Interim Regulatory Impact Statement: National Policy Statement for Natural Hazards

Decision sought	*Analysis produced for the purpose of informing: Cabinet decisions and the release of a discussion document*
Agency responsible	*Ministry for the Environment*
Proposing Ministers	*Minister Responsible for RMA reform*
Date finalised	*23/04/2025*

A new National Policy Statement (NPS) is proposed for natural hazards (NPS-NH) to help address the challenges with managing natural hazard risk in the current resource management system.

Summary: Problem definition and options

What is the policy problem?

Findings of numerous national reviews and investigations as well as feedback from insurers, councils, and practitioners have highlighted that the Resource Management Act (RMA) is not being used effectively to manage natural hazard risk. New Zealand communities, including the places people live, their property and supporting infrastructure, have been, and continue to be, developed in locations or in ways which mean they are at unacceptably high risk from natural hazards. The costs of inappropriately located development were demonstrated during the 2023 severe weather events across New Zealand, where the impacts on life, property and well-being were substantial. Many natural hazards risks are expected to be exacerbated by climate change (for example, more frequent and intense flooding), potentially further impacting vulnerable communities.

In order to limit the future costs (in terms of loss of life, social disruption and property damage) of natural hazard events, new development needs to be located appropriately and designed to be resilient to both current and future natural hazard risks. This requires a change to current land use planning practices.

Part of the problem is that the RMA does not specify how local authorities should meet requirements to consider natural hazard risk when developing plans or when making resource consent decisions. Additionally, the RMA does not define the term ‘significant risk’.

Consequently, local authorities have developed their own approaches to identifying, assessing and managing natural hazard risk, with resulting variability in the way and extent to which natural hazard risk is addressed in RMA plans. This is inefficient and can result in inconsistent decisions, eg, land use decisions that are both inappropriately risk averse or risk

tolerant. This introduces uncertainty both for communities and those proposing development.

What is the policy objective?

The objectives in relation to the broad policy problem for natural hazards are:

- Exposure to risk from natural hazards is limited for new development;
- local authorities identify natural hazards and assess the risk these pose, in a consistent and rigorous way, and this information is applied to decisions on future land use; and
- a nationally consistent approach is applied to land use decisions, which is based on the level of natural hazard risk and a proportionate response to that risk.

The context for the proposal is that the scope of this National Direction is that which makes sense to be progressed ahead of the introduction of new resource management legislation because it is addressing a specific gap and can have immediate effect without relying on a plan change. Subject to Ministerial decisions, it is intended that further national direction will be provided in the next stage of RM reform.

With these limitations in mind, the preferred option focusses on the process for making decisions around risk to new development for natural hazards. The policies will be targeted at specific natural hazards (flooding, landslips, coastal erosion, coastal inundation, active faults, liquefaction, tsunami) and apply to all activities managed under the RMA except primary production, and infrastructure.

The objective of the NPS-NH is: In order to avoid, mitigate and reduce risks arising from natural hazards on subdivision, land use and development, decision makers apply:

- a risk-based approach to managing natural hazard risks; and
- land use controls that are proportionate to the level of natural hazard risk.

What policy options have been considered, including any alternatives to regulation?

Five options were considered, with Option Two being identified as the preferred option.

- Option One: Status quo (no central Government intervention)
- Option Two: A high level NPS with a consent decision-making focus and guidance (preferred option)
- Option three: A highly directive NPS with a consent decision-making focus
- Option four: A National Environmental Standard (NES) with a focus on avoiding highest risk and consent decision-making
- Option five: A NES with a standardised risk assessment process

What consultation has been undertaken?

The development of regulation for natural hazards through the RMA has been informed by public engagement on the National Adaptation Plan (NAP), Resource Management Reforms (RM Reforms), the development of severe weather emergency response and recovery legislation in 2023, and the previously proposed national direction on natural hazards in 2023 (National Policy Statement for Natural Hazards decision-making (NPS-NHD)). It has also been informed by targeted engagement with relevant stakeholders during 2024 and 2025.

In addition, there are various reports on natural hazard planning under the RMA available in the public domain, which provides evidence and perspectives of several stakeholders, in particular subject matter experts, local government and the insurance sector.

This is an interim RIS to support a discussion document on the preferred option. The discussion document will seek feedback on the preferred option proposals and will inform the final RIS.

Is the preferred option in the Cabinet paper the same as preferred option in the RIS?
Yes.

Summary: Minister's preferred option in the Cabinet paper, Option 2 a high level NPS with a consent decision-making focus and guidance

Costs (Core information)

Outline the key monetised and non-monetised costs, where those costs fall (e.g. what people or organisations, or environments), and the nature of those impacts (e.g. direct or indirect)

- Regulated parties may experience increases in costs for resource consent applications and mitigation of risks, costs would be relative to the risk of a proposed activity, increase could be greater if the existing RMA plan is not risk based.
- For most regulated parties costs would be marginal if any and would not likely exceed $10,000.
- For a small percentage of activities costs of risk mitigation may be uneconomic and so on-going forgone development opportunity costs would be high.

Benefits (Core information)

Outline the key monetised and non-monetised benefits, where those benefits fall (e.g. what people or organisations, or environments), and the nature of those impacts (e.g. direct or indirect)

- Regulated parties may experience a decrease in costs for applications and mitigation relative to the risk of a proposed activity, decreases could be greater if the existing local plan is not risk based.
- A reduction in the significant costs of impacts and recovery from natural hazard events to individuals, the community and the wider economy by better management of natural hazard risk.
- Greater consistency of decision making on natural hazards provide a base for further improvements and efficiencies in decision making.
- May reduce litigation against local authorities on resource management decisions on natural hazards

Balance of benefits and costs (Core information)

Does the RIS indicate that the benefits of the Minister's preferred option are likely to outweigh the costs?

- Benefits of risk reduction outweigh the costs of applications, and risk mitigation. Costs of applications and risk mitigations are appropriately scaled to the level of risk.

Implementation

How will the proposal be implemented, who will implement it, and what are the risks?
Local authorities will immediately upon gazettal be required by the RMA to 'have regard to' the proposed national direction on natural hazards in decisions on resource consent

applications lodged after gazettal and 'give effect to' the proposed national direction in plan changes and/or private plan changes. Similarly, resource consent applicants would need to address the requirements of the NPS when preparing applications.

As the preferred option is not overly directive, local authorities have more discretion about applying the policy. Local authorities are expected to use the policy to scrutinise applications for resource consents where there are known natural hazard risks. Providing a process for risk assessment and risk categorisation will support local authorities who may have been reluctant to decline resource consent applications for activities that would be at high risk, due to the threat of litigation.

Local authorities preparing plan changes relating to natural hazards are also expected to incorporate the approach into their plan change. Those local authorities may also be able to draw from the NPS-NH as evidence supporting their proposed approach during consultation with communities.

This is an interim RIS, further detail on implementing the proposal will be prepared following consultation and outlined in the final RIS.

Limitations and Constraints on Analysis

The options considered and analysis of impacts has been constrained by the timeframe for the RM Reform Phase 2 National Direction programme and internal Ministry for the Environment (MfE) resources, which has resulted in simultaneously progressing policy at pace whilst assessing the impacts of that policy.

The timeframe for the development of national direction has significantly limited the opportunity to develop the more directive NES options. By nature, an NES is highly directive, and it takes time to get the technical details correct. The ideal approach for developing an NES would be to work with natural hazards experts and local government officials to test the technical components in order to draft the NES for consultation. There was no time available for this process.

Limited data and evidence are available to assess the impacts of the policy proposals.

- Assumptions on national level impacts have been made based on analysis undertaken to underpin natural hazard provisions in several districts. Some national scale modelling is available on the existing number of buildings and people residing in areas at risk of flood hazards because of previous development decisions. This modelling underlines, in general terms, that natural hazards and associated regulations potentially impact a high number of properties. However, in the absence of information on future development proposals and the level of natural hazard risk individual proposals would be subject to, it is difficult to estimate the costs to regulated parties.
- There is limited data available on direct impacts on the property market of publicly available mapping of natural hazard risks, or regulating land use and development based on that information. However, the data that is available indicates that in the past this information has had minimal impact.

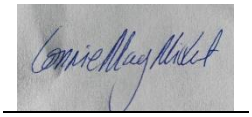
Options have been limited to those that align with the Minister's directions.

- The options have been limited to those that can be delivered as National Direction and meet the requirements of Ministers and Cabinet.
- The options have been limited to specific natural hazards (flooding, landslips, coastal erosion, coastal inundation, active faults, liquefaction, tsunami) and would

- Officials have been directed to consider options that focus on policy outcomes that have an immediate effect on resource consenting, minimise implementation burden on councils, and are well aligned with any future reforms of the RM system.
- The direction to minimise implementation burden on councils resulted in the exclusion of options which would require amending or changing an existing plan to have an impact, or options that would require widespread additional information gathering or mapping.
- Given the above, the implementation criterion is given greater weight in the assessment of options. All other criteria are weighted equally.
- Other government workstreams are considering how to address policy problems of natural hazard risk management that sit outside of RMA plan making and resource consent decisions, and which relate to existing development. Decisions relating to these policy problems are out of scope of the options discussed here.

I have read the Regulatory Impact Statement and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the preferred option.

Responsible Manager(s) signature:



Connie May Nisbet
Manager, Natural Hazards Policy Team
23 April 2025

Quality Assurance Statement

Reviewing Agency: MfE and MBIE	**QA rating:** Partially meets

Panel Comment:

A quality assurance panel from Ministry for the Environment and Ministry of Business, Innovation and Employment has reviewed the Interim Regulatory Impact Statement (RIS) on the National Policy Statement for Natural Hazards prepared by the Ministry for the Environment. The panel considers that the information and analysis summarised in the interim RIS partially meets the quality assurance criteria. The panel notes that the analysis of the effectiveness of options was constrained by criteria related to implementation timeframes due to the progression of parallel legislative change. Despite this, the panel considers that the analysis in this interim RIS is sufficient to inform the accompanying discussion document and enable further analysis in the subsequent final Regulatory Impact Statement.

