

1 November 2023

Via Parliament Select Committee website

## **SUBMISSION TO ENVIRONMENT SELECT COMMITTEE INQUIRY INTO CLIMATE ADAPTATION**

Thank you for the opportunity to present Queenstown Lakes District Council's (**QLDC**) submission to the Environment Select Committee on their inquiry into climate adaptation.

QLDC strongly supports the development of a nationally consistent framework that will enable it to address the challenges presented by climate adaptation and managed retreat. QLDC considers that the establishment of robust risk assessment methodologies and managed retreat decision-making processes will result in enduring positive outcomes for New Zealanders. However, as with any new management framework, a key success factor is effective implementation, with sufficient funding and investment to facilitate change.

QLDC's submission builds on the following key messages:

- Clear national direction on natural hazard decision-making has been absent since the inception of the Resource Management Act 1991 (**RMA**). Local authorities have faced considerable challenges filling this void. This situation has restricted local authorities' ability to address natural hazard risks. Decision-making processes will continue to be hampered until clear national direction is delivered. This should be a bi-partisan priority for central government.
- Local authorities have an important role to play in shaping and delivering risk assessment methodologies and managed retreat decision-making processes. A collaborative approach must be applied to ensure local and regional experiences are integrated into any new frameworks.
- Te Tiriti should play an important role in any risk assessment framework and managed retreat decision-making process. QLDC supports genuine engagement with local iwi and hapū.
- Funding and financing options to facilitate proactive risk assessments and managed retreat processes must be established and should be prioritised amongst the wider reform programme. Further detailed investigations are required to support the selection of the most effective and efficient funding mechanisms.
- The distribution of costs and benefits from risk assessment and managed retreat decision-making processes require careful consideration. A one size fits all approach is unlikely to be suitable. QLDC recommends that initial funding priorities focus on significant risks to existing vulnerable activities, business and infrastructure.
- QLDC supports the establishment of a central agency to:
  - Establish and administer an Accident Compensation Corporation (**ACC**) or the Earthquake Commission (**EQC**) type managed retreat fund,
  - Establish national standards and methodologies for risk assessment and managed retreat processes,
  - Undertake peer reviews of regional or local risk assessment processes, and
  - Administer litigation, mediation and appeal rights.
- A devolved form of decision-making should be retained that is generally consistent with existing RMA arrangements, to ensure local communities have a high level of engagement in significant decisions that are likely to impact their wellbeing. This decision-making process should be strongly supported by the abovementioned central agency.

- The matter of infrastructure and services have not been robustly addressed in the consultation material. Local authorities are infrastructure and service providers. These community assets can be subject to significant risk and may also be subject to managed retreat processes.

QLDC would like to be heard at any hearings that result from this consultation process. It should be noted that due to the timeline of the process, this submission will be ratified by full Council retrospectively at its next full meeting.

Thank you again for the opportunity to comment.

Yours sincerely,



Glyn Lewers  
**Mayor**



Mike Theelen  
**Chief Executive**

## 1.0 QLDC Context

The Queenstown Lakes District (**QLD/the district**) has an average daily population of 71,920 (visitors and residents) and a peak daily population of 114,790<sup>1</sup>. The district is experiencing unprecedented growth with its population projected to nearly double over the next 30 years.

The district is one of Aotearoa New Zealand's premier visitor destinations, drawing people from all over the world to enjoy its spectacular wilderness experiences, world renowned environment and alpine adventure opportunities.

Pressure to accommodate population and visitor growth within an alpine landscape context has resulted in people and property being located within, or in close proximity to, natural hazard processes. This juxtaposition creates natural hazard risk. QLDC acknowledges that significant challenges will be faced by local authorities and their communities in addressing these natural hazard risks. QLDC has been working collaboratively with the community, iwi, hapū and regional council partners to find solutions to the highest priority natural hazard risks in the district.

In partnership with its community, QLDC has developed Vision Beyond 2050<sup>1</sup>. This document sets out the district's community outcomes and forms the basis of the QLD Long Term Plan 2021 – 2031. Vision Beyond 2050 contains 8 vision statements. Of particular relevance is '*Disaster-defying resilience He Hapori Aumangea - Queenstown Lakes is a place that is ready and prepared for every emergency*'. This vision sets the scene for the following Vision Beyond 2050 outcomes:

- *Our communities are resilient to disasters and adapting to a changing global climate.*
- *Our people stand tall through any challenge, caring for whānau, neighbours and visitors alike.*
- *Our infrastructure is as resilient as our people.*
- *Recovery empowers our people to quickly find a new normal.*

QLDC declared a climate and ecological emergency in 2019 and has released its second three-year Climate and Biodiversity Plan 2022 – 2025<sup>2</sup>. The Plan has three goals, under which sit six outcomes related to leadership, transport, built environment, communities, business, and the natural environment. These goals are intended to give effect to the Vision Beyond 2050 community outcomes. The Plan seeks to ensure that '*Queenstown Lakes is a place that is ready and prepared to adapt to a changing climate*' and identifies a set of actions relevant to natural hazards, including partnering with Otago Regional Council '*on a programme of climate change risk assessments, adaptation plans and natural hazard risk assessment studies to support community resilience projects and the implementation of a risk-based land use planning framework*'<sup>3</sup>.

Together with the natural hazard risk management approach outlined within the QLD Proposed District Plan<sup>4</sup>, these commitments illustrate QLDC's intention to implement effective and efficient natural hazard risk management.

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<sup>1</sup> <https://www.qldc.govt.nz/media/ygjlrtton/demand-projections-summary-march-2022-2023-to-2053.pdf>

<sup>2</sup> [https://www.qldc.govt.nz/media/ie3jk5bb/qldc\\_climate-and-biodiversity-plan\\_jun22-web.pdf](https://www.qldc.govt.nz/media/ie3jk5bb/qldc_climate-and-biodiversity-plan_jun22-web.pdf)

<sup>3</sup> Action 1.12, Climate and Biodiversity Plan 2022 – 2025

<sup>4</sup> <https://www.qldc.govt.nz/your-council/district-plan/proposed-district-plan>

This submission responds specifically to the questions posed by the Ministry for the Environment (MfE) Community Led Retreat and Adaptation Funding Issues and Options discussion document<sup>5</sup>. QLDCs answers to the MfE questions cover matters contained within the terms of reference<sup>6</sup> for the select committee inquiry.

## QLDC responses to MfE issues and options discussion document

### 1. Question 1 - Do you think we should use the term 'community-led retreat'? If not, what do you think we should use and why?

1.1. QLDC has undertaken extensive natural hazard assessment and decision-making processes. Managed retreat is one among a number of options recently endorsed by elected members to investigate further in order to manage natural hazards in an area close to the Queenstown CBD<sup>7</sup>. As such, Council officers have detailed experience of how natural hazard decision-making processes need to be robustly developed and communicated.

