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Tēnā koe

Tasman District Council's Submission on the Inquiry into Climate Adaptation

Thank you for the opportunity to submit on the Inquiry into Climate Adaptation. We commend the work of the Ministry for the Environment (MfE) on their work on this plan.

Background

Tasman District Council is a unitary council near the top of the South Island. The district's estimated population of 57,900 residents is growing at 1.8% pa, in a mix of rural and township settlements. Many of these dispersed settlements are along our coastline and are vulnerable to the impacts of climate change, including sea-level rise, coastal inundation, river flooding, erosion, drought and wildfire. We have been progressing implementation of our Tasman Climate Response Strategy and Action Plan since its adoption in 2019, which includes several adaptation actions aimed at ensuring the resilience of our communities and our assets.

Submission

We support the submission of Taituarā - Local Government Professionals Aotearoa.

The Council's contact for this submission is: Barbara Lewando, Senior Climate Change Policy Advisor (barbara.lewando@tasman.govt.nz).

Thank you again for the opportunity to submit on this important inquiry. We strongly encourage central government to continue to engage with local government, to ensure the inclusion of a local government voice in the implementation of government adaptation policies and legislation. Local government is the key delivery partner for adaptation planning and we encourage you to work with Taituarā, LGNZ and the local government sector to ensure a joined-up response to climate adaptation across all of government and all of community.

Nāku noā, nā



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The Inquiry and the Importance of a Climate Adaptation Framework

A national framework and legislation that allows communities to adapt to the effects of climate change, including retreat and relocation, is urgently needed. It must address all hazards while also creating the social licence, tools, and funding arrangements necessary for a nationally consistent and cost-effective strategy to climate adaptation that increases equity.

From the Ministry of the Environment's latest reports, with a high degree of confidence, we can say that extreme weather occurrences will become more common and severe. While the frequency of tropical cyclones may decrease marginally, their severity is expected to increase. River flooding will increase. The frequency of coastal flooding and inundation due to storm surges and wave run-up will increase as sea level rises, alongside more frequent and extreme coastal floods. The expenses of recovery will rise because of these developments. Climate change is expected to increase the budgetary cost of floods and storms, with storm damages increasing 3-7% and flood damages increasing 4-12% from now until 2050.

The costs will not be measured solely in dollars. We know that extreme climate events cause elevated levels of anxiety, depression, and post-traumatic stress and that the increased frequency of these occurrences takes an emotional toll and exhausts the resilience of individuals and communities. Affected communities appeal to central and local government for assistance and recovery, and while earlier disasters do not set a precedent, they do psychologically for communities. Cyclone Gabrielle and the Auckland floods have demonstrated that we are not in the best position to respond to disaster aftermath, making ad hoc decisions in times of crisis, nor are we in the best position to adapt to known risks before events occur.

As a result, this Inquiry is both current and critical. As a country, we must step up our efforts to adapt to climate change and shift away from crisis-driven response and recovery.

We need a nationally consistent framework and legislation to enable it, including proactive (managed) retreat and relocation where necessary. Such a strategy must be long-lasting and certain. As a result, it will necessitate bipartisan support and engagement with local governments.

Recommendations:

That the Select Committee agrees

- There needs to be a nationally consistent framework, legislation, tools and funding for climate adaptation and managed retreat.
- Consistent approach and robust methodology for risk adaptation.
- Develop consistent but flexible methodologies and metrics.
- Consider a review timeframe for risk assessments that reflects the change in risk over time and ties in with other planning cycles.
- Provide central government funding to support local government adaptation and prioritise national investment in data and information collection.
- There should be a nationally consistent approach to local adaptation planning and proactive retreat/relocation.
- Roles and responsibilities should be clear reflect a local first approach, harness the strengths of regional and territorial authorities, as well as central government stewardship.

- There should be limited appeal rights and limited liability for councils where decisions are taken in good faith.
- The new system must provide for Māori-led adaptation and devolved decision-making.
- Māori-led adaptation and Māori participation requires substantial investment from the Crown.
- Further investigation and refinement of the total cost of climate adaptation need to be undertaken.
- A coherent funding and financing framework that provides support to communities and increases incentives for people and organisations to begin adapting now.
- Policy settings need to be changed to incentivise building back better post-event and not like-for like.
- A Climate Adaptation Fund be set up.
- The design principles for a climate adaptation fund as set out above are adopted.
- There should be a fair and equitable funding split between central and local government for climate change adaptation implementation, not just managed retreat, that incentivises early action.
- Some form of differential within the funding split – or as a top up – for vulnerable communities and councils with a limited ability to pay should be applied.
- Legal, social and business assistance and post-relocation costs as part should be part of the framework.
- The recommendations of the Expert Group on Managed Retreat and the Productivity Commission regarding the establishment of a centralised source for climate science.
- Central government should co-fund costs of data gathering and analysis to support managed retreat.