Section 1: Diagnosing the policy problem

What is the context behind the policy problem and how is the status quo expected to develop?

The system is calling for direction to support natural hazard management

The Government has requested national direction on natural hazards

1. In June 2023, the previous Government directed MfE officials to develop national direction on natural hazards. A proposed NPS for Natural Hazard Decision Making (NPS-NHD) was developed and underwent public consultation between September and November 2023. The intention of the NPS-NHD was to reduce the amount of new development being consented in areas of high natural hazard risk, by lightly directing risk assessment and more strongly directing risk response. This proposal was part of a staged approach, with further a comprehensive natural hazards National Direction to be developed after the NPS-NHD.
2. Subsequently, in June 2024, Cabinet agreed to fold the previous work on natural hazards national direction into a new, single, comprehensive, piece of national direction, to be progressed as part of the RM Reform Phase 2 National Direction programme.
3. In March 2025, the Minister Responsible for RMA Reform directed MfE officials to rescope work on the RM Reform Phase 2 National Direction to focus on more straight forward elements of the NPS proposal that would have an immediate effect on resource consenting, minimise implementation burden on councils and be well aligned with any future reforms of the RM system.

Demand for national direction under the RMA

4. It is widely acknowledged that the current resource management system is not delivering acceptable natural hazard risk management outcomes. Over time, Government work programmes focused on improving the functions of the RMA and providing better natural hazard management have repeatedly identified the need for greater direction on management of natural hazards under the RMA.
5. In its *New Directions for Resource Management in New Zealand* (2020) report, the Resource Management Review Panel found a lack of clear national direction has led to issues with the management of significant effects from natural hazards and climate change. This impacts the extent to which local authorities' plans address and manage these risks. The Resource Management Review Panel recommended that mandatory national direction be required for climate change adaptation and for the reduction of risks from natural hazards, consistent with the first national climate change risk assessment (NCCRA) and the first national adaptation plan (NAP) under the Climate Change Response Act 2002.[1] While this recommendation is not directly addressed through the development of these regulations (in part, due to changing political context), they do provide an incremental step towards improving natural hazard management and addressing the issues raised in this report.
6. Similar reviews and findings have been made by local and regional governments. For example, the Hawke's Bay Regional Council commissioned the Hawke's Bay Independent Flood Review – Pae Matawai Parawhenua to investigate the circumstances

[1] Resource Management Review Panel, 2020, New Directions for Resource Management in New Zealand rm-panel-review-report-web.pdf

and contributing factors that led to the flooding in the Hawke's Bay region during Cyclone Gabrielle. The review report was released in 2024 and found that planning controls were lacking in effectively managing natural hazard risk even where it was known, and made several recommendations to resolve these issues – a number of which this regulation will support in implementing.

Consultation repeatedly demonstrates the need for intervention

7. The development of regulation for natural hazards through the RMA has been informed by public engagement on the NAP, RM Reforms, the development of severe weather emergency response and recovery legislation in 2023, and the previously proposed national direction on natural hazards (NPS-NHD):
    - *National Adaptation Plan Engagement:* Public submissions on the NAP outlined the problems that local government has in considering natural hazards when making land-use and development decisions and a clear need for national direction to resolve these issues. This national direction instrument aims to help address problems related to:
        - the difficulties of using incomplete and inherently uncertain information in decision-making;
        - the lack of a consistent, standard and recognised approach for assessing natural hazard risk to inform planning;
        - the lack of a consistent risk-based approach to plan making; and
        - objectives, policies and methods that are ineffective at managing natural hazard risk.
        - Issues are around a lack of funding, data availability and capability around the use of natural hazard information remain outstanding.
    - *Resource Management Reform Engagement:* Public submissions on the previous Government's RM Reform proposals sought a clear and consistent framework for natural hazard planning, including terminology, and practical planning frameworks to manage natural hazards. Submitters expressed a need for strong directive language that removes value judgements. They would like policy to set information requirements that were beneficial to making hazard risk reduction decisions and enables the use of the best available information. Submissions also expressed a need to identify who, where and what planning tools can be used to manage hazards, including through all planning decisions however this issue is not explicitly addressed in these proposals. Submitters on the current *Resource Management (Consenting and Other System Changes) Amendment Bill* have also consistently called for national direction to assist with natural hazard management under the RMA. Amongst other things, submitters have sought that direction assist local authorities in determining what constitutes a 'significant risk' from natural hazards.
    - *Severe weather response and recovery legislation (2023):* A submission from Local Government New Zealand during the development of legislation developed in response to the 2023 severe weather events sought greater strategic direction for resilience and recovery planning, including clearer direction on the management of risks and natural hazards in land-use plans through instruments such as an NPS on natural hazards.
    - *Previous proposed national direction on natural hazard decision-making (2023):* Officials have worked previously with relevant government agencies, some of the Crown's Treaty partners, experts, and representatives from the banking, insurance, development and local government sectors to define the scope and problem definitions for the previous national direction (including the specific types of

development and hazards covered). This included intensive work with the Natural Hazards Commission Toka Tū Ake. Public consultation on the previous proposed national direction received 102 submissions, and included several webinars and workshops for stakeholders and Treaty partners to ask questions on the proposal and inform the submissions process. Participants included:

- Local Government Steering Group and the Taituarā Regulations and Bylaws Reference Group
- Taituarā and Te Uru Kahika | Regional and Unitary Councils Aotearoa
- Ministry for Business, Innovation and Employment Construction Sector Accord
- Te Kāhui Inihua o Aotearoa | Insurance Council of New Zealand and Te Rangapū Pēke | New Zealand Banking Association
- Te Pū Ao | GNS Science
- Te Kahi Ture Taiao | Resource Management Law Association and Te Kōkiringa Taumata | New Zealand Planning Institute
- Environmental Defence Society
- Network Utilities Forum
- three online drop-in hui for Māori (with invitations sent to Post-Settlement Governance Entities, iwi, hapū, and Māori landowners previously consulted with in Severe Weather Response hui)
- Te Tai Kaha
- NICF Pou Taiao
- Te Tumu Paeroa
- Aotearoa Climate Adaptation Network.

8. The definition of the problem, scope of the regulations and the analysis in this document has also been informed by targeted engagement with relevant stakeholders during 2024 and 2025. The targeted engagement included many of those listed above, with more of a focus on the banking and insurance sectors, infrastructure providers (where it was determined that a nuanced approach is required and the scaled back national direction will not apply to infrastructure) and Local Government networks. A further round of public consultation on specific proposed policy responses will gain further insights.
9. In addition, there are various reports on natural hazard planning under the RMA available in the public domain, which provide the views of several stakeholders, in particular subject matter experts, local government and the insurance sector.

Intervention addresses a gap in other Central Government work programmes

10. Work is progressing on managing natural hazard risk through other government agencies' work programmes, however, with the exception of the proposals contains in the current *Resource Management (Consenting and Other System Changes) Amendment Bill*, these do not address the issue of limiting new development where it would be at inappropriate levels of risk.
11. *National Adaptation Plan (NAP)*: The first NAP published in 2022 sets out the Government's long term strategy and action plan to build a climate resilient New Zealand. The NAP recognises that climate change is exacerbating the risk of existing natural hazards – including flooding and drought – and creating new risks such as coastal inundation from sea-level rise. It proposes actions to improve the management of natural hazards so that New Zealand is better prepared for the future. Actions include preparing national direction on natural hazards for the resource management system (such direction to improve information about hazards, exposure, vulnerability and interim

resilience standards for infrastructure and housing), and embedding natural hazard management in any new resource management system.

12. *Building Act changes*: In October 2023, the Ministry for Business, Innovation and Employment (MBIE) released guidance on the natural hazard-related provisions of the Building Act 2004. The main purpose of the guidance is to assist building consent authorities to interpret and apply the provisions when determining whether it is appropriate to grant or refuse building consent on land that is subject to natural hazards as defined in the Building Act 2004.
13. *Land Information Memorandums (LIMs)*: the *Local Government Official Information and Meetings Amendment Act* aims to improve natural hazard information in LIMs. This will ensure that LIMs provide natural hazard information to interested parties (including property buyers) that is clear and nationally consistent in its presentation. It will also provide certainty for local authorities about sharing natural hazard information in LIMs.
14. *Emergency Management System Improvement Programme* (EMSIP): National Emergency Management Agency (NEMA) is leading the EMSIP, which is five-year work programme to strengthen the emergency management system following the Government Inquiry into the Response to the North Island Severe Weather Events. NEMA is currently preparing a roadmap for Cabinet consideration.
15. *Reforming the RMA through a phased approach:* The Government is pursuing a phased approach to reforming the resource management system. As part of this phased approach, the *Resource Management (Consenting and Other System Changes) Amendment Bill* contains two proposed amendments that are relevant to natural hazard management:
    - sections 86B(3) and 149N(8) are proposed to be amended so that rules relating to natural hazards can have immediate legal effect from notification of a plan or plan change, rather than when decisions on submissions have been notified; and
    - an additional ability for local authorities to decline land use consent applications, or impose conditions on land use consents, where there is significant risk from natural hazards.
16. On 24 March 2025, the Government announced it intends to replace the RMA with new legislation, comprising the Planning Act and the Natural Environment Act.[2] Any national direction on natural hazards will likely fall under the new Planning Act.[3]

Recovery costs from natural hazard events are high, and will continue to grow without intervention as climate change increases our exposure to natural hazards while development decisions do not adequately consider such matters

New Zealand's building stock is highly exposed to natural hazards and losses are high

17. New Zealand is highly exposed to a wide range of natural hazards including earthquakes, flooding, coastal hazards, volcanos, landslides, tsunami, severe storms and others. Climate change is increasing the severity and frequency of a number of these hazard events. Historical development patterns and land use decisions have locked in a significant amount of existing development in areas which are exposed to such hazards. As a result, there may be high losses following natural hazard events. For example:

[2] Radio New Zealand, 25 March 2025, Christopher Luxon reveals Resource Management Act reform.
[3] Beehive, 24 March 2025, New planning laws to end the culture of 'no'.

