

To: Minister for Canterbury Earthquake Recovery



IN CONFIDENCE

APPROACHES TO MANAGING THE PORT HILLS – DECISION MAKING

Date	1 June 2012	Priority	High
Report No	M/12/0408	File Reference	

Action Sought

		Deadline
Hon Gerry Brownlee <i>Minister for Canterbury Earthquake Recovery</i>	Discuss the contents of this report and agree next steps with officials at the weekly CERA briefing	5 June 2012

Contact for Telephone Discussion (if required)

Name	Position	Telephone	1st Contact
Diane Turner	General Manager – Strategy, Planning & Policy	Withheld under section 9(2)(a)	<input checked="" type="checkbox"/>
John WA Scott	Senior Advisor - Strategy, Planning & Policy		<input type="checkbox"/>

Minister's office comments

<input type="checkbox"/> Noted <input type="checkbox"/> Seen <input type="checkbox"/> Approved <input type="checkbox"/> Needs change <input type="checkbox"/> Withdrawn <input type="checkbox"/> Not seen by Minister <input type="checkbox"/> Overtaken by events <input type="checkbox"/> Referred to	<p>Comments</p>
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APPROACHES TO MANAGING THE PORT HILLS – DECISION MAKING

Executive Summary

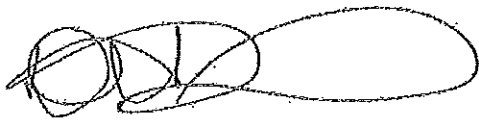
- 1 Some properties in the Port Hills White Zone are at risk of cliff collapse or rock roll. A decision-making process is required to determine the future for these properties.
- 2 Central government is best placed to lead decision-making processes for cliff collapse properties, as it has the technical, policy and other capabilities needed to make these decisions, and has the scale of resources required to ensure that decisions are made in a timely manner.
- 3 There are two reasons why the case for including local communities in the decision-making process is stronger for rock roll than for other residential properties. The first is that decisions around protective structures may well involve a level of financial contribution from those affected landowners, in line with the benefit that these landowners would receive. This benefit and cost trade-off is different from the situation on flat land residential areas, where the case for including local communities in decision making was weak; involving communities in decision making works best when there is a genuine trade-off on the table that communities face – and this was not often the case in flat land residential areas.
- 4 Involving communities affected by rock roll in decision making has some downsides however: it could (but does not have to) be complicated; it would slow down the decision-making process; and, it would increase the risk of challenge to both the process and the outcome. The case for involving communities in decision making is not overwhelming. This paper seeks direction as to whether you wish officials to work up a possible way of involving rock roll-affected communities in decision making (initial thoughts are included in the body of the paper). This would be our recommendation. This paper does not seek a final decision on this matter.

Released by the Minister for Community, Equality and Recovery

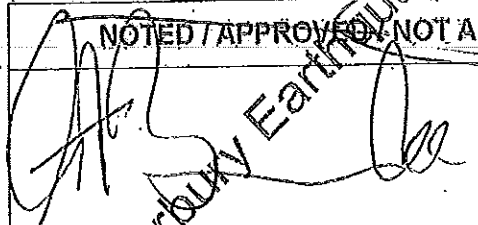
Recommendations

5 It is recommended that you:

1. Note that the case for including local communities in the decision-making process is stronger for rock roll than for other residential properties, but that it is not overwhelming.
2. Direct officials - with respect to properties that are at risk from rock roll - to report back on options for including affected communities in decision making, especially around decisions of whether to build protective fences or not.



Diane Turner
General Manager – Strategy, Planning
and Policy

NOTED / APPROVED / NOT APPROVED

Hon Gerry Brownlee Minister for Canterbury Earthquake Recovery
Date: 05/06/2012

Released by the Minister for Canterbury Earthquake Recovery

Purpose

- 6 This paper presents options for the decision-making process to determine the future for properties in the Port Hills White Zone. It is one of a series of papers on the Port Hills.

Background

- 7 White Zone properties located on the Port Hills present a unique set of challenges. There are significant natural hazard risks to life and property. There are two main categories of white zoned property to deal with: properties at risk of cliff collapse, and properties at risk of rock roll.
- 8 Responsibility for managing natural hazard risks normally rests with local government. Reflecting the scale of the Port Hills situation and the need for timely decision making, there are strong grounds for central government involvement in the decision-making process. The Christchurch City Council (Council) has indicated it would welcome central government's involvement in working through cliff collapse and rock roll issues, as it does not have sufficient resources to ensure timely decision making.

Comment

Cliff collapse

- 9 A decision-making process is required to determine which properties cannot be lived in because of the risk of cliff collapse. The Council initially identified approximately 160 properties in this situation, but since the initial assessment was undertaken, a more detailed geotechnical analysis has taken place. There is a need to reassess the risk situation of properties in light of this analysis and reconfirm the status of the affected properties. For those properties that cannot be occupied, decisions also need to be taken regarding compensation, if any, to be paid to affected owners.
- 10 Central government is best placed to lead this process because it has the technical, policy and other capabilities needed to make these decisions, and has the scale of resources required to ensure that decisions are made in a timely manner. Central government also needs to be involved in decisions regarding compensation. Central government would engage with the Council (at Minister/Mayor and CEO levels) as part of the process.

