



Eligibility for essential infrastructure repair or rebuild following an emergency

Essential infrastructure rebuild or repair following an emergency event

Following an emergency, subject to Cabinet approval, the Government funds 60 percent of eligible costs (above the local authority's threshold) to rebuild or repair damaged essential infrastructure, river management systems and community assets in accordance with Section 33 of the Guide to the National CDEM Plan.

Essential infrastructure assets include sewerage, water supply, storm water, electrical and gas facilities and other structures such as retaining walls and tunnels upon which essential services depend.

Essential infrastructure eligibility

To be eligible for the 60 percent Government contribution, rebuild or repair work, the asset must be local authority-owned and damaged as the result of an emergency and must meet at least one of the following two criteria:

1. *The damage impacts on the ability of the network/asset to perform and function as intended; or*
2. *If the damage has not yet resulted in performance issues, failure of the asset is likely to be imminent.*

If the damage does not meet either of the two criteria above, then the following will also be considered as part of the risk implication / assessment, to help determine the funding eligibility of the work scope. These considerations are as follows:

1. *Is it a critical asset i.e. main pipeline, lifeline or life safety asset?*
2. *Is the asset in a critical location, or does it service critical community infrastructure (e.g. a hospital or school)?*
3. *Has the damage resulted in unacceptably high operating expenditure for the local authority?;*
4. *Are there critical interdependencies?*

Ideally, rebuild and repair projects should be assessed against the eligibility criteria before work begins, with assistance from the National Emergency Management Agency (NEMA). This will provide work scope eligibility and funding certainty to both the local authority and NEMA.

The flowchart and key questions on [page 3](#) provide more guidance regarding the eligibility criteria, considerations and the decision-making process.

Insurance cover or any insurance settlement that relates to a damaged asset will be considered when determining the level of Government funding.

How these criteria were developed

The criteria and considerations were developed based on the experience gained during the Christchurch three-waters Horizontal Infrastructure Programme (sewerage, water supply and stormwater assets). The criteria focus on a 'network performance' approach to determine the work to be carried out, as opposed to repairing all damage, regardless of whether the damage impacts on the ability of the asset to perform or function as intended.

The same criteria and considerations have been applied to the rebuild and repair of essential infrastructure that was damaged as a result of the Kaikōura Earthquake in November 2016. The criteria and considerations have since been applied to all subsequent essential infrastructure recovery programmed following emergencies, and will be applied in all future emergencies.

Betterment

'Betterment' refers to any rebuild and repair work to essential infrastructure assets that constitutes a change to the original infrastructure, over and above a 'like-for-like' repair or replacement (e.g. increases in capacity and resilience, or improved or additional components).

Betterment may be 'deliberate' or 'unintentional'.

Unintentional betterment is where an asset or network is improved as an unintentional result of restoring the performance, functionality or serviceability of the asset. In these cases, the 60 percent Government funding contribution will be considered.

The use of modern materials and construction techniques is not considered to be deliberate betterment and can be eligible for the government contribution.

Deliberate betterment is repair work that is intended to increase capacity, resilience, or add better components over and above that required to restore like-for-like network/asset performance.

In general, deliberate betterment is not eligible for the 60 percent Government funding contribution. However, local authorities may make an application for special policy financial support, in accordance with Section 33.6.1 of the Guide to the National CDEM Plan.

Local authorities have the option to fully fund betterment components of the work carried out.

Deliberate betterment components and costs will be separately identified and will not be eligible for Government funding, unless approved by Cabinet.

Temporary repairs

Temporary repairs are interim repair work necessary to keep essential infrastructure networks operational, and provide an acceptable level of service until a permanent solution can be put in place. This type of work can also result in a permanent repair.

