations, including:
- 74.1 assessment of council business cases;
 - 74.2 Ministerial approvals;
 - 74.3 monitoring and reporting requirements.

Crown Infrastructure Partners' proposed role

- 75 CIP has a strong operational and commercial arm and proven track record of helping deliver complex infrastructure projects and is therefore an appropriate support agency for the implementation of Category 2 interventions, Category 3 buyouts, and negotiated transport packages.
- 76 I propose that we direct CRU and Treasury officials to negotiate the precise role of CIP in the various FOSAL recovery processes.
- 77 Once negotiations are completed, CRU will provide advice to policy, and Shareholding Ministers on a 'no surprises' basis, on the proposed role of CIP in FOSAL, the likely cost, and how CIP will be funded for any additional duties.
- 78 Subject to Ministers' agreement on the proposed role of CIP in FOSAL and associated funding arrangements, policy Ministers will write to the CIP Board, requesting that CIP takes on any additional duties.
- 79 The CIP Board is expected to determine CIP's capacity to undertake any additional duties, including whether the duties are aligned with its purpose as outlined in its company constitution. If the duties are not aligned with its constitution, Shareholding Ministers would be required to agree for CIP to take on the duties.

Local Government Flood Resilience Co-investment Fund

- 80 The CRU is running a process to gather and assess council proposals for funding from the Local Government Flood Resilience Co-investment Fund. The first round of funding recommendations is expected to be completed by mid-September. Once agreed, I recommend that funding agreements also be administered by CRU.
- 81 The Ministers of Finance, Local Government, Regional Economic Development and Climate Change are jointly responsible for making drawdown decisions on the fund. As the fund has since been repurposed to respond to NIWE, including for infrastructure projects that build resilience to future climate impacts, and to ensure that rapid funding decisions can be made, I propose that this responsibility be amended to authorise the Minister for Cyclone Recovery and the Minister of Local Government, along with any other appropriation Ministers as necessary, to make drawdown decisions.

Kaupapa Māori pathway

- 82 The accompanying Cabinet paper: *Future of severely affected locations: Kaupapa Māori pathway* provides an update on the Kaupapa Māori pathway and proposed implementation. The CRU will continue to lead central government engagement with affected communities and has worked with agencies to identify implementation responsibilities once policy decisions are made.

Next Steps

- 83 Officials will continue to engage with councils from other NIWE-impacted regions to determine their specific needs, with a view to providing central government support (through the NRP or RRP) that is consistent with the FOSAL approach to date.
- 84 CRU will develop the scope and terms of reference for the implementation group and provide these to the Minister for Cyclone Recovery.

Cost-of-living Implications

- 85 The Crown's contribution to the cost of cyclone recovery potentially reduces the financial impact on councils and their ratepayers, but only if, without a Crown contribution, councils would still proceed with Category 2 and Category 3 interventions. Councils may increase rates to property owners to cover the costs of intervention measures. Targeted council rates for impacted properties should reflect an equivalent benefit for those property owners, however general rate increases for all properties across a council area will adversely impact property owners who receive no direct benefit from interventions. Category 3 property owners who accept a voluntary buyout would likely retain the pre-event value, or close to pre-event value, of their property.

Treaty of Waitangi considerations

- 86 The Crown's obligations as a Treaty Partner extend across the FOSAL programme. While matters directly relating to whenua Māori are contained in the accompanying paper, *Future of severely affected locations: Kaupapa Māori pathway report-back*, there are risks if the timing of Category 2 interventions and Category 3 buyouts are not cognisant of, and synchronised to some degree, with processes underway to resolve issues within the Kaupapa Māori pathway. In addition, the existence of the Kaupapa Māori pathway should not be seen as limiting the importance of central government and councils engaging with iwi and hapū on Category 2 and Category 3 pathway issues.

