Update on the Community Resilience programme following the April 2021 Cabinet minute DEV-21-MIN-0074

On 14 April 2021, Cabinet agreed to the future community resilience work programme outlined in this Cabinet Paper. The programme included work on data and information; the land information memorandum (LIM) system; greater direction to councils for flood risk management; and a new national funding model for flood risk. The delivery of the work programme was dependent on securing funding through Budget 2021.

As a result of decisions in Budget 2021, the programme has been scaled back due to resource constraints. The programme will now focus on changes to the LIM system to achieve more active disclosure of natural hazard and climate change risks.

Work completed to date on natural hazards data and information, national direction, and a national funding model for flood risk management will be progressed where appropriate through other Government programmes including the Resource Management Reforms (RM Reforms) and the National Adaptation Plan.

The Department of Internal Affairs will also continue to contribute a community resilience perspective to support the development of the RM Reforms and the National Adaptation Plan along with other relevant work in the Local Government portfolio.
Hon Nanaia Mahuta, Minister of Local Government

Proactive release of Cabinet material about the Community Resilience Programme

14 April 2021

These documents have been proactively released:

14 April 2021, CAB-21-MIN-0074 Minute: Community Resilience Programme: Report Back and Future Focus, Cabinet Office; and


Some parts of this information release would not be appropriate to release and, if requested, would be withheld under the Official Information Act 1982 (the Act). Where this is the case, the relevant sections of the Act that would apply have been identified. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Where information has been withheld for other reasons consistent with advice, it has been annotated with an asterisk. This information may in some cases be accessible under the Official Information Act 1982.

Key to Redaction Codes:

- Section 9(2)(f)(iv) – maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials.

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Cabinet Economic Development Committee

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Community Resilience Programme: Report Back and Future Focus

Portfolio              Local Government

On 14 April 2021, the Cabinet Economic Development Committee (DEV):

Background

1  noted that on 1 July 2020, DEV agreed that the government should play a more active stewardship role to reduce the risks from natural hazards and the effects of climate change, underpinned by a set of guiding principles [DEV-20-MIN-0120];

2  noted that a group of Community Resilience Ministers has been convened to provide oversight of work to strengthen communities to natural hazards and the effects of climate change, which also supports the government’s priorities for resource management system reform and climate change adaptation;

3  noted that Community Resilience Ministers have endorsed a programme of work taking an all natural hazards approach, with an emphasis on measures to support better decision making by local government, including non-legislative initiatives that can be delivered in the short term;

Data and information

4  noted that authoritative data and information, including nationally consistent data sets, are critical for risk-informed decision-making at the national, regional, district, property and asset levels;

5  invited the Minister of Local Government, in association with Community Resilience Ministers, to report to DEV in November 2021 on options to improve the availability and use of data and information to reduce and manage natural hazard risks, including:

5.1 improving the identified key national datasets and addressing any critical gaps in national data;

5.2 the translation of national data sets into decision making mechanisms and information portals used by local government, iwi/Māori, communities and individuals;

5.3 options for more active leadership and co-ordination across central government that supports delivery of the data and capabilities needed for managing natural hazard risks effectively;
Land Information Memoranda

6 noted that there are several impediments to local government using land information memoranda (LIMs) to more actively disclose natural hazard risks, including concerns with liability issues;

7 directed officials to work with Local Government New Zealand to progress short to medium term changes to the LIM system, including more nationally consistent approaches;

8 invited the Minister of Local Government, in association with Community Resilience Ministers, to report to DEV in September 2021:

8.1 with proposals for substantive changes to the LIM system to achieve more active disclosure of natural hazard risk, including to ensure information on district plans and information held by regional councils is included in LIMs and to remove legislative barriers to councils communicating natural hazard risks to the public;

8.2 on non-legislative options for substantive changes to the LIM system to achieve more active disclosure of natural hazard risk;

Regulatory settings

9 noted that the resource management system reforms are a significant opportunity to strengthen natural hazard risk reduction and climate change adaptation through increased national guidance;

10 invited the Minister of Local Government, in association with Community Resilience Ministers, to report to DEV in November 2021 on options for greater direction to councils on approaches to flood risk management that support the future development of national direction on natural hazards and climate change;

Funding and financing

11 noted that funding and financing arrangements for natural hazards and climate change need to ensure the right incentives are in place to effectively and efficiently manage natural hazard risk;

12 noted that Cabinet has previously agreed to a more direct role for central government in flood risk management, including considering co-investment with local government in line with a set of principles to guide central government intervention [DEV-20-MIN-0120];

13 invited the Minister of Local Government, in association with Community Resilience Ministers, to report to DEV in November 2021 on funding issues and potential arrangements for a new national funding model for flood risk.

