



18 April 2024

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Ref: OIA-2023/24-0607

Dear [Redacted]

Official Information Act request relating to secondary briefings provided by DPMC

Thank you for your Official Information Act 1982 (the Act) request received on 1 March 2024. You requested:

Any secondary briefing provided by your agency to your agency's minister/s since 27 November 2023.

The time frame for responding to your request was extended under section 15A of the Act by 12 working days because consultations were needed before a decision could be made on the request. Following this extension, I am now in a position to respond.

Documents being released

I have decided to release the documents listed below, subject to information being withheld as noted. The relevant grounds under which information has been withheld are:

- section 6a, to protect the security or defence of New Zealand or the international relations of the Government of New Zealand
- section 9(2)(a), to protect the privacy of individuals
- section 9(2)(f)(iv), to maintain the confidentiality of advice tendered by or to Ministers and officials
- section 9(2)(g)(i), to maintain the effective conduct of public affairs through the free and frank expression of opinion
- section 9(2)(g)(ii), to prevent improper pressure or harassment
- section 9(2)(j), to enable negotiations to be carried on without prejudice or disadvantage.

Secondary briefings provided by the Department of the Prime Minister and Cabinet between 27 November 2023 and 1 March 2024.

Item	Date	Document description	Portfolio	Decision
1	27 November 2023	Overview of the Future of Severely Affected Locations Policy and Implementation	Emergency Management and Recovery (Hon Mark Mitchell)	Some information withheld under s9(2)(a), s9(2)(g)(i), s9(2)(g)(ii), s9(2)(f)(iv), s9(2)(j)
2	27 November 2023	Overview: Funding Allocation and Sources for Cyclone Recovery	Emergency Management and Recovery (Hon Mark Mitchell)	Some information withheld under s9(2)(a), s9(2)(g)(i)

Item	Date	Document description	Portfolio	Decision
				s9(2)(g)(ii), s9(2)(f)(iv), s9(2)(j)
3	28 November 2023	Briefing: Emergency Management Bill: Overview and next steps	Emergency Management and Recovery (Hon Mark Mitchell)	Some information withheld under s9(2)(g)(ii), s9(2)(f)(iv), s9(2)(f)(j)
4	4 December 2023	Briefing: Government Inquiry into the North Island Severe Weather Events: Upcoming Interim Recommendations	Emergency Management and Recovery (Hon Mark Mitchell)	Some information withheld under s9(2)(g)(ii)
5	7 December 2023	Briefing: Recovery Roles and Responsibilities	Emergency Management and Recovery (Hon Mark Mitchell)	Some information withheld under s9(2)(g)(ii)
6	7 December 2023	Aide-Mémoire: The Multi-Measure Framework Established Under the Child Poverty Reduction Act	Child Poverty Reduction (Hon Louise Upston)	Some information withheld under s9(2)(g)(ii)
7	8 December 2023	Briefing for the incoming Prime Minister on the Christchurch Call	Prime Minister (Rt Hon Christopher Luxon)	Some information withheld under s6(a), s9(2)(f)(iv), s9(2)(g)(i), s9(2)(g)(ii)
8	21 December 2023	Briefing: Policies to help achieve the Government's Child Poverty Reduction Targets	Child Poverty Reduction (Hon Louise Upston)	Some information withheld under s9(2)(f)(iv), s9(2)(g)(ii)
9	25 January 2024	Briefing: Cyber Security: 2024 Work Programme Priorities	Minister for National Security and Intelligence (Rt Hon Christopher Luxon)	Some information withheld under s6(a), s9(2)(f)(iv), s9(2)(g)(ii)
10	25 January 2024	Briefing: Enhancing critical infrastructure resilience	Minister for National Security and Intelligence (Rt Hon Christopher Luxon)	Some information withheld under s9(2)(f)(iv), s9(2)(g)(ii)
11	26 January 2024	Briefing: Democratic resilience to disinformation	Prime Minister and Minister for National Security and Intelligence (Rt Hon Christopher Luxon)	Some information withheld under s9(2)(a), s6(a), s9(2)(f)(iv), s9(2)(g)(ii)
12	22 February 2024	Aide-Mémoire: Critical infrastructure resilience – overview and upcoming milestones	Minister for Infrastructure (Hon Chris Bishop)	Some information withheld under s9(2)(g)(ii), s9(2)(f)(iv)

One paper provided to you in your request OIA 2023/24-0444 titled 'The work of the Cabinet Office: Briefings and advice for the incoming Prime Minister' is considered a secondary

briefing. The information withheld in the copy previously released to you continues to be withheld as set out in our previous response to you.

Information to be withheld

There is one paper covered by your request that I have decided to withhold in full under section 9(2)(f)(iv), to maintain the confidentiality of advice tendered by or to Ministers and officials.

I offer my apologies because in response to your request OIA 2023/24-0444 there were two titles missing. These two titles are now being released to you as papers and are attached as items 1 and 2.

In addition, one title dated 15 December 2023 *‘Five Country Ministerial Letters November 2023’* had the incorrect portfolio listed. This paper went to the Minister for National Security and Intelligence, Rt Hon Christopher Luxon. It is not considered a secondary briefing; therefore, a copy is not being provided as it isn’t within scope of this request.

In making my decision, I have considered the public interest considerations in section 9(1) of the Act. No public interest has been identified that would be sufficient to outweigh the reasons for withholding that information.

You have the right to ask the Ombudsman to investigate and review my decision under section 28(3) of the Act.

This response will be published on the Department of the Prime Minister and Cabinet’s website during our regular publication cycle. Typically, information is released monthly, or as otherwise determined. Your personal information including name and contact details will be removed for publication.

Yours sincerely



Clare Ward
Executive Director
Strategy, Governance and Engagement



Coversheet

Overview of the Future of Severely Affected Locations Policy and Implementation

Date:	27/11/2023	Report No:	DPMC-2023/24-457
		Security Level:	_____
		Priority level:	Medium

	Action sought	Deadline
Hon Mark Mitchell Minister for Emergency Management and Recovery	note the information in this briefing	N/A

Name	Position	Telephone		1 st Contact
Katrina Casey	Chief Executive, Cyclone Recovery	9(2)(g)(ii)	9(2)(g)(ii)	✓
9(2)(g)(ii)	Executive Director, Strategic Policy and Legislation	9(2)(g)(ii)	9(2)(g)(ii)	

Minister's Office

Status:

Signed

Withdrawn

Comment for agency

Appendix: Yes

Briefing

Overview of the Future of Severely Affected Locations Policy and Implementation

To: Hon Mark Mitchell
Minister for Emergency Management and Recovery

Date	27/11/2023	Security Level	IN-CONFIDENCE
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Purpose

1. This briefing provides you with an overview of the Future of Severely Affected Locations (FOSAL) policy approach and an update on implementation progress.

Executive Summary

2. The FOSAL policy approach is a locally led, centrally supported process to address the future use of land that was severely affected by the North Island Weather Events (NIWE). It is intended to reduce intolerable risk to people from extreme weather related natural hazards by mitigating risk where possible, and moving people out of harm's way where those risks cannot be mitigated.
3. Regional councils and unitary authorities are responsible for categorising land based on the underlying risk of flooding and landslides from severe weather events and delivering the appropriate policy responses. This includes risk mitigation projects and, where necessary, voluntary residential property buy-outs. Central Government's role is to set the high-level framework, provide funding support to councils and co-ordinate implementation. The Cyclone Recovery Unit (CRU) coordinates the Government's responsibilities, including trouble shooting, monitoring, and reporting on delivery and Crown expenditure.
4. Alongside the locally led FOSAL approach, the Government has established a parallel pathway to address severely affected whenua Māori and marae. This pathway recognises the distinct challenges that arise with whenua Māori, including relatively complex governance and compliance requirements, and multiple or fragmented ownership. The pathway also affirms the Crown's duties toward the protection of whenua Māori and associated values and practices.
5. FOSAL implementation is underway in the three regions most affected by the NIWE – Hawke's Bay, Tairāwhiti and Auckland. The Crown has agreed to over \$1.6 billion of FOSAL funding support for councils in these three regions. The first buyout offers are now being made by some councils and we expect some to be finalised before the end of the year.

6. Agreed risk mitigation projects are in various stages of readiness to progress, although given the scale and complexity involved, completion of all these projects will take several years. The funding support packages for severely affected whenua Māori, which are subject to Ministerial approval, will be implemented later than the start of the council led buyouts, as further policy, investigation, and procedural work is undertaken.
7. Other councils in regions outside of the three most affected regions are also considering FOSAL policy responses but are further back in the process. The scale is much smaller in these regions (we anticipate that only a small number of buyouts and risk mitigation projects will be required) but the overall impact and corresponding need for Crown funding is still to be determined.
8. As the implementation of FOSAL gathers momentum, we anticipate a range of issues will emerge that may require some degree of intervention from central Government. These may include:
- Councils seeking to access funding rapidly to get risk mitigation projects underway.
 - Cost-sharing agreements needing to be revisited to accommodate changing property categorisation numbers.
 - Perceived inequities in the scope, terms, and timing of property buyouts between different regions.
 - Property buyouts leading to disputes and legal challenges.
 - Long timeframes to complete risk mitigation projects.
 - Councils seeking regulatory options to speed up consenting processes.
 - Ongoing uncertainty about solutions and funding needs in other NIWE-affected regions.

Recommendations

We recommend you:

1. **note** the contents of this briefing.

 Katrina Casey Chief Executive Cyclone Recovery
27/11/2023

Hon Mark Mitchell Minister for Emergency Management and Recovery
..../..../2023

Development of the FOSAL approach

1. In April 2023, the Extreme Weather Events Cabinet Committee (EWR) considered advice on a principles-based framework for decisions that need to be made to support communities and property owners to repair, rebuild or move [EWR-23-MIN-0030 refers].
2. FOSAL policy development has been co-ordinated by the CRU and jointly led by the Treasury and the Ministry for the Environment (MfE). Lead responsibility for co-ordinating the Crown's role in implementation was assigned to the Chief Executive, Cyclone Recovery in August 2023.
3. EWR agreed to three overall objectives for the approach:
 - Provide people with as much certainty as possible about their situation, so that they can move forward with their lives.
 - To the extent practicable, get the 'right' solution in the right place – this will mean different solutions in different locations.
 - Avoid significant financial hardship – rather than avoiding any financial loss for those affected.
4. EWR also agreed to a set of principles that would underpin any interventions in affected areas:
 - Maintain incentives on individuals, communities, local government, and insurers to manage risks.
 - Any support is appropriate and proportionate to enable individuals and communities in severely affected locations to recover from recent extreme weather and satisfactorily adapt to current and future risks.
 - Seek opportunities to reduce long-term risk from natural hazards.
 - Risk and options assessments and risk management to be locally led and centrally supported.
 - Manage risk to tolerable levels rather than eliminating it.
 - Set any central Government support at a level that can be sustainably offered in response to future events.
 - Ensure that Treaty obligations and the rights and interests of Iwi / Māori are central.
 - Target those worst affected and with the least means to recover.
5. To determine the appropriate responses required in different locations, the Treasury and MfE, supported by the Cyclone Recovery Taskforce, worked with councils through April and May to develop a framework for categorising residential properties. The final categorisation framework is shown in figure 1.

Figure 1: FOSAL Categorisation framework

Categorisation is the process of councils placing properties or groups of properties into classes of policy response (Category 1, 2 or 3), based on the ability to mitigate intolerable levels of risk as revealed by NIWE:

Category	1 	2P 	2C 	2A 	3 
Description	Repair to previous state is all that is required to manage future severe weather event risk.	Property level interventions are needed to manage future severe weather event risk, possibly in tandem with community level interventions.	Community level interventions are needed for managing future severe weather event risk.	Significant further assessment is required to assess a property, as well as engagement with property owner.	Future severe weather event risk cannot be sufficiently mitigated. Some land uses may remain acceptable, but residential use carries an intolerable risk of injury or death.
Actions	Flood or landslide damage to repair, but no need for community or property level interventions.	Property specific measures are necessary, for example improved drainage, raising houses. Benefits accrue to property owners.	Local government could repair and enhance flood protection schemes to adequately manage the risk of future flooding events. Cost is shared by the community.	Interventions may be required or possible, but further information is needed. These may subsequently move between "2" categories or to categories 1 or 3.	In the face of enhanced climate risk to the property there is an unacceptable risk of future flooding or risk from land instability.

6. Responsibility for categorisation of properties sits with councils because they have the statutory responsibility for land use decisions. Councils are also responsible for delivering the resulting policy response.
7. In May 2023, EWR agreed to a policy approach for the different property classifications [EWR-23-MIN-0044 refers]. As the least affected and relatively lower risk areas, Category 1 properties do not require any policy response. Property owners are in the process of working with their insurers to repair any damage resulting from NIWE and moving on with their lives.
8. For Category 2 or 3 areas, there is a significant risk to life for residents from future flooding or landslides. The exact risk thresholds used differ between councils, but broadly the threshold for Category 2 and 3 is that these areas face an intolerable risk to life from future extreme weather events.
9. While the level of risk for Category 2 and 3 is similar, the response is different. The key difference is that for Category 2 properties, there is a viable solution to reduce risk to a tolerable level, while for Category 3, there is no viable solution that could reduce this risk.
10. For Category 2, risk mitigations may be at an individual property (2P) level (e.g., raising houses or improving drainage) or at a community (2C) level (e.g., building improved stopbanks). Councils also identified properties as Category 2A, for areas that required further assessment before making a final categorisation.
11. For Category 3, as there is no viable way to reduce risk, the policy response is for local councils to offer to buy the affected properties from individual owners, to ensure that the land can no longer be used for residential purposes. Councils are responsible for establishing the detailed approach, conditions, and timeframes for buyouts, but in all cases,

buyouts are made on a voluntary basis. Councils will take ownership of the property if the offers are accepted.

12. The FOSAL approach has been primarily focused on Hawke's Bay, Tairāwhiti and Auckland, as the three most affected regions. However, other NIWE affected regions are also able to consider FOSAL responses and may be eligible for Crown financial support.
13. The CRU's role is to lead and co-ordinate central Government implementation, including the administration of agreed funding support for buyouts and risk mitigation projects. This also includes responsibility for ensuring legal requirements on the expenditure of Crown funding are met, monitoring delivery, and reporting to the Government on delivery progress, associated issues and Crown expenditure.

A parallel approach has been developed for whenua Māori

14. A parallel approach has been developed for severely affected land that is whenua Māori (primarily Māori freehold and customary land, as defined by the Te Ture Whenua Māori Act 1993), and severely affected marae. It involves relocating people residing on Category 3 whenua Māori out of harm's way; retiring that whenua from future residential use; and contributing to the relocation of severely affected marae to mitigate risks to persons staying on site. Māori will retain ownership of whenua Māori.
15. This pathway was developed in recognition of the fact that the voluntary buyout approach may not be appropriate for whenua Māori, due to the relative paucity of whenua left in Māori ownership, the complexities of Māori land ownership and governance, and the distinct statutory requirements governing Māori freehold land.
16. In contrast to the FOSAL approach for general property owners, the whenua Māori and marae pathway is led by central Government. The reasons for this include historically poor experiences, low levels of trust Māori have of local authorities; and the overarching view that central Government (the Crown) has direct Treaty of Waitangi responsibilities towards protection of whenua Māori, and partnership relationships with hapū and iwi that cannot be delegated to local government. As much as possible, the whenua Māori pathway is intended to run in parallel with the regular FOSAL approach led by councils.
17. Further details on the pathway are provided in paragraphs 73-93 *Whenua Māori and marae pathway – policy and implementation*.

Cost-sharing with local government

Cost-sharing agreements have been reached with the three most affected regions

18. Following the development of the FOSAL policy approach, the Crown entered into negotiations with councils in the most affected regions (Hawke's Bay, Tairāwhiti and Auckland) to determine cost-sharing arrangements between central and local government (negotiations were led by the Treasury, with Sir Brian Roche, Chair of the Cyclone Recovery Taskforce, playing a key role).

19. Negotiations focused on what proportion of the costs the Crown would contribute for Category 3 buyouts and Category 2 risk mitigation projects. Crown funding contributions were also offered for regional transport projects, to help ensure that councils were not left in undue financial hardship because of their recovery costs.
20. To manage expectations and help to ensure that future funding would be more sustainable, the Crown’s negotiating position was based on a 50:50 cost share between central and local government for property buyouts. Throughout the negotiations, the Crown’s negotiating team was conscious of the potential precedent being set for future extreme weather events and the level of financial support that would be provided from the Crown.
21. The Crown agreed cost-sharing packages with Hawke’s Bay councils¹ on 31 July, with the Gisborne District Council (GDC) on 24 August and the Auckland Council on 24 August. After public consultation, and further negotiations on the terms of the packages, the final details were confirmed through Funding Agreements between the Crown and councils, signed on 6 October with Auckland and Tairāwhiti and with the Hawke’s Bay councils on 10 October.
22. The cost-sharing agreements consist of:
 - A 50 percent Crown share (less any insurance and EQC proceeds) of the cost of voluntary Category 3 buyouts.
 - A contribution towards risk mitigation projects for Category 2 properties.
 - A contribution toward regional transport projects, to reduce cost pressures on councils.
 - A concessional financing arrangement for the GDC. The Council is receiving a \$30 million, 10-year loan from the local government Funding Authority, with the Crown covering the interest costs of the loan (approximately \$17 million).
23. The total amount of funding support agreed for councils is summarised in table 1.

Table 1: Agreed funding for FOSAL cost-sharing

Region	Cat 3 buyouts	Cat 2 projects	Transport projects	Other support	Total
Hawke’s Bay	\$67.5m	\$203.5m	\$252.6m		\$523.6m
Tairāwhiti	\$15m	\$64m	\$125m	Concessional financing – representing \$17.0m value to council	\$221m
Auckland	\$387m	\$380m	\$110m		\$877m
Total	\$469.5m	\$647.5m	\$487.6m	\$17.0m	\$1,621.6m

¹ Councils include Hastings District, Napier City, Wairoa District, Central Hawke’s Bay District and Hawke’s Bay Regional Councils.

24. After reaching agreement with the Crown, councils consulted their respective ratepayers on whether to accept the agreements during September and October. The Auckland Council and the Hawke's Bay councils confirmed acceptance of the Crown offer by early October. The GDC confirmed acceptance on 1 November.

Cost-sharing has been formalised through Funding Agreements with the Crown

25. Contractual arrangements have been made to formalise and give effect to cost-sharing agreements. The three regions have signed individual Umbrella Funding Agreements with the Crown, which set out the terms and conditions under which councils will receive Crown funding.
26. Funding Agreements include details of the methodology used to categorise properties and the methodology for conducting buyouts. These methodologies have been developed independently by councils. Provision of funding is conditional on councils carrying out buyouts in accordance with the approach set out in these documents.
27. Funding Agreements also include lists of Category 2 and local transport projects for which funding has been allocated. While the funding has been secured for these projects, councils still need to complete delivery plans for each project (or group of smaller projects) to ensure that they can be successfully delivered and will provide the expected benefits. Councils will enter into individual project level agreements that sit underneath the Umbrella Agreement, setting out project milestones and funding profiles.
28. At the time of signing the Funding Agreements, councils were still developing their categorisation and buyout methodologies and project lists. These remain in draft until councils provide final versions. Finalising these documents is a condition of Crown funding – no funding will be provided until these final documents have been provided. We will advise you as these are received or if we have any concerns about their delivery.
29. Since the Agreements were signed, we have already been advised that Category 2A properties in some areas are being recategorised as Category 3 as viable risk mitigation solutions cannot be delivered. This will have implications for the cost-sharing arrangements between councils and the Crown and could require some renegotiation of terms and potentially additional funding.

30. 9(2)(g)(i) [REDACTED]

FOSAL implementation in Hawke’s Bay, Tairāwhiti and Auckland

Hawke’s Bay

31. Following the Government’s release of the initial FOSAL risk categories in early May, the Hawke’s Bay Regional Council (HBRC) developed a process and a technical framework to identify the future risk to life at affected properties.
32. On 1 June, the first maps showing which areas had been provisionally placed into each category were publicly released, covering thousands of homes. Those maps continue to be updated as the Council and its engineers undertake more detailed property specific assessments.
33. Early estimates identified 236 properties in Category 3, including s 9(2)(a) properties and s 9(2)(a) , and 2,526 properties in Category 2. Letters/emails were sent to those property owners advising of the initial categorisation.
34. The HBRC is leading land categorisation decisions on behalf of the four Hawke’s Bay councils. It has relied on a wide range of data, including high-resolution imagery taken by plane after the cyclone, information from stickered house assessments (provided by individual councils), insurance information, data and pictures collected by trawling social media, as well as site visits. The HBRC also has its own extensive data on flood risks and catchments. Property owners can provide further information to support a categorisation change or review.
35. The initial maps released on 1 June were produced by the HBRC in a matter of weeks, and more detailed assessments were required for Category 2A areas. This has meant the number of properties in Category 3 has been growing since June – from 236 homes on 1 June to 287 by early October.
36. Of these 287, only 140 have residential dwellings on them. The remainder would only be eligible for a buyout under special circumstances (see details of the Hawke’s Bay buyout policy in paragraph 43).

Community consultation and confirmation of categorisation

37. The initial categorisations identified that of the four councils, Category 3 residential properties were in two council areas. From mid-June to early September, the Hastings District and Napier City Councils undertook public consultation with provisional Category 3 communities, explaining the categorisations settings and the upcoming work to refine the initial categorisation of properties. Community meetings were held across Hawke’s Bay to assist property owners to make submissions by 7 September.
38. From early September until early October the HBRC considered submissions from Category 3 property owners. Councils also consulted ratepayers on whether to accept the Crown’s cost-sharing package for Hawke’s Bay.
39. On 4 October, 287 properties across Hastings and Napier were confirmed as Category 3, marking a significant milestone in the HBRC’s land categorisation process. This

confirmation allows for buyouts of Category 3 residential properties across Hawke’s Bay to commence. Updated numbers of properties categorised as provisional Category 2P, 2C, 2A or confirmed Category 3 across the Hawke’s Bay region are as follows.

Table 2: FOSAL categorisation numbers for Hawke’s Bay as at 3 October 2023

Council	Cat 2P	Cat 2C	Cat 2A	Cat 3	Total
Hastings	1	149	88	265	503
Napier	-	-	-	22	22
Central Hawke’s Bay	8	-	127	-	135
Wairoa	-	-	667	-	667
Total	9	149	882	287	1,327

40. Since the numbers in table 2 were confirmed, the HBRC has informed the CRU that one location provisionally identified as 2A (s 9(2)(a) [redacted] – which has 37 affected properties) is now likely to be reclassified as Category 3, as the intended risk mitigation solution is not viable. The CRU is engaging with the Council to determine the impact of this decision on the cost-share agreements and potentially funding.

Buyout process

41. On 9 October, the Hastings District and Napier City Councils sent letters to the 287 Category 3 general title property owners, informing them of next steps – including detail about the buyout process and a guide for residents to help navigate the process.
42. A council-led voluntary buyout office has been operating since 24 October to support Category 3 property owners who want to consider an offer. Councils are now meeting with property owners to discuss the specific details of an offer. Once these preliminary meetings have been held and owners have indicated they want to progress, the property’s insurance status will be confirmed, a valuation will be completed, and a formal offer will be made. Councils have submitted a payment request of \$1.7 million for six buyouts, (four in Hastings and two in Napier), that they anticipate will be completed by 22 December 2023.
43. The key elements of the Hawke’s Bay voluntary buyout policy are:
- It applies to residential property, or mixed-use property on Category 3 land, that had a dwelling prior to Cyclone Gabrielle.
 - Residential land without a dwelling is excluded, except at the discretion of councils in special circumstances (such as where a resource consent is in place and there is evidence of a genuine intention to begin building a dwelling).
 - Two offers are available – a purchase offer where ownership of the property is transferred to the council; or a relocation offer for mixed-use property (>2ha) where

the council purchases the dwelling, but property owners retain the land (a covenant will be registered on the title to prevent future residential activity).

- The council will base its offer on a 100 percent valuation of the property as at 13 February 2023, and it is uncapped.
- There is no distinction in the offer applied to insured or uninsured property.
- Councils will provide property owners up to \$5,000 for an independent valuation, and \$5,000 for legal costs.
- Property owners may request a review of their case from the council's Chief Executive, but no further local dispute process is being provided as the offer is voluntary.
- Buyout offers will remain open for three months after it is first made to the property owner (although extending this period is possible if progress is being made towards a final agreement).

44. The dispute process provided for in the buyout policy only applies to the terms of the buyout that the Hastings District or the Napier City Council is offering (such as the valuation amount or terms of the offer). It does not consider disputes about categorisation. Decisions about which category a property falls into are made by the HBRC, on behalf of all the Hawke's Bay councils. It is unclear how separate dispute processes may align or be coordinated between councils and the CRU is following up on this as details emerge.

Tairāwhiti

45. The GDC released provisional FOSAL Category 2 and 3 maps on 9 June. Early estimates identified 18 Category 3 and 1818 Category 2 properties.² Letters/emails were sent all Category 2 and 3 property owners advising of the initial categorisation.
46. Council led community hui were held across the region to explain the categorisation settings and the upcoming work to refine the initial categorisation of properties.
47. As at 1 November, 51 properties are provisionally Category 3, including s 9(2)(a) properties and s 9(2)(a), with a further 770 homes in Category 2A, requiring some form of property or community level flood protection intervention to make them safe to live in.
48. The Crown and the GDC cost-sharing agreement was announced on 24 August. Based on this package, the GDC consulted its community from 2 to 16 October on whether to establish a new activity to purchase Category 3 properties, and whether to accept the Crown's cost share package.