Below, our detailed responses:

Chapter 1 Key Concepts – Community-led retreat
<i>Community-led retreat</i>
<p>1. Do you think we should use the term ‘community-led retreat’? If not, what do you think we should use and why?</p> <p>According to the Ministry for the Environment (MfE) the term community-led retreat is referred to as “relocating people, assets, activities” in a carefully planned process that involves the community at every step. That can be done before a natural disaster or severe weather event happens, or afterwards”. However, there are pros and cons to using the term community-led retreat. Embedding ‘community’ within the term signifies the importance and role that individuals and communities will have in making decisions on their futures. However, given the challenges/complexities with retreat it is likely that the decision-making process will ultimately be led by central/local government (with community representation) – therefore to call it ‘community-led’ retreat would feel somewhat disingenuous. An alternative could simply be ‘climate retreat’ or “planned retreat” (UNFCCC) which would cover aspects of community-led retreat, managed retreat, or retreat because of a significant climate related or natural hazard event (unmanaged retreat). We note that the term managed ‘relocation’ is used interchangeably with managed ‘retreat’. We consider that ‘relocation’ better describes the process we are concerned with but also acknowledge that managed ‘retreat’ is the term</p>

currently used by government and others to describe the process. We also note that the term managed resettlement is not used.

Chapter 2 The need for change

Barriers to Māori participation and upholding Māori rights and interests

2. Are there other barriers to Māori participation in adaptation and upholding Māori rights and interests? How can we better support Māori?

The Council welcomes the views of Te Tau Ihu iwi and their perspectives in responding to this question.

Variable quality of risk assessment and local adaptation planning

3. Are there other issues that affect the quality of risk assessments and local adaptation planning? How can we strengthen our approach?

The Council agrees with the list of issues stated on page 16 of the Discussion Document. Staff have identified the following issues:

- Implementation risk assessments approach is consistent across the country
- Variability in staff knowledge and expertise across councils
- Limited resourcing – both staff availability and budget
- The two issues above have seen a reliance on national consulting firms being employed, with an emerging limited market of expertise and varying methodologies being applied. The RMA 1991 is largely focused on new development, there currently is not a legislative framework in place to adequately consider existing development and the need for retreat over the longer term. Additionally, councils' application of the RMA 1991 has tended to focus on how to 'mitigate' natural hazards (e.g. raising ground and floor levels), and there now needs to be more focus and strategic planning to 'avoid' natural hazards (e.g. not building in low-lying coastal areas which could create 'islands' of development with access/servicing issues over the longer term). Central government could provide support in the form of an open-source 'climate adaptation explorer tool' along with detailed supporting documentation that would allow councils to progress with community conversations without being locked into reliance on national consulting firms. Central government could also resource communities of practice (e.g., by part funding the time of council or consultancy practitioners) to contribute to collective open bodies of knowledge for example through developing webinars and videos, wikis or other written resources, to inform and underpin the use of an open-source adaptation explorer tool. Staff believes that scope of risk assessment could be significantly improved. Today's risk assessments evaluate risks in isolation and do not fully and methodologically consider sounding or systemic risks. Moving forward, understanding the full breadth and depth of climate-related risks and enabling the assessment of compounding and systemic risks should be a priority. Realising this ambition and defining the appropriate scope of a Climate Change Assessment (CRA) requires engagement and capacity building across the community of stakeholders through participatory governance.

- Useful CRAs require a wide range of quantitative and qualitative data that are simultaneously relevant at local scales and consistent with the required scope globally. However, the necessary data are often difficult to access and use (e.g., climate data because of data volumes and domain-specific data formats). Data can also be complex and expensive to generate, such as exposure/vulnerability/policy datasets, and contain inherent uncertainties because of undetermined and unpredictable elements. In addition, as CRAs must be periodically updated, it can be challenging to acquire the necessary data because data providers may not update datasets with the required frequency or spatial-temporal resolution. Today's CRAs typically use either top-down data that provide global coverage but are not locally robust, or bottom-up data that provide detailed local information but cannot be scaled globally.
- Transparency is critical to building trust in the conclusions of CRA; facilitating evaluation and comparison of assessments by communities, investors, regulators and other decision-makers; and enabling a continuous improvement feedback loop by sharing innovations and best practices. For CRAs to be useful, credible scientific methodologies, agreed taxonomies and definitions, and quality-controlled and reliable data must be employed. We recommend the development of common principles and standards to enable transparency, comparison and interoperability of diverse and different risk assessments.