Janine Harvey
Committee Secretary

Hard-copy distribution: (see over)
Present:
Hon Grant Robertson (Chair)
Hon Dr Megan Woods
Hon David Parker
Hon Nanaia Mahuta
Hon Poto Williams
Hon Damien O'Connor
Hon Stuart Nash
Hon Willie Jackson
Hon Michael Wood
Hon Dr David Clark
Hon Phil Twyford
Hon James Shaw
Rino Tirikatene, MP
Dr Deborah Russell, MP

Hard-copy distribution:
Minister of Local Government

Officials present from:
Office of the Prime Minister
Officials Committee for DEV
Community resilience programme – report back and future focus

Proposal

1. This paper seeks agreement to key community resilience initiatives that will support shifts towards proactive risk reduction in the natural hazards and climate change system. The paper also reports back on aspects of the community resilience programme (the programme) as required by the Cabinet Economic Development Committee [DEV-20-MIN-0120].

Relation to government priorities

2. The Government is committed to ensuring the wellbeing of current and future generations. Progressing changes that reduce the risks and impacts of natural hazards and climate change will help to safeguard the wellbeing of people, places and the things New Zealanders value most.

3. The programme also advances Government priorities of:
   3.1 supporting the transition to a climate-resilient, sustainable and low-emissions economy;
   3.2 supporting healthier, safer and more connected communities;
   3.3 reforming the resource management system.

Executive summary

4. Community Resilience Ministers oversee an all-of government programme that was established to address key challenges in the natural hazards and climate change system. The programme supports the shift towards proactive risk reduction by working with local government to design and test interventions to improve flood risk management. These interventions can then be tested and applied to all natural hazards following proof of concept.

5. Local government asked central government to take a stronger role in supporting them to manage natural hazard and climate change risks by providing guidance, direction and funding. In July 2020 Cabinet agreed to a framework to guide central government intervention in strengthening community resilience that included central government taking a more active stewardship role [DEV-20-MIN-0120].

6. Cabinet also invited Community Resilience Ministers to report back on aspects of the work programme. This paper reports back on this work and seeks agreement to future community resilience policy deliverables that will improve data and information for decision making; enable better disclosure of risk information; provide guidance and direction for local government; and develop options to address issues with funding and financing of flood risk management.
Background

The programme is an all-of-government approach to reducing the risks from natural hazards and climate change

7. Local government is primarily responsible for managing the risks and impacts of natural hazards and climate change. The management of these risks is increasing in complexity and cost. Local authorities have asked central government to take a stronger role in supporting them to manage natural hazard and climate change risks by providing guidance, direction and funding.

8. Since 2018 I have convened a group of Community Resilience Ministers to oversee the programme. Community Resilience Ministers include: the Minister of Finance; Minister for the Environment; Minister for Emergency Management; Minister for Climate Change; Minister for Economic and Regional Development; and the Minister for the Community and Voluntary Sector.

9. The programme is an all-of-government approach to addressing issues with the management of natural hazards and climate change. Community resilience work is undertaken in partnership with local government and agencies convened by Te Tari Taiwhenua/Department of Internal Affairs (the Department).

10. The programme supports the Government’s work on initiatives that aim to reduce the risks and impacts of natural hazards and climate change, including the resource management reform and the development of the National Adaptation Plan (NAP).

The programme supports a shift towards proactively reducing risks from natural hazards and climate change

11. Effective risk management requires focus on all ‘four R’s’ – risk reduction, readiness, response and recovery. The current natural hazards and climate change system is focused on responding to events and needs to shift towards focusing on proactive risk reduction. This proactive approach to building resilience will reduce response and recovery costs. The programme supports the development of initiatives that will enable local government to shift towards proactive risk reduction, including non-legislative initiatives that can be delivered in the short term.

12. Officials developed a framework to support this shift towards proactive risk reduction and guide central government intervention in strengthening community resilience. In July 2020 Cabinet agreed to the framework that is underpinned by a set of principles and involves central government taking a more active, stewardship role in managing the risks and impacts of natural hazards and climate change [DEV-20-MIN-0120].

The programme focuses on flood risk to design and test interventions for all natural hazards

13. Flooding is Aotearoa/New Zealand’s most frequently occurring natural hazard, with a major flood event occurring approximately every eight months. Flooding damages properties, infrastructure, wāhi tapu e.g. urupā and marae, disrupts business and primary sector activities, cuts access to transport links and disrupts social connectivity. Climate change will increase the intensity and frequency of flood events, and without a shift towards more proactive risk reduction, there will be increasing costs and impacts.
14. Since 2019 the focus of the programme has been on improving resilience to flood risk, which local government has identified as a critical first step in improving natural hazard and climate change risk management [CAB-19-MIN-0588]. The programme takes a comprehensive approach that considers all flooding, including fluvial (river), pluvial and coastal. The programme supports the use of holistic approaches that build long-term resilience, including better land use planning and nature-based solutions such as ‘letting the river run’.

