Ministry for the Environment
Manatū Mō Te Taiao

Regulatory Impact Statement: National Policy Statement for Natural Hazards

Decision sought	*Final Cabinet decision on a new National Policy Statement for Natural Hazards under the Resource Management Act (1991)*
Agency responsible	*Ministry for the Environment*
Proposing Ministers	*Minister Responsible for RMA reform*
Date finalised	*14 November 2025*

This Regulatory Impact Statement builds from the Interim Regulatory Impact Statement: National Policy Statement for Natural Hazards (NPS-NH), issued on 25 April 2025. Public consultation on the proposal was carried out between 29 May and 27 July 2025. This version has been updated in light of the submissions received and subsequent decisions by Ministers.

Summary: Problem definition and options

What is the policy problem?
The overarching issue is that New Zealand communities, including the places people live in, 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 specific problem is that the RMA is not delivering acceptable natural hazard risk management outcomes. The RMA does not specify how local authorities should meet requirements to consider natural hazard risks when developing plans or when making resource consent decisions, and it does not define the term 'significant risk'. Consequently, local authorities' practice of identifying, assessing and managing natural hazard risks varies and this inconsistency has led to inappropriately risk-averse or risk-tolerant development decisions.

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.

To limit the future costs of natural hazard events, current planning practices need to change to ensure new development is located appropriately and designed to be resilient to both current and future natural hazard risks.

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 risks 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.

What policy options have been considered, including any alternatives to regulation?
Four options were considered and Option Two was identified as the preferred option.

- Option One: Status quo (no central Government intervention)
- Option Two: A high-level National Policy Statement (NPS) with a consent decision making focus and guidance (preferred option)
- Option Three: A National Environmental Standard (NES) with a focus on avoiding highest risk and consent decision-making
- Option Four: A NES with a standardised risk assessment process.

The Interim RIS contained an option that has been removed from this final RIS. That option (a highly directive NPS with a consent decision making focus) was not materially different from Option Two once it (option two) was updated to reflect feedback from public consultation.

What consultation has been undertaken?
The development of this regulation 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 – the 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.

Public consultation on the proposed NPS-NH occurred during the period from 29 May 2025 to 27 July 2025. The public submissions were broadly supportive of central government intervention to better manage natural hazard risks through the planning system. There was a common view that such intervention was required to ensure national consistency, support risk-based decision making, address fragmented and inconsistent local approaches and respond to climate change pressures. Submitters acknowledged that more comprehensive reforms are expected in future and expressed support for a high-level, interim approach for the NPS-NH. The most significant theme emerging from submissions was a call for clearer and stronger policy direction. The NPS-NH has been amended to reflect feedback provided through the public consultation process.

An interim RIS was completed in April 2025 and was used to support a discussion document that sought feedback on the preferred option through public consultation. The public consultation has provided additional insights and evidence that have informed this final RIS.

The development of this regulation has also been informed by various public reports on natural hazard planning under the RMA that provide evidence and perspectives of several stakeholders, including subject matter experts, local government and the insurance sector.

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 focus on consent decision-making 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 increased or additional costs for resource consent applications and mitigating the risks of natural hazards. Costs will depend on the level of natural hazard risk of their proposal.
- For most regulated parties, additional costs would be marginal, if any, and not likely exceed $10,000.
- Some applicants could incur significant additional costs for risk assessments, potentially between $60,000 to $100,000.
- In some cases, the costs of mitigation may be uneconomic and the opportunity cost or forgone development cost would be high, and this may prevent some development from proceeding.

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)

- Improved management of natural hazard risks in the planning system would reduce the impact of natural hazard events on applicants, the community and the wider economy. People and communities will be safer and more resilient following a natural hazard event, with a reduction in injuries, loss of life and property damage, as well as lower recovery costs from natural hazard events.
- Provides a foundation for more comprehensive regulation in future resource management system reforms.

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?

- The benefits of risk reduction are expected to outweigh the costs of applications and risk mitigation. Increases to application costs and risk mitigation costs are expected to be proportionate to the level of natural hazard risk.

Implementation

How will the proposal be implemented, who will implement it, and what are the risks?
The RMA requires that, upon gazettal, local authorities would immediately 'have regard to' the NPS in decisions on resource consent applications that are lodged after gazettal. Local authorities would also be required to 'give effect to' the NPS in plan changes and/or private plan changes.

Resource consent applicants would need to address the requirements of the NPS when preparing applications.

As the preferred option is not overly prescriptive, local authorities would have discretion about applying the policy. Local authorities would be expected to use the NPS to scrutinise applications for resource consents where there are known natural hazard risks. Providing a process for risk assessment and risk categorisation would 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 would also be expected to incorporate the approach into their plan change. Those local authorities would also be able to use the NPS to support their proposed approach during consultation with communities.

There would be no proposed programme of monitoring, evaluation or review, due to resource constraints within MfE.

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. The preferred option (the NPS-NH) will have a small, positive effect on managing natural hazard risks through the RMA, but it would not fully address the policy problem. More significant progress is not likely without comprehensive reform.

The timeframe for the development of national direction has significantly limited the opportunity to develop the 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 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 of 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 are 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 available data indicates that, in the past, this information has had minimal impact.