1.2. QLDC agrees that the thrust of any proposed approach for managed retreat will be to ensure that impacted communities have a significant and meaningful role to play in decisions that impact them. However, QLDC considers the term 'community-led' is somewhat paradoxical given the significant complexity and range of actors that necessarily feed into any risk assessment and decision-making process. QLDC considers it more accurate and genuine to represent the full range of actors that are involved in the process. The use of the term 'community-led' may give impacted communities an expectation or perception that they alone determine the outcomes of risk assessments when this is not likely to be the case. Currently, elected members determine first instance decisions around the allocation of local authority resources and the application of planning decisions that may implement an approach that extinguishes existing use rights. Further, 'community-led' does not accurately represent the (current) litigious reality of decision-making in this space. Often, there are smaller groups or individuals who challenge decisions reached and which have been approved by community-led processes.

1.3. It is also noted that managed retreat processes may occur in situations that do not directly impact 'communities'. For example, it may primarily impact infrastructure or service providers. QLDC would like clarification if these other actors may also be 'leaders' in managed retreat processes that impact them.

1.4. QLDC is concerned that if robust evidence and other actors overwhelmingly endorsed a managed retreat approach, but some in the community did not support that approach or there was not unanimity, that the overall process may be compromised.

1.5. QLDC would prefer the use of the term 'managed retreat'. This is a more neutral term that is commonly used and understood throughout Aotearoa New Zealand.

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<sup>5</sup> <https://environment.govt.nz/publications/community-led-retreat-and-adaptation-funding-issues-and-options/>

<sup>6</sup> [https://www.parliament.nz/en/pb/sc/make-a-submission/document/53SCEN\\_SCF\\_A3FE0E05-8ABB-418D-8F44-08DBA45709B6/inquiry-into-climate-adaptation](https://www.parliament.nz/en/pb/sc/make-a-submission/document/53SCEN_SCF_A3FE0E05-8ABB-418D-8F44-08DBA45709B6/inquiry-into-climate-adaptation)

<sup>7</sup> <https://letstalk.qldc.govt.nz/brewery-creek-and-reavers-lane-natural-hazard-review>

**2. Question 2 - Are there other barriers to Māori participation in adaptation and upholding Māori rights and interests? How can we better support Māori?**

2.1. Natural hazard engagement processes require significant technical capability and educational investment. QLDCs own experience has found that significant effort was needed to meaningfully engage with affected communities for the natural hazard processes it has run. This is also likely to also be the case to support effective Māori participation.

2.2. Local authorities will need a high level of guidance in the design of engagement processes to ensure meaningful Māori participation which supports enduring positive outcomes that support their vision and priorities.

**3. Question 3 - Are there other issues that affect the quality of risk assessments and local adaptation planning? How can we strengthen our approach?**

3.1. The cost of undertaking adequate risk assessments is significant. Proportionality is an important factor when considering these costs. It may be that the cost of undertaking the risk assessment and planning response is minimal in comparison to the scale of consequences associated with hazard events. However, there may also be circumstances in which the number of properties or area of land impacted is not proportionate to the cost. The latter scenario doesn't necessarily mean that the assessment or adaptation process isn't justified or shouldn't be supported, but it is representative of the challenging resource allocation decisions that local authorities face. This funding challenge needs to be resolved as part of any new approach to adaptation planning, as local authorities have considerable funding constraints and increasingly need to choose where limited resources can be applied.

3.2. Significant technical capability and project management capacity is required to undertake complex natural hazard projects. Local authorities are unlikely to have specific experience managing such projects or in-house geotechnical experts to undertake robust risk assessments. However, local authorities do have resource management planners, policy advisors and engineering staff whose skills would contribute to different parts of the risk assessment and adaptation process. These various actors will need upskilling and support to ensure suitable organisational models are offered to bring these targeted niche skills together. If local authorities are not provided with this support, it is likely that a significant amount of resource will be needed to procure external expert and project management advice.

3.3. Any new system should not rely on case-by-case risk assessments for resource consent applications. Local authority resource consent departments do not have the capability to assess ad hoc natural hazard assessments. This limitation should be acknowledged within any new process or supporting legislation. Better sharing of technical capability between territorial authorities and regional councils, or new support for territorial authorities is needed.

3.4. QLDCs experience has found that the degree to which impacted communities engage with any adaptation process is likely to impact the robustness of any proposed course of action. Communities are not homogenous and do not equally engage in adaptation processes despite the fact they may be facing similar levels of risk. A range of different factors may influence the quantum of people who engage. For example, areas with a high proportion of businesses/employed people and renters may feel they don't have as much invested in the area as permanent residents, so do not provide feedback. Any new process or legislation should set out minimum standards or thresholds for engagement, and best practice

engagement methodologies to ensure this issue does not present robustness challenges/litigation costs for local authorities.

**4. Question 4 - Are there other issues that limit our ability to retreat in advance of a disaster? How can we improve our approach?**

4.1. Yes. Moral hazard is a good example. There is an enduring view that risks are (and can continue to be) exclusively managed by engineering solutions. This promotes the accumulation of assets within areas that would otherwise be subject to natural hazard risk. However, these engineering solutions do not address all risks that are anticipated or those that are likely to be exacerbated by climate change.

**5. Question 5**

**Are there other issues with the way we fund adaptation? How can we improve our approach?**

5.1. The affordability challenges section must also recognise the availability of funding and debt ceilings for local authorities. This already presents considerable funding challenges for many local authorities, including QLDC, even in the absence of managed retreat funding programmes.

5.2. A fund like that administered by ACC or EQC could be an effective solution. Such a fund could be paid into by everyone in order to provide centralised assistance for managed retreat processes. This fund should be available to local authorities to undertake comprehensive risk assessments where a significant risk is likely to be present and to help communities through the entire retreat process.

5.3. QLDC recommends that global best practice examples should be carefully considered given the global application of managed retreat in response to climate change. This will be an emerging area of research, theory and practice which Aotearoa New Zealand should fully participate in.

5.4. The application of any funding model needs to be regularly reviewed to ensure its efficiency and effectiveness.

5.5. Table 2 of the MfE issues and options discussion document identifies affordability challenges and suggests that managed retreat is '*a particular challenge for communities with a low average income*'<sup>8</sup>. It is accepted that socio-economic circumstances present significant challenges for managed retreat, however, it is also acknowledged that this affordability challenge is likely to exist across all aspects of a community. The costs are such that high income areas will also be subject to affordability challenges. Queenstown Lakes District has a very diverse socio-economic make-up that needs to be taken into account.

