



# Cabinet Business Committee

## Minute of Decision

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### Community-led Retreat and Adaptation Funding: Issues and Options Paper

**Portfolio**                      **Climate Change**

On 7 August 2023, the Cabinet Business Committee:

- 1        **noted** that in June 2023, the Cabinet Environment, Energy and Climate Committee:
  - 1.1      agreed to request the Environment and Māori Affairs Committees initiate an inquiry into community-led retreat and adaptation funding, supported by an issues and options paper;
  - 1.2      authorised the Minister of Climate Change to refine the proposed terms of reference for the inquiry prior to formally requesting the initiation of the inquiry;

[ENV-23-MIN-0027]
- 2        **noted** that logistical and procedural concerns have prevented the establishment of a joint inquiry at this point;
- 3        **noted** that the terms of reference for the inquiry have been revised after discussions with the Chair of the Environment Committee, and are attached to the submission under CBC-23-SUB-0016;
- 4        **noted** that officials from the Ministry for the Environment will act as advisors to the Select Committee, with support from technical experts from across all of government;
- 5        **noted** that officials will consider the best approach for advising the Select Committee on the lessons learnt through the inquiry into the North Island severe weather events and future of severely affected locations workstream;
- 6        **noted** that the issues and options paper attached to the submission under CBC-23-SUB-0016 covers:
  - 6.1      key context, including the government adaptation work programme;
  - 6.2      the need for change (focusing on the absence of a community-led retreat system and gaps in the funding approach);
  - 6.3      role of Māori and giving effect to the principles of te Tiriti o Waitangi;
  - 6.4      risk assessment;

- 6.5 community-led adaptation planning;
- 6.6 community-led retreat and adaptation decision making;
- 6.7 funding and financing;
- 6.8 recovery;
- 7 **agreed** to the release of the issues and options paper on community-led retreat and adaptation funding to support the inquiry;
- 8 **authorised** the Minister of Climate Change to make minor accuracy and editorial changes to the issues and options paper prior to its release;
- 9 **noted** that in September 2022, the Secretary for the Environment established the Managed Retreat Expert Working Group (the Group);
- 10 **noted** that the overall objective of the Group was to assist officials to develop detailed design options for a robust, equitable, and enduring retreat system, and funding and financing adaptation;
- 11 **noted** that the Group's report will be released alongside the issues and options paper, and will also be provided to the inquiry.

Jenny Vickers  
Committee Secretary

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**Present:**

Rt Hon Chris Hipkins (Chair)  
Hon Carmel Sepuloni  
Hon Kelvin Davis  
Hon Grant Robertson  
Hon Dr Megan Woods  
Hon Jan Tinetti  
Hon Dr Ayesha Verrall  
Hon Willie Jackson  
Hon Andrew Little  
Hon David Parker  
Hon Ginny Andersen  
Hon James Shaw

**Officials present from:**

Office of the Prime Minister  
Department of the Prime Minister and Cabinet



# Cabinet Environment, Energy and Climate Committee

## Minute of Decision

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### Progressing the Climate Change Adaptation Bill

**Portfolio**                      **Climate Change**

On 22 June 2023, the Cabinet Environment, Energy and Climate Committee:

- 1        **noted** that the Report of the Resource Management Review Panel (the Randerson Report) recommended the development of the Climate Change Adaptation Bill to provide for retreat and establish an adaptation fund;
- 2        **noted** that in December 2020, the Cabinet Business Committee agreed to progress the development of adaptation legislation using the Randerson Report as a starting point for policy development [CBC-20-MIN-0121];

#### Adaptation planning

- 3        **noted** that adaptation planning can be undertaken and directed through existing and future resource management legislation;
- 4        **noted** that the Randerson Report found that lack of national direction on natural hazard management has impacted on the extent to which local government plans manage natural hazard risks;
- 5        **noted** that the Cabinet Environment, Energy and Climate Committee (ENV) is considering a paper from the Minister for the Environment on 22 June 2023 proposing a natural hazard planning framework which would include direction on adaptation planning;

#### Select Committee Inquiry

- 6        **noted** that the focus of the Climate Change Adaptation Bill will be on retreat and funding and financing, which is in line with previous decisions by Cabinet;
- 7        **noted** the issues and options associated with retreat and adaptation funding and financing are of a high magnitude and will have a significant impact on present and future generations;
- 8        **noted** that a select committee inquiry (supported by a white paper) would help to:
  - 8.1        facilitate informed public discussion and build community consensus on issues and solutions;
  - 8.2        create an enduring adaptation system now and in the future;

- 8.3 develop high quality solutions which target critical policy gaps in a timeframe that reflects the urgency of change needed;
- 8.4 build on the inquiry into Māori climate adaptation that is being progressed by the Māori Affairs Committee;
- 9 **noted** that a key action under the National Adaptation Plan is to introduce legislation in 2023 to support retreat;
- 10 **noted** that:
- 10.1 undertaking this inquiry will mean that legislation will likely not be introduced until the second half of 2024;
- 10.2 the benefits outlined above of undertaking significant public consultation prior to developing and introducing legislative proposals, outweigh the impact of extending this timeframe;
- 11 **authorised** the Minister of Climate Change to request that the Environment and Māori Affairs committees conduct a joint inquiry on issues and options for adaptation, with a particular focus on adaptation funding and community-led retreat;
- 12 **noted** that following the select committee inquiry report back to the House, the Minister of Climate Change would return to Cabinet with advice on the recommendations arising from the inquiry and proposals for the Climate Change Adaptation Bill;

### Terms of reference for inquiry

- 13 **agreed** that the draft terms of reference are that the inquiry advises the House through a final report in April 2024 on:
- 13.1 the current approach to adaptation and the problems with it;
- 13.2 lessons learned for adaptation from community experiences with severe weather events and natural disasters in New Zealand;
- 13.3 a proposed community-led retreat system, including new regulatory powers;
- 13.4 any other regulatory powers to support other adaptation actions (both before and after extreme events occur);
- 13.5 roles and responsibilities, including for sharing costs;
- 13.6 sources of funding for central and local government to access;
- 13.7 institutional arrangements;
- 13.8 Māori participation, Crown obligations, and giving effect to the principles of te Tiriti o Waitangi, including setting out Crown obligations and integration of mātauranga Māori and te ao Māori across the adaptation system;
- 13.9 alignment and integration with existing legislation and regulatory frameworks and future systems, including the resource management system;
- 13.10 long-term risks and costs of continuing with current approach compared to recommended approach;

- 14 **agreed** that the proposed report back to the House should include recommendations for legislative proposals for the Climate Change Adaptation Bill;
- 15 **authorised** the Minister of Climate Change to:
- 15.1 refine the proposed terms of reference for the inquiry prior to formally requesting the initiation of the inquiry;
- 15.2 explore with the Environment and Māori Affairs committees how Ministry for the Environment officials could support the submissions process;

### White paper to support inquiry

- 16 **noted** that it is intended that the inquiry focus the public submissions process on the white paper;
- 17 **invited** the Minister of Climate Change to seek agreement from Cabinet in August 2023, in consultation with the Ministers of Finance, Housing and Local Government, and the Minister for Emergency Management, to a white paper to support the inquiry covering:
- 17.1 overarching problem definition and objectives;
- 17.2 issues and options for community-led retreat and other adaptation actions (informed by the report from the Expert Working Group in June 2023, which will be attached to the white paper);
- 17.3 issues and options for funding for community-led retreat and other adaptation responses based on work currently progressing on adaptation funding issues and options;
- 17.4 potential finance sector (ie banking and insurance) issues and interventions based on work currently progressing on adaptation financing options;
- 17.5 matters relating to te Tiriti o Waitangi and iwi, hapū and Māori, including integration of mātauranga Māori and te ao Māori;
- 18 **noted** that Appendix D, attached to the submission under ENV-23-SUB-0027, provides an indicative outline of the white paper;
- 19 **noted** that this will include an update on approach to engagement with iwi, hapū and Māori groups.

Rebecca Davies  
Committee Secretary

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**Present:**

Hon Dr Megan Woods  
Hon Dr Ayesha Verrall  
Hon Damien O'Connor  
Hon David Parker (Chair)  
Hon Kieran McAnulty  
Hon Willow-Jean Prime  
Hon Rachel Brooking  
Hon James Shaw

**Officials present from:**

Office of the Prime Minister  
Officials Committee for ENV



# Cabinet

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### Adaptation Legislation: Proposed Scope, Objectives and Process

**Portfolio**                      **Climate Change**

On 15 March 2021, following reference from the Cabinet Economic Development Committee (DEV) Cabinet:

- 1        **noted** that in December 2020, Cabinet:
  - 1.1      agreed to proceed with resource management reform on the basis of the Resource Management Review Panel's recommendations, while noting that further work and refinement is needed in some areas [CAB-20-MIN-0522];
  - 1.2      invited the Minister of Climate Change to report back in March 2021 on the scope, objectives and process for progressing the proposed Climate Adaptation Act (the Climate Adaptation Act) [CBC-20-MIN-0121];
- 2        **noted** that in July 2020, DEV agreed to a framework to guide central government intervention in strengthening community resilience, and invited the Minister of Local Government to report back on a framework for retreating/relocating from high risk areas (managed retreat) [DEV-20-MIN-0120];
- 3        **noted** that the framework, attached as Appendix 1 to the paper under CAB-21-SUB-0068, outlines a systems approach to retreating/relocating from high risk areas;
- 4        **noted** that the Community Resilience Programme will continue to progress policy work on policy issues relating to natural hazards and the effects of climate change, including system-wide work on data and information, regulatory settings, and wider approaches to funding and financing, alongside the development of the Climate Adaptation Act;
- 5        **noted** that the National Adaptation Plan will determine the actions the government will take to manage the risks from climate change identified in the National Climate Change Risk Assessment;
- 6        **noted** that the Climate Adaptation Act needs to progress now in order to address the complex legal, financial and technical issues with managed retreat;
- 7        **agreed** that the Climate Adaptation Act will contain policy that provides for processes and mechanisms for managed retreat;
- 8        **noted** that the proposed Natural and Built Environments Act and Strategic Planning Act, as well as the wider Community Resilience work programme, will also support adaptive responses;

- 9 **agreed** that policy be developed for funding and financing wider climate adaptation responses, including managed retreat;
- 10 **noted** that the Climate Adaptation Act will not be the only vehicle for funding and financing mechanisms for climate change and natural hazards;
- 11 **noted** that Community Resilience Ministers will consider wider approaches to funding and financing of natural hazards and the effects of climate change, drawing on earlier work undertaken on flood risk management [DEV-20-MIN-0120];
- 12 **agreed** that the following policy areas will form the basis for the development of the Climate Adaptation Act:
- 12.1 the degree and type of central government intervention/involvement required in managed retreat processes;
  - 12.2 how the costs of adaptation are shared;
  - 12.3 planning processes, tools and public participation;
  - 12.4 the treatment of existing uses and the scope of land acquisition powers;
  - 12.5 post-retreat land management options;

13 **agreed in principle, subject to** the paragraphs below, to the following list of potential primary objectives and principles for the Climate Adaptation Act:

	<b>Scope area 1: Processes for managed retreat</b>	<b>Scope area 2: Funding and financing</b>
Primary objectives	<ul style="list-style-type: none"> <li>To set clear roles, responsibilities and processes for managed retreat from areas of unacceptable risk</li> <li>To provide stronger tools for councils to modify or extinguish existing uses of land</li> <li>To provide clarity on tools and processes for acquiring land and related compensation.</li> <li>To clarify local government liability for decision-making on managed retreat, and the role of the courts.</li> <li>To provide clear criteria for when central government will intervene (or not) in a managed retreat process</li> </ul>	<ul style="list-style-type: none"> <li>To reduce hardship due to the impacts of climate change</li> <li>To incentivise better long-term investment decisions concerning climate change risk</li> <li>To reduce liabilities, including contingent liabilities to the Crown,</li> <li>To support the role of banking and insurance in facilitating risk management</li> </ul>
Principles	<ul style="list-style-type: none"> <li>Managed retreat processes are efficient, fair, open and transparent</li> <li>Communities are actively engaged in conversations about risk and in determining options for risk management</li> <li>There is flexibility as to how managed retreat processes play out in different contexts</li> <li>Iwi/ Māori are represented in governance and management and have direct input and influence in managed retreat processes, and outcomes for Iwi/Māori are supported</li> <li>Protection of the natural environment and the use of nature-based solutions are prioritised</li> </ul>	<ul style="list-style-type: none"> <li>Limit Crown’s fiscal exposure</li> <li>Minimise moral hazard</li> <li>Solutions are designed to be as simple as possible</li> <li>Ensure fairness and equity for and between communities, including across generations</li> <li>Beneficiaries of risk mitigation should contribute to costs</li> <li>Minimise cost over time by providing as much advance notice as possible</li> <li>Solutions support system coherence and the overall adaptation system response</li> <li>Risks and responsibilities are appropriately shared across parties including property owners, local government, central government, and banking and insurance industries</li> </ul>

14 **noted** that the development of the Climate Adaptation Act should be closely aligned to the timeframes for the development of the proposed Strategic Planning Act, and that there are also important areas of policy alignment with the proposed Natural and Built Environments Act;

15 **noted** that on 14 December 2020, Cabinet agreed to establish a Ministerial Oversight Group to take policy decisions on resource management reform, comprising the Ministers of Finance (Chair), Māori Crown Relations: Te Arawhiti, Housing, Environment (Deputy Chair), Local Government, Building and Construction, Agriculture, Māori Development, Transport, Conservation, Associate Environment and Associate Minister for Arts, Culture and Heritage (Hon Kiri Allan), Associate Environment (Hon Phil Twyford), and Climate Change [CAB-20-MIN-0522];

16 **agreed** that the Ministerial Oversight Group will make policy decisions required for the development of the Climate Adaptation Act;

17 **noted** that engagement is critical to bring iwi/Māori as the Crown’s Treaty partner, stakeholders and the public along, to reduce the political risks associated with the options, and to develop robust and enduring solutions for managed retreat;

18 **noted** that the Minister of Climate Change proposes a ‘green paper’ on objectives and principles for the Climate Adaptation Act and the issues and proposed types of solutions,



based on the list of policy areas referred to in paragraph 12 above, to be consulted on at a similar time as the Natural and Built Environments Act exposure draft consultation in June/July 2021;

- 19 **invited** the Minister of Climate Change to submit the ‘green paper’ to Cabinet for approval;
- 20 **noted** that the Minister of Climate Change will test the potential to engage with Te Tai Kaha, the recently formed Māori Collective, on policy development for the Climate Adaptation Act, and will seek decisions on this approach from the Ministerial Oversight Group.