Officials have been directed by Ministers 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 future reforms of the RM system. This has 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 efficiency and implementation criteria are 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
14 November 2025

Connie May Nisbet

Quality Assurance Statement

Reviewing Agency: MfE, DoC	**QA rating: Meets**

Panel Comment:

A Quality Assurance Panel from the Ministry for the Environment and the Department of Conservation has reviewed the Regulatory Impact Statement (RIS) prepared by the Ministry for the Environment titled National Policy Statement for Natural Hazards. The Panel consider that the information and impact analysis summarised in the RIS meets the Quality Assurance criteria. The RIS is clear and concise, is supported by evidence and consultation, and there is a strong case for change and for the preferred option.

Section 1: Diagnosing the policy problem

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

New Zealand has a high exposure to natural hazards and faces high recovery costs

1. New Zealand is highly exposed to a wide range of natural hazards including earthquakes, flooding, coastal hazards, volcanos, landslides, tsunami, severe storms. Climate change is increasing the severity and frequency of natural hazard events.
2. Historical development patterns and land use decisions have locked in a significant amount of existing development in areas that are exposed to natural hazards. This is illustrated by:
    - approximately 675,000 of New Zealand's usual-resident population were residing in areas subject to flood hazards in 2013;[1]
    - in the Waikato District, 7 per cent (nearly 30,000 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;[2] and
    - twelve per cent of new dwellings consented by Auckland Council in 2023 were in natural hazard areas.[3]
3. As a result, there are high losses following natural hazard events. For example:
    - New Zealand has been 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] Canterbury alone has seen over $24 billion in insurance costs over 15 years.[7]
4. These costs are likely to increase given predicted increases in the frequency and severity of natural hazard events because of climate change (e.g. flooding and wildfire).
5. Recent studies have found that almost 700,000 people and 411,500 buildings worth over $130 billion are presently exposed to climate related hazards such as extreme river and

[1] NIWA, 2019, New Zealand Fluvial and Pluvial flood Exposure.
[2] 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).
[3] Auckland Council 2024, Auckland monthly housing update, June 2024 - Knowledge Auckland https://knowledgeauckland.org.nz/publications/auckland-monthly-housing-update-june-2024/
[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] As reported in the Canterbury Regional Council submission to on proposed changes to RMA National Direction Package (proposed provisions – New National Policy Statement for Natural Hazards). The cost includes Combined costs of responding to the following natural disasters: Canterbury Earthquakes 2010/2011, Kaik6ura Earthquake 2014, Port Hills fires 2017, Timaru Hailstorm 2020, Lake Ohau fire 2020, Canterbury Floods 2021, South Island Windstorm 2021.

coastal flooding.[8] While this is based on existing climate conditions and explicitly excludes climate change, the study states that more extreme rainfall events are expected to occur with climate change which would further increase this exposure.

6. New Zealand could face twice as many extreme atmospheric river events by the end of the century (NIWA 2025). These events are typically characterised by extremely large rainfall totals which cause flooding.[9]
7. 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.[10] Of this, $4 billion was paid out in private insurance claims, leaving New Zealand with a shortfall of between $5 billion and $10.5 billion. 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.
8. 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.[11]

The RMA has not delivered acceptable outcomes on natural hazard risk management

9. 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.
10. 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). National Direction under the RMA is limited to coastal hazards under the New Zealand Coastal Policy Statement (NZCPS), along with several non-statutory guidance documents.
11. It is widely acknowledged that the RMA is not delivering acceptable natural hazard risk management outcomes. The Resource Management Review Panel's report New Directions for Resource Management in New Zealand (2020) found that a lack of clear national direction has led to inconsistent and ineffective management of significant natural hazards and climate change risks. Reviews by local and regional governments, such as the Hawke's Bay Independent Flood Review – Pae Matawai Parawhenua (2024) to investigate the circumstances and contributing factors that led to the flooding in the

[8] 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.

[9] NIWA, 18 March 2025, Extreme atmospheric rivers could double in future climate, https://niwa.co.nz/news/extreme-atmospheric-rivers-could-double-future-climate

[10] 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

[11] Stuff, 14 June 2023, Insurer IAG tells investors house insurance premiums rising at 20% to 30%.

Hawke's Bay region during Cyclone Gabrielle, have found planning controls have been ineffective in managing natural hazard risks, even when risks were known.

12. In recent years, the Government has progressed several work programmes that are intended to improve the management of natural hazard risks. These include:
    - the National Adaptation Plan (NAP) (2022), which proposes actions to improve the management of natural hazard risks so that New Zealand is better prepared for the future. This includes direction through the resource management system (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;
    - guidance on the natural hazard-related provisions of the Building Act 2004 to assist building consent authorities to determine when it is appropriate to grant or refuse building consent on land that is subject to natural hazards;
    - amendments to the *Local Government Official Information and Meetings Amendment Act 2023* to improve the clarity and consistency of natural hazard information in Land Information Memorandums (LIMs); and
    - strengthening the emergency management system following the Government Inquiry into the Response to the North Island Severe Weather Events.
13. However, none of these programmes have ensured that new development would be limited or avoided where it would be at inappropriate levels of natural hazard risk, leaving a gap that could be addressed through the RMA.
14. The Government is pursuing a phased approach to reforming the resource management system and, as part of this, the *Resource Management (Consenting and Other System Changes) Amendment Act 2025* was introduced. It includes two amendments to the RMA that are relevant to natural hazard management:
    - sections 86B(3) and 149N(8) have been 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
    - section 106A provides 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.
15. This amendment makes some progress towards addressing the issues around managing natural hazard risk, as they enable local authorities to make use of new or updated natural hazard and risk information sooner than was previously the case under the RMA. However, they will not improve the way natural hazards are identified or the risks from them are assessed, nor increase consistency of local authorities' provisions or practices.
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.[12] Any national direction on natural hazards is expected to fall under the new Planning Act.[13]

Consultation has repeatedly demonstrated the need for intervention

17. Public engagement undertaken in the past on other government proposals, including for the NAP, RM Reforms and the development of severe weather emergency response and recovery legislation in 2023, has highlighted the need for government intervention to better manage natural hazard risks through the resource management system.
18. The issues that were highlighted during these processes include:

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

- local government using incomplete and uncertain information in decision making;
- the lack of a consistent 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 risks.