**6. Question 6**

**What do you think the costs are of a failure to adapt or failure to adapt well?**

6.1. QLDC considers the following costs are relevant:

- Loss of life
- Loss of property

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<sup>8</sup> Page 19 of the MfE issues and options discussion document

- Loss of infrastructure and services
- Intergenerational loss of wellbeing (social, economic, cultural and environmental)
- Loss of recreational opportunities as national parks and coastlines become damaged and inaccessible
- Loss of biodiversity as indigenous habitats are destroyed and cannot rehabilitate
- Loss of governance integrity across all levels of government (local, regional and central)
- National economic crisis
- Loss of critical infrastructure
- Poor outcomes for NZ Inc., i.e. reputation as clean and green, a good place to live and visit.

## 7. Question 7

### **What does a te Tiriti-based approach to adaptation mean to you?**

- 7.1. QLDC considers that te Tiriti should play an important role in any risk assessment framework and managed retreat decision-making process.
- 7.2. QLDC requests that further details be provided on how local authorities, iwi and hapū will be supported in delivering a te Tiriti-based approach, i.e. support in understanding and applying te Ao Māori, and increasing capacity and capability to ensure robust engagement processes.

## 8. Question 8

### **What does a local mātauranga-based framework for risk assessment look like to you?**

- 8.1. QLDC considers that mātauranga should play an important role in any risk assessment framework and managed retreat decision-making process.
- 8.2. However, it should be noted that current risk assessment frameworks are highly westernised, and complimentary methods will therefore need to be established by central government if mātauranga is to be genuinely incorporated. Consultant geotechnical/risk assessment experts should not be left to add this important additional dimension to existing western concepts on an ad hoc basis or without iwi and hapū input.
- 8.3. QLDC also notes there are good opportunities to improve the way mātauranga is incorporated into risk assessment frameworks as methodologies are currently absent or only just emerging for a range of hazard types (i.e., liquefaction, fire risk etc.).
- 8.4. Paragraph 81 of the issues and options discussion document sets out possible approaches to incorporating te ao Māori and local mātauranga Māori in risk assessments. QLDC makes the following comments in regard to these approaches:
- QLDC strongly supports the following reference - *'national direction or guidance is issued on including te ao Māori and local mātauranga Māori in risk assessments'*.
  - In regard to the following reference *'no national direction or guidance is issued, but councils partner with iwi, hapū and Māori communities at place to develop and carry out risk assessments, with consideration of local mātauranga and te ao Māori'* QLDC notes that partnership is already expected and that many local authorities already engage with iwi and hapū on natural hazard decision-making processes.
  - QLDC strongly opposes the following approach - *'no national direction or guidance is issued'*.

- In regard to the following reference - *‘regional planning committees under new resource management legislation issue direction or guidance for developing risk assessments, and then local iwi and hapū could develop specific risk assessments with councils in their rohe’*. QLDC sees potential risks in this approach. In particular, it may result in ad hoc and variable approaches to risk assessments which may not assist iwi and hapū (or other supporting practitioners) that may need to act across multiple ‘committee’ areas. This approach would also appear to cut across the need for a nationally consistent approach to risk assessments. It would be preferable for iwi and hapū to have early involvement in the design of risk assessment and decision-making processes at a regional or national level to ensure any framework provides the flexibility necessary to genuinely give effect to their values and aspirations at a local level.
- In regard to the following reference - *‘local iwi or hapū leading the risk assessment process for whenua Māori or culturally important areas’*. QLDC considers that it is critically important for local iwi and hapū to be closely involved in decision-making processes that impact whenua Māori (and other land). However, iwi and hapū must be suitably supported to ensure they have the capacity and capability to undertake such processes. It is requested that more clarity be provided around the role of local authorities in any iwi and hapū led model.

8.5. QLDC considers that governance structures, partnership arrangements or models must be established to ensure genuine and effective incorporation of mātauranga. This may include national direction comprising a model terms of reference.

## 9. Question 9

### **What innovative approaches to adaptation planning do you have with your own hāpori?**

- 9.1. Paragraph 87 of the issues and options report states that *‘a te Tiriti-based approach to local adaptation planning means... iwi, hapū, Māori landowners and Māori communities are involved, as they choose, throughout the planning process’*. Paragraph 88 goes on to state that *‘Several approaches could ensure each iwi, hapū and Māori community is able to determine their own participation in the local adaptation planning process’*.
- 9.2. QLDC has some concerns that iwi, hapū, Māori landowners and Māori communities who choose not to be involved or provide limited input into adaptation planning may experience significant unintended social, economic and cultural impacts. The first requirement should be for advisers and decision makers to ensure that all community values and priorities are accounted for. A process may not be able to pass robustness tests or may be subject to litigation risk if it does not appropriately consider the view of the communities it directly impacts. If iwi, hapū, Māori landowners and Māori communities were able to opt out of adaptation planning, guidance needs to be provided to local authority decision makers about how to best respond.
- 9.3. Paragraph 91 states that another approach could involve *‘devolving decision-making powers over their whenua to iwi and hapū’*. QLDC supports the development of innovative approaches to ensure genuine te Tiriti inclusion in adaptation planning and risk assessments. However, further clarification is sought on the role of local authorities in cases where decision-making powers could be devolved in the manner suggested.

## 10. Question 10

**How can we manage overlapping interests during adaptation planning, including where there is a conflict?**

10.1. The key starting point is nationally consistent direction that helps with risk assessment prioritisation and clear roles and responsibilities. This submission has recommended that a centralised agency be created and play a key role in managing mediation, appeal and other litigation processes to ensure effective and efficient decision-making.

## 11. Question 11

**What is your perspective on the Crown's te Tiriti obligations to support community-led retreat? Are there existing examples of what that should or should not look like?**

11.1. QLDC considers that the Crown's te Tiriti obligations should be a central consideration in developing risk assessment frameworks and managed retreat decision-making processes.

11.2. Paragraph 94 of the issues and options document states that key considerations for a te Tiriti based approach include 'developing *packages to support relocation of cultural assets such as marae, whare and taonga associated with the marae*'. QLDC considers that cultural assets require special consideration in any risk assessment framework and managed retreat process, and requests clear guidance on how they should be taken into account. However, it is not clear how taonga or other contextually embedded and/or intangible cultural assets could be subject to managed retreat.

11.3. Paragraph 94 suggests that a further key consideration could include '*providing navigators to assist Māori landowners and communities through the retreat process*'. QLDC supports this approach and sees that it would bring considerable advantages and opportunities in developing robust and enduring risk assessment frameworks and managed retreat decision-making processes.

11.4. Paragraph 95 of the issues and options discussion document states that '*The ownership of Māori land should not be affected*' by managed retreat processes. While QLDC acknowledges that Māori land ownership must be very carefully navigated, this appears somewhat paradoxical given that managed retreat (currently) involves managing existing use rights. QLDC is concerned that this approach may result in inequities for iwi and hapū as it would leave them with land that cannot be materially developed or would remain subject to high levels of natural hazard risk.