Michael Webster  
Secretary of the Cabinet

Office of the Minister for Climate Change  
Chair, Economic Development Committee

## **Adaptation legislation – scope, objectives and process**

### **Proposal**

- 1 This paper seeks your agreement to the overall scope, objectives, and process for progressing climate adaptation legislation, in the form of a Bill for a Climate Adaptation Act as part of the package of reforms to the resource management system.

### **Relation to government priorities**

- 2 Reforming the resource management system and enabling a just transition to a climate resilient New Zealand are Government priorities. Passing the Climate Adaptation Act, along with the Natural and Built Environments Act and Strategic Planning Act, within this term of government was stated as an aim in the Labour Party 2020 manifesto and was agreed to by Cabinet in December 2020 [CAB-20-MIN-0522 refers].
- 3 Cabinet Business Committee (with Power to Act) has also “noted the intention to put the climate at the centre of government decision-making” [CBC-20-MIN-0097 refers].

### **Executive Summary**

- 4 New Zealand’s communities, assets, infrastructure and taonga are increasingly exposed to the risks and impacts of natural hazards and climate change. Development has occurred in areas where there are high levels of risk to life and/or property and there is also increasing pressure for new development in at-risk areas. If nothing is done, the risks and costs will continue to increase.
- 5 Cabinet has agreed to develop legislation to address complex legal and technical issues associated with managed retreat and funding and financing of adaptation [CAB-20-MIN-0521]. Cabinet invited me to report back on the scope, objectives and process for a Climate Adaptation Act.
- 6 Managed retreat is an adaptive approach to risk reduction that enables people to strategically relocate assets, activities, and taonga (where possible) away from hazardous locations (for example, areas at risk from coastal or inland flooding). It is a crucial response to the risks from climate change and associated natural hazards, for which there is currently a legislative gap. The Climate Adaptation Act will fill this gap and provide a framework for making decisions about the use of managed retreat.
- 7 Managed retreat is a measure of last resort. The resource management system (including the Natural and Built Environments Act and Strategic Planning Act), and the National Adaptation Plan will provide further response tools and levers to enable and support other types of adaptive responses to natural hazards and climate change impacts. Place-based responses for how existing communities adapt, whether and how to protect existing assets, where future development is located, and

the development of new communities are a necessary context to managed retreat. These solutions need to be integrated.

- 8 I propose that the Ministerial Oversight Group have authority to make decisions on key design elements of the Climate Adaptation Act consistent with the scope and objectives outlined in this paper. These decisions will determine the degree and type of degree and type of central or local government intervention/involvement required in managed retreat processes and how the costs of adaptation are shared, as well as the critical areas of interlinkage with the wider resource management reforms.
- 9 Developing policy for managed retreat will be challenging and highly contested. Engagement and working closely with Māori as Treaty partners is critical to develop robust and enduring solutions for managed retreat. I intend to engage broadly on the policy development for the Climate Adaptation Act, including a high level public consultation at a similar time as the Natural and Built Environments Act exposure draft select committee inquiry. Final policy decisions on the Climate Adaptation Act will be brought back to Cabinet in late 2021.

## Background

### *Previous Cabinet decisions*

- 10 In December 2020 Cabinet invited me to seek agreement to the scope, objectives and process for progressing adaptation legislation (the Climate Adaptation Act), using the recommendations of the Resource Management Review Panel on the complex legal technical and financial issues associated with managed retreat as a starting point [CAB-20-MIN-0521].
- 11 In July 2020 Cabinet considered a proposed framework to guide central government intervention in strengthening community resilience [DEV-20-MIN-0120]. Cabinet invited the Minister of Local Government, in association with Community Resilience Ministers, to report back on an all hazards framework for retreating/relocating from high-risk areas (managed retreat). This framework is included in Appendix 1, and has supported the policy development process for the Climate Adaptation Act. Officials working on Community Resilience will continue policy work on natural hazards issues, including system-wide work on data and information, regulatory settings, and funding and financing, alongside the development of the Climate Adaptation Act.

### *Responding to risks from climate change*

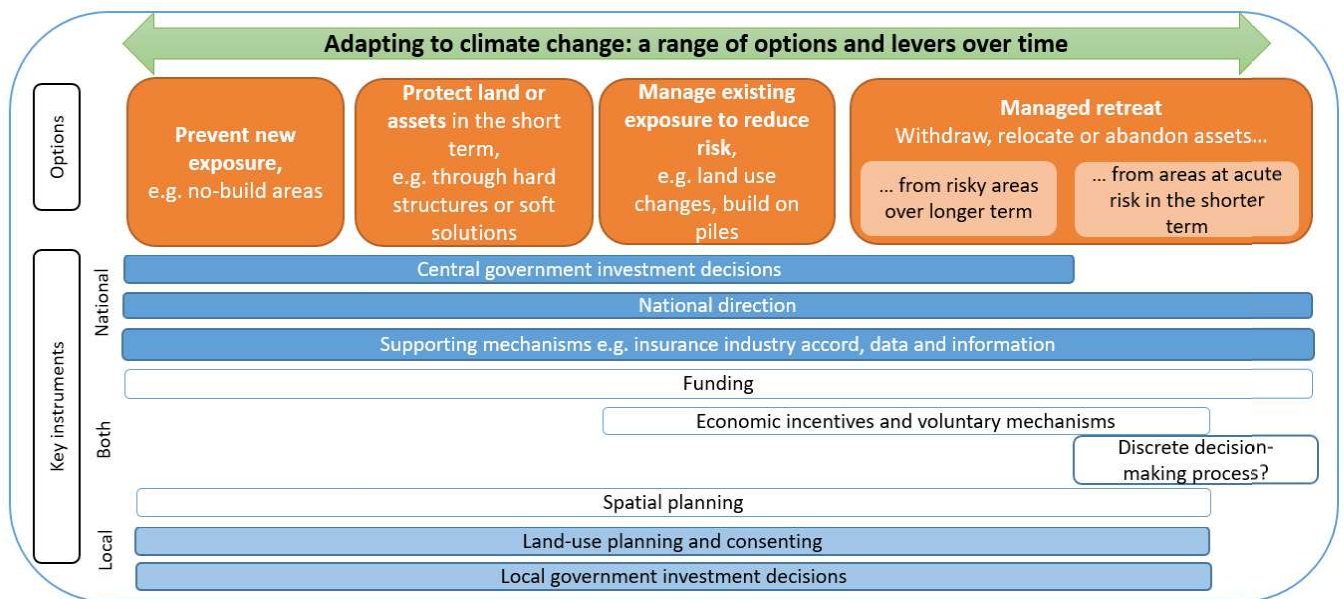
- 12 New Zealand's first National Climate Change Risk Assessment was released in August 2020. This was the first comprehensive view of the priority risks New Zealand faces from climate change.
- 13 The National Adaptation Plan will determine the actions needed as an all of government approach to manage these risks. I will report back to Cabinet later this month to seek agreement on the scope and approach of the Plan [CBC-20-MIN-0126 refers].
- 14 New Zealand's communities, assets, infrastructure and taonga are increasingly exposed to the risks and impacts of natural hazards and climate change. Development has occurred in areas where there are high levels of risk to life and/or property and there is also increasing pressure for new development in at-risk areas.

- 15 All three proposed pieces of resource management legislation (Natural and Built Environments Act, Strategic Planning Act and Climate Adaptation Act) will contribute to addressing the impacts of climate change. They also address the priority governance risks outlined in the first National Climate Change Risk Assessment (notably G1 Risk of maladaptation across all domains due to poor tools and G2 Risk that impacts will be exacerbated due to existing institutional arrangements not being fit for purpose). Governance risks are cross-cutting and relevant to all the other risk domains; addressing these will better enable action to address risks across the natural, human, economy and built environment domains.
- 16 Appendix 2 sets out the adaptation issues to be addressed across the resource management reforms and outlines how the reforms will contribute to addressing the risks in the National Climate Change Risk Assessment.

**Analysis**

**Scope of the Climate Adaptation Act**

- 17 There is a range of options available to reduce the risks and impacts of climate change and natural hazards, with managed retreat being at one end of the range.



*Focus for the Climate Adaptation Act*

- 18 I propose that the Climate Adaptation Act focus on processes for managed retreat. There is a range of other potential tools available for progressing wider adaptive responses, including the National Adaptation Plan, the Strategic Planning Act, the Natural and Built Environments Act and the Community Resilience programme. These tools can enable adaptive responses to prevent new exposure,<sup>1</sup> protect land

<sup>1</sup> In 2015, the Parliamentary Commissioner for the Environment wrote “New suburbs and the expensive infrastructure they require should be viewed as long-term investments. We now see building new suburbs on land prone to liquefaction in much of the country as foolish. We should see allowing new subdivisions on vulnerable coastal land as equally foolish.” Parliamentary Commissioner for the Environment. (2015) *Preparing New Zealand for rising seas: certainty and uncertainty.*”

or assets, or manage existing exposure to risk where retreat is not needed or is not needed yet.

- 19 The Resource Management Review Panel recommended discrete legislation on managed retreat to address an array of complexities that are beyond the powers of other legislation, including those recommended for the Natural and Built Environments Act. Issues relating to decision-making, funding, land ownership and property rights, land acquisition and management, infrastructure provision and levels of service, liability, social and cultural ties to land, and insurance all need to be considered. Effective community engagement, appropriate tikanga and kawa, and enduring decisions will be necessary.
- 20 If there is no intervention by central or local government, unmanaged retreat may occur through insurance withdrawal (and associated withdrawal of mortgage finance) or if, or when, predicted hazards eventuate. Partial insurance retreat due to coastal inundation risk may start to happen in some areas from 2030.<sup>2</sup> 2030 is a conservative estimate. It relies on sea level rise projections from 2012 data; data from the National Climate Change Risk Assessment suggests an even shorter time horizon is possible. If this occurs people may be left with stranded assets; the distress and disruption caused is likely to be significant. Unmanaged retreat may also lead to maladaptation, high regret investment and an increase in inequitable outcomes.

*Adaptation in the wider resource management system*

- 21 The broader resource management system, including the Strategic Planning Act and the Natural and Built Environments Act, will also play an important part in the range of options available for progressing adaptive responses.
- 22 The Strategic Planning Act will provide for longer-term integrated planning which identifies areas that may be affected by natural hazards, including those exacerbated by climate change, and high level responses to those issues. It could also be a critical lever for delivering positive planning for communities by identifying land suitable for growth as well as locations for communities to retreat to. The greater certainty provided by this positive planning will benefit local government and communities and ultimately reduce costs and distress.

*Policy areas to be developed for inclusion in the Climate Adaptation Act*

- 23 I seek your agreement to the following high level policy areas and options as the basis for development of the Climate Adaptation Act:
  - 23.1 The degree and type of central government intervention/involvement required in managed retreat processes
  - 23.2 How the costs of adaptation are shared
  - 23.3 Planning processes, tools and public participation
  - 23.4 The treatment of existing uses and the scope of land acquisition powers
  - 23.5 Post-retreat land management options.

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<sup>2</sup> Storey, B., Owen, S., Noy, I. & Zammit, C. (2020). *Insurance Retreat: Sea level rise and the withdrawal of residential insurance in Aotearoa New Zealand*. Report for the Deep South National Science Challenge, December 2020.

*What degree and type of government intervention/involvement is required?*

- 24 Roles and responsibilities for managed retreat are currently not clearly defined. Under the status quo, decisions around managed retreat are primarily left to local government and, indirectly, the insurance industry. Local government has asked for national guidance and direction from central government on managed retreat from natural hazards and the impacts of climate change.
- 25 In July 2020, the Cabinet Economic Development Committee (DEV) agreed that central government should take a more active, stewardship role of the overall system, underpinned by an initial draft set of principles<sup>3</sup> for intervention [DEV-20-MIN-0120 refers]. Appendix 1 outlines an updated framework for considering managed retreat for all natural hazards.
- 26 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 risks converge) to ensure their safety and wellbeing.
- 27 There is a spectrum of options which could be explored on the level of central government intervention in managed retreat processes:
- 27.1 Low intervention: legislation focuses on providing tools and processes for council-initiated and led managed retreat processes with guidance or supporting mechanisms provided by central government (which could sit outside of the legislation, eg, in national direction under the Natural and Built Environments Act)
- 27.2 Medium intervention: legislation provides a threshold/entry criteria for a joint central-local government process, or central government-led process, where exposure is particularly high or by council request
- 27.3 High intervention: legislation sets mandatory thresholds for when retreat must occur/when government will intervene (eg, unacceptably high risk to life). Such intervention may require a new agency or entity to give effect to this role, eg, overseeing planning, investment, and decision-making.
- 28 I propose to keep the scope open across this spectrum for the initial stages of policy.
- 29 The Resource Management Review Panel recommended the scope include all natural hazards and climate change impacts.<sup>4</sup> I propose to progress the work with a focus on sea level rise and the impacts of climate change first. This will then enable us to assess applicability of solutions to broader natural hazards. However, it is important we do not create new inequities between communities which may face different hazards. Access to managed retreat processes should be not be constrained by whether the risk is related to climate change, or wider natural hazards. Decisions on which natural hazards are in scope will be sought from the

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<sup>3</sup> The principles for central government intervention included:

- invest in effective risk reduction;
- make risk management decisions at the level closest to the affected community
- provide effective outcomes for Māori;
- intervene where there is national interest or benefit;
- require beneficiaries of risk mitigation to pay
- ensure fairness and equity for communities, including across generations;

<sup>4</sup> Climate change impacts include sea level rise, flooding, fire and drought



## IN CONFIDENCE

Ministerial Oversight Group established for resource management reform, I anticipate in July/August 2021 (see paragraph 48 for details of the proposed use of the Ministerial Oversight Group in the development of the Climate Adaptation Act).