- New Zealand was recently identified as the second riskiest country in the world, in terms of annual expected loss as a proportion of GDP by the world's largest reinsurer, Lloyds of London;[4]
- a recent report by Aon Insurance found New Zealand was one of five countries to record their costliest weather-related insurance event on record in 2023;[5] and
- over the last 20 years, the cost of recovering from natural hazards in New Zealand has been 4.3 per cent of GDP per year (this takes into account the impact of the Canterbury and Kaikoura Earthquake Sequences, and Auckland Anniversary and Cyclone Gabrille events).[6]

18. Recent studies of exposure to climate related hazards such as extreme river and coastal flooding found that almost 700,000 people and 411,500 buildings worth over $130 billion are presently exposed to such hazards.[7] While this study explicitly excludes climate change and is based on existing climate conditions, it states that with climate change more extreme rainfall events are expected to occur and further increase this exposure.
19. Recent research by NIWA (released in 2025) states that New Zealand could face twice as many extreme atmospheric river events by the end of the century. These events are typically characterised by extremely large rainfall totals which cause flooding.[8]
20. The Treasury estimates that the cost of the 2023 Extreme Weather Events (including Cyclone Gabrille and Auckland Anniversary Floods) was between $9 billion and $14.5 billion.[9] Of this, $4 billion was paid out in private insurance claims, leaving New Zealand with a $5 billion to $10.5 billion shortfall. A large proportion of this cost is thought to fall to the Crown and the Natural Hazards Commission Toka Tū Ake (formerly the Earthquake Commission). Large amounts of damage from these events were from foreseeable flooding – that is, locations that are known to be flood prone, but where development still occurred and the impacts of flooding were not sufficiently mitigated.
21. Households bear the cost of poorly managed natural hazard risk though increased insurance costs. Insurance premiums have gone up 20 per cent across the country in the last year alone, with a 26 per cent rise in Auckland, and a 29 per cent rise in Wellington.[10] One factor influencing this is uncertainty about how New Zealand is managing growing hazard risk.

What is the policy problem or opportunity?

The current Resource Management system is not resulting in natural hazards being adequately considered in decision making for new development

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[4] Lloyd Bank, 2018, A world at risk (pdf-lloyds-underinsurance-report-final.pdf)
[5] AON, 2024, Climate and Catastrophe Insight Report (climate-and-catastrophe-insights-report.pdf (aon.com))
[6] Report of the Government Inquiry into the Response to the North Island Severe Weather Events, March 2024.
[7] Paulik, Ryan & Craig, Heather & Collins, Daniel, 2019. New Zealand Fluvial and Pluvial Flood Exposure, https://www.researchgate.net/publication/343727921_New_Zealand_Fluvial_and_Pluvial_Flood_Exposure .
[8] NIWA, 18 March 2025, Extreme atmospheric rivers could double in future climate, https://niwa.co.nz/news/extreme-atmospheric-rivers-could-double-future-climate
[9] Treasury, 2023, information release Impacts from the North Island weather events - Information release - 27 April 2023 (treasury.govt.nz) https://www.treasury.govt.nz/sites/default/files/2023-04/impacts-from-the-north-island-weather-events.pdf
[10] Stuff, 14 June 2023, Insurer IAG tells investors house insurance premiums rising at 20% to 30%.

22. Growth and development are key priorities for this Government, addressing issues such as home affordability and improving critical infrastructure. Placing this new development in areas away from natural hazards or ensuring that suitable mitigation is in place, is critical to ensuring the long-term functioning and benefits of investment from such development and for limiting the increase in exposure in terms of potential monetary losses and human death and injury.
23. The resource management system determines where and how new development occurs. This makes the RMA the key legislative tool for ensuring that development is directed away from areas where it would be at inappropriately high natural hazard risk, or that risk is mitigated to appropriate levels. The RMA currently requires that the management of significant risks from natural hazards is recognised and provided for, as a matter of national importance (section 6(h)). In addition, local authorities have functions relating to the avoidance or mitigation of natural hazards (sections 30 and 31), and can decline or condition subdivision consents where there is a significant risk from natural hazards (s106). This means that local authorities have obligations for managing risks from natural hazards when making plans and decisions on resource consent applications. However, the RMA does not currently define the term 'significant risk', nor does it provide a process for local authorities to follow to determine risk levels or otherwise undertake their hazard related functions.
24. As a result, there are a number of issues in the resource management system that appear when trying to manage natural hazards through the existing RMA framework. These include:
    - natural hazard provisions in local planning documents assessing risk and responding to risk are inconsistent;
    - local authorities face challenges when implementing natural hazard provisions in RMA plans;
    - variation in how risk is managed across Intensification Planning Instruments;
    - non-statutory guidance for addressing natural hazards in local plans not being fit for purpose; and
    - inconsistent identification and assessment of natural hazards and risks.

Natural hazard provisions in local planning documents vary and are inconsistent

26. As noted above, the approach to and effectiveness of managing natural hazard risk under the RMA has been variable. It has resulted in perverse outcomes such as residential development on, or subdivision of, land at high risk from natural hazards.[11]
27. A stocktake of natural hazard provisions in local authorities' RPSs, RPs and DPs commissioned by MfE in 2024 shows that plans are highly variable in their approaches and completeness.[12] The stocktake found there was a lack of commonality in how plans are interpreting, defining or applying natural hazard provisions and how they are managing natural hazard risk.
28. No RMA plans define significant risk and there is no commonality amongst plans as to how they are interpreting or applying s6(h) direction.
29. The future impact of climate change on natural hazards and the need to take this into account is consistently recognised within RMA plans. RPSs, RPs and DPs contain general

[11] Urban Edge Planning, 2023, Loopholes and challenges that are enabling development in areas of high natural hazard risk, and Tonkin and Taylor, 2016, Risk Based Approaches to Natural Hazards under the RMA.

[12] Barkers and Associates 2024, RPS, Regional and District Plan Stocktake – Natural Hazards and Climate Change Adaptation.

provisions, mostly within the context of coastal and flood hazards and climate change. There are few climate change specific provisions and, when included, they typically use language along the lines of 'take into account the effects of climate change' or are in the form of design standards. The use of climate change scenarios for rules or standards within RPs and DPs is inconsistent.

30. These findings are reiterated by feedback from local authorities and practitioners, who have identified ambiguous and flawed risk response policies and methods in RMA plans not resulting in the decisions needed to ensure resilient development.
31. Local authorities are, to a varying extent, working towards using planning decision making frameworks that reflect risk from natural hazards (ie, a risk-based approach). However, in the absence of national guidance local authorities are developing their own approaches, making consistency between local authorities difficult to achieve. For example, the Bay of Plenty Regional Council and Otago Regional Council proposed RPSs apply an area based risk assessment approach, which is a very comprehensive consideration of risk. In contrast, the Wellington City Council and Porirua City Council propose adopting a hazard sensitive activity approach, which is a less comprehensive consideration of risk, but more readily applied at scale.
32. It is anticipated that over time as plans are reviewed and better hazard and risk information becomes available, local authorities will continue to move towards a risk-based approach to natural hazard planning. However, without further Central Government intervention, it is likely that there will continue to be significant differences in the approaches adopted by local authorities. Considerable costs and resource burdens will continue to fall on local authorities working through capability and legal challenges.
33. These outcomes are inefficient and will also lead to continued inconsistent decision-making across the country. Land use decisions may be inappropriately risk averse or risk tolerant, which means communities and those proposing development do not have certainty about what to expect for natural hazard response in different areas.
34. There is a risk that inappropriately risk averse approaches to natural hazards will prevent much needed development, which could be designed or located in a way which would withstand natural hazards events. Anecdotally there are concerns that some local authorities have been too risk averse and inappropriately restricted development in order to avoid risk from natural hazards.

Challenges to implementing natural hazard provisions in RMA plans

35. There are legal and practical challenges for local authorities implementing effective planning provisions that respond to natural hazard risk. These challenges include obstacles to gathering and applying hazard and risk information, funding constraints, and legal challenge from ratepayers or developers when local authorities try to introduce or implement natural hazard related provisions, which can be costly for all parties involved.
36. Legal and procedural challenges (and associated costs and delays) have been made in respect of both plan-making processes and resource consenting decisions. Challenges have included disputes over certainty and sufficiency of hazard and risk information, thresholds for avoiding development, and disputes over what local authorities are able to control in planning practice. These challenges are resource intensive for local authorities and can negatively impact their efforts to manage natural hazard risk.

Further variation arising from Intensification Planning Instruments

37. The Intensification Planning Instrument process was introduced by the *Resource Management (Enabling Housing Supply and Other Matters) Amendment Act 2021*. It provides a directive process to further intensify existing urban-zoned land to meet

housing demand. While it allows for consideration of natural hazards in decision making on upzoning development potential of sites, it has resulted in large variations between local authorities in the way they interpret and apply natural hazard risk considerations. The different interpretations of what could be considered 'significant risk' has resulted in different hazards being managed and different definitions of risk being applied to decision-making.[13]

Non-statutory guidance on addressing natural hazards in local plans

38. There are several hazard-specific guidance documents prepared by central government and other agencies that are available for resource management practitioners to draw upon to inform land use planning processes. This includes guidance on coastal hazards and climate change,[14] landslides,[15] tsunami,[16] liquefaction-prone land,[17] flooding[18] and active faults.[19] The guidance varies in terms of its usability, completeness in guiding RMA planning, and whether it is technically up to date. This guidance is non-statutory and there is no requirement for it to be followed. A review of guidance identified the need for more generic natural hazard risk guidance, including multi-hazard risk assessment, as well as priority updates and further hazard specific guidance.[20]

Inconsistent identification and assessment of natural hazards and risks

39. Inconsistencies exist in regional and territorial authority approaches to identifying and mapping natural hazards and risks, and risk information is often incomplete or out of date. Older data and risk assessments still in use do not always incorporate climate change impacts and do not project what may happen in the future. Information needs to consider future risks across timeframes (e.g. in 50 or 100 years), rather than at the time of the resource consent application or plan change.
40. The detail on the modelling, event, or climate scenario that has informed RMA plan mapping for natural hazards is often unclear and absent from the plan itself. This information can be difficult to locate but can sometimes be found in section 32 plan making evaluation reports and/or technical evidence.
41. Making decisions based on the uncertainties of natural hazard information is difficult. There is no agreed approach on how to obtain robust data, and local authorities are hesitant to address contentious land use decisions if information is incomplete or not robust. Natural hazard information is inherently uncertain and due to the nature of some natural hazards, it may be impossible for local government to provide the level of certainty about natural hazard likelihood or consequence that community members expect to inform decision-making.