## 12. Question 12

**What funding approaches have worked for your own iwi, hapū and hāpori?**

12.1. Paragraph 101 of the issues and options discussion document identifies '*the possibility of creating an adaptation fund specific to iwi, hapū and Māori (covering retreat and other adaptation actions)*.' QLDC supports the creation of such a fund and seeks further clarification of how it could be allocated and applied.

12.2. The document goes on to suggest that successful adaptation for Māori involves '*adequately support and resource Māori participation*' and could be achieved by '*providing navigators to assist Māori landowners*

and communities through the process<sup>9</sup>. QLDC supports methods of ensuring successful and enduring processes that benefit Māori.

12.3. Further clarification is sought on the role of local authorities in these various approaches.

### 13. Question 13

**How many stages do you think are needed for risk assessment and what scale is appropriate for each of those stages?**

13.1. A good example of the sequence of events required for risk assessments can be found in the Otago Regional Council (**ORC**) Proposed Regional Policy Statement (**PRPS**)<sup>10</sup>. The ORC PRPS is currently under development and has been subject to substantial evidence exchange processes and public hearings. Hearing panel recommendations are yet to be released at the time of preparing this submission. QLDC has been party to this evidence exchange process.

13.2. The following steps are set out in the PRPS:

1. Identify areas where natural hazards may adversely affect people, communities and property.
2. Within areas identified as being subject to hazards, assess natural hazard risk by determining a range of natural hazard event scenarios and their potential consequences in accordance with the criteria set out within Appendix 6 (APP6 – Methodology for natural hazard risk assessment) of the PRPS.
3. Implement the specified actions to reduce or managed natural hazard risk where it is significant or tolerable.

13.3. The full process is not replicated in this submission, however, a key feature is its collaborative nature which includes local authorities working to assess risk across their region by consulting with communities, stakeholders and partners (Kāi Tahu), including with local authorities in neighbouring regions regarding risk level thresholds (see response to Question 15 below regarding risk thresholds).

13.4. The PRPS process includes a qualitative and quantitative pathway. The qualitative path is undertaken in the first instance and defines risks as acceptable, tolerable or significant using a likelihood and consequence matrix. The assessment proceeds to a more robust quantitative assessment if the qualitative pathway identifies a higher level of risk.

13.5. Paragraph 114 of the issues and options discussion document identifies five opportunities from the Expert Working Group on Managed Retreat to improve our approach to risk assessment. QLDC supports the direction of these recommendations and, on the whole, considers they would support robust risk assessment processes. However, QLDC challenges the Expert Working Group's recommendation for separate legislation to manage this topic. It would be unusual to have separate legislation in the context of other national issues addressed by way of the RMA (such as urban development, biodiversity, water etc). QLDC agrees with MfE's position at paragraph 116 of the issues and options discussion document that *'Risk assessments to support local adaptation planning need to work well with the resource*

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<sup>9</sup> Para 102 of the MfE issues and options discussion document

<sup>10</sup> ORC PRPS, APP6 – Methodology for natural hazard risk assessment <https://www.orc.govt.nz/media/13895/2023-02-24-porps-supplementary-evidence-version.pdf>

*management system, council planning processes and our emergency management system*'. There is a risk that separate legislation will not support the integrated approach that is needed.

- 13.6. Paragraph 125 of the issues and options discussion document suggests that *'more detailed and granular risk assessments at the street or property scale may take place during the subsequent local adaptation planning process*'. While secondary more granular risk assessments have the benefit refining assessments of a greater scale, a clear national framework needs to be established to support the implementation of such a process, including details on roles and responsibilities. Currently, this takes place on an ad hoc basis via resource consents. QLDC considers that this process should not be replicated in any new system. Local authorities should not be expected to conduct risk assessments at property or street levels (assuming an urban context). This is not likely to be a good use of resources.

#### **14. Question 14**

##### **How frequently should a risk assessment be reviewed?**

- 14.1. Risk is not static and any risk assessment framework and/or managed retreat decision-making processes must recognise this. However, current resource management decision-making process and plans are not flexible enough to efficiently or effectively respond to the dynamic nature of risk profiles. More responsive resource management frameworks and plans must be developed.
- 14.2. Central and local authorities (primarily regional councils) should be required to undertake ongoing research on the identification of natural hazard risk and amend natural hazard registers, databases, regional plans and/or district plans as required.
- 14.3. Any existing risk assessments should be required to be reviewed immediately following any relevant hazard event to test its modelling assumptions.
- 14.4. Currently, city, district and regional plans are required to be reviewed once every 10 years. However, review processes across different authorities are often not aligned. Natural hazards planning across regions should be required to occur in tandem and at least once every 10 years, or when materially new information comes to hand which triggers the need for reconsideration of existing risk assessments.
- 14.5. QLDC acknowledges that it does not have in house risk assessment or geotechnical experts and is open to considering expert advice on how often risk assessments should be reviewed.

#### **15. Question 15**

##### **What do you think makes a risk tolerable or intolerable (i.e., acceptable or unacceptable)?**

- 15.1. The issues and options discussion document provides the following definition of 'risk tolerance':

*'refers to the extent to which we are willing to accept risks to the things we value (such as health, environment, economy, buildings and infrastructure), and helps us decide how to manage the potential impacts of a natural hazard on those things.'*<sup>11</sup>

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<sup>11</sup> Page 33 of the MfE issues and options discussion document

15.2. QLDC agrees that tolerability is defined by value judgements that people and communities place on the things that matter to them, and the degree to which they are willing to have these values impacted by natural hazard events – after taking into account the likelihood (how often events take place) and consequences (the scale of impacts from hazard events) of natural hazards. Critically, these value judgements need to be informed by the best available information on likelihood and consequences.

15.3. However, QLDC considers that the document doesn't go far enough in regard to contextualising tolerability and how it would be applied within decision-making processes. QLDC recommends that MfE provides definitions of tolerable and intolerable risk to reduce the ambiguity that exists around these terms and to enable local authorities to take action. The terms must be fixed and quantified. A good example of more meaningful definitions can be found in the ORC PRPS. The PRPS establishes tolerability thresholds for new and existing development centred around Annual Individual Fatality Risk (**AIFR**)<sup>12</sup> and Annual Property Risk (**APR**)<sup>13</sup> methodologies:

*'Assign the risk level Implementing a first-past-the-post principle for the AIFR and APR:*

*(a) for areas of new development where the greatest AIFR or APR is:*

*(i) less than  $1 \times 10^{-6}$  per year, the risk is re-categorised as acceptable,*

*(ii) between  $1 \times 10^{-6}$  and  $1 \times 10^{-5}$  per year, the risk is re-categorised as tolerable, or*

*(iii) greater than  $1 \times 10^{-5}$  per year, the risk is re-categorised as significant.*

*(b) for areas with existing development, where the greatest AIFR or APR is:*

*(i) less than  $1 \times 10^{-5}$  per year, the risk is re-categorised as acceptable;*

*(ii) between  $1 \times 10^{-5}$  and  $1 \times 10^{-4}$  per year, the risk is re-categorised as tolerable; or*

*(iii) greater than  $1 \times 10^{-4}$  per year, the risk is re-categorised as significant.<sup>14</sup>*

15.4. These thresholds are an interim measure which do not preclude the need for community consultation to inform what types of likelihood and consequences constitute acceptable, tolerable or significant risk, but they do set up specific responses that will need to be undertaken in response to the different types of identified risks.