### *How the costs of adaptation are shared*

- 30 There are a range of costs associated with climate change. Risk- and cost-sharing arrangements between central government, local government, the private sector, iwi/Māori, communities and individuals will be needed to address these.
- 31 A managed retreat programme will need to include a package of financial mechanisms to incentivise investment in climate resilience. Funding may also be needed to assist people to relocate, including the potential relocation of significant assets and infrastructure. Post-retreat, funding and/or financing may be needed to remediate land and support ongoing land management.
- 32 I propose to develop policy for funding and financing options, and the sharing of costs, for adaptation actions beyond just managed retreat. The range of costs that could be considered as part of a wider funding and financing package include options to:
- 32.1 Incentivise proactive planning and preparation for adaptation action, for example supporting community engagement and local level risk assessments
  - 32.2 Incentivise and support the transition to more climate resilient locations, for example, through insurance mechanisms/signals
  - 32.3 Invest in climate-resilient infrastructure projects
  - 32.4 Fund transitional adaptation actions such as protective structures and/or nature-based solutions.
- 33 The Climate Adaptation Act is one vehicle for funding and financing mechanisms for climate change and natural hazards. Other vehicles will be considered as part of the Community Resilience and other work programmes. Some of this will draw on earlier work that has been undertaken on flood risk management. This work will also need to link with work on the Three Waters Review, local government funding and financing constraints, and transport infrastructure funding.

### *Planning processes, tools and public participation*

- 34 Detailed provisions regarding the planning process and opportunities for public participation will be required. A particular focus will be on the criteria for when a policy of managed retreat might be adopted, and who decides.
- 35 Options relate to the level of appropriate central government intervention, from adoption of a detailed and prescriptive process for all situations, right through to a flexible approach driven by local government, communities and iwi/Māori where these groups determine the process within a set of minimum standards.
- 36 Any process will need to involve consideration of whether and when managed retreat is the most appropriate response and/or what other adaptive responses might be needed. Decisions to retreat (or implement other adaptive responses) will need to be based on reliable data and evidence and with input from a wide range of people (including local government, iwi/Māori, affected communities and the wider public).

- 37 At the end of a planning process decisions will need to be made and implemented. There are options around who holds decision-making power and how decisions can be implemented, including through plans and strategies under the Natural and Built Environments Act and Strategic Planning Act.

*The role of existing uses and the scope of land acquisition powers*

- 38 Managed retreat processes will impact on existing uses of land. The degree of impact, and process for modifying or extinguishing them will be considered.
- 39 Coupled with this is the issue of land acquisition and where acquisition powers sit (either within the Climate Adaptation Act or another piece of legislation).
- 40 The magnitude and timing of many climate change hazards is uncertain. Dynamic approaches to planning can enable identification of a range of options and trigger points when decisions can be revisited in the future. This raises questions about the role of the courts in the decision making and testing process, either as a facilitator or reviewer of managed retreat processes. The extent to which there are rights of appeal (on merits or points of law) and the role of judicial review will need to be considered.

*Post-retreat land management options*

- 41 The most appropriate management and use of land which has been retreated from will be considered (for example classification of the land as a reserve). Related to this are potential pre-retreat tenure options such as lease or licence arrangements with land occupiers.

**Objectives**

*Climate change related resource management reform objectives*

- 42 The overall climate change objective agreed by Cabinet for resource management reform is: “better prepare for adapting to climate change and risks from natural hazards, and better mitigate emissions contributing to climate change” [CAB-20-MIN-0522].
- 43 The Ministerial Oversight Group has agreed the following outcomes in relation to climate change:
- 43.1 Costs, disruption and distress due to the impacts of climate change and natural hazards are minimised in the long term for society as a whole.
  - 43.2 Long-term and predictable arrangements for risk sharing, and funding and financing of risk reduction and adaptation action are in place.
  - 43.3 New development and communities are located and designed to be resilient to and reduce the risks from natural hazards and long-term climate impacts.
  - 43.4 Existing development and communities are proactively and equitably transitioned to reduce unacceptable risks from natural hazards and long-term climate impacts.



44 These outcomes sit across the whole of the resource management reform work, including the Strategic Planning Act, the Natural and Built Environments Act, and the Climate Adaptation Act.

*Objectives and principles for the Climate Adaptation Act*

45 Officials have developed the following draft objectives and principles for the Climate Adaptation Act to expand on the Resource Management Reform overall climate change outcomes. They are drawn from the Resource Management Review Panel’s report, the Climate Change Adaptation Technical Working Group’s report and work done by other agencies and researchers. I seek your agreement in principle to these draft objectives and principles to guide the policy development for the Climate Adaptation Act. Ministers will have opportunities to further refine these.

	<b>Scope area 1: Processes for managed retreat</b>	<b>Scope area 2: Funding and financing</b>
Primary objectives	<ul style="list-style-type: none"> <li>• To set clear roles, responsibilities and processes for managed retreat from areas of unacceptable risk</li> <li>• To provide stronger tools for councils to modify or extinguish existing uses of land</li> <li>• To provide clarity on tools and processes for acquiring land and related compensation.</li> <li>• To clarify local government liability for decision-making on managed retreat, and the role of the courts.</li> <li>• To provide clear criteria for when central government will intervene (or not) in a managed retreat process</li> </ul>	<ul style="list-style-type: none"> <li>• To reduce hardship due to the impacts of climate change</li> <li>• To incentivise better long-term investment decisions concerning climate change risk</li> <li>• To reduce liabilities, including contingent liabilities to the Crown,</li> <li>• To support the role of banking &amp; insurance in facilitating risk management</li> </ul>
Principles	<ul style="list-style-type: none"> <li>• Managed retreat processes are efficient, fair, open and transparent</li> <li>• Communities are actively engaged in conversations about risk and in determining options for risk management</li> <li>• There is flexibility as to how managed retreat processes play out in different contexts</li> <li>• Iwi/ Māori are represented in governance and management and have direct input and influence in managed retreat processes, and outcomes for Iwi/Māori are supported</li> <li>• Protection of the natural environment and the use of nature-based solutions are prioritised</li> </ul>	<ul style="list-style-type: none"> <li>• Limit Crown’s fiscal exposure</li> <li>• Minimise moral hazard</li> <li>• Solutions are designed to be as simple as possible</li> <li>• Ensure fairness and equity for and between communities, including across generations</li> <li>• Beneficiaries of risk mitigation should contribute to costs</li> <li>• Minimise cost over time by providing as much advance notice as possible</li> <li>• Solutions support system coherence and the overall adaptation system response</li> <li>• Risks and responsibilities are appropriately shared across parties including property owners, local government, central government, and banking and insurance industries</li> </ul>

46 These are consistent with the policy framework for managed retreat for all hazards developed by the Department of Internal Affairs through the Community Resilience work programme attached at Appendix 1 and have been refined for the specific climate change focus of this paper.

**Process for progressing the Climate Adaptation Act**

- 47 The development of the Climate Adaptation Act should be closely aligned to the development of the Strategic Planning Act, but leave open the option that the two pieces of legislation are not passed simultaneously. The proposed timeframes for developing the Climate Adaptation Act are set out below:

<b>Milestone</b>	<b>Date</b>
Policy development, Ministerial Oversight Group decisions and specific engagement with iwi/Māori and local government	April – September 2021
Green paper consultation (along broadly similar timeframes to the Natural and Built Environments Bill exposure draft select committee inquiry)	August/September 2021
Cabinet agreement to final policy decisions on the Climate Adaptation Act	September – December 2021
Climate Adaptation Bill and Strategic Planning Bill introduced to the House	December 2021
Select Committee report back	Mid-late 2022
Enactment	Late 2022

*Use of Ministerial Oversight Group to make decisions*

- 48 Cabinet agreed to establish a Ministerial Oversight Group to make delegated decisions on policy for the Natural and Built Environments Act, and for associated matters relating to the Strategic Planning Act and the Climate Adaptation Act [CAB-20-MIN-0522 refers]. I propose to use the Ministerial Oversight Group to make decisions for the development of the Climate Adaptation Act. I anticipate seeking final policy decisions from Cabinet in late 2021.

*Engagement and consultation*

- 49 The issues involved and the potential solutions are likely to be highly contested and controversial. Local government and iwi/Māori, as the Crown’s Treaty partner, in particular have critical interests in this work and sufficient time needs to be allowed to work with them.
- 50 There is significant policy work to be done to further develop proposals for the Climate Adaptation Act. Funding and financing, and managed retreat solutions have not yet been tested with iwi/Māori, stakeholders (including local government) or the public. The report from the Climate Change Adaptation Technical Working Group in 2018 and the National Climate Change Risk Assessment have raised awareness of these key issues. Along with the recommendations of the Resource Management Review Panel, these provide a good platform to build from. Engagement is critical to develop robust and enduring solutions for managed retreat.
- 51 To meet the timeframes identified above I propose a ‘green paper’ on the issues and proposed types of solutions for adaptation and managed retreat to be consulted on along broadly similar timeframes to the Natural and Built Environments Act exposure draft consultation in June/July 2021. Ideally, this would cover the full range of adaptation policy proposals across the Strategic Planning Act and the Climate

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Adaptation Act so that the positive planning aspects to facilitate adaptation are part of the consultation as well as the potential use of stronger tools and new funding solutions for managed retreat.

- 52 The green paper consultation will be in addition to targeted engagement with local government, iwi/Māori and key stakeholders throughout. Targeted engagement will be aligned with engagement on the Natural and Built Environments Act and Strategic Planning Act where appropriate. In particular there will need to be comprehensive engagement with iwi/Māori who are particularly impacted by climate change during policy development.
- 53 I propose to test the potential to engage with Te Tai Kaha, the recently formed Māori Collective<sup>5</sup> on policy development for the Climate Adaptation Act. I will report back to the Ministerial Oversight Group on this potential and on the establishment of a substantive work programme.

### Implementation

- 54 There will need to be a significant programme of implementation to support new legislation. I will bring proposals for an implementation programme to Cabinet when policy decisions are sought.

### Financial Implications

- 55 Funding for this work programme is being sought through the Budget 2021 process.

### Legislative Implications

- 56 This paper has no immediate legislative implications, but the policy proposals to be developed will be implemented through new primary legislation or changes to existing legislation.
- 57 Officials have had initial conversations with the Parliamentary Counsel Office about the timeframes for the development of the legislation to give effect to the policy proposals. PCO have noted that a timetable based on final policy decisions in October and introduction in December provides insufficient time for the development of the legislation.

### Te Tiriti o Waitangi Implications

- 58 Officials will work with iwi/Māori in the development of the policy proposals to ensure that the Crown's obligations under Te Tiriti are met and broader Māori interests are understood and accounted for. Iwi/Māori are more sensitive to the impacts of climate change on livelihoods and cultural and spiritual wellbeing than non-Māori communities. A full assessment of Te Tiriti implications of any policy changes proposed will be undertaken to inform the final policy decisions.

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<sup>5</sup> Comprising the National Iwi Chairs Forum (through its Freshwater Iwi Leaders Group), New Zealand Māori Council, Te Wai Māori Trust, Kahui Wai Māori, and the Federation of Māori Authorities. The Collective has been formed to engage with the Crown on Māori rights and interests in freshwater and resource management reform.

## Impact Analysis

### Regulatory Impact Statement

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

### Climate Implications of Policy Assessment

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

### Population Implications

61 Climate change will impact different parts of New Zealand differently. People in areas that will suffer more from coastal inundation or flooding, for example, are more likely to need to retreat at some point in the future.

62 The first National Climate Change Risk Assessment highlights that climate change is likely to exacerbate existing inequities and create new and additional inequities due to differential distribution of impacts.

63 The groups shown in the table below have a particular sensitivity to the extreme events associated with climate change.

<b>Population group</b>	<b>How the proposal may affect this group</b>
Māori	Socioeconomic disparities that exist 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 climate impacts on ecological systems due to dependence on primary industries for livelihoods, and the impacts of climate change on cultural and spiritual wellbeing, as well as on coastal mahinga kai, wahi tapu and urupā, and proximity of housing, marae and infrastructure to processes such as erosion and inundation.
Ethnic communities and minorities	Ethnic communities are often geographically and economically isolated from jobs, services and institutions. Discrimination also plays a major role in increasing the sensitivity of ethnic minorities. Where minorities are migrants from non-English-speaking countries, language barriers can greatly increase vulnerability to a disaster.
Women	Following disasters, women and children 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 compound inequalities. Research also shows that incidences of domestic violence increase following extreme events, such as fires.
Children	Disruptions created by a disaster can have significant psychological and physical impacts on children.
Youth	Extreme events can have psycho-social and other impacts on young people. Young people themselves have made clear that climate change is of particular importance to them. As seen in responses to other natural disasters, young people have often mobilised and been critical to the recovery, including as essential workers, volunteers and carers for more vulnerable members of

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	the community.
Older people	Older people are more likely to suffer health problems and experience a slower recovery. They tend to be more reluctant to evacuate their homes in a disaster. Extreme events can lead to a loss of social networks with increased risk of social isolation and dislocation which can have health impacts. Older people are more likely to experience financial issues and if they are no longer earning, will be less likely to recover from financial shocks.
Disabled people	Disabled people are represented across all other population groups. All of the indicators and impacts applying to other population groups are pertinent. For disabled people, there are other implications which make resettlement due to climate change consequences more difficult. These include, but are not limited to the suitability of new community locations, supply of accessible housing and higher costs of relocation than might apply to non-disabled people.
Renters and public housing customers	Renters and public housing customers may have less autonomy to choose where they live and less ability to move elsewhere or invest in adaptive measures.

- 64 Consideration of impacts on the groups in the table above (as well as others such as rural communities), equity and distributional impacts will need to be taken into account in the development of policy proposals for the Climate Adaptation Act.

### Human Rights

- 65 The proposals in this paper do not have any immediate human rights implications.

### Consultation

- 66 The following agencies have been consulted on the proposals in this paper: Department of Internal Affairs, Department of Prime Minister and Cabinet, National Emergency Management Agency, Ministry of Business, Innovation and Employment, Ministry of Social Development, Ministry of Social Development – Office for Seniors, Ministry of Social Development – Office for Disability Issues, Te Arawhiti, Ministry for Primary Industries, Ministry of Housing and Urban Development, Public Services Commission, Department of Conservation, Waka Kotahi, Ministry of Culture and Heritage, Te Puni Kokiri, Earthquake Commission, Ministry of Education, Kainga Ora, Land Information New Zealand, New Zealand Defence Force, Inland Revenue, Parliamentary Counsel Office, Ministry of Transport, the Treasury.

