

Inquiry into Climate Adaptation

This submission, made on behalf of **Climate Action Aotearoa** (CAA) recommends the coalition government takes meaningful action to enable communities to proactively adapt in response to the increasing risks from climate change and natural hazards. It provides perspectives from the philanthropic sector about the support required for Climate Adaptation.

EXECUTIVE SUMMARY

The solutions put forward as part of Climate Adaptation need to outlast any one government. This is one of the most complex pieces of legislation in the 21st Century.

The funding and the financing of adaptation, knows no partisan politics so this is an opportunity for cross party support to ongoing consequences of disconnected and damaged infrastructure, insurance challenges and a degradation of our natural environment. It's worth noting that mitigation is a form of good adaptation policy and needs as much careful consideration.

CAA supports the need for cross-party legislation on adaptation that contains all the responsibilities, powers, mechanisms and tools for adaptation planning and implementation. It should provide clear national leadership and create the new mechanisms required to deliver an enduring and equitable transition to a climate resilient future with consistency across Aotearoa New Zealand.

It is important that the coalition government doesn't undermine subsequent adaptation legislation with concurrent bills such as the Fast Track Bill which would, not only discount new climate adaptation legislation but, enable decision making which negates all current safeguards under international and national obligations agreed including Paris-aligned climate obligations, natural justice and democratic decision making, and treaty rights.

We recommend that a hybrid adaptation system is developed through subsequent adaptation legislation that uses the parts of the existing system that work well and supplements it with the necessary new tools and processes.

Māori are disproportionately affected by the impacts of climate change. Māori often do not have equitable access to resources to adequately plan for climate change and are not able to 'retreat' to other locations due to whakapapa and lineage to whenua, moana, awa and other cultural assets.

CAA recommends that any adaptation system must empower mana motuhake and rangatiratanga of iwi, hapū, and whānau. This includes Māori landowners being considered at the outset of any climate adaptation planning. Recognising the complexity of adapting to the increasing risks from climate change and natural hazards, and the potential impacts adaptation decisions can have on community wellbeing, we recommend greater financial resourcing and support for local decision makers from central government.

National direction, provision of centralised expert resources, and greater protection from potential liability are required to support decision makers to be informed and act in good faith.

With regards to terminology, we prefer the term 'planned relocation' rather than 'managed retreat', as we consider this to be a more appropriate term.

Lastly, CAA recommends that when the phrase "climate adaptation" is used in any subsequent legislation, it be explicit and upfront about what is being referred to - and importantly, which physical climate risks are not being addressed.

This submission considers the questions posed by the committee:

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

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

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

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

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

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

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

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

CAA Recommendations

Adaptation legislation

Legislation for an adaptation system is developed urgently with bipartisan support. This legislation should align all the different powers, functions and responsibilities, both existing and new, that are required for successful adaptation planning and implementation.

Legislation on adaptation provides for adaptation to risks arising from both the effects of climate change and natural hazards, not just the effects of climate change.

Legislation on adaptation includes the mandated requirement to undertake climate change and natural hazard risk assessments and local adaptation planning, and clearly assigns responsibility and resourcing to the appropriate decision-making body.

Legislation must provide staged mandates which gives councils assurance that their adaptation planning has some formal status and consistency (currently not mandated) with long term planning whilst enabling some flexibility in process.

Adaptation system

A hybrid system for adaptation is developed through new or amended legislation on adaptation. This would supplement the current system with additional powers and mechanisms to remove barriers and enable equitable and enduring adaptation action.

Where a planned relocation response is determined to be appropriate, the system must contain the right mix of voluntary and mandatory powers.

The role of regional spatial planning is strengthened as a key mechanism for enabling the implementation of local adaptation plans.

Planning decisions made now should stop development in areas of high or increasing risk, so that the need for planned relocation in the future is avoided. Beware of Fast Track legislation overriding this.

A hybrid system for adaptation should uphold Te Tiriti principles and includes local mātauranga Māori and tikanga.

The process established for adaptation planning is sustainable for all those involved. The process must be reasonable and proportionate.

Central government must provide coordination, direction, and resourcing for standardising formats and digital systems and platforms for generating and storing data for supporting risk assessment and local adaptation planning.