15. The programme uses a partnership approach to work with local government, including the River Managers Special Interest Group, to design interventions that improve the ability of local government to manage flood risk. Interventions that are designed for flood risk are then tested and applied more broadly across all natural hazards.

16. Iwi/Māori are kaitiaki o te taiao and have significant interests in the management of flood risk and other natural hazards including climate change. Interventions for flood risk management need to be developed in partnership with iwi/Māori to meet the Crowns obligations to Te Tiriti o Waitangi. The programme is exploring options to develop a stronger partnership approach to working with iwi/Māori on items in the future work programme.

**Reporting back on progress and the future work programme**

17. In July 2020 Cabinet invited the Minister of Local Government, in association with Community Resilience Ministers, to report back on the items in Table one [DEV-20-MIN-0120]. Policy work on report-back items has evolved to meet the Government’s priorities for resource management system reform and climate change adaptation.

18. The Community Resilience Ministers’ group will continue to provide oversight of work to strengthen communities’ resilience to natural hazards and the effects of climate change.

19. Community Resilience Ministers have endorsed the following programme of work outlined in Table one below.

20. I am seeking agreement to the future community resilience work programme and policy deliverables, including options to:

20.1 improve the availability and use of data and information;

20.2 improve the disclosure of natural hazard risk through Land Information Memoranda (LIMs) and other information tools;

20.3 provide greater direction to councils on approaches to flood risk management;

20.4 develop a national funding model for flood risk management.

21. I propose to report back to Cabinet in November 2021, in association with Community Resilience Ministers, to seek agreement on the substantive policy options developed through this work programme.
<table>
<thead>
<tr>
<th>Report-back item</th>
<th>Progress on item</th>
<th>Future work programme</th>
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<tbody>
<tr>
<td><strong>Data and information</strong></td>
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| Explore development of a national flood risk model and establishment of baseline data sets | • Initial baseline data sets have been identified and will provide input to development of a national flood risk model. | • Improve the identified key national datasets and address any critical gaps in national data.  
• Develop options for active leadership and coordination across central government on natural hazards data and information. |
| Undertake further work to design a new template for LIMs                         | • Completed initial policy work on a national template for LIMs.  
• Identified potential options to improve the LIM system. | • Progress short to medium term changes to the LIM system including nationally consistent approaches working with Local Government New Zealand.  
• Develop legislative and non-legislative options for substantive changes to the LIM system to achieve more active disclosure of natural hazard risk. |
| **Regulatory settings**                                                          |                                                                                  |                                                                                       |
| Develop a framework for retreating/relocating from high risk areas (managed retreat) | • Policy framework is now included in Minister Shaw’s Adaptation legislation Cabinet paper [CAB-21-MIN-0063]. | • Continue policy work on all natural hazard issues including system-wide work on data and information, regulatory settings, and funding and financing, alongside the development of the Climate Adaptation Act (CAA). |
| Develop options for greater direction to councils on approaches to flood risk management | • Engaged with Regional Council River Managers and flood risk researchers to better understand key flood risk issues and case study examples. | • Develop options for providing greater direction on flood risk management to ensure councils have the levers and tools they need to manage development. |
| Apply the principles for flood risk management to all natural hazards to test their effectiveness |                                                                                | • Continue to support integration of the principles across central government work on all natural hazards, including climate change. |
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### Funding and financing

| Explore the development of a national funding model for flood risk management | • Policy development underway on a new national funding model for flood risk. | • Continue to develop a new national funding model for flood risk. Provide briefing on options and approaches to Community Resilience Ministers in May 2021. |

### Analysis

22. The programme is organised across three key areas for natural hazard and climate change risk management: data and information, regulatory settings, and funding and financing. The analysis section below reports back on items in each key area as required by Cabinet and outlines the future work programme.

23. This work is undertaken in partnership with local government in close connection with the science and research community. The programme also recognises the importance of collaborative engagement with iwi/Māori to ensure Māori values and interests are protected and enhanced.

### Data and information

24. Data and information is a key focus of the programme as it is crucial for understanding the risks and impacts of natural hazards and climate change. Data and information are the basis on which transparent, evidence-based decisions can be made and should underpin all current and future planning and decision making for natural hazard and climate change risk management.

25. Improving the quality and accessibility of data and information will enable local government, iwi/Māori, communities and individuals to make better decisions to manage the risks and impacts of natural hazards and climate change. For example, accurate data and information will enable effective consideration of current and future risk in the development of future regional spatial plans proposed for the Strategic Planning Act (SPA).