Financial Implications

- 87 The Crown's fiscal exposure to Category 3 buyouts and Category 2 interventions is being managed through cost-sharing arrangements with councils, which creates an imperative for both parties to manage costs. In addition, the Crown's contribution will be capped. If there are Category 3 properties that remain unpurchased after the cap is reached, the Crown will assess the reasons for the cap being met, to determine whether an additional Crown contribution is justified.
- 88 All Category 2 and Category 3 financial support for councils, the concessional finance, and the transport packages agreed in negotiations with the Hawkes Bay, Gisborne and Auckland councils will be managed against the \$6 billion National Resilience Plan funding and/or the \$100 million North Island Weather Events: Local Government Flood Resilience Co-Investment Fund, both established at Budget 2023.
- 89 Joint Ministers under delegation from Cabinet [Cab-23-MIN-0206.01 refers] on 19 June 2023 established an appropriation of \$500m in Vote Finance to provide for FOSAL support to local authorities and other eligible stakeholders [TR2023/1063 refers].
- 90 Joint Ministers agreed that any unused amount in the above appropriation be available for transfer into 2023/24, as necessary, with the final amount for transfer to be confirmed by the Minister of Finance and Associate Minister of Finance (Woods). No expenditure occurred in 2022/23 and a Treasury Report is being prepared for joint Ministers to transfer that funding into 2023/24.
- 91 Given the decisions for the Cyclone Recovery Unit to oversee the administrative matters as described in this paper, it will be necessary for the underspends described above to be transferred from Vote Finance in 2022/23 to Vote Prime Minister and Cabinet in 2023/24. In addition, I propose that we authorise the Minister of Finance and the relevant appropriation Minister to increase the 2023/24 appropriation in Vote Prime Minister and Cabinet above, as necessary, to provide for additional cost pressures associated with the government's agreed FOSAL policy response.
- 92 The proposals in this paper involve the CRU taking over responsibility for administering the Crown's financial support for council Category 2 interventions, Category 3 buyouts and negotiated transport packages.

I expect that, in the first instance, any departmental administrative expenditure for these activities will be met through reprioritisation.

- 93 This paper outlines a critical role for CIP in implementing Category 2 and 3 interventions, as well as the delivery of negotiated transport packages. Further engagement and scoping with CIP are required before the costs of CIP’s services can be estimated.
- 94 Given the constrained fiscal environment, in the first instance I expect responsible Ministers to explore options to reprioritise existing funding to meet any additional CRU or CIP costs. To the extent that this creates pressures vis a vis other priority programmes and it can be demonstrated to Ministers that additional costs cannot be met through reprioritisation, then the responsible Ministers could seek new funding (for example, as a charge against the Between Budget Contingency, and/or a pre-commitment against the Budget 2024 operating allowance; and/or as a charge against the NRP).
- 95 CIP is typically funded by policy agencies through individual funding agreements to perform a contracted role and specific functions. These funding agreements are programme-specific and so it is highly unlikely that there are reprioritisation opportunities within CIP.

Legislative Implications

- 96 s9(2)(h) [Redacted]

Impact Analysis

Regulatory Impact Statement

- 97 This paper does not require a Regulatory Impact Statement as it does not specifically propose the introduction of new legislation or changes to, or the repeal of, existing legislation.

Climate Implications of Policy Assessment

- 98 This paper does not meet the threshold for a Climate Implications of Policy Assessment.

Population Implications

- 99 Population impacts of these proposals are summarised in the table below:

Population group	How this group may be affected
Māori	Displacement and relocation interventions, while for the purpose of removing people away from high-risk areas, may also disproportionately impact Māori communities, due to the

	areas where Cyclone Gabrielle had the greatest impact also having higher levels of Māori residency and whenua Māori.
Pacific Peoples	Pasifika communities, particularly in Auckland and Hawke's Bay affected areas, have also been disproportionately impacted.

Human Rights

- 100 The proposals in this paper are not considered to have human rights implications and are not considered inconsistent with the *New Zealand Bill of Rights Act 1990* (NZBORA) or the *Human Rights Act 1993*.