The term ‘community centred adaptation’ rather than ‘community led adaptation’ is the preferred terminology for the process of adaptation, and ‘planned relocation’ is the preferred terminology for the adaptation option that involves leaving one place and moving to another rather than ‘managed retreat’

Te Tiriti-based adaptation

The ‘Core Components of a Te Tiriti-based adaptation system’ identified in the Ministry for the Environment Issues and Options paper should be incorporated into an adaptation system.

Māori must be resourced by central and local government agencies to support and implement participation in an adaptation system.

Council and government agencies must support and implement Māori decision-making processes based on te ao Māori values and principles where requested by iwi and hapū.

The information sharing protocols of iwi and hapū knowledge is defined and determined by iwi and hapū for the use and access of their information for adaptation planning.

A Tika Transition ¹ Framework should be incorporated for guidance on tika or ‘just’ transitioning which acknowledges historical inequities and resolutions as part of the transitioning process.

1. Maria Bargh <https://www.metuauru.co.nz/wp-content/uploads/2023/11/A-Tika-Transition-WEB-1.pdf>

Barriers to Māori adaptation

There are challenges identified as Barriers to Māori adaptation set out here. Though not an exhaustive list the following are significant issues:

- a. Historical dispossession
- b. Limited resources
- c. Institutional barriers
- d. Power imbalance
- e. Cultural disconnect

We further agree with the Expert Working Group that the colonisation of Aotearoa New Zealand resulted in the rapid alienation of Māori land from tangata whenua, resulting in the acquisition of Māori customary land to be readily available for trade and sale.

We agree that this still occurs today, and that policy and legislation has dispossessed Māori of their land and hindered the ability of whānau to use their land for customary

and economic practices. This displacement has significantly reduced, and in some case cut off, the ability of Māori to access their kaimoana, mahinga kai, and an inability to exercise their mana and rangatiratanga over their whenua and taonga as guaranteed under Te Tiriti o Waitangi.

Māori do not have equitable access to resources to plan adequately for climate change and are not able to 'retreat' to other locations due to whakapapa and lineage to whenua, moana, awa and other cultural assets. There is nowhere else to go or 'retreat' to for many Māori.

Mātauranga Māori is not given the same weighting and importance as western science. Yet many Māori have pūrakau and korero tuku iho handed down through generations that describe the vulnerability and changes to the environment that tupuna have dealt with for many years prior. All communities and decision makers can benefit from the unique value of mātauranga Māori in how understanding and assessing risks in their rohe might be done.

Competing priorities for local authorities and central government often do not align with Māori. In turn, this reduces the level of protection councils are willing to give to cultural assets and infrastructure.

Inadequate resourcing, funding and education is hindering the ability of many Māori to have conversations on and plan for climate adaptation. Timeframes, values and decision-making processes differ significantly between Māori and non-Māori communities, often resulting in unclear direction and competing priorities between groups causing disruption and unresolved discussions.

National planning directives do not prioritise climate change and natural hazard planning above other topics, often resulting in local authorities dismissing or reducing the importance of including planning provisions in regulatory plans due to competing priorities.

Risk Assessment

Climate change and natural hazard risks are assessed broadly, with a focus on wellbeing. This should include consideration of risk to physical and financial capital, human capability, natural environment, and social cohesion, consistent with the Treasury Living Standards Framework.²

National direction on risk assessment requirements, methodologies, and metrics must be developed to improve the quality, certainty, and consistency of approach toward climate change and natural hazard risk assessments.

National direction on risk tolerance requirements, methodologies, and national tolerance limits should be developed to provide greater certainty into the system and allow communities to make informed decisions.

National direction must provide for Māori to lead risk assessments based on their mātauranga Māori, mātāpono (values) and tikanga (principles). It must allow for bespoke frameworks and responses to be developed by iwi and hapū based on their tikanga, kawa and priorities.

A similar framework such as Te Mana o Te Wai or the Hierarchy of Obligations in the National Policy Statement for Freshwater, could be incorporated in national direction on adaptation.

Climate change and natural hazard risk is assessed at a regional level for the purpose of identifying areas requiring adaptation planning. Area-specific risk assessments should support local adaptation planning.