### Communications

- 67 The resource management reform package was announced by the Minister for the Environment on 10 February. No further communications for the Climate Adaptation Act are planned at this stage.

### Proactive Release

- 68 I propose to proactively release this paper, subject to redactions as appropriate under the Official Information Act 1982.

### Recommendations

The Minister for Climate Change recommends that the Committee:

**I N C O N F I D E N C E**

- 1 **note** that in December 2020, Cabinet agreed in principle to the overall approach to progressing the development of adaptation legislation and invited the Minister for Climate Change to seek Cabinet agreement to the scope, objectives and process for progressing adaptation legislation in March 2021 [CAB-20-MIN-0521];
- 2 **note** that in July 2020 Cabinet agreed to a framework to guide central government intervention in strengthening community resilience and invited the Minister of Local Government to report back on a framework for retreating/relocating from high risk areas (managed retreat) [DEV-20-MIN-0120];
- 3 **note** the framework attached at Appendix 1 outlines a systems approach to retreating/relocating from high risk areas;
- 4 **note** the Community Resilience Programme will continue to progress policy work on policy issues relating to natural hazards and the effects of climate change including system-wide work on data and information, regulatory settings, and wider approaches to funding and financing alongside the development of the Climate Adaptation Act;
- 5 **note** the National Adaptation Plan will determine the actions government will take to manage the risks from climate change identified in the National Climate Change Risk Assessment;
- 6 **note** that the Climate Adaptation Act needs to progress now in order to address the complex legal, financial and technical issues with managed retreat;
- 7 **agree** that the Climate Adaptation Act will contain policy that provides for processes and mechanisms for managed retreat;
- 8 **note** that the Natural and Built Environments Act and Strategic Planning Act, as well as the wider Community Resilience work programme, will also support adaptive responses;
- 9 **agree** that policy will be developed for funding and financing wider climate adaptation responses, including managed retreat;
- 10 **note** that the Climate Adaptation Act will not be the only vehicle for funding and financing mechanisms for climate change and natural hazards;
- 11 **note** that Community Resilience Ministers will consider wider approaches to funding and financing of natural hazards and the effects of climate change drawing on earlier work undertaken on flood risk management [DEV-20-MIN-0120 refers];
- 12 **agree** that the following policy areas will form the basis for the development of the Climate Adaptation Act:
  - 12.1 the degree and type of central government intervention/involvement required in managed retreat processes
  - 12.2 how the costs of adaptation are shared
  - 12.3 planning processes, tools and public participation
  - 12.4 the treatment of existing uses and the scope of land acquisition powers

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- 12.5 post-retreat land management options;
- 13 **agree** in principle to the list of potential primary objectives and principles for the Climate Adaptation Act at paragraph 45;
- 14 **note** that the development of the Climate Adaptation Act should be closely aligned to the timeframes for development of the Strategic Planning Act, and that there are also important areas of policy alignment with the Natural and Built Environments Act;
- 15 **note** that Cabinet agreed to establish a Ministerial Oversight Group to take policy decisions on resource management reform [CAB-20-MIN-0522 refers];
- 16 **agree** that the Ministerial Oversight Group will make policy decisions required for the development of the Climate Adaptation Act;
- 17 **note** that engagement is critical to bring iwi/Māori as the Crown's Treaty partner, stakeholders and the public along, to reduce the political risks associated with the options, and to develop robust and enduring solutions for managed retreat;
- 18 **note** that I propose a 'green paper' on objectives and principles for the Climate Adaptation Act and the issues and proposed types of solutions, based on the list of policy areas in recommendation 12, to be consulted on at a similar time as the Natural and Built Environments Act exposure draft consultation in June/July 2021;
- 19 **agree** that I will bring the 'green paper' for consultation to Cabinet for approval;
- 20 **note** that I will test the potential to engage with Te Tai Kaha, the recently formed Māori Collective, on policy development for the Climate Adaptation Act and will seek decisions on this approach from the Ministerial Oversight Group.

Authorised for lodgement

Hon James Shaw

Minister for Climate Change

**Appendix 1 - Conceptual framework for a systems approach to managed retreat**



**Appendix 2 – Adaptation issues to be addressed and vehicles within resource management reform**

**In confidence**

Office of the Minister of Climate Change

Cabinet Environment, Energy and Climate Committee

**Progressing the Climate Change Adaptation Bill**

**Proposal**

- 1 This paper:
  - sets out the proposed approach to progressing the Climate Change Adaptation Bill (CCAB)
  - seeks agreement to a jointly led inquiry by the Environment and Māori Affairs committees, supported by a white paper.

**Relation to government priorities**

- 2 The Government declared a climate change emergency on 2 December 2020. Cabinet agreed that climate change “demands a sufficiently ambitious, urgent, and coordinated response across government to meet the scale and complexity of the challenge” [CBC-20-MIN-0097 refers].
- 3 Action 5.1 of the National Adaptation Plan is to introduce legislation in 2023 to support managed retreat.

**Executive Summary**

- 4 The impact of climate change will increase in the coming decades, although the extent of this impact will depend on global efforts to reduce greenhouse gas emissions.
- 5 Due to New Zealand’s geography, many communities are severely exposed to natural hazards that are exacerbated by climate change. This includes increasing severity and frequency of flooding, landslides, fire, and drought. The resulting risk to life, wellbeing, property, and infrastructure is growing.
- 6 On 14 December 2020, Cabinet agreed to progress the development of adaptation legislation using the Report of the Resource Management Review Panel (the Randerson Report) as a starting point for policy development [CAB-20-MIN-0521].<sup>1</sup> The Randerson Report considered (187-188):

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<sup>1</sup> The Resource Management Review Panel (2020) *New Directions for Resource Management in New Zealand*. This report is commonly referred to as the Randerson Report.

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- discrete legislation is required to specifically address managed retreat where it is required for climate change adaptation or to reduce risks from natural hazards
  - there is a strong case for establishing a national funding mechanism to support local and central government to take necessary steps for pre-emptive adaptation and risk reduction measures.
- 7 On 15 March 2021, Cabinet agreed that the CCAB will contain policy that provides for processes and mechanisms for managed retreat [CAB-21-MIN-0068]. To support the development of legislative proposals on community-led<sup>2</sup> retreat, an Expert Working Group was established in September 2022. This group, chaired by Sir Terence Arnold, has been tasked to deliver a report in June 2023 with design options for an enduring retreat system.
- 8 On 14 June 2021, Cabinet agreed to decouple the CCAB from the wider resource management reforms [CAB-21-MIN-0225.01]. Cabinet Environment Committee (ENV) is also considering a paper from the Minister for the Environment on 22 June 2023, which reports back on a natural hazard planning framework. The development of direction on adaptation planning is within scope of this work.
- 9 Given the magnitude of retreat and adaptation funding and financing issues and options, significant public and cross-party consultation and consensus building is advisable prior to the preparation of legislation. This paper seeks Cabinet agreement to a jointly led inquiry by the Environment and Māori Affairs committees, supported by a white paper. The draft white paper would be provided to Cabinet in August 2023. The white paper will attach, and be informed by, the Expert Working Group's report.
- 10 Subject to Cabinet agreement, I will write to the committee chairs prior to August to request the initiation of the inquiry. I would ask the committees to report back in April 2024, with recommendations for legislative proposals to support the introduction of the CCAB later in that year.

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<sup>2</sup> "Managed retreat" is a commonly used term to refer to individuals and communities withdrawing from locations at risk from natural hazards. There is some dissatisfaction with this terminology within agencies and amongst commentators because of its associations with top-down decision making and a lack of choice for individuals and communities. Terminology which reinforces the importance of decisions being made at a local level with a high degree of community involvement is preferable, such as "community-led retreat" or similar.

## Government's climate work programme and role of CCAB

- 11 The National Adaptation Plan (NAP)<sup>3</sup>, the National Climate Change Risk Assessment that informs the NAP, and the Emissions Reduction Plan drive the government work programme to both mitigate and adapt to the effects of climate change. A key action under the NAP is to introduce legislation in 2023 to support retreat.
- 12 The Future of Severely Affected Locations work programme was established following Cyclone Gabrielle and the Auckland Anniversary flooding events. This work programme is considering adaptation actions and facilitating retreat in severely affected locations. Cabinet made decisions on central government funding support on 31 May 2023 [EWR-23-MIN-0044 refers]. This work programme will provide an opportunity to test actions to inform policy development for the CCAB.
- 13 See Appendix A for a diagram showing work on New Zealand's climate event response capability and proactive adaptation tools.

## Challenges with the current adaptation system

- 14 The increasing risk posed to life, wellbeing, property, and infrastructure by climate change is now well documented. Recent severe weather events demonstrate the pressing need to take action to reduce risk.
- 15 This increasing level of risk was not well understood in the past and our natural hazard management systems were not designed to manage it. The key shortcomings with the current system in relation to climate adaptation are:
  - **No direction to act** – There is currently insufficient government direction on adaptation planning, leading to variable results and inconsistency. New resource management legislation will include, once enacted, stronger provisions to support adaptation planning. Work is now underway to prepare national direction on a national hazard planning framework [CAB-23-MIN-0106 refers].
  - **Funding framework is not in place** – There is no funding framework in place to support communities to decide how to act based on a full understanding of how costs will be shared. The potentially expensive nature of adaptation actions poses an affordability challenge for local government, which is already dealing with a legacy of historical underinvestment in infrastructure.

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<sup>3</sup> The National Adaptation Plan is issued at least every six years and brings together in one place the Government's efforts to build our climate resilience. This includes: a long-term adaptation strategy; priorities, objectives, and outcomes; and actions for implementation. The first National Adaptation Plan was published in 2022.

Many councils do not have the capacity and capability to effectively plan for, fund, and implement climate change adaptation actions (particularly small, rural councils serving low-income communities). Councils consider they need a stable and predictable form of funding to make long-term financial commitments for climate adaptation. In particular, communities with properties at a very high risk are awaiting funding mechanisms for retreat.

- **There are limited powers for retreat** – The full spectrum of powers needed for retreat are not in place and retreat tends to be something that occurs post-event through bespoke legislation and planning processes.
- **Māori face barriers to participation** - The current system was not designed to give effect to te Tiriti o Waitangi. The impacts of adaptation will be significant for Māori and the Crown has Treaty obligations to meet. However, Māori are often not able to fully engage given the high demand from government for a raft of priorities. Furthermore, there has been long-term under-investment in Māori-led climate change adaptation. This contributes to inequitable decision-making.

Barriers which limit the effectiveness of Māori participation in adaptation planning include lack of:

- engagement (including by the Crown and due to capacity challenges)
- sufficient and realistic timeframes being given by requestors (requests often made late in the policy process)
- opportunity for all Māori to input into the design and consideration of policies (engagement is often targeted and focused on the same people)
- a meaningful role (and ability to enact mana motuhake and rangatiratanga)
- means to provide for engagement
- recognition of cultural impacts on Māori
- access to climate data for Māori communities.

- 16 As a consequence, our current system is not conducive to effectively reducing the risks posed by climate exacerbated natural hazards to life, wellbeing, property, and infrastructure. For example, adaptation actions are delayed or there is maladaptation (adaptation is poor or insufficient).
- 17 There is also a need to ensure the banking and insurance sectors are playing an appropriate role in supporting risk reduction and bearing the costs of the climate-related risks they take.

## Adaptation planning under resource management legislation

- 18 Councils can currently undertake adaptation planning under the Resource Management Act 1991 (RMA) on a voluntary basis.<sup>4</sup> Councils have, however, indicated that adaptation planning can be deprioritised due to other competing priorities (such as mandatory planning requirements) or a lack of funding.
- 19 The RMA is due to be replaced by the Natural and Built Environment Bill and Spatial Planning Bill (new resource management legislation). The new resource management legislation has a greater emphasis on adaptation planning. This reflects Cabinet's intent that resource management reforms better prepare for adapting to climate change and risks for natural hazards. It also reflects Cabinet's intention to "put the climate at the centre of government decision-making" [CBC-20-MIN-0097 refers].
- 20 However, there is currently no direction in place from central government to support adaptation planning and ensure it occurs. The Randerson Report found that lack of direction on natural hazard management has impacted on the extent to which plans address and manage natural hazard risks.
- 21 The foundation for adaptation planning should be an evidence-based regional risk assessment and prioritisation exercise which identifies and prioritises the natural hazard risks across the region. This will allow communities to identify and act on their greatest risks and prioritise resources for this purpose. For priority areas, more detailed adaptation planning will be required, including consideration of street and property and infrastructure-level actions where needed.
- 22 As part of the Future of Severely Affected Locations work programme, the Minister for the Environment is reporting back to ENV on 22 June 2023 on national direction to introduce a natural hazard planning framework under the RMA (see Appendix B for more information).<sup>5</sup> This work covers both existing and future development and Māori participation.
- 23 The natural hazard planning framework will ensure local authorities identify and address risk from natural hazards in a consistent and rigorous way and will underpin good decision making about future land use and adaptation planning. Subject to further work, this could include:
- identifying and prioritising circumstances in which more detailed planning for natural hazard management or adaptation responses might be needed to respond to risks and timeframes for this planning

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<sup>4</sup> The RMA gives both regional councils and territorial authorities functions in relation to the management of natural hazards. In addition, the RMA requires decision makers to recognise and provide for the management of significant risks from natural hazards and pay particular regard to the effects of climate change.

<sup>5</sup> The Minister for the Environment must also report back to ENV in June 2023 on options for preventing and restricting future development. This is intended as short-term work which would eventually be incorporated within the national hazard planning framework.

- how to ensure all adaptation options are considered when deciding how to respond to risks.
- 24 I will work with the Minister for the Environment to ensure alignment between future tools introduced to support adaptation planning (such as for retreat) and the development of the natural hazard planning framework.
- 25 An all of government data initiative is also underway to support adaptation and risk assessment through providing access to up-to-date, reliable, and well-managed data.