No enduring and comprehensive system for community-led retreat

4. Are there other issues that limit our ability to retreat in advance of a disaster? How can we improve our approach?

The Council agrees with the list of issues identified that limit our ability to retreat in advance of a climate-related event and of a disaster. The only way we can improve our approach is to have an enduring and comprehensive legislative framework to support communities and decision-makers to undertake retreat – whether that is a proactive managed retreat in advance of a disaster, but also a framework to manage retreat post-disaster (to ensure national consistency of approach, rather than ad hoc emergency legislation).

If local government is required to be a leader in the retreat decision-making process, we require significant support from central government. This support could include assistance with natural hazards data, implementation guidance and tools, staff training/professional development, and resourcing support (staff secondments/partnership working, budget). Support the implementation of participatory governance practices to enable the effective participation of multiple stakeholders and accelerate capacity building to enable innovation, knowledge generation and diffusion.

Gaps in our funding approach

5. Are there other issues with the way we fund adaptation? How can we improve our approach?

Another issue that needs to be emphasized is that there is a varying degree of individual/community expectation that central and/or local government will pay for the retreat of private assets and property. Post-disaster buy-outs (e.g. Christchurch earthquake, Matata debris flow, Auckland floods/Cyclone Gabrielle) have further fuelled the belief by some that central and/or local government will ultimately pay for retreat. There is a lack of

understanding by some individuals/communities in terms of the role of central government and/or local government and our legislative responsibilities regarding adaptation/retreat – nationally consistent messaging and education are required to address this issue.

The issues and options paper makes no mention of the expected impact (or not) on funding and compensation decisions of ‘hazard notices’ placed on properties under the Building Act. For example, where Councils have identified hazards and have placed hazard notices on titles, councils should not be contributing to compensation for such properties in the future if they need to retreat.

The international best practice identifies a number of viable financial instruments that can be used to fund adaptation (e.g. insurance premium reduction programme, microinsurance applicable to the agriculture and horticulture sectors, green, social and sustainability bonds, adaptation markets, adaptation equity, blended finance, systemic investment funds). These adaptation finance instruments allow for the diversification of the sources of funding beyond central and local government.

A critical shift is needed to encourage adaptation finance to include:

- Development of metrics, standards and indicators to assess adaptation, to underpin the creation of economic instruments that incentivise risk reduction.
- Improve people's financial literacy and inclusion, so that voluntary risk-taking possibilities are available to all, including marginalised groups.
- Improve knowledge and research to enable financial innovation.

The consequences of not adapting well

6. What do you think the costs are of a failure to adapt or failure to adapt well?

Failure to adapt to climate change puts millions of New Zealand people at risk, jeopardizes future sustainable development, and economic growth, and creates inequalities. The lack of financial resources, as well as multiple nonfinancial obstacles (e.g., market or government failures or uncertainties), often impair the ability to reduce its impact through adaptation. Addressing these obstacles can reduce the cost of adaptation, maximise its benefits, and bring significant economic and sustainable development co-benefits, making New Zealand's economy more robust and productive and communities fairer and more prosperous.

Paragraph 49 of the Discussion Document states that “we have built communities in areas at high risk from climate change, often because we did not know what the future risk might be”. It is important to emphasise that in New Zealand we also built communities in areas at high risk of natural hazards, but at the time we were not aware/still not aware of the hazard exposure. Climate change will further increase the severity and intensity of weather-related natural hazards.

There will be significant costs to bear in relation to climate adaptation and retreat, across the four wellbeing of social, cultural, environmental and economic. The ability to adapt well will help nationally in reducing long-term intergenerational costs, however, there will still remain significant costs in undertaking retreat.

Looking beyond financial costs by removing non-financial and structural obstacles to climate change adaptation would increase resilience, accelerate the wellbeing of our communities, and improve lives without always increasing costs. Targeted adaptation actions and improved management of natural hazards and environmental stressors can contribute to social and economic growth. To ensure that we build long-term resilience and reduce vulnerability, climate change considerations need to be mainstreamed into economic and central and local government policies.