Risk assessments are subject to technical peer review and audit by an independent national body, rather than being contested in the courts.

²The Treasury. 2021. The Living Standards Framework 2021. Wellington: The New Zealand Treasury

Issues for risk assessment

Assessing the risks arising from the effects of climate change and natural hazards is an essential step in the adaptation process. An assessment of risk allows us to understand what we need to respond to, and why.

The lack of national direction on risk assessment is a fundamental issue with New Zealand's current approach to climate change and natural hazard risk assessment. It creates inconsistent approaches to identifying and assessing risks across regions and generates uncertainty in decision making. Key risk assessment aspects that lack national direction include:

- a. How risk is defined, and what we need to consider risk to (individuals, communities, buildings, property, infrastructure, human health, cultural heritage, the natural environment, etc)
- b. The terminology applied in risk assessments, including the descriptors and categories of risk magnitudes (i.e., low, medium, high, very high) and interpretation of risk factors such as vulnerability, sensitivity, and adaptive capacity.
- c. Mandatory considerations for the scope of risk assessments (i.e., what hazards must be considered and at what scales)

- d. Information concerning best-practice methodologies for undertaking risk assessment, including how to incorporate mātauranga Māori
- e. Guidance for when and how communities should be engaged during risk assessment.

Decision making and community engagement

Local decision makers are provided with a greater level of support from central government throughout the adaptation process. This can be achieved through the establishment of a centralised resource unit with the diverse expertise and capacity required for the delivery of high-quality local adaptation planning.

Local decision makers are specifically trained for decision making on climate change risks, natural hazard risks, and adaptation approaches; and that decision makers are certified (in a similar way to Freshwater Commissioners).

Local decision makers are provided with greater protection from litigation risk through mandates to act, clearly assigned responsibilities, and strong national direction.

Common climate adaptation solutions:

Planning for adverse events (deciding to live with and recover from events)

Maintaining and restoring habitat (riparian planting, restoring wetlands)

Redesigning, building or adapting climate-ready housing and infrastructure (e.g. raised or water friendly flooring, raised electrical wires, stilts, removable structures, etc.)

Stopbanks

Seawalls (gabion baskets or concrete seawalls)

Beach renourishment (adding sand, shingle, gravel or other material to a beach)

Water capture and storage and using water efficiently

Relocating, moving buildings & infrastructure, selling & moving to areas with less hazards

Changing land use (for example, from residential housing to open, blue-green spaces)

Not all of these solutions are sustainable in the long-term, and not all of them result in equitable outcomes. For example, when we use “hard” infrastructure adaptation solutions to defend private property (think private sea walls), it literally transfers wave

energy down the coast, often to a neighbour. Outcomes like this, when the adaptation solution has become more harmful than helpful, are known as maladaptation.

Who pays for climate adaptation?

There are two parts to this question:

- » Who pays (and how much, over what time period) for the engagement process?
- » Who pays (and how much) for the adaptation solutions devised?

Costs are likely to fall unevenly across society and across generations (including those not yet born). It is noted that land (and housing) is currently people's main investment and form of savings. In Aotearoa New Zealand, we have not diversified our investments as much as other OECD countries and rely heavily on real estate for financial security. There is also a widespread expectation that people will be compensated if they 'retreat' or relocate, this expectation is underpinned by several precedents, including the response to the Canterbury Earthquakes and the response following the severe weather events in early 2023. Land values generally, don't yet take natural hazard risk into account which creates ongoing problems for insuring assets into the future.

In Aotearoa New Zealand, we tend to fund adaptation post-event, in an ad-hoc and reactive way. One of the key issues with this is that it sets a precedent and unrealistic expectations of compensation from government or philanthropy to step in post-event. This post-disaster approach to funding can lead to maladaptive and inequitable outcomes that the philanthropic sector is very much aware of. Cost sharing needs to be developed in advance of climate events, whether the event be acute or chronic.

There is sentiment that repairing properties where damage has occurred and are high risk for future events should not be funded. Districts that are at higher risk to climate hazards and with a low rate-payer base are more vulnerable and less capable to fund the cost of adaptation and recovery through their rate payer base. The role of central government needs to be clear and may need to prioritise these communities through targeted funding and reforms of local government ratings legislation.

