



## Briefing 4369: Cabinet paper outline on progressing the climate adaptation framework

Date submitted: 6 March 2024

Tracking number: BRF-4369

Security level: Policy and Privacy

MfE priority: Not Urgent

### Actions sought from Ministers

<i>Name and position</i>	<i>Action sought</i>	<i>Response by</i>
To Hon Simon WATTS <b>Minister of Climate Change</b>	Provide feedback on the draft Cabinet paper and options for progressing the adaptation framework.	7 March

### Actions for Minister's office staff

Return the signed briefing to the Ministry for the Environment ([ministerials@mfe.govt.nz](mailto:ministerials@mfe.govt.nz)).

### Appendices and attachments

1. Key elements of the adaptation framework for inclusion in the draft Cabinet paper

### Key contacts at Ministry for the Environment

<i>Position</i>	<i>Name</i>	<i>Cell phone</i>	<i>First contact</i>
Principal Author	Hannah Steans	027 224 8522	
Responsible Manager	Beth Le Roux	027 295 8459	
General Manager	Katherine Wilson	021 146 3122	✓

### Minister's comments

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# Cabinet paper outline on progressing the climate adaptation framework

## Key messages

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- 1 This briefing provides you with a draft outline of the Cabinet paper (Appendix 1) for discussion with officials on 7 March. The outline includes draft wording for a problem definition, objectives, proposed work programme and phases of work, linkages with other work programmes and draft Cabinet recommendations.
- 2 Officials will continue to test and refine language in the draft outline with other agencies.
- 3 The briefing also seeks your direction on next steps for progressing the Select Committee and establishing an external advisory group.
- 4 Lastly, this briefing seeks your direction on how you would like to proceed with socialisation of this work programme with your colleagues (eg, CPMG and Cabinet) and how you would like to communicate the approach with domestic and international audiences.

## Recommendations

We recommend that you:

1. **note** that you have a workshop with officials on 7 March to discuss the main elements of the proposed climate adaptation Cabinet paper, an outline of which is attached to this briefing note
2. **note** that we are looking to **test and confirm** with you the following elements of Cabinet paper outline:
  - i proposed problem statement
  - ii proposed objectives, with particular reference to two objectives we have added relating to Māori/Treaty of Waitangi and a fair transition
  - iii work programme elements, including our suggested two-phase approach
  - iv scope, being:
    - where people live and work and the associated infrastructure (including future development)
    - impacts from severe weather events and climate change-exacerbated risks, including sea-level rise, flooding, slipping and coastal erosion
  - v the draft recommendations
3. **note** we also wish to **discuss and confirm** with you:
  - i the role and purpose of the select committee, and any decision you have made regarding which select committee should undertake the inquiry

- ii the role and purpose of an external advisory group (and how this differs from the select committee)
- iii what external communications (messaging, timing and audiences) you would like signalled in the Cabinet paper
- iv your next steps for the Cabinet paper, including if you wish it to go to CPMG first or proceed to Cabinet, with a summary note to CPMG when it meets again in late March.

## Signatures

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Katherine Wilson  
General Manager – Adaptation  
**Ministry for the Environment**  
6 March 2024

Hon Simon WATTS  
**Minister of Climate Change**

**Date**

# Cabinet paper outline on progressing the climate adaptation framework

## Purpose

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1. This briefing provides you with a draft outline of a Cabinet paper on the climate adaptation framework and seeks your feedback on the key elements.
2. It also seeks your feedback on which select committee option to progress, and next steps for establishing an external advisory group.

## Analysis and advice

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3. On 26 February, you indicated that you wished to take a paper to Cabinet on the work programme to deliver the adaptation framework, and to test this with the Climate Priorities Ministerial Group.
4. We have included an outline of the proposed key content for this Cabinet paper at Appendix 1 for your feedback. This outline includes drafts of:
  - i. problem definition
  - ii. objectives
  - iii. overall adaptation framework work programme
  - iv. linkages with other work programmes
  - v. recommendations.
5. We are seeking your agreement to or feedback on these key elements so we can finalise a draft Cabinet paper that you can circulate for ministerial consultation.