### Exploring development of a national flood risk model and establishment of baseline data sets

26. In July 2019 Cabinet directed officials to undertake further work to explore the development of a national flood risk model, including establishing baseline datasets for flood risk management in the short-term. Work completed by LINZ in collaboration with a range of experts identified baseline datasets for flood hazard assessment (e.g. rainfall, sea level) and flood risk assessment (e.g. people, buildings, critical infrastructure).

27. Further work to improve the quality and/or availability of these datasets is required. The best opportunities for short-term improvements lie with those datasets that have some form of national-scale coverage in place, or programmes of planned improvement.

28. The priority baseline datasets are informing the development of a national flood risk model. The model is being developed through a research programme led by the National Institute of Water and Atmospheric Research (NIWA) and funded through the Ministry for Business, Innovation and Employment’s (MBIE) Endeavour Fund.
29. The research programme is a $15 million public research investment to reduce the risks and impacts of flooding in Aotearoa/New Zealand. Officials will continue to work with the researchers to maximise the returns on this investment. The research programme’s goal is to generate information that is useful, useable and policy-relevant and supports the adoption and consistent application of flood risk information at national, regional and local levels.

**Developing options for active leadership and coordination across central government on natural hazards and climate change impacts data and information**

30. The data collection, governance and funding issues identified in Table two below make it challenging to produce and share useful data and information on natural hazards and climate change.

**Table two: Key issues for natural hazards data and information**

| **Data collection** | • A wide range of interdependent data is required to assess current and future natural hazard and climate change risks.  
• A range of organisations (e.g. local government, iwi, crown research institutes (CRIs)) collect data for different reasons using a range of methods, standards and systems.  
• Organisations prioritise and approach data collection differently depending on resourcing and capability.  
• Mātauranga Māori is often not considered in determining what data is collected and how data is monitored.  
• Incorporating new/updated data and information into policies and plans so they can inform decision-making is often slow due to process requirements. |
|---------------------|---------------------------------------------------------------------------------------------------------------|
| **Data governance** | • There are disjointed institutional arrangements for data and information with unclear and overlapping roles and responsibilities between central government agencies, local authorities, CRIs, universities, independent researchers, and private providers.  
• Improved data curation and stewardship are required for ongoing, long-term data use. |
| **Funding**         | • Development of critical datasets is often reliant on time-limited funding from research programmes or budget bids e.g. national flood models and maps; climate change scenarios.  
• Some core publicly funded data is held for commercial purposes to generate income and so is not freely available for use, collaboration, and innovation resulting in opportunity costs for Aotearoa/New Zealand.  
• While CRIs receive some public funding, they are required to operate primarily under commercial imperatives, resulting in inaccessibility of data and duplication of data collection.  
• There are inefficiencies and duplication of effort and cost in the collection, maintenance, storage and purchase of data by different organisations/groups. |
31. A range of agencies are looking at interventions to address some of these issues e.g. the Earthquake Commission’s (EQC) Resilience Strategy for Natural Hazard Reduction 2019-2029, and Land Information New Zealand’s (LINZ) data improvement plan for Key Datasets for Resilience and Climate Change.

32. However, substantive shifts in the way Aotearoa/New Zealand collects, governs and funds data and information collection and provision are required to address the issues identified in Table two above. Authoritative data and information, including nationally consistent data sets, are critical for risk informed decision making at the national, regional, district, property, asset, iwi, community and individual levels.

33. I propose to report back to Cabinet in November 2021, in association with Community Resilience Ministers, on:
   33.1 improving the identified key national data sets and addressing any critical gaps in national data;
   33.2 options for more active leadership and co-ordination across central government that supports delivery of the data and capabilities needed for managing natural hazard and climate change risks effectively.

Developing options to improve the information used to reduce natural hazard risk

34. Data needs to be accessible to be turned into useful information and tools that improve understanding and enable action. Local government plays a key role in the production and use of data and information. Changes to the way data is produced and shared will support local government’s ability to manage risks, and to share risk information with their local communities, including iwi/Māori.

35. A range of legislative and non-legislative mechanisms are currently used to provide natural hazard and climate change information. These include LIMs, project information memoranda, natural hazard notices (e.g. Building Act notices), council property files, regional council land information requests, regional or district plans, government reports (e.g. the National Climate Change Risk Assessment), regional council data/mapping portals, independent property reports, iwi management plans, consent conditions, research programmes (e.g. National Science Challenges) and engineering advice.

36. Statutory responsibility for producing this information is split across all levels of government under various statutes, serving different purposes and for different end users. As a result, there are inconsistencies in the way natural hazard and climate change impacts information is provided to end users. Data of differing spatial scales (national, regional, local, individual properties) is required by different users. It is difficult to communicate both natural hazards and risk in ways that are easy to understand, and it is important to explain limitations of data and information.