A legislated subsequent funding system would be more enduring than an annual budget process, although there is risk that legislation could be repealed in the future. A Climate Adaptation Fund similar to the EQC Tika Tu Ake model could be considered as a funding mechanism.

In time, centralised funding may reduce the pressure off some of these discussions. Even so, it's likely that funding solutions will include a mix of general public and targeted charges.

The Philanthropic sector and Climate Adaptation in Aotearoa

Philanthropy alone cannot resolve the climate crisis, but it can play an essential role in catalysing the billions of dollars of public sector and private sector funding needed to transition toward a low-carbon economy.

Philanthropy is in the unique and privileged position of holding funds in perpetuity for the good of the people and place. With this in mind, philanthropy doesn't need to wait for disaster to strike before strategies are put in place to support climate adaptation in numerous forms. It's a marathon and many philanthropic funders are on board.

Investment through a) grant-making and b) investment portfolios are the two obvious mechanisms philanthropy can utilise to reduce climate vulnerability and support emergency responses.

Grant-making enables the opportunity to increase the capacity of community groups to better prepare and respond to climate events, whilst Funders' portfolios can provide for a more systemic change in the transformation of how, where and what capital is invested in. Many Community Trusts, for example (with approximately \$4 billion invested collectively in managed funds) are shifting capital away from extractive industries to directly funding impact. Community Trusts and signatories to the Funders Commitment on Climate Action are evolving granting to ensure more power-sharing across decision-making with a number of examples of Māori led and designed grants where community members participate in co-designing the resolutions they know will work for their communities. Impact investment may look like housing, wetland/habitat restoration, innovation in carbon sequestration, etc. It's both broad and varied and may involve mitigation as part of adaptation funding strategy.

One of the greatest strengths of the philanthropic network is the ability to collaborate with other funders, grant recipients, iwi, hapū and Māori, disaster relief organisations, public sector etc. Given the need to rapidly scale up funding to this under-resourced issue, Climate Action Aotearoa and Community Trust partners established the KONS Kaupapa of National Significance Fund in 2024 to drive policy advocacy, support research on underfunded technologies, and invest in nature restoration which in turn supports the mitigation and reduction of risk of climate events.

Philanthropy can also take risks that the public and private sectors can't or won't take. It supports frontline advocacy, emerging but unproven breakthrough technologies, and unique collaborations that bring together voices from the public, private, and civil society sectors to solve the climate crisis.

Climate Action Aotearoa's Funders' Commitment on Climate Action is an important resource to help the philanthropic community to invest in climate solutions as effectively and as early as possible.

By combining the emerging data on funding flows with leading-edge climate science and other resources, Climate Action Aotearoa and partners can understand the relationship between where funding is most needed and where it is going, scope new strategies, refine existing work, identify emerging partnership opportunities, and more. Recognising the immediacy and severity of the climate crisis, this data is a crucial resource for funders to develop and refine climate strategies with the urgency that the situation demands.

Philanthropic funders are critical to avoid the Crown transferring the costs of recovery to the philanthropic sector. Too much responsibility is currently held by property owners and local government and not enough by central government. The transfer of cost and risk to local councils and the philanthropic sector is not sustainable and enables central government to avoid difficult political decisions on adaptation.

Backed by philanthropic support, the total number of funders and grantees in climate change mitigation has grown over the past 3 years and continues to grow, and collecting this data is crucial to inform targeted action for the future. We do this through Climate Action Aotearoa's Funders Commitment on Climate Action.

Central government plays a vital role by offering fiscal incentives and utilising their public purchasing power to send market signals. The collective goal is to assist private capital and markets in making sustainable climate and nature investments the new norm in the marketplace.

Conclusion

Government must work with philanthropy to better understand how philanthropy can catalyse people-focused climate and nature solutions and play a key engagement role through being relationship-based organisations, uniquely nimble, flexible, equitable and tolerant. However, if the philanthropic sector becomes accountable for some level of community engagement under subsequent legislation, it should have proportionate influence at the decision-making table to ensure government works in partnership with philanthropy and communities.

Ends