Rock roll

- 11 Analysis undertaken to date indicates that there is a significant number of properties for which it is possible to mitigate the risk of rock roll by, for example, constructing protective barriers. More work is needed to determine where and to what extent mitigation works are cost effective, and this work needs to be completed before final decisions on the status of properties at risk of rock roll can be taken.
- 12 Like the situation of cliff collapse, central government could also lead the decision-making process for properties at risk of rock roll. There are, however, good grounds for considering an alternative decision-making approach that would involve central government, local government and affected communities (an option that is not seen as being available in the situation of cliff collapse).

- 13 For the reasons outlined below, the involvement of local communities/property owners is likely to lead to better outcomes in terms of striking the right balance between the cost of undertaking mitigation works, the cost of vacating properties and the risks of taking no action. These are choices that are not available in the context of the cliff collapse situation.
- 14 There is a desire for people to continue to live in the Port Hills. Mitigation works will reduce the risk to lives and property stemming from rock roll. This will benefit property owners by providing greater peace of mind regarding the safety of their property, and by potentially adding to the market value of the properties and their marketability. Accordingly, it is appropriate and reasonable that they should make some contribution toward the cost of mitigation works. The Council has indicated that it is willing to consider implementing targeted rates as a means of obtaining financial contribution from property owners.
- 15 If property owners stand to benefit from mitigation works and contribute to their cost, they will have incentives to assess the trade-offs between the cost to them of helping to fund mitigation works versus the options of either not undertaking mitigation (if risks are assessed by them as being too low to warrant mitigation) or deciding against reoccupying their property (because the costs of mitigation are too high). It makes sense to design a decision-making process that captures these incentives.
- 16 In addition to local community groups and property owners, central government and the Council also need to be involved in the decision-making process. Central government (the Department of Conservation) and the Council own a large portion of the land from which rock roll could stem and, as a result, may face legal liability in the event of rock roll. Reflecting this, both parties have incentives, as well as relevant information, to assess the trade-off between the cost of undertaking mitigation works and the benefits in terms of reduced risk to lives and properties. Furthermore, the mitigation works will create assets (protective barriers) that – for a range of practical reasons – may well be owned and maintained by the Council. Assuming that is likely to be the case, the Council will have incentives to consider the whole-of-life costs associated with mitigation structures (including the impact of diverting financial and other resources away from competing community priorities).

Implications of Community Involvement in Rock Roll Decision Making

- 17 Involving central government, the Council and local communities/property owners in determining the extent of rock roll mitigation works is potentially a complex decision-making arrangement. The multiplicity of parties has the potential to slow decision making and increase the risk of challenge to the process and its outcome. On balance, however, these potential disadvantages are likely to be outweighed by the benefits of incentivising property owners and the Council to assess the benefits from mitigation works against the costs, knowing that they have to contribute to these costs.
- 18 The challenge is to design a decision-making process that avoids the potential disadvantages and captures the potential advantages. To this end, officials consider that the process could have the following features:
- A benefit-cost analysis would be undertaken by central government officials, drawing on the detailed geotechnical analysis that has recently been completed;
 - From the analysis, a small number of short-listed options would be developed for consideration by the Council and property owners (a form of information memorandum would be developed for this purpose);
 - In undertaking the analysis and developing the short-list options, central government would seek to engage with the Council as far as practicable;

- The options would make the trade-offs between benefits, costs and risks clear, and would also make transparent the implications for funding contribution from each of the three parties (including the implications for property owners);
- The options would also make clear what level and form of compensation offer (if any) would be made to owners who are prohibited from reoccupying their properties in the event that protective works are not built;¹
- The onus would be on the Council and property owners to form a view on the preferred mitigation works option, and the process would make it clear that if consensus is not reached on one of the options, central government would make a decision based on the benefit cost analysis;
- The process would involve only those property owners who are directly impacted by the mitigation works as set out in the options;
- Central government could provide assistance in setting up community based meetings at which the preferences of property owners would be sought;
- Central government could also provide a professional facilitator to assist with the process of obtaining property owner preferences; and
- The process would be time-limited.

19 Further work would be required to scope the decision-making process in more detail if it is decided to proceed down this path.

20 This process would not impact on the 30 June substantive decision-making timeframe.

Decisions Sought and Next Steps

21 You are invited to indicate whether you would like to see an option to involve rock roll-affected communities in decision making developed for future consideration. No decision is sought at this stage.

Consultation

22 Treasury, the Department of Building and Housing, the Ministry for the Environment, the New Zealand Transport Agency, the Department of Internal Affairs and the Christchurch City Council have been consulted in the preparation of this paper. The Department of Prime Minister and Cabinet have been informed.

Financial Implications

23 This paper has no direct financial implications.

¹ This is a key point. There is a strong case not to offer property owners that can be protected with the equivalent of 100% of a red zone offer – given that options to protect (from which they would gain benefit) are available. If such owners were offered the equivalent of 100% of a red zone offer then there would be little incentive for them to seek to protect their properties.