Chapter 3 Te Tiriti-based adaptation

A te Tiriti-based adaptation system

7. What does a te Tiriti-based approach to adaptation mean to you?

The Council welcomes the views of Te Tau Ihu iwi and their perspectives in responding to this question.

8. What does a local mātauranga-based framework for risk assessment look like to you?

The Council welcomes the views of Te Tau Ihu iwi and their perspectives in responding to this question.

9. What innovative approaches to adaptation planning do you have with your own hapori?

The Council welcomes the views of Te Tau Ihu iwi and their perspectives in responding to this question.

10. How can we manage overlapping interests during adaptation planning, including where there is a conflict?

Paragraph 90 of the Discussion Document suggests that regional planning committees could be one option as a means to manage overlapping interests or break down in the adaptation planning process. It is our understanding that the intent is that the National Direction on Natural Hazards could set the legislative framework for adaptation planning under the RMA 1991. However, the regional planning committees would be established under the new resource management legislation and will be regionally staged over a number of years. Therefore, in practice, it is unlikely that the regional planning committees would be able to provide a resolution process unless they are given legislative powers, are regionally established in time, and have the expertise/knowledge required. Rather, the Council suggests that a resolution process as part of adaptation planning is better served by a national agency such as the National Māori Entity.

11. What is your perspective on the Crown's te Tiriti obligations to support community-led retreat? Are there existing examples of what that should or should not look like?

The Council welcomes the views of Te Tau Ihu iwi and their perspectives in responding to this question.

12. What funding approaches have worked for your own iwi, hapū and hapori?

The Council welcomes the views of Te Tau Ihu iwi and their perspectives in responding to this question.

Chapter 4 Risk assessment

Opportunities to improve risk assessment

13. How many stages do you think are needed for risk assessment and what scale is appropriate for each of those stages?

The Council seeks clarity on the use of 'risk assessments' within this Discussion Document and if this is the same as assessing hazard 'risks' under the proposed National Policy Statement for Natural Hazards Decision-making? Currently, the Council uses a range of natural hazards information within the planning process (e.g., plan changes and resource consent decision-making), and these are largely exposure or susceptibility maps of the hazard present. If there is an expectation that detailed risk assessments are to be undertaken for this process, this will require significant resources (budget/staff and consultants) which Council currently does not have.

Research shows that the adaptation community has not yet achieved a consistent framework for the assessment of complex climate change risks. Staff supports the development of a three-tier risk assessment process that encompasses increasing levels of uncertainty by including interactions amongst multiple drivers of climate risk (including adaptation and mitigation), as well as among multiple risks:

- A first-pass risk screening to allow users to conduct a desktop study and screen climate change-related exposure using readily available datasets. This provides guidance on whether a more detailed second or third assessment is required.
- A second-pass risk assessment using national data, local information and expert knowledge. It supports the user in identifying how climate change may compound existing risks or create new ones and advises on whether a more detailed third-level assessment is required.
- A detailed third-pass risk assessment process to allow further investigation of short-listed risks and provide support to prioritise strategies and action.

For each level, staff would welcome guidance, screening templates and a consistent methodology across Councils on how to conduct a risk assessment as well as simple spreadsheet-based tools to record information and conduct risk assessment with stakeholders. Risk assessment approaches should be consistent across adaptation and hazards planning.

14. How frequently should a risk assessment be reviewed?

The Climate Change Response (Zero Carbon) Amendment Act 2019 requires a (national) risk assessment at least every six years. Certainly, the answer to this is 'it depends'. It will be dependent on:

- How frequently hazard information is updated, trading off cost and resourcing against changes in exposure, updated methods of assessment, etc.
- The rate of change of some hazards/hazard drivers such as sea-level change (see changes in exposure, above)

- The occurrence of significant hazard events that alters the communities' perception of or tolerance for risk.

It is important to review and update risk assessments as knowledge of climate risk is constantly evolving, and information gaps are frequently being addressed.

Categorising a risk as tolerable or intolerable

15. What do you think makes a risk tolerable or intolerable (ie, acceptable or unacceptable)?

The Council seeks clarification on Question 15 regarding tolerable/intolerable risk and how this aligns with the proposed National Policy Statement for Natural Hazards Decision-making. The NPS-NHD refers to high natural hazard risk (being intolerable) and moderate natural hazard risk (being more than low risk but is not intolerable). Are responses from this question going to inform the NPS-NHD given that it does not explicitly define tolerable/intolerable?