19. These consultation processes emphasised the need for national direction that:
    - sets a clear and consistent framework for natural hazard planning, including terminology, and practical planning frameworks to manage natural hazards;
    - identifies who, where and what planning tools can be used to manage hazards, including through all planning decisions;
    - includes policies on information requirements to support decision making and enabling the use of the best available information; and
    - provides direction to assist local authorities in determining what constitutes a 'significant risk' from natural hazards.
20. In 2023, stakeholder engagement, which included meeting with representatives from banking, insurance, development and local government, as well as experts such as Natural Hazards Commission Toka Tū Ake, and public consultation[14] on the proposed NPS-NHD found:
    - support for establishing a risk based approach to planning for natural hazards;
    - mixed views on the scope of national direction, including whether it should apply to existing development, agriculture or horticulture activities, types of infrastructure or small housing extensions; whether all hazards or specific being hazards should be in scope;
    - that climate change should be specifically built into the risk assessments;
    - supported for strong directives on risk based decision-making for new developments; and
    - national direction should provide for the aspirations, interests and values of Māori in natural hazard decision-making.
21. Submitters during the Select Committee stage of what is now the *Resource Management (Consenting and Other System Changes) Amendment Act 2025* also consistently called for national direction to assist with natural hazard management under the RMA. Amongst other things, submitters sought direction to assist local authorities in determining what constitutes a 'significant risk' from natural hazards.

The Government has requested national direction on natural hazards

22. In June 2023, the previous Government directed MfE officials to develop national direction on natural hazards. A proposed NPS-NHD was developed and publicly consulted on between September and November 2023. It aimed 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, and was to be followed by more comprehensive national direction.
23. In June 2024, Cabinet agreed to consolidate this work into a new, single comprehensive piece of national direction, to be progressed as part of the RM Reform Phase 2 National Direction programme.
24. In March 2025, the Minister Responsible for RMA Reform directed MfE officials to focus on elements of national direction that would have an immediate effect on resource

[14] MfE, 2024, Summary of Submissions: Proposed National Policy Statement for Natural Hazard Decision-making; https://environment.govt.nz/assets/publications/climate-change/Proposed-National-Policy-Statement-for-Natural-Hazard-Decision-making-Summary-of-submissions.pdf

consenting, minimise implementation burden for councils and align with future reform of the RM system.

What is the policy problem or opportunity?

25. The overarching issue is that New Zealand communities, including the places people live in, 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.
26. The specific problem is that the RMA is not delivering acceptable natural hazard risk management outcomes. The RMA is that does not specify how local authorities should meet requirements to consider natural hazard risk when developing plans or when making resource consent decisions, and it does not define the term 'significant risk'. Consequently, local authorities' practice of identifying, assessing and managing natural hazard risk varies, and this inconsistency has led to inappropriately risk averse or risk tolerant development decisions.
27. 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.
28. To limit future costs of natural hazard events, current land use planning practices need to change to ensure that new development is located appropriately and designed to be resilient to both current and future natural hazard risks.

Inadequate consideration of natural hazards in resource management decision making for new development

29. There are issues in the resource management system that appear when trying to manage natural hazards through the existing RMA framework. These include:
    - inconsistent natural hazard provisions in regional policy statements, regional plans and district plans (local authorities' planning documents);
    - legal and practical challenges for local authorities implementing effective planning provisions to manage natural hazard risks;
    - inconsistent approach to managing risks in the Intensification Planning Instruments by local authorities;
    - inadequate non-statutory guidance for addressing natural hazard risks in local authorities' planning documents; and
    - inconsistent identification and assessment of natural hazards and risks by resource consent applicants and local authorities.

Inconsistent natural hazard provisions in local planning documents

30. 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.[15]

[15] 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.

31. These outcomes are inefficient and 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.
32. A stocktake of natural hazard provisions in local authorities' Regional Policy Statements (RPSs), Regional Plans (RPs) and District Plans (DPs) commissioned by MfE in 2024 shows that plans are highly variable in their approaches and completeness.[16] 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.No RMA plans define significant risk and there is no commonality amongst plans as to how they are interpreting or applying s6(h) direction.
33. 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 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.
34. 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.
35. 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.
36. 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.
37. The number of properties subject to stronger policy direction is likely to be 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. In comparison, the total *flood hazard extent* is 5.2 per cent of the districts' total land area.[17]

Challenges to implementing natural hazard provisions in RMA plans

38. There are legal and practical challenges for local authorities implementing effective planning provisions that respond to natural hazard risk. These challenges include

[16] Barkers and Associates 2024, RPS, Regional and District Plan Stocktake – Natural Hazards and Climate Change Adaptation.
[17] 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).

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.

39. 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.
40. Local authorities have reported being unable to decline new development in areas that they consider to be unacceptably risky because they are not clearly allowed or required to decline applications which would be at intolerable risk from natural hazards.