37. I propose that officials undertake further work to establish where there are significant opportunities to improve how natural hazards and climate change impacts information is communicated through these and other mechanisms.
Undertaking further work to design a new template for LIMs

38. In July 2020 Cabinet directed officials to undertake work with local government to design a new template for LIMs. As noted above, LIMs are one of the tools currently used by local government to disclose natural hazard information. They provide an opportunity to inform potential property purchasers about the risks to a property before making purchasing decisions.

39. The Department and Local Government New Zealand (LGNZ) are working together to consider how the LIM system can be improved. Analysis based on feedback from the local government sector concluded that a national template would be too costly and resource intensive for the benefits it would provide. Some councils have already invested heavily in their existing IT systems and the costs of changing these to align with a national template would outweigh the benefits.

40. The Department’s work with LGNZ showed there are impediments to local government using LIMs to more actively disclose natural hazard and climate change risks to property buyers, including:

40.1 a lack of clarity about the nature and extent of natural hazard information to be provided in LIMs under the legislation, leading to variability in LIM content and format;

40.2 some territorial authorities are reluctant to include explanatory natural hazard information due to legal risks e.g. the challenges to coastal hazard information included in LIMs by Kāpiti Coast District Council;

40.3 challenges keeping up to date with new natural hazards research from regional councils and nationally held natural hazard information;

40.4 difficulties communicating natural hazards risks in plain English;

40.5 limited public awareness of what a LIM is and the purpose it serves;

40.6 insufficient time for potential purchasers to obtain a LIM in the current competitive property market.

Progressing short to medium term changes to the LIM system

41. There are options to address these issues through progressing short to medium term changes to the LIM system. The Department will work with LGNZ to support nationally consistent approaches to providing LIMs.

42. I propose that officials progress short to medium term changes including:

42.1 establishing agreement across councils on core natural hazard information to be recorded on LIMs and the development of consistent hazard and risk terminology to be used in LIMs;

42.2 improving the links between councils’ LIM processes and regional and national datasets.

Developing legislative and non-legislative options for substantive changes to the LIM system to achieve more active disclosure of natural hazard risk

43. Alongside the proposed short to medium term changes above, further work is needed to ensure that LIMs are fit-for-purpose and provide the public with information to make informed property purchasing decisions in the future.
44. I propose that officials undertake work to consider more substantive options, including legislative changes, to achieve active disclosure of natural hazard risk. This will include investigating options to:

44.1 ensure information on district plans and information held by regional councils is included in LIMs;

44.2 remove barriers and incentivise councils to communicate natural hazard risks to the public, including addressing legal risks for councils disclosing information.

45. This work will also align with the programme’s wider work on tools and mechanisms for sharing data and information to the public. Given the limitations of using LIMs to share risk information, officials will explore wider options to use alternative tools and mechanisms. This work will consider:

45.1 The development of sufficiently granular natural hazard data and information for decision making at the individual property level;

45.2 Other more proactive and accessible natural hazard information disclosure tools for different communities, including renters, rural communities and iwi/Māori (e.g. online hazard map portals);

45.3 Improving access for Māori to local and central government held natural hazard data and information to support iwi, hapū and whānau to make informed decisions on their land;

45.4 The implications of the resource management system reforms.

46. Officials will work across government to consider existing and emerging mechanisms

**Regulatory settings**

47. Regulatory settings are another core element of the programme as the regulatory system is a key lever for natural hazard and climate change risk reduction. Strengthening regulatory settings will support local government’s ability to reduce risks from natural hazards and climate change for both existing and future development.

48. 
49. In July 2020 Cabinet directed officials to develop a framework for relocating / retreating from high-risk areas [DEV-20-MIN-0120]. Since then the Government has progressed with the resource management system reform including the Climate Adaptation Act (CAA). Policy development undertaken for the all natural hazards and climate change framework has been used to support the development of the CAA.

50. Officials will continue policy work on natural hazards and climate change issues including system-wide work on data and information, regulatory settings, and funding and financing, alongside the development of the CAA. This policy work will draw on the Department’s recent operational experience with managed retreat in Kaikōura, Matatā and Franz Josef.

Developing options to provide greater direction on flood risk management for councils

51. In July 2020 Cabinet directed the programme to develop options to provide greater national direction on flood risk management for councils. Local government considers that stronger national direction is needed to ensure that councils have the levers and tools to facilitate the relocation or modification of existing development and prevent new development in high-risk locations. There is also an opportunity to promote greater use of nature-based solutions such as ‘letting the river run’ and the use of wetlands as part of integrated solutions to flood risk management.

52. National direction is currently provided through national policy statements and national environmental standards under the Resource Management Act (1991).