15.5. This approach is strongly supported and should be applied nationally, as it provides an appropriate level of rigour concerning assessment methodologies and removes the ambiguity local authorities currently experience and its associated litigation risk. Further, it provides all parties with the certainty necessary to undertake long term planning.

15.6. The PRPS sets out that the following actions are required in response to identified tolerability thresholds:

- For new activities<sup>15</sup>:
  - significant risk – new activities are avoided
  - tolerable risk – the level of risk is managed so that it does not exceed tolerable levels
  - acceptable risk – maintain the level of risk

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<sup>12</sup> Annual probability that an individual most at risk is killed in any one year as a result of the hazards occurring

<sup>13</sup> Annual probability of total property loss (relating to permanent structures) as a result of the hazards occurring

<sup>14</sup> Step 4 of APP6 – Methodology for natural hazard risk assessment

<sup>15</sup> PRPS, Policy HAZ-NH-P3 – New activities

- For existing activities<sup>16</sup>:
  - risk is to be reduced to a tolerable or acceptable level by a number of methods, among which includes managing existing land uses activities within areas of significant risk.

15.7. QLDC generally supports the PRPS risk management approach.

15.8. However, it is noted that the insurance market is currently able to set its own tolerability thresholds which determine how willing it is to take on the risks that its clients are subject to. These decisions directly impact community wellbeing. QLDC acknowledges that the creation of outcomes and standards that do not entirely match tolerability tests set by the insurance market may be problematic. As such, it is important that some alignment is achieved with external commercial tests.

## 16. Question 16

**Do you think local risk assessments should be carried out or reviewed by a centralised agency or a local organisation? Why?**

16.1. QLDC does not agree that it is necessary for all risk assessments to be undertaken by a centralised agency. However, QLDC does see considerable benefits to the establishment of a centralised risk assessment/managed retreat agency with the following functions:

- Establish and administer an ACC or EQC type managed retreat fund (as discussed earlier in this submission).
- Establish nationally consistent standards and methodologies for risk assessment and managed retreat processes that must be followed by any person or entity undertaking a risk assessment.
- Undertake peer reviews of regional or local risk assessment processes and options to reduce local authority costs and litigation risks.
- Administer litigation, mediation and appeal rights on resource management decisions relating to natural hazards and managed retreat.

## 17. Question 17

**Should risk assessments be carried out only by technical experts or should other people also have a role? What role should other people and organisations have?**

17.1. QLDC considers that technical experts play a significant role in ensuring the robustness of advice that underpins natural hazard decision-making. Risk assessment processes are highly complex and require considerable technical inputs. QLDC supports the establishment of criteria to ensure those undertaking risk assessments are suitably qualified.

17.2. It is not clear what is meant by '*other people*' in this question and more detail is required to answer this question in full. A range of other people will have important inputs throughout the wider risk assessment and decision-making process.

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<sup>16</sup> PRPS Policy HAZ-NH-P4 – Existing activities

## 18. Question 18

**Do you think there should be a requirement to undertake local adaptation planning? If so, should the trigger be based on the level of risk or something else?**

- 18.1. QLDC supports a requirement to undertake local adaptation planning and notes that local authorities are already making good progress in responding to a range of identified natural hazard risks. Any such requirements must be well supported by national direction and be informed by learnings from existing local adaptation processes.
- 18.2. Methods for prioritising adaptation planning are key as there will be multiple competing projects. In the first instance, risk levels should be the primary trigger (i.e. areas subject to significant levels of risk). However, it is noted that existing risk assessments may not fit well with te Ao Māori.

## 19. Question 19

**What direction should central government provide on the local adaptation planning process?**

- 19.1. Paragraph 151 of the issues and options discussion document identifies a range of matters that central government could provide direction on. QLDC strongly supports direction on all of the identified matters.
- 19.2. QLDC agrees that achieving a balance between direction and flexibility is complex. It is considered that any direction should prioritise process consistency, certainty and aim to lessen the burden of litigation across a range of actors. It should not remove the capacity for local authorities and their communities to run their own first instance decision-making processes (mediation, appeals or litigation would form second instance decisions).

## 20. Question 20

**Do you think there should be a requirement to plan for different scenarios, such as changes in the level of risk or what happens if there is a disaster? Why or why not?**

- 20.1. It is QLDCs preference that any risk assessment framework and managed retreat decision-making process provide as much certainty for as long as possible. To achieve this, multiple scenarios need to be considered. In any case, risk assessments implicitly need to consider a range of different hazard scenarios (small, moderate and large) to be suitably robust, including the impact of climate change. As such, there is little choice in the matter. Certainty is needed to ensure landowners and local authorities alike can make good long term investment decisions. Ideally, decisions should only be amended in response to specific triggers and/or at a specified review period.
- 20.2. It is preferable that the lifetime of an adaptation plan or decision be reviewed more frequently and amended proactively, as opposed to being amended on an ad hoc reactive basis.
- 20.3. QLDC considers it appropriate that plans and risk assessments be required to consider the impacts of hazard events as soon as possible after they take place. These events provide important data to refine existing knowledge and test modelled assumptions. This may trigger different adaptation responses if justified.

## 21. Question 21

### How can we make sure that local adaptation planning is inclusive and draws on community views?

- 21.1. Robustly identifying and understanding the nature of affected communities is a critical first step to ensure effective engagement. QLDC's work on managing natural hazard risk across Brewery Creek and Reavers Lane was informed by a thorough socio-economic assessment<sup>17</sup>. This assisted QLDC in creating engagement processes with a depth and breadth appropriate to the community.
- 21.2. In QLDCs experience, a successful engagement process for the Brewery Creek and Reavers Lane community was underpinned by the following principles: valid process, valid interpretation of feedback, and valid and transparent integration of feedback into recommendations.
- 21.3. In order to achieve this, QLDC sought to undertake engagement which achieved the following:
  - concise, clear information,
  - timely information – enough time for people to digest information and form an opinion.
  - transparency – share information with those affected when we have it, and
  - compassion.
- 21.4. QLDCs reporting on the Brewery Creek and Reavers Lane was supported by an expert external natural hazard engagement facilitator. The engagement process and reporting are available online<sup>18</sup>.
- 21.5. The nature and scale of information that is communicated will determine the robustness of engagement processes. National risk engagement standards should be established to ensure equitable access to information and decision-making processes.