The Council suggests that intolerable risk should include considerations:

- the potential for loss of life, particularly for slow onset events.
- the type/use of buildings and activities within areas subject to hazard exposure. For example, residential dwellings or activities where people sleep overnight, as this poses issues such the inability to assess the potential for increasing hazard exposure during darkness (e.g. rising flood waters) and difficulties associated with emergency management responses.
- the socio-cultural context and the need to explore climate risk severity: the physical, ecological and social thresholds leading to transformational and possibly abrupt changes, the irreversibility of these changes; and the cascading effects within and across the systems affected to support the development of anticipatory adaptation policies and actions.

Roles and responsibilities for risk assessments

16. Do you think local risk assessments should be carried out or reviewed by a centralised agency or a local organisation? Why?

A Nelson Tasman Regional Climate Risk Assessment is currently being commissioned, however, it does not consider the full spectrum of risk (particularly regarding community risk tolerance) and is a work in progress. There is certainly merit in local risk assessments being carried out and/or reviewed by a centralized agency as they would have access to national data sets that councils may not be able to acquire/purchase, providing consistency and expert knowledge. However, in doing so it may omit local knowledge and community buy-in. The Council recommends that local risk assessments be managed locally but draw on the support of a centralized agency (regarding access to data, methodology, tools, and upskilling of council staff). We reiterate the need for a consistent national assessment methodology and approach for risk assessments across disciplines.

17. Risk assessments be carried out only by technical experts or should other people also have a role? What role should other people and organisations have?

The Nelson Tasman Regional Risk Assessment is currently underway and the methodology to date has drawn on the input of council staff and stakeholder groups through a series of 'domain' topic workshops. With respect to our participants, staff have observed at these

workshops a range of knowledge and understanding of risk assessments and the potential for subjectivity. While we work through these issues in our methodology, a key benefit of involving a wider group is providing a diversity of feedback and stakeholder buy-in.

Ultimately, a risk assessment underpins and informs all subsequent climate and climate-exacerbated hazards management activities. Local communities and businesses can hold practical information about hazards and risks, which can complement technical expert knowledge. Clarity of roles and responsibilities during the assessment needs to be outlined.

Chapter 5 Local adaptation planning

Opportunities for strengthening local adaptation planning

18. Do you think there should be a requirement to undertake local adaptation planning? If so, should the trigger be based on the level of risk or something else?

From 30 November 2022, councils must have 'regard to' the national adaptation plan when preparing or revising regional policy statements, regional plans, and district plans. The Council supports in principle that local adaptation planning becomes a legislative requirement. The RMA 1991 is largely focused on new development, there currently is not a legislative framework in place to adequately consider existing development and the need for adaptation or retreat over the longer term in relation to all natural hazards (noting that NZCPS Policy 27 requires councils to promote and identify long-term sustainable risk reduction approaches from coastal hazards). Additionally, the legislation is not well configured for acquiring land exposed to natural hazards or sea level rise in the circumstances of anticipatory managed retreat. Local territorial authorities could potentially be liable in common law negligence for granting building and resource consents for development in high-hazard zones without due diligence.

Councils' application of the RMA 1991 has tended to focus on how to 'mitigate' natural hazards (e.g., raising ground and floor levels), and there now needs to be more focus and strategic planning to 'avoid' natural hazards (e.g., not building in low-lying coastal areas which could create 'islands' of development with access/servicing issues over the longer term). While the currently proposed regional spatial strategies will go some way to meet adaptation planning requirements, there would be a legislative gap over the next 10+ years while councils transition to the proposed new resource management system. Councils and communities need to start the adaptation planning process sooner rather than later given what is at stake and the longevity of some assets. The trigger could be based on the level of risk or other considerations such as what is at stake, community values or outcomes, or investment considerations.

Council staff support new laws to address the complex and distinctive issues associated with managed relocation and retreat such as funding, compensation, land acquisition, liability and insurance. Providing clarity on these issues would be a prerequisite for any new legislation.

Providing central government direction on the local adaptation planning process

19. What direction should central government provide on the local adaptation planning process?

Council staff believe that heading towards adaptation planning the prerequisite of being required to do is absolute clarity over compensation funding, and preferably cross-party.