Buyout process

49. The GDC considered the results of community consultation on 1 November and has confirmed that it will accept the cost share package and the approach that it will take to buyouts. The GDC is writing to all Category 3 property owners to set out next steps now

² Most of these properties were identified as Category 2A, requiring further assessment.

that this decision has been made. The most recent information from the GDC is that it will start making formal buyout offers from the end of January 2024.

50. The GDC has not yet provided the Crown with its final buyout methodology. However, the policy agreed by the council on November 1 includes the following settings:
- Residential property, or mixed-use property on Category 3 land, that had a dwelling prior to Cyclone Gabrielle is eligible.
 - Properties larger than 1 hectare will be treated as mixed-use and only offered a relocation offer rather than outright purchase, properties smaller than 1 hectare may receive a relocation or purchase offer.
 - Offers will be for 100 percent of the property value, based on an individual market valuation as at 12 February 2023, and it is uncapped.
 - There is no distinction in the offer applied to insured or uninsured property.
 - Property owners are eligible for up to \$1,500 for legal costs (other costs such as an independent valuation are not included).
 - Property owners may request a review of their case from the council's Chief Executive, but no further local dispute process is being provided as the offer is voluntary.
 - The council will specify the expiry date for an offer, which will be no later than 31 March 2025.

Auckland

51. In May, the Auckland Council estimated that there would be approximately 700 Category 3 properties, based on the number of red stickered properties following rapid building assessments. This included areas severely affected by landslides in Muriwai, Piha and Karekare, along with flood affected properties across the Auckland isthmus.

Categorisation process

52. On 14 June, the Auckland Council began engaging with affected property owners to progress a risk assessment process that enabled each property to be categorised.
53. Approximately 7,000 property owners were contacted via email or letter during June and invited to provide further information about their property online. The letter explained that their property may be Category 2 or 3 and therefore considered high-risk, needing further assessment. These 7,000 properties were either red, yellow, or white stickered properties. Approximately a quarter of property owners contacted responded. It is unclear how many whenua Māori properties are severely affected, though officials have identified a set of s 9(2)(a) Māori land blocks within what the Council has determined to be the region's 13 "high risk localities".
54. The Council contracted ten geotechnical suppliers, using over 100 specialist engineers and consultants to complete the assessments. Individual properties were then given an initial FOSAL categorisation based on the available data and information. For properties in

landslide affected areas, the Council contracted a comprehensive geotechnical study of Muriwai, Piha and Karekare as the basis for risk categorisation decisions.

55. Property owners that responded to the Council had their properties reviewed through desktop assessments. These assessments involved information collection from property files, photographs, published geological information and LiDAR data to calculate slope angles. For properties deemed Category 2 or 3 following this desktop assessment, an onsite assessment was scheduled with the property owner to determine a final categorisation.
56. By late October, the Council received more than 2100 responses from property owners – and had completed more than 1300 desktop assessments and 900 site visits.
57. The Council has provided 321 property owners with final categorisation decisions and confirmed Category 3 property owners have been invited to begin buyout conversations with the Council.
58. Further confirmation of final categorisation decisions are now expected on a consistent basis, although the assessment process will not be complete until March 2024. At this stage, the estimate of 700 Category 3 properties is still the most up to date figure.
59. Approximately 20-40 Category 3 properties are Kāinga Ora owned properties. The Council has confirmed that these houses (and any Crown owned land) will not be included in the buyout scheme. Under the locally led approach, the Council has determined the buyout parameters that it considers appropriate and consistent with the principles and intent of the policy process. It has made these decisions without Crown direction of any kind. The 9(2)(g)(i)

Buyout process

60. Consultation with ratepayers on whether they supported the cost-share deal with the Crown started on 14 September, concluding with the Auckland Council Governing Body agreeing to accept the Crown's offer on October 6.
61. The Council publicly released its buyout methodology on 2 November. The first sale-and-purchase agreements will likely be made to landslide affected properties in Muriwai and several flood-affected properties in West Auckland.
62. The key elements of the Council's buyout policy are:
 - It applies to residential property, with a dwelling, that is identified as Category 3.
 - Only the residential portion of a mixed-use property will be eligible (the Council will negotiate this).
 - The buyout price will be based on the market value of the property as at 26 January 2023, to be determined either by a registered valuer, or via a desktop valuation.
 - The Council will deduct a "homeowner contribution" from the buyout price:
 - 5 percent for insured property

- 20 percent for any uninsured property (although the Council can, at its discretion, reduce this contribution).
 - The Council will provide a contribution to legal and advisory costs of up to \$5,000. It will establish a dispute resolution process for both categorisation and valuation decisions.
 - Once an offer is made, property owners will have one month to elect whether to accept it (although this would be extended if the dispute resolution process is activated).
63. On November 2, the Council announced that a “feasible and affordable” test will apply to Category 2P mitigations – if the cost of mitigation is up to 25 percent of the property’s value, it will be eligible for 2P funding. Further details are still to be provided, but the implication of this test is that if the cost is greater than 25 percent, a buyout would need to be considered. Auckland Council is seeking to amend the terms of their funding agreement, to enable funding for Category 3 buyouts to be used for Category 2P mitigations.
64. Summaries of the nature and status of FOSAL implementation in each of the three most affected regions are provided in appendix 1.

Other NIWE-affected regions

65. With affected homeowners overwhelmingly concentrated in Hawke’s Bay, Tairāwhiti and Auckland, the focus has been on these areas. However, there is a relatively smaller number of property owners in other NIWE-affected regions³ who experienced similar levels of damage.
66. Some of the other NIWE-affected councils are considering FOSAL categorisation and policy responses. Progress on property-by-property risk assessment is more advanced in some regions than others, but we anticipate that all councils will finalise any categorisation decisions by no later than the end of February 2024.
67. The CRU engages regularly with other councils to discuss their approaches and intentions. Many councils have expressed some hesitancy about how and whether FOSAL should apply in their areas. Concerns raised with the CRU include:
- Expectation about locally led responses that a buyout process could raise in their communities.
 - Risks of not identifying, or miscategorising properties.
 - Complications engaging with and/or offering buyouts for unconsented and uninsured properties.
 - Practical considerations about reducing landslide risks to individual or small groups of properties, where the risks are from neighbouring private, or Crown owned land.

³ Other affected councils include those in Northland, Waikato, Bay of Plenty, Manawatū-Whanganui, and Wellington (Wairarapa)

- Equity concerns about properties affected by other, non-NIWE weather events, or at risk from future natural hazards (including coastal erosion) but that were not severely affected by NIWE.
 - Financial implications for councils that have existing financial pressures, debt constraints and low rating bases.
68. We expect that at least two, and possibly up to four councils may pursue Category 3 buyout offers. A greater number will seek financial support for Category 2 risk mitigation projects:
- The Masterton District Council is considering offering buyouts to between s 9(2)(a) property owners affected by Cyclone Gabrielle flooding in Tinui. The Council estimates that this would cost approximately \$5 million (with the Crown's share \$2.5 million), although this number is still subject to change if other mitigation solutions are feasible (for example, lifting and moving houses within an affected piece of land). The Council is undertaking a two-week public consultation period, which began on 20 November, on whether it should adopt a buyout scheme.
 - The Tauranga City Council is assessing up to s 9(2)(a) above and below a landslide that damaged homes during the Auckland Anniversary Floods. The Council expects that two to three properties may require buyouts, where there is no viable engineering solution to reduce the ongoing landslide risk (this includes one property that was severely damaged and has since been demolished). It is not expecting to have engineering assessment work finalised until late this year or early 2024.
 - The Waikato District Council is considering options for up to 5 properties in Port Waikato at risk from future landslides. The Council is assessing whether there are viable property level solutions to minimise risk and avoid the need for buyouts.
 - The Thames-Coromandel District Council has indicated that it is not expecting to make any buyout offers at this stage, although it is considering alternative risk mitigation options for less than 10 properties it considers may be facing an intolerable risk from landslides. Some of these properties face risks that involve neighbouring Department of Conservation (DoC) land, although the origin and nature of landslide risks is not always clear without commissioning geotechnical assessments. The CRU is involved in ongoing conversations with DoC and the Council about conducting these assessments, to inform which would inform potential remediation solutions.
 - At this stage, none of the three district councils in Northland have indicated that they are intending to progress with categorisation and buyouts, although they have not ruled it out completely. The CRU has been in regular discussions with the councils, and we will continue to work with them. We will advise you if we have any further updates.
69. Councils were informed by the previous Minister for Cyclone Recovery on 25 September that – should they identify any Category 3 buyouts – the Crown would share the cost on the same basis as agreed with other regions, i.e., 50 percent of the net cost less insurance and

EQC payments. It is not envisaged that the total cost would be more than \$10 million across all other affected regions.

70. Should any of these other councils choose to categorise properties and offer any Category 3 buyouts to property owners, councils will write to you to seek a funding contribution from the Crown. This contribution would be funded from the National Resilience Plan (NRP), the same source as previously agreed cost-sharing funding for the three most affected regions. There is currently no specified funding amount set aside for this purpose.
71. Subject to your agreement, the CRU would then work with the relevant council(s) to confirm the amount and the relevant terms of a Crown offer. This would be formalised through the development of a binding Funding Agreement between the council(s) and the Crown.
72. Central Government has also advised councils of the funding pathways available to them for Category 2 risk mitigation projects – either the Local Government Flood Resilience Co-investment Fund, or the next phase of NRP funding. None of the potential responses listed above have been formally identified for funding from either pathway.

Whenua Māori and marae pathway – policy and implementation

73. The whenua Māori and marae pathway is a flexible approach that involves the Crown engaging directly with Category 3 Māori property interests and their local communities, to determine appropriate case-by-case solutions, including fair and reasonable funding support from the Crown.
74. This pathway is an unprecedented public policy approach, and further policy and operational development work needs to be undertaken, in consultation with relevant agencies. We expect to provide Ministers with further advice on the detailed design to give effect to policy decisions, and to seek agreement to any further policy decisions that may be needed, in early 2024.

Engagement with affected land interests is ongoing

75. Whenua Māori engagement across the three most significantly impacted regions (Auckland, Hawke's Bay & Tairāwhiti) is ongoing and is progressing at different stages. It is running in parallel to the council-led engagement with property owners through the general FOSAL pathway, though the development of support packages will require more policy and scoping to be completed.
76. Within the whenua Māori pathway, the current focus is on building relationships with owners, trustees, and residents to better understand the level of impact to their whenua, including residential dwellings and marae. This is necessary to work towards enabling whānau to relocate to safe places, taking into account the Crown's Treaty and legal obligations.
77. As councils complete assessments and categorise properties within their districts, the CRU is identifying and engaging with impacted landowners' representatives, trustees (where they exist) and residents. This engagement has informed the policy work and advice to Ministers to date; and is supporting Treasury's forecasting of funding and affordability.

78. Indicative numbers of properties and marae are shown in table 3.

Table 3: Estimated number of properties in scope of the whenua Māori and marae pathway

Region	Whenua Māori land blocks categorised as Category 3	Marae located on Category 3 land
Hawke's Bay	§ 9(2)(a)	
Tairāwhiti		
Auckland		
Total		

79. Currently the Hawke's Bay region is the most progressed, with approximately § 9(2)(a) Māori land blocks identified as Category 3, including § 9(2)(a).

80. In the severely affected § 9(2)(a) community, in Hawke's Bay, local iwi have sought a collective solution that incorporates the relocation of their Category 3 marae and up to § 9(2)(a) affected whanau households residing on Category 3 whenua. A multi-agency 'Taskforce', co-led by the CRU and Te Arawhiti, is working with local iwi on the proposal and will report to Ministers in December on its viability. There may be other Category 3 locations where a collective solution, and Taskforce approach, has merit, although there are specific circumstances at § 9(2)(a) that lend itself to this.

81. In Tairāwhiti, the GDC is nearing completion of its categorisations, following a major disruption to its process due to further flooding in June. The GDC has identified § 9(2)(a), including § 9(2)(a), which it has asked the CRU to assess for eligibility for the whenua Māori pathway. As at mid-November the GDC has advised it may add a further § 9(2)(a) to Category 3.

82. The Auckland Council is undertaking a series of geotechnical and other specialist assessment as a precursor to its property categorisations and has not finalised its whenua Māori category 3 properties. While this occurs, the CRU is working with Te Puni Kōkiri to develop a (worst case) estimate of the number and location of severely affected whenua Māori properties across Auckland. In all, there are § 9(2)(a) that are potentially within scope of the whenua Māori pathway, including § 9(2)(a) that may be Category 3.

Scope and funding parameters have been set for the whenua Māori pathway

83. Policy advice on the pathway was coordinated by the CRU, and led by the Treasury, working with Te Puni Kōkiri and Te Arawhiti. § 9(2)(j)

§ 9(2)(f)(iv), 9(2)(g)(i)
 9(2)(g)(i), 9(2)(f)(iv)

84. Further decisions were made by joint Ministers with delegated authority from EWR, to set maximum and minimum parameters for Crown contributions. Ministers also agreed that the Chief Executive, Cyclone Recovery, would be responsible for the overall implementation of the whenua Māori pathway and administration of the fund, supported by Te Puni Kōkiri and Te Arawhiti.

85. The fund will be used to provide flexible grants to those in scope of the pathway, who voluntarily opt in. Funding is available for properties that are Category 3, are in residential use and/or have assets of cultural significance, and are on Māori freehold, customary or reservation land. Some general title land is also eligible (and excluded from the council-led buyout pathway) if the property:

- is owned by members of the hapū associated with the whenua and is geographically connected to it; or
- was previously Māori freehold land but was compulsorily converted to general land due to government legislation; or
- is Treaty settlement land held by a post-settlement governance entity for residential use.

86. In relation to these properties, the fund can be accessed by whenua Māori owners, representative bodies, or residents of a property in scope (regardless of whether they have ownership interests in the whenua or dwelling). However, given the potential complexities about ownership and occupation, a Crown funding offer will be subject to formal ratification processes and compliance with Māori land statutory requirements.

87. Ministers have agreed to parameters that will inform the maximum and minimum for Crown contributions to different components of support packages to be offered. 9(2)(j)

[Redacted text]

88. 9(2)(j)

[Redacted text]

89. 9(2)(j)

[Redacted text]

[Redacted text]

90. The Chief Executive, Cyclone Recovery has delegated authority to agree funding packages within these parameters up to a value of s 9(2)(j) . Packages over s 9(2)(j) , must be approved by the Minister of Finance, Minister for Māori Crown Relations, Minister for Māori Development, and yourself.
91. Some policy decisions on the whenua Māori and marae pathway are still to be made. Most of these are at an operational policy level (e.g., any specific approached needed to land valuation, or an appropriate contribution to legal or transactional costs) which the CRU will determine, in consultation with other agencies, under the authority delegated to the Chief Executive, Cyclone Recovery.
92. 9(2)(g)(i) .
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.
.
93. Progress updates on the pathway will be provided as engagement progresses, including if the parameters need to be adjusted or if further funding may be required to reach solutions for all Category 3 whenua blocks. A progress update is currently scheduled to be provided to Cabinet in November, but this timeframe may be amended to December, depending on the timing of Cabinet and Cabinet committees.

Administration of Crown funding

94. The Chief Executive, Cyclone Recovery is responsible for overseeing the administration of the Crown's financial support to councils for Category 2 interventions, Category 3 buyouts, and the local transport packages agreed with councils through cost-sharing negotiations. However, the CRU does not have the capacity or necessary expertise to undertake all aspects of implementation.
95. To support the delivery of agreed funding, Crown Infrastructure Partners Limited (CIP), has been engaged by the CRU, given its operational and commercial expertise and proven track record of helping deliver complex infrastructure projects.
96. CIP is responsible for administering the provision of Category 3 funding to councils, subject to the terms of the Umbrella Funding Agreements signed between the Crown and councils. CIP will receive payment requests from councils for the Crown's share of buyout costs and confirm that any requests are in accordance with requirements, before releasing funding.
97. For Category 2 and transport projects, CIP will work directly with councils to review council delivery plans, to provide assurance that plans contain an appropriate level of information to meet agreed FOSAL and NRP criteria for funding.

98. Councils have been advised of CIP's role. A series of introductory meetings, with the CRU, CIP, and councils, is underway, with meetings taking place between finance teams to discuss drawdowns and reporting, and site visits with engineers. Work is ongoing with councils to finalise the documentation required to finalise Funding Agreements, and to understand councils' prioritisation, timing, and sequencing for the delivery of projects.
99. Based on CIP's recommendation, the Chief Executive, Cyclone Recovery, will be responsible for seeking approval from you for projects to proceed. Subject to approvals, CIP will execute project level funding agreements with councils, oversee and monitor councils delivery, and report to on progress. The CRU will report to Ministers on progress of delivery, emerging and actual issues, and potential solutions.
100. CIP will also have a similar role in the administration of funding agreed for Nelson City Council and for projects funded through the Local Government Flood Resilience Co-investment Fund.
101. If the need eventuates CIP will support the delivery of FOSAL funding for any councils in other NIWE-affected regions and will also support the distribution of whenua Māori and marae funding. If additional support is required from CIP for these purposes, we will provide you with advice and negotiate an extension of CIP's mandate for these functions.
102. Monitoring and reporting on council delivery and the expenditure of Crown funding will be a key part of CIP's role. The amount of funding, over \$1.6 billion is substantial and will be subject to scrutiny by Ministers and by the Auditor-General. To ensure that there is sufficient oversight, CIP will provide regular monthly reporting to the CRU which will include:
- Updates on councils' progress on buyouts and project delivery against agreed milestones.
 - A summary of funding distributed compared to forecast expenditure.
 - Any material issues that CIP has identified that may impact on a council's delivery of an agreed project.
103. The Chief Executive, Cyclone Recovery and CIP are in the process of finalising a contractual agreement to deliver these services. 9(2)(f)(iv), 9(2)(g)(i)
- [Redacted text]

Emerging issues

104. As FOSAL implementation continues, we expect there will be a range of issues that emerge from councils' buyout processes and delivery of risk mitigation projects. Other, unexpected issues will no doubt arise as councils progress through their implementation. Some of the key areas of concern that we have identified to date are outlined below.

Councils seeking to access funding rapidly to get risk mitigation projects underway

105. Councils that have Funding Agreements in place want to get risk mitigation and transport projects underway and receive Crown funding as soon as possible. Some councils have expressed concerns that central Government processes and requirements will be onerous and time consuming.
106. The CRU is working closely with CIP and councils as delivery plans are agreed for individual projects. We are seeking to balance the need to deliver funding quickly and to recognise that FOSAL responses are locally led, with fiscal responsibility requirements for Crown funding.
107. Moving rapidly is dependent on councils providing satisfactory final documentation to enable the Funding Agreements to come into force and funding to be released. We anticipate that this will be provided by the end of November and will inform you if there is any unexpected delay in this process.

Cost-sharing agreements needing to be revisited to accommodate changing property categorisation numbers

108. As councils finalise their property categorisation process and complete the detailed planning required for implementation, they are seeking to amend what has been agreed through cost-sharing negotiations. As the number of properties in each category change compared to what was expected when the agreements were first made, this will have an impact on the relative amounts of funding agreed for buyouts and different types of projects.
109. In particular, and as already noted (in paragraphs 35 and 40) regarding the Hawke's Bay, a council may determine that a Category 2 intervention is no longer viable, or further assessment of a Category 2A property determines that there is no viable mitigation solution. This means that the properties could move into Category 3 and become eligible for a buyout. In this scenario, the Funding Agreements with councils include provisions that require the Crown and councils to negotiate in good faith whether to amend agreed funding amounts.

110. s 9(2)(f)(iv)

111. s 9(2)(f)(iv)

Perceived inequities in the scope, terms, and timing of property buyouts in different regions

112. Each of the three regions that are preparing to make buyout offers to residents are taking different approaches to the scope of their buyout policies and applying different terms and

conditions. This includes the treatment of different property types, different valuation approaches, contribution amounts for legal and other costs, and dispute mechanisms. In particular, Hawke's Bay and Tairāwhiti are offering 100percent buyouts (for both insured and uninsured property), while Auckland is offering a maximum contribution of 95percent for insured properties and 80percent for uninsured properties.

113. These differences are likely to create a perception of inequity in the approach taken in different regions. However, this is a result of the locally led approach. Central Government has worked with councils to enable information sharing between them and to encourage consistency where possible but is not able to prescribe the settings of individual councils' buyout policies. The CRU has ensured that councils are making their decisions with the knowledge of what other councils are proposing to do.
114. Some councils in other affected areas are still considering their approach, with some not expecting technical assessments to be completed until early 2024. This would mean that the timeframe for any property buyouts is likely to be later than those in other regions.
115. The Crown has also agreed to provide the Nelson City Council with funding support for property buyouts from a severe weather event in August 2022 [EWR-23-MIN-0076 refers]. This is broadly like the FOSAL approach.
116. The Council has indicated that engaging in buyouts would be subject to a public consultation process on its Long-Term Plan. This is not planned until March-April 2024. Affected residents have expressed concern about the timeframe, given the time that has now elapsed since the Nelson weather event and the fact that residents in other regions may have resolution sooner, despite the NIWE events occurring later.

Property buyouts leading to disputes and legal challenges

117. Given the number of likely buyouts and the significance of offers for individual property owners, it is likely that the buyout process will lead to disputes and legal challenges (e.g., about categorisation decisions, or valuation outcomes). This is likely to affect councils in the first instance, as the responsible decision makers, but the overarching FOSAL approach may also be called into question.
118. The CRU has had initial conversations with other government agencies and local authorities to identify potential options for review or appeals. While central Government has provided the FOSAL categorisation framework and provided funding to enable councils to implement the approach, FOSAL buyout policy is locally led. Any dispute resolution/review/appeal function would need to maintain the appropriate bounds of locally led and centrally supported.
119. This review/appeal process differs from others (such as buyouts resulting from the Christchurch and Kaikoura earthquakes) in that the Crown is at arms' length and not buying the properties, making decisions about which properties will be offered buyouts, or what the terms of those buyouts will be. There is no statutory basis for a review/appeal model apart from existing Ombudsman and judicial review rights. Therefore, any solution will need to be agreed to by the councils and property owners as binding. There is currently no source of funding for a bespoke review process.

120. The spectrum of options for central Government runs from providing guidance and advice to councils on how they might establish their own review/appeal system, through to the creation of a bespoke Ombudsman, dispute resolution system, or even a tribunal. Behind all those options sits the use of the (existing) Ombudsman and the High Court judicial review process, which are always available to people.

Long timeframes to complete risk mitigation projects

121. The scope of the work required to complete all FOSAL related infrastructure projects, as well as efforts to repair, rebuild, and construct new homes is extensive. The recovery work will likely take years.

122. Limitations such as the availability of construction materials, workforce capability and capacity, equipment availability, environmental considerations such as ground saturation and seasonal conditions mean that not all infrastructure projects can simultaneously get underway. Agencies are working to improve understanding of the workforce requirements of infrastructure rebuild projects to see where they can assist. At this time, this work requires more information from councils on their proposed plans and sequencing of their significant projects.

123. The implications for affected residents may be significant. Properties identified as Category 2 face an ongoing risk to their safety while mitigation works are progressed. This is likely to cause anxiety among residents. It may also lead to concerns about the ongoing availability and/or affordability of insurance for affected properties. Private insurance companies have been seeking assurance that mitigation works will be completed and deliver the intended benefits, so that they can continue to offer affordable insurance.

124. In addition, should any of the Category 2 risk mitigation projects not be able to be completed, then the properties in question would likely need to be recategorised as Category 3 and receive a buyout offer instead.

125. As council delivery plans are developed, the CRU will work with councils and central Government agencies to consider options to provide additional support, including whether legislative levers are needed to speed up delivery.

Councils seeking regulatory options to speed up consenting processes

126. Some councils have asked the CRU for assistance with navigating a variety of consent-related matters where shortening processes or timelines would enable greater opportunities for residents to be relocated quickly, or infrastructure projects to get underway. The CRU has had a number of meetings with councils about the need for regulatory relief, although to date councils have not been able to articulate clear examples of situations needing relief and the nature of relief required. We will continue to work with councils to clarify these needs.

127. The CRU is working with MfE and other agencies to build a suite of potential response options – although this work remains dependant on greater clarity from councils about what is required. Options could include:

- Enabling councils to allow more intensity of residential building on rural land with restrictive district plan rules in place.
 - Regulatory relief or Orders in Council to progress flood protection works and housing relocation, as raised by the Hawke's Bay Regional Recovery Plan.
128. You may have to play a role in linking the work of other Ministers' portfolios, such as Environment or Local Government, to expedite the implementation of the FOSAL programme. Some of these decisions may have to come in the short term and involve linking operational level workstreams; some solutions may require either secondary or primary legislation changes, so will be a more involved process.
129. The use of Orders in Council through the Severe Weather Emergency Response Legislation Act (SWERLA) is frequently raised by councils as a potential solution to some of these problems. However, as we move further away from the weather events, the use of SWERLA becomes more limited. This is becoming particularly apparent as councils are requesting regulatory relief for future-focussed resilience efforts that would be likely to be out of scope of the Act.
130. Additionally, councils are raising the need for more permissive approaches to consenting, including creating new bespoke approvals processes. The ability to achieve this under SWERLA is limited, as the Act only allows amendments and modifications to processes in current legislation, not the creation of new processes or their application to new subject matters.
131. The CRU has sought Crown Law Office advice on the continued application of SWERLA, given the time that has passed since the severe weather events. We will update you once this advice is finalised.