[13] Urban Edge Planning, 2023, Review of the approach to natural hazards in Intensification Planning Instruments.
[14] MfE, 2024, Coastal Hazards and Climate Change Guidance.
[15] GNS, 2024, Landslide Planning guidance; reducing landslide risk through land use planning.
[16] GNS, 2019, integrating tsunami inundation modelling into risk-based land-use planning: an update of guidance.
[17] EQC, MBIE, MfE, 2017, Planning and engineering guidance for potentially liquefaction-prone land.
[18] MfE, 2010, preparing for future flooding; a guide for local government in New Zealand.
[19] MfE, 2003, planning for development of land on or close to Active Faults.
[20] GNS, 2023, Review and stocktake of planning and policy guidance for Natural Hazards.

Continuation of the Status Quo

42. Findings of numerous national reviews and investigations as well as feedback from insurers, councils, and practitioners have highlighted that the RMA is not being used effectively to manage natural hazard risk.
43. In some locations across New Zealand, inadequate land use planning provisions have exposed people and property to inappropriate levels of natural hazard risk, which is unnecessarily increasing future costs (in terms of loss of life, social disruption and property damage) of natural hazard events.
44. An example of poor planning practice under the status quo is highlighted in the *Hawke's Bay Independent Flood Review Panel Report* (July 2024).[21] The Panel Chair stated that "the council's Regional Policy Statement which is its main tool for influencing land use did not provide definitive direction to councils on how their district plans should identify and manage flood hazard risks". The report made several recommendations specific to the RPS, district and regional plans, and consenting matters, and noted that "The fact that there were relatively new housing developments in areas of known flood risk suggests that lessons from the past have not been learnt, and development has been allowed in high hazard areas".
45. Under the status quo, there will continue to be inconsistent approaches to land use planning from local authorities, with instances of new development occurring in areas which are exposed to natural hazards without appropriate consideration in their design or placement. When coupled with an increase in the frequency and intensity of climate related hazards, this is likely to see increased damage from natural hazard events and associated increased costs of recovery. While insurance provides a safety net, insurers are increasingly passing on premium increases to customers as they adjust their costings to finance increased losses from inappropriate development. Insurance retreat (ie, insurers no longer offering insurance) is another risk of continuing with the status quo.

What objectives are sought in relation to the policy problem?

46. The objectives in relation to the policy problem for natural hazards are:
    - exposure of new development to risk from natural hazards is limited;
    - local authorities identify natural hazards and assess the risk these pose, in a consistent and rigorous way, and this information is applied to decisions on future land use; and
    - a nationally consistent approach is applied to land use decisions, which is based on the level of natural hazard risk and a proportionate response to that risk.
47. The objective proposed for the preferred option (the NPS-NH) is:
    - In order to avoid, mitigate and reduce risks arising from natural hazards on subdivision, land use and development, local authorities apply:
        - a risk-based approach to managing natural hazard risks; and
        - land use controls that are proportionate to the level of natural hazard risk.

[21] Report of the Hawke's Bay Independent Flood Review, 2024. https://www.hbrc.govt.nz/assets/Document-Library/Cyclone-Gabrielle/Report-of-the-Hawkes-Bay-Independent-Flood-Review-Digital-Version.pdf

Section 2: Assessing options to address the policy problem

What criteria will be used to compare options to the status quo?

48. Five criteria have been used to compare the policy options:
    i. **Effectiveness**: The extent to which the option achieves the objectives and provides a solution to the identified problem.
    ii. **Efficiency:** The extent to which the option is cost effective, and to which the proposal achieves the intended outcomes and objectives for the lowest cost burden to regulated parties, the regulator; and where appropriate the courts, regulatory burden cost is proportionate to the anticipated benefits.
    iii. **Alignment**: The extent to which the option integrates well with other proposals and the wider statutory framework, is reducing complexity in the system and providing clarity for local government on how to address tensions and conflicts between national direction instruments.
    iv. **Implementation**: The extent to which the option is clear about implementation requirements by local government and others and the ease of the implementation requirements. The extent to which the proposal results in implementation risks. The extent to which the proposal is implementable immediately in resource consenting decisions. This includes the work required by central government to progress the option, recognising central government's current limited time and resources to progress this policy.
    v. **Treaty of Waitangi**: The extent to which the option meets the commitments of the Treaty of Waitangi.

What scope will options be considered within?

49. The options proposed all seek to change how the existing RMA risk management requirements are being implemented by local government.
50. The options have been limited to those that apply to only to the specific natural hazards of flooding, landslips, coastal erosion, coastal inundation, active faults, liquefaction and tsunami, as these seven hazards are not already managed by other legislation (such as the Building Act 2004 for ground shaking and wind) and do not require specific management decision responses at a local level as some other natural hazards do (such as geothermal hazards)
51. The options do not apply to infrastructure (as defined in the RMA) and primary production (as defined in the National Planning Standards) as infrastructure and primary production activities require nuanced approaches taking into account functional needs and hazard susceptibility.
52. The Minister Responsible for RMA Reform has directed officials to consider options that focus on policy outcomes that are more straight forward, have an immediate effect on consenting, minimise implementation burden on councils, and are well aligned with any future reforms of the RM system. Based on this direction, the 'efficiency' and 'implementation' criteria are given greater weight. All other criteria are weighted equally.
53. Options have also been limited based on Ministers direction to those that would not require significant resources of local authorities, it does not include options which would require amending or changing an existing plan to have an impact, or options that require widespread additional information gathering or mapping.

54. Other government workstreams are considering how to address policy problems of natural hazard risk management that sit outside of RMA plan making and resource consent decisions and which relate to existing development. Decisions relating to these policy problems are out of scope of the options discussed here.

What options are being considered?

Option One – The status quo: no intervention from central government

55. Under the status quo, local authorities will continue to manage natural hazards as required by sections 6(h), 30(1)(c)(iv), 31(1)(b)(i) and 106 of the RMA with limited direction. National Direction is limited to coastal hazards under the New Zealand Coastal Policy Statement (NZCPS), along with several non-statutory guidance documents.
56. Across local government, the management of significant risk is done in a variety of ways from identifying a limited subset of natural hazards through to a full suite of natural hazards identified and mapped, and a rule framework developed. Some local authorities have improved their information on hazards and are continuing to do that through plan changes, however without specific direction on how to identify natural hazards and assess the risks they pose, local authorities will continue to take an ad hoc approach to managing the risk from natural hazards.
57. Because local authorities are not directed in their actions, some will continue to face legal challenge. Local authorities may choose to progress natural hazard related plan changes that impose restrictions on land use and/or take a more stringent approach to natural hazards when considering applications for resource consent.
58. The abovementioned *Hawke's Bay Independent Flood Review Panel Report* (July 2024) highlights an example of the poor planning practice that is likely to continue under the status quo.

Will this option address the policy problem?

59. The status quo has resulted in new development being allowed in areas of known hazard risk. Many risks will be exacerbated by climate change (e.g. more frequent and intense flooding) and without intervention it is likely that inappropriately located or insufficiently mitigated development will continue in at least some areas. The status quo also allows local government to develop their own approach to hazard identification and risk assessment, meaning that there is no consistency around how hazards are identified, assessed and responded to. This is inefficient and it also means that in some areas land-use decisions may be inappropriately risk averse or risk tolerant, and that communities and those proposing to do development do not have certainty about what to expect for hazard response in different areas.
60. Under the status quo, there will be some improvement if two proposals that are part of the *Resource Management (Consenting and Other System Changes) Amendment Bill,* are enacted. These proposals seek to:
    a. provide local authorities with the ability to decline land use consent applications or attach conditions to land use consents where there is significant risk from natural hazards (replicating the existing power for subdivisions under s106); and
    b. enable rules in proposed plans that relate to natural hazards to take immediate legal effect from notification (amendments to s86B).

61. Both changes will enable local authorities to make use of new or updated natural hazard and risk information sooner than is the case under current RMA settings but will not improve the way natural hazards are identified or the risks from them are assessed, nor increase consistency. Without the NPS-NH to assist local authorities in determining what

constitutes a significant natural hazard risk, local government are unlikely to apply the new powers in respect of land use consents consistently and may face higher risk of legal challenge to their interpretation from land owners who want to progress development in areas subject to natural hazard risk.

Risks and assumptions of the status quo

62. The main risk from the status quo, or the risk of not acting, is land-use planning practices will continue to result in development that is exposed to unacceptable natural hazard risk. This places lives, property and infrastructure at risk, and exposes landowners, local authorities, the Crown and New Zealanders in general to increased social, cultural and economic costs.
63. A key assumption is that local government will not take appropriate action without central government direction. Evidence indicates that current initiatives are not consistent between councils. Local authorities (and private sector actors) have made repeated calls for national direction to address natural hazards, which indicates that they are unable to address these matters satisfactorily without regulation.

Work required to progress the option

64. The status quo option would not require any additional work by Central Government, but may result in additional work and costs associated with recovery from natural hazard events if development continues to occur in areas where it is subject to inappropriately high levels of risk and is subsequently impacted by a natural hazard event.