## The adaptation framework work programme

### Problem definition and objectives

6. The draft problem definition focuses on the ways in which climate change in particular is straining the foundations of the existing natural hazard management system.
7. You have previously directed that this work programme is not seeking to address existing weaknesses in this system, but rather to focus on the problems that climate change is particularly exacerbating. The core focus is on delivering an adaptation decision-making and investment framework and improving climate risk information and support well-functioning markets and reduce overall costs to New Zealand.
8. Four of the objectives are based on previous discussions with you on your goals for the framework. We have also proposed additional objectives regarding specific challenges for whenua Māori and enabling a fair transition. These are matters we consider warrant specific consideration during the development of the adaptation framework due to the specific legal framework and disproportionate exposure of whenua Māori, and the

unique challenges of a developing an enduring framework that may need to change over time as risk levels change.

### A phased approach

9(2)(f)(iv)

10. We anticipate that scope creep will be a significant challenge to manage. To address this, we consider signalling an intention to progress additional phases of the work can provide a helpful method of acknowledging and triaging boundary issues that emerge during the development of phase one. For example, the Report of the Expert Working Group on Managed Retreat focused heavily on land use planning and RMA tools. Clearly indicating that consideration of these issues would be in phase two, or considered through the RMA Reform programme, could help to provide clarity about the Government's priorities and work programme.

### Core components of phase one

11. We propose that the first phase of the adaptation framework would focus on the following four key workstreams you have confirmed [BRF 4173 refers]. We propose:
  - *Investment framework for risk reduction* - this will support government consideration of investments across the full PARA spectrum of risk reduction options in both its own infrastructure investment and in any funding for local infrastructure, including how funding for higher lifetimes costs due to climate change can be provided for.
  - *Cost sharing framework for pre-and post-event retreat*- this will set out what the government's approach is to the sharing of costs from future severe weather events, particularly addressing the uncertainty of what will be available to assist property owners recover or move away from an affected area.
  - *Central government – local government model*- this will look at how the cost-sharing and investment framework needs to be implemented by amendment, clarification or strengthening of roles and responsibilities under existing systems, including CDEM, LGA and RMA legislation.
  - *Climate risk and response information*- this will examine how risk and response information and its dissemination can be improved so that property owners, insurers, financial markets and councils can make more informed decisions about their own appetite for and management of risk.
12. We anticipate the first three workstreams above could be delivered through adaptation legislation, to be introduced to the House in the first part of 2025. Improving climate risk and response information will be an ongoing programme of work.
13. This will enable this first building block to be developed and in place in a timely fashion.
14. There are other problems with the current system we recommend are considered for a second phase of work, namely:
  - integrating adaptation into the resource management reform work programme, for example, through land use planning and powers. This will include examining the place of adaptation planning in the system, and whether changes are needed to

consenting provisions to enable landowners to take action to protect their own property.

- further work to clarify and strengthen roles and responsibilities as between central and local government, in relation to:
  - providing for development capacity in low-risk areas
  - sustainable funding models for adaptation measures, including the role of government in sharing costs of risk reduction pre-event
  - planning for and implementing retreat
  - in a small number of circumstances, reducing levels of local infrastructure service in high-risk areas.
- investigating levers in other work programmes such as building and construction to support adaptation, or to address other gaps that emerge during phase one.

### **Scope**

15. We recommend to initially focus the adaptation framework be impacts from severe weather events and climate change-exacerbated risks, including sea-level rise, flooding, slipping and coastal erosion. These hazards are the most widespread risks faced by New Zealand, and are particularly front of mind for communities following the 2023 severe weather events.
16. However, it is important not to inadvertently create bureaucratic hurdles or create incentives for litigation by requiring the attribution of specific losses to different types of hazards. The decision-making framework should also enable a holistic way forward for communities facing multiple or compounding hazards (such as Franz Josef).
17. We recommend a step is built into the policy process to consider the applicability of the investment framework across all hazards once it is more fully formed. It is likely that there will be elements of the framework that lend themselves to being hazard-agnostic from the beginning, such as the cost-sharing framework insofar as it pertains to any potential assistance for property owners in areas of unacceptably high risk.
18. A future hazard-agnostic approach may make alignment with existing roles and responsibilities easier, for example with New Zealand's approach to emergency management (ie, EQC and emergency management planning). This has been communicated consistently through agency feedback.