## 22. Question 22

### Who do you think should make decisions about the adaptation pathway we choose and why? How should others be involved in the process?

- 22.1. Decision-making requires a partnership approach between local authorities, communities, iwi and hapū, businesses and infrastructure providers. These decision-making roles and responsibilities must be made very clear in any new framework.
- 22.2. Currently, local authority elected members are responsible for making final decisions about land use management based on the advice of council officers and other technical experts. QLDC does not see an immediate need to change this decision-making process, so long as any new framework delivers the key outcomes sought within this submission (i.e., clear national direction and robust risk assessment processes).

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<sup>17</sup> Gorge Road Hazards Social and Economic Impacts Report  
<https://letstalk.qldc.govt.nz/45316/widgets/288567/documents/214385>

<sup>18</sup> QLDC: Public engagement on risk for Brewery Creek and Reavers Lane Summary of consultation process and findings – March 2022  
<https://letstalk.qldc.govt.nz/45316/widgets/288567/documents/231363>

22.3. As noted above, QLDC supports the creation of a centralised agency with the specified functions. These functions would reduce decision-making fatigue and litigation risk experienced by local authority decision makers.

22.4. QLDC supports the development of a decision-making framework which reduces reliance on appeal processes, particularly the Environment Court. Appeal rights should be mediated by a centralised agency. Currently, resource management appeal processes create significant time delays, impose considerable costs on local authorities and create uncertainty for all actors.

22.5. QLDC submits that the following decision-making steps could be applied in the case of significant risk where managed retreat is being proposed:

1. Technical experts undertake risk assessments based on national methods
2. These risk assessments are peer reviewed by a centralised national agency
3. Issues and options are developed by local authorities based on a set of national response pathways for significant, tolerable and acceptable levels of risk
4. Local authorities lead engagement processes based on a set of national engagement methods
5. Final option(s) are developed based on technical evidence and community engagement
6. Local authority elected members endorse the final option(s)
7. The final option(s) are submitted for peer review to a centralised national agency
8. Local authorities and affected communities respond to the centralised national agency peer review
9. Appeals are only allowed on anything not recommended by the national peer review body
10. Appeals considered by the Minister for the Environment. No mediation process or hearing is required
11. Minister for the Environment makes final decision - no further appeal rights
12. Implementation of option(s)

22.6. QLDC considers that each step should have a specified time limit to ensure certainty and timely decision-making.

### **23. Question 23**

**What do you think are the most important outcomes and principles for community-led retreat?**

23.1. Table 7 of the issues and options discussion document identifies a range outcomes and principles. QLDC supports all of the identified outcomes and principles, with the exception of the reference to increasing psychological safety. This addition is unclear and could lead to moral hazard. Physical safety should be the priority, although QLDC acknowledges that mental health and social wellbeing is an important part of the decision-making process.

### **24. Question 24**

**Do you prefer option 1 (voluntary) or option 2 (a mix of voluntary and mandatory parts)? Are there any other options?**

24.1. QLDC prefers option 2.

## 25. Question 25

**Do you agree that affected land should no longer be used at the end of a retreat process (with limited exceptions for things like ceremonial events, recreation, some agricultural or horticultural uses and mahinga kai gathering)? Why or why not?**

- 25.1. QLDC agrees that the subject land should no longer be used. In particular, it is considered that vulnerable activities should be prohibited on the land (i.e., residential, education or healthcare type uses, among others).
- 25.2. QLDC agrees that 'limited exceptions' should be provided for non-vulnerable activities. However, caution needs to be applied in the consideration of any 'limited exceptions' to ensure risk does not exceed tolerable levels. This requires any risk assessment to specifically consider and define appropriate 'limited exceptions'.
- 25.3. It is noted that other benefits could be gained from the subject land aside from being occupied by people and property. For example, biodiversity values could be enhanced or restored, and natural hazard buffers could be established for adjoining lower risk areas.

## 26. Question 26

**Do you think there should be any other exceptions? If so, what, and why?**

- 26.1. As noted above, any exceptions should be informed by the risk assessment process to ensure risk does not exceed tolerable levels.

## 27. Question 27

**Do you agree that these powers are needed to ensure land is no longer used once a decision has been made to retreat? What powers do you consider are needed?**

- 27.1. Table 8 of the issues and options discussion document identifies '*powers to ensure land is no longer used*', and paragraph 190 sets out that the compulsory acquisition of land or a power to retire land by cancelling its title may also be required.
- 27.2. QLDC agrees that the identified powers will be required to ensure managed retreat can take place.
- 27.3. As noted elsewhere in this submission, a centralised agency should be established to guide and peer review decision-making processes that require the application of these powers.
- 27.4. In addition, local authorities need to be empowered to robustly manage any 'limited exceptions' that may be considered appropriate for non-vulnerable activities. This may include imposing highly restrictive conditions on any associated resource consent, and powers that provide local authorities to unilaterally review and amend conditions in order to respond to new risk information.
- 27.5. It is critical that the final ownership arrangements of land that has been retreated from be more clearly articulated ahead of the finalisation of any managed retreat framework. It is not clear if the subject land will be transferred to some form of public ownership, and if so, which authority will become responsible for the land.

## 28. Question 28

**What do you think the threshold or trigger should be for withdrawing services once a decision has been made to retreat?**

28.1. QLDC considers two options are relevant:

1. A proactive withdrawal – When a risk assessment and managed retreat decision-making process has been followed, and the people or businesses which rely on the subject services have retreated.
2. A reactive withdrawal - When/if the services are so severely damaged by a hazard event that they cannot be repaired, or it is not cost effective to repair them. In this case, the services are unlikely to be needed as the activities relying on them will also be destroyed and irreparable.

## 29. Question 29

**In what circumstances, if any, do you think decision-makers should be protected from liability? What are your views on option A<sup>19</sup>, option B<sup>20</sup> or any other possible option?**

- 29.1. QLDC prefers option A. It is considered that option A would work well if there were robust nationally consistent risk assessments and managed retreat decision-making processes.
- 29.2. Option A or option B would complement QLDCs suggested decision-making process as it wouldn't rely heavily on litigation. Ultimately, a robust process would reduce the need or reliance on such protections.
- 29.3. Overall, QLDC acknowledges that decision makers should be subject to scrutiny on decisions that have such wide-ranging consequences, however, if designed well, the decision-making framework should contain in-built scrutiny.