Use of external resources

- 101 The Ministry for the Environment and the Treasury have engaged short-term policy contractors (approx. 2.5 FTE) and a short-term legal contractor (approx. 0.1 FTE) to assist permanent and fixed-term staff in the development of policy, Cabinet papers and associated briefings. This is due to the breadth and complexity of the Government's ongoing recovery response to the NIWE.

Consultation

- 102 This paper has been prepared by the Ministry for the Environment and the Treasury. Consultation has been undertaken with the Department of Prime Minister and Cabinet; Department of Internal Affairs; Ministry of Business, Innovation and Employment; Ministry of Housing and Urban Development ; Toke Tū Ake Earthquake Commission, Ministry for Primary Industries; Ministry for Pacific Peoples; Ministry of Transport; Land Information New Zealand; Te Puni Kōkiri; Te Arawhiti; National Emergency Management Agency; Financial Markets Authority; Reserve Bank; Inland Revenue Department; Ministry of Social Development; Department of Conservation; and Te Waihangā New Zealand Infrastructure Commission.
- 103 Feedback from agencies included the following themes:
- 103.1 Interest in the arrangements, particularly the proposed lead agencies, for ongoing responsibilities for implementation.
- 103.2 Requests for more information on the purpose, scope, and terms of reference for the proposed implementation steering group.
- 103.3 Ensuring that the Category 2 and Category 3 pathways are synchronised with the Kaupapa Māori pathway, to ensure no disadvantage.
- 104 These comments and views have been addressed, to the extent possible, in this final version. Officials are in discussion with agencies to resolve any outstanding issues.
- 105 Officials are also engaging in ongoing discussions with councils in the priority impacted regions of Auckland, Gisborne, and Hawke's Bay, as well as the

other impacted regions of Northland, Waikato, Bay of Plenty, Manawatū-Whanganui, and Wellington (Wairarapa).

Communications

- 106 Decisions made by EWR will be communicated by the CRU to affected property owners and councils in a way that provides reasonable certainty while clearly explaining the limitations on existing data and process detail. To give councils certainty about the process for receiving funding I propose to invite councils to submit business cases at the same time as funding agreements are confirmed.
- 107 There are important lessons to be learnt from the FOSAL process that will influence medium- and long-term policy settings. This includes the recent (proposed) select committee inquiry into community-led retreat and adaptation funding. The FOSAL process is however not an indication of future direction for natural hazard management or climate change adaptation policy and should be clearly and explicitly communicated as such.

Proactive Release

- 108 I intend to proactively release this paper as soon as practicable after decisions have been confirmed by Cabinet and any public announcements made, along with earlier Cabinet papers relating to the FOSAL programme where policy and commercial considerations have been completed. All papers will be subject to redactions as appropriate, consistent with the *Official Information Act 1982*.

Recommendations

I recommend the Committee:

- 1 **note** that on 31 July 2023, Cabinet invited the Minister of Finance to report back in August on the Future of Severely Affected Locations (FOSAL) work programme, specifically on:
 - 1.1 an agreed understanding of the categorisation approach with councils;
 - 1.2 progress on implementation of the Category 2 and Category 3 pathways;
 - 1.3 progress on implementation of the Kaupapa Māori pathway;
 - 1.4 arrangements for ongoing departmental responsibilities of the implementation of the FOSAL programme; and
 - 1.5 proactively releasing earlier FOSAL programme Cabinet papers where policy consideration has now concluded [CAB-23-MIN-0334 refers];

An agreed approach to categorisation by councils

- 2 **note** that councils are at different stages of their categorisation work to place certain properties or groups of properties into classes of policy response (Category 1, 2 or 3);
- 3 **note** that while councils will take time to finalise their categorisation work, they will need to finalise their categorisation methodologies to attach to final funding agreements with the Crown;
- 4 **note** that while the final property categorisations should be set in individual funding agreements, I am comfortable with the approaches to categorisation I understand councils to be taking so far, based on feedback from working level discussions between central government and local councils;

