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Committee Secretariat
Finance and Expenditure Committee
Parliament Buildings
Wellington
via email to: fe@parliament.govt.nz

Submission to Climate Adaptation Inquiry by Hastings District Council, Hawke's Bay Regional Council and the Hawke's Bay Regional Recovery Agency

Thank you for the opportunity to provide this submission on the Climate Adaptation Inquiry.

The Hastings District Council (HDC), Hawke's Bay Regional Council (HBRC) and Hawke's Bay Regional Recovery Agency (RRA), have in the last year been particularly focused on recovery priorities following the devastation wrought on the region by Cyclone Gabrielle. We have been working collectively and collaboratively together with the other Hawke's Bay councils and other partners to deliver positive recovery outcomes for our region. We have strived to support and to advance shared goals and resilience priorities for mana whenua, the community, business, industry and the primary sector.

This submission is made by the RRA, HBRC and HDC on behalf of the region, its people, their culture, the environment, and our economy. It draws on some of our experience in assessing risk to life from weather events and other hazards, and in considering infrastructure resilience. It signals our focus and desire to continue to make strong decisions for our region, looking to build resilience to climate change and hazards in everything we do and adapt through appropriate planning for infrastructure and use of land.

We address the questions asked by the Finance and Expenditure Committee in this submission.

What would be a durable, affordable, and fair approach to adaptation for the existing built environment (i.e., where people live and work) in the future? How could that approach be phased in over time?

Historically the cost of meeting proactive (pre-event) adaptation has fallen largely on asset owners and local government. Until such time as there is a framework for how the cost of adaptation should be apportioned between asset owners, insurers, local government (via their ratepayers) and central government, there should be strong emphasis on ensuring that as opportunities arise there is investment in long-term resilient solutions to climate change. There is currently a lack of clarity and certainty about the role of central government in the adaptation space, and we would welcome ongoing engagement on what this might look like. Many of the challenges with unclear roles have been previously documented, including one Hawke's Bay case study in particular.¹

In Hawke's Bay we have recently experienced firsthand the devastation wrought by a natural hazard event. The funding support from central government for recovery **after** Cyclone Gabrielle has been significant. The financial cost borne by our communities is currently playing out in a number of ways, including the decisions being made within the Long Term Plans with considerable rates increases across the region.

¹ Challenges with implementing the Clifton to Tangoio Coastal Hazards Strategy 2120 (by MFE and HBRC)
<https://environment.govt.nz/assets/Publications/Files/challenges-with-implementing-the-Clifton-to-Tangoio-coastal-hazards-strategy-2120-case-study.pdf>

Looking ahead to our future we need to consider how best to support our region so that it is resilient to future climate related events now and for future generations, and how to ensure decision making and BAU processes consider resilience.

For instance, where there is routine upgrade or repair in response to events, whether that be to flood protection works, public and private utility networks, local roads, state highways and rail etc. building in resilience to future weather events and climate change should be a key consideration in investment decision making. Likewise, land use decision making and major infrastructure investments must have hazard resilience as a consideration.

At present the cost burden for adaptation is often shared disproportionately and, in some cases, inequitably between central government, local government and other parties.

We would welcome central government setting a clear direction for how proactive (and post-event) adaptation planning should occur, but must emphasise that our communities in Hawke's Bay are at their financial limit. This direction must be supported with a commitment from central government to share the cost where appropriate. Failure to fund adaptation runs a significant risk to all those involved in 'picking up the tab' post-event. Adaptation is not a no-cost action.

Investment now in setting clear national direction for adaptation funding, with guidance to provide clarity of who bears the costs of adaptation actions, with clearly established roles and responsibilities will help ensure long term strategic decisions can be made to minimise ongoing risk to our community, environment and economy.

What outcomes should such an approach to adaptation lead to? What are the highest priorities to achieve?