### **Select committee inquiry and white paper to support development of CCAB**

- 26 In line with previous decisions by Cabinet (see Appendix C), the intended focus of the CCAB is retreat and adaptation funding and financing. The issues and options associated with retreat and adaptation funding and financing are of a high magnitude and will have a significant impact on present and future generations.
- 27 I therefore propose undertaking a select committee inquiry, supported by a white paper. The purpose of the inquiry is to advise the House on issues and options for adaptation, with a particular focus on adaptation funding and community-led retreat.
- 28 I propose that the inquiry be jointly led by the Environment and Māori Affairs committees. This recognises the disproportionate climate impacts on Māori and will build on the current inquiry into Māori climate adaptation.
- 29 This approach will help to:
- facilitate informed public discussion and build community consensus on issues and solutions
  - create an enduring adaptation system now and in the future
  - develop high quality solutions which target critical policy gaps in a timeframe that reflects the urgency of change needed.
- 30 As noted above, a key action under the National Adaptation Plan is to introduce legislation in 2023 to support retreat. Undertaking this inquiry will mean that legislation would likely not be introduced until the second half of 2024. I consider that the benefits outlined above of undertaking significant public consultation prior to developing and introducing legislative proposals, outweigh the impact of extending this timeframe through to 2024.

### ***Scope of and process for inquiry***

- 31 I propose that the inquiry be initiated by the select committees at my request, shortly following Cabinet decisions on this paper. As such, the select

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committees will set their own terms of reference. However, I consider that draft terms of reference should be provided to assist the committees to do so.

32 I propose, as terms of reference, that the select committees advise the House in April 2024 on:

- the current approach to adaptation and the problems with it
- lessons learned for adaptation from community experiences with severe weather events and natural disasters in New Zealand
- a proposed community-led retreat system, including new regulatory powers
- any other regulatory powers to support other adaptation actions (both before and after extreme events occur)
- roles and responsibilities, including for sharing costs
- sources of funding for central and local government to access
- institutional arrangements
- Māori participation, Crown obligations, and giving effect to the principles of te Tiriti o Waitangi, including setting out Crown obligations and integration of mātauranga Māori and te ao Māori across the adaptation system
- alignment and integration with existing legislation and regulatory frameworks and future systems, including the resource management system
- long-term risks and costs of continuing with current approach compared to recommended approach.

33 I propose that the report back to the House should include recommendations for legislative proposals for the CCAB.

34 I intend to prepare a white paper to support the select committees to undertake a public consultation process. The white paper would provide important information to support and shape conversations and guide policy development during the inquiry. The white paper would therefore include a series of questions relating to issues and options, to support consultation.

35 I propose reporting to Cabinet in August 2023 with a white paper based on the following general scope (see Appendix D for an indicative outline):

- overarching problem definition and objectives



- issues and options for retreat and other adaptation actions (informed by the report from the Expert Working Group in June 2023, which will be attached to the white paper)
- issues and options for funding for retreat and other adaptation responses based on work currently progressing on adaptation funding issues and options
- potential finance sector (ie banking and insurance) issues and interventions based on work currently progressing on adaptation financing options
- matters relating to te Tiriti o Waitangi and iwi, hapū and Māori, including integration of mātauranga Māori.

- 36 More information about work on each of these topic areas is provided in the following sections. I expect officials at the Ministry for the Environment to collaborate closely with other agencies in preparing the white paper. This recognises that adaptation is a cross-government issue, with particular significance for a number of portfolios.
- 37 The housing portfolio is one such area. In areas where retreat occurs, people and communities will need somewhere to relocate. One of the main risks for vulnerable households will be the risk that we retreat from places without adding additional housing supply, worsening access and affordability problems.
- 38 The consultation period for the white paper will need to align with other related policy work and consultation timings, acknowledging the interrelationships between different work programmes. This includes the consultation on the natural hazards planning framework, the proposed engagement on policy work to limit development in high-risk areas, and the Future of Severely Affected Locations work programme.
- 39 The inquiry will also need to have particular regard to the upcoming Expert Working Group report on retreat and report of the Māori Affairs Committee inquiry on Māori Climate Adaptation. The Environmental Defence Society is also undertaking research on climate adaptation and managed retreat. Two reports have been published to date, with a final report due for release later this year. I expect this work will also inform the inquiry.

***Work on retreat and adaptation pathways***

- 40 The Randerson Report considered that discrete legislation is required to specifically address managed retreat where it is required for climate change adaptation or to reduce risks from natural hazards. In particular, the Report noted that this legislation would be necessary to address an array of complexities that are beyond:

- any powers available in existing legislation, including the Public Works Act 1981
  - the powers proposed for the Natural and Built Environment Bill
  - the capacity of local government to deliver and fund.
- 41 The CCAB will need to deliver a consistent approach at a national level and likely contain powers relating to land acquisition and the potential for compensation.
- 42 Initial high level public consultation on retreat has occurred as part of consultation the draft National Adaptation Plan. This consultation took place over May to June 2022.
- 43 The feedback has influenced policy development to date and informed the establishment of the Expert Working Group to support the development of options. The Group is scheduled to deliver a final report at the end of June 2023, including options for retreat. This report will be used to inform the white paper and will also be provided directly to the select committees.
- 44 I note that the white paper may also need to consider:
- new powers for other adaptation pathways (which include avoiding, accommodating and protecting – such as through building flood defences)
  - post-event recovery powers needed for adaptation
  - new planning and dispute resolution provisions to support implementation of any new powers
  - alignment with existing legislation and regulatory frameworks and future systems.

***Work on adaptation funding and financing***

- 45 The impact of recent severe weather events demonstrates the pressing need for shifting from post-event response to proactive adaptation, where possible. Work on adaptation funding and financing is intended to support a shift to more proactive investment in risk mitigation measures and thereby reduce future risk to life, wellbeing, property, and infrastructure.
- 46 Work on funding is the primary focus and is looking at:
- clarifying the hierarchy of responsibilities for funding adaptation
  - identifying priorities for central government co-investment
  - developing a funding framework (including for managed retreat).

- 47 Work on financing is focused on identifying sources of revenue. Financing options will depend on the funding approach chosen.
- 48 Work is also underway on the role of the banking and finance sectors in supporting risk reduction and bearing the costs of the climate-related risks they take. These sectors can support a better risk management approach through the market signals they send, such as the development of innovative financial products to support resilience. These sectors can also create and amplify risk by triggering retreat and asset value loss processes.
- 49 Any financial market interventions could have a range of unintended consequences and would require significant engagement with the sectors. While financial market policy is primarily the responsibility of the Ministers of Finance, and for Commerce and Consumer Affairs, these issues need to be considered across a number of Ministerial and departmental portfolios.

***The importance of Māori participation***

- 50 Māori must participate in processes for adaptation planning, funding, and implementation for a number of significant reasons.
- 51 Māori land, communities, and businesses are disproportionately exposed to climate-related risks. A large proportion of Māori land is low-lying, located in coastal areas, or in steep marginal places prone to erosion and the impacts of heavy rain and wind.
- 52 Māori communities may not be well prepared to manage risks given income and insurance issues and challenges with the administration of Māori land. Adaptation actions such as community-led retreat will also have profound implications for Māori connection to place. Te Tiriti guarantees rangatiratanga for Māori over their resources. The Crown will need to meet kawanatanga obligations while still enabling tino rangatiratanga.
- 53 Cyclone Gabrielle and the other North Island weather events have highlighted the critical nature of climate change adaptation for iwi, hapū and whānau. This is especially so for those situated along the coastal areas (for example, Tairāwhiti). These events have also reinforced the effectiveness of iwi, hapū, and Māori-led responses, and the readiness of iwi, hapū and Māori groups to mobilise to respond to climate change impacts. These responses need to be actively supported and enabled by the Crown.
- 54 Māori participation is also vital due to the complex nature of Māori rights and interests.
- 55 Adaptation decision making needs to incorporate mātauranga Māori and prioritise outcomes for, and the decision-making ability of, whānau, hapū, iwi, Māori communities, and Māori landowners over their whenua to embody the Treaty principle of partnership. The Government will also need to adhere to commitments that have been made through Treaty Settlement legislation.

56 A key mechanism for working in partnership with Māori on the climate response is establishing a platform for Māori climate action (known as the Māori Climate Platform). This platform seeks to enable Māori-led climate action and planning and solutions at place. The platform will support implementation of the National Adaptation Plan and Emissions Reduction Plan.

57 s9(2)(f)(iv) [Redacted text]

***Upholding Māori rights and interests***

58 The Crown will need to proactively work with iwi, hapū, and Māori groups to understand how to uphold Māori rights and interests. The Future of Severely Affected Locations work programme will provide information to assist with this work. Failing to appropriately consider Māori rights and interests would strain relationships and partnerships between the Crown and Māori communities.

59 Key matters that need to be considered include:

- acknowledgement of historical and current contexts for Māori communities at place, this includes consideration of historic government policy and legislation that have forced land acquisition from Māori
- customary rights and interests and tikanga values
- whenua as taonga tuku iho (recognised in Te Tiriti) which connects tangata whenua to their land through whakapapa
- assurance that, at the start of policy design, the protection and development aspirations of Māori at place will be sought
- addressing both socio-economic impacts and opportunities for Māori communities
- recognising that mātauranga adds value to understanding current and future climate incidents, through adaptive and innovative responses which contribute to sustainable land management and environmental stewardship - Māori hold valuable mātauranga and practices that can contribute to sustainable land management and environmental stewardship.

60 The Crown must also uphold Treaty settlement and takutai moana rights and obligations. A bespoke process may be required for upholding the intent,

integrity, and effect of Treaty settlements and takutai moana rights, particularly where settlement-related land is affected.

- 61 The Crown will need to work in partnership with iwi, hapū, and Māori (including landowners) to ascertain how this might be achieved. Māori have provided feedback that aligning with the resource management Treaty settlement process could be an option.
- 62 I intend to set out the approach to engagement with iwi, hapū and Māori groups when I report to Cabinet in August on the white paper.

### **Next steps**

- 63 Subject to Cabinet approval of the recommendations in this paper, I will:
- request that the Environment and Māori Affairs committees initiate an inquiry in line with the draft terms of reference in this paper
  - explore with the committees how Ministry for the Environment officials could support the submissions process
  - prepare a draft white paper to support the inquiry, for Cabinet consideration in August 2023.

### **Implementation and public participation**

- 64 Adaptation decisions will have potentially significant consequences for all parts of society, including local authorities and their communities (including Māori), infrastructure providers, and individual property and infrastructure owners.
- 65 Gaining public understanding, acceptance and support for adaptation decisions is vital for meaningful and rapid progress. To achieve this, it is essential to prioritise meeting people's needs for participation and provide clear, tailored information.
- 66 It is important to recognise that the public, businesses, and communities are at various stages in their climate journey. To enable meaningful participation, we must meet them where they are and provide support without judgement.
- 67 The National Adaptation Plan will be instrumental to increasing the capability and capacity of communities to discuss how to plan and adapt to climate change. Four priorities underpin the current National Adaptation Plan:
- enabling better risk-informed decisions
  - driving climate-resilient development in the right places
  - laying the foundations for a range of adaptation options including retreat

- embedding climate resilience across government policy.

68 Current projects to support public participation and provide support include:

- the all of government Climate data initiative which aims to integrate climate data across government and make it more accessible to a wider range of users - this will equip more people, organisations and communities to understand and make sense of climate impacts and the resulting climate decisions and policies, and interpret them in ways which are meaningful and helpful
- the Te Puni Kokiri Hapori data capability project which aims to strengthen data infrastructure and provide communities and iwi with data and tools to create insights (the all of government data initiative will work alongside this project)
- s9(2)(f)(iv) [REDACTED]

### Financial Implications

69 This paper does not have financial implications.

### Legislative Implications

70 This paper does not have legislative implications.

### Impact Analysis

#### Regulatory Impact Statement

71 There are no regulatory proposals in this paper, and therefore Cabinet's impact analysis requirements do not apply.

#### Climate Implications of Policy Assessment

72 A Climate Implications of Policy Assessment is not required for this paper.

### Population Implications

73 Decisions on how we adapt to natural hazard risks will affect communities vulnerable to natural hazards and the impacts of climate change.

74 Communities exposed to multiple or high levels of natural hazard risks, as well as those with significant river systems and coastal land, will face greater costs reducing risks from natural hazards and adapting to climate change.

- 75 Adaptation actions, particularly retreat, could impact significantly on community identify. Policy development will take this into consideration by designing processes for community-led retreat that minimise adverse wellbeing and mental health impacts.
- 76 Areas subject to higher risk can be areas with higher socioeconomic deprivation. Both lower income homeowners and renters (who are likely to be less financially stable) may be disproportionately impacted from the impacts of climate change.
- 77 As rural communities often have high levels of land use for business purposes, implications for affected rural communities may be disproportionate. These include impacts to property and infrastructure and livelihoods as well as connection to land which has been in families for generations.
- 78 Detailed policy development will need to consider the implications on population groups including Māori, ethnic communities, low-income groups, disabled and older people, women, children and youth, and rural communities. These groups are highlighted in the National Adaptation Plan and it is intended that they will be consulted through the select committee inquiry processes.

### Human Rights

- 79 Proposals in this paper are consistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

### Engagement

- 80 The Randerson Report proposed the CCAB as a third piece of legislation to complete resource management reform. Significant consultation was undertaken by the Panel in preparing their report.
- 81 Initial consultation on retreat was undertaken as part of consultation on the National Adaptation Plan. Submissions were received on the retreat consultation document, *Adapt and Thrive*, from the public, key stakeholders, Māori and local government.
- 82 Throughout 2022, officials undertook targeted engagement with local government, and iwi, hapū and Māori. This included early engagement with Māori in March, May to June, and November 2022. This consultation focused on gaining an understanding of the unique perspectives across iwi/hapū/Māori groups and what a retreat system looks like for Māori.
- 83 Officials conducted further targeted engagement from the end of February to mid-April 2023 on adaptation planning including:

## IN CONFIDENCE

- targeted in-person meetings with local government and Māori partners at place (where possible) in Canterbury, Te Tairāwhiti, Otago, Wellington, Auckland, Te Tai Tokerau, and Bay of Plenty
- meeting with local government representative groups including the Resource Managers Group, Local Government Steering Group, Taituarā Resource Management Reform practitioners, Aotearoa Climate Adaptation Network, and the River Managers Special Interest Group
- regional Māori engagement as part of resource management reform, including an adaptation component, in Taranaki, Kirikiriroa, Te Arawa, Wellington, Takitimu, Tairāwhiti, Tauranga Moana, Manawatū, Ngāti Tūwharetoa, Te Tai Tokerau, Tāmaki Makaurau, Mātaatua, Te Waipounamu, and Southland.