Further variation arising from Intensification Planning Instruments

41. 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.[18]

Non-statutory guidance on addressing natural hazards in local plans

42. 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,[19] landslides,[20] tsunami,[21] liquefaction-prone land,[22] flooding[23] and active faults.[24] 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.[25]

Inconsistent identification and assessment of natural hazards and risks

43. 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

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

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.

44. 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.
45. 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.

Continuation of the Status Quo

46. Under the status quo, there will continue to be inconsistent approaches to land use planning from local authorities. New development will continue to occur in areas that 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.
47. While private 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.
48. It is anticipated that over time, as local government planning documents 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.
49. Considerable costs and resource burdens will continue to fall on local authorities working through capability and legal challenges.

What objectives are sought in relation to the policy problem?

50. 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.

Section 2: Assessing options to address the policy problem

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

51. 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, 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.

52. The Minister Responsible for RMA Reform has instructed officials to consider options that address a specific gap in the current resource management system and have immediate effect without relying on a plan change, therefore minimising the implementation burden on councils. Based on this direction, the 'efficiency' and 'implementation' criteria are given greater weight. All other criteria are weighted equally.

What scope will options be considered within?

53. The options proposed all seek to change how the existing RMA risk management requirements are being implemented by local government.
54. There are several overarching factors that have influenced the development of options for national direction:
    - the introduction of a new the resource management system to replace the RMA in late 2025, which will include regulations on managing risk from natural hazards;
    - the introduction of legislation to prevent local authorities from progressing new planning instruments under the RMA, to ensure that local authorities do not expend resources unnecessarily ahead of the introduction of the new resource management system. Planning instruments that relate to natural hazards are exempt from this; and
    - Cabinet direction that NPS should only be developed if they support a government priority; can have immediate effect in the system and minimise the implementation burden on councils; are well developed, straightforward policy proposals; and align with the new system and can easily be transitioned.

55. 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)

56. The options also 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 the environment and locations these activities need to take place in, and their vulnerability to natural hazards.
57. 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.
58. The Interim RIS contained an option that has been removed from this final RIS. That option (a highly directive NPS with a consent decision making focus) was not materially different from Option Two, once it (option 2) was updated to reflect feedback from public consultation on the NPS-NH.

What options are being considered?

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

59. The status quo is described above. It relies on local authorities managing natural hazard risks through their RPSs, RPs and DPs, with minimal direction from central government.
60. Government has initiated a comprehensive reform of the resource management system, which is currently progressing at pace. There is not yet any certainty about the requirements for managing natural hazard risk in the new system, nor when it will be implemented.

Will this option address the policy problem?

61. Under the status quo, and while the RMA is still in place:
    - local authorities will likely continue to take an ad hoc approach to managing the risk from natural hazards;
    - some will continue to face legal challenge, if they 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;
    - hazard identification and risk assessment will continue to be inconsistent across the country; and
    - the poor planning practice highlighted in the above-mentioned *Hawke's Bay Independent Flood Review Panel Report* (July 2024) is likely to continue under the status quo.
62. 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.
63. As described in Section 1, the amendments to the RMA introduced through the *Resource Management (Consenting and Other System Changes) Amendment Act 2025* may improve the way natural hazard risks are being managed. Local authorities will be able to make use of new or updated natural hazard and risk information quicker than before. However, these changes will not lead to any improvement to identifying natural hazards, nor assessing natural hazard risks, nor will they improve consistency.
64. Without national direction to assist local authorities in determining what constitutes a significant natural hazard risk, local authorities 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 landowners who want to progress development in areas subject to natural hazard risks.

Risks and assumptions of the status quo

65. The main risk from the status quo, or the risk of not acting, is that 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.
66. 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.
67. Waiting for the new resource management system to address the policy problem could make the problem worse. There is a high risk that new development would continue to occur in places with inappropriate natural hazard risk until such time as the new system is implemented.

Work required to progress the option

68. The status quo option would not require any additional work by Central Government. However, there will be 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 focus on consent decision-making and guidance (preferred option)

69. This is a regulatory option that would deliver national direction through a NPS with high level policies and be supported by guidance. This option would provide a nationally consistent, high-level approach to making risk-based resource consent decisions. The NPS-NH is based on this option.
70. This option focuses on the process for making decisions about risk to new development from natural hazards. It would:
    - set a method to evaluate and assess natural hazard risks and to determine significant risk from natural hazards;
    - provide high level direction on how to manage subdivision, development and land use in a manner that is proportionate to the risk from natural hazards;
    - require decision makers to avoid new development at very high risk from natural hazards; and
    - support the use of best available information and direct that incomplete or uncertain information should not impede decision making.
71. The NPS would apply to specific natural hazards (flooding, landslips, coastal erosion, coastal inundation, active faults, liquefaction, tsunami), across all activities regulated by the RMA, at the exception of primary production and infrastructure.

How would this option be implemented in practice

72. Consent authorities will have to have regard to the NPS' objectives and policies when making decisions on consents. Additional non-statutory guidance would provide detail for decision makers on how to apply the policy.

73. Regional and district councils will also have to give effect to the NPS in their RPSs, RPs and DPs. The NPS does not set any deadline for updating plans.
74. Where local RPSs, RPs and DPs lack direction on how to manage natural hazard risks, decision makers will be able to rely on the NPS for broad direction on how to assess natural hazard risks, and make decision based on that assessment.
75. Public submissions on the NPS-NH indicated that, in order to be effective, funding and resource support for local authorities, iwi/hapū and disaster agencies would be needed to develop technical capacity, hazard data quality and availability, and to contribute to the costs of implementation. Noting this, there are no plans for Central Government to provide direct funding to support the implementation of this option.