As listed in paragraph 151 of the Discussion Document, the Council would welcome the following clear direction/guidance on:

- the development of local adaptation planning outcomes and objectives
- risk assessments
- how to estimate benefits and costs of adaptation pathways
- roles and responsibilities for adaptation planning
- communication guideline
- methodology
- managed retreat tools and strategy
- innovation
- citizens' capacity building risks tools and approaches

Requiring the local adaptation planning process to be responsive

20. Do you think there should be a requirement to plan for different scenarios, such as changes in the level of risk or what happens if there is a disaster? Why or why not?

Embedding a range of climate scenarios into adaptation planning would make sense and enable the plan to be more flexible, given that ultimately it is trying to plan for climate change under deep uncertainty.

Establishing core requirements for community engagement

21. How can we make sure that local adaptation planning is inclusive and draws on community views?

The Council is supportive of embedding community participation and views in local adaptation planning. We would welcome resources/tools and community communication materials from central government which could be rolled out nationally, rather than individual councils having to develop their own materials and tools. This would provide national consistency regarding messaging of adaptation planning and how to gather feedback.

Climate change adaptation and retreat are confronting and controversial issues that need to be dealt with sensitively. There is a risk that the process could be hijacked by vocal groups, such as landowners who are directly affected or individuals who are using the process to pursue their own agendas. We would welcome advice/support to staff to upskill on how to manage expectations and have tricky conversations.

Staff advocate for decisions that are community-based, -driven, and -supported. It will be important for the government and Councils everywhere to co-design and implement equitable community engagement and adaptation approaches, including managed retreat options. Managed retreat should be viewed comprehensively and implemented in ways that can help alleviate or mitigate some of the physical climate and coastal hazard impacts and present inequities facing communities. Moreover, if retreat is “managed” in a proactive, pre-disaster context, it can also help minimize the economic, environmental, and social costs of sudden displacements and more haphazard post-disaster or “unmanaged” responses.

How decisions could be made in the future

22. Who do you think should make decisions about the adaptation pathway we choose and why? How should others be involved in the process?

The Council supports the list of 'core design elements for a decision-making framework' as listed in Paragraph 166 of the Discussion Document. Like decision-making processes under the RMA 1991, it is recommended that decision makers for adaptation pathway planning should include technical experts, elected representatives, iwi representatives, and independent members.

Chapter 6 Community-led retreat

What should a retreat system aim to achieve?

23. What do you think are the most important outcomes and principles for community-led retreat?

The Council supports the listed potential outcomes and principles for a community-led retreat system (Table 7).

Options for a retreat system

24. Do you prefer option 1 (voluntary) or option 2 (a mix of voluntary and mandatory parts)? Are there any other options?

Option 2 provides a more pragmatic response e.g. provide voluntary retreat until such time that the hazard risk is too great/servicing thresholds are met and then mandatory retreat for those residents unwilling or needing support to leave. The challenge will be to ensure that once residents start voluntary retreat that mechanisms are in place so others do not move in to replace them.

25. Do you agree that affected land should no longer be used at the end of a retreat process (with limited exceptions for things like ceremonial events, recreation, some agricultural or horticultural uses and mahinga kai gathering)? Why or why not?

Yes, in principle.

26. Do you think there should be any other exceptions? If so, what, and why?

There may be other short term or temporary activities which could be appropriately located in these areas, in addition to those listed above. These could be determined on a site-by-site basis, recognising particular local circumstances and the opportunity for flexibility in response options.

Options for a retreat system Powers to ensure land is no longer used

27. Do you agree that these powers are needed to ensure land is no longer used once a decision has been made to retreat? What powers do you consider are needed?

Yes, the Council supports the recommended powers as listed in Table 8 (enhance land-use controls; strong powers to acquire land by agreement).

Other powers to enable retreat

28. What do you think the threshold or trigger should be for withdrawing services once a decision has been made to retreat?

This is a complex issue that requires more thought. We recognise servicing is a crucial part of the decision-making process in preparing adaptation plans. This is particularly so given that many services can have an asset life of 80+ years. For example, the need to replace/upgrade aging infrastructure could initiate the retreat process and withdrawing of services, rather than waiting a further 10 years for a hazards trigger to be reached.

Protection from potential liability

29. In what circumstances, if any, do you think decision-makers should be protected from liability? What are your views on option A, option B or any other possible option?

The Council supports the suggestion that decision-makers should be protected from liability where decision-makers act in good faith (Option A). We agree with the statement in Paragraph 199 of the Discussion Document that without some protection from liability, decision-makers may make no decisions or place too much weight on the desire to avoid litigation.

