



Ministry for the
Environment
Manatū Mo Te Taiao

Developing a Climate Change Adaptation Framework

Initial discussion

20 December 2023

Purpose of discussion

1. Make sure we understand your views on the nature of the problem to be addressed and your level of ambition and appetite for change.
2. Get your thoughts specifically on what success would look like long term (what you are aiming for), options for how New Zealand makes the transition, and whether there are any no-go areas from your perspective. We have created some high-level thoughts on this to test with you.
3. Propose and test with you options for the scope of the framework to keep it manageable, and also help bring the public along.
4. Discuss the process and timeline over the next year or so, including seeking decisions, if possible, on the role you would like the Select Committee inquiry to play.

1. Problems an adaptation framework may address

The National Adaptation Plan and natural hazard management

New Zealand faces a broad range of climate risk in a changing climate.

The National Adaptation Plan addresses these diverse risks with an all-of-government approach.



Natural Human Economy Built Governance

The natural hazard management system is a core component of New Zealand's adaptation response. It is set up to prepare for, respond to and recover from disaster events, including those exacerbated by climate change.

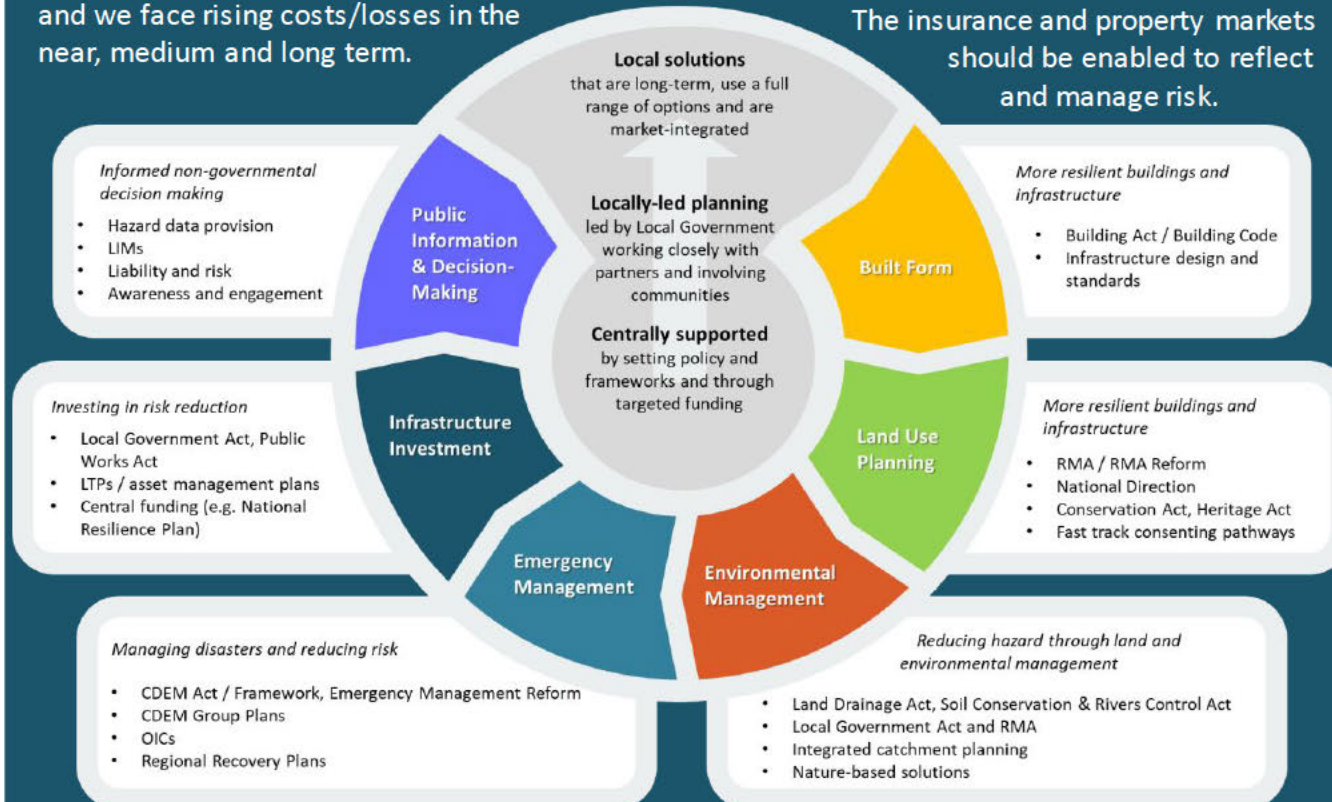


The existing natural hazard management system is complex, with many moving parts

There is an existing system to manage natural hazard risks, but it is not working as well as we need it to for climate change. As a society we are **underinvesting in long-term risk reduction**, and we face rising costs/losses in the near, medium and long term.

Key decisions are made by central and local government on system settings, but also by institutions, including banks and insurers, investors and individual property owners.

The insurance and property markets should be enabled to reflect and manage risk.



It will be important to embed climate adaptation across the entire system.

Nature of the problem

The foundations of the existing system in major disasters depend on:

- events being relatively infrequent and geographically dispersed
- events being unpredictable for individual homeowners
- availability of private insurance to manage private risk
- public finance available to address risks to public assets
- councils / government intervening when excessive private hardship.

Two key problems to consider:

- there are inherent weaknesses even without climate change, including under-investment in risk reduction, uneven access to quality data, poor planning decisions, high risk of litigation, potential loss of insurance availability and an expectation of government bailouts
- as climate change impacts escalate, the foundations of the system may no longer hold true.



2. What are your long-term objectives for the system to deliver? What are your priorities?

1. Protect human life
2. Communities understand the risks they are facing, and these risks are factored into individuals' and organisations' decision making
3. No new development in areas of known high and increasing risk
4. Provides for rational and economically efficient investment in risk reduction (protection and/or retrospective accommodation), as well as mechanisms to decide when making such investment is no longer rational
5. People who could be affected by a major event can reasonably anticipate what the government response will be
6. Clarity on how costs will be shared – for example, what will be held by homeowners (eg, through falling asset values or increasing insurance costs, or losses following a disaster), what will be shared across a district or region, and what will be carried across all New Zealanders
7. Provide clarity about the role of private insurance – including those uninsured when insurance is available and when it is no longer available
8. Address financing – ensuring there is adequate quantum of money available, reflects burden sharing decisions, as well as who will make financing decisions and on what basis
9. Provide for meaningful local and tangata whenua input, and uphold Treaty Settlements where settlement land is affected
10. Clear powers and responsibilities for decision-making aligned with ability to pay
11. Seamlessly links to emergency response post-major events
12. A system that is durable and defensible over time (fair, reasonable, predictable)
13. Provides for a transparent, fair and reasonable transition from current approach/expectations to a new framework
14. Keep housing stock as long as possible / safe
15. Ensuring healthy and safe communities (despite likely on-going fall in investment in capital and maintenance)



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