### Agency consultation

84 Consultation has been carried out with the Ministry of Housing and Urban Development; Ministry for Culture and Heritage; Ministry of Health; Ministry of Transport; Ministry of Business, Innovation and Employment; Ministry of Primary Industries; Ministry of Social Development; the Department of Internal Affairs; the Department of Conservation; the Department of Prime Minister and Cabinet; Kainga Ora; the Treasury; the National Emergency Management Agency; Te Puni Kōkiri; Te Waihenga; Waka Kotahi; Land Information New Zealand; Toka Tū Ake EQC; and Te Arawhiti.

### Communications

85 No communications are planned at this stage, as public announcement of the proposals would take place upon introduction of the CCAB to Parliament.

### Proactive Release

86 Policy development on adaptation is ongoing and proactive release of this paper is not proposed.

### Recommendations

The Minister of Climate Change recommends Cabinet Environment, Energy and Climate Committee (ENV):

1. **note** that the Report of the Resource Management Review Panel (the Randerson Report) recommended the development of the Climate Change Adaptation Bill to provide for retreat and establish an adaptation fund;
2. **note** that Cabinet previously agreed to progress the development of adaptation legislation using the Randerson Report as a starting point for policy development [CAB-20-MIN-0121];



*Adaptation planning*

3. **note** that adaptation planning can be undertaken and directed through existing and future resource management legislation;
4. **note** that the Randerson Report found that lack of national direction on natural hazard management has impacted on the extent to which local government plans manage natural hazard risks;
5. **note** that ENV is considering a paper from the Minister for the Environment on 22 June 2023 proposing a natural hazard planning framework which would include direction on adaptation planning;

*Select committee inquiry*

6. **note** that the focus of the Climate Change Adaptation Bill will be on retreat and funding and financing, which is in line with previous decisions by Cabinet;
7. **note** the issues and options associated with retreat and adaptation funding and financing are of a high magnitude and will have a significant impact on present and future generations;
8. **note** that a select committee inquiry (supported by a white paper) would help to:
  - 8.1. facilitate informed public discussion and build community consensus on issues and solutions;
  - 8.2. create an enduring adaptation system now and in the future;
  - 8.3. develop high quality solutions which target critical policy gaps in a timeframe that reflects the urgency of change needed;
  - 8.4. build on the inquiry into Māori climate adaptation that is being progressed by the Māori Affairs Committee;
9. **note** that a key action under the National Adaptation Plan is to introduce legislation in 2023 to support retreat;
10. **note** that:
  - 10.1. undertaking this inquiry will mean that legislation will likely not be introduced until the second half of 2024;
  - 10.2. the benefits outlined above of undertaking significant public consultation prior to developing and introducing legislative proposals, outweigh the impact of extending this timeframe;
11. **authorise** the Minister of Climate Change to request that the Environment and Māori Affairs committees conduct a joint inquiry on issues and options for

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adaptation, with a particular focus on adaptation funding and community-led retreat;

12. **note** that following the select committee inquiry report back to the House, the Minister of Climate Change would return to Cabinet with advice on the recommendations arising from the inquiry and proposals for the Climate Change Adaptation Bill;

*Terms of reference for inquiry*

13. **agree** that the draft terms of reference are that the inquiry advises the House through a final report in April 2024 on:
- 13.1. the current approach to adaptation and the problems with it;
  - 13.2. lessons learned for adaptation from community experiences with severe weather events and natural disasters in New Zealand;
  - 13.3. a proposed community-led retreat system, including new regulatory powers;
  - 13.4. any other regulatory powers to support other adaptation actions (both before and after extreme events occur);
  - 13.5. roles and responsibilities, including for sharing costs;
  - 13.6. sources of funding for central and local government to access;
  - 13.7. institutional arrangements;
  - 13.8. Māori participation, Crown obligations, and giving effect to the principles of te Tiriti o Waitangi, including setting out Crown obligations and integration of mātauranga Māori and te ao Māori across the adaptation system;
  - 13.9. alignment and integration with existing legislation and regulatory frameworks and future systems, including the resource management system;
  - 13.10. long-term risks and costs of continuing with current approach compared to recommended approach;
14. **agree** that the proposed report back to the House should include recommendations for legislative proposals for the Climate Change Adaptation Bill;
15. **authorise** the Minister of Climate Change to:
- 15.1. refine the proposed terms of reference for the inquiry prior to formally requesting the initiation of the inquiry;

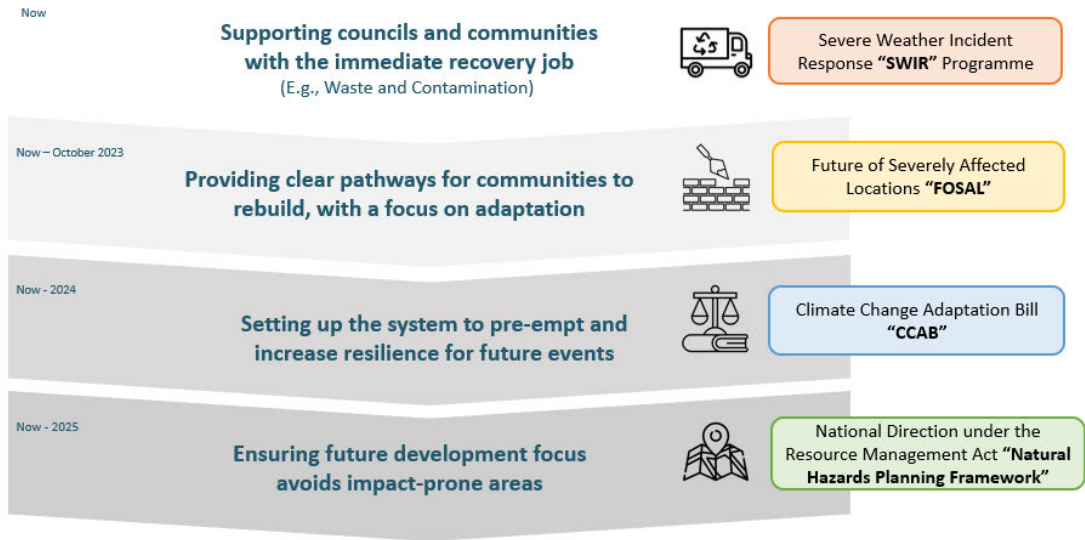
- 15.2. explore with Environment and Māori Affairs committees how Ministry for the Environment officials could support the submissions process;

*White paper to support inquiry*

16. **note** that it is intended that the inquiry focus the public submissions process on the white paper;
17. **invite** the Minister of Climate Change to seek agreement from Cabinet in August 2023, in consultation with the Ministers of Finance, Housing and Local Government, and the Minister for Emergency Management, to a white paper to support the inquiry covering:
  - 17.1. overarching problem definition and objectives;
  - 17.2. issues and options for community-led retreat and other adaptation actions (informed by the report from the Expert Working Group in June 2023, which will be attached to the white paper);
  - 17.3. issues and options for funding for community-led retreat and other adaptation responses based on work currently progressing on adaptation funding issues and options;
  - 17.4. potential finance sector (ie banking and insurance) issues and interventions based on work currently progressing on adaptation financing options;
  - 17.5. matters relating to te Tiriti o Waitangi and iwi, hapū and Māori, including integration of mātauranga Māori and te ao Māori;
18. **note** Appendix D provides an indicative outline of the white paper;
19. **note** this will include an update on approach to engagement with iwi, hapū and Māori groups.

Appendix A: Diagram of work to improve New Zealand’s climate event response capability and proactive adaptation tools

Improving New Zealand’s climate event response capability and proactive adaptation tools



## Appendix B: Natural hazard planning framework

Concerns about development in high-risk areas have been heightened by the possibility of rebuilding in cyclone-affected areas where lives and property will continue to be at risk. On 3 April 2023, Cabinet invited the Minister for the Environment, in consultation with the Minister of Housing, the Minister of Local Government and the Minister of Climate Change, to:

- a. progress work to develop national direction under the Resource Management Act 1991 to provide a natural hazard planning framework (expected to be incorporated into the National Planning Framework at a later date)
- b. report back to Cabinet Environment, Energy and Climate Committee (ENV) on this work in June 2023.

The natural hazard planning framework would:

- a. standardise mapping and risk assessment methodologies that will inform land-use planning decisions in areas of high/multi-natural hazard risks
- b. define risk thresholds by developing and implementing a standardised risk tolerance assessment, to clearly define areas that may be “tolerable” or “intolerable” to natural hazard risks
- c. standardise terminology to clearly set out what the terms “significant natural hazard risk” and “intolerable natural hazard risk” mean
- d. provide a nationally consistent policy approach to land-use planning decision-making in high/multi risk areas.

The report back on this work will be considered by ENV on 22 June 2023.

On 3 April 2023, Cabinet also invited the Minister for the Environment, in consultation with the Minister of Housing, the Minister of Climate Change, and other Ministers as appropriate, to report back to ENV (scheduled for June 2023), following targeted engagement, on the options for preventing or restricting future development in high-risk areas. This work is intended to be short-term and will be superseded by the national natural hazard planning framework.

## Appendix C: Previous Cabinet decisions on the Climate Change Adaptation Bill

Cabinet previously:

*14 December 2020 [CAB-20-MIN-0121]*

- agreed to progress the development of adaptation legislation using the Resource Management Review Panel's Report as a starting point for scoping and policy development

*15 March 2021 [CAB-21-MIN-0068]*

- agreed that the Climate Adaptation Act will contain policy that provides for processes and mechanisms for managed retreat
- agreed that the following policy areas will form the basis for the development of the Climate Adaptation Act:
  - the degree and type of central government intervention/involvement required in managed retreat processes
  - how the costs of adaptation are shared
  - planning processes, tools and public participation
  - the treatment of existing uses and the scope of land acquisition powers
  - post-retreat land management options
- agreed in principle to a list of potential primary objectives and principles for the Climate Adaptation Act
- noted that the Natural and Built Environments Act and Strategic Planning Act will also play an important part in the range of adaptation responses
- agreed that the Ministerial Oversight Group established to make decisions on resource management reform will make policy decisions required for the development of the Climate Adaptation Act

*14 June 2021 [CAB-21-MIN-0225.01]*

- agreed that the Climate Adaptation Act would be decoupled from the wider resource management reforms and that consultation would proceed in February/March 2022 as part of the National Adaptation Plan consultation

*11 April 2022 [CAB-22-MIN-0119 REVISED]*

- agreed to public consultation on options for managed retreat alongside consultation on the draft NAP in early 2022

*Climate Response Ministers Group*

In practice, due to the decision to decouple the Climate Adaptation Act from the wider Resource Management reforms, the Ministerial Oversight Group process came to an end before policy decisions for the Climate Adaptation Act were ready to be considered. Instead, the Climate Response Ministers Group (CRMG) has provided direction on policy development for the Climate Change Adaptation Bill.

On 7 December 2022, CRMG directed officials to further develop options for changes to existing cost-sharing arrangements with a focus on managed retreat and incentivising risk reduction. CRMG also directed officials to progress soft testing with key stakeholders.





<p>Funding and finance</p>	<p>Possible options for establishing roles and responsibilities, how costs are shared and who shares them - options could include hierarchy of responsibilities and Government Policy Statement on adaptation funding</p> <p>Possible options for funding sources:</p> <ul style="list-style-type: none"><li>■ Section 9(2)(f)(iv)</li><li>■ [REDACTED]</li><li>■ [REDACTED]</li><li>■ [REDACTED]</li><li>■ [REDACTED]</li></ul> <p>Potential options for institutional arrangements</p> <p>Possible issues and options for banking and insurance sectors to support better risk management and cost sharing (examples include data sharing agreements, innovative financial products, and cost recovery measures)</p>
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**In confidence**

Office of the Minister of Climate Change

Cabinet Business Committee

**Community-led retreat and adaptation funding – issues and options paper**

**Proposal**

1. This paper seeks Cabinet approval to release the attached draft issues and options paper *Community-led retreat and adaptation funding – issues and options* (Appendix A), to support the select committee inquiry into community-led retreat and adaptation funding.<sup>1</sup>

**Relation to government priorities**

2. The Government declared a climate change emergency on 2 December 2020. Cabinet agreed that climate change “demands a sufficiently ambitious, urgent, and coordinated response across government to meet the scale and complexity of the challenge” [CBC-20-MIN-0097 refers].

**Executive Summary**

3. The impact of climate change will increase in the coming decades, although the extent of this impact will depend on global efforts to reduce greenhouse gas emissions.
4. Due to New Zealand’s geography, many communities are severely exposed to natural hazards that are exacerbated by climate change. This includes increasing severity and frequency of flooding, landslips, sea level rise and drought. The resulting risk to life and livelihood, property and infrastructure, wellbeing, taonga and places of significance including wāhi tapu, is also growing.
5. Action 5.1 of the first national adaptation plan is to pass legislation in the period 2022-2024 to support managed retreat. On 15 March 2021, Cabinet agreed that the Climate Change Adaptation Bill (CCAB) would cover retreat as well as how the costs of adaptation are shared [CAB-21-MIN-0068 refers].
6. The issues and options associated with retreat and adaptation funding are of a high magnitude and will have a significant impact on present and future generations. In addition, areas subject to a higher risk of natural hazard events are often areas with higher socioeconomic deprivation. Those on lower incomes are more likely to be significantly negatively impacted from the impacts of climate change due to their lower levels of financial resilience.


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<sup>1</sup> I am using the term “issues and options paper”, rather than “white paper”, because this terminology is clearer and reflects Cabinet’s intention to focus on exploring a range of issues and options.