As climate change intensifies and sea levels continue to rise, short-term and short-sighted decision making could exacerbate the physical, fiscal, and economic risks already facing many communities and government. Before convening these discussions, however, government must work with communities to build trust where it may not already exist. Additionally, government should work with community members and community-based organizations — especially in economically- and disadvantaged communities — to identify and provide them with tools and information (e.g., data, mapping, and metrics) that are prompting decision makers to take action and include the community as a partner in the process. The work to build local capacity and educate residents should be viewed as a sustained goal — and not a one-off project — so that people can actively participate in and contribute to legal and policymaking processes over the long term.

Chapter 7 Funding and financing

Problems with the current approach

30. Which parts of the current system work well and which do not? Are there any other issues with our current approach to adaptation funding?

The current system is largely premised on beneficiaries paying for adaptation measures. Given the scale of adaptation planning (including retreat) that will be required over the longer term, there will come a tipping point when we simply cannot afford to implement the plan. Local government is already heavily burdened with aging infrastructure, costs associated with servicing growth, increasing requirements to implement central government policy, and providing services to meet community needs and expectations. This is amongst a backdrop of capped rates, cost of living crisis and increasing interest rates.

What should a funding approach aim to achieve?

31. What do you think are the most important outcomes and principles for funding adaptation?

The Council supports funding for climate adaptation must be allocated according to the principles of equity, urgency, efficiency, effectiveness, transparency, accountability, sustainability, flexibility, human rights, and participation. Other principles should be

considered such as the recognition justice principle (unjustified loss, damage or disruption should be compensated for), comparative justice principle (alike cases should be treated alike), ability to pay principle, and remedial responsibility principle (people who need help should be given assistance).

The principles and outcomes provided by MfE directly reference matters such as limiting the Crown's fiscal exposure and reducing liabilities, including contingent liabilities, on the Crown; as well as ensuring risks and responsibilities are appropriately shared across parties including property owners, local government, central government, banks and insurance industries.

When should government contribute to adaptation costs?

32. In what circumstances (if any) do you think ratepayers and taxpayers should help people pay for the costs of adaptation?

In New Zealand, most people view their house as their key investment asset and expect to get top dollar when selling/downsizing. Some areas of New Zealand have inflated property markets and land values are astronomical. Many councils have aging and/or underinvested infrastructure. Given these issues, the reality is that ratepayers and taxpayers will not be able to afford to fund the total costs of adaptation over the longer term, whether that is a proactive community-led retreat or in response to a significant natural hazard event. This will further exacerbate existing socio-economic inequality issues identified with adaptation.

There is also an issue of 'fairness' and how to distinguish between different personal circumstances. For example, there would be sympathy for an elderly couple who have lived at their coastal property for 60 years and require ratepayer/taxpayer financial support to retreat; however, could the same be said for a person who has purchased their property in the last five years with the knowledge of the coastal hazard risk to their property?

When should central government help councils to meet adaptation costs?

33. In what circumstances should central government help councils to meet adaptation costs?

We support the suggestion that central government could help councils to meet adaptation costs in circumstances where there are Treaty commitments, overwhelming scale, or is of national benefit. However, for the latter two, a clear framework/criteria would need to be developed (and consulted on) to ensure that it is a fair and equitable process.

Should the costs of retreat be shared in the future?

34. What are the benefits and challenges of providing financial support to people needing to retreat?

The main challenge is avoiding maladaptation and the need to explore flexible and effective funding solutions for both people needing retreat and from non-traditional sources.

Issues relating to managed retreat are complex and involve consideration of how risks and costs associated with adaptation should be shared, what a managed retreat process should look like, whether people should be allowed to stay in areas when community services are withdrawn; as well as issues of equity, flood insurance, and managed retreat when climate change affects Māori coastal and river settlements. Many of these issues still remain unanswered in the National Adaptation Plan. It indicates that a hybrid approach using different adaptation options may be appropriate and that the options used may change over time. It also indicates that councils should work with communities to assess options that will be

adopted but leave key issues for future processes including further central government direction (including through RMA reform and local government review), the legislative mechanics of managed retreat (if required) and, more importantly, how such matters will be funded.

35. Are there any other approaches for providing support to people needing to retreat that we should consider?

There are several international approaches or a combination of some that could be explored for provision of full property replacement cost, creating a fixed compensation rate or cap, including for owner contributions; through to compensation based on the remaining habitable life of the property (with conversion from freehold to leasehold), and differentiations depending on knowledge of climate-related risk, whether the property is a principal place of residence or not, and the net worth and/or income of the property owner.