53. Wider national direction on natural hazard risk management for all natural hazards and the effects of climate change is currently a missing pillar in the suite of national direction that sits above regional and district planning documents. This has limited councils’ ability to give sufficient weight to natural hazard risk reduction, contributing to continued development and/or redevelopment in high-risk areas and creating potential for future liability.

54. I have directed my officials to continue engaging with local government, including the River Managers’ Special Interest Group, to develop initial options for greater direction for councils on approaches to flood risk management. This work will support the future development of national direction on natural hazards and climate change under the National Planning Framework.

Applying the principles for flood risk management to all natural hazards to test their effectiveness

55. The programme developed the following principles for flood risk management:
55.1 invest in effective risk reduction;
55.2 make risk management decisions at the level closest to the affected community;
55.3 provide effective outcomes for Māori;
55.4 intervene where there is national interest or benefit;
55.5 require beneficiaries of risk mitigation to pay;
55.6 ensure fairness and equity for communities, including across generations.

56. Cabinet agreed to these principles in July 2020 and directed officials to apply the principles for flood risk management to all natural hazards to test their effectiveness. [DEV-20-MIN-0120].

Funding and financing

57. The programme focuses on funding and financing arrangements for natural hazards and climate change to ensure the right incentives are in place to effectively and efficiently manage risk. This is important to ensure inter and intragenerational equity, as natural hazards and climate change issues can occur over decades.

58. Natural hazard and climate change risk management is complex, and decision makers need to deal with uncertainty, long time frames, unquantifiable costs and benefits, and stakeholder values and expectations. Central government, local government, businesses, iwi/Māori, and communities all have roles and responsibilities in managing and reducing the risks and impacts of natural hazards and climate change.

A consistent and coherent national approach to guide funding decisions is needed

59. There is a need for a consistent and coherent national approach to guide how central and local government support communities to reduce risks from natural hazards and climate change.

60. Government has spent over $11.4 billion on natural hazards over the last decade. The majority of spending was on response and recovery, with only 25% spent on risk reduction. Reports by the Productivity Commission and the Resource Management Review Panel conclude that current funding from central government is largely limited to providing relief during and after an event, rather than reducing the risks from natural hazards and climate change.

61. International evidence demonstrates that investment in pre-event risk reduction results in long-term cost savings in managing natural hazard risk. Research indicates this may also be true in the Aotearoa/New Zealand context.

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6 NZIER. (2020). *ibid.*
62. Current policy settings are likely to increase risk exposure, encourage moral hazard, exacerbate socio-economic inequalities and contribute to higher overall costs from natural hazards and climate change. Changes to the way natural hazard and climate change risks are managed and funded can contribute to whole of system outcomes and provide incentives for better risk management.

Funding for flood protection needs to support long term sustainable solutions

63. Under the current system local government is responsible for funding flood protection infrastructure, assets and services. There are over 350 flood protection schemes across the country, with an estimated replacement value of $2.3 billion. The economic benefits from these schemes are estimated to be $11 billion per annum. Central government does not directly contribute to funding flood protection schemes despite them providing national benefits e.g. protecting nationally significant infrastructure including roading and rail networks, and energy and telecommunications links.

64. Many existing flood schemes protecting towns and cities are old, unreliable and not designed to withstand the impacts of climate change. Cabinet has agreed to consider co-investment with local government to improve flood risk management, with central government intervention guided by the principles for flood risk management [DEV-20-MIN-0120].

65. The Covid-19 recovery shovel-ready infrastructure fund is an initial central government investment in flood protection. The implementation of this fund will be managed by the Provincial Development Unit. Ministers have approved (in principle) $211 million in funding for 55 projects to date. While these shovel-ready projects will alleviate many immediate flood risk management needs, a fundamental shift in approaches to flood risk management will be required to develop long-term sustainable flood resilience solutions.

66. An example of the need to develop longer term resilience in communities is the work underway to reduce flood risk at Franz Josef. Franz Josef has substantive issues with flood risk from the Waiho River, as was seen in 2019 where flooding took the life of a local resident and washed out the Waiho Bridge on State Highway 6, cutting off access to Franz Josef and southern Westland. This had a significant impact for the tourism sector through lost business; and the primary sector and rural communities through damages to pasture and infrastructure from the flooding and the loss of access to transport links.

67. Short term flood protection for the Waiho River was included as part of the national investment in shovel-ready funding for flood protection initiatives approved by Cabinet. I am working with a group of Ministers, including the Minister for Regional Economic Development, on a longer term more resilient option which includes the use of a nature-based approach to allow the river to run across the floodplain.

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8 Central government funding for projects is augmented by local government funding.
68. In July 2020 Cabinet considered issues with the current funding arrangements for flood protection and agreed to a more direct role for central government in flood risk management. Cabinet directed officials to develop a new national funding model for flood risk management [DEV-20-MIN-0120]. Cabinet also noted that, subject to further work, central government’s funding approach to building resilience would emphasise the need to invest in risk reduction to minimise long-run costs and prioritise vulnerable communities (where significant fiscal pressures and natural hazards / climate change risks converge) to ensure their safety and wellbeing.