## 30. Question 30

**Which parts of the current system work well and which do not? Are there any other issues with our current approach to adaptation funding?**

- 30.1. The current system requires robust information gathering activities, although this is likely to be a function of a lack of information, data and litigation risks.
- 30.2. A lack of success under the current arrangements is illustrated by the very limited number of examples of proactive retreat across Aotearoa New Zealand.
- 30.3. Paragraphs 236 – 239 of the issues and options discussion document addresses the matter of '*Government funding can also lead to unintended outcomes*' including, '*Providing government funding for adaptation may reduce the incentives for councils and asset owners to mitigate risks themselves*'. QLDC disagrees with this statement and notes that local authorities and communities have more at

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<sup>19</sup> Exclusion from all liability where decision-makers act in good faith

<sup>20</sup> Exclusion from all liability where decisions-makers act in good faith, except in circumstances of failure to act or misfeasance (the performance of a lawful action in an illegal or improper manner)

stake than the cost of managed retreat, but the wider social, economic, cultural and environmental wellbeing of its communities, as required under section 3 of the Local Government Act 2002.

### 31. Question 31

#### **What do you think are the most important outcomes and principles for funding adaptation?**

31.1. Of those identified in Table 11 of the issues and options discussion document, QLDC considers the following to be of greater importance:

- Outcomes - all are critical, however the reference to shifting investment from post-event to pre-event adaptation would be considered of greatest importance.
- Principles - QLDC considers that all have equal importance, however, the reference to minimising perverse incentives is considered the least important.

31.2. QLDC notes that the principle in Table 11 which states '*ensure those who benefit contribute to costs*' is fraught. In most cases it is likely to be the wider community that benefits from proactive risk management. In the case of the QLD, it is argued that all of Aotearoa New Zealand benefits from a strong and resilient tourism industry (of which Queenstown is a central part). The complexity surrounding the distribution of benefits needs to be carefully navigated.

31.3. QLDC considers that the costs of funding adaptation are widely borne and need to be well spread to ensure equitable outcomes.

### 32. Question 32

#### **In what circumstances (if any) do you think ratepayers and taxpayers should help people pay for the costs of adaptation?**

32.1. QLDC considers there is a strong case to assist with the costs of adaptation across the board. However, assistance should be prioritised when managed retreat is required to avoid significant risks.

32.2. It is possible that a centralised agency (with the functions outlined elsewhere in this submission) take on the role of independently assessing the costs and benefits of retreat and how funding should be managed.

32.3. The costs and benefits of retreat and how long-term value is distributed across a community (or wider) should be considered as a key component of all managed retreat decision-making process. In the case of the QLD, there may be a case that (due to districts significant contribution to the national economy through tourism) that the benefits of managed retreat extend well outside of the district. Therefore, this could be a reason to draw on a different source of funding.

32.4. QLDC acknowledges the challenges faced by isolated communities who may need a wider support base to fund retreat without the long-term cost benefits stacking up. Ultimately, this is a highly complex decision-making process, and it is difficult to understand how a one size fits all approach would work well.

### 33. Question 33

#### In what circumstances should central government help councils to meet adaptation costs?

- 33.1. Paragraph 251 of the issues and options discussion document states that *'central government might need to develop methods based on average income, population density, debt levels and risk exposure'*. It is not clear what is meant by 'average income' in this context – is it the average income of residents, businesses or local authorities? QLDC cautions against the use of average income as a tool to determine funding support for managed retreat, particularly in the absence of additional information on the specific methodology to be applied.
- 33.2. Paragraph 252 of the issues and options discussion document suggests three examples of where central government might have specific responsibilities. QLDC agrees that central government has responsibilities in regard to 'treaty commitments' and 'national benefits'. However, the reference to 'overwhelming scale' is fraught given that the scale of many potential managed retreat scenarios is likely to be 'overwhelming'. More context or thresholds are needed to support this aspect.
- 33.3. As noted elsewhere, QLDC supports the identification of 'national benefits' as a scenario where central government might have specific responsibilities.
- 33.4. It is noted that QLDC's largest source of revenue is rates, and it faces challenges avoiding its debt ceiling. The district is a high growth area, with a small rating base, a disproportionately high number of visitors, and has experienced numerous unexpected funding reallocations (i.e. weather tightness claims) which has impacted debt. These matters should be taken into account when central government considers how to help local authorities meet adaptation costs.
- 33.5. Other matters that should be considered include a local authorities' technical capability or capacity to successfully implement managed retreat noting that some authorities have variable access to such resources.

### 34. Question 34

#### What are the benefits and challenges of providing financial support to people needing to retreat?

- 34.1. Paragraph 255 of the issues and options discussion document sets out that *'a well-designed permanent scheme may help to target or provide timely support to those most in need'*. QLDC acknowledges the wide range of inequities that need to be addressed by any managed retreat funding mechanism. However, QLDC requests that any reference to 'those most in need' should be very clearly qualified at a national level. In the case of managed retreat, it is likely that a significant range of people and communities across the socio-economic spectrum are likely to require assistance given that it will impact a household's largest (and often their only) asset, being their dwelling.
- 34.2. Paragraph 259 of the issues and options discussion document identifies several ways central government could approach funding for managed retreat:
- QLDC does not support 'approach 1 – status quo' as this has not been shown to be effective.
  - QLDC supports in principle 'approach 2 – low level of support' on the basis that it represents an improvement of the current situation. However, QLDC anticipates that a low level of support based on a *'hardship criteria'* may result in a large number of people and communities facing a lack of support, or support needing to be provided from alternative sources. QLDC requests further details on how this approach would be applied and what would constitute a hardship criteria.

- QLDC prefers 'approach 3 – like for like payment' over option 2, although it is acknowledged that this approach is likely to impose considerable costs, and that these costs may result in re-prioritisation of government expenditure. Such a re-prioritisation may be appropriate given the long-term costs to government as a result of inaction. This analysis needs to be undertaken before committing to approach 3. QLDC considers that such an approach may need to be time limited and respond only to existing development. It should exclude new development from a specified date if a risk is known to be significant.

### **35. Question 35**

#### **Are there any other approaches for providing support to people needing to retreat that we should consider?**

- 35.1. QLDC considers that mental health and/or social support must be packaged into any wider funding approach to ensure affected communities are equipped to navigate the challenges of managed retreat processes.
- 35.2. QLDC notes that affected communities are likely to face complexities that extend beyond the retreat process, in particular, challenges finding a safe place to retreat to. Any managed retreat framework should look to provide support beyond the immediate action of retreat. In the QLD, many families and businesses already face difficulties in finding homes to rent or buy, and spaces to operate their businesses. It is not clear which entities will be tasked with providing this wider support framework. While local authorities would play an important role, they are likely to need assistance in determining how and where to accommodate communities subject to managed retreat, particularly where entire social and economic clusters are disrupted.