**I N C O N F I D E N C E**

7. On 26 June 2023, Cabinet authorised me to request that the Environment and Māori Affairs Committees conduct a joint inquiry on issues and options for adaptation, with a particular focus on adaptation funding and community-led retreat [CAB-23-MIN-0263 refers]. An inquiry will allow for the public and cross-party consultation and consensus building that is needed before developing legislation of the magnitude of the CCAB.
8. After conversations with the Chairs and Clerks of those two committees I have concluded that, at this stage, a sole inquiry by the Environment Committee is the most appropriate and practical approach. I intend to explore the option of a special committee to carry out the inquiry, post-election.
9. Cabinet authorised me to refine the proposed terms of reference for the inquiry prior to requesting its initiation [CAB-23-MIN-0263 refers]. After speaking with the Chair of the Environment Committee, I have revised the proposed terms of reference and they are attached (see Appendix C).
10. Cabinet also invited me, in consultation with the Ministers of Finance, Housing and Local Government, and the Minister for Emergency Management, to seek agreement from Cabinet in August 2023 to a paper to support the inquiry.
11. The attached issues and options paper:
  - highlights the work of the Government to improve our approach to adaptation through the development of the national adaptation plan and resource management reforms
  - draws attention to two significant gaps which we need to address, relating to the lack of a community-led retreat system and adaptation funding framework
  - canvasses a range of issues and options to test with the public
  - considers the rights and interests of Māori as te Tiriti partners and tangata whenua.
12. The final report of the Managed Retreat Expert Working Group will be released alongside the issues and options paper and provides recommendations for a new system for retreat. The issues and options paper draws on the Expert Working Group's report.
13. Both the issues and options paper and the Expert Working Group's report consider Māori participation and the Crown's obligations to Māori under te Tiriti. The Crown will also need to continue to engage with iwi, hapū, and Māori groups while the inquiry is in progress. While the engagement plan will need to be set in collaboration with iwi, hapū and Māori, an indicative approach is set out in this paper.

**Government's climate work programme and role of CCAB**

14. The first national adaptation plan, the National Climate Change Risk Assessment that informs that plan, and the emissions reduction plan drive the government work programme to both mitigate and adapt to the effects of climate change. A key action under the national adaptation plan is to pass legislation in the period 2022-2024 to support retreat.
15. The Future of Severely Affected Locations work programme was established following Cyclone Gabrielle and the Auckland Anniversary flooding events. This work programme is considering adaptation actions and facilitating retreat in severely affected locations. Cabinet made decisions on central government funding support on 31 May 2023 [EWR-23-MIN-0044 refers].
16. A government inquiry into the response to the North Island severe weather events was also announced on 7 July 2023. I am mindful that this process will be ongoing during the Select Committee inquiry into community-led retreat and adaptation funding.
17. I have asked Ministry for the Environment officials to consider how best to advise the Select Committee on the progress and outcomes of the severe weather event inquiry. This may include phasing the matters officials advise the Committee on and bringing in officials from across government to advise the Committee.
18. Section 9(2)(f)(iv)  

19. See Appendix B for a diagram showing how the climate event response work programmes relate to each other.

**Inquiry into community-led retreat and adaptation funding**

20. On 26 June, Cabinet agreed that I could write to the Chairs of the Environment, and Māori Affairs Committees seeking the establishment of an inquiry into community-led retreat and adaptation funding [CAB-23-MIN-0263 refers].
21. The purpose of the inquiry is to advise the House on issues, options and recommendations for climate adaptation, with the primary focus being community-led retreat and adaptation funding.
22. Subsequently, I met with the Chairs and Clerks of the Environment and Māori Affairs Committees who raised logistical issues with setting up a joint inquiry. The

relevant Clerks also raised procedural concerns about a joint inquiry. Due to these concerns, I do not consider a joint committee a viable approach at this stage.

23. As the inquiry will be self-initiated, the Environment Committee will set its own terms of reference. Cabinet authorised me to refine the proposed terms of reference prior to requesting the initiation of the inquiry. I have attached the revised terms of reference which reflect conversations with the Chair of the Environment Committee (see Appendix B).
24. Officials from the Ministry for the Environment will act as advisors to the Committee. Given the links to other government work programmes it is likely that the Committee would also need support from other government agencies with relevant technical expertise (e.g. the Treasury, the Ministry of Housing and Urban development and the National Emergency Management Agency).
25. Given the need to ensure a cross party approach to these matters I intend to explore establishing a special committee post-election to continue the inquiry. If this option is preferred, I will propose that the post-election special committee should include membership from the Māori Affairs Committee or that members be appointed that can contribute their te ao Māori perspective.
26. To add to this, I will also request the Environment Committee to invite the Māori Affairs Committee to an initial hearing to share findings of their recent inquiry prior to Parliament dissolution on 8 September 2023.

### **Issues and options paper**

27. On 26 June, Cabinet invited me to seek agreement from Cabinet in August 2023, in consultation with the Ministers of Finance, Housing and Local Government, and the Minister for Emergency Management, to an issues and options paper to support the inquiry covering [CAB-23-MIN-0263 refers]:
  - the overarching problem definition and objectives
  - issues and options for community-led retreat and other adaptation actions (informed by the report from the Expert Working Group in June 2023, which will be attached to the issues and options paper)
  - issues and options for funding for community-led retreat and other adaptation responses based on work currently progressing on adaptation funding issues and options
  - potential finance sector (ie banking and insurance) issues and interventions based on work currently progressing on adaptation financing options
  - matters relating to te Tiriti o Waitangi and iwi, hapū and Māori, including integration of mātauranga Māori and te ao Māori.

28. The role of the issues and options paper is to support the inquiry by providing an informed basis for submissions.

29. The following table provides a summary of the paper by chapter.

Chapters	Key points
1 and 2	<p><b>Context and the need for change</b></p> <p>Sets out the context for the paper, including the broader government work programme, and the purpose and scope (noting that the focus is on adapting to the increasing risk posed by natural hazards). Focuses on the challenges arising from the lack of a system for community-led retreat and gaps in our funding approach and emphasises the need to compare the cost of action to the cost of inaction or maladaptation.</p>
3	<p><b>Giving effect to te Tiriti</b></p> <p>Focuses on the role of and barriers for Māori in planning for and making decisions on adaptation. Highlights the need for the Crown to proactively work with iwi, hapū, and Māori groups to uphold Māori rights and interests</p>
4 and 5	<p><b>Risk assessment and local adaptation planning</b></p> <p>Focuses on discussing issues and options for risk assessment and adaptation planning which is aligned with work on national direction for natural hazards under the Resource Management Act [see CAB-23-MIN-0263.02 for decisions on this national direction]. This will ensure there is both:</p> <ul style="list-style-type: none"> <li>• an informed basis for the inquiry to consider how risk assessment and planning will support decisions on a new system for retreat as well as deciding between different adaptation actions</li> <li>• alignment with work being led by the Minister for the Environment on this national direction and associated matters.</li> </ul>
6	<p><b>Community-led retreat</b></p> <p>Focuses on discussing the powers needed for retreat and making decisions between retreat and other adaptation actions. Explains that retreat is not limited to residential property – it includes commercial property, infrastructure, community facilities, and land more generally.</p> <p>Includes discussion of potential powers for the management of land affected by decisions on retreat and who could exercise them. Powers focus primarily on ensuring land is no longer used, withdrawal of services, protection from liability, and intervention in other systems to resolve conflicts.</p>
7	<p><b>Funding and financing</b></p> <p>Discusses adaptation funding both generally and in relation to managed retreat. The chapter:</p> <ul style="list-style-type: none"> <li>• describes how costs are currently met</li> <li>• describes why a new approach is needed</li> <li>• discusses objectives, principles and the overarching goal of any new funding approach</li> <li>• explores a default hierarchy of responsibility for different costs and situations where the government could be responsible for costs</li> <li>• considers potential initial priority areas and options for the government to</li> </ul>

	<p style="text-align: center;">periodically review and report on those priorities</p> <ul style="list-style-type: none"> <li>• describes possible options for allocating funding, including a local government climate resilience fund and a national property retrofit grant programme</li> <li>• considers funding and financing</li> <li>• describes options related to compensation for retreat.</li> </ul> <p>The discussion draws on decisions made by Climate Response Ministers in December 2022, including that the overall objective of a new funding framework should be to reduce risk exposure to climate change exacerbated risks and shift the balance of investment from post-event response to reducing risk, including by enabling managed retreat.</p> <p>The chapter does not provide costings as such information is not currently attainable.</p>
8	<p><b>Adapting through recovery</b></p> <p>This chapter considers whether the enduring adaptation system could potentially be used to guide swift decision making on adaptation in the immediate aftermath of a disaster, such as on retreat and funding.</p>

30. The paper also includes questions to support the public submissions process run by the inquiry. These are intended to help focus public input on the key issues and options presented in the paper, and the provision of information to further the development of the CCAB.

**Managed Retreat Expert Working Group report**

31. In September 2022, the Secretary for the Environment established the Managed Retreat Expert Working Group. The overall objective of the Expert Working Group was to assist officials to develop detailed design options for a robust, equitable and enduring retreat system, and funding and financing adaptation as one part of the development of detailed policy design for the CCAB.

32. The Expert Working Group has 13 members with expertise in a range of relevant fields, including economics, planning, public policy, property law, and te ao Māori. The current Chair is Sir Terence Arnold KC.

33. The Expert Working Group’s report considers in particular:

- the Crown’s obligations to Māori under te Tiriti o Waitangi and provides non-exhaustive guidance on how these might be met
- the framework for making decisions to retreat (including processes and institutions)
- the powers necessary to implement retreat
- what the costs of retreat might be and how they might be met.

34. The report concludes that current (and proposed) legislative settings in relation to planning and associated matters are not sufficient to address the full range of issues raised by climate change adaptation, including retreat. The report observes that this was envisaged by the Randerson Report in recommending separate legislation to address retreat and funding.<sup>2</sup>

35. Key findings include:

- proposing a dedicated regime for retreat, rather than extending existing powers under local government and resource management legislation and the Public Works Act 1991
- that at the end of a retreat programme, land in the at-risk area should no longer be used (although there could be some very limited exceptions for things such as ceremonial events, transitory recreational activities, some agricultural or horticultural uses, and mahinga kai gathering)
- the system will need a mix of voluntary and mandatory elements, and the system should provide those affected with as much choice as possible (consistent with the need to reduce risk and have an efficient and effective system)
- there will be a need for the ownership of the land to change as part of the retreat process (except for Māori land)
- the need to embed community involvement and mātauranga Māori throughout the process
- the need for a compensation regime including:
  - payments for land value and structures depending on the status of the property (for example, principal place of residence, commercial property, second home, or rental property),
  - financial assistance for individuals (e.g. renters or those that do not own their home outright) and businesses that must relocate.

36. Officials from the Ministry for the Environment have reviewed the report and consider it provides a robust analysis of issues and believe it will be a valuable addition to the inquiry. The issues and options paper draws on the Group's report, but the Group's report is more detailed.

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<sup>2</sup> The Resource Management Review Panel (2020) *New Directions for Resource Management in New Zealand*. This report is commonly referred to as the Randerson Report.



37. The Group’s final report will be published alongside the issues and options paper and provided to the inquiry.

**Engagement with iwi, hapū, and Māori**

38. The Crown will need to proactively work with iwi, hapū, and Māori to understand and collaborate on how to uphold obligations under te Tiriti and Māori rights and interests, including Māori participation in planning and decision making.

39. I will write to Post Settlement Governance Entities (PSGEs) to inform them of the inquiry and to begin to discuss how we can meet the needs and interest of iwi, hapū, and Māori during the inquiry.

40. While the engagement plan will need to be set in collaboration with iwi, hapū, and Māori, the following table outlines the indicative approach to engagement during the inquiry through to the report back to the House in April 2024:

<b>Engagement vehicle</b>	<b>Engagement approach</b>
Tono-based approach	<ul style="list-style-type: none"> <li>• Treaty partners “tono” the Ministry to come and engage on the CCAB</li> <li>• Ministry to join up hui opportunities with other related workstreams and keep Treaty partners updated through key channels</li> <li>• Follows the successful Water Services Reform approach by designating key engagement leads to build relationships with Treaty partners (potentially utilising the Ministry for the Environment’s existing engagement leads who are currently focused on the resource management Treaty settlement process)</li> <li>• Enables an autonomous approach where the engagement plan is determined by iwi, hapū, and Māori, at place (including ahu whenua trusts and whānau trusts)</li> </ul>
Joining up with other work programmes	<ul style="list-style-type: none"> <li>• Aligning and joining up with other workstream engagements, including all of government engagement, where appropriate</li> <li>• Key workstreams to join up engagements with are the Natural Hazards Planning Framework and Future of Severely Affected Locations work programme</li> <li>• Acknowledges the crowded Māori engagement landscape and follows feedback from Treaty partners to join up in engagement</li> </ul>
National Māori Bodies/Roopū advice	<ul style="list-style-type: none"> <li>• Potential opportunity to get advice on the CCAB from Ihirangi</li> <li>• Collaborate with Māori Climate Platform<sup>3</sup></li> <li>• Continue to engage with and update key National Māori Bodies/Roopū</li> </ul>

<sup>3</sup> A key mechanism for working in partnership with Māori on the climate response is the Māori Climate Platform, currently in predevelopment stage. This platform is an “of Māori, by Māori, for Māori” approach to enabling Māori-led climate action, planning, and solutions. The Platform aims to empower Māori to play a role in adaption, mitigation and transition planning and support kaitiakitanga and tino rangatiratanga of people at place. Work on the platform is at the engagement and design phase with policy proposals due on 1 August 2023.

	<p>including (but not limited to) the National Iwi Chairs Forum, the Federation of Māori Authorities, the Freshwater Iwi Leaders Group, Te Tai Kaha</p> <ul style="list-style-type: none"> <li>• Potential opportunities to engage with regional Māori bodies</li> </ul>
Inquiry into community-led retreat and adaptation funding	<ul style="list-style-type: none"> <li>• Utilising inquiry as a form of engagement to gauge feedback from Treaty partners mōtū-wide</li> <li>• Issues and options paper to build on Māori Affairs Committee Inquiry on Māori Climate Adaptation</li> </ul>

41. The engagement plan over the course of the inquiry and longer term policy development will also include community groups, including those representing Pacific peoples.