Ongoing uncertainty about solutions and funding needs in other NIWE-affected regions

132. Outside of the three most affected regions, where NIWE cost-sharing funding packages have been agreed, councils are still determining their responses, including whether they wish to engage in FOSAL categorisation and what their funding needs may be as a result.
133. Councils are at different stages of their recovery process, but many are still at the point of engaging technical experts to assess impacts and possible solutions, and it may still be some months for the full recovery costs for severely affected properties in these areas becomes clear. The scale of any Crown funding support that might be requested is still unknown.
134. There are also some potentially complicated ownership or liability issues across all regions that are yet to be fully resolved, such as interventions that may be needed on Crown owned land (e.g., DoC land in Thames-Coromandel) or the future of Kāinga Ora properties on Category 3 land in Auckland.

Appendix 1: Nature and Status of FOSAL Regional Summaries

Released under the Official Information Act 1982

Future of severely affected locations: Auckland

Auckland's recovery effort is of a different scale to the other regions; it received significant levels of damage in areas distributed around the wider region, including multiple residential areas. This means that its cost sharing agreement is the largest.

All umbrella cost sharing agreements signed in October require local authorities to provide further information, including the final buyout methodology and cost sharing project detail, before funding can be disbursed.



Cost-sharing approach

The Auckland Council agreed a cost sharing arrangement with central Government in August, subject to community consultation that finished on 24 September. The total agreed is \$877 million dollars, which includes \$387 million for 50 percent of Auckland's Category 3 buyouts, \$380 million for risk mitigation projects, \$110 million for local transport.

According to the Auckland Council, the Crown contribution will be a part of three elements of its strategy: Category 3 buyouts (total \$774 million), 'Making Space for Water' - a broader flood and stormwater resilience initiative (total \$820 million), Transport Network Recovery (total \$390 million).

9(2)(j), 9(2)(g)(i)

FOSAL status

In October, the Auckland Council agreed some of the key principles of its Category 3 buyout policy.

- It applies to residential property, with a dwelling, that is identified as Category 3
- Only the residential portion of a mixed-use property will be eligible (the council will negotiate this). Vacant sections are not eligible for a buyout
- The buyout price will be based on the market value of the property as at 26 January 2023, to be determined either by a registered valuer, or via a desktop valuation
- The Council will offer 95% of the value of an insured property, less any insurance buyout (including EQC), meaning that the property owner will make a 5% contribution towards the cost of the buyout
- The Council will provide a contribution to legal and advisory costs of up to \$5,000
- For uninsured properties, the Council will offer at least 80%, up to 95% of the value of the property, meaning that the property owner will makeup to a 20% contribution towards the cost of the buyout

In November, the Auckland Council stated its approach to Category 2P properties. This has two components; whether a solution is possible, and whether it is affordable and can be delivered in a reasonable timeframe

- Affordability is set at 25 percent of the properties CV, while the mitigations need to be completed within two years

The Auckland Council has also announced that its dispute resolution process applies to both categorisation and valuation and will have an internal and external review process. The Council have stated it will provide further information on this process to households when their categorisation is confirmed.

Whenua Māori and Marae programme

The Auckland Council's categorisation approach, involves undertaking a series of geotechnical and other specialist assessment as a precursor to its property categorisations.

In the absence of the Council's categorisations, the CRU has worked with Te Puni Kōkiri to develop a (worst case) estimate of the number and location of severely affected whenua Māori properties across Auckland. 9(2)(a)

Region at a glance

Category 3	Whenua Māori land blocks	Marae
Approximately 700	9(2)(a)	s 9(2)(a)

Categorisation process

≈7000	Property owners contacted (red, yellow or white stickered)	<i>In the absence of final numbers of houses in each category, the figures from the Auckland Council's categorisation process are provided as a rough proxy for the quantity of properties considered</i>
≈2100	Responses from homeowners	
1300	Desktop assessments	
900	Site visits	

Future of severely affected locations: Hawke's Bay

Hawke's Bay has progressed the furthest towards implementing Category 3 buyouts of any region, and we are expecting buyouts to start shortly. It is also the area with the largest amount of whenua Māori land affected.

All umbrella cost sharing agreement signed in October requires local authorities to provide further information, including the final buyout methodology and cost sharing project detail, before funding can be disbursed.



Cost-sharing approach

Hawke's Bay's five councils collectively signed a cost sharing agreement with the Government in July, which was agreed to following public engagement on 15 September. The total agreement is for \$556 million, that includes \$92.5m for 50 percent buyout of Category 3 buyouts, \$203.5m for Flood Protection, \$260m for reinstating bridges and connectivity to isolated communities.

The Hawke's Bay has five affected local authorities—Hawke's Bay Regional Council, Hastings District Council, Napier City Council, Wairoa District Council and the Central Hawke's Bay District Council. The Hawke's Bay Regional Recovery Agency was established to coordinate a recovery plan between these authorities, iwi and the local community.

FOSAL status

On 9 October, Hastings and Napier councils sent letters to Category 3 general title households outlining detail about the buyout process. A buyout office has been operating since 24 October, to support property owners who want to consider an offer. The key elements of the buyout policy are:

- The policy applies to residential or mixed-use properties that had a dwelling prior to the weather events
 - Category 3 properties without a residential dwelling can receive a buyout at the council's discretion, if they can meet strict criteria (i.e. had consent and plans for a house pre-Cyclone)
- Two offers are available:
 - A purchase offer where the council takes ownership of the land; or
 - A relocation offer for mixed use property (>2 hectares) where the council purchases the dwelling but owners retain the land (and a covenant is established to prevent residential activity)
- Offers are based on 100 percent valuation of the property as at 13 February 2023
- There is no distinction in the offer applied to insured or uninsured property
- Councils will provide up to \$5,000 for an independent valuation, and \$5,000 for legal costs
- Property owners may request a review of their case from the council's Chief Executive, but there is no further dispute process as the offer is voluntary

There are 1040 properties currently in all Category 2 areas, most in Category 2C. The large number of properties in Category 2A could change based on further work, i.e. be placed into Category 2C if a community-level project is feasible, or into Category 3 if one is not.

Whenua Māori and Marae programme

Hawke's Bay includes 9(2)(a) of whenua Māori provisionally categorised as Category 3. Severely affected whenua Māori land blocks are largely concentrated in the 9(2)(a). These two localities account for almost all known Category 3 whenua Māori across the recovery regions. s 9(2)(a) in Hawke's Bay are in Category 3; 9(2)(a) 9(2)(a) h 9(2)(a) 9(2)(a)—in Category 2A.

The CRU has attended community meetings in Hawke's Bay since June and completed profiles of land blocks for most of the 50 Category 9(2)(a) affected properties with approximately 9(2)(a). Engagement has focused largely on 9(2)(a) Māori land interests and related stakeholders, including the 9(2)(a) 9(2)(a) 9(2)(a). The CRU is also talking to trustees, owners and residents of provisional Category 3 whenua Māori, with support from local councils, 9(2)(a)

Ongoing engagement challenges include large and dispersed groups of owners, unknown governance/trusteeship and/or contact details to work with; and some whānau reluctance to relocate and, therefore, engage in the FOSAL process. More broadly, concerns have been raised by the various PSGEs that the FOSAL and cyclone recovery work does not undermine their Treaty settlements and, where practicable, complements their post settlement duties and objectives.

Region at a glance

	Whenua Māori land blocks	Marae
Cat 3	9(2)(a)	
Cat 2A	9(2)(a)	

	Hastings	Napier	Central HB	Wairoa	Total
Cat 3	265	22			287
Cat 2A	88		127	667	882
Cat 2P	1		8		9
Cat 2C	149				149
Total	503	22	135	667	1,327

Future of severely affected locations: Tairāwhiti

The cost sharing agreement for Tairāwhiti includes a no-interest loan that enables the Gisborne District Council (GDC) to pay its share of Category 3 buyouts. The large number of Category 2 properties will need further investigation to determine the appropriate solution (whether property- or community-level) to mitigate the risk.

All umbrella cost sharing agreement signed in October requires local authorities to provide further information, including the final buyout methodology and cost sharing project detail, before funding can be disbursed.



Cost-sharing approach

The GDC signed a cost sharing agreement with the Government in August, which was approved on 1 November following community consultation. The total agreement is for \$204 million, which includes \$15m for 50 percent buyout of Category 3 properties, \$64m for Flood Protection, \$125m to reinstate bridges and crucial roads. In addition, the GDC received a 10-year interest free loan (with the Crown paying the \$17m interest on the loan).

FOSAL status

The GDC is finalising its buyout methodology. We understand that it will cover:

- Residential or mixed use property on Category 3 land that had a dwelling prior to the North Island Weather Events.
- Properties larger than 1 hectare will be treated as mixed-use and only offered a relocation offer rather than outright purchase, properties smaller than 1 hectare may receive a relocation or purchase offer.
- Offers will be for 100% of the property value, based on an individual market valuation as at 12 February 2023, and is uncapped
- There is no distinction in the offer applied to insured or uninsured property
- Owners are eligible for up to \$1,500 for legal costs (other costs such as an independent valuation are not included)

Of the 770 Category 2 houses in Tairāwhiti, 200 houses (approx. half in Te Karaka) will be required to be lifted in order to reduce vulnerability and mitigate significant risks. Council and Iwi have received \$15m in Crown support through the Flood Resilience Co-investment fund to lift these homes.

For the remaining Category 2 properties, solutions and funding for these will need to be identified.

Whenua Māori and Marae programme

The GDC has identified 9(2)(a) properties and 9(2)(a), although a further 9(2)(a) may also be moved into Category 3.

The CRU has supported all the GDC-led engagements with affected communities, including East Coast and other communities with relatively high Māori populations, and is seeking direct dialogue with the Category 3 affected residents and owners.

The CRU's broader cyclone recovery engagement with Tairāwhiti iwi and Māori stakeholders has taken place between the GDC and three of the region's four main iwi, including the largest, Ngāti Porou. GDC and local iwi leaders have committed to a unified cyclone recovery and wider collaborative approach.

Of the four iwi, Te Aitanga a Mahaki, whose tribal area takes in Te Karaka and the Waipaoa catchment, has yet to settle its Treaty claims with the Crown. This is important context for any discussions about the recovery (and iwi concerns for the protection and future availability of Māori land in their rohe).

Region at a glance

Region at a glance		
Category		Note
3	51	Figures for Category 2 are not currently broken down into sub-categories, but most are indicated to be Category 2A – needing further categorisation
2	770	
Whenua Māori		
Residential properties	9(2)(a)	
Marae		

Released under the Official Information Act 1982

Future of severely affected locations: Regional Overview

The Future of Severely Affected Locations programme is applicable to all regions affected by the North Island Weather Events (NIWE), beyond Auckland, Tairāwhiti and Hawke's Bay. All of the NIWE regions were informed of the Government's approach to categorisation and cost sharing (a 50/50 split for Category 3 households) in September.

Given that this is a voluntary, locally-led process, each region chooses to take their own approach to categorisation. The CRU has been engaging with each region about their specific circumstances and to provide any support and information or advice required.

Currently we are expecting that at least two, and possibly up to four councils may pursue Category 3 buyout offers. It is likely most regions will seek support for Category 2 risk mitigation projects.

Northland

Northland councils are still considering whether to take a categorisation approach to residential properties that were damaged in the NIWE.

Waikato

Waikato is considering up to six properties that may fall into the categorisation framework, but the council is investigating potential property-level risk mitigation options that would avoid the need for buyouts.

Taranaki

The Government will invest \$640,000 to support the design, modelling and physical upgrades to areas in the Pohangina catchment as councils and the community work through longer-term risk mitigation options. These options could lead to councils investigating categorisation.

Nelson

Although outside the NIWE area, the approach to addressing locations in Nelson severely affected by a 2022 weather event broadly matches the treatment for North Island locations, with a 50/50 split for what would be Category 3 houses, and Crown funding for projects to increase resilience. The total package offered was \$12.3 million, which was approved by the Nelson Council. This is subject to public consultation that will take place in March/April 2024 simultaneous with the Long-Term Plan.

Thames Coromandel

The Thames-Coromandel District Council has indicated that it is not expecting to make buyout offers. Instead, it is investigating alternative options to mitigate the risk from further landslips for fewer than 10 households.

Tauranga/Bay of Plenty

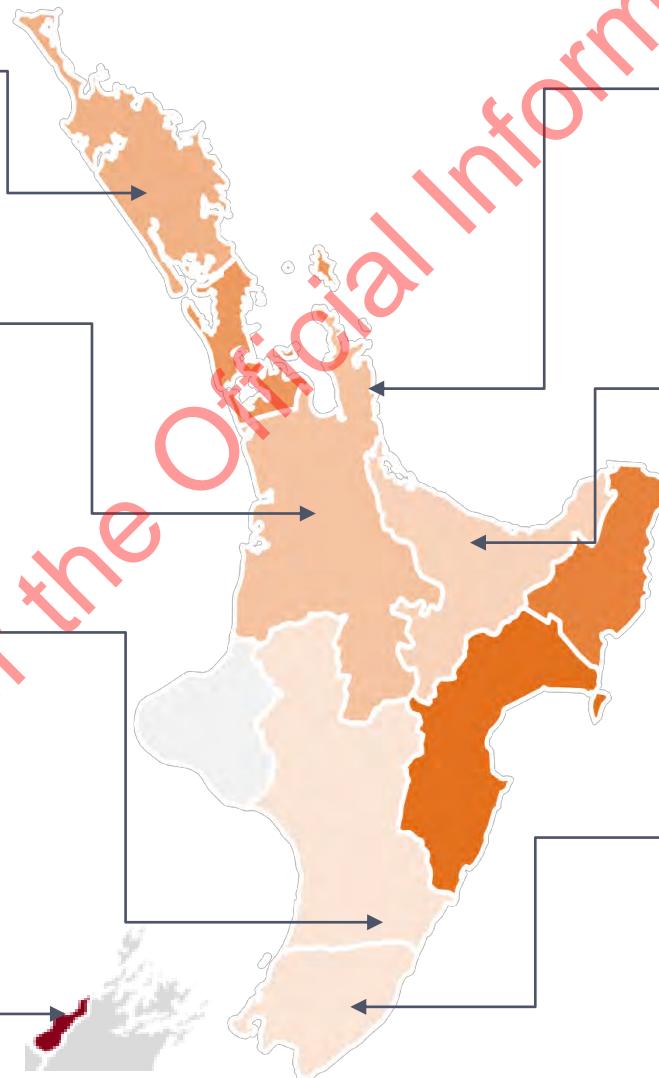
The Tauranga District Council is assessing up to s9(2)(a) both above and below a landslide; it expects two to three properties may require a buyout. Categorisation/engineering work is due to be finished in January 2024. The council have been engaging the CRU on its potential approach.

Wairarapa

The Masterton District Council is concluding its categorisation and risk assessment work and has identified between nine and s 9(2)(a) properties that may be Category 3 or 2P, all in or around Tinui.

The cost is estimated at around \$5 million, subject to change if alternative solutions, like moving a residence to a different site on the same property, are feasible.

The CRU continues to meet with the Masterton District Council and Greater Wellington Regional councils to discuss next steps.



~~IN-CONFIDENCE~~

DEPARTMENT OF THE
PRIME MINISTER AND CABINET
TE TARI O TE PIRIMIA ME TE KOMITI MATUA

Coversheet

Overview: Funding Allocation and Sources for Cyclone Recovery

Date:	27/11/2023	Report No:	DPMC-2023/24-470
		Security Level:	IN-CONFIDENCE
		Priority level:	Medium

	Action sought	Deadline
Hon Mark Mitchell Minister for Emergency Management and Recovery	note the contents of this briefing	N/A

Name	Position	Telephone	1 st Contact
Katrina Casey	Chief Executive Cyclone Recovery	9(2)(g)(ii)	✓
9(2)(g)(ii)	Executive Director, Planning, Reporting and Implementation	9(2)(g)(ii)	

Minister's Office

Status:

Signed

Withdrawn

Comment for agency

Appendix: Yes

~~IN-CONFIDENCE~~

Briefing

Overview: Funding Allocation and Sources for Cyclone Recovery

To: Hon Mark Mitchell
Minister for Emergency Management and Recovery

Date	27/11/2023	Security Level	IN CONFIDENCE
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Purpose

1. This briefing provides you with an overview of funding decisions made by central Government to date to facilitate and support recovery from the North Island Weather Events (NIWE) in early 2023 and provides the status of funding requests and sources.

Executive Summary

2. The Government has provided funding to support regions affected by the NIWE in early 2023 to recover.
3. The total funding allocated to date is \$4,708.6 million which includes National Resilience Plan (NRP) funding of \$2,681.8 million for the future of severely affected properties, state highway recovery and resilience work, Kiwi-Rail, local roading recovery and bailey bridges.
4. The Government also provided a total package of \$2,240.0 million to support businesses in the affected regions.
5. Ministers made decisions that the following costs could be considered in Phase 3 of the NRP (that the Treasury is due to report back to Government on by the end of 2023):
 - a. Increases to cost sharing agreements because of increased numbers of Category 3 properties.
 - b. Tairāwhiti's clean-up of woody debris, that may cause further flooding issues in future weather events (\$18 million from March to July 2024).
 - c. The Crown's share of costs associated with the buyout of severely affected properties in the regions without cost share agreements.
6. 9(2)(f)(iv)

9(2)(f)(iv)

- 7. There are costs that regions have identified (and expect that central Government will fund) that have no funding source. These include further sediment and debris removal in Hawke's Bay, and removal of woody debris in Tairāwhiti.
- 8. There are also costs relating to Category 3 Kāinga Ora properties, Department of Conservation (DoC) assets, and the remediation of DoC land that has slipped and is affecting private residences. There is no funding source to meet these costs.
- 9. 9(2)(f)(iv)
- 10. There are a number of as yet unspecified funding requests from regions. At this time, the regions are still working on their plans to implement the significant funding received for flood protection and local road remediation. Indications from local authorities are that the work currently funded will take some years to complete. 9(2)(f)(iv)

Recommendations

We recommend you:

- 1. **note** the contents of this briefing.


Katrina Casey
 Chief Executive Cyclone Recovery
 27/11/2023

Hon Mark Mitchell
 Minister for Emergency Management and Recovery
/..../2023

Funding allocated to cyclone response and recovery to October 2023

1. Crown funding has been provided in four categories to date: pre-budget 2023 response funding, the Budget 2023 NIWE Response and Recovery Package, the National Resilience Plan (NRP) and the Local Authority Emergency Response Permanent Legislative Authority administered by the National Emergency Management Agency (NEMA). A high-level overview of all Crown cyclone recovery funding to October 2023 is provided in appendix A.

Pre-budget 2023 response and recovery funding

2. The pre-budget response included \$890.5 million in immediate response and recovery funding, \$23.8 million in charitable initiatives and \$2,240.0 million in the Support for Business Package. A further \$15 million has been reimbursed as part of the Local Authority Emergency Response Permanent Legislative Authority.

Immediate pre-budget 2023 response and recovery funding decisions

3. Immediately following the weather events, the Government contributed \$889 million operating and \$1.5 million capital (\$890.5 million total) to the NIWE emergency response to support urgent infrastructure repairs, assist with temporary accommodation, support councils and agencies to resource the response, and provide business and community support. Table 1 shows the pre-budget 2023 response and recovery funding by sector.

Table 1: Pre-budget 2023 response and recovery funding

Sector	Total (\$m)
Transport	\$250
Primary sector	\$74
Business support	\$80
Māori development	\$15
Temporary accommodation	\$147
Sediment and silt removal	\$202
Solid waste management	\$15
Community support	\$3
Agency and Council emergency response	\$57.5
Local emergency response	\$7
Census	\$40
Total	\$890.5¹

¹ Includes \$889m operating and \$1.5m capital.

Charitable Initiatives

4. The pre-budget 2023 package was supplemented by charitable donations and a special purpose Lotteries draw held in March 2023, which together totalled \$13.8 million. The profits from the special purpose lotto draw have been allocated to the Cyclone Gabrielle Appeal Trust. Under the terms of the Gambling Act 2003 and the commitment of the Trust when applying for the funding, it must be distributed for a community benefit, and the Trust will be considering applications from 2024.
5. In addition, the Lottery Grants Board also allocated \$10 million to support communities, hapū and iwi recover from natural disasters. From 1 July 2022 through to 19 October 2023, over \$9 million of this funding has been distributed to communities, hapū and marae impacted by the NIWE.

Support for Business package

6. A separate support for business package of up to \$2,240 million was also provided, across two schemes:
 - **NIWE Loan Guarantee Scheme:** This scheme provides up to \$2,000 million of supported loans for businesses in Northland, Auckland, Waikato, Bay of Plenty, Tairāwhiti, Hawke's Bay, Tararua and Wairapa. At the end of September 2023, total approved applications were worth \$26.3 million, with lenders having to 30 June 2024 to advance Supported Loans. The scheme focuses on businesses, orchards, and farms affected by the NIWE and ensuring financial support is made available for their recovery. The scheme is administered by the New Zealand Export Credit Office, and implemented by commercial lenders, such as banks.
 - **NIWE Primary Producer Finance Scheme:** This scheme provides up to \$240 million in concessionary loans and equity finance to severely impacted, land-based primary sector businesses. It is designed for businesses that have a reasonable chance of returning to viability with additional support to help them engage with commercial lenders. The scheme is administered by Kānoa's Regional Economic Development & Investment Unit. As at the end of October 2023, 167 expressions of interest (EOIs) and applications had been received. Kānoa is assessing the EOIs and applications. Some EOIs will convert to applications, and others will be declined or withdrawn. Kānoa anticipates that the funding approved may be less than the funding sought.

Budget 2023 NIWE Response and Recovery Package

7. In Budget 2023, the Government allocated a total package of \$1,136 million (\$941 million operating and \$195 million capital) to NIWE recovery. Table 2 summarises the Budget 2023 NIWE response package components. More detail is provided in appendix B.

Table 2: Budget 2023 NIWE Response and Recovery Package components²

Focus Area	Amount available (\$m)	Key initiatives included
Capacity and capability for councils and NEMA response	\$21.9	Additional capability and capacity for councils (\$20m) and National Emergency Management Agency (NEMA) (\$1.9m)
Flood Resilience	\$100.0	Local Government Flood Resilience Co-Investment Fund
Business, Science and Innovation	\$28.0	Plant and Food Research
Conservation	\$12.6	Conservation Response and Rebuild
Education	\$118.2	School property, special reasons staffing and replenishing school libraries
Health	\$35.0	Psychosocial, mental health and wellbeing response, transport and power costs
Housing and Development	\$172.0	Temporary Accommodation Response, including accommodation to support the response workforce
Labour Market	\$0.7	Cost of refunding Visa fees and levies
Land Information	\$5.6	Land imagery and repairs to Crown property
Māori Development	\$25.0	Repairs to Māori-owned homes
Social Development	\$93.4	Social sector recovery plan, regional leadership, community support funds, employment programmes and mitigating the risk of woody debris
Support for primary industries	\$37.9	Rural Communities Recovery Fund, Primary Industries Recovery Fund
Transport - KiwiRail	\$200.0	Rail reinstatement
Transport – State Highways and Local Roads	\$275.0	Assess and fix highways and local roads and put in place bridges to reinstate connectivity
Arts, Culture and Heritage	\$1.0	Archaeological authority processes supporting the timely delivery of infrastructure
Forestry	\$10.2	Removal of up to 70,000 tonnes of woody debris from catchment systems to mitigate the risk of further impact to critical infrastructure in the event of significant weather events.
Total	\$1,136.4	

² Includes \$941 million operating and \$195 million capital.

Funding the capability in the regions to plan and manage recovery

8. Councils that were most affected by NIWE needed to increase their capability to deliver their recovery. The Department of Internal Affairs (DIA) funded an initial \$5 million from the immediate response and recovery funding to assist with immediate recovery planning. A further \$20 million was provided in Budget 2023 to support increased capability until the end of 2024/25. It has been allocated as set out in table 3. The balance of approximately \$1 million remains available to allocate, should it be needed. Approximately \$6 million³ will be transferred from the 2023/24 financial year to 2024/25 at the March Baseline Update (MBU) to cover the costs for that year (note as at OBU 2023, the \$20m is sitting in the current financial year).
9. The funding was allocated based on submissions from each region with the Minister and Associate Minister for Cyclone Recovery making the final allocation decisions in June 2023. The CRU paid out the funding in July 2023 following regions signing conditional grant agreements. These require 6 monthly reporting from the regions on the use of the funding, with the first report due by the end of January 2024.

Table 3: Total funding for regional capability and capacity to manage recovery activities

Region	2023/24 Financial Year (\$m)	2024/25 Financial Year (\$m)	Total funding (\$m)
Northland	\$0.3	\$0.4	\$0.7
Auckland	\$1.8	nil	\$1.8
Waikato	\$0.1	\$0.1	\$0.2
Thames-Coromandel	\$0.45	\$0.45	\$0.9
Tairāwhiti	\$3.2	\$3.2	\$6.4
Hawke's Bay	\$7.4 ⁴	nil	\$7.4
Tararua	\$0.45	\$0.45	\$0.9
Wellington/Wairarapa	\$0.35	\$0.35	\$0.7
Total disbursed	\$14.1	\$5.0	\$19.0
Total appropriated in Budget 23			\$20.0
Amount remaining to be allocated			\$1.0

³ Includes the balance of approximately \$1 million from the 2023/24 financial year (if not drawn down).