Option Two – A high level NPS with a consent decision-making focus and guidance (preferred option)

65. This is a regulatory option that would deliver national direction through a National Policy Statement (NPS) with high level policies, and be supported by guidance. This option would provide some key consistent components for making risk-based resource consent decisions. It would apply to specific natural hazards (flooding, landslips, coastal erosion, coastal inundation, active faults, liquefaction, tsunami) and apply to all activities managed under the RMA except primary production, and infrastructure. It would not be highly directive or provide detailed direction on natural hazard risk assessments or on appropriate risk responses. It has the benefit of being flexible in how it is applied and is the option which can be developed to sufficient detail in the time available, as well as the option which best meets Ministerial requirements around cost and administrative burden to implement.
66. Policy might include:
    i. *Application:* The NPS would apply when a resource consent is already required by an existing plan and matters of discretion include consideration of natural hazards. It would not create additional applications for resource consents.
    ii. *Best available information:* It would support the use of best available information
    iii. *Assessing risk:* The NPS would include a high-level, risk-based assessment policy that would identify the key components that are to be included in any risk assessment: considering likelihood, consequences, climate change, mitigation and residual risk. The policy would not include classifying risk to prescribed levels of risk.
    iv. *Significant risk:* the NPS would include a methodology for determining a 'significant risk from natural hazards' using a risk matrix with likelihood and consequence axis using defined levels of likelihood and consequence. This matrix could include more granular risk levels of 'very high', 'high', 'moderate' and 'low' to illustrate the levels of risk that would constitute a 'significant risk' and provide a consistent language of

risk going forward. Further guidance could be provided (as a supplement to the NPS) on more detailed aspects of risk assessments and a connection made with the risk matrix.

v. *Risk response:* The NPS would include high level direction that local authorities are required to proportionately manage natural hazard risk, including significant risk. Further guidance could be provided (as a supplement to the NPS) on what proportionately managing natural hazard risk might look like.

How would this option be implemented in practice

67. A consenting authority would have regard to the NPS-NH policies and consider its relevance to a decision. Where the decision to be made lacks a clarity of direction from the local plan, the NPS-NH with supporting guidance can provide clarity of what to assess, and how to manage risk in a basic way. The NPS-NH would inform the decision maker of the core components of undertaking a risk assessment for the purposes of deciding what risk needs to be managed, set out that decisions on managing risk vary depending on levels of risk, and what different levels of risk look like in terms of likelihoods and consequences to life, injury and property damage. As the policy is not highly directive the weight or relevance of the NPS-NH policies to a decision is largely at the discretion of the decision maker in the absence of local more directive policy.

Will this option address the policy problem?

68. This option will start to address the variability in the way local authorities approach managing natural hazards in the planning system, establishing a base on which a more comprehensive intervention along the lines of Option 3 can be proposed through any future resource management system reforms. It will introduce into consent decisions key components of a risk based approach which will have the greatest impact where they are absent in local planning documents.
69. The proposed approach is relatively light touch as it allows the decision maker discretion in how it is applied. This is in line with Ministerial direction around administrative burden for local government, including disruption and cost.

Risk and assumptions of option two

70. The biggest risk of this option is Local authorities' interpretation and ability to implement the policies, which are not highly directive. Without a high level of directiveness local authorities will be able to interpret and implement the policies in varied and inconsistent ways, or not implement them at all.

Work required to progress this option

71. The policy is relatively well formed, and has been tested through previous targeted engagement and there are no currently identified issues. Public consultation and submission analysis would be required to progress this option. Given the policy is high level, tested and a less directive option (compared to others considered) it is likely to generate less submissions or further policy problems to be addressed.
72. Supporting guidance can be developed based on existing information and can be progressed by MfE officials. It will take one full time equivalent (FTE) staff member approximately one month to complete.

Option Three – A highly directive NPS with a consent decision-making focus

73. This is a regulatory option that would deliver national direction as a NPS with highly directive policies. It would provide direction across all the main components required to establish a

framework for addressing natural hazards in consent decisions without creating a requirement for new plan provisions.

74. It builds on option 2 by providing greater certainty and less discretion for local variation on some key components. As with option 2, it would apply to specific natural hazards (flooding, landslips, coastal erosion, coastal inundation, active faults, liquefaction, tsunami) and apply to all activities managed under the RMA except primary production, and infrastructure. Direction relevant to each of the main components could include the following.
    i. *Application*: The policy would not generate additional reasons for consents and so would only apply where a consent is already required, and matters of discretion include consideration of natural hazards.
    ii. *Best available information:* It would support the use of best available information.
    iii. *Assessing risks*: The risk assessment and response directions would be more detailed than option 2. They may establish minimum requirements for undertaking risk assessments. For example, prescribing the timeframes over which risk for each hazard type must be considered, and how to select the likelihood of a natural hazard event occurring, how to categorise likelihoods and determine consequences. This option may also direct that risk assessments are based on standard definitions for risk level categories (very high, high, moderate and low), including significant risk from natural hazards.
    iv. *Risk response*: Building on the general risk-based requirements of option 2 by directing regional and local authorities to:
        - implement a proportionate response to the risks posed by natural hazards with directive policy on new subdivision, land use and development based on a level of risk; and
        - establish a consistent direction for different levels of standard definitions of risk using the risk assessment process, such as avoiding development where it would be at very high risk and enabling development where it would be at low risk.

How would this option be implemented in practice

75. The highly directive policies would require, for all resource consent applications in areas prone to natural hazards, the inclusion of a risk assessment based on the prescribed method, requiring a level of risk (very high, high, medium and low) to be determined. The decisions on those consents would need to achieve the policies of avoiding, mitigating or allowing development, depending on the level of risk. The policies would apply in addition to any existing local plan requirements and there may be some questions of weighting or provisions if they conflict, and the local provisions are more place specific.

Will this option address the policy problem?

76. This option will address the problem and resulting issues by setting out in detail what local authorities need to do to appropriately understand and address risk from natural hazards for new development. This makes it the most comprehensive policy option, which is more likely to deliver certainty of implementation, lower costs to local authorities to implement because less policy interpretation is required, and result in a more consistent approach to hazard identification assessment and management.
77. The more comprehensive option may help protect local authorities against successful legal challenge when they are seeking to address natural hazard risk because the policy

approach is more prescribed by central government and there is less room for interpretation.

78. Feedback on the NPS-NHD was strongly in favour of more detailed direction for local government. This option is the best way to deliver on this.

Risk and assumptions of option three

79. A significant risk of this option is the speed with which the highly directive aspects need to be developed. The components would have to progress directly to public consultation with no opportunity to work with technical and local government experts. This would likely generate significant feedback during the consultation process and may lead to unintended consequences if the settings are not correct when the tool is introduced.
80. Another major drawback of this option is that for activities that would be a low or medium risk, the benefits to be gained would be outweighed by the additional time and costs of preparing and assessing resource consent applications.[22] It will also create uncertainty around the outcome of a higher number of applications for resource consent. Based on local authorities' feedback on the costs to applicants, and costs advertised by professionals, a natural hazard assessment and mitigation assessment generally costs around $1,500 to $5,000. These assessments are generally tailored towards understanding the hazard and specific mitigation outcomes, not assessing a level of risk. The option would likely lead to a significant increase in requirements for applications for resource consents to include risk assessments. Further implementation policy or guidance could be developed to give some direction on when the assessment is required to reduce excessive requirements for risk assessments. However, as it applies to several different hazard types all with variability across the country such direction would be a significant and detailed undertaking. Option 4 attempts to address this potential issue.
81. The risk assessment process policy is more efficiently applied through a plan making process to create more detailed rules for consent rather than directly applied to consents. Targeting resource consents is out of step with the anticipated approach for the new resource management system.
82. The policy impact of strong direction on levels of risk, for areas of existing development with assessed high risk, is not well evidenced. There is nuance in decision making in areas of existing development with high assessed risk, with the level of existing investment potentially resulting in some further development being tolerated. Without the additional step of a plan change process to make this decision for an entire area of existing development, strong direction on a consent by consent basis is likely to be problematic.
83. The descriptions of high risk, in particular the consequence descriptions are not at a level that is easily prescribed as highly directive policy. The descriptions are qualitative and highly flexible to subjective interpretation making them highly challengeable. Because of the lack of detail in the consequence descriptions there is a risk that this option will be unimplementable.

Work required to progress this option

84. The highly directive NPS policy has been partially developed, but not to the level of detailed required to apply to resource consent applications. There has not been any opportunity to socialise the technical elements with natural hazard experts or local government staff. Public consultation, and submission analysis is required to progress this policy. Given the

[22] This issue would not arise if plan changes were required to give effect to a highly directive NPS, as the plan could better reflect the activities in respect of which a full risk assessment was required, ie, for activities that would be at high or very high levels of natural hazard risk.

policy is very directive, that there are outstanding issues, and it will have a high impact, it is likely to generate submissions and require further work to progress.

Option Four – An NES with a focus on avoiding highest risk and consents

85. This is a regulatory option that would deliver national direction as National Environmental Standards (NES) with directive provisions and would apply to existing resource consent triggers without creating new resource consent applications. This instrument would apply in relatively limited circumstances – where a clear rule to not grant a consent due to high risk can be applied. It might include activities that are sensitive to hazards (such as residential to specific hazard types where there is good existing information (flooding and coastal inundation) and to defined risk levels based on likelihood and consequence combinations of very high, and high risk. It might include the following:
    i. *Application:* The policy would not generate additional reasons for resource consents and so would only apply where a consent is already required, and matters of discretion include consideration of natural hazards.
    ii. *Best available information*: It would support the use of best available information in making decisions and would be limited to hazards which are generally well mapped and understood.
    iii. *Assessing risks:* Assessing risk would be directed based on some key metrics of high risk identified in a risk matrix, with defined levels of likelihood and consequence. The policy would support the use of minimum requirements for undertaking risk assessments. For example, prescribing the timeframes over which risk for each hazard type must be considered, and how to select the likelihood of a natural hazard event occurring, how to categorise likelihoods and determine consequences.
    iv. *Risk response:* The policy would provide a clear direction to avoid activities and hazards in scope that result in high risk or very high risk.