Will this option address the policy problem?

76. This option would be an interim regulatory step that provides the foundation for developing more comprehensive regulations through future resource management reform. It would not fully address the policy problem, as the broad nature of the direction the NPS would leave discretion as to how objectives and policies are interpreted and applied. Public submissions on the NPS-NH (which is based on this option) agree with this view.
77. However, this option would start to address the variability in the way local authorities approach managing natural hazards in the planning system (and therefore improve consistency) and would introduce key components of a risk-based approach into consent decisions, especially where local planning documents do not currently include risk based approaches.
78. This option provides clear direction to decision makers to prevent new development which would be at very high risk from natural hazards. This provides the requested direction of a threshold of risk which is intolerable. This will significantly reduce challenge to decision making.
79. In the public submissions on the NPS-NH (which is based on this option), there was general support for a 'first steps' approach to central government intervention, with the expectation of more comprehensive reforms to occur in future. Submissions indicated that a more comprehensive approach to reform, along with a significant amount of further detail and implementation guidance would be required to improve upon the status quo.
80. This option has the benefit of being applied flexibly, as it allows the decision maker discretion in how it is applied. This option can also be developed in the time available, and meets Ministerial requirements around the implementation burden for local authorities.

Risk and assumptions of Option two

81. The NPS's effectiveness in reducing natural hazard risks for new development in New Zealand could be hampered by:
    - The degree to which consenting authorities implement the NPS's policy direction, when "having regard to" it
    - Possible delays in implementing the NPS through plan changes
    - The high degree of discretion it leaves when managing natural hazard risks which do not rank as "very high".
82. There is a risk that local authorities will interpret and implement the policies in varied and inconsistent ways.

83. There is a continued risk of legal challenge against local authorities on resource management decisions on natural hazards, though this risk would likely be less than the risk for the status quo.

Work required to progress this option

84. Policy has been well developed and tested, and the NPS could be developed within existing resources and within the timelines set by Ministers.
85. 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 – An NES with a focus on avoiding highest risk and consents

86. 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.
87. An NES includes technical standards, methods, and requirements. Decision makers must 'have regard to' an NES when making consenting decisions, so this option would not be fully directive and would still be subject to interpretation by decision makers.
88. This option would apply in relatively limited circumstances – where a clear rule to not grant a consent due to high risk can be applied.
89. 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.
90. It might include the following:
    - only apply where a consent is already required (it would not generate additional reasons for resource consents) and matters of discretion include consideration of natural hazards;
    - support the use of best available information in making decisions and would be limited to hazards which are generally well mapped and understood;
    - assessing risk would be based on key metrics identified in a risk matrix, with defined levels of likelihood and consequence;
    - 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
    - clear direction to avoid activities that result in high risk or very high risk.

How would this option be implemented in practice

91. This option would apply to new resource consents, and affect both applicants and the local authorities making consent decisions.
92. 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?

93. 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.
94. This option would not address wider issues with the management of natural hazards under the RMA and would therefore not fully address the policy problem.

Risk and assumptions of option three

95. Establishing a consistent risk assessment process and risk level classification in an NES would be overburdensome relative to the benefits to be gained, especially for activities with a moderate or low risk.
96. MfE officials do not have the time or resources to develop the detail required for a robust NES as part of the RM Reform Phase 2 National Direction programme. As a result, the assumption is that this option cannot be developed to acceptable standard in available time.
97. This option is likely to create a greater cost burden for applicants because decision makers would be compelled to require risk assessments in specific circumstances. It is not clear whether the additional cost burden would be justified.

Work required to progress this option

98. Significant further work would be required to develop the detail necessary for this option.

Option Four – An NES with a standardised risk assessment process

99. This is a regulatory option that would deliver an NES with directive provisions of what a risk assessment must include and identify.
100. It might include the following:
    - only apply where a consent is already required (it would not generate additional reasons for consents), and matters of discretion include consideration of natural hazards. It would be limited to hazards which are generally well mapped and understood;
    - support the use of best available information;
    - direct standardised base components for undertaking risk assessments, for example, prescribing the timeframes over which risk for each hazard type must be considered. Assessments would identify an activity's defined levels of risk, based on defined likelihood levels and consequence levels; and
    - no risk response policy.

How would this option be implemented in practice

101. 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 would likely be required.
102. 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?

103. 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 four

104. Similarly to option three, establishing a consistent risk assessment process and risk level classification in an NES would be overburdensome relative to the benefits to be gained, especially for activities with a moderate or low risk. This reflects feedback provided to MfE on a similarly directive risk level assessment policy that was in the NPS-NHD that was consulted on in 2023.

105. MfE officials also do not have time to develop the detail required for a robust NES as part of the RM Reform Phase 2 National Direction programme. As a result, the assumption is that this option cannot be developed to acceptable standard in available time.