⁴ Note Hawke's Bay chose to receive its full two years of funding in one amount.

Local Government Flood Resilience Co-investment Fund

10. A \$100 million Flood Resilience Fund was approved for local authorities in areas impacted by the NIWE to seek Crown co-investment to support the proactive management of climate-exacerbated flood risk. The funding is held in a tagged contingency that expires on 30 June 2024. You and Minister of Local Government, along with any other appropriation Ministers as necessary, are responsible for making drawdown decisions.
11. The first tranche of funding decisions (a table summarising the funded initiatives is in appendix C) was communicated to local authorities in late-September and early October 2023. Ministers committed \$38.8 million for 16 initiatives, many of which relate to Regional Recovery Plan priorities. An additional \$20 million was subsequently agreed to fund further sediment and debris removal in Hawke's Bay in order to keep sediment removal going through to the planting season (\$10 million each in September and November). Assessment of Tranche 2 proposals against the criteria and the remaining \$41.2 million is underway and Ministers will receive recommendations from the CRU for approval in December. Thirty-three requests have been received for a total of \$73.5 million, however it is clear that some of these submissions do not meet the criteria.

National Resilience Plan (NRP)

12. Budget 2023 also established a tagged contingency of \$6,000 million for the NRP to support infrastructure resilience across New Zealand. The scope of the NRP goes beyond responding to NIWE impacts and was intended to be a fund available nationally. Its scope is to fund initiatives for resilient infrastructure in road, rail, local government infrastructure, telecommunications and transmission, and cost-share funding for the Future of Severely Affected Locations (FOSAL) Category 3 and ⁵ costs as agreed by the Crown (for more information on FOSAL categories, see the accompanying briefing on FOSAL).
13. Decisions on funding initiatives from the NRP are made by the Cabinet on the recommendation of the Minister of Finance. On 24 July, Cabinet approved projects worth \$2,296.8 million, of which FOSAL funding was \$1,717.5⁶ million. A further \$385 million for local road recovery, bailey bridges and Kiwi Rail was approved on 18 September. Table 4 summarises the Cabinet decisions made to date against the NRP contingency.

⁵ Category 2 properties require property or community level remediation, or further assessment. Category 3 properties are not safe to live in because of the unacceptable risk to life and safety from future flooding or landslips

⁶ This includes \$1700.5 million for FOSAL cost-share agreements and Kaupapa Māori pathway, and \$17 million for the North Island Severe Weather Events Financing Support to Tairāwhiti.

Table 4: National Resilience Plan

Sector	Total (\$m)
Phase 1 (\$2,296.8 million)	
FOSAL, including whenua Māori and marae pathway, pre-allocated cost-sharing for 2023/24 and outyears (e.g., Category 2 risk-mitigation projects, transport projects, Category 3 buyouts).	\$1,717.5
State Highway recovery and resilience work	\$567.0
Funding for Nelson City betterment (in response to August 2022 flooding)	\$12.3
Phase 2 (\$385.0 million)	
Local roads recovery and bailey bridges	\$171.0
Kiwi Rail	\$214.0
Total committed	\$2,681.8
Balance remaining	\$3,318.2

14. s 9(2)(f)(iv)

15. The Treasury intends to provide advice to the Minister of Finance on phase 3 of NRP funding before the end of 2023 [CAB-23-MIN-0435 refers]. This may include a further update on implementation costs associated with water and flood protection infrastructure; funding for councils yet to enter into a cost-sharing agreement with the Crown (refer Future of Severely Affected Locations below); local road recovery; and unfunded elements of Regional Recovery Plans.

Local Authority Emergency Response Permanent Legislative Authority

16. In addition to the funds specifically appropriated in response to NIWE and the National Resilience Plan, a Permanent Legislative Authority (PLA)⁹ exists to support local authorities

⁷ Budget sensitive, not for public release.

⁸ Budget sensitive, not for public release.

⁹ A PLA doesn't have a fixed appropriation. Provided the expenditure for which reimbursement is sought meets the criteria defined by the legislation the payment will be made irrespective of size.

to meet the costs of essential infrastructure recovery repairs following an emergency. Infrastructure may include water, storm water, electrical, sewerage and gas facilities, river management systems and other community assets where damage is a consequence of the failure of flood protection schemes. The Government meets 60 percent of the costs of repairs beyond a set threshold, which is based on the net capital value of each authority. Costs are initially paid by the council and reimbursement is made where the PLA criteria are met.

17. The National Emergency Management Authority (NEMA) administers the PLA. To date the only claim received has been from Gisborne District Council (GDC) and \$15 million has been reimbursed. NEMA anticipates further claims from Kaipara, Auckland, Gisborne, Wairoa, Hastings and the Hawke's Bay Regional Council.
18. This PLA cannot be used in conjunction with any other subsidy or financial support and covers repairs but not betterment.

Future of Severely Affected Locations (FOSAL)

19. On 21 May, the Extreme Weather Response Cabinet Committee (EWR) agreed to a policy framework for the Crown's support of the locally led response [EWR-23-MIN-0044 refers]. This framework included the decisions that central Government's funding support be based on a twin, locally led pathway policy approach for Category 2 and Category 3 properties.
20. Umbrella agreements between the Crown and councils in the three most affected regions (Hawke's Bay, Tairāwhiti and Auckland) were signed in early October 2023, with cost-sharing limits set out in table 5. We expect to begin to receive invoices for a small number of accepted voluntary buyout offers by councils for Category 3 properties before the end of December.

Table 5: Agreed funding for FOSAL cost-sharing

Region	Category 3 buyouts (\$m)	Category 2 projects (\$m)	Transport projects (\$m)	Other support (\$m)	Total (\$m)
Hawke's Bay	\$67.5	\$203.5	\$252.6		\$523.6
Tairāwhiti	\$15	\$64	\$125	Concessional financing: \$17m ¹⁰	\$221
Auckland	\$387	\$380	\$110		\$877
Total	\$469.5	\$647.5	\$487.6	\$17	\$1,621.6

¹⁰ Concessional financing arrangement (\$30m, 10yr interest free loan) represents \$17m value to council.

21. A whenua Māori and marae pathway¹¹ for category 3 is also being progressed within the FOSAL programme, to recognise the Crown’s Treaty and legal obligations and to manage the specific complexities associated with whenua Māori. s 9(2)(j)

Regional Recovery Planning and allocations

22. In June, nine of the most affected regions submitted Regional Recovery Plans (RRP). The CRU coordinated government agencies across the housing, primary industry, social, environmental, and local government sectors to identify lead agencies to support initiatives and approve funding sources, drawing on funding appropriated in Budget 2023. Two hundred and sixty-seven highest priority initiatives were funded or supported by central Government, through the various budget package initiatives (including the NRP) totalling around \$2,524 million to the Crown.
23. A summary of the total Crown funding allocated by region, including both the highest priority projects identified through the RRP process and cost share arrangements under FOSAL, is set out in table 6. More detail is provided in appendix D.

Table 6: Summary of Government contribution to highest priority Regional Plan initiatives and cost share agreements by region (to October 2023)

Region	Flood Resilience Co-investment Fund (\$m)	NRP & other recovery funding (\$m)	Total allocation (\$m)
Hawke’s Bay	\$22.5	\$925.1	\$947.6
Tairāwhiti	\$16.2	\$441.1	\$457.3
Auckland		\$978.6	\$978.6
Northland	\$8.9	\$52.7	\$61.6
Thames Coromandel	\$1.0	\$25.4	\$25.4
Waikato	\$2.4	\$11.8	\$15.2
Wairarapa	\$3.5	\$10.5	\$14.0
Tararua		\$19.1	\$19.1
Manawatu-Whanganui	\$4.3	\$0.6	\$4.9
Total	\$58.8	\$2,464.9	\$2,523.7

¹¹ The Kaupapa Māori pathway will be delivered under the Whenua Māori and Marae pathway.

Identified funding needs with a potential funding source

24. There are several areas where a shortfall of funding has been identified, but a potential funding pathway exists. While most of the funding appropriated for NIWE recovery has been fully allocated or disbursed, 9(2)(f)(iv)

Woody debris treatment in Tairāwhiti – short term funding increase

25. The Tairāwhiti region has an estimated 1.2 - 1.5 million cubic metres of woody debris remaining in catchments and on beaches and an estimated 1 million cubic metres of woody debris targeted for removal. The region has had \$60.2 million allocated from central Government to support the removal of sediment and woody debris to date and has projected that this will last until March 2023.
26. Ministers have agreed a short-term funding injection of \$18 million can be applied for from the NRP Phase 3 in order to extend clean-up operations to 30 June 2024. The Ministry of Primary Industries (MPI) is leading this work.

Cost-sharing agreements needing to be revisited to accommodate changing property categorisation numbers

27. As councils finalise their property categorisations and complete the detailed planning required for implementation, they are seeking to amend what has been agreed through cost-sharing negotiations. As the number of properties in each category change compared to what was expected when the agreements were first made, this will have an impact on the relative amounts of funding agreed for buyouts and different types of projects.
28. In particular, a council may determine that a Category 2 intervention is no longer viable, or further assessment of a Category 2A property determines that there is no viable mitigation solution. This means that the properties could move into Category 3 and become eligible for a buyout. In this scenario, the Funding Agreements with councils include provisions that require the Crown and councils to negotiate in good faith whether to amend agreed funding amounts.
29. More generally, we expect councils to seek additional funding from the Crown, if their share of FOSAL costs is likely to exceed what they estimated when negotiating cost-sharing, due to unexpected complexity or other challenges in project delivery. As more significant risk mitigation and transport projects will take years to complete, this risk will grow as costs are likely to escalate over time.
30. Taking a piecemeal approach to additional funding requests and changes to Funding Agreements will be challenging without an overarching picture of likely change to all

Category 2 and 3 interventions. Discussions are being held with councils to try and manage the one-off changes, as well as with Treasury officials to identify potential increases in cost sharing costs from the NRP.

FOSAL cost sharing for other affected regions

31. Outside of Hawke’s Bay, Tairāwhiti and Auckland, other NIWE affected councils were informed by the previous Minister for Cyclone Recovery on 25 September that – should they identify any Category 3 buyouts – the Crown would share the cost on the same basis as agreed with other regions, i.e., 50 percent of the net cost less insurance and EQC payments.
32. Indications to date from these councils are that the number of Category 3 buyouts would be small – between 10-20 across Masterton District, Waikato District and Tauranga City. Based on these indicative numbers, we estimate that the Crown’s contribution to buyouts could be up to \$7.5 million. However, councils are at different stages of their recovery process, and some are still at the point of engaging technical experts to assess impacts and possible solutions. It may still be some months for the full recovery costs for severely affected properties in these areas to become clear. The scale of any Crown funding support that might be requested is still unknown.
33. Should any of these other councils choose to categorise properties and offer any Category 3 buyouts to property owners, councils will write to you to seek a funding contribution from the Crown. This contribution would need to be funded from the National Resilience Plan (NRP), the same source as previously agreed cost-sharing funding for the three most affected regions.

Category 3 Whenua Māori and Marae

34. The allocation s 9(2)(j) [redacted] for the Kaupapa Māori pathway was an early estimate developed by the Treasury, Te Puni Kōkiri and Te Arawhiti of the cost to relocate Category 3 whānau and marae across the impacted regions. As whenua continues to be categorised across impacted regions and profiles developed in Hawke’s Bay, s 9(2)(f)(iv) [redacted] Category 3 whenua Māori across all regions. The GDC is still in the process of categorising whenua Māori and marae. Current indications are that an additional 9(2)(a) [redacted] may be added to Category 3.
35. The Auckland Council is currently confirming Category 3 whenua Māori and marae in its region. Once this has concluded and the CRU understands the support packages required, we will provide an updated estimate for the programme.

36. 9(2)(f)(iv) [redacted]
[redacted]
[redacted]
[redacted]
[redacted].

Landslips

37. Large-scale landslips remain an issue across all affected regions particularly in Thames-Coromandel, Tararua and Waikato. Clean-up operations and local roading reinstatement and resilience works have been a primary focus for these regions with direct financial support being provided in the form of emergency Financial Assistance Rates from Waka Kotahi to support local roads. These rates have been applied at between 90-95 percent to enable affordability for remediation works. These rates continue to be supplemented via the National Land Transport Fund through the NRP. This does not address the risk of landslips to residential properties (refer paragraph 48).

State highways and local roads

38. The Government has allocated \$1,760 million for cyclone recovery for local roads and state highways over the previous and current financial year, which includes the transport components of the cost sharing agreements. Despite this level of investment, affected councils in the Hawke's Bay have indicated that the funding allocated is unlikely to meet all their most urgent needs. We anticipate similar issues in Tairāwhiti, Thames Coromandel and Northland.

Issues raised by regions without an identified funding source

39. There are several discrete issues that regions have identified as needing funding for which no existing funding source or Budget 2023 allocation is available.
40. 9(2)(f)(iv) [REDACTED]
41. The Treasury advice to incoming Ministers is based on the current fiscal environment and fiscal/Budget strategy of the new Government. There is a significant focus on fiscal sustainability, reprioritisation of funding from agency baselines, cuts to agency baselines, and delivering value from existing spending. This will require a collective effort across the public sector, and any new expenditure will need to be considered in light of improving the overall fiscal sustainability and consolidation.

Sediment and debris removal in Hawke's Bay

42. The Hawke's Bay region has an estimated 12-15 million cubic metres of sediment remaining and an estimated 3 - 3.5 million cubic metres of sediment targeted for removal to return land to productivity. The Hawke's Bay Regional Council requested a further \$80 million to purchase clean-up operations for a further six months from September 2023 which would have enabled the removal of up to 1.6 million cubic metres of silt and debris.

43. Ministers agreed to provide an additional \$10 million to the region at the end of September 2023, and more recently a further \$10 million this month. This additional funding is expected to sustain the work to the end of November.
44. The region has received a total of \$172.2 million from central Government to support sediment removal. From the region's perspective, following the previous Government decisions, there is a funding gap of approximately \$70-\$80 million in the current financial year although a request, plan or case has not yet been received for the full amount. It is also not clear if the region considers it should receive funding on top of this amount for the next financial year. There is no funding source available for the current financial year for any further injection of funds into the region for this purpose.

Woody debris treatment in Tairāwhiti – longer term funding shortfall

45. Further to the \$18 million application to NRP Phase 3 noted above, MPI has estimated that the Tairāwhiti region will require a further \$54 million to \$127 million (depending on the treatment methods required for removal) to complete the clean-up of woody debris beyond June 2024.
46. The GDC identified a shortfall of \$5.6 million in the Commercial Grant category of the Sediment and Debris Management Package for Tairāwhiti businesses. There is an option for the GDC to cover this shortfall from the Local Authorities Sediment and Debris funding, but this would further increase the gap in funding for woody debris removal.
47. MPI is working with the Ministerially appointed Facilitator in the region to refine the funding required. There is no funding source identified for this purpose.

Crown-owned residential properties in category 3 areas

48. Approximately 20-40 Category 3 properties in Auckland are Kāinga Ora owned properties. The Council has confirmed that these houses (and any Crown owned land) will not be included in the buyout scheme. Under the locally led approach, Auckland Council has determined the buyout parameters it considers appropriate and consistent with the principles and intent of the policy process. It has made these decisions without Crown direction of any kind. The decision to exclude these homes is likely to lead to Budget implications for Kāinga Ora and the Crown.

Damage to public conservation land and visitor assets

49. NIWE resulted in widespread damage to public conservation land, visitor assets, biodiversity, and cultural heritage across the North Island, with the following effects:
 - public conservation land of 1.48 million hectares was affected;
 - 18,000 assets were damaged;
 - important cultural heritage sites were significantly damaged;

- there is an accelerated risk of extinction for species at 96 sites; and
 - there has been closures of regionally important tourism icons and visitor sites (tracks, cycleways, campgrounds).
50. The Department of Conservation (DoC) has estimated total costs of \$90 million to restore assets, protect biodiversity and remediate Crown land. There is no funding source to meet these costs.

Landslips on DoC land putting residences at risk in Thames-Coromandel

51. The Thames-Coromandel District Council is considering risk mitigation options for less than 10 properties it considers may be facing an intolerable risk from landslides. Some of these properties face risks that involve neighbouring DoC land, but the origin and nature of landslide risks is not always clear without geotechnical assessments. The CRU is involved in ongoing conversations with DoC and the Council about conducting these assessments, which would then inform potential remediation solutions. There is no funding source for any resulting remediation that may be required.

Workforce capacity in affected regions

52. There is a need to ensure there is workforce availability and capacity to undertake the work necessary. In Hawke's Bay an estimated 6,000 workers are required to meet the recovery construction demand with availability expected to inform sequencing and prioritisation of work. Increased demand for labour is expected to have a direct impact on accommodation availability, which is already stretched and may give rise to requests for central Government assistance. The nature of the likely assistance sought from the regions will become clearer when councils have undertaken detailed planning and sequencing of the significant project work.
53. The GDC has indicated it may require funding and technical support in relation to workforce modelling, securing the necessary workforce and accommodation for workers. There are no details available at this time and no funding source identified for this work.

Resilience planning

54. Resilience planning has been identified by regions as requiring additional support from central Government. The Hawke's Bay Regional Recovery Agency is revising its recovery plan to provide strategic system guidance for prioritisation of implementation work as well as longer term resilience planning with associated costings.
55. In Auckland, the council's Healthy Waters department is developing a series of stormwater improvements called 'Making Space for Water' as part of recovery efforts and to reduce future flood risks, at an approximate cost of \$1,600 million. 9(2)(g)(i) [REDACTED]
- [REDACTED]
- [REDACTED]

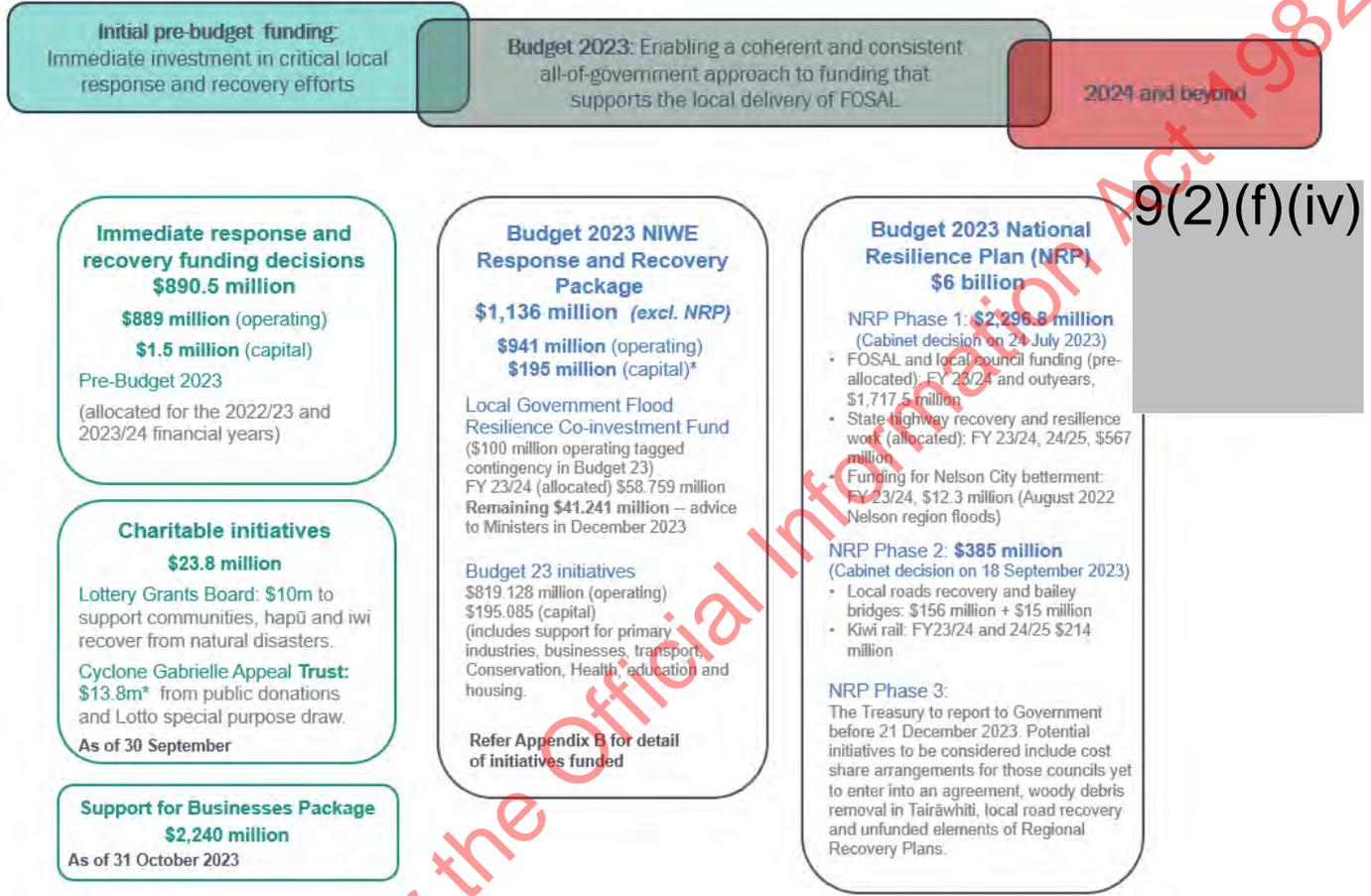
Regional funding shortfall

56. The most affected regions consider that they will require several billion dollars of funding for recovery that is not specified and for which there is no funding source. A considerable amount of Crown funding has gone into the regions and councils are still to produce delivery plans and where needed business cases for that expenditure. Until there are regional delivery plans it will not be clear how long it will take the regions to complete the flood resilience and local roading infrastructure that the Crown has funded as part of the cost share agreements. 9(2)(f)(iv), 9(2)(g)(i)

Next steps

57. A significant amount of funding has been appropriated for NIWE recovery, with most of it allocated or pre-allocated. There is some funding remaining in the flood resilience fund and some further calls can be made against the NRP. The Treasury will provide the Minister of Finance with advice by the end of 2023 on decisions to be made regarding the third phase of NRP. The CRU will provide you with advice on allocating the remainder of the Flood Resilience Fund in early December.
58. There remain fiscal challenges facing regions and the Crown that do not have an identified funding source. 9(2)(f)(iv), 9(2)(g)(i)

Appendix A: Crown Cyclone Recovery Funding to October 2023



Appendix B: Cyclone recovery funding allocations from Budget 2023

Purpose	Amount available	Amount remaining	Agency administering
Support for primary industries: \$37.900m total, \$12.370m remaining			
NIWE Isolated Rural Communities Recovery Fund: to support the wellbeing of rural communities isolated by NIWE.	\$5.400m	\$1.140m	Ministry for Primary Industries
NIWE Time-Critical Primary Industries Recovery Fund: to support the recovery of primary sector businesses and rural communities to boost health and safety and protect animal welfare.	\$30.000m	\$11.230m	
NIWE Delivering the Interim Post Entry Quarantine Facility: to address costs of delays to the construction of the new Interim Post Entry Quarantine facility resulting from the NIWE.	\$2.500m	N/A	
Arts, Culture and Heritage: \$0.950m total			
NIWE Heritage New Zealand Pouhere Taonga: to meet the additional demand related to the NIWE, particularly for archaeological authority processes supporting the timely delivery of infrastructure recovery projects	\$0.950m	N/A	Ministry of Culture and Heritage
Business, Science and Innovation: \$28.000m total			
NIWE Plant and Food Research Limited – Response and Recovery: to support plant and food research to generate insights into the impact of NIWE on our food.	\$28.000	N/A	Ministry of Business, Science and Employment
Conservation: \$12.600m total			
NIWE Department of Conservation Response and Rebuild: to plan and re-build biodiversity, heritage, visitor and other conservation sites and assets that were damaged or destroyed in the NIWE.	\$12.600m	N/A	Department of Conservation
Education: \$118.187m total			
NIWE School property immediate response: for immediate and high-need property works to enable schools to continue safely operating following the NIWE.	\$31.013m	N/A	Ministry of Education
NIWE School property repair and rebuild: for further work to return schools severely affected by the NIWE to their pre-weather-event state, including, where necessary, redevelopment or relocation of schools on extensively damaged sites	\$85.474m	N/A	
NIWE Special reasons staffing and funding-increase to existing budget: to employ relief staff, provide teaching/principal release time, support ākonga with engagement and wellbeing, or employ additional	\$0.700m	N/A	