### **36. Question 36**

#### **What are the benefits and challenges of providing financial support to businesses needing to retreat?**

- 36.1. QLDC supports an approach that includes financial support for businesses. However, the issues and options discussion document has not well traversed the options available. QLDC considers that businesses support requires separate and complete analysis to ensure it is effective and efficient.
- 36.2. Businesses often have dispersed operations and assets, some (or all) of which may be subject to significant risk and managed retreat proposals. The unique characteristics of each business will need to be carefully considered in any support mechanism.
- 36.3. In the case of QLDCs Brewery Creek and Reavers Lane scenario, single businesses are spread across multiple levels of risk that require a range of different responses. While no specific action has been approved by decision makers, detailed analysis needs to be undertaken to consider how (or if) any compensation scheme could address parts of business that are impacted and/or parts that are not. National direction is needed to assist local authorities manage these complexities.

### 37. Question 37

**What should central government's initial funding priorities be and why? Which priorities are the most important and why?**

37.1. QLDC considers that initial funding priorities should focus on significant risks to existing vulnerable activities, business and infrastructure.

37.2. Table 12 of the issues and options discussion document identifies '*Possible initial priorities for government adaptation funding*'. The following points reflect on the contents of Table 12.

- At the 'property level':
  - QLDC cautions against an overreliance on 'lease-backs' which are understood to enable people and property (possibly at a community scale) to continue occupying areas of significant risk. Any such lease backs should be time bound and incentivise retreat as soon as possible.
  - Table 12 suggests that 'primary places of residence' could be prioritised. QLDC notes that a large proportion of the QLD population occupies rental properties, which they may not own, but is their primary residence. It is not clear if such situations constitute a primary place of residence and how/if both the tenant and landlord would be supported.
  - A large number of dwellings in the QLD are used for short term visitor accommodation and it is not clear how this large portion properties would be treated.
- Regarding 'home resilience funding':
  - QLDC questions the efficiency and effectiveness of home-by-home ad hoc resilience efforts. This is likely to imbed inconsistencies into risk management and externalise hazard effects by channelling them elsewhere (possibly to neighbouring properties or communities).
- Regarding 'flood resilience infrastructure and nature-based solutions':
  - Aotearoa New Zealand has traditionally focused its natural hazard management on flooding. There are a range of other hazard types that need to be addressed. This priority should not relate exclusively to flooding.
- Iwi, hapū and Māori adaptation fund:
  - QLDC supports in principle prioritising Iwi, hapū and Māori adaptation processes. As outlined elsewhere in this submission, more clarity is sought on how Iwi, hapū and Māori will be supported and how local authorities will be involved in associated risk assessment and managed retreat decision-making processes.

37.3. QLDC also notes that any central government funding or financing mechanism should be reasonably agile and supported by efficient systems and processes to ensure it responds well to unexpected shocks.

### 38. Question 38

**How could central government communicate its investment priorities? Please indicate which option you think would be most effective and explain why.**

38.1. Paragraph 274 of the issues and options discussion document identifies three options. QLDC agrees that the identification of investment priorities is important to increase certainty in the overall approach for managed retreat efforts.

38.2. QLDC would prefer options 1 or 2 which link into the national adaptation plan as it would ensure alignment of adaptation activities.

38.3. Paragraph 278 notes that *'A further way that central government could provide long-term certainty would be to establish an enduring fund for adaptation, as recommended by the independent Review into the Future for Local Government and the Productivity Commission'*. QLDC strongly agrees that a centralised managed retreat or adaptation fund should be established that acts in a similar way to ACC or EQC.

### 39. Question 39

#### **Should funding priorities cover councils as well as central government?**

39.1. Yes. QLDC considers that local authorities should be closely engaged in the development of any investment priority or fund planning. A clear framework should be developed to ensure genuine and enduring collaboration with local authorities. This will improve long term plan development and enable council's to meaningfully craft local strategic direction.

### 40. Question 40

#### **How can the banking and insurance sectors help to drive good adaptation outcomes?**

40.1. Paragraph 288 of the issues and options discussion document states *'It might also be possible for the finance sector to help with investment in risk reduction measures, for example through voluntary or compulsory contribution schemes. The Government currently does not have a view on how best to achieve this and would welcome input from the sector on potential solutions'*. QLDC agrees that the role of the finance sector should be robustly explored to ensure a distributed funding strategy is achieved.

40.2. QLDC agrees that *'Disruptions to the property insurance market could affect people's ability to build and buy houses, and disruptions to the business interruption insurance market could affect business investment'*<sup>21</sup>. The roles and responsibilities of the banking and insurance sectors should be defined in legislation to provide the public with a degree of certainty about how they will respond to managed retreat proposals and new risk assessments.

40.3. QLDC supports any centralised agency having an advisory and oversight role regarding the actions of the banking and insurance sectors specifically relating to natural hazard risk. This could include monitoring the behaviour of the sector in providing insurance or loans for new builds/extensions in areas that have been identified as being subject to significant levels of risk.

40.4. Among other important roles and responsibilities, banking and insurance providers should have a limited or restricted capacity to unilaterally retreat from existing obligations to clients in significant risk environments. This situation is likely to result in considerable socio-economic impacts that may need to be mitigated by local and central government. QLDC considers this to be an inequitable outcome.

40.5. Currently the small developer community in the QLD is not incentivised to intensify development or build sustainable/low impact housing. They are not always able to secure funding from major lenders for projects of this nature, because the market tends to reward traditional house and section packages. Central government needs to incentivize lenders to fund progressive development ideas that align with good risk-based decision-making.

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<sup>21</sup> Para 289 of the MfE issues and options discussion document

#### **41. Question 41**

##### **What solutions should be explored for funding and financing adaptation?**

41.1. This submission has addressed the costs and benefits of various approaches and considers that a centralised agency be established to mediate and administer funding and financing mechanisms. Further considerable work is needed to consider the full range of detailed options available for funding and financing adaptation/managed retreat and the processes that support robust decision-making.

#### **42. Question 42**

##### **Are there any other issues that make it difficult to adapt during a recovery?**

42.1. QLDC considers that recovery or reactive based adaptation comes with considerable costs and is ultimately inefficient. This approach results in strained relationships between local authorities and their communities, and the sudden surge of action needed to respond quickly is highly disruptive for local authorities. Further, re-prioritisation of expenditure can be challenging and is likely to compromise community wellbeing in other arenas.

42.2. Infrastructure and services have not been addressed in depth. QLDC notes that local authorities are infrastructure providers, and these community assets can be subject to significant risk. Damage to infrastructure and services can make it very difficult to adapt during recovery.

42.3. In such circumstances, it is also possible that communities may be dealing with loss of life and property, adding a further layer of complexity to a reactive based adaptation approach.

#### **43. Question 43**

##### **Do you think our approach to community-led retreat and adaptation funding should be the same before and after a disaster? Why or why not?**

43.1. No. QLDC considers that the primary focus should be proactive adaptation and managed retreat. There are fundamentally different opportunities and barriers before and after a disaster.