42. This engagement approach will require consultation with the Select Committee to ensure they are comfortable with this approach. Officials will consider how best to keep the Committee informed of this engagement and report key findings to them. The engagement may need to happen after the election to comply with the various requirements of the pre-election period.

**Next steps**

43. Subject to Cabinet approval of the recommendations in this paper, I will provide the attached issues and options paper and Managed Retreat Expert Working Group report to the inquiry to support the opening of submissions. These papers will also be published on the website of the Ministry for the Environment.

**Cost-of-living implications**

44. The issues and options paper seeks input into how we can reduce the risks to communities associated with a changing climate. The cost of any future system changes is dependent on system design choices that will be considered through the inquiry process and is yet to be estimated. As policy work progresses during and after the inquiry, it will be important to consider different cost scenarios, including the potential for proactive adaptation measures to reduce future recovery costs, including flow on effects to the cost-of-living.

45. The Treasury estimates the overall costs of physical damage caused by the late January and February 2023 weather events in the North Island as between \$9.0 —\$14.5 billion. Those events have also placed significant cost pressures on particular land-use sectors due to destroyed crops and supply chain challenges. They have flow on effects to health and wellbeing of those in affected communities and increase the risk of exacerbating existing inequity.

46. Māori are disproportionately impacted due to pre-existing inequities, relationships with their whenua which are often located in high-risk areas, and because some affected communities (such as Tairāwhiti) have significantly larger Māori populations compared to the national average.

### **Financial implications**

47. This paper does not have financial implications.

### **Legislative implications**

48. This paper does not have legislative implications.

### **Impact analysis**

#### **Regulatory Impact Statement**

49. The Ministry for the Environment Quality Assurance Panel has reviewed the issues paper, *Community-led retreat and adaptation funding – issues and options*, and confirms that it meets the requirements of an interim Regulatory Impact Statement.

50. The issues paper is likely to lead to effective consultation and public submissions to the inquiry into community-led retreat and adaptation funding.

51. The Panel noted the issues paper clearly sets out the context and issues for consideration and will support the upcoming inquiry. The Panel found the paper to be robust and comprehensive, although we note that the length should be further streamlined to assist with easier engagement on its content.

#### **Climate Implications of Policy Assessment**

52. A Climate Implications of Policy Assessment is not required for this paper.

### **Population implications**

53. . Decisions on adaptation strategies will affect communities vulnerable to natural hazards and the impacts of climate change.

54. Communities exposed to multiple or high levels of natural hazard risks, as well as those with significant river systems and coastal land, will face greater impacts and costs in reducing risks from natural hazards and adapting to climate change.

55. As rural communities often have high levels of land use for business purposes, implications for affected rural communities may be disproportionate. These include impacts to property and livelihoods, as well as connection to land which has been in families for generations.

56. Areas subject to a higher risk of natural hazard events are often areas with higher socioeconomic deprivation. Those on lower incomes are more likely to be

significantly negatively impacted from the impacts of climate change due to their lower levels of financial resilience.

57. Many people feel an attachment to place, especially if they have cultural, social, employment, and intergenerational connections, as well as any other connections that contribute to their sense of identity and wellbeing. People are also concerned about how retreat will affect them financially.
58. Māori will be particularly affected because many marae, papakāinga, urupā and other taonga are located close to the coast or to rivers, and because of the nature of the relationship of Māori to whenua and awa. In addition, Māori freehold land is recognised in law as taonga tuku iho (an heirloom). Māori are also impacted by pre-existing inequities including level of housing insecurity and relatively low levels of home ownership.
59. For vulnerable groups such as older people, climate change may increase health risks. Access to life-supporting equipment may be disrupted during power outages and where a community needs to evacuate or move, people with physical disabilities or limited mobility will need help to do so. There will also be a need for readily available accessible housing and facilities.
60. Yet retreat may, for some, be the only viable strategy to address risk in the longer term. Community-led retreat can be contrasted with unmanaged retreat, where parts of the community (including the banking and insurance sectors) begin to relocate to move out of harm's way.
61. The inquiry, supported by the issues and options paper, provides an opportunity to involve communities now in the development of a system for retreat that is fair and affordable and involves high-quality community engagement.
62. Enabling development in areas of low risk is outside the scope of the inquiry and issues and options paper. That said, enabling development will become increasingly more important as those affected by a decision to retreat look to relocate and, as such, will need to be considered alongside this work.

### **Human rights**

63. Proposals in this paper are consistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

### **Use of external resources**

64. Ministry staff were redeployed to support the Future of Severely Affected Locations work programme, established following Cyclone Gabrielle and the Auckland Anniversary flooding events. KPMG were contracted to support policy work, in particular the preparation of content for the issues and options paper and inquiry, over a period of three months. Most of the work was undertaken in May and June 2023. The total expenditure was \$546,000.

## Engagement

65. The Randerson Report proposed the CCAB as a third piece of legislation to complete resource management reform. Significant consultation was undertaken by the Panel in preparing their report.
66. Initial high-level consultation on retreat was undertaken as part of consultation on the national adaptation plan. Submissions were received on the retreat consultation document, *Adapt and Thrive*, from the public, key stakeholders, Māori and local government.
67. Throughout 2022, officials undertook targeted engagement with local government, and iwi, hapū and Māori. This included early engagement with Māori in March, May to June, and November 2022. This consultation focused on gaining an understanding of the unique perspectives across iwi/ hapū/ Māori groups and what a retreat system looks like for Māori.
68. Officials conducted further targeted engagement from the end of February to mid-April 2023 on adaptation planning including:
- targeted in-person meetings with local government and Māori partners at place (where possible) in Canterbury, Te Tairāwhiti, Otago, Wellington, Auckland, Te Tai Tokerau, and Bay of Plenty
  - meeting with local government representative groups including the Resource Managers Group, Local Government Steering Group, Taituarā Resource Management Reform practitioners, Aotearoa Climate Adaptation Network and the River Managers Special Interest Group
  - regional Māori engagement as part of resource management reform, including an adaptation component, in Taranaki, Kirikiriroa, Te Arawa, Wellington, Takitimu, Tairāwhiti, Tauranga Moana, Manaawatū, Tūwharetoa, Te Tai Tokerau, Tamaki, Mātaatua, Waipounamu, and Southland.

## Agency consultation

69. Consultation has been carried out with the Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development; Ministry for Culture and Heritage; Ministry of Health; Ministry of Transport; Ministry of Business, Innovation and Employment; Ministry of Primary Industries; Ministry of Social Development; the Department of Internal Affairs; the Department of Conservation; the Department of Prime Minister and Cabinet; Kainga Ora; the Treasury; the National Emergency Management Agency; Te Puni Kōkiri; Te Waihanga; Waka Kotahi; Land Information New Zealand; Toka Tū Ake EQC; and Te Arawhiti.
70. Ministerial consultation occurred from 12 to 25 July. Feedback was received from the Minister for Emergency Management, the Minister of Internal Affairs, and the Minister of Housing and Urban Development.

## **Communications**

71. Communications relating to this issues paper and associated inquiry will need to be carefully distinguished from communications on related work including:

- new national direction to manage natural hazard risks under the Resource Management Act 1991
- the government inquiry into the response to the North Island severe weather events
- decisions made on the Future of Severely Affected Locations.

## **Proactive release**

72. The proactive release of this Cabinet paper is proposed following publication of the issues and options paper and Managed Retreat Expert Working Group report.

## Recommendations

The Minister of Climate Change recommends Cabinet Business Committee (CBC):

1. **note** that on 26 June 2023, Cabinet [CAB-23-MIN-0263]:
  - 1.1. agreed to request the Environment and Māori Affairs Committees initiate an inquiry into community-led retreat and adaptation funding, supported by an issues and options paper;
  - 1.2. authorised the Minister of Climate Change to refine the proposed terms of reference for the inquiry prior to formally requesting the initiation of the inquiry;
2. **note** that logistical and procedural concerns have prevented the establishment of a joint inquiry at this point;
3. **note** that the proposed terms of reference for the inquiry have been revised after discussions with the Chair of the Environment Committee and are attached;
4. **note** that officials from the Ministry for the Environment will act as advisors to the Select Committee, with support from technical experts from across all of government;
5. **note** that officials will consider the best approach for advising the Select Committee on the lessons learnt through the inquiry into the North Island severe weather events and future of severely affected locations workstream;
6. **note** that the attached issues and options paper covers:
  - 6.1. key context including the government adaptation work programme;
  - 6.2. the need for change (focusing on the absence of a community-led retreat system and gaps in the funding approach);
  - 6.3. role of Māori and giving effect to the principles of te Tiriti;
  - 6.4. risk assessment;
  - 6.5. community-led adaptation planning;
  - 6.6. community-led retreat and adaptation decision making;
  - 6.7. funding and financing;
  - 6.8. recovery;
7. **agree** to the release of the attached issues and options paper on community-led retreat and adaptation funding to support the inquiry;

8. **authorise** the Minister of Climate Change to make minor accuracy and editorial changes to the issues and options paper prior to its release;
9. **note** that in September 2022, the Secretary for the Environment established the Managed Retreat Expert Working Group;
10. **note** that the overall objective of the Group was to assist officials to develop detailed design options for a robust, equitable and enduring retreat system, and funding and financing adaptation;
11. **note** that the Managed Retreat Expert Working Group report will be released alongside the issues and options paper, and will also be provided to the inquiry.

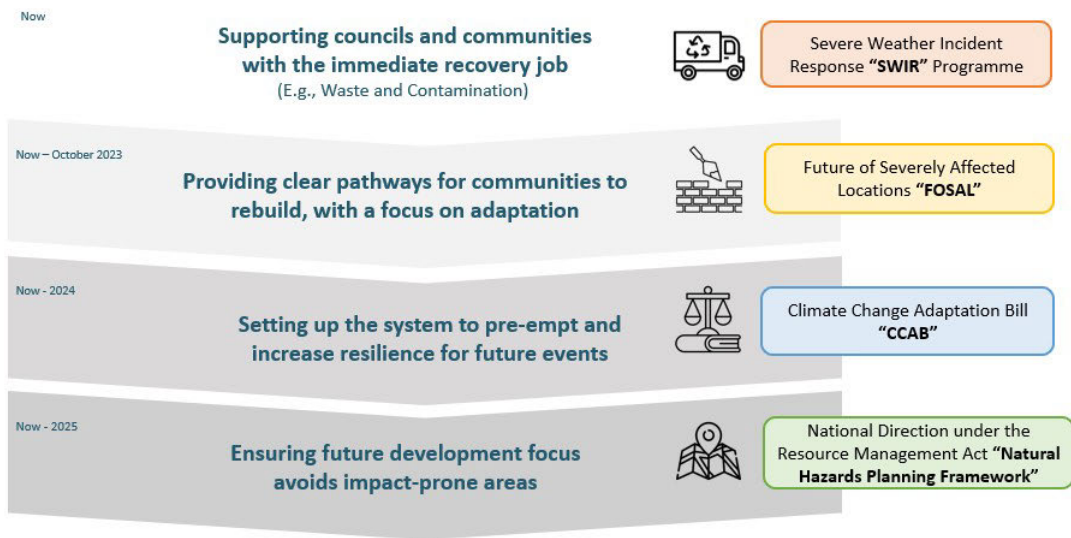


**Appendix A: Community-led retreat and adaptation funding – issues and options**

*Attached separately*

## Appendix B: Diagram of work to improve New Zealand's climate event response capability and proactive adaptation tools

### Improving New Zealand's climate event response capability and proactive adaptation tools



## **Appendix C: Proposed Terms of Reference for inquiry into community-led retreat and adaptation funding**

The purpose of the inquiry is to advise the House in April 2024 on issues, options and recommendations for climate adaptation, in particular community-led retreat and adaptation funding. This will include recommendations for legislative proposals for the Climate Change Adaptation Bill.

The terms of reference for the inquiry cover:

- the current approach to community-led retreat and adaptation funding, its strengths, challenges, risks and costs
- lessons learned from severe weather events and natural disasters in Aotearoa New Zealand for community-led retreat and funding climate adaptation
- effective mechanisms for community-led decision making
- potential institutional arrangements, including roles and responsibilities of central and local government agencies, iwi and hapū
- Māori participation, Crown obligations, and how to best give effect to the principles of te Tiriti o Waitangi, and integrate mātauranga Māori and te ao Māori across the adaptation system
- alignment and integration with existing legislation and regulatory framework, including the reformed resource management system and any changes needed
- regulatory powers and potential economic or other incentives needed to support adaptation actions (both before and after extreme events)
- funding sources, access to them and principles and criteria for cost sharing
- targets or indicators for assessing progress to more resilient communities and infrastructure.



## PROACTIVE RELEASE COVERSHEET

<b>Minister</b>	Hon James SHAW	<b>Portfolio</b>	Climate Change
<b>Name of package</b>	Proactive release of Climate Change Adaptation Bill Cabinet papers	<b>Date to be published</b>	25 September 2023

### List of documents that have been proactively released

<b>Date</b>	<b>Title</b>	<b>Author</b>
3 August 2023	Cabinet paper: Community-led retreat and adaptation funding – issues and options paper	Office of the Minister of Climate Change
16 June 2023	Cabinet paper: Progressing the Climate Change Adaptation Bill	Office of the Minister of Climate Change
16 March 2021	Cabinet paper: Adaptation Legislation: Proposed Scope, Objectives and Process	Office of the Minister of Climate Change
7 August 2023	Cabinet Business Committee Minute of Decision: Community-led Retreat and Adaptation Funding: Issues and Options Paper Food Waste (CBC-23-MIN-0016)	Cabinet Office
22 June 2023	Cabinet Environment, Energy and Climate Committee Minute of Decision: Progressing the Climate Change Adaptation Bill (ENV-23-MIN-0027)	Cabinet Office
15 March 2021	Cabinet Minute of Decision: Adaptation legislation – scope, objectives, and process (CAB-21-MIN-0068)	Cabinet Office

### Information redacted **YES**

Any information redacted in this document is redacted in accordance with the Ministry for the Environment's policy on proactive release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

### Summary of reasons for redaction

Some information has been withheld for the reasons of confidential information entrusted to Government and confidential advice to Government.