How would this option be implemented in practice

86. Where a new resource consent is required in a location prone to coastal inundation or flooding hazards of a 1 per cent Annual Exceedance Probability (AEP) likelihood the NES would be considered. Where there is confidence that the threshold for high or very high risk is not met or exceeded the NES does not require further consideration. If the applicant or local authority consider that the risk potentially meets or exceeds high or very high assessed risk then further assessment is required. The applicant will need to provide information to confirm the standard for high or very high risk is not met or exceeded. If the risk level is exceeded, then the council cannot grant that consent.
87. The policies would apply in addition to any existing local plan requirements and there may be some questions of weighting of provisions if they conflict and the local provisions are more place specific.

Will this option address the policy problem?

88. This option would be focused on consent decisions and address the highest risk activities. However, it will be limited to where consents are currently required. The option would not address wider issues with the management of natural hazards under the RMA.

Risk and assumptions of option four

89. The descriptions of high risk, in particular the consequence descriptions are not at a level that is easily prescribed as a standard. The descriptions are qualitative and can be interpreted flexibly, making them highly challengeable. Because of the lack of detail in the consequence descriptions there is a risk that this option would not be able to be implemented.
90. Ministry officials also do not have time to develop the detail required for a robust NES as part of the National Direction package currently progressing.

Work required to progress this option

91. This policy has not been progressed beyond very high level analysis and further work would be required to develop the detail required for consultation. Given the policy is highly directive, not well tested and high impact it would likely generate submissions and further issues to work through.

Option five – An NES with a standardised risk assessment process

92. This is a regulatory option that would deliver an NES with directive provisions of what a risk assessment must include and identify. It might include the following:
    i. *Application*: The policy would not generate additional reasons for consents and so would only apply where a consent is already required, and matters of discretion include consideration of natural hazards. It would be limited to hazards which are generally well mapped and understood.
    ii. *Best available information:* It would support the use of best available information.
    iii. *Assessing risks:* The policy would direct standardised base components for undertaking risk assessments. For example, prescribing the timeframes over which risk for each hazard type must be considered, and how to select the likelihood of a natural hazard event occurring, how to categorise likelihoods and determine consequences. Assessments would identify an activity's defined levels of risk, based on defined likelihood levels and consequence levels.
    iv. *Risk response:* there is no risk response policy included.

How would this option be implemented in practice

93. Every resource consent in a location prone to natural hazards would be required to include a risk assessment that meets the prescribed requirements and classify the level of risk based on the risk matrix. Where there is confidence that the risk is moderate or low a risk assessment can be highly qualitative, where risk is potentially high or very high a more detailed risk assessment is likely required.
94. The policies would apply in addition to any existing local plan requirements and there may be some questions of weighting or provisions if they conflict and the local provisions are more place specific.

Will this option address the policy problem?

95. This option would focus on addressing the issue of creating a standardised risk assessment process, and create a consistent language or risk to inform consent decisions and monitoring.

Risk and assumptions of option five

96. Similarly to option four, a major draw back of an NES establishing a consistent risk assessment process and risk level classification, is that it might be overburdensome relative to the benefits to be gained, especially for activities with a moderate or low risk.

This is feedback that was provided on similar directive risk level assessment policy included in the NPS-NHD consulted on in 2023.

97. Ministry officials also do not have time to develop the detail required for a robust NES as part of the National Direction package currently progressing.

Work required to progress this option

98. The policy is not well tested, and further development is required. Given the policy is highly directive, not well tested and high impact it would likely generate submissions and further issues to work through.

How do the options compare to the status quo?

	Option One Status quo (no central Government intervention)	**Option Two** A high level NPS with a consent decision-making focus and guidance *(preferred option)*	**Option three** A highly directive NPS with a consent decision-making focus	**Option four** An NES with a focus on avoiding highest risk and consent decision-making	**Option five** An NES with a standardised risk assessment process
Effective	0	All policies which support making decisions on natural hazards, with a risk-based approach, including defining risk to be managed (significant risk) provide marginal benefits of consistency and managing natural hazard risk effectively. 0/+	Directive and comprehensive policies provide benefits of consistency and managing natural hazard risk effectively +	Highly directive and focused policies provide benefits of managing risk and consistency in decisions where there is assessed high risk from coastal inundation and flooding, but narrowly scoped application +	Highly directive policy creating a standard risk assessment for consent decisions has benefits of consistency and ensuring risk decisions are based on a minimum best practice +
Efficiency	0	Non-directive policy is applied flexibly at a level of detail relevant to an application, in particular where there is incomplete direction from existing local plans +	Directive policies are overburdensome to apply to many consent decisions (where there is moderate and low risk), including when it is not helpful because of the level of risk or existing local plans would provide sufficient direction -	Narrowly scoped and applicable to decisions that require justifiable additional scrutiny +	NES has a broad application and likely overburdensome in requiring the classification of risk for all consents including when it is not helpful because of the level of risk or local plans provide sufficient direction -
Alignment	0	High level policy provides a base for further policy to be built upon, flexibility in	Fulsome direction provides little flexibility for further development of	Future policy is likely to focus on the application of risk assessment at plan	Future policy is likely to focus on the application of risk assessment at plan

	Option One Status quo (no central Government intervention)	**Option Two** A high level NPS with a consent decision-making focus and guidance *(preferred option)*	**Option three** A highly directive NPS with a consent decision-making focus	**Option four** An NES with a focus on avoiding highest risk and consent decision-making	**Option five** An NES with a standardised risk assessment process
		its application allows for local plans with direction to take precedence such as when they are more specific +	policy, high potential conflict with directiveness of local plans that have risk policies 0	making level, with reduced focus on resource consent processes, 0	making level, with reduced focus on resource consent processes 0
Implementation	0	Able to be applied where there is incomplete local policy direction, and no known implementation issues +	Ambiguity in policies relating to areas of existing development with assessed high risk, and consequence descriptions are highly problematic for directive policies intended to apply to resource consents, unclear how to apply where there are strong existing local plan provisions, requires further work that is unable to be done within current time and resources --	Ambiguity of consequence descriptions is highly problematic for directive policies applying to resource consents, unclear trigger for applying the NES, requires further work that is unable to be done within current time and resources --	Clear application, but some ambiguity in how it is applied 0
Treaty of Waitangi	0	Benefits of decisions managing natural hazard	Benefits of decisions managing natural hazard	Benefits of decisions managing natural hazard	Benefits of decisions managing natural hazard

	Option One Status quo (no central Government intervention)	**Option Two** A high level NPS with a consent decision-making focus and guidance *(preferred option)*	**Option three** A highly directive NPS with a consent decision-making focus	**Option four** An NES with a focus on avoiding highest risk and consent decision-making	**Option five** An NES with a standardised risk assessment process
		risk for Māori, however there is no direction to support Māori to make their own decisions on how to use land. 0	risk for Māori, however there is no direction to support Māori to make their own decisions on how to use land. 0	risk for Māori, however there is no direction to support Māori to make their own decisions on how to use land. 0	risk for Māori, however there is no direction to support Māori to make their own decisions on how to use land. 0
Overall assessment	0	Marginal positive impact, with low additional effort +	Mostly directive and effective but, implementation burden on local authorities and applicants. Cannot be developed to acceptable standard in available time. -	MfE resource to address implementation issues are not able to be met. Cannot be developed to acceptable standard in available time -	Directive and effective in a limited way. Implementation burden on local authorities and applicants. Cannot be developed to acceptable standard in available time -

What option is likely to best address the problem, meet the policy objectives, and deliver the highest net benefits?

99. Option 2 – a high level NPS with a consent decision-making focus and guidance is preferred because it will have a small, but positive, impact on addressing the policy problem. It will address the problem by ensuring that some key consistent components of a risk-based approach are a part of decision making in resource consents where natural hazards are a relevant consideration. The option will have a minimal implementation burden for local authorities and resource consent applicants. It also requires the least additional resources for central government to progress.

Is the Minister's preferred option in the Cabinet paper the same as the agency's preferred option in the RIS?

100. Yes.

What are the marginal costs and benefits of the preferred option in the Cabinet paper?

101. The below is a summary of the marginal costs and benefits of the proposed national direction based on evidence outlined and referenced in the following more detailed description of cost and benefits.

Affected groups	Comment	Impact	Evidence Certainty
Additional costs of the preferred option compared to taking no action			
Regulated groups – owners of land and people / organisations undertaking development activities on land	**Consent applications where mitigation is possible** No additional consents will be required. Existing one-off costs of applications (including council fees), and mitigation costs to many regulated parties required will: • not increase where existing hazard provisions include a risk-based approach; • potentially increase by a small amount where existing hazard provisions have an incomplete or no risk-based approach; and • potentially decrease by a small amount where the NPS-NH provides greater certainty. Existing resource consent applications and mitigation costs are low or medium in the context of the overall build.	Applicants for resource consents may incur additional one-off costs in preparing their application. The costs will depend on whether existing district or regional plan rules are risk-based and the natural hazard risk itself. Some applicants may incur costs for mitigation. In some cases, the cost of mitigation may be prohibitive to the development proceeding. Applicants can make a decision about whether or not to progress. For the majority of low and moderate risk activities: changes in costs will be minimal, or small with additional costs (applications and mitigation) likely lower than $10,000 per activity. The greater certainty provided may also reduce costs.	Low certainty – non-directive policy is reliant on local authorities' interpretation and application
	Consent applications where mitigation is costly or not possible No additional consents will be required. One off application costs and existing ongoing opportunity costs for loss of development potential where mitigation costs are considered too high to make it financially viable, or the management approach is to avoid development. Costs will: • not increase where existing hazard provisions include a risk-based approach; and	High costs of lost development potential for a small percentage of land. In some cases, the cost of mitigation may prevent the development proceeding.	Low certainty– non-directive policy is reliant on local authorities' interpretation and application