Ultimately the outcomes we would be seeking for the region would be:

- Resilient, sustainable communities
- Equitable and fair distribution of costs
- Equitable and fair decision-making, which is clear and transparent
- Decisions and future policy direction made based on best available data/information
- Ensuring communities at risk are engaged and part of the solution
- Upholds Treaty principles and rights and interests of iwi/Māori. Iwi/Māori are considered through all stages of policy development, decision-making and implementation
- Clearly articulated roles and responsibilities (landowner/asset owner, local government, central government)
- Clearly prescribed risk assessment methodologies (guidance for implementation)
- Reasonable timeframes for implementation.

What do you think the costs will be? How should these various costs be distributed (eg amongst property owners, widely across New Zealanders, ratepayers, now and in future)? Should this distribution change over time?

Costs will be extensive and should not be underestimated. There will be financial costs, opportunity costs and non-monetised costs of adaptation (or failing to act).

The impacts associated with climate related events are not just direct economic impacts. Recovery impacts can be extensive and long-lasting. These events may have direct and indirect impacts on the community, such as wellbeing and psycho-social impacts; restricted access to essential services, health facilities and education; destruction of the environment and ecosystems; disconnected people from their whanau, places

of work and limiting their ability to undertake their cultural practices and traditions. We do not know exactly what challenges we might face in the future, so the costs should be distributed over time, and anticipated that costs will be ongoing.

Climate change and the necessary adaptation to this is something which carries a cost which needs to be addressed now. Funding should be built into the system, similar to rates or taxes as the future impacts of climate change are not fully understood. We would support an enduring funding model which seeks to ringfence the funds for adaptation and should not be contestable or subject to political cycles.

Having said that, affordability is an important consideration. There needs to be a more precision approach to risk. There needs to be a focus on known and reasonably foreseeable risks rather than trying to cater for every possible risk which could inflate costs and be a handbrake on community and economic development.

What do you think is the critical information that will inform people and help them understand future risks, costs, and impacts?

As part of an assessment of risk, it is necessary to have a clear definition of intolerable risk to life to help inform communities on what land uses are appropriate. For most adaptation solutions there will be a place for both mandatory and voluntary retreat. Supporting locally led decision making with robust available evidence, information and data will help communities understand the associated risks. There will be unknowns and uncertainties looking into our future, but those cannot be used to justify delaying or failing to make any decisions. Where there is intolerable risk to life there is likely to be greater justification for mandatory retreat. This needs to be established pre rather than post event.

There should also be support for land use change following retreat to ensure that future generations are not put at risk, as memories fade over time. This would need to be supported by strong policy direction or legislation which ensures that the robust evidence which has been considered in support of the retreat decision making is not able to be opened up to further, or prolonged, challenges. This would reinforce buy-out policy and ensure that retreat is enduring.

National direction is needed which provides councils and communities with the right tools to prevent development in areas with current and future intolerable risk due to climate change. This direction should extend to areas which are already developed, where there is strong evidence that indicates there is intolerable risk to life. This direction will support and empower communities and councils to make informed choices about planned relocation and retreat decisions. Those decisions will also need to feature circumstances where it is appropriate to prohibit high risk activities from reestablishing in these areas in the future, for example, by extinguishing existing land use rights.

It will also be important to make post-retreat land use decisions where they might be appropriate and look to capitalise on these opportunities as they arise for other gains, such as environmental, recreational gain or for longer term solutions to future events such as adoption of nature-based solutions.

What are the particular issues facing Māori, especially sites, assets, and land vulnerable to climate-driven natural hazards?

Many iwi/hapū in Hawke's Bay have ended up with their people living in areas which are now often deemed to be at highest risk from climate change, due to loss of or alienation of land. In many cases, customary lands have historically provided them with access to abundant kai on flood plains, near waterways and coastlines. Some marae, papakāinga, wāhi tapu and urupā are at risk of being impacted by climate change (flooding, coastal inundation, coastal and land erosion, saltwater intrusion etc) through the increasing number and severity of weather events.