Purpose	Amount available	Amount remaining	Agency administering
teachers for those schools that have experienced increased enrolment due to enrolling ākonga from cyclone-affected areas			
NIWE Replenishing school library collections: for the replacement of school library collections, related resources, and shelving lost due to the NIWE.	\$1.000m	N/A	DIA and Ministry of Education
Health: \$34.977m total			
NIWE Hauora Māori Disaster Response Package: for urgent psychosocial response and recovery services that support whānau wellbeing and the community to recover from the impacts of NIWE.	\$8.280m	N/A	Te Whatu Ora
NIWE Hospital and Specialist Service: for air and road transport enabling planned care, outreach, and other hospital services for isolated communities.	\$8.850m	N/A	
NIWE Mental Health and Wellbeing Response: for locally led, community-based mental wellbeing initiatives to meet the psychosocial care need for populations in areas affected by the NIWE, including Māori, Pacific peoples and youth.	\$10.000m	N/A	
NIWE Primary, Community, and Residential Care Recovery: to support provision of primary, community and residential care services to the population affected by the NIWE.	\$6.111m	N/A	
NIWE Transport and Power for patients: to provide patient access to where road infrastructure is compromised, and generators and diesel for the continued operation of health services, following the NIWE.	\$1.736m	N/A	
Temporary Accommodation Services: \$172.000m total			
Housing and Development: for portable cabins provided to the regions affected by the NIWE. Funding is also provided to enable Temporary Accommodation Services to maintain the workforce needed to respond to the large-scale events across multiple regions	\$70.000m	N/A	Ministry of Housing and Urban Development
Building and Construction: This initiative seeks funding for the coordinated provision of temporary accommodation supply and services to people displaced from their homes because of the recent NIWE.	\$102.000m	N/A	Ministry of Business, Innovation and Employment
Prime Minister and Cabinet: \$100.000m total*; \$51.241m remaining Note this was initially appropriated to Vote Internal Affairs in Budget 2023			
NIWE Local Government Flood Resilience Co-Investment Fund: to support the proactive management of climate-exacerbated flood risk.	\$100.000m	\$41.241m	CRU
Labour Market: \$0.735m total			
NIWE Cyclone Recovery Visa – Cost of Refunding Fees and Levies: to reimburse immigration fees and levies to successful applicants for the Recovery Visa.	\$0.735m	N/A	Ministry of Business, Innovation and Employment

Purpose	Amount available	Amount remaining	Agency administering
Land Information: \$5.620m total			
NIWE Purchase of Imagery and Repairs to Crown Property: to support a freely available service to councils and agencies of imagery using light detection and ranging for a wide range of land management and planning efforts, including hazard assessment.	\$5.620m	N/A	Land Information New Zealand (LINZ)
Forestry: \$10.150m total			
NIWE Woody debris removal: Removal of up to 70,000 tonnes of woody debris from catchment systems to mitigate the risk of further impact to critical infrastructure in the event of significant weather events.	\$10.150m	N/A	Ministry of Primary Industries and Te Puni Kōkiri
Māori Development: \$25.000m total; \$7.109m remaining			
NIWE Critical Repairs to Weather-Impacted Māori-Owned Homes: to support home repairs for whānau Māori who were affected by the NIWE.	\$25.000m	\$7.109m	Te Puni Kōkiri
Prime Minister and Cabinet: \$21.924m total; \$0.995m remaining			
NIWE NEMA Response and Recovery Funding: for the increased NEMA workforce supporting ongoing recovery efforts arising from the NIWE..	\$1.824m	N/A	NEMA
Finance: refer to above	\$0.075m	N/A	The Treasury
NIWE Regional and Local Support: to support the Regional and Local Recovery Structures to allow for centrally supported, locally led recovery assistance for severe weather events.	\$20.000m	\$0.995	CRU
Social Development: \$93.387m total			
NIWE Social Sector Recovery Plan: to provide funding, held in contingency, to implement the proposed Social Sector Recovery Plan.	\$30.000m	N/A	Ministry of Social Development
NIWE Regional System Leadership Framework: to retain existing Regional Public Service Commissioners' (RPSCs) support staff in regions affected by the NIWE to June 2024.	\$4.120m	N/A	
NIWE Food Secure Communities: for community food provision in regions affected by the NIWE helping to ensure access to affordable, healthy, and culturally appropriate food.	\$6.000m	N/A	
NIWE Extending Community Support Funds: for the Community Support Fund and the Provider Support Fund, which were established following the Auckland Anniversary weekend floods.	\$5.000m	N/A	
NIWE Employment Recovery Response: for employment programmes and services that keep people in the workforce.	\$35.200m	N/A	
Community Connectors - Social Sector Commissioning in Action: currently 37 community connectors are in place.	\$13.067m	N/A	

Purpose	Amount available	Amount remaining	Agency administering
Transport - KiwiRail: \$200.000m total			
NIWE KiwiRail – Rail Reinstatement: to reinstate rail following the NIWE.	\$200.000m	N/A	Ministry of Transport
Transport – Local Roads: \$275.000m total; \$245.948m remaining			
NIWE Waka Kotahi – State Highway and Local Road Response and Recovery: to assess and fix local roads and put in place bridges to reinstate connectivity. \$250.000m was allocated immediately after the NIWE, and an additional \$275.000m was added at Budget 2023.	\$275.000m	\$245.948m	Ministry of Transport / Waka Kotahi (delivery)
Totals	\$1,136.430m	\$317.663m	

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Appendix C: Initiatives funded through the Local Government Flood Resilience Co-investment Fund, tranche one

Tairāwhiti – Two initiatives were submitted; both will receive funding.		
Initiative title	Initiative overview	Funding agreed
Enhanced Flood Intelligence and Resilience	Funding for purchase and installation of monitoring equipment, including installation of redundant telemetry systems and enhancement of monitoring technology, plus flood modelling. Improved forecasting precision will provide residents with timely alerts, and enable more effective disaster response and management.	\$1,200,000
Resilient Homes – Elevating Tairāwhiti	This initiative will advance flood preparedness by implementing property-level measures to reduce vulnerability and mitigate significant risks.	\$15,000,000
Total		\$16,200,000
Hawke's Bay – The one submitted initiative will receive funding.		
Initiative title	Initiative overview	Funding agreed
Stop bank to protect the Waipawa Drinking Water Treatment Plant	This is a top priority project for the region that would protect the supply of safe drinking water for approximately 3,200 people and gives confidence in the continuation of longer-term solutions to provide a second water supply to 4,730 people.	\$2,500,000
Sediment and debris removal operations	Two requests of \$10 million each have been approved for urgent funding to allow silt removal clean-up operations to continue when other funding has been exhausted (note these requests were granted outside of the tranche one process).	\$20,000,000
Total		\$22,500,000
Northland – Seven initiatives were submitted; all seven will receive funding (one is for a scaled-down portion of the initiative).		
Initiative title	Initiative overview	Funding agreed
Robert Street Stormwater	This Kaipara initiative involves construction of an emergency stormwater upgrade in Mangawhai, including the installation of a new stormwater pipeline, catchpits, manholes and outfall treatment to mitigate the flooding threat to habitable floors.	\$500,000
Awakino Railway Embankment Stabilization	This Kaipara initiative will stabilise the embankment the reduce the risk of another sudden mass release of flood water that damaged homes, businesses, and the Dargaville Wastewater Treatment Plant during the NIWE.	\$400,000

Dargaville Wastewater Treatment Plant Pond Heightening	This Kaipara initiative seeks to heighten the existing bunds around the wastewater treatment ponds. During the NIWE, flood waters inundated the maturation pond and damaged electrical equipment and control panels and narrowly avoided a mass release of raw sewage.	\$650,000
Flood-resilient Māori communities and marae	This initiative will reduce the risk of flooding in six flood-affected Māori communities and a number of marae across Te Taitokerau. It also includes flood risk reduction actions for a priority subset of the 35 marae across region currently exposed to 100-year flood events.	\$4,205,000
Flood intelligence and early warning	This initiative in Far North, Whangārei, and Kaipara relates to an early warning system that would reduce risks to life. This type of technical modelling is key to improving resilience.	\$560,000
Ngā Manga Atawhai	This collaborative initiative aims to build Northland's resilience to future events by tackling the problem of fallen and at-risk tree. Funding for the removal of fallen and at-risk trees from flood-risk rivers and the chipping and spreading of chipped wood on landscapes.	\$2,070,000
Dargaville Stop Bank Repairs	This Kaipara initiative is for the repair of two sections of the stop banks that protect Dargaville township from flooding.	\$500,000
Total		\$8,885,000
Waikato (including Thames-Coromandel) – Six initiatives were submitted; three will receive funding (two are for scaled-down portions of initiatives).		
Initiative title	Initiative overview	Funding agreed
Grahams Creek Flood Scheme Enhancement	This initiative will re-design and upgrade the weir to increase resilience to future weather events and improve flood scheme performance.	\$330,800
Coromandel River Resilience Initiative	Funding for the instream capacity works and instream erosion protection (e.g., gravel management and obstruction removal) portion of this initiative. The felling of at-risk trees and native planting can progress over a longer period through the council's annual operating budget.	\$708,000
Port Waikato Three-Waters Resilience Work	Funding for flood modelling, plus flood prevention, stabilisation and rehabilitation, less project management, which should be covered by local contribution.	\$2,350,000
Total		\$3,388,800

Manawatū-Whanganui – Two initiatives were submitted; both will receive funding.		
Initiative title	Initiative overview	Funding agreed
Flood forecasting & communication resilience upgrade	Improvements to early warning systems and more resilient communications (including power supplies and removing resilience on cell phone communication) in the first-tier package. This type of work to improve resilience and remove potential for failures/outages that cascade widely across the critical infrastructure system is in line with the objectives of the Infrastructure Action Plan. Plus, flood mapping and assessing regional vulnerability.	\$3,645,000
Reducing risks to people and houses in the Pohangina Catchment	A key part of this initiative is to reduce risks to people and houses in the Pohangina Catchment to reduce the perception of risk and anxiety around future events causing further damage.	\$640,000
Total		\$4,285,000
Wellington (Wairarapa) – One initiative was submitted; it will be partially funded.		
Initiative title	Initiative overview	Funding agreed
Recovery and Flooding Resilience Works	Funding only to remove the blockages from recent storms in the eastern rivers to mitigate the potential for rivers to leave their channels and travel across land.	\$3,500,000
Total		\$3,500,000
Total for all regions		\$58,800,000

Note Auckland submitted one proposal, which did not receive funding.

Appendix D: Government funded highest priority initiatives and cost sharing agreements provided to each region by sector

Description	\$ million	Comments
Hawke's Bay		
Flood Protection Measures	\$206.0	Cost share \$203.5m; Flood Resilience Fund \$22.5m
Local Roads	\$359.5	Cost share \$260m; \$99.49m already spent on local roads from NLTF
Built Environment	\$94.7	\$92.5m Category 3 buyout cost share
Regional Recovery Structures	\$7.4	Budget 23 NIWE appropriation (administered through CRU)
Social Environment	\$62.1	Budget 23 NIWE appropriations
Economic Environment	\$53.7	Budget 23 NIWE appropriations (including \$6.400m from Kānoa)
Natural Environment	\$2.1	Budget 23 NIWE appropriations
Sediment and Debris	\$172.2	Sediment and Debris Management Fund
Total Government Contribution, Hawke's Bay	\$957.6	Regional request was \$3,244 million
Tairāwhiti		
Flood Protection Measures	\$80.2	Cost share \$64m; Flood Resilience Fund \$16.2m
Local Roads	\$180.8	Cost share \$125m; \$55.8m already spent on local roads from NLTF
Built Environment	\$15.0	Category 3 buyout cost share
Concessional finance agreement	\$17.0	Crown contribution to provide interest free loan of \$30m over 10 years
Regional Recovery Structures	\$6.4	Budget 23 NIWE appropriation (administered through CRU)
Social Environment	\$66.5	Budget 23 NIWE appropriations
Economic Environment	\$31.2	Budget 23 NIWE appropriations (including \$2.600m from Kānoa)
Sediment and Debris	\$60.2	Sediment and Debris Management Fund
Total Government Contribution, Tairāwhiti	\$457.300	Regional request was \$1,645 million

IN CONFIDENCE

Description	\$ million	Comments
Auckland		
Flood Protection Measures	\$380.0	Cost share \$380m
Local Roads	\$141.7	Cost share \$110m; \$31.7m already spent on local roads from NLTF
Built Environment	\$387.4	\$387m Category 3 buyout cost share
Regional Recovery Structures	\$1.8	Budget 23 NIWE appropriation (administered through CRU)
Social Environment	\$51.4	Budget 23 NIWE appropriations
Economic Environment	\$16.3	Budget 23 NIWE appropriations
Total Government Contribution, Auckland	\$978.6	Regional request estimated at \$3,000 million
Northland		
Flood Protection Measures	\$8.9	Flood Resilience Fund
Local Roads	\$3.3	Already spent on local roads from NLTF
Built Environment	\$5.4	Upgrades to Kaitiāia airport, NRP Phase 2
Regional Recovery Structures	\$0.7	Budget 23 NIWE appropriation (administered through CRU)
Social Environment	\$30.4	Budget 23 NIWE appropriations
Economic Environment	\$12.9	Budget 23 NIWE appropriations (including \$1m from Kānoa)
Total Government Contribution, Northland	\$61.600	Regional request was \$118.739m
Thames Coromandel		
Flood Protection Measures	\$1.0	Flood Resilience Fund
Local Roads	\$4.6	Already spent on local roads from NLTF
Regional Recovery Structures	\$0.9	Budget 23 NIWE appropriation (administered through CRU)
Social Environment	\$1.6	Budget 23 NIWE appropriations
Economic Environment	\$17.3	Budget 23 NIWE appropriations
Total Government Contribution, Thames Coromandel	\$25.4	Regional request was uncosted

Description	\$ million	Comments
Waikato		
Flood Protection Measures	\$2.4	Flood Resilience Fund
Local Roads	\$3.3	Already spent on local roads from NLTF
Regional Recovery Structures	\$0.1	Budget 23 NIWE appropriation (administered through CRU)
Social Environment	\$5.2	Budget 23 NIWE appropriations
Economic Environment	\$4.2	Budget 23 NIWE appropriations
Total Government Contribution, Waikato	\$15.2	Regional request was uncosted
Wairarapa		
Flood Protection Measures	\$3.5	Flood Resilience Fund
Local Roads	\$3.2	Already spent on local roads from NLTF
Regional Recovery Structures	\$0.7	Budget 23 NIWE appropriation (administered through CRU)
Social Environment	\$4.9	Budget 23 NIWE appropriations
Economic Environment	\$1.7	Budget 23 NIWE appropriations
Total Government Contribution, Wairarapa	\$14.0	Regional request was uncosted
Taranaki		
Local Roads	\$11.6	Already spent on local roads from NLTF
Regional Recovery Structures	\$0.9	Budget 23 NIWE appropriation (administered through CRU)
Social Environment	\$1.8	Budget 23 NIWE appropriations
Economic Environment	\$3.2	Budget 23 NIWE appropriations
Natural Environment	\$1.6	Budget 23 NIWE appropriations
Total Government Contribution, Taranaki	\$19.1	Regional request was uncosted
Manawatu-Whanganui		
Flood Protection Measures	\$4.3	Flood Resilience Fund,
Local Roads	\$0.7	Already spent on local roads from NLTF
Total Government Contribution, Manawatu-Whanganui	\$5.0	Regional request was uncosted



Briefing

Emergency Management Bill: overview and next steps

Date:	28/11/2023	Priority level:	High
Security classification:	_____	Report number:	NEMA-2023/24-25

	Action sought	Deadline
Hon Mark Mitchell Minister for Emergency Management and Recovery	consider implications of reinstating / not reinstating the Emergency Management Bill	4/12/23

Contact for telephone discussion (if required):

Name	Position	Telephone	1 st Contact
Jenna Rogers	Deputy Chief Executive, Strategic Enablement	9(2)(g)(ii)	✓
Sonia Wansbrough	EM Bill Project Lead	9(2)(g)(ii)	

Minister's Office

Status:

 Signed

 Withdrawn

Comment for agency

Attachments: Yes



Briefing

Emergency Management Bill: overview and next steps

To: Hon Mark Mitchell
Minister for Emergency Management and Recovery

Date	28/11/2023	Security classification	IN-CONFIDENCE
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Purpose

This paper provides information about the Emergency Management Bill to help you decide whether to propose reinstating the bill. We're providing this to you now as you may be asked for your view as early as next week. It recommends that you meet with officials to discuss any concerns you have with the bill and how we might address these to achieve your priorities for the portfolio.

Executive Summary

All parliamentary business lapsed following the dissolution of the last Parliament. You are responsible for advising the Government whether to propose reinstating the Emergency Management Bill, which was introduced to the House and referred to the Governance and Administration Committee in June 2023. The existing bill can be reinstated at any point during the first session of the new Parliament. If reinstated, the bill would resume at select committee.

The Emergency Management Bill was not intended to be a vehicle for fundamental system or sector reform. The main civil defence emergency management structures, officers and powers carry over from the Civil Defence Emergency Management Act 2002.

The bill addresses issues and gaps identified through reviews of past responses to emergency events. The main changes:

- address confusion about the respective roles and responsibilities of Civil Defence Emergency Management Groups (which are committees of elected representatives of all local authorities in each area) and the individual local authorities
- enable stronger national direction to ensure a more consistent approach to preparing for, responding to, and recovering from emergencies
- recognise the existing role of Māori in emergency management

- introduce new planning and information sharing obligations for critical infrastructure entities (currently known as lifeline utilities).

The bill also makes some operational changes and restructures the legislation to improve transparency and accessibility.

Alongside the bill we are scoping the associated implementation work programme, which includes developing secondary legislation and preparing to implement the other changes introduced by the bill. This will be a significant programme of work for NEMA to deliver.

We understand that you are likely to want to make changes to the bill to reflect the Government's policy priorities. ^{9(2)(f)(iv), 9(2)(j)}

If the bill is reinstated, there are opportunities for the Government to propose changes during the select committee stage and/or once the bill has been reported back to the House. Any policy changes would require Cabinet decisions.

It may be preferable not to reinstate the bill if you wish to make major policy changes (including in response to the Government Inquiry into the North Island Severe Weather Events). This would provide the additional time required to develop policy and consult affected stakeholders before introducing a revised bill. Many submitters have proposed major changes to the bill with some expressing concern that the bill does not make the fundamental changes required to address systemic issues and deliver an integrated, fit-for-purpose emergency management framework.

If the bill is not reinstated, some issues that pose a risk to the effective functioning of the emergency management system will continue until addressed through a revised bill. NEMA considers it important but not urgent to address these risks. Some risks can be partially mitigated without changing emergency management legislation.

If the bill is not reinstated, there will also be consequences for work being led within the National Security and Intelligence portfolio by the Department of the Prime Minister and Cabinet (DPMC) to enhance the resilience of the critical infrastructure system. DPMC would need to progress separate work on the definition of critical infrastructure rather than rely on the bill to provide this.

Recommendations

The National Emergency Management Agency (NEMA) recommends you:

- Note** that you are responsible for advising the Government whether to propose reinstating the Emergency Management Bill during the first session of Parliament. You may be asked for your view as early as next week.
- Note** that, if the bill is reinstated, there are opportunities for the Government to make changes to it:

- 1. during the select committee stage
 - 2. once the bill has been reported back to the House.
- c. **Note** that if major policy changes are desirable (for example, in response to the Government Inquiry into the North Island Severe Weather Events) they may be better done through a revised bill to provide time to develop policy and consult affected stakeholders.
- d. **Note** that if the Government does not reinstate the bill some issues that pose a risk to the effective functioning of the emergency management system, and to the resilience of the critical infrastructure system, will continue.
- e. **Agree** to meet with officials to discuss any concerns you have with the bill and how we might address these to achieve your priorities for the portfolio.

Agree / Disagree / Discuss



Jenna Rogers
Deputy Chief Executive, Strategic Enablement
National Emergency Management Agency

28/11/2023

Hon Mark Mitchell
Minister for Emergency Management and Recovery

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Background

- 1 All parliamentary business, including the Emergency Management Bill, lapsed on 8 September 2023 when the previous Parliament was dissolved.
- 2 Following the election, the Cabinet Office, assisted by the Office of the Clerk, will provide the Leader of the House with a schedule of business that has lapsed and is available for reinstatement. It has become the practice for the House to reinstate all the business it wishes to resume in a single motion, but it can be done piecemeal provided it is within the first session of the term of Parliament.
- 3 You are responsible for advising the Government whether to propose reinstating the existing Emergency Management Bill.
- 4 The bill was introduced to Parliament on 7 June 2023 and referred to the Governance and Administration Committee after the bill's first reading on 28 June. The Committee called for submissions by 3 November 2023. The Committee has forwarded 300 submissions to NEMA as at 24 November; we expect to receive more in the next week or so. The Committee has not yet received an initial briefing from us or heard oral submissions.
- 5 The Governance and Administration Committee's report back is currently due to the House by 28 December 2023. However, the report back date will need to be reset by Parliament if the bill is reinstated. Following previous elections, report back dates for nearly all reinstated legislation were moved to March or later in the subsequent year.

Overview of the Emergency Management Bill

Emergency management legislative framework

- 6 New Zealand's emergency management system is enabled through the Civil Defence Emergency Management (CDEM) Act 2002. Emergency management functions, duties and powers are highly devolved to local government, emergency services and others. The Act provides the legal framework for ensuring a coordinated approach to emergency management at the regional and local level supported by central government; whilst also providing for emergency management to be escalated to and controlled at a national level if the situation necessitates this. The Act specifies the functions and powers of key system roles (e.g. Minister for Emergency Management, Director of CDEM and CDEM Groups) and prescribes emergency management and business continuity obligations for:
 - government departments
 - local authorities
 - emergency services
 - lifeline utilities (certain entities within the energy, water services, telecommunications, broadcasting, and transport sectors).

- 7 Annex 1 shows the evolution of New Zealand’s primary emergency management legislation.
- 8 A wide range of legislation in other portfolios is also relevant to emergency management. For example, the Biosecurity Act 1993 provides specific powers to manage biosecurity emergencies, and the Epidemic Preparedness Act 2006 and Health Act 1956 provide specific powers in relation to infectious diseases.
- 9 The powers available under the CDEM Act override many personal and property rights, and have few checks and balances when compared to other statutory processes (for life safety reasons). For this reason, the CDEM Act is used to fill gaps where other legislative processes do not enable an effective and swift response to the emergency at hand.
- 10 The CDEM Act does not limit, is not a substitute for, and does not affect the functions, duties or powers under other legislation. Where there is other specific emergency legislation (for example, Health Act or Biosecurity Act), that legislation also continues to apply.
- 11 Beneath the CDEM Act, further expectations and arrangements are outlined in subsidiary instruments, including:
 - regulations
 - the National CDEM Strategy
 - the National CDEM Plan and CDEM Group Plans
 - Director’s guidelines, codes and technical standards.
- 12 Annex 2 provides an overview of these subsidiary instruments.
- 13 The CDEM Act and subsidiary instruments reflect the ‘4Rs’ (risk reduction, readiness, response and recovery) concept of emergency management and apply to all situations resulting from any happening, whether natural or otherwise (such as earthquakes, tsunamis, storms, technological failures, pandemics, or failures of or disruption to critical infrastructure). Annex 3 provides an overview of the 4Rs of emergency management.

Drivers for legislative reform

- 14 The genesis of the bill was addressing some of the issues identified in the 2017 Technical Advisory Group’s (TAG’s) report *Better Responses to Natural Disasters and Other Emergencies*¹.
- 15 This ministerial review (often referred to as the TAG review) was initiated in April 2017 because of concerns about how the emergency response system operated in the November 2016 Kaikōura earthquake and February 2017 Port Hills fires. The review found that although

¹ [Ministerial Review: Better Responses to Natural Disasters and Other Emergencies in New Zealand - Technical Advisory Group - 18 January 2018 \(dpmc.govt.nz\)](#)

the system has worked, there were issues that needed to be addressed to provide confidence that the system would continue to be effective, namely:

- inconsistent approaches to emergency management planning and delivery across the country, within regions, and between central government agencies, which affected interoperability, making it harder to support one another, and for information to flow across the system
- inexperienced people (in some cases) leading responses resulting in poor decision making, agencies and other groups being excluded (e.g. ambulance and iwi), confusion, and siloed working
- lack of clarity about who was responsible for what, leading to duplication of effort, gaps in the response, poor/slow decision-making, and agencies working in isolation
- inadequate information to inform decision making meaning that emergency managers and the public did not always have the information they needed to make timely, good decisions that protected people and property
- inadequate (in some cases) engagement with communities, which led to a slow response, gaps in the response, and loss of trust and confidence in the system. The review specifically noted that the resources, capability, and social capital of iwi to assist in emergency responses were not recognised in legislation, and specific needs of Māori, whanau, hapū, and iwi were often not recognised in CDEM Group plans.

16 The TAG review made 42 recommendations to address these issues. Many of these relate to operational or investment matters and do not require changes to legislation or regulations to implement them. Of those recommendations that would require legislative change or regulation, most relate to how local government is expected to provide for emergency management. This includes strengthening the regional approach to governance and planning, clarifying authority to declare a state of local emergency and coordinate an emergency response, ensuring capability of the emergency management workforce, and engaging with iwi/Māori.

17 The previous Government released its response to TAG review's findings and recommendations in 2018 (see the 2018 *Government response to the Technical Advisory Group's recommendations*²). The Government later changed its view on some of these matters. The Emergency Management Bill is the vehicle for progressing many of the actions agreed by the previous Government in response to the review.