	• potentially increase by a moderate-high amount where existing hazard provision have an incomplete or no risk-based approach.		
	Private plan change applications Existing one-off costs of preparing plan change documents and natural hazard assessments will: • increase where the existing plan requirements for plan changes to consider natural hazard risk are light; and • no change where the existing plan requirements for plan changes to consider natural hazard risk are risk based.	No or medium costs for private plan change applicants	Medium certainty
Regulators - local authorities	Additional costs of requiring greater risk assessment expertise which cannot be on charged to applicants. Other costs may include building capacity to implement the risk-based approach.	Low benefit	Low certainty – non directive policy is reliant on local authorities' interpretation and application
Others (eg, wider govt, consumers, etc.)	-	**Māori groups** Māori seeking to develop their land or property will face similar costs in preparing applications, and similar benefits in terms of long term risk reduction as other groups in the community (for example, reduced losses from natural hazard events to new development). However, due to the disproportionate exposure of Māori land to natural hazards, owners of whenua Māori may be more likely to experience more restrictive	-

		development controls than other members of the community.	
Total monetised costs	-	-	-
Non-monetised costs	-	Medium costs	-
Additional benefits of the preferred option compared to taking no action			
Regulators	Reduced costs of interpretation and process as direction will be provided on determining what is a 'significant risk from natural hazards'	Medium benefit	Medium – engagement with local authority has confirmed benefit
Regulated parties		Benefits include reduced losses from future natural hazard events and the benefits of investment in development that is more resilient and less vulnerable to the effects of natural hazards. The long term cost to the owner of the asset being developed, potentially including the cost of insurance, is likely to be lower.	
Community wide benefits	Ongoing benefit of risk reduction measures that reduce social, economic, cultural and environmental costs of natural hazard events borne by various parties.	High benefit **People and communities** With new development occurring in areas only where natural hazard risks are being managed, people and communities will be safer and more resilient following a natural hazard event. People and communities may also see less disruption from natural hazards events as well as reduced recovery costs. A recent example estimated by The	Low – non-directive policy is reliant on local authorities' interpretation and application

		Treasury of $14.5 billion for Cyclone Gabirelle and Auckland Anniversary Floods.[23] Potentially, the cost of investment in community-wide mitigation efforts may also be reduced. Based on mitigation of flood risks in Tauranga, estimated savings of hundreds of thousands of dollars of flood remediation costs per property, which would increase to over $1 million by 2070 where risk increases because of climate change. **Māori groups** Māori seeking to develop their land or property will face similar benefits in terms of long term risk reduction as other groups in the community (for example, reduced losses from natural hazard events to new development).	
Total monetised benefits		-	
Non-monetised benefits		High	

[23] Treasury, 2023, information release Impacts from the North Island weather events - Information release - 27 April 2023 (treasury.govt.nz) https://www.treasury.govt.nz/sites/default/files/2023-04/impacts-from-the-north-island-weather-events.pdf

How the cost and benefits have been estimated

102. Some or all the costs and benefits detailed below could be outcomes of any of the options, including the status quo.
103. As there is variability in the way local authorities implement their current requirements to manage natural hazard risk through the planning system, the time it would take to implement national direction is uncertain.
104. It is likely that the preferred option would result in some of these costs and benefits being realised sooner and in a more uniform way across the country than under the status quo.

Scale of existing natural hazard plan provisions

105. The number of properties that are impacted by natural hazard regulation is relatively large. For example, New Zealand's 2013 usual-resident population residing in areas subject to flood hazards was calculated at approximately 675,000.[24] In the Waikato District, 7.05 per cent or 29,315 hectares of the total land area is subject to natural hazard regulation for flooding, coastal hazards or subsidence, of which 349 hectares is residential or business land.[25] Twelve per cent of new dwellings consented by Auckland Council in 2023 were in natural hazard areas.[26]
106. The number of properties subject to stronger policy direction which might for example require avoiding new development because of natural hazard risk, is a small proportion of the total natural hazard area regulated. For example, the Waikato *flood hazard avoidance* area covers 560 hectares, which represents 0.1 per cent of the district's total land area (the total *flood hazard extent* is 5.2 per cent of the districts' total land area).[27]

Estimated costs

Regulated parties' application and natural hazard mitigation costs

Application costs

107. The preferred option (the NPS-NH) would not require new consent applications, instead relying completely on existing consenting requirements set out in RMA plans.
108. For areas identified in existing RMA plans as being impacted by, and requiring consideration of, natural hazards, most regulated parties already face one-off costs for consent applications, and costs of implementing mitigation measures.
109. A regulated party may be required to prepare an application with specialist information on natural hazard risks and pay for the time for the consent authority to undertake a review of the information and make a decision (as would normally be the case). It is assumed that for a natural hazard that is well understood using existing information, no additional modelling or information gathering is required, and local authority or other existing sources can be utilised.

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[24] NIWA, 2019, New Zealand Fluvial and Pluvial flood Exposure.
[25] M.E Consulting, 2020, Waikato District Plan Review: Natural Hazards and Climate Change Economic Assessment section-32-Appendix-5(j)-natural-hazards-and-climate-change-economic-assessment.pdf (waikatodistrict.govt.nz).
[26] Auckland Council 2024, Auckland monthly housing update, June 2024 - Knowledge Auckland https://knowledgeauckland.org.nz/publications/auckland-monthly-housing-update-june-2024/
[27] M.E Consulting, 2020, Waikato District Plan Review: Natural Hazards and Climate Change Economic Assessment section-32-Appendix-5(j)-natural-hazards-and-climate-change-economic-assessment.pdf (waikatodistrict.govt.nz).

110. Local authorities have indicated that costs for someone applying for a natural hazard related resource consent would be between $5,000 – $20,000, depending on the complexity of the hazard and the need for additional specialists' advice and reviews[28].

111. These costs are consistent with estimates of reported costs on all resource consents. For example, Auckland Council's required deposit fee of $6,500 for a residential resource consent application and MfE's National Monitoring System data indicates the average consent fee is $4680.37.[29] Assuming this is multiplied by three to include costs of a specialist planner to prepare an application and a technical specialist to identify the hazard mitigation requirements, this equates to roughly $15,000 – $20,000. If the hazard response is fairly standardised, the costs could likely be a lot less (roughly half). The change in these costs is assumed to be minimal and within the margins identified by local authorities. The NPS-NH assessment requirements are basic and not particularly demanding. Any increase to costs will be because there is a genuine need to better understand the risk.

112. In locations of greatest risk, a quantified risk assessment may be required to understand the risk and the required response. If this is the case, it is expected that assessment costs could be in the order of $60,000 for a single site or $100,000+ for development consisting of multiple sites.[30] The NPS-NH may support some additional instances of quantified risk assessments being required if not already required under existing RMA plans.

Natural hazard mitigation costs

113. Costs of mitigation measures would vary depending on the development and type of risk being addressed, which makes quantifying costs difficult. In most cases the costs of additional mitigation measures resulting from the NPS-NH are anticipated to be a low proportion of the overall build costs and so could be considered low or moderate for the regulated party. In some cases, costs will be considered high (addressed in the next section under opportunity costs).

114. The NPS-NH would provide some greater consistency of these costs, through requiring responses to be proportionate to the level of risk. This could result in no change to costs if the existing planning document has a risk-based framework setting out performance standards or clear assessment requirements to manage risk. Alternatively, there may be greater or lesser costs to regulated parties depending on the assessed risk. There may be a small increase to costs where the existing framework has an incomplete risk based approach, while for activities assessed as having higher risks, mitigation costs may marginally increase.

115. Some hazard mitigation will be more cost effective than others. For example, new construction in peat lands might include additional mitigation construction costs of approximately $10,000 in a low total build cost scenario to $60,000 in a high total build cost scenario (based on 2.5 per cent of total build costs and 15 per cent total build costs).[31] Literature shows a range of estimated costs (total costs, not marginal increases) of raising

[28] MfE, unpublished, Information request on local authorities costs of natural hazard management and adaptation: November and December 2024.

[29] MfE, 2024, Patterns in resource management act implementation National Monitoring data from 2014/15 to 2022/23.

[30] Estimates of costs from engagement with specialists and councils.

[31] Sense Partners, 2022, Cost Benefit Analysis: Plan Change 47 Upper Hutt 3.-appendix-3-cost-benefit-analysis-natural-hazards-report-april-16.pdf (upperhutt.govt.nz).

the floor height of a standard dwelling to address flooding risk, from $20,000[32] to between $50,000 – $120,000.[33]

Plan change costs

116. In most cases, a plan change will consider natural hazard risk to some extent. Where there is a strong risk-based requirement in existing plan provisions there would be no increase in cost. Where there is no risk-based direction, the costs may increase marginally. The NPS-NH would provide consistency of what is being considered.

117. Local authorities have indicated that in districts or regions with existing prescribed risk assessment processes similar to those proposed in the NPS-NH, as well as existing hazard information, an applicant for a private plan change for a brownfield site would incur an estimated cost of $110,000 for the required additional risk assessments and preparation of plan provisions. An applicant's costs for a greenfield private plan change, including information gathering, is estimated to be around $500,000.[34]

118. The NPS-NH would support consistency in the plan change approach to assessing and managing risk but would not likely increase the costs of assessment beyond those currently incurred.

Regulated parties' opportunity cost (foregone development)

119. Some regulated parties could be impacted by application and mitigation costs that are cost prohibitive to developing a site and result in significant opportunity costs. The NPS-NH will support costs being proportionate to the level of risk (which is already provided for in some existing plan provisions).

120. The Cost Benefit Analysis (CBA) supporting a natural hazards plan change to the Upper Hutt District Plan provides an example of where a greenfield development may no longer be a viable option because of mitigation costs required to address subsidence or ground settlement due to the soil type. Although initially identified in a Housing and Business Capacity Assessment as being capable of accommodating 243 dwellings, the CBA considers that the costs of hazard mitigation (of between an additional 2.5 to 15 per cent) means it may be cost prohibitive for this full number of dwellings to be constructed (ie, there may not be the same demand for houses once the higher costs are factored in).[35]

121. The Waikato District Plan change identified just over a million dollars of lost development costs as a result of flooding regulation and half a million for coastal hazards.[36]

122. Porirua City Council s32 report prepared for a natural hazards plan change recognised that some of the opportunity costs could be significant for landowners where their sites are significantly covered by high hazard risks.[37]

123. For the majority of properties where mitigation costs are manageable, the land opportunity costs will be zero or negligible. The Wellington City Council s32 analysis of their provisions stated that the high hazard areas are so narrow that opportunity costs are

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[32] NIWA report, Tool 4.4: Individual house flood mitigation measures - Costs and Benefits.