Retreat in the typical sense, is not an easy option for iwi/hapū as their cultural connections, ahi kā roa with the land is not a tie which can be simply cut. In many instances the option to relocate on their own lands may be limited. This has the potential to exacerbate inequities and increase vulnerability of iwi/hapū.

We note many of the initial submissions suggested that 'planned relocation' is a more palatable term than managed retreat. Planned relocation suggests that there would be a strategic, considered approach to how and where to move communities. If this is part of the proposed framework there needs to be significant involvement of iwi/hapū in making decisions for their whanau and hapū around potential relocation.

In working with iwi/hapū the principle of Tino Rangatiratanga will be at the fore. Māori will want to have the ability to control and make decisions for themselves, including the location of marae and homes.

What are the problems with New Zealand's approach to managing climate-related natural hazards? What are the underlying drivers of these problems?

By and large the problem with New Zealand's approach is that the focus has been on responding to and recovering from a climate related natural hazard. It is a reactionary response, rather than the strategic pre-emptive approach. Furthermore, there is a strong tendency for a 'bias' towards present-day activities and interests often at the expense of the needs of future generations and future environmental conditions.

There has been no statutory requirement for local adaptation or resilience planning, which is a critical factor in successful adaptation. A clear framework, with objectives and principles, guidance and timing and funding for local government to implement local adaptation planning is supported. A clear understanding of roles and responsibilities through planning, decision making, community and iwi involvement, engagement, and funding, etc., is necessary to make positive progress to adaptive planning across the country. There should be a centralised approach to an adaptive planning framework which can be tailored to community needs and solutions locally.

What adaptation-related costs are you facing now? How are you planning on addressing these costs?

Hawke's Bay was significantly affected by Cyclone Gabrielle, the losses were enormous. This has set the region back in many respects but also provided an opportunity to build back better, safer and smarter. This betterment, with a focus on adding resilience to future events does not come without cost. The financial burden to repair and rebuild following Cyclone Gabrielle has to date been offset to a significant extent by central government assistance.

However ongoing adaptation and resilience costs will be (and is currently being) borne by local government and the community. To be successful, sustainable and enduring further support from central government will be required.

Our councils and communities are facing significant increases in rates as a consequence of the Cyclone on top of increasing costs of delivering typical council services. By way of example the cost to repair local roads, bridges, culverts and clean up slips, in addition to the Category 3 voluntary buy-out programme and repair of three waters infrastructure for Hastings District Council is substantial. Alongside Government assistance (primarily through NZTA) HDC will still need to borrow circa \$230 million. The repayment of this is forecast to be \$17m a year for the next 16 years. To fund this, the council have proposed a cyclone targeted rate, for which all Hastings District ratepayers will pay a portion of the cost (approximately 19% increase on average in the first year). Similar cost impacts will be felt by all Hawke's Bay residents as all councils propose a similar average rating increase: Napier City Council 23.7%, Central Hawke's Bay District Council 20%, Wairoa District Council 17.2% and Hawke's Bay Regional Council 16%. In current conditions, all

councils face making some tough choices about resilience investment and the range and quality of their respective services to their communities. We do not see this challenge getting any easier in the foreseeable future.

Further adaptation initiatives on top of funding a pre-existing event will need to be considered carefully prior to making commitments to implement change given the financial implications this could have on communities. Whilst it is understood that it is imperative that we continue to plan for adaptation the costs could prevent progress in the short-medium term.

By way of example, in developing a long-term strategy for managing coastal hazards for the Clifton to Tangoio coastline (approximately 35 km in length), HBRC, HDC and Napier City Council commissioned advice from Tonkin and Taylor Limited that estimated the costs of preferred adaptation action pathways over the next 100 years. The total high-level cost estimate was almost \$2 billion. A Joint Committee of the three councils are continuing to work through difficult and complex choices around how those costs might be apportioned across the beneficiaries and others. A breakdown of those estimated costs is below:

ES 3: Total high level cost estimate for each stage and timeframe for all nine coastal units including potential losses included in enabling investment