18 The TAG review's terms of reference and recommendations were primarily about improving emergency response and readiness for response; not risk reduction and recovery. The changes proposed through the bill are therefore also largely focused on improving response

² [natural-disasters-emergencies-government-response-tag-report.pdf \(dpmc.govt.nz\)](https://www.dpmc.govt.nz/natural-disasters-emergencies-government-response-tag-report.pdf)

(and readiness for response). Specifically, the bill seeks to address the following problems that are impacting on the effectiveness of the emergency response system:

- inconsistent collaboration and commitment of local authorities within CDEM Groups, affecting coordination and funding of emergency management
- inconsistent emergency response operating practices and systems, affecting interoperability between CDEM Groups
- insufficient emergency management workforce capability and capacity
- unclear and/or overlapping roles and authority of key people in the emergency management system
- a lack of appropriate engagement of iwi/Māori in emergency management.

19 The bill also contributes to achieving the objectives of the 2019 *National Disaster Resilience Strategy*³, which outlines the vision and long-term goals for emergency management in New Zealand. The strategy has three priorities, each containing several objectives:

- managing risks
- effective response to and recovery from emergencies
- enabling, empowering, and supporting community resilience.

20 The bill contributes to achieving the following objectives listed in the strategy:

- build the relationship between emergency management organisations and iwi/groups representing Māori, to ensure greater recognition, understanding, and integration of iwi/Māori perspectives and tikanga in emergency management
- strengthen the national leadership of the emergency management system to provide clearer direction and more consistent response to and recovery from emergencies
- ensure it is clear who is responsible for what, nationally, regionally, and locally, in response and recovery; enable and empower community-level response, and ensure it is connected into wider coordinated responses, when and where necessary
- address the capacity and adequacy of critical infrastructure systems, and upgrade them as practicable, according to risks identified.

³ [National Disaster Resilience Strategy » National Emergency Management Agency \(civildefence.govt.nz\)](#)

What the bill does

- 21 The Emergency Management Bill is not intended to be a vehicle for fundamental system or sector reform; the main civil defence emergency management structures, officers and powers from the CDEM Act remain in place.
- 22 Because the bill is a full rewrite of the CDEM Act (including restructuring to improve transparency and accessibility), it gives the impression of making more change than it does.
- 23 The major changes in the bill:
- address confusion about the respective roles and responsibilities of Civil Defence Emergency Management Groups (which comprise elected representatives of all local authorities in each region, renamed Emergency Management Committees) and the individual local authorities
 - enable stronger national direction to ensure a more consistent approach to preparing for, responding to, and recovering from emergencies (including through new regulation and rule-making powers)
 - recognise the existing role of Māori in emergency management, including:
 - i. a new national level body, the National Māori Emergency Management Advisory Group (NMEMAG), to advise the Director on Māori interests and knowledge, as they relate to emergency management
 - ii. a new requirement for Emergency Management Committees (EMCs) and Emergency Management Co-ordinating Executive Groups (the chief executives of local authorities and emergency services in the region, previously known as CEGs) to have Māori members
 - iii. requiring EMCs to engage with Māori on the development of EMC plans
 - iv. enabling iwi and Māori organisations to be reimbursed directly by the Crown for welfare expenses incurred in connection with an emergency
 - introduce new planning and information sharing obligations for critical infrastructure entities (currently known as lifeline utilities), including:
 - i. introducing a principles-based definition of 'critical infrastructure' and a more flexible mechanism for recognising critical infrastructure entities and sectors
 - ii. requiring critical infrastructure entities to establish and publish their planned emergency levels of service
 - iii. requiring critical infrastructure entities to develop or contribute to sector-wide response plans

- iv. requiring critical infrastructure entities to proactively share information which is relevant for the purposes of emergency planning and monitoring, and report annually to the Director and their regulator on their compliance with the new Act.

- 24 The bill also makes changes to improve the operation of emergency management, including:
- ensuring that ambulance services are included in emergency management structures
 - providing for civil liability protection for persons acting under direction of a person with responsibilities under the new Act (e.g. volunteers)
 - requiring engagement with communities likely to be disproportionately impacted by emergencies when plans are being developed
 - enabling better management of concurrent local and national emergencies
 - enabling EMC members to meet via audio-visual link for the purpose of quorum and to make decisions.
- 25 The bill also restructures the legislation to improve transparency and accessibility.
- 26 Annex 4 shows the changes the bill makes to CDEM structural arrangements.
- 27 Annex 5 shows the changes the bill makes to emergency management strategy and planning requirements.

The Bill is one component of a wider law reform programme

- 28 Many system performance improvements will be enabled by work outside of the bill. This includes a significant piece of work to build Māori capability and capacity to engage in the substantive new roles envisaged by the bill at all levels of the system.
- 29 Although the bill introduces some new roles and obligations and clarifies others, most of the detail will be in secondary legislation and guidance.
- 30 We are scoping a large programme of work to develop the secondary legislation and guidance, and to implement the other changes introduced by the bill (e.g. appointing the NMEMAG and establishing its secretariat). Some of this work must be completed before the related provisions in the bill commence. Because of the amount of work required on particular aspects, certain bill provisions have delayed commencement dates. We anticipate that it will be necessary to delay commencement of some additional provisions and make other amendments to the bill to ensure that implementation achieves the policy intent. We will provide separate advice on this.

31 Changing and clarifying roles and obligations in primary legislation and subsidiary instruments will not be sufficient to drive the behaviour of system players in the direction that will achieve the policy intent of the reforms. The implementation work programme is therefore also identifying other levers that are necessary for the success of the reforms.

Main themes from written submissions

- 32 Submissions closed on 3 November. As at 24 November the Committee has forwarded 300 submissions to NEMA and said it will provide the remaining handful of submissions with the next week or so.
- 33 Submitters include some of the main entities for which the bill prescribes functions, powers and/or obligations as well as individuals, non-government organisations, Māori organisations, other community groups and businesses.
- 34 Of the submissions we have received:
- 2 support the entire bill
 - 6 are against the entire bill
 - 282 suggest major changes (6 of these consider the bill should be delayed until after the Government Inquiry)
 - 4 suggest minor changes
 - 4 raise only wider policy or operational matters related to emergency management
 - 2 raise only matters entirely unrelated to the bill.
- 35 The majority of submissions (192 of 300) are about protecting animals in emergencies. Most of these submissions are supporting either of two campaigns. The Ministry for Primary Industries (as the policy lead for animal welfare and steward of the Animal Welfare Act) is working with us to analyse the proposals in these submissions.
- 36 In relation to the functions and powers of core CDEM sector players (Director, local authorities, EMCs, Emergency Management Co-ordinating Executive Groups, Controllers and Recovery Managers), there is general support for the changes and clarifications proposed in the bill. However, submitters expressed a range of concerns including:
- the bill needs to make fundamental changes to structural and funding arrangements to address systemic issues, particularly in relation to building community resilience and enabling effective recovery
 - there is a need for greater alignment between the bill and related reforms (such as resource management)

- some aspects are still ambiguous or inconsistent
 - there is insufficient detail regarding the regulations and rules that are enabled by the bill
 - additional obligations on local authorities do not come with certainty of central government funding.
- 37 The bill presently focuses engagement on participation of communities that are or may be disproportionately affected by an emergency. Several submissions from CDEM Groups have highlighted that greater clarity is required as to how to define disproportionately affected communities. Other submitters also noted that disproportionately affected communities are likely to be different depending on the context of the locality (e.g. rural communities may be considered disproportionately affected).
- 38 There is general support for the bill to do more to recognise and enable participation of non-government organisations, community groups and businesses (e.g. civil contractors) in the development of emergency management plans and approaches and delivery of response. This desire comes with a recognition that participation comes at a cost and as such funding support is crucial. Many submitters looked to central government as the source of this funding support while others simply recognised that funding is critical to support effective participation.
- 39 There is general support amongst local government, community groups and Māori for the bill's provisions relating to Māori participation on EMCs and Emergency Management Co-ordinating Executive Groups and for recognising the important role that Māori play in bringing resources and networks to support emergency management responses to the benefit of the whole community (e.g. marae, Māori Wardens, iwi, hapū and whānau networks, etc). However, several CDEM Groups have noted that many local authorities already have engagement arrangements with relevant iwi/hapū and that provision should be made to leverage these to reflect that, while participation of Māori on EMCs and Emergency Management Co-ordinating Executive Groups may be appropriate in some localities, alternative arrangements may better suit others.
- 40 We have also received several submissions from individuals opposing the bill's Māori participation provisions.
- 41 As with broader community group and business participation, there is recognition of the need for Māori participation to be effectively funded. While current policy is that Māori attendance at EMC and Emergency Management Co-ordinating Executive Group meetings will be Crown funded, submitters recognised that costs associated with Māori participation run much broader than attending meetings and that funding certainty for these additional costs is required.
- 42 There is general support for the policy intent of the changes relating to critical infrastructure but concern about how some of the planning and information-sharing changes will work in

practice, whether there is sufficient alignment with related regulatory regimes, and whether the benefits outweigh the costs. Some submitters consider that critical infrastructure changes should apply differently to different sectors (e.g. there is concern that information-sharing obligations could conflict with broadcasters' editorial independence).

43 9(2)(f)(iv), 9(2)(j)

44 If the bill is reinstated, we will provide you with further updates on our analysis of written submissions and any additional issues raised through hearings. We will work with your office to determine how best to do this and to provide copies of any specific written submissions that you might want to see.

Potential changes to the bill

45 We anticipate that the Government may wish to make changes to the bill. In particular, we note the commitment in the Coalition Agreement between the New Zealand National Party and New Zealand First relating to not advancing policies that seek to ascribe different rights and responsibilities to New Zealanders on the basis of their race or ancestry. As outlined in paragraph 23, the bill ascribes certain rights to Māori.

46 You may also wish to make changes to the bill in response to the Government Inquiry into the Response to the North Island Severe Weather Events, which is due to provide its final report to you by 26 March 2024 (with interim recommendations due to you by 7 December 2023).

47 9(2)(f)(iv), 9(2)(j)

48 We will provide advice 9(2)(f)(iv), 9(2)(j) and other areas of potential change that you indicate to us.

49 We would appreciate an early discussion with you to ensure we understand your concerns with the current bill and how we might address these to achieve the Government's priorities.

Pathways for changing the bill

50 The Government can either:

- reinstate the existing bill and make changes to it as it proceeds through the parliamentary stages; or
- set aside the current bill and introduce a different bill.

51 These options are outlined below.

Change the bill as it proceeds through the House

52 If the existing bill is reinstated, there are opportunities for the Government to propose changes during the select committee stage and/or once the bill has been reported back to the House.

53 During the select committee stage, changes that relate to matters raised in submissions can be proposed to the Committee by the appointed NEMA advisors via the departmental report. NEMA officials can only recommend significant policy changes to the Committee if these have been approved by Cabinet.

54 Timing for the departmental report is uncertain until Parliament resets the Committee's report back date and the Committee determines its timetable for meeting that deadline. We are anticipating that the departmental report would not be due until late March or early April at the earliest. Based on this timeframe, Cabinet decisions on any policy changes would be required by mid-March. Allowing time for drafting, and ministerial and departmental consultation, we would require your direction on matters to propose to Cabinet no later than mid-January.

55 The Government can also propose changes to the bill through a Supplementary Order Paper (SOP). Once the new 2023 Standing Orders commence, these will be called Amending Papers. SOPs are usually a feature of Committee of the Whole House stage of a bill but can be introduced at any point until the end of that stage, including while a bill is in front of a select committee.

56 A recent practice has been for officials to present a Government SOP to the select committee considering the bill, either before submissions are called for or after providing the departmental report to the committee. This enables the Government's changes to be incorporated in the version of the bill that is reported back to the House. SOPs introduced at this point generally reflect a change in Government priorities or address a new but related issue that has arisen since the bill's introduction. If a Government SOP is presented after the departmental report, the select committee can decide to call for submissions. This usually means that the timeline for reporting the bill back to the House would be extended.

- 57 If a significant Government SOP is introduced once the bill is back in the House, the House may refer the SOP to a select committee for consideration and the committee may decide to seek submissions on it.
- 58 Cabinet decisions are required twice for non-minor Government SOPs: initially on the significant policy additions or changes to be made to the bill and then, once the SOP has been drafted, Cabinet's approval for the SOP to be introduced. The time required to do this is likely to limit how swiftly the bill can progress through the House.

Set aside the current bill and introduce a different bill

- 59 If the Government wishes to make major policy changes, it may prefer not to reinstate the current bill and instead introduce an alternative bill.
- 60 This approach would provide the Government with more time to develop policy (including its response to the Government Inquiry into the North Island Severe Weather Events) and to consult affected stakeholders ahead of introducing a new bill.
- 61 However, it would also delay action on the issues and gaps that the current bill addresses (see paragraphs 18, 20 and 23-25).
- 62 NEMA considers it important but not urgent to address the risks posed by these issues. Some risks can be partially mitigated without changing emergency management legislation. For example:
- Following the 2023 North Island severe weather events, temporary changes were made to the CDEM Act to enable the declaration of a state of local emergency whilst a state of national emergency is in force for another emergency event in the same area. This enables immediate access to the Act's emergency powers to respond to a local emergency. Once those changes expire on 1 October 2024, there is a risk that if a state of national emergency is in force (for example, following a major earthquake) and a local area also faced a flooding event, the local CDEM Group would need to request the Minister amend the national declaration to include the new emergency (flood) in order to access the powers to respond to the flood event. This could result in delays in accessing the powers required to respond to the new emergency event (e.g. evacuation powers), increasing life safety risks. This risk could be mitigated, to some extent, through the enactment of bespoke legislation, to reapply the temporary provisions to enable concurrent declarations (should a state of national emergency be declared).
 - The same severe weather legislation made temporary changes to enable CDEM Groups to meet via audio/visual link for the purposes of quorum and decision making. Changes occurring to the Local Government Act on 1 October 2024 will enable this in future provided that CDEM Groups take the additional administrative step of amending their standing orders.

- The Director’s Guidelines for CDEM Group Planning could be updated to emphasise the importance of CDEM Groups working with communities to understand and plan to meet the diversity of needs in their area, including the needs of Māori/iwi and the needs of groups in the community that are likely to be disproportionately affected by emergencies. These Guidelines are not binding but would provide some degree of influence.

63 Not reinstating the current bill would also have implications for work being led by DPMC to develop a new regulatory framework to enhance the resilience of the critical infrastructure system. These new resilience requirements were intended to apply to entities recognised as critical infrastructure through the implementation of the Emergency Management Bill. If the bill is not reinstated, DPMC expects that it will have to take forward separate work on the definition of critical infrastructure.

Next steps

- 64 You will need to advise the Government on whether to propose reinstating the Emergency Management Bill.
- 65 We would appreciate a discussion with you as soon as possible to ensure we understand your concerns with the current bill and how we might address these to achieve the Government’s priorities.
- 66 If the bill is reinstated, we will:
- provide advice on the potential improvements we have identified (including from submissions to the select committee) and other areas of potential change that you indicate to us. Your decisions on these matters will form the basis of a Cabinet paper seeking approval to policy changes that will then be included in the departmental report to the select committee;
 - provide regular updates on any areas of concern for the select committee and copies of any information we provide to the committee.

Annexes:	Title	Security classification
Annex One	Timeline of emergency management primary legislation	Unclassified
Annex Two	Subsidiary instruments made under the CDEM Act 2002	Unclassified
Annex Three	The 4Rs of emergency management	Unclassified
Annex Four	Structural arrangements under CDEM Act and EM Bill	Unclassified
Annex Five	Planning arrangements under CDEM Act and EM Bill	Unclassified

Annex One: Timeline of emergency management primary legislation

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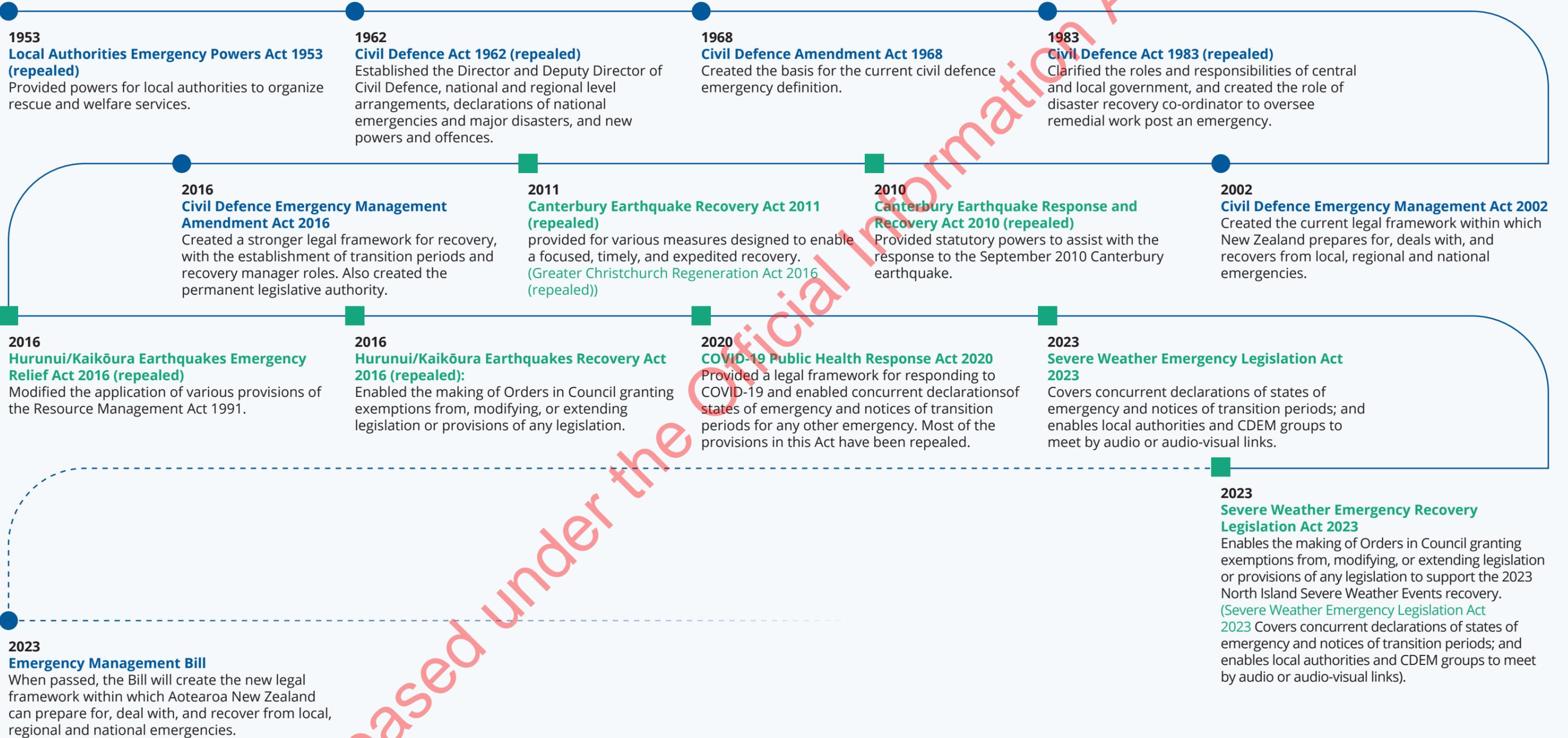
Timeline of Emergency Management Primary Legislation

This timeline shows the main points of change in the evolution of Aotearoa New Zealand's emergency management primary legislation.



Key:

- Core Emergency Management Legislation
- Events Based Bespoke Legislation



A number of other Acts also play a role in emergency management by, for example, regulating activities of particular emergency management participants, assisting in land use planning, hazard identification and management, and emergency response. **They include (but are not limited to) the:**

Biosecurity Act 1993
Building Act 2004
Climate Change Response Act 2002
Defence Act 1990
Earthquake Commission Act 1993

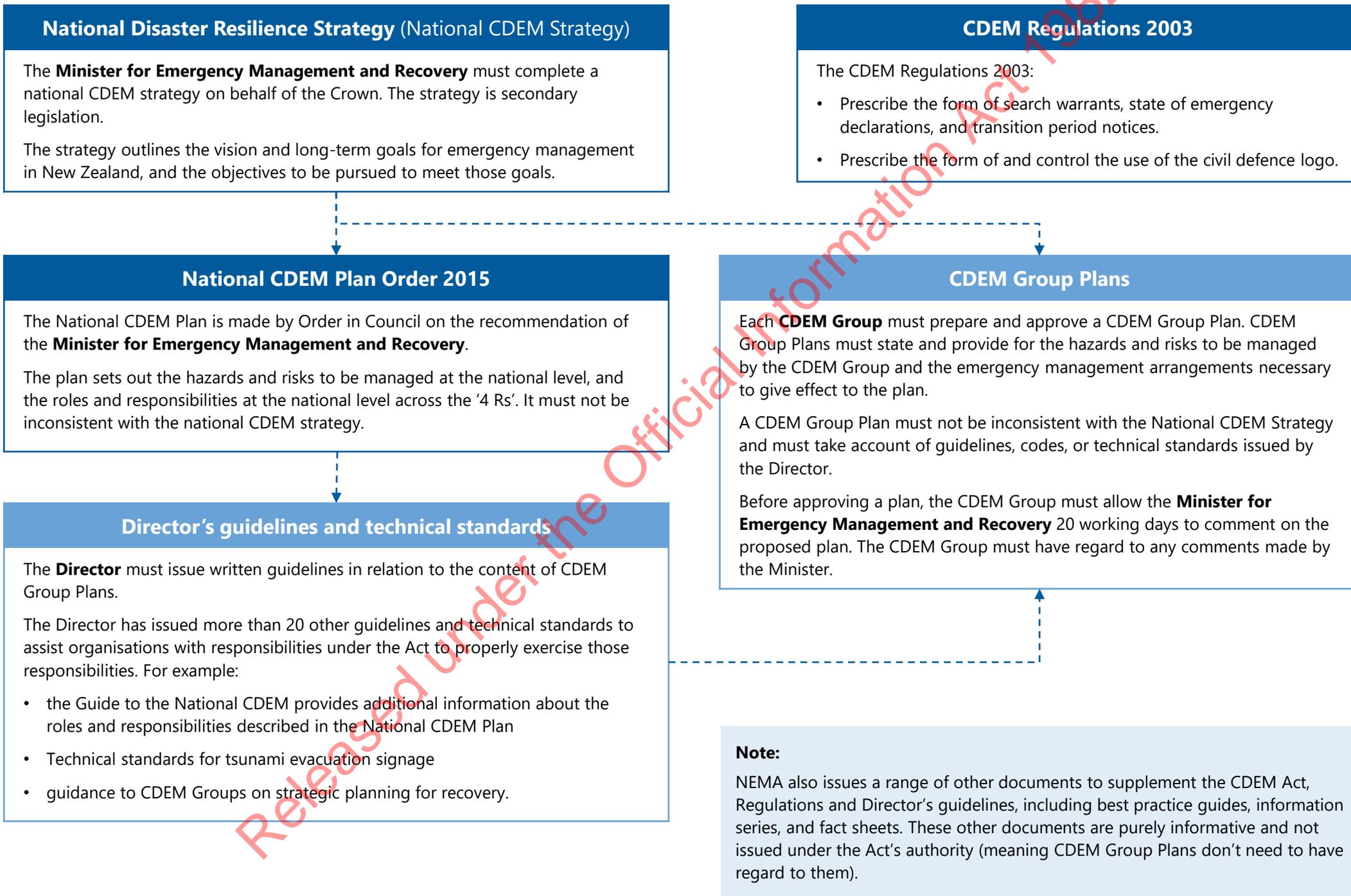
Epidemic Preparedness Act 2006
Fire and Emergency New Zealand Act 2017
Hazardous Substances and New Organisms Act 1996
Health Act 1956
Health and Safety at Work Act 2015

Local Government Act 2002
Maritime Transport Act 1994
Public Works Act 1981
Resource Management Act 1991

Annex Two: Subsidiary instruments made under the CDEM Act 2002

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Subsidiary instruments made under the CDEM Act 2002



Annex Three: The 4Rs of emergency management

Released under the Official Information Act 1982

RISK REDUCTION

READINESS

RESPONSE

RECOVERY

Risk Reduction

Identifying and analysing long-term risks to human life and property from hazards; taking steps to eliminate these risks if practicable and, if not, reducing the magnitude of their impact and the likelihood of their occurring.

Risk reduction includes measures taken to further reduce risk when carrying out readiness, response and recovery activities.

s 3(b)(iii) CDEM Act 2002

cl 3(b)(iii) Emergency Management Bill

Part 6 of National CDEM Plan*

The Government has signed the declaration adopting the Sendai Framework for Disaster Risk Reduction 2015-2030

Readiness

Developing operational systems and capabilities before an emergency happens including self-help and response programmes for the general public, and specific programmes for emergency services, lifeline utilities, and other agencies.

The objective of readiness is to build capacity and capability, and to enable an effective response to, and recovery from, emergencies.

s 3(c) CDEM Act 2002

Part 3 of the CDEM Act 2002: Civil defence emergency management planning and civil defence emergency management duties

cl 3(c) Emergency Management Bill

Part 2 Subpart 4 of Emergency Management Bill: Emergency management planning

Part 7 of National CDEM Plan

Response

Actions taken immediately before, during, or directly after an emergency to save lives and protect property, and to help communities recover.

Response objectives include the putting into place of effective arrangements for the transition to recovery.

Part 4 of CDEM Act 2002: Declaration of state of emergency and Part 5: Powers in relation to civil defence emergency management

Part 5A of CDEM Act 2002: Transition periods and Part 5B: Powers in relation to transition periods

Part 3 of Emergency Management Bill: Emergency designations and powers

Part 8 of National CDEM Plan

Recovery

The coordinated efforts and processes to bring about the immediate, medium-term, and long-term holistic regeneration of a community following an emergency.