69. Initial scoping work on a national funding model for flood risk is underway. This work includes clarifying roles and responsibilities, identifying funding issues, understanding existing arrangements including EQC and private insurance, and consideration of trade-offs. Officials will provide a briefing on these initial issues to Community Resilience Ministers in May 2021 to test initial thinking and guide the direction of the work.

70. Further work on the national funding model for flood risk is likely to include consideration of:

70.1 how funding incentivises behavioural change and improves risk management by central government, local government and communities;

70.2 the resource and capability of local government to fund activities required to manage flood risk (e.g. community engagement);

70.3 differences in capacity, capability and funding between local governments (e.g. rural districts with limited rating bases);

70.4 how the approach to funding works for iwi/Māori;

70.5 the costs of improved data and information to better inform risk decisions and responses;

70.6 the costs of flood protection infrastructure (both capital costs and maintenance) and the use of nature-based solutions to provide better ecological outcomes (where appropriate).

71. Officials will continue to develop the new national funding model for flood risk, working in partnership with local government, including the River Managers Special Interest Group. Officials across agencies will also work together closely to ensure alignment between developing a new national funding model for flood risk and the funding and financing work associated with the CAA on sea level rise and the impacts of climate change. This work will also link with work on the local government funding and financing, transport infrastructure funding and the three waters review (particularly given the interrelationship between stormwater and flooding).

72. Both MfE and the Department’s work on funding models for specific hazards and climate change impacts provide an opportunity to test the approach and then broaden it to other natural hazards following proof of concept. Both approaches to funding will support the long-term objective of developing a systems approach to funding and financing for all natural hazards and climate change.

73. I propose to report back to Cabinet in November 2021, in association with Community Resilience Ministers, on funding issues and potential arrangements for a new national funding model for flood risk.
Financial implications

74. The Department-led community resilience work programme is currently funded through the Covid-19 response appropriation. This funding has allowed the programme to expand with additional staffing to progress priorities from the July 2020 Cabinet decisions. The Covid-19 funding finishes on 30 June 2021, leaving only a small level of baseline funding that will continue after this date.

75. Funding for this work programme is being sought through a cost pressure bid led by the Minister for Climate Change. Without this funding further work outlined in the paper will need to be scaled back significantly, reducing the ability of the programme to deliver initiatives in support of the Government’s priorities on resource management reform and climate change adaptation.

Legislative implications

76. This paper has no immediate legislative implications, however, the policy proposals to be developed may involve changes to existing legislation.

Te Tiriti o Waitangi Implications

77. Officials will work with iwi/Māori on the development of policy proposals to ensure that obligations under Te Tiriti and broader Māori interests are understood and accounted for. A full assessment of Te Tiriti implications of any policy changes proposed will be undertaken to inform the final policy decisions.

78. Iwi/Māori have significant interests in the management of flood risk and wider natural hazards and climate change impacts. The programme is exploring options to develop a stronger partnership approach to working with iwi/Māori on items in the future work programme.

Impact analysis

Regulatory Impact Statement

79. A full regulatory impact statement will be provided at the time policy decisions are made on the proposals.

Climate Implications of Policy Assessment

80. This paper does not contain proposals which trigger a need for a Climate Implications of Policy Assessment.

Population Implications

81. The effects of natural hazards and climate change are likely to disproportionately affect a range of population groups. Table three describes the characteristics of sensitivity to extreme events associated with natural hazards and climate change.
### Table three: Effects on population groups

<table>
<thead>
<tr>
<th>Population group</th>
<th>How this group may be affected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Māori</td>
<td>Socio-economic disparities between Māori and non-Māori communities produce conditions that increase sensitivity to climate change impacts and risks for Māori society. Māori communities are more sensitive to the effects of climate change on ecological systems due to dependence on primary industries for livelihoods, and the effects of climate change on cultural and spiritual wellbeing, as well as on coastal mahinga kai and proximity of housing, infrastructure and sites of significance e.g. urupā to processes such as erosion and inundation.</td>
</tr>
<tr>
<td>Women</td>
<td>Following disasters, women are often vulnerable. Evidence indicates that lower-income women experience and navigate ongoing job and house displacement, increased domestic violence and reduced access to education and childcare for children after extreme events. Unequal participation in labour markets and decision-making processes compounds inequalities.</td>
</tr>
<tr>
<td>Ethnic communities</td>
<td>Where members of ethnic communities are immigrants from non-English-speaking countries, language barriers can greatly increase vulnerability during a disaster such as a natural hazard.</td>
</tr>
<tr>
<td>Children and the elderly</td>
<td>Disruptions created by a disaster can have significant psychological and physical impacts on children. The elderly are likely to suffer health problems and experience a slower recovery, and tend to be more reluctant to evacuate their homes in a disaster.</td>
</tr>
<tr>
<td>Disabled people</td>
<td>People living with mental or physical disabilities are less able to respond effectively to disasters and require additional assistance in preparing for and recovering from disasters.</td>
</tr>
<tr>
<td>Rural communities</td>
<td>Rural communities are more likely to be exposed to the impacts of natural hazards and climate change through their work in the primary sector which is affected by events such as flooding and drought. These communities are also more isolated than urban communities, and they are more likely to be cut-off from key services by the impacts of natural hazards and climate change. Lower population densities can also make it more challenging to deliver cost effective solutions.</td>
</tr>
</tbody>
</table>