[33] BRANZ report, 2016, The Value of sustainability – costs and benefits of sustainability and resilience features in houses.

[34] MfE, unpublished, Information request on local authorities costs of natural hazard management and adaptation: November and December 2024.

[35] Sense Partners, 2022, Cost Benefit Analysis: Plan Change 47 Upper Hutt 3. Appendix-3-cost-benefit-analysis-natural-hazards-report-april-16.pdf (upperhutt.govt.nz)

[36] M.E Consulting, 2020, Waikato District Plan Review: Natural Hazards and Climate Change Economic Assessment section-32-Appendix-5(j)-natural-hazards-and-climate-change-economic-assessment.pdf (waikatodistrict.govt.nz)

[37] Porirua City Council, 2020, Section 32 evaluation report Part 2: Natural Hazards.

considered negligible. Either due to the existing development form on the property or due to the areas of land within the high hazard areas representing the more challenging areas of land that naturally limit development potential and in turn reduces the potential cost.[38]

Regulated parties land value cost (reduced land value)

124. Any land where risk is assessed, and proportionate management controls are particularly limiting, may experience impacts on land value.
125. The Upper Hutt natural hazards plan change considered that land values were not impacted by hazard provisions, based on an analysis which showed similar values for land that was either near or within a hazard fault restriction area.[39]
126. The Regulatory Impact Assessment provided to support the Land Information Memoranda (LIM) changes (through amendments to the *Local Government Official Information and Meetings Act*) identified there is a potential long-term impact on property values due to additional natural hazard information on LIMs. It gives this a qualitative value of 'low' and states that evidence to support this as low-medium noting that property markets are complex and natural hazard information has historically had a low impact on property values.[40]
127. A study from the United Kingdom suggests that there is an 8 per cent discount to value of property when there is flood risk, and 31.3 per cent where there is very high risk.[41]

Local authorities' compliance and plan changes costs

128. Local authorities will be impacted by one-off moderate costs to give effect to the proposed national direction.
129. The Waikato District Plan Review Cost Benefit Analysis assumed that not all costs of administrating consents for natural hazards could be charged to the applicant, and estimated additional costs (staff time and training) to local authorities for administrating natural hazard consents on a yearly basis to include $140,000 for flooding $30,000 for coastal hazards.[42] The NPS-NH would not increase these costs.
130. Costs to consider natural hazards in plan changes are likely part of local authorities existing planned practice so in many cases will not be additional costs but may happen sooner than may otherwise be the case.
131. The national direction provides a base methodology and policy base for progressing local plan changes and there may be some reduction in costs compared to the status quo from efficiencies gained in the plan making process. Efficiencies are too uncertain to quantify or qualitatively describe and would vary across the country.

Other implications for implementing the preferred option

Implications for property owners and developers

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[38] Wellington City Council, Section 32 Evaluation Report, part 2 Natural and Coastal Hazards
[39] Sense Partners, 2022, Cost Benefit Analysis: Plan Change 47 Upper Hutt 3. Appendix-3-cost-benefit-analysis-natural-hazards-report-april-16.pdf (upperhutt.govt.nz)
[40] Department of Internal Affairs, 2024, Regulatory Impact Statement: Proposals for regulations for natural hazard information in land information memoranda
[41] UK study (Bayes Business School 2023).
[42] M.E Consulting, 2020, Waikato District Plan Review: Natural Hazards and Climate Change Economic Assessment section-32-Appendix-5(j)-natural-hazards-and-climate-change-economic-assessment.pdf (waikatodistrict.govt.nz)

132. For property owners, application, assessment and mitigation costs will likely be low or medium in the context of overall costs of a new build, and when a fairly standard response can address the hazard (for example, to raise the floor level to a particular level).
133. In some cases, the cost of mitigation measures will be too high to make it financially viable to develop. Costs of mitigation measures are anticipated to be higher where risks are higher or depending on the hazard. This outcome is consistent with the objective of the NPS-NH and reflects that natural hazards are an underlying constraint that impacts on land use.
134. Based on the experience of Hutt Valley and Waikato, officials anticipate mitigation costs that are financially prohibitive will affect a relatively small percentage of proposals for new development. In the Waikato, high flood hazards impact 0.1 per cent of the district's total land area, compared to the total flood hazard extent impacting 5.2 per cent of the total district land area.
135. Officials do not have sufficient data to determine the impact of the preferred option on property prices.

Broader implications

136. Recent research from the USA has shown that investment in property level resilience and disaster preparedness can double the benefits of investment in community wide resilience infrastructure with an additional $7 of savings of economic costs for every $1 spent on resilience.[43]
137. The proposed intervention is intended support land use planning and consent decisions to reduce the cost of natural hazard events, in terms of injury, loss of life, social disruption and property damage. The financial impact of property damage can range from hundreds of thousands of dollars per property for remediation costs, to billions of dollars for a region due to the cost of lost productivity and recovery. The scale of these costs is expected to increase over time as natural hazard risks increase due to climate change.
138. If successful, the proposed intervention of the preferred option could support avoiding these costs, and the expected benefits could be high for wider society. It is not possible to determine the distribution of the costs or benefits across different groups in the community, with the information that is currently available.

Estimated benefits: Community-wide benefits

139. Regulated parties, local authorities and the wider community will see significant benefits from resilient development.
140. Reducing the risk of economic, social, cultural, and environment impacts of natural hazards is a benefit to all of New Zealand. It is too uncertain as to how regulated parties, the regulator, and the wider community benefits would be split in the future and so they have been discussed collectively. For example, regulation, mitigation and avoidance outcomes would primarily benefit the persons whose safety and property are potentially impacted by the natural hazard. The regulated person who pays for the mitigation measure is less likely to experience the natural hazard event, and any future landowner will receive the benefits. Further, mitigation measures may mean the development retains value and, in some cases, may be the difference between the asset surviving a natural hazard event, or being destroyed.

[43] 2024 Climate Resilience Report "The Preparedness Payoff: The Economic Benefits of Investing in Climate Resilience" The Economic Benefits of Investing in Climate Resilience | U.S. Chamber of Commerce.

141. Local and international evidence points to a rate of return of investing in adaptation planning and action ranging from $2 per dollar invested to more than $10 per dollar invested.[44]
142. Tauranga Cost Benefit Analysis supporting Plan Change 27C which addresses flood hazards considers the benefit of managing the risk through land use and development planning to be in the hundreds of thousands of dollars for each dwelling based on avoided remediation costs, and this could increase to over a million by 2070 because of climate change.[45]
143. A recent report by NIWA and the University of Auckland[46] found that 441,384 residential buildings are at risk of flooding, with an estimated replacement values of $218 billion, while 12 per cent of New Zealand's housing values is in a flood hazard area. While the proposal would not address the issues faced by existing buildings and development, it would mean that the number of properties exposed to risk stays the same or increases slowly.
144. At a regional and national scale, the costs of natural hazard events are significant, with Cyclone Gabrielle and the Auckland Anniversary floods estimated damages of between $9 billion and $14.5 billion, insurance claims in the Hakes Bay region alone from Cyclone Gabrielle have passed $1 billion.[47]
145. There are numerous examples around the country where better land use and development decisions could have avoided costs of remediation and government buy outs.[48]

Section 3: Delivering an option

How will the proposal be implemented?

146. The proposed national direction on natural hazards will have an immediate effect on resource consent decisions (for applications lodged after gazettal) and will influence plan changes and/or private plan changes that are initiated after gazettal. Existing provisions of the RMA will require local authorities to 'have regard to' the NPS in decisions on resource consent applications and for plan changes to 'give effect to' the NPS.
147. The NPS-NH will be supported by non-statutory guidance to support implementation. The guidance will give further detail on implementing the proportionate response policies.
148. This is an interim RIS that has been prepared to support a discussion document for statutory public consultation. The consultation is expected to provide additional insights and evidence on implementation that will be incorporated in the final RIS provided to Cabinet.

How will the proposal be monitored, evaluated, and reviewed?

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[44] Relevant references include: NZIER, 2020 Investment in Natural Hazard Mitigation; Tonkin and Talor, 2018, Hiding in Plain Sight; and National Institute of Building Science (USA), 2019, Natural Hazard Mitigation Saves.
[45] Cuesko, 2020, Economic Assessment for Flooding from Intense rainfall – Plan Change 27 Tauranga City Council pc27-appendix4-technical-report-cost-analysis.pdf (tauranga.govt.nz) Tauranga District Plan Change.
[46] Modelling national residential building exposure to flooding hazards - ScienceDirect
[47] Treasury 2023, Impacts from the North Island weather events - Information release - 27 April 2023 (treasury.govt.nz)
[48] Urban Edge Planning, 2023, Loopholes and challenges that are enabling development in areas of high natural hazard risk, and Tonkin and Taylor, 2016, Risk Based Approaches to Natural Hazards under the RMA

149. Due to resource constraints within MfE, there is no proposed programme of monitoring, evaluation or review proposed for the NPS-NH. However, further detail on monitoring, evaluation and review will be prepared following consultation and this will be presented in the final RIS.

150. If resources were made available, a monitoring programme could be progressed to inform future reviews of the NPS, and any further central government interventions in this space. Monitoring could include informal surveys of local authorities on their application of the NPS, and include a question within the National Monitoring System on natural hazards. Key information being gathered could include:

- where policy statements and plans have given effect to the NPS-NH,
- the nature of how the plans give effect to the NPS-NH,
- where having regard to the NPS-NH has been a key decision-making point on a resource consent,
- time and costs associated with having regard to the NPS-NH in consent decisions,
- the number of consents granted in areas prone to hazards,
- councils general feedback on issues and impacts of the NPS-NH.

151. As well as informing further policy intervention on natural hazard management under the RMA, monitoring of the NPS could assist with providing a clearer picture of managing natural hazard risk overall, including informing MfE's input into the National Risk Register for how well the risk of natural hazards are being managed under the resource management system.