Recovery measures should be pre-planned and implemented from the first day of the response (or as soon as practicable) and should be co-ordinated and integrated with response actions.

Part 5A of CDEM Act 2002: Transition periods and Part 5B: Powers in relation to transition periods

Part 3 of Emergency Management Bill: Emergency designations and powers

Part 9 of National CDEM Plan

A number of other Acts also play a role across the four Rs of emergency management. They include but are not limited to:

Biosecurity Act 1993
Building Act 2004
Climate Change Response Act 2002
Defence Act 1990
Earthquake Commission Act 1993
Epidemic Preparedness Act 2006

Fire and Emergency New Zealand Act 2017
Hazardous Substances and New Organisms Act 1996
Health Act 1956
Health and Safety at Work Act 2015
Local Government Act 2002

Maritime Transport Act 1994
Public Works Act 1981
Resource Management Act 1991
Water Services Act 2021

Annex Four: Structural arrangements under CDEM Act and EM Bill

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Structural arrangements under the CDEM Act 2002

November 2023

Key:

Statutory
role/entity

Change proposed to
existing role/entity

Proposed new
membership/entity

National level



The National Emergency Management Agency (NEMA) is the Government lead for emergency management. NEMA provides strategic leadership and works across the '4 Rs'. NEMA also works to ensure there is coordination at local, regional, and national levels during emergencies (whether a state of emergency is in place or not).

At the national level, NEMA works with central and local government, national organisations, NGOs such as Red Cross, communities, iwi, and business.

Regional level



At the regional level, **CDEM Groups** provide leadership in the delivery of coordinated arrangements for emergency management within their group area.

The CDEM Group **joint committee** is responsible for governance, while the **Coordinating Executive Group** has an operational management role.

The CDEM Group's administrative and other services are provided by the **administering authority**, which is a regional council or unitary authority that is a member of the CDEM Group.

As CDEM Groups, local authorities work with each other and with emergency services, iwi and other agencies to reduce risks, be ready for emergencies, respond when needed, and lead the recovery afterwards.

There are 16 CDEM Groups in total. Each group's area aligns with local authority boundaries.

Local level



Most emergencies are managed at the local level. This means the **local council** (or potentially other agencies, such as Police for an armed offender emergency) are in charge.

Marae, community organisations, volunteers, and the local community all play a key role at the local level, particularly in getting ready for and responding to emergencies.

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Structural arrangements proposed in the Emergency Management Bill

November 2023

Key:

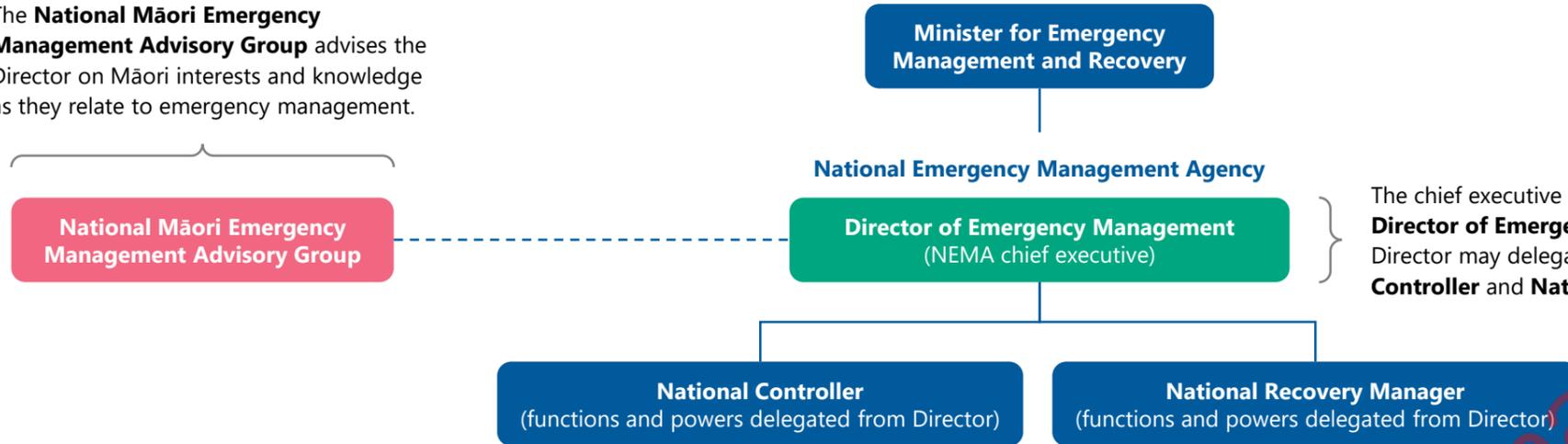
Statutory role/entity

Change proposed to existing role/entity

Proposed new membership/entity

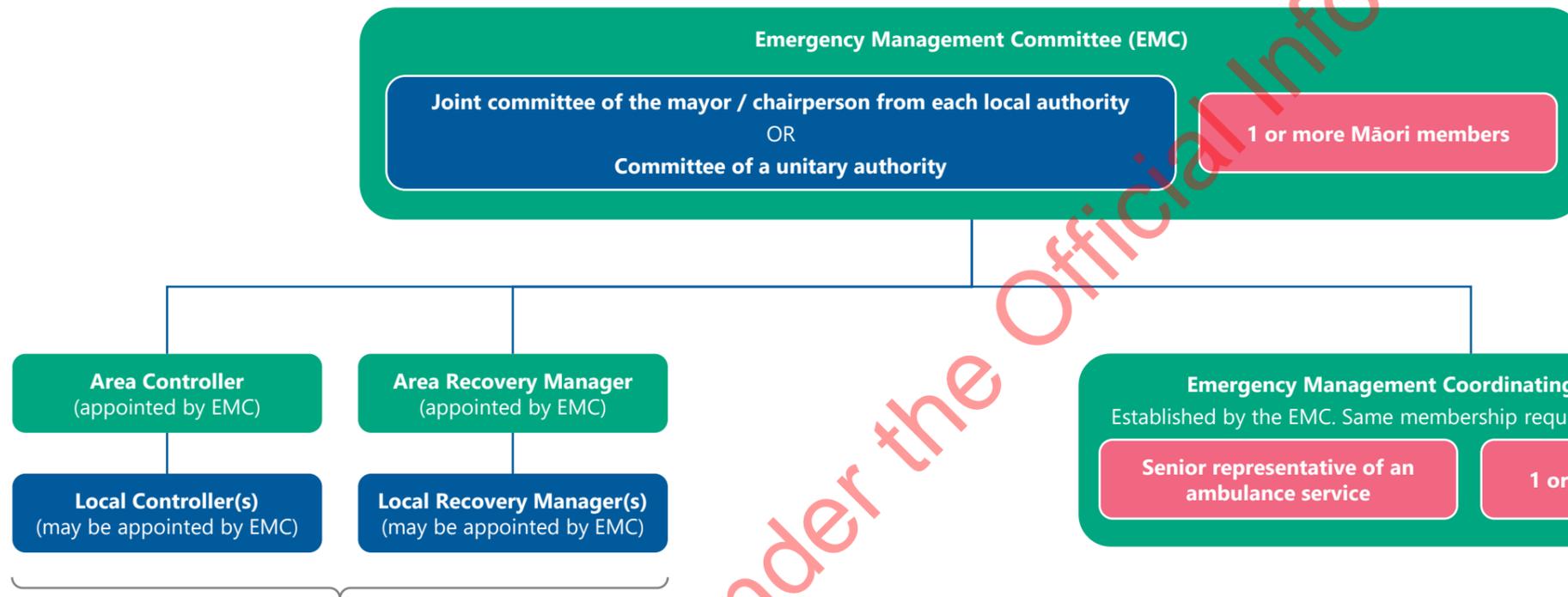
National level

The **National Māori Emergency Management Advisory Group** advises the Director on Māori interests and knowledge as they relate to emergency management.



The chief executive of the responsible department (NEMA) becomes **Director of Emergency Management**. As under the CDEM Act, the Director may delegate certain functions and powers to the **National Controller** and **National Recovery Manager**.

Regional level



CDEM Groups become **Emergency Management Committees**, which are required to appoint at least 1 **Māori member**. The Bill clarifies that the EMC is responsible for regional coordination and governance, while each local authority member is responsible for delivering local emergency management in its community.

The **administering authority** may be any local authority member of the EMC (not just a regional council or unitary authority), with appointment agreed by all members of the EMC.

Coordinating Executive Groups become **Emergency Management Coordinating Executives**. EMCEs are additionally required to have an **ambulance service representative** and at least 1 **Māori member**.

'Group' Controllers and Recovery Managers become **Area Controllers** and **Area Recovery Managers**.

Local level



The Bill clarifies that the **mayor** (or another elected member) of a territorial authority is primarily responsible for making emergency designations within their district.

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Annex Five: Planning arrangements under CDEM Act and EM Bill

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Planning arrangements under the CDEM Act 2002

October 2023

Key:

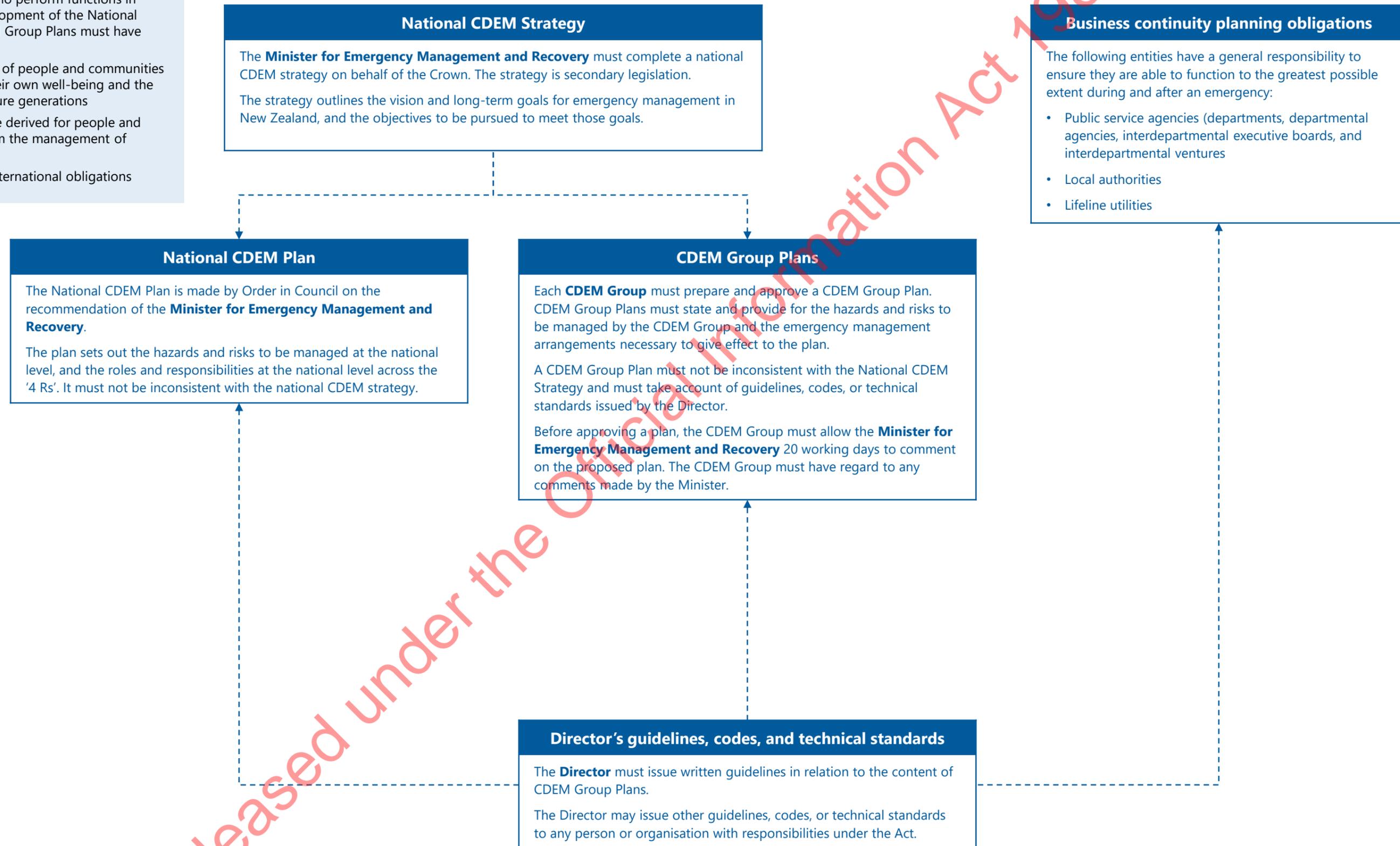
Existing planning requirement or instrument

Change proposed to existing requirement or instrument

Proposed new requirement or instrument

Note: All persons who perform functions in relation to the development of the National CDEM Plan or CDEM Group Plans must have regard to:

- the responsibility of people and communities to provide for their own well-being and the well-being of future generations
- the benefits to be derived for people and communities from the management of hazards and risks
- New Zealand's international obligations



Released under the Official Information Act 1982

Planning arrangements proposed in the Emergency Management Bill

October 2023

Key:

Existing planning requirement or instrument

Change proposed to existing requirement or instrument

Proposed new requirement or instrument

Note: All persons who perform functions in relation to the development of the National EM Plan or EMC Plans must have regard to:

- the responsibility of people and communities to provide for their own well-being and the well-being of future generations
- the benefits to be derived for people and communities from the management of hazards and risks
- New Zealand's international obligations

National Disaster Resilience Strategy (new name)

The **Minister for Emergency Management and Recovery** must complete a **national disaster resilience strategy** on behalf of the Crown. The strategy is secondary legislation.

The strategy outlines the vision and long-term goals for emergency management in New Zealand, and the objectives to be pursued to meet those goals.

Business continuity planning obligations

The following entities have a general responsibility to ensure they are able to function to the greatest possible extent during and after an emergency:

- Public service agencies (departments, departmental agencies, interdepartmental executive boards, and interdepartmental ventures)
- Local authorities
- Critical infrastructure entities

National Emergency Management Plan

The **Director** must prepare and the **Minister for Emergency Management and Recovery** must approve a National Emergency Management Plan on behalf of the Crown. The plan does not have legislative status.

The plan sets out the hazards and risks to be managed at the national level, and the roles and responsibilities at the national level across the '4 Rs'. It must not be inconsistent with the national disaster resilience strategy.

New content requirement: The plan must also state and provide for the role of Māori in emergency management.

Procedural requirement removed: The Minister is no longer required to carry out a cost-benefit analysis on certain plan provisions.

Emergency Management Committee (EMC) Plans

Each **Emergency Management Committee** must prepare and approve an EMC Plan. EMC Plans must state and provide for the hazards and risks to be managed by the EMC and the emergency management arrangements necessary to give effect to the plan.

New content requirement: Plans must also state and provide for arrangements for coordination with iwi and Māori across the '4 Rs'.

Changes to procedural requirements:

- During the development of their plans, EMCs must engage representatives of communities that are likely to be disproportionately affected by emergency events, iwi, and Māori.
- EMCs are no longer required to carry out a cost-benefit analysis on certain plan provisions.

An EMC Plan must not be inconsistent with the national disaster resilience strategy and must take account of guidelines, codes, or technical standards issued by the Director.

Before approving a plan, the EMC must allow the **Minister for Emergency Management and Recovery** 20 working days to comment on the proposed plan. EMCs must have regard to any comments made by the Minister.

Planning emergency levels of service

Critical infrastructure entities must determine the level of service they will be able to provide during and after an emergency, and publish plans for these emergency levels of service.

Sector response plans

Critical infrastructure entities must develop, or contribute to the development of, plans relating to responding to and recovering from emergencies that are specific to the sector in which the entity operates.

Director's guidelines, codes, and technical standards

The **Director** must issue written guidelines in relation to the content of EMC Plans.

The Director may issue other guidelines, codes, or technical standards to any person or organisation with responsibilities under the Act.

Rules

The **Director** may make rules prescribing matters of detail and procedure in relation to the emergency management system, including to:

- prescribe the form and subject matter of emergency management plans
- specify the roles and responsibilities of participants in the emergency management system under specific conditions.

Rules are secondary legislation.

Regulations

The **Governor-General** may make regulations by Order in Council for various purposes, including to:

- prescribe the roles and responsibilities of lead and support agencies
- set out matters of detail and procedure relating to critical infrastructure entities' planning for emergency levels of service
- specify how EMCs must engage with communities that are or may be disproportionately affected by emergencies.

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Briefing

Government Inquiry into the North Island Severe Weather Events: Upcoming Interim Recommendations

Date:	4/12/2023	Priority level:	Routine
Security classification:	[IN-CONFIDENCE]	Report number:	NEMA-2023/24-36

	Action sought	Deadline
Hon Mark Mitchell Minister for Emergency Management and Recovery	Discuss with officials how best to support you on the Inquiry's recommendations	7 December (or earlier if meeting with Inquiry Panel)

Contact for telephone discussion (if required):

Name	Position	Telephone	1 st Contact
Jenna Rogers	Deputy Chief Executive, Strategic Enablement National Emergency Management Agency	9(2)(g)(ii)	✓
Jo Guard	Manager, Continuous Improvement	9(2)(g)(ii)	

Minister's Office

Status:

Signed

Withdrawn

Comment for agency

Attachments: Yes/No

Government Inquiry into the North Island Severe Weather Events: Upcoming Interim Recommendations	NEMA-2023/24-36
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Briefing

Government Inquiry into the North Island Severe Weather Events: Upcoming Interim Recommendations

To: Hon Mark Mitchell
Minister for Emergency Management and Recovery

Date 4/12/2023

Security classification ~~[IN CONFIDENCE]~~

Purpose

This briefing provides information about the Government Inquiry into the North Island severe weather events in preparation for you receiving the Inquiry's interim recommendations (due 7 December).

Recommendations

The National Emergency Management Agency (NEMA) recommends you:

- a. **Note** that the Government Inquiry into the North Island severe weather events will provide its interim recommendations to you (as the appointing Minister for the Inquiry) by 7 December 2023 and will provide its final report to you by 26 March 2024.
- b. **Note** that interim recommendations would not usually be made public and the Government decides when and how to release the final report.
- c. **Note** that the Inquiry Panel is likely to request a meeting with you ahead of providing its interim recommendations.
- d. **Note** that the interim recommendations could have implications beyond your emergency management portfolio and we suggest you share them with relevant Ministers and all Coalition parties.
- e. **Note** that there is no expectation for you or your colleagues to provide feedback to the Inquiry on the interim recommendations; the reason you are receiving them is to enable the Government to start considering the implications to inform its ultimate response after receiving the final report.

- f. **Agree** to discuss with officials how best to support you to receive and respond to the Inquiry's interim recommendations and final report.

Agree / Disagree / Discuss


Jenna Rogers
**Deputy Chief Executive, Strategic Enablement
National Emergency Management Agency**
04/12/2023

**Hon Mark Mitchell
Minister for Emergency Management and Recovery**
...../...../.....

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About the Government Inquiry

1. In June 2023, Cabinet agreed to establish a government inquiry to identify lessons from the three severe North Island weather events¹ in early 2023 [CAB-23-Min-0213 refers]. The Inquiry commenced in July 2023.
2. Government Inquiries are established under the Inquiries Act 2013 for the purpose of inquiring into, and reporting on, any matter of public importance. Government Inquiries report to an appointing Minister; you are the appointing Minister for this Inquiry.
3. The purpose of this Inquiry is to ensure that the design of New Zealand's emergency management system is appropriate to support readiness for, and responses to, future emergency events (such as landslides, tsunamis, earthquakes, volcanic activity, floods, and storms) by identifying lessons from the 2023 North Island severe weather events. The Inquiry's scope is limited to the response activities undertaken during these severe weather events, and the readiness activities ahead of these events; it will not consider policies and actions relating to recovery from these events or to risk reduction and resilience building.
4. The Inquiry Panel is led by Sir Jeremiah Mateparae, (Chair) with members John Ombler, Rangimarie Hunia, and Julie Greene (see **Annex One** for their biographies). The Panel is supported by a Secretariat, hosted by the Department of Internal Affairs.
5. The Inquiry is to provide interim recommendations to you in writing no later than 7 December 2023. This will be followed by a final report, including final recommendations, to you in writing no later than 26 March 2024.
6. The Inquiry Terms of Reference are attached at **Annex Two**.

Your role in the Inquiry

Meeting the Inquiry Panel

7. The Chair of the Inquiry is likely to contact you and offer to meet with you to discuss the Inquiry's work ahead of providing you with the Inquiry's interim recommendations.

Receiving and responding to the interim recommendations

8. You will receive the Inquiry's interim recommendations on or before 7 December 2023. The Inquiry is not expecting you to provide feedback on the interim recommendations.
9. The interim recommendations provide an opportunity for you to start considering the implications of the Inquiry's findings for the emergency management system and what the Government should do in response after it has received the final report.
10. Starting this work now is important if the Government wants to respond swiftly after it receives the final report in March 2024.

¹ Cyclone Hale in early January, heavy rainfall in the Northland, Auckland, Waikato, and Bay of Plenty regions on 26 January and Cyclone Gabrielle in February 2023.

11. The interim recommendations could have implications beyond your own emergency management portfolio (e.g. for portfolios relating to emergency services, primary industries, welfare, housing, infrastructure and local government). If so, it will be important for you to share the interim recommendations with relevant ministerial colleagues and all Coalition parties for their information in advance of receipt of the final recommendations.
12. We recommend that you do not make the interim recommendations public as there is a chance they could change in the final report.

13. s 9(2)(g)(i)



14. NEMA can support you with more specific talking points and responses to questions if required.

Receiving and responding to the final report

15. The Inquiry will provide you with its final report by 26 March 2024.
16. The Inquiry will not make the final report public; the Government decides when and how to release it.
17. The Government may want to publish the Inquiry's report swiftly, or it could wait and publish the Government response at the same time. As an example, in November 2017, the Minister of Civil Defence received the final report from a Technical Advisory Group that provided advice and options on how to deliver better responses to natural disasters and other emergencies. In January 2018, that report was published, and the Government's response to the report was published in August 2018.
18. As with the interim recommendations, the final report could have implications beyond your own emergency management portfolio. If so, relevant Ministers (and their departments) will need to be closely involved in developing the Government's response through the Cabinet process and be comfortable with the timing for publishing the Inquiry's final report.
19. The Government's response could include making changes to policy or regulatory settings (including changes to the Emergency Management Bill) or to operational arrangements and practices. Some changes may be contingent on securing additional funding through the Budget. NEMA will provide you with advice to support your consideration of the Inquiry's recommendations.
20. The amount of time required to develop the Government response will depend on the nature and extent of the Inquiry's recommendations. For example, if the Inquiry provides high level recommendations for major system change without working through the underpinning design choices, extensive policy work is likely to be required.

21. The interim recommendations will enable NEMA to start to shape the programme of work (involving other departments where relevant) that will enable the Government to respond as swiftly as possible after receiving the final report.

Other reviews

- 22. NEMA is undertaking an internal review of its role and actions in the response and early recovery phases of the North Island severe weather events (Auckland Flooding and Cyclone Gabrielle).
- 23. Other reviews are happening concurrently across the emergency management sector (e.g., the independent reviews into the Auckland Flood Response and the Hawke’s Bay Civil Defence Emergency Management Response into Cyclone Gabrielle).
- 24. These reviews are separate from the Government Inquiry. However, the Inquiry is expected to take into account the outcomes of these reviews.
- 25. NEMA has also been interviewed as part of the Royal Commission of Inquiry into lessons learned from New Zealand’s response to COVID-19. That inquiry will not report back until 30 September 2024. This may also have implications for the emergency management system.

Next steps

- 26. NEMA welcomes the opportunity to discuss how best to support you to receive and respond to the Inquiry’s interim recommendations and final report.
- 27. Once you have received the Inquiry’s interim recommendations, we will support you to start preparing advice to help inform the Government’s response to the final report.

Annexes:	Title	Security classification
Annex One:	Government Inquiry panel member biographies	No classification
Annex Two:	Government Inquiry into the North Island Severe Weather Events Terms of Reference	No classification

Annex One: Government Inquiry Panel Member Biographies

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Annex One: Government Inquiry Panel Biographies

The following persons are appointed as members of the Government Inquiry:

- Sir Jeremiah Mateparae GNZM QSO KStJ (Chair);
- John Ombler CNZM QSO (member);
- Rangimarie Hunia, Ngāti Whātua (member); and
- Julie Greene (member).

Sir Jerry Mateparae GNZM QSO KStJ

Sir Jerry has 50 years of public service experience with 39 years as an officer in the New Zealand Defence Force (NZDF), including 15 years in senior leadership roles, culminating as Chief of Defence Force (2006-2011).

Sir Jerry has also been:

- the Director of the Government Communications Security Bureau (2011)
- 20th Governor-General of New Zealand (2011-2016)
- 27th New Zealand High Commissioner to the United Kingdom (2017-2020).

John Ombler CNZM QSO

John is a career public servant whose numerous roles have included: Deputy State Services Commissioner, CEO of the Canterbury Earthquake Recovery Authority (CERA), and one of the Controllers of the all-of-government response during the COVID-19 pandemic. He also worked for over 20 years at the Department of Conservation.