Work required to progress this option

106. Significant further work would be required to develop the detail necessary for this option.

How do the options compare to the status quo?[26]

	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** An NES with a focus on avoiding highest risk and consent decision-making	**Option Four** An NES with a standardised risk assessment process
Effective	0	Establishes a risk based and proportionate approach to managing natural hazards through the planning system. Improves consistency, especially where local planning documents do not have existing natural hazard provisions, but limited effectiveness in addressing the policy problem. +	Highly directive and focused policies. Provides benefits of managing risk consistently in decisions where there is assessed high risk from coastal inundation and flooding. Narrowly scoped application so some limited progress towards in addressing the policy problem. +	Highly directive policy creates a standard risk assessment for consent decisions. Provides benefits of consistency and ensuring risk decisions are based on a minimum best practice. Some progress towards addressing policy problem. +
Efficiency	0	A cost-effective option for achieving policy objectives. The cost burden will vary depending on the application (eg. a higher cost is expected where there is incomplete direction from existing local plans) ++	The narrow scope means it is applicable only to decisions that require justifiable additional scrutiny, so this is a very cost-effective option for achieving policy objectives. ++	High cost burden for regulated parties, as NES have a broad application. Likely to result in requiring the classification of risk for all consents. Likely to be unproductive for some levels of risk and where local plans provide sufficient direction. -
Alignment	0	High level policy provides a base for future policy in a new resource management system. The flexibility in its application allows for local plans with direction to take	Future policy is likely to focus on the application of risk assessment at plan making level, with reduced focus on resource consent processes. Unclear that this would	Future policy is likely to focus on the application of risk assessment at plan making level, with reduced focus on resource consent processes. Unclear how this would

[26] The 'efficiency' and 'implementation' criteria are given greater weight; all other criteria are weighted equally.

	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** An NES with a focus on avoiding highest risk and consent decision-making	**Option Four** An NES with a standardised risk assessment process
		precedence when they are more specific. ++	align with future reforms, potential transition risks. 0	align with future reforms, potential transition risks 0
Implementation	0	Relatively straightforward to implement. Able to be applied where there is incomplete local policy direction. Low implementation burden for decision makers and applicants. ++	Significant burden for Central Government and local authorities. Requires further work that is unable to be done within current time and resources. Issues include resolving ambiguity of consequence descriptions, which is highly problematic for directive policies applying to resource consents, unclear trigger for applying the NES. --	Significant burden for Central Government and local authorities. Requires further work that is unable to be done within current time and resources. --
Treaty of Waitangi	0	Benefits of decisions managing natural hazard risk for Māori potentially higher than for other population groups (due to the disproportionate exposure of Māori land to natural hazards) however there is no specific direction to support Māori to make their own decisions on how to use land. 0	Benefits of decisions managing natural hazard risk for Māori potentially higher than for other population groups (due to the disproportionate exposure of Māori land to natural hazards), however there is no direction to support Māori to make their own decisions on how to use land. 0	Benefits of decisions managing natural hazard risk for Māori potentially higher than for other population groups (due to the disproportionate exposure of Māori land to natural hazards), however there is no direction to support Māori to make their own decisions on how to use land. 0
Overall assessment	0	Small but positive impact, low additional effort. Will make some	Likely to be effective in a limited way. High implementation burden on	Likely to be effective in a limited way. High implementation burden on

	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** An NES with a focus on avoiding highest risk and consent decision-making	**Option Four** An NES with a standardised risk assessment process
		progress towards addressing policy problem. Significant benefit in establishing a risk-based ad proportionate approach to managing natural hazard risk. Minimal implementation burden. Can be developed to an acceptable standard in the available timeframe. +	local authorities and applicants. Cannot be developed to acceptable standard in available time. -	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?

107. 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 ensure 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?

108. Yes.

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

109. The below is a summary of the impact 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. 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. Existing one-off costs of applications (including council fees) and mitigation costs 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 provides greater certainty. Existing resource consent applications and mitigation costs are relatively low or medium in the context of the overall build.	For the majority of low and moderate risk activities, changes in costs will be minimal, or small with additional costs (for both applications and mitigation) likely lower than $10,000 per activity. In some cases, the cost of mitigation may prevent the development proceeding. Applicants can make a decision about whether or not to progress. Applicants requiring a quantified risk assessment could incur additional costs of around $60,000 for a single site or more than $100,000 for development consisting of multiple sites.	Low
	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	High costs of lost development potential (i.e. forgone development cost) for a small percentage of land. In some cases, the cost of mitigation may prevent the development proceeding. Applicants can make a decision about whether or not to progress.	Low

	make it financially viable/uneconomic, or the management approach is to avoid development. Costs will: • not increase where existing hazard provisions include a risk-based approach; and • 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.	Applicants could face between $100,000 for a brownfield development to $500,000 for a greenfield development	Medium
Regulators - local authorities	Local authorities absorb some of the full cost of administering resource consents (such as for building capacity to implement the risk-based approach). Additional costs of requiring greater risk assessment expertise which cannot be on charged to applicants.	Unknown	Low
Others (eg, wider govt, consumers, etc.)	**Māori groups** Māori seeking to develop their land or property will face similar costs in preparing applications as other groups in the community. However, due to the disproportionate exposure of Māori land to natural hazards, owners of whenua Māori may be more likely	Unknown	Low

	to experience more restrictive development controls than other members of the community.		
Total monetised costs	Unknown	Unknown	Low
Non-monetised costs	Unknown	Medium costs	Low
Additional benefits of the preferred option compared to taking no action			
Regulators	Reduced costs of determining what is a 'significant risk from natural hazards'	Medium benefit	Medium
Regulated parties	Benefits include reduced losses and/or avoided costs (to life and property) from future natural hazard events. Investment benefits of 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.	High benefit	Low
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. **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.	High benefit Potentially, reduced recovery costs from natural disaster events, which are expensive and becoming more frequent. To illustrate to cost of a recent natural hazard event, the Treasury estimates that Cyclone	Low

	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).	Gabirelle and Auckland Anniversary Floods cost an estimated $14.5 billion.[27] 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.	
Total monetised benefits	Unknown	Unknown	Low
Non-monetised benefits	Unknown	High	Low

[27] 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

110. Some or all the costs and benefits detailed below could be outcomes of any of the options, including the status quo.
111. 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.
112. It is likely that the preferred option would generate these costs and benefits earlier and in a more uniform way across the country than under the status quo.