## **The process to develop an adaptation framework**

### **Progress on a select committee inquiry into adaptation**

19. A select committee inquiry could assist in progressing the development of the adaptation framework by building consensus on New Zealand's approach to climate adaptation.
20. The Select Committee could:
  - i. inquire into certain elements of climate adaptation to support development of legislative and non-legislative elements of the adaptation framework
  - ii. examine the proposed Bill once introduced to the House in 2025
  - iii. consider other matters requested by yourself from time to time.

21. You have been consulting with parties to test their support for an ad-hoc Committee following a request from the Cabinet Legislation Committee (LEG) on 15 February. [LEG-24-MIN-0001 refers].
22. Officials also provided further analysis to support these conversations via email on 26 February. This note provided analysis of the Environment Committee, an ad-hoc Select Committee or the Finance and Expenditure Committee as vehicles for progressing the work on adaptation.
23. The draft Cabinet paper includes draft content and recommendations to enable the transfer of the existing inquiry to either an ad-hoc Select Committee or the Finance and Expenditure Committee.

#### Progress on an external advisory group

24. We have been making good progress on exploring availability of potential members for an external advisory group [BRF-4148 refers]. The summary of availability is below:

<b>Person</b>	<b>Availability</b>	<b>Expertise/What they could bring to the group</b>
Jimmy Higgins	Available	Insurance industry: CE Suncorp
Amanda Whiting	Available – expressed interest after your meeting	Insurance industry: CE IAG, and Chair of Recovery Insurance Taskforce Sub-group
Belinda Storey	Likely available	Economist, expert in climate change risk and insurance markets
Eric Crampton	Likely available	Economist, knowledge of climate change policy
Marama Royal	Likely available	(NICF) Chair, Ngāti Whatua Orakei Trust
Matt Whineray	Interested; potentially available	Financial sector expertise: Ex-CEO NZ Super, Board of Centre for Sustainable Finance: Toitu Tahua
Wendy Walker	Awaiting confirmation	Local Government: CE Porirua City
Desley Simpson	Does not have capacity, but is happy to support the work in other ways	Local government: Deputy Mayor, Auckland Council
Sir Brian Roche	Does not have capacity, but is happy to support the work in other ways	Business executive with broad public and private sector experience. Expertise in practical recovery decision making

25. We are seeking direction as the purpose and nature of the group you wish to be established to support the policy development for the adaptation framework. At present, the terms of reference for this external group envisage a relatively informal policy sounding board role for the group who would be established by the Ministry. If you would prefer a more formal role for the group, and to commission specific advice from them, a Ministerial appointed group may be more appropriate. However, there are a number of additional steps that would need to be followed, including Cabinet approval,

prior to making appointments to a group. Depending on your preference we can provide further advice on the necessary next steps.

## Te Tiriti analysis

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26. Treaty impact analysis will be undertaken in relation to the policy developed within each workstream. This analysis will seek to analyse and advise on the relevance of climate change impacts to matters of specific interest and relevance to Māori, such as Te Ture Whenua Māori land, cultural infrastructure, and consideration of adaptive capacity.

## Other considerations

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### Consultation and engagement

27. Officials have refined the scope and chapters of the framework within the draft Cabinet paper outlined in previous advice to you [BRF-4173 refers] following discussions with other agencies including Department of Internal Affairs, Cyclone Recovery Unit (Department of Prime Minister and Cabinet), Ministry of Housing and Urban Development, National Emergency Management Agency, and The Treasury.

## Next steps

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28. We are seeking confirmation of your preferred timing for taking a paper to Cabinet on the adaptation framework, and your preferred approach to the upcoming meeting of the Climate Priorities Ministerial Group on 27/28 March.
29. In order to have a Cabinet decision prior to the April recess, a Cabinet paper would need to be lodged by 4 April. We recommend beginning ministerial consultation by 15 March if you wish to meet this timeframe.

### *Communications plan*

30. There is increasing interest in understanding the Government's approach to adaptation. We are also seeking feedback on how you wish to communicate the adaptation framework approach (eg, messaging, timing and audiences) with domestic and international stakeholders (such as with reinsurers).