Stages	0-20 years	20-50 years	50 - 100 years	Total
Planning, preparation, and engagement	\$16,929,505	\$37,990,007	\$72,924,003	\$127,843,515
Enabling investment (including accounting for private property losses, management, and administration)	\$67,253,550	\$236,670,000	\$508,509,750	\$812,433,300
Active retreat	\$105,244,050	\$317,314,381	\$557,476,475	\$980,034,906
clean up	\$7,158,125	\$28,709,313	\$31,138,940	\$67,006,378
Totals	\$196,585,230	\$620,683,700	\$1,170,049,168	\$1,987,318,099

Source: Hawke’s Bay Coastal Strategy: Implementation approaches and indicative costs for planned retreat, July 2022 (<https://www.hbcoast.co.nz/assets/Uploads/Planned-Retreat-Implementation-Costs-Report-2022.pdf>)

What adaptation related risks are you facing now and how are you planning to address these risks?

In very broad terms, several of the key adaptation risks we’re currently facing include:

- Benefits of pre-event adaptation investment outweigh the costs of post-event action, but proactive investment and action is stymied by complex legislative prescription, ambiguous roles and responsibilities, and mixed policy and legislative signals
- NZ’s legislation presents multiple points for legal challenge, threats of liability and tactical stalling of action
- A system lacking agile planning for land use decision-making, posing real risks of maladaptation headaches in future for short-term interests
- Decisions are often weighted in favour of human and financial costs with less weight attributed to the un-monetised value of our environment

- Iwi/hapū will be amongst the most impacted by climate change, and the impact of future events on their cultural practices, whenua, urupā, marae and papakāinga are likely to be significant. Their cultural connection to the land will make decisions around adaptation contentious and difficult. Partnerships will be necessary.
- We know past and current ad-hoc approaches of adaptation cost sharing is unsustainable, but no clear solution emerges that would satisfy both national interests and the interests of local communities.

However, currently the greatest adaptation risk facing Hawke’s Bay is a region which is still feeling the effects of Cyclone Gabrielle. There are:

- residents still in temporary accommodation faced with a level of uncertainty around what protection will be put in place from future events;
- rural landowners who do not have access to parts of their property impacting their ability to care for stock and undertake repair work;
- local roads and bridges still under repair and will be for some years to come;
- silt and debris still being removed from properties;
- still funding and insurance issues across the spectrum;
- marae that are still unable to be used;
- slow progress with the Kaupapa Māori pathway for the Future of Severely Affect Land buy out programme;
- people who continue to reside in areas at significant risk but either do not have the means to move or choose not to;
- many pastoral farmers and other businesses which are simply surviving not thriving;
- individuals and communities who, like the rest of New Zealand, face a rising cost of living.

The focus of those communities directly impacted by Cyclone Gabrielle in February 2023 still remains very much on recovering from that Cyclone’s damage and disruption.

We have foresight as to what needs to be done to be resilient to future events but progress in this space is slowed by responding to immediate and necessary recovery and rebuild initiatives. Given the significant scale of the event the recovery of the region is anticipated to take up to 10 years. An emerging risk is that funding may only allow infrastructure to be put back rather than made more resilient.

That being said as a region we have been working together to prioritise resilience initiatives and look for opportunities to support our people, environment and economy. This includes looking at where we provide new homes; how and where our economy can grow; how we deliver resilient infrastructure projects; anticipating water supply and water security issues; bringing our environment back to good health, considering holistically how we can best adapt and improve.

We recognise that climate change is one of the biggest challenges facing the region and country. Time is very much of the essence. To be able to move with the necessary speed we need central government support and clearer policy and legal frameworks. Whilst there are a number of barriers which have held us back as a country to deliver effective local adaptation planning, we should not shy away from the challenge of creating frameworks that help us address resilience and adaptation needs.

Thank you for the opportunity to provide this submission. We would welcome the opportunity to be heard in support of this submission.

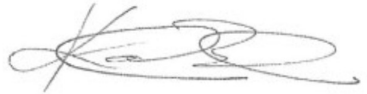
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