Estimated costs

Costs for regulated parties

Application costs

113. The preferred option (the NPS) relies on existing consenting requirements set out in RMA plans. In areas identified in RMA plans as being impacted by natural hazards, most regulated parties incur one-off costs for applying for resource consents, as well as costs for implementing mitigation measures.
114. A regulated party may need to include specialist information about natural hazard risks in their application and pay for the consent authority's time to review the information and make a decision, as would normally be the case. If the natural hazard is already well understood and existing information is available, then currently available information can be used and no new modelling or data collection would be required.
115. A natural hazard related resource consent could cost an applicant between $5,000 and $20,000, depending on the complexity of the hazard and the need for additional specialists' advice and reviews.[28] If the hazard response is fairly standard, the costs are likely to be at the lower end of this range.
116. The costs for applicants include a consent fee – the national average is $4680[29], with Auckland Council requiring a $6,500 deposit fee for a residential resource consent application. Other specialist costs may also be incurred, such as a specialist planner to prepare an application and a technical specialist to identify the hazard mitigation requirements.
117. The NPS could result in significant costs for applicants seeking consent in locations of greatest natural hazard risk, if existing RMA plans do not already require these. For these applicants, a quantified risk assessment may be required to understand the risk and the required response, which could cost around $60,000 for a single site or more than $100,000 for development consisting of multiple sites.[30]
118. The assessment requirements set out in the NPS are not overly demanding and any increase to costs for applicants will be because there is a genuine need to better understand the risk.

Natural hazard mitigation costs

119. The cost of mitigation measures will vary depending on the type of development and the specific natural hazard risk being addressed, which makes it difficult to quantify. In most cases, any additional mitigation costs to meet NPS requirements are expected to be a

[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.

small portion of total construction costs. As such, these costs are likely to be considered low or moderate for most regulated parties.

120. By requiring responses to be proportionate to the level of risk, the NPS could impact mitigation costs for applicants. If the existing planning document has a risk-based framework setting out performance standards or clear assessment requirements to manage risk, the NPS is unlikely to have an impact on mitigation costs. Where the existing framework has an incomplete risk-based approach, the NPS may increase costs for the applicants, with higher increases for those activities assessed as having higher risks.
121. Some hazard mitigation will be more cost effective than others. For example, new construction in peat lands might include additional mitigation construction costs of between $10,000 and $60,000 (based on 2.5 per cent of total build costs and 15 per cent total build costs).[31] Literature shows the total cost (not marginal cost) of raising the floor height of a standard dwelling to address flooding risk could range from $20,000[32] to between $50,000 – $120,000.[33]

Plan change costs

122. In most cases, a plan change will consider natural hazard risk to some extent. The NPS is not expected to increase the cost of a plan change where there is a strong risk-based requirement in existing plan provisions, but may result in a marginal increase in costs where there is no existing risk based direction.
123. There are likely be costs associated with private plan changes. An applicant for a private plan change for a brownfield site could incur costs of around $110,000 for the required additional risk assessments and preparation of plan provisions, if the district or region already has a prescribed risk assessment processes similar to that in the NPS and there is existing relevant information. An applicant's costs for a greenfield private plan change, including information gathering, is estimated to be around $500,000.[34]
124. The NPS would support consistency in the plan change approach to assessing and managing risk, but is unlikely to increase the costs of assessment beyond those currently incurred.

Regulated parties' opportunity cost (foregone development)

125. Some regulated parties may face application and mitigation costs that render site development financially unviable, resulting in significant opportunity costs. The NPS supports costs being proportionate to the level of risk, which is already provided for in some existing local plan provisions.
126. The Cost Benefit Analysis (CBA) supporting a natural hazards plan change to the Upper Hutt District Plan illustrates how mitigation requirements can affect development viability. In this case, a greenfield development initially identified as being capable of accommodating 243 dwellings may no longer be feasible due to costs associated with addressing subsidence and ground settlement risks linked to soil conditions. With

[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).
[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.

development costs increasing by 2.5 per cent to 15 per cent, it is unlikely that full number of dwellings would be constructed.[35]

127. 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]
128. For the majority of properties where mitigation costs are manageable, the land opportunity costs will be zero or negligible.[37]
129. The opportunity costs could be significant for landowners where their sites are significantly covered by high hazard risks.[38]

Regulated parties land value cost

130. Property markets are complex and the impact of the NPS on land value is uncertain.
131. Land subject to natural hazard risk assessments and proportionate management controls may be affected in terms of market value, however the strength and direction of the potential impact is uncertain. There is some local evidence to suggest that land values may not be impacted by hazard provisions[39] and that natural hazard information has historically had a low impact on property values.[40]
132. 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]

Costs for local authorities

133. Local authorities will be impacted by one-off moderate costs to give effect to the proposed national direction.
134. *For consents:* Based on existing practice, it is unlikely that the full cost of administering resource consents will be passed on to applicants, with local authorities to absorb some of the cost. Evidence from the Waikato District suggests that additional costs (staff time and training) to local authorities for administrating natural hazard consents on a yearly basis could include $140,000 for flooding and $30,000 for coastal hazards.[42] The NPS is not expected to increase these costs.
135. *For plan changes*: The cost of considering natural hazards in plan changes is expected to be part of local authorities existing planned practice, so no additional costs are anticipated, however some costs could be brought forward (i.e. incurred earlier than otherwise expected). There is scope for some efficiency gains in progressing plan changes, potentially reducing costs relative to the status quo, however efficiencies would vary across the country and are too uncertain to quantify or qualitatively describe.