Implementation of the Category 2 pathway

- 5 **note** that councils will be invited to submit Category 2 business cases, subject to their agreement to key cost-sharing terms, including specified infrastructure projects;

The Category 3 buyout process

- 6 **note** that councils are designing their Category 3 buyout process and I expect the key details of buyout and grant design will be finalised in the form of agreed attachments to funding agreements between councils and the Crown;

- 7 s9(2)(h)



8 s 9(2)(h)

Support for other NIWE-impacted regions

- 9 **note** that the locally-led and centrally-supported process may need to be applied differently in each region and in a way that is relative to the impacts;
- 10 **agree** in principle, subject to continued work with councils and advice from the Cyclone Recovery Unit, that the locally-led approach be applied for the other NIWE areas of Northland, Waikato, Bay of Plenty, Manawatū-Whanganui, and Wellington (Wairarapa);
- 11 **note** the Cyclone Recovery Unit will provide the Minister for Cyclone Recovery with advice on options for a cost-sharing approach for other NIWE councils;
- 12 **agree** that for proposals from councils from other impacted regions, business cases are also to be assessed against FOSAL-specific criteria, including:
 - 12.1 taking a programme-wide, area-based approach to hazard risk management, including assets not owned by councils or residential property owners, such as State Highways and commercial properties;
 - 12.2 using the PARA (protect, accommodate, retreat, avoid) framework when considering options;
 - 12.3 considering cultural values and other non-monetary costs and benefits, such as environmental and equity impacts; and
 - 12.4 consulting with local communities, including affected Māori and owners of whenua Māori, and having taken into account Māori rights and interests;

Ongoing departmental responsibilities for FOSAL programme implementation

- 13 **agree** that the Cyclone Recovery Unit will hold the overall lead and coordination responsibility for ongoing FOSAL implementation across affected regions;
- 14 **agree** that the Cyclone Recovery Unit will oversee the administration of the Crown's financial support to councils for Category 2 interventions, Category 3 buyouts, and the transport packages agreed with councils through cost-sharing negotiations;
- 15 **note** the Local Government Funding Agency will be responsible for providing concessional financing for Gisborne, and the Crown will fund the applicable interest, which will be administered by the Treasury;
- 16 **note** the proposed role for Crown Infrastructure Partners in supporting the Cyclone Recovery Unit to administer the Crown's financial support for Category 2 interventions, Category 3 buyouts, and transport packages;

- 17 **direct** officials from the Cyclone Recovery Unit and the Treasury to negotiate in principle the precise role of Crown Infrastructure Partners in the delivery of the Crown's financial support for councils;
- 18 **invite** policy Ministers, in consultation with Shareholding Ministers and subject to the outcome of recommendation 17, to write to the Crown Infrastructure Partners Board requesting it takes on additional duties;
- 19 **note** that the Board of Crown Infrastructure Partners is expected to consider whether any additional duties are aligned with the company constitution, and whether they have sufficient available resources and capability to fulfil these duties, among other considerations;
- 20 **note** that the Cyclone Recovery Unit will report back to the Minister for Cyclone Recovery and Minister of Finance, in consultation with the Minister of Transport and the Minister for Local Government, on detailed implementation arrangements for the Crown's financial support for Category 2, Category 3, and the negotiated transport packages, including:
 - 20.1 assessment of business cases;
 - 20.2 ministerial approvals; and
 - 20.3 associated monitoring and reporting requirements.
- 21 **note** that, to ensure alignment across government, the Cyclone Recovery Unit will chair a steering group, with membership including the Treasury, the Ministry for the Environment, Te Puni Kōkiri, Land Information New Zealand, the Ministry of Housing and Urban Development, and the Department of Internal Affairs, with other agencies joining as required, and supported by a working group;
- 22 **note** that the Treasury will remain responsible for concluding cost-sharing negotiations and finalising funding arrangements with Hawke's Bay, Gisborne and Auckland;
- 23 **note** that the Cyclone Recovery Unit, along with other steering group agencies as required, will be responsible for ensuring that councils are supported to carry out their voluntary buyout processes;
- 24 **agree** that, once the first round of funding recommendations from the Local Government Flood Resilience Co-investment Fund is completed, funding agreements will be administered by the Cyclone Recovery Unit;
- 25 **agree** that the joint Ministerial responsibilities for drawdown decisions on the Local Government Flood Resilience Co-investment Fund be amended, to authorise the Minister for Cyclone Recovery and Minister of Local Government, along with any other appropriation Ministers as necessary, to make drawdown decisions;