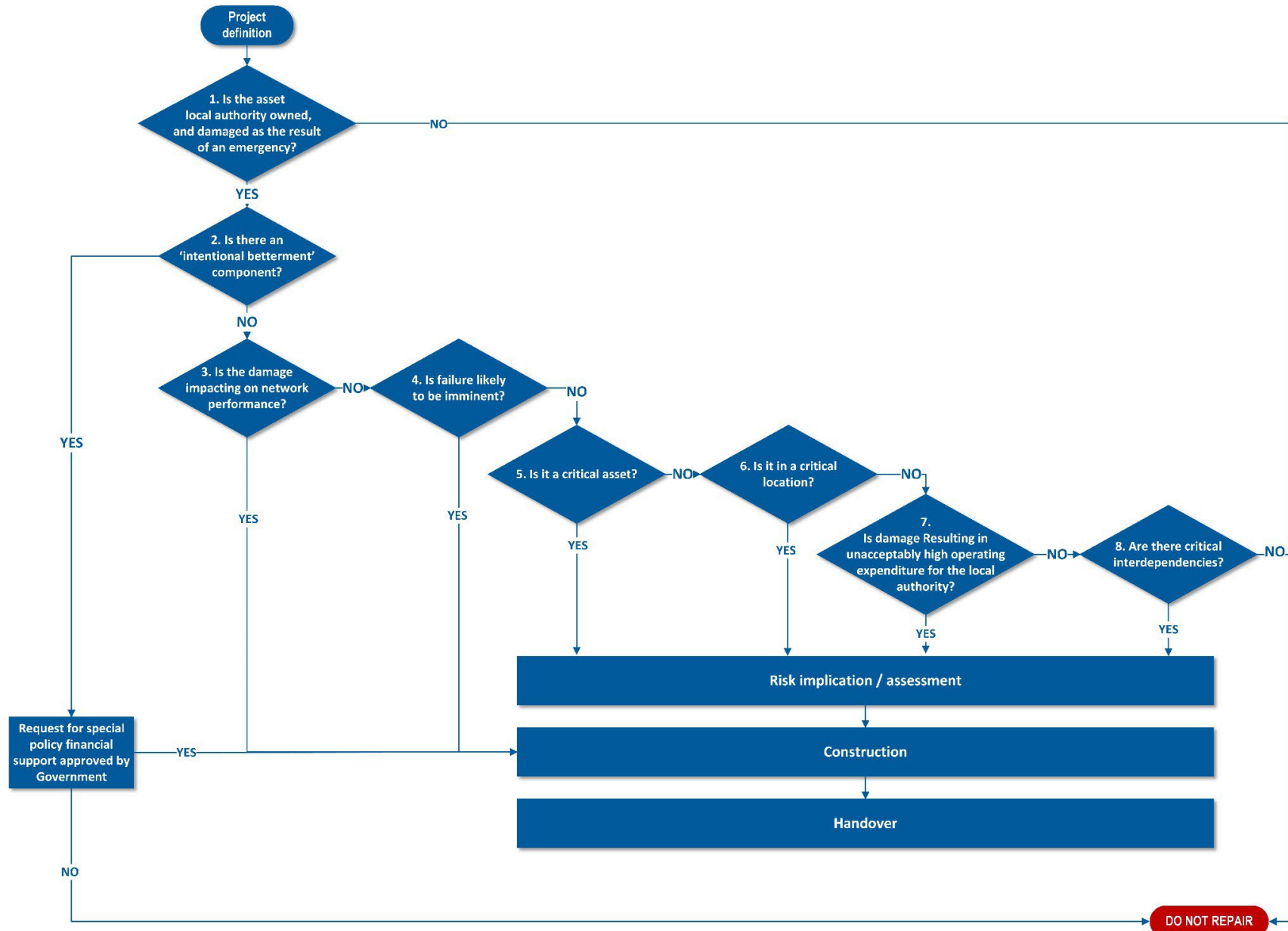
Temporary repairs are usually completed during the response phase, following an emergency event.

To be eligible for the 60 percent Government contribution, temporary repairs must meet the eligibility criteria and/or the considerations on [page 1](#).

However, a temporary repair will not be eligible for funding if it:

- is required on an asset where permanent repair work has already been completed
- relates to addressing land drainage issues where there is/was no infrastructure (e.g. flooding, or clean up after flooding)
- would not qualify for funding under the eligibility criteria or considerations for infrastructure repair
- is work that has already been assessed as not eligible.

Key eligibility criteria and considerations for government funding



Eligibility criteria and considerations

1. Is the asset local authority- owned, and damaged as the result of an emergency?

The asset:

- Is a local authority-owned community asset and has been properly maintained.
- Existed prior to the emergency, and was damaged by that emergency ('emergency' is defined in the CDEM Act 2002).

2. Is there a 'betterment' component?

'Unintentional betterment' can be eligible for the 60 percent Government contribution when:

- The work results in changes to the original infrastructure where the changes (e.g. changed alignment, alternative or additional components to those that existed previously) are required in order to restore network/asset performance, functionality and serviceability. The use of modern materials and construction techniques is not considered to be 'deliberate betterment' and can be eligible for the Government funding contribution.

Betterment is not eligible for the 60 percent Government funding contribution when:

- There is 'deliberate betterment', where betterment is intended to increase capacity, resilience, add additional components or is carried out to meet higher compliance standards that is over and above that required to restore the performance, functionality and serviceability of an asset or network.
- The local authority has the option to fully fund the deliberate betterment component of any work.
- Any funding contribution from the Government for deliberate betterment will need to be the subject of an application for special policy financial support and will require specific approval by Cabinet.

Note: any betterment component and costs will need to be separately identified, and will be the subject of separate discussions between the local authority and NEMA.

3. Is the damage impacting on network/asset performance?

- Is the performance of the network/asset being impacted by the damage?
- Is the asset serviceable and able to function as intended?

4. Is failure likely to be imminent?

If the damage has not resulted in performance issues, is the damage likely to result in imminent failure, resulting in the inability of the network/asset to perform and function as intended.

5. Is it a critical asset?

- Is the damaged asset a significant asset, e.g. large diameter water main or sewerage pipeline (a community lifeline) servicing a large number of customers, as opposed to a small local service with very few customers?
- Is the damaged asset critical to network performance and functionality?
- Is the damaged asset a life safety feature (e.g. stop bank)?

6. Is it in a critical location?

- Is the damaged asset servicing critical community infrastructure (schools, hospitals, fire stations etc.)
- Is the damaged asset servicing commercial or industrial activities?
- Would failure of the damaged asset, because of its location, result in damage to other infrastructure or property?

7. Is damage causing unacceptably high operating expenditure?

- Are there significant operating expenditure implications?

8. Are there critical interdependencies?

- Is there significant roading work to be carried out?
- Are there other assets programmed for rebuilding and repair in the same area / general alignment?

9. Construction

Project construction progresses.

10. Handover

- A project will be signed off as having reached practical completion when construction has been completed and 'as built plans' and other documentation is handed over to the local authority.
- A project will be signed off as complete at the end of the 12 month defects liability period. The 12 month defects liability period may be the responsibility of the local authority.