And options for creating a public compensation fund, although the cost would be difficult to estimate. Exploring potential revenue sources, including increases in taxes or rates, additional home insurance or fossil fuel levies, new taxes (e.g. a comprehensive capital gains tax) or as part of the Climate Emergency Response Fund (through the Emissions Trading Scheme).

Most people are reluctant to relocate or resettle because of the social connections they have. Proper consideration should be given to this issue as well.

36. What are the benefits and challenges of providing financial support to businesses needing to retreat?

Co-funding options should be explored to compensate and support businesses. Funding solutions should be capped. The nature of any such restrictions and financial caps will require proper and informed public debate. A long-term funding framework that will facilitate pre-event and post-event retreat, and on an ever-increasing scale is now urgently needed.

If central government decides to invest, what costs could it prioritise?

37. What should central government's initial funding priorities be and why? Which priorities are the most important and why?

The Council supports all four priorities listed in Table 12 as being important.

38. How could central government communicate its investment priorities? Please indicate which option you think would be most effective and explain why.

More clearly, through a statement of spending priorities and option 3. Aligning policy and investments to enable local government to make effective decisions for climate change mitigation and adaptation, including managed retreat.

39. Should funding priorities cover councils as well as central government?

Yes. Also, public and private sectors need to work together to provide the necessary funding and financing to reduce adaptation options.

Funding and financing solutions for adaptation

40. How can the banking and insurance sectors help to drive good adaptation outcomes?

The banking and insurance industries play a critical role in adaptation planning and in building climate resilience. These sectors can help support the transition to a more resilient Aotearoa.

These sectors would provide the flow of capital to support communities and infrastructure to recover from disasters through risk pooling, risk pricing, and risk diversification. Without adequate insurance, the burden of paying for losses falls largely on individual citizens, ratepayers, government, with a significant impact upon already straining government budgets, and economic and social hardship for those affected.

Public-private collaborations will be needed to support residents and local governments as they adjust to new market norms. In collaboration with central and local government, establishing a platform for dialogue is needed to explore the full range of roles banks and insurers can play in supporting adaptation planning.

41. What solutions should be explored for funding and financing adaptation?

Some solutions are:

- Invest in open-source models to put climate risk at the heart of national adaptation and local strategies.
- Develop consistent climate adaptation regulations and standards.
- Foster banking and insurance innovations that can respond to a changing climate risk landscape.
- Strengthen dialogue between insurers, banks, central and local government, communities, and iwi partners around Building Back More Resilient.
- Promote and invest in risk literacy throughout society.

Chapter 8 Adapting through recovery

Issues experienced with adaptation through recovery

42. Are there any other issues that make it difficult to adapt during a recovery

Barriers to adaptation include:

- Information barriers: Consistent and accessible information and the capacity to apply it is essential for effective adaptation. For example, inconsistent or poorly accessible information currently mean that insurance premiums and real estate values poorly reflect climate risks such as sea level rise.
- Cognitive barriers: Psychological factors influence our ability to act on information about climate change, including our perception of how urgent adaptation is. For example, the long timeframes and uncertainty about impacts make it difficult for decision-makers to understand the problem or scope a solution.
- Disincentives for self-preparedness: Even if the risks posed by climate change and options to adapt are understood, markets may not always generate the right signals for individuals and businesses to prepare for climate change. For example, governments often act as insurers of last resort for the adaptation choices made by others, creating moral hazard which reduces incentives for self-preparedness.
- Investment barriers: Limiting investment in adaptation for major assets such as roads, rail and ports, because the benefits of doing so are outside the scope and timeframe of private sector investment decisions.

- Transaction costs and externalities: Coordinating adaptation across regions can be costly and result in unintended consequences. For example, a challenge for local government is that many adaptation decisions need to be made at a regional scale in order to be effective.

Opportunities for adapting through recovery

43. Do you think our approach to community-led retreat and adaptation funding should be the same before and after a disaster? Why or why not?

No, they should not be the same. Future managed retreat and adaptation will need to be creative. Almost all conversation around managed retreat has focused on voluntary residential buyouts because they have been the most common type of retreat in New Zealand and around the world.

The more creative we are, the greater our potential to transform society. Retreat creates a new beginning. It begs the mind to imagine what could be: how people could live away from the coast while maintaining or even strengthening ties to the ocean, how coasts could be public lands used for public good, how floodplains could be allowed to ebb and flow with storms, how communities could live with the water rather than battle against it.