Financial implications

- 26 **note** that joint Ministers under delegation from Cabinet [Cab-23-MIN-0206.01 refers] on 19 June 2023 established an appropriation of \$500m in Vote Finance to provide for FOSAL support to local authorities and other eligible stakeholders [TR2023/1063 refers];
- 27 **note** that joint Ministers agreed that any unused amount in the above appropriation be available for transfer into 2023/24, as necessary, with the final amount for transfer to be confirmed by the Minister of Finance and Associate Minister of Finance (Woods);
- 28 **agree** that given the decisions for the Cyclone Recovery Unit to oversee administrative matters as described in recommendation 14 above, it will be necessary for the transfer of the underspends described in recommendation 27, above, to be from Vote Finance in 2022/23 to Vote Prime Minister and Cabinet in 2023/24;
- 29 **note** that the \$500m appropriation agreed by joint Ministers on 19 June was based on an early estimate of the total costs of the government's agreed FOSAL policy response, but that there are indications that the total cost may exceed \$500m;
- 30 **authorise** the Minister of Finance and the relevant appropriation Minister to increase the 2023/24 appropriation in Vote Prime Minister and Cabinet, as necessary, to provide for additional cost pressures as described in recommendation 29, above;
- 31 **note** that the decision regarding the Cyclone Recovery Unit overseeing the administration of the Crown's financial support to councils in recommendation 14, above, and any decision involving Crown Infrastructure Partners to support the Cyclone Recovery Unit as discussed in recommendations 16-20, above, will pose additional costs on the Department of the Prime Minister and Cabinet and, potentially, Crown Infrastructure Partners;
- 32 **agree** that, consistent with previous Cabinet messages about the need for fiscal constraint, any such additional costs should be met in the first instance through reprioritisations of existing baseline funding within Vote Prime Minister and Cabinet and other affected Votes;
- 33 **authorise** the Associate Minister of Finance (Woods), the Minister for Cyclone Recovery, and other affected appropriation Ministers where relevant to agree:
- 33.1 fiscally neutral adjustments to appropriations to the extent possible to provide for any additional costs as described above in recommendation 31, establishing new appropriations as necessary; and
 - 33.2 new funding for any balances that have been demonstrated to Ministers' satisfaction as not reasonably able to be met through reprioritisation of existing baseline funding, and how such new funding will be managed (for example as a charge against the between Budget contingency; and/or a pre-commitment against the Budget 24 operating allowance; and/or as a charge against the National Resilience Plan).

- 34 **note** that charging administrative expenditure against the National Resilience Plan creates precedent risks, reduces the amount of funding available to meet existing demands, and that funding these costs from the National Resilience Plan may require preparation of a business case;
- 35 **note** that the Cyclone Recovery Unit will report back to responsible Ministers with a monitoring and evaluation framework to assess implementation;

Proactive release of Cabinet papers

- 36 **note** that I intend to proactively release this paper as soon as possible after decisions have been confirmed by Cabinet and any public announcements made, along with earlier Cabinet papers relating to the FOSAL programme where policy considerations have been completed.

Authorised for lodgement

Hon Grant Robertson

Minister of Finance

Appendix 1: Process for accessing Category 2 funding