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[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] Wellington City Council, Section 32 Evaluation Report, part 2 Natural and Coastal Hazards
[38] Porirua City Council, 2020, Section 32 evaluation report Part 2: Natural 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)

Other implications for implementing the preferred option

Implications for property owners and developers

136. 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).
137. Costs of mitigation measures are anticipated to be higher where natural hazard risks are higher. In some cases, the cost of mitigation measures will be too high to make it financially viable to develop. This outcome is consistent with the objective of the NPS.
138. 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. To illustrate, 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.
139. Officials do not have sufficient data to determine the impact of the preferred option on property prices.

Broader implications

140. 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]
141. The NPS 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.
142. 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.
143. If successful, the NPS 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

144. Resilient development delivers significant benefits to regulated parties, local authorities and the wider community by reducing the risk of economic, social, cultural, and environment impacts of natural hazards. These benefits are shared collectively and cannot be precisely apportioned.
145. Regulatory measures that promote mitigation and avoidance primarily protect individuals and property at risk. While the regulated party may bear the cost of mitigation, they are less likely to experience adverse natural hazard events. Future landowners also benefit from increased safety and asset protection.

[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.

146. Mitigation measures can preserve property values and, in some cases, determine whether an asset withstands or is destroyed by a hazard event.
147. Drawing on local and international evidence, the potential benefits of managing natural hazard can be illustrated by:
    - the rate of return of investing in adaptation planning and action ranges from $2 per dollar invested to more than $10 per dollar invested;[44]
    - the benefit of managing risk through land use and development planning could 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]
148. Avoiding the cost of natural hazard events would benefit the wider community. At a regional and national scale, the costs of natural hazard events are significant. There are numerous examples around New Zealand where better land use and development decisions could have avoided costs of remediation and government buy outs.[46]
149. Most recently, Cyclone Gabrielle and the Auckland Anniversary floods are estimated to have incurred 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]

Section 3: Delivering an option

How will the proposal be implemented?

150. The preferred option 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.
151. The NPS will be supported by non-statutory guidance to support implementation. The guidance will give further detail on implementing the proportionate response policies.

Consultation and engagement on the preferred option

152. The preferred option is aligned with the proposed NPS-NH.
153. The NPS-NH was informed by targeted engagement throughout 2024 and 2025 for the RM Reform Phase 2 National Direction programme. This engagement was with with many of the participants from earlier consultation and engagement on the NPS-NHD, with more of a focus on the banking and insurance sectors, infrastructure providers and Local Government networks.

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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] 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
[47] Treasury 2023, Impacts from the North Island weather events - Information release - 27 April 2023 (treasury.govt.nz)

154. Public consultation on the proposed NPS-NH occurred during the period from 29 May 2025 to 27 July 2025, alongside consultation on other new and amended national direction instruments under the RMA. Over 200 submissions were received on the NPS-NH and most were broadly supportive of central government intervention to better manage natural hazard risks through the planning system. The most significant theme emerging from submissions was a call for clearer and stronger policy direction.
155. Submissions expressed broad support for:
    - the proposed a high-level, interim approach to regulation now via the NPS-NH, ahead of a more comprehensive approach in future (through the broader resource management system reforms);
    - taking a risk-based approach to managing natural hazard risks, including to proportionately manage natural hazard risks; and
    - including direction on responding to climate change pressures.
156. Submitters indicated that the NPS-NH would ensure national consistency by addressing fragmented and inconsistent local approaches, and that the effectiveness of the proposed NPS-NH would rely heavily on the level of support provided for implementation.
157. During the public consultation period, MfE officials also embarked upon targeted engagement with representatives from local government, banking and insurance, developers and technical earth science experts. Feedback provided through this engagement was consistent with views expressed in written submissions.
158. Public consultation also included public forums with local government and PSGEs on the NPS-NH and other national direction instruments, which was part of the RM Reform National Direction Phase 2 programme.
159. The policy was tested through targeted engagement with experts and key stakeholders and through public consultation and the NPS-NH was amended to reflect this feedback. The key changes were to make the policy clearer and more directive, and this has meant that the final NPS-NH contains more detail than the version that was consulted on. It also means that the NPS-NH is now very clear that implementing a proportionate response to risk means that, where risk is assessed as very high, new development must be avoided.

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

160. There is no proposed programme of monitoring, evaluation or review proposed for the NPS, due to resource constraints within MfE. However, indicators are being developed for the future resource management system that will monitor the impact of future natural hazards policy.
161. Failing to monitor the NPS is a lost opportunity, as a monitoring programme would wider benefits including to inform reporting to the National Risk Register on how well natural hazard risk is currently managed by the RMA. It could also be used to inform policy development for the new resource management system.