### Human Rights

82. The proposals in this paper do not have any immediate human rights implications.
Consultation
83. The following agencies were consulted on the proposals in this paper: Department of Prime Minister and Cabinet, the Treasury, Te Puni Kōkiri, Te Arawhiti, Ministry for the Environment, Department of Conservation, Ministry of Business, Innovation and Employment, Ministry for Primary Industries, Land Information New Zealand, Statistics New Zealand, National Emergency Management Agency, New Zealand Transport Agency, and the Earthquake Commission.

84. Local Government New Zealand was consulted on the proposals for changes to the LIM system.

Communications
85. There are no communications planned for the content in this paper.

Proactive Release
86. I propose to proactively release this paper, subject to redactions as appropriate, under the Official Information Act 1982.

Recommendations
The Minister of Local Government, in association with Community Resilience Ministers, recommends that the Cabinet Economic Development Committee:

Background
1. Note Cabinet has agreed the Government should play a more active stewardship role to reduce the risks from natural hazards and the effects of climate change underpinned by a set of guiding principles [DEV-20-MIN-0120];
2. Note I have convened a group of Community Resilience Ministers to provide oversight of work to strengthen communities to natural hazards and the effects of climate change which also supports the Government’s priorities for resource management system reform and climate change adaptation;
3. Note that Community Resilience Ministers have endorsed a programme of work taking an all natural hazards approach with an emphasis on measures to support better decision making by local government including non-legislative initiatives that can be delivered in the short term;

Data and Information
4. Note that authoritative data and information, including nationally consistent data sets, are critical for risk informed decision making at the national, regional, district, property and asset levels;
5. Invite the Minister of Local Government in association with Community Resilience Ministers to report to the Cabinet Economic Development Committee in November 2021 on options to improve the availability and use of data and information to reduce and manage natural hazard risks including:
   5.1 Improving the identified key national datasets and addressing any critical gaps in national data;
   5.2 The translation of national data sets into decision making mechanisms and information portals used by local government, iwi/Māori, communities and individuals;
5.3 Options for more active leadership and co-ordination across central government that supports delivery of the data and capabilities needed for managing natural hazard risks effectively;

**Land Information Memoranda**

6. **Note** there are several impediments to local government using land information memoranda (LIMs) to more actively disclose natural hazard risks including concerns with liability issues;

7. **Direct** officials to work with Local Government New Zealand to progress short to medium term changes to the LIM system including more nationally consistent approaches;

8. **Invite** the Minister of Local Government, in association with Community Resilience Ministers, to report to the Cabinet and Economic Development Committee in November 2021 on legislative and non-legislative options for substantive changes to the LIM system to achieve more active disclosure of natural hazard risk;

**Regulatory settings**

9. **Note** that the resource management systems reforms are a significant opportunity to strengthen natural hazard risk reduction and climate change adaptation through increased national guidance;

10. **Invite** the Minister of Local Government, in association with Community Resilience Ministers, to report to the Cabinet and Economic Development Committee in November 2021 on options for greater direction to councils on approaches to flood risk management that support the future development of national direction on natural hazards and climate change;

**Funding and financing**

11. **Note** funding and financing arrangements for natural hazards and climate change need to ensure the right incentives are in place to effectively and efficiently manage natural hazard risk;

12. **Note** Cabinet has previously agreed to a more direct role for central government in flood risk management including considering co-investment with local government in line with a set of principles to guide central government intervention (DEV-20-MIN-0120 refers);

13. **Invite** the Minister of Local Government in association with Community Resilience Ministers to report to the Cabinet and Economic Development Committee in November 2021 on funding issues and potential arrangements for a new national funding model for flood risk.

**Budget 2021/22**

14. **Note** that I have sought funding through a cost pressure bid led by the Minister for Climate Change to progress the community resilience initiatives outlined in this paper.
IN-CONFIDENCE

Authorised for lodgement

Nanaia Mahuta
Minister of Local Government