As part of his previous review experience, John has conducted an inquiry into financial irregularities at the Waikato District Health Board and carried out an investigation into the actions and statements of a former Treasury chief executive.

Rangimarie Hunia (Ngāti Whātua)

Rangimarie is based in Auckland and the Director, Aotearoa Fisheries Ltd (trading as Moana NZ), since 2021. Moana NZ is 100% iwi owned and is the largest Māori-owned kaimoana (seafood) and kai ora (ready to eat meals) company in Aotearoa that was borne from the Māori fisheries settlement. Previously she was Chief Executive, Ngāti Whātua Orakei Whai Maia, 2016 – 2022.

Among Rangimarie's governance roles, she is Chair of Te Ohu Kaimoana's (a charitable trust working for the collective interests of 58 iwi organisations in fishing and fisheries-related activities) Board of Directors and Te Pūtea Whakatupu Trust (promoting Māori education, training, and research), a Director of Moana New Zealand, and is on the Advisory Committee for Auckland Art Gallery Toi o Tāmaki.

Julie Greene

Julie is based in the Hawke's Bay and has strong experience and connections with the production and rural sector. She was a senior manager at Heinz Watties for over a decade and is currently Director of Graham Greene Limited, which owns interests in several Fruit Intellectual Property companies in China and New Zealand.

Julie has a background in marketing, communications, funding, and sales in the horticulture industry. Julie is a member of the New Zealand Institute of Directors.

Annex Two: Government Inquiry into the North Island Severe Weather Events Terms of Reference

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Annex Two: Government Inquiry into the North Island Severe Weather Events Terms of Reference

Establishment of the Government Inquiry into the response to the North Island severe weather events

Pursuant to section 6(3) of the Inquiries Act 2013, I, The Honourable Kieran McNulty, Minister for Emergency Management, hereby establish the Government Inquiry into the response to the North Island severe weather events (“the Inquiry”).

Membership

The following persons are appointed to be members of the Inquiry:

- Sir Jeremiah Mateparae GNZM QSO KStJ (Chair);
- John Ombler CNZM QSO (member);
- Rangimarie Hunia, Ngāti Whātua (member); and
- Julie Greene (member).

Terms of Reference - Government Inquiry into the response to the North Island severe weather events

Background

The severe weather events that impacted the North Island in January and February 2023 were of a scale and severity unprecedented in Aotearoa New Zealand’s recent history. Cyclone Gabrielle led to only the third declaration of a State of National Emergency in New Zealand’s history. These events led to 15 deaths and widespread, significant damage including property loss, road closures, collapsed bridges, damaged power and communications infrastructure, and loss of livelihoods. Affected communities, including Māori and rural communities, across a number of regions, have raised concerns about communication and support during the response.

The impacts of these events continue to be felt across communities and will be felt for years to come as iwi, hapū, whānau, communities and individuals recover.

Some of the regions affected by the recent severe weather events have experienced multiple events over the past two years and will likely experience more events in future.

Severe weather events are not new. Climate change is exacerbating the frequency and complexity of severe weather events across New Zealand and the world. There have been over 30 states of local emergency declared over the past 5 years (2018-2022) related to severe weather or flooding – this is more than double the incidence of events in the 5 preceding years (11 states of local emergency, 2013-2017)¹. Floods are New Zealand’s mostly frequent and costly natural hazard.

Definitions

Reduction – identifying and analysing risks to life and property from hazards, taking steps to eliminate those risks if practicable, and, if not, reducing the magnitude of their impact and the likelihood of their occurrence to an acceptable level.

¹ Declared States of Emergency » National Emergency Management Agency (civildefence.govt.nz).

Readiness – developing operational systems and capabilities before an emergency happens; including self-help and response programmes for the general public, and specific programmes for emergency services, lifeline utilities and other agencies.

Response – actions taken immediately before, during or directly after an emergency to save lives and protect property, and to help communities recover.

Recovery – the co-ordinated efforts and processes used to bring about the immediate, medium-term, and long-term holistic regeneration and enhancement of a community following an emergency.

Civil Defence Emergency Management (CDEM) Groups – are the Group established under section 12 of the Civil Defence Emergency Management Act 2002 (CDEM Act). The representatives of the CDEM Group are the Mayor or Chairperson of the local authorities that are a member of the Group (as per section 13 of the CDEM Act).

Displaced people – are people who had to leave their homes as a result of an emergency event and were provided shelter and accommodation under section 73(1) in the National Civil Defence Emergency Management Plan Order 2015.

Matter of public importance

It is a matter of public importance to ensure that the design of New Zealand's emergency management system is appropriate for responding to future emergency events because lives and livelihoods are at stake.

Purpose and objectives

The purpose of this Inquiry is to ensure that the design of New Zealand's emergency management system is appropriate to support readiness for, and responses to, future emergency events (such as landslides, tsunami, earthquake, volcanic activity, floods and storms) by identifying lessons from the 2023 North Island severe weather events.²

In order to achieve its purpose, the Inquiry will inquire into whether:

- the readiness activities and response to the North Island severe weather events operated as needed under current emergency management system design and if not, why not and what would enable future responses to operate as needed;
- the current design of the emergency management system enabled central and local government (including CDEM Groups, Crown Entities and State-owned Enterprises) and other organisations to respond as expected during the response phase; and
- the system improvements already underway will be sufficient to address the identified challenges or whether additional improvements are required;
 - this specifically includes whether the changes proposed in the Emergency Management Bill relating to the role of Māori in the emergency management system will adequately address the concerns raised by Māori in relation to the North Island severe weather event response.

² Many of the emergency management system's settings are hazard agnostic, so lessons from this response may be applicable to emergencies caused by hazards other than severe weather.

Scope

The Inquiry will examine the response activities undertaken during the North Island Severe weather events, and the readiness activities ahead of these events. The National Crisis Management Centre stood down on 22 March 2023. The Inquiry must only review the response and early recovery planning up to and including 22 March 2023.

The North Island severe weather events that are in the scope of this Inquiry are:

- Cyclone Hale, which crossed the North Island during the period commencing 8 January 2023 and ending 12 January 2023;
- heavy rainfall commencing 26 January 2023 and ending 3 February 2023 in the Northland, Auckland, Waikato, and Bay of Plenty regions; and
- Cyclone Gabrielle, which crossed the North Island during the period commencing 12 February 2023 and ending 16 February 2023.

The Inquiry will identify lessons from the response to, and readiness activities ahead of, the North Island severe weather events, and make recommendations that should be applied in the preparation for future emergency events in only the following areas:

- the legislative, regulatory and operational settings, and the implementation and execution of those settings, required to support New Zealand's emergency readiness and response, relating to the **roles and responsibilities** of central and local government (including Crown entities and State-owned Enterprises) and other organisations,³ including:
 - the decision-making structures and arrangements that might be used or put in place during an emergency event;
 - the coordination and collaboration involved in the response, including the interplay between national, regional and local levels as well as the role of Māori, iwi and community organisations;
- the legislative, regulatory and operational settings, and the implementation and execution of those settings, required to support the readiness for and response to future emergencies, relating to **funding settings**. This includes whether current policy funding settings and the delivery mechanisms for funding support, including to marae, iwi, rural, Pacific and other community organisations that have had a significant role in response, are fit for purpose and roles and responsibilities for these are clear across all government portfolios, including response funding settings to:
 - care for directly affected people;
 - take the necessary precautions or preventive actions to reduce the immediate danger to human life;
 - enable precautions or preventive actions aimed at reducing the potential consequences of an emergency;

³ This includes organisations outlined in the Guide to the National Civil Defence Emergency Management Plan 2015 and any other entities that had a role during the response to the North Island severe weather events.

- enable immediate emergency financial support to individuals, businesses, and sectors, including how such support might be quickly implemented, appropriately and accurately distributed, monitored, and ended;
- the legislative, regulatory and operational settings, and the implementation and execution of those settings, required to support the **immediate management of the response** to future emergencies, relating to:
 - the issuing of, and response to, public warnings and notifications;
 - the timing and effectiveness of communication and information available for decision makers and to impacted communities;
 - public safety and the safety of all emergency services personnel and community first responders, including local Māori responders and national Māori response networks;
 - impacts of the severe weather events including potential public health, sediment, debris and waste issues;
- the legislative, regulatory, and operational settings, and the implementation and execution of those settings, needed to ensure the continued **supply of goods and services** (excluding cash supports) during an emergency event, relating to the provision of:
 - lifeline utilities and other necessary services, including electricity supply, water supply, telecommunications, transport access, and waste collection and removal;
 - shelter and accommodation for displaced people, welfare support services, and other necessary central and local government support services;
 - welfare support services and other necessary support services provided by community groups, including iwi, marae and other Māori actors, Pacific, and other organisations in the immediate aftermath that would not otherwise have been provided, particularly for 'hard to reach' communities;
- communication with, engagement of, and enabling of people and communities to prepare for an emergency event, relating to:
 - provision of information to the public to enable readiness for emergency events in their area;
 - what to do to prepare for an emergency event;
 - the preparation and planning by government, other entities and the community, including provision of quality and timely meteorological and hydrological information and forecasts, emergency management plans, and practices;
- the coordination and provision of response services to, and the impact on, any persons and communities disproportionately impacted by the events, including Māori, Pacific and ethnic communities, disabled persons, and rural communities; and
- acknowledging and acting in support of the interests of Māori in the context of an emergency event, consistent with the Treaty of Waitangi/Te Tiriti o Waitangi relationship.

Matters upon which recommendations are sought

The Inquiry should make recommendations on changes to legislative, regulatory and operational settings and strategies and other measures that New Zealand should apply in preparation for any future emergency event, in relation to the principal matters within the Inquiry's scope, by applying relevant lessons identified from New Zealand's response to the North Island severe weather events.

Limits to the Inquiry's scope

The following matters are outside the scope of the Inquiry:

- any response activities relating to the North Island severe weather events which occurred after 22 March 2023;
- policies and actions relating to the recovery from the North Island severe weather events, including decisions about the future of severely affected locations, and funding and coordination of recovery activity (as the recovery is anticipated to continue in the medium to long term);
- policies and actions relating to risk reduction and resilience building (as separate work programmes are already underway, including resource management reforms, climate adaptation reforms, Future for Local Government; Cyclone Recovery Taskforce, and the Department of Prime Minister and Cabinet's work on strengthening the resilience of New Zealand's critical infrastructure system);
- investigation of land use causing woody debris, including forestry slash, and sediment-related damage (as this was covered by the Ministerial Inquiry into Land Use);
- investigation of the causes of deaths due to the severe weather events (as this is covered by any Coroner's Inquiry);
- investigation into the treatment of individual cases of people or businesses affected by the severe weather events (such as insurance claims made by property owners);
- how and when the strategies and other measures devised in response to the North Island severe weather events were implemented or applied in particular situations or in individual cases; e.g., the amount of funding to support welfare support grants, or business grants;
- anything that is not required to produce the recommendations;
- any questions of civil, criminal, or disciplinary liability; and
- the judgments and decisions of any courts and tribunals and independent agencies, such as the Ombudsman, relating to the North Island severe weather events.

Inquiry procedure

In accordance with [section 14](#) of the Inquiries Act 2013, the Inquiry must comply with the principles of natural justice and avoid unnecessary delay or costs.

The Inquiry must operate in a way that:

- does not take a legalistic and adversarial approach;
- uses the most efficient and least formal procedures to gather any additional necessary information; and
- ensures that any request for necessary information is specified with due particularity.

The Inquiry can consult investigations, reports, and reviews (both domestic and international) and any other publicly available material relevant to these terms of reference; but should not duplicate or repeat work already undertaken in any other reports or review. In particular, the Inquiry will take into account the recommendations of the 2017 Ministerial Review, Better Responses to Natural Disasters and Other Emergencies, and the subsequent implementation of these recommendations.

The Inquiry should take account of:

- the outcome of other investigations and reports into related matters (e.g., Civil Defence Emergency Management Group or agency reviews into their individual performance during the response) and other material that is already in the public domain;
- previous reviews into the emergency management system (including design and settings) and the Government response to these; (e.g., Better Responses to Natural Disasters and Other Emergencies in New Zealand 2017);
- previous reviews of responses to emergency events (in particular, natural hazard events); and
- where another concurrent Inquiry may have similar issues in scope, this Inquiry should consult the other Inquiry to ensure there is no duplication of work.

The Inquiry is not bound by the conclusions or recommendations of any other investigation, report, or review.

The Inquiry can consider international investigations, reports, and reviews and other material, but will not travel internationally or invite persons to travel to New Zealand.

The Inquiry may:

- engage with any organisations and/or groups of individuals:
 - affected by the North Island severe weather events;
 - involved in preparing for and responding to North Island severe weather events;
 - responsible for developing emergency management legislative, regulatory and operational settings, strategies and other matters; and
- provide opportunity for the public to participate in the Inquiry.

Access to Inquiry information

The Inquiry must restrict access to Inquiry information where it considers such steps are required in order to:

- avoid prejudice to the maintenance of the law, including the prevention, investigation, and detection of offences;
- ensure that current or future criminal, civil, disciplinary, or other proceedings are not prejudiced;
- protect the international relations of the Government of New Zealand;
- protect the confidentiality of information provided to New Zealand on a basis of confidence by any other country or international organisation;
- protect commercially sensitive information, including commercial information subject to an obligation of confidence; and
- protect information for any other reason that the Inquiry considers appropriate.

Reporting

The Inquiry is to provide its report, including final recommendations, to the Minister for Emergency Management in writing no later than 26 March 2024.

The Inquiry is to provide interim recommendations to the Minister for Emergency Management in writing no later than 7 December 2023. If the recommendations provided in December 2023 are not the same as the recommendations presented to the Minister in the Inquiry's report in March 2024, the Inquiry must ensure that the report includes an explanation of the changes made to the recommendations and the reasons for the changes.

The Inquiry must support the Department of Internal Affairs (as the department responsible for administrative matters relating to the Inquiry) to meet its administrative and reporting requirements relevant to the Inquiry by providing the department with regular information and reports on the progress, administration, budget and expenditure of the Inquiry.

Authority

The Inquiry is established as a Government Inquiry under the Inquiries Act 2013, with the Minister for Emergency Management as the appointing Minister.

Consideration of Evidence

The Inquiry may begin considering evidence on and from **31 July 2023**.

Dated at Wellington this 6th day of July 2023

HON Kieran McAnulty, Minister for Emergency Management



Briefing

Recovery Roles and Responsibilities

Date:	7/12/2023	Priority level:	Routine
Security classification:	IN-CONFIDENCE	Report number:	NEMA-2023/24-45

	Action sought	Deadline
Hon Mark Mitchell Minister for Emergency Management and Recovery	Agree to discuss with officials your roles and responsibilities relating to recovery, and any upcoming opportunities to advance recovery	13/12/2023

Contact for telephone discussion (if required):

Name	Position	Telephone	1 st Contact
Jenna Rogers	Deputy Chief Executive, Strategic Enablement National Emergency Management Agency	9(2)(g)(ii)	✓
Malcolm Millar	Manager, Risk and Recovery	9(2)(g)(ii)	
Julia Blyth	Acting Team Leader, Recovery	9(2)(g)(ii)	

Minister's Office

Status:

Signed

Withdrawn

Comment for agency

Attachments: Yes



Briefing

Recovery Roles and Responsibilities

To: Hon Mark Mitchell
Minister for Emergency Management and Recovery

Date	7/12/2023	Security classification	IN-CONFIDENCE
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Purpose

This briefing provides information on your permanent responsibilities for leading Recovery (as one of the 4Rs) through the Emergency Management portfolio in preparation for your meeting with officials next week.

Recommendations

The National Emergency Management Agency (NEMA) recommends you:

- a. **Note** the contents of this briefing, specifically that NEMA is supporting 13 of the 16 regions currently in 'active' recovery.
- b. **Note** that you have specific powers under the CDEM Act to give notice of local or national transition periods providing powers to recovery managers to manage, co-ordinate, or direct recovery activities following an emergency.
- c. **Note** that NEMA has established policy funding settings to support recovery, and is developing a dedicated, scalable, standing recovery resource within NEMA.

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- d. **Agree** to discuss with officials your permanent roles and responsibilities in recovery, including any upcoming opportunities to advance recovery.

Agree / Disagree / Discuss


Jenna Rogers Deputy Chief Executive, Strategic Enablement National Emergency Management Agency
...../...../.....

Hon Mark Mitchell Minister for Emergency Management and Recovery
...../...../.....

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Current 'active' recoveries

1. Thirteen Civil Defence Emergency Management (CDEM) Groups are currently in 'active' recovery following emergency events. NEMA's small Recovery team is supporting six CDEM Groups in recovery.¹ The larger bespoke Cyclone Recovery Unit (a business unit within the Department of the Prime Minister and Cabinet, DPMC), is coordinating the remaining seven CDEM Groups in their recovery from the North Island Weather Event (NIWE), with support from NEMA.²

New Zealand's recovery framework

2. As Minister for Emergency Management and Recovery, you are permanently responsible for leading Recovery (as one of the 4Rs³) through the Emergency Management portfolio.
3. The CDEM Act 2002, National CDEM Plan Order 2015 and Guide, and the National Disaster Resilience Strategy 2019 set out the recovery framework in New Zealand. Furthermore, Director's Guidelines issued under the CDEM Act provide guidance information to CDEM Groups on carrying out recovery and meeting obligations under the CDEM Act.
4. Changes were made to the CDEM Act in 2016 to strengthen recovery. These changes recognised that the CDEM Act did not provide adequate legislative mandate for recovery, nor powers necessary to manage the initial 'transition phase' of recovery from a state of emergency to business as usual.
5. The changes provided for:
 - recovery managers with a mandate to coordinate and manage recovery activities
 - more explicit requirements to plan for recovery at a national and local level
 - a national and local transition notice mechanism to make some emergency powers available to recovery managers (such as closing of roads and evacuating premises) for a period of time, whether or not a state of emergency has been declared, and
 - a permanent legislative authority for the Crown to fund response and recovery costs.

Your role as Minister for Emergency Management and Recovery

National and Local Transition Periods

6. The CDEM Act authorises you, under certain conditions, to give notice of a national transition period over the whole of New Zealand or any areas or districts. This enables the Director or the National Recovery Manager, in addition to Group and Local Recovery Managers, to co-ordinate recovery activities and prioritise resources (much like if you

¹ NEMA is supporting Nelson-Tasman, Marlborough, West Coast, Canterbury, Otago and Southland regions.

² CRU is coordinating recoveries in Northland, Auckland, Waikato, Tairāwhiti, Hawke's Bay, Wellington regions and Tararua district.

³ 4 Rs of emergency management include risk reduction, readiness, response and recovery.

declare a national state of emergency). National transition periods last for 90 days unless terminated earlier.

7. The CDEM Act similarly provides for a CDEM Group to give notice of a local transition period for the region, districts or wards in their area if ongoing access to the recovery powers are required at a local level. You may also give notice of a local transition period over any area, district or ward if necessary. Local transition periods last for 28 days unless terminated earlier.
8. A Recovery Manager (at both the national and local level) has certain powers under a notice of transition period to enable them to manage the recovery and support communities. These powers include the ability to require works to be carried out such as closing and clearing roads and removing dangerous structures; conserve food, fuel and other essential supplies; require information; evacuate premises and places; close public places; and direct people to stop activities that may hinder recovery.
9. There are currently four local transition periods operating across New Zealand (Auckland, Tairāwhiti, Marlborough regions, and the Queenstown area). Further detail is provided in **Annex 1**.
10. The CDEM Act enables you to extend national and local transition periods, provided certain conditions are met.⁴ You must advise the House of Representatives as soon as practicable if you extend a national transition period, or if a local transition period is extended a third or further time. The Recovery Manager must also provide a written report on powers exercised under a transition period to the Director CDEM within seven days of its expiry. The Director CDEM must provide you with a copy of a national transition period report. If you receive such a report, you must present this to the House of Representatives as soon as practicable.

Recovery Appropriations

11. While most recovery costs are incurred directly by local authorities and asset owners, a variety of recovery funding options exist to support communities and local authorities across local and central government, as well as through private enterprise, like insurance.
12. These range from well-established existing funding mechanisms (e.g. NEMA's 60/40 policy and the Ministry for Primary Industries Adverse Events Policy) to more ad hoc/bespoke policies, which can be established as needed (e.g. NEMA's Solid Waste Management Fund and Ministry of Business, Innovation and Employment (MBIE) business support packages).
13. A number of funding mechanisms relevant to your portfolio are detailed below:

⁴ For example, in deciding whether to grant an extension, you must have regard to the areas, districts, or wards affected by the emergency; and be satisfied that invoking the powers to manage, co-ordinate, or direct recovery activities is in the public interest and necessary or desirable to ensure a timely and effective recovery.

NEMA's standard 60/40 funding mechanism

14. You are appropriation Minister for the Local Authority Emergency Expenses Permanent Legislative Authority (PLA). As part of this PLA, NEMA administers funding for the reimbursement of:
- 60% of like-for-like repair of eligible essential infrastructure (while relevant local authorities cover the remaining 40% of eligible costs), and
 - 100% of response/immediate recovery welfare costs.
15. The 60/40 policy is currently being applied to support local authority asset restoration programmes across most regions in recovery at present. Some smaller local authorities with low rate-payer bases struggle to meet their 40% share and have historically approached the Government for additional financial assistance, including Buller District Council and Kaikōura District Council. This trend is only likely to continue.

Mayoral Relief Funds

16. You are also appropriation Minister for the Emergency Management Leadership and Support Multi-Category Appropriation (MCA). As part of this, NEMA administers funding for relief funds. The Government may choose to make a financial contribution to a local authority's relief fund as an additional way to help communities recover after an emergency.

Special policy for Recovery

17. Outside of existing appropriations, when the damage and cost of repair is beyond the financial means of a local authority, Government may consider extraordinary funding on a case-by-case basis with the approval of Cabinet. Such special policy for recovery provides support to local authorities to undertake programmes of work that will decrease the likelihood of the recurrence of an emergency in the future. This approach was applied in support of the Buller District recovery and previously for the Kaikōura earthquake recovery.
18. NEMA is working to clarify the roles and responsibilities for a range of other funding mechanisms between central and local government and intends to further advance this work as part of the review of the National CDEM Plan Order 2015.

What is Recovery?

19. Recovery is a non-linear, multi-layered, complex process that starts as people and communities work to resolve the impacts of a disaster. Recovery starts as soon as possible during the response phase of an emergency and continues well after an emergency is over.
20. Recovery, if done well, addresses community needs across the social, economic, natural, and built environments in a holistic and coordinated manner. It seeks to minimise the consequences of an emergency, restore essential community services and functions, reduce future exposure to hazards and their risks, and regenerate and enhance community well-being.

Planning and preparing for Recovery

21. Recovery has three interconnected phases, which are reflected in **Figure 1**. Decisions and outcomes for each phase require effective coordination between different players. Planning for recovery begins before the incident/emergency occurs and is a readiness phase activity that strengthens continuity in response and hastens recovery.
22. The Recovery Continuum highlights the reality that, for a community faced with significant and widespread disaster impacts, the 4Rs of risk reduction, readiness, response, and recovery are not separate and require sequential and at times concurrent efforts. Successful preparation for effective future recovery requires close and overlapping relationships across the other Rs. This reflects international best practice (including Australia’s experience) in ensuring that the 4Rs operate together seamlessly.

Figure 1: Recovery Continuum



23. CDEM Groups are required under the CDEM Act to strategically plan for recovery with their communities and reflect this in their CDEM Group Plan. CDEM Groups are required to provide the Plan to you, which you may review and comment on – we will assist you to do this.
24. At the national level, recovery planning is addressed by the National CDEM Plan Order 2015. NEMA also coordinates a National Recovery Coordination Group (NRCG) made up of core central government agencies that have a role in supporting disaster recovery following emergencies. The NRCG enables effective collaboration between central government agencies, building on current arrangements and providing clarity on roles and responsibilities for recovery.
25. NEMA acts as the lynchpin between a wide range of central government agencies and local government. We coordinate and monitor concurrent ‘active’ recovery efforts and funding, often over many years (refer **Annexes 1 and 2**).

Transition to Recovery

Immediate Recovery

26. The objective in immediate recovery is to restore key infrastructure and provide basic necessities to enable individuals to continue functioning as part of the wider community, go about their daily lives, and resume their 'new normal'. It's important to note that immediate recovery starts during the response phase of an emergency.
27. NEMA will advise you of any immediate recovery measures that may be required and provide regular reporting on recovery activity to support decision-making and your discussions with the Prime Minister and with Cabinet following emergency events.

Medium to Long-Term Recovery

28. During medium to long-term recovery, physical and social structures are restored through coordinated multi-agency support. This includes taking opportunities to meet future community needs and reduce future exposure to hazards and risks to build resilience and create a 'new normal.'
29. Eventually, temporary support structures and services are subsumed into business-as-usual services within existing local and central government agencies through an exit strategy.

The importance of scale – small, medium and large-scale recovery

Recovery from small – medium scale emergencies

30. Small scale recoveries tend to be handled almost solely by the relevant local authorities and CDEM Group, with NEMA and other agencies supporting as required. These recoveries are often discrete enough that they can be progressed within current policy settings and by standard council functions e.g. waste collection and disposal. Small scale recoveries often require less funding, mainly through existing policy settings and donations to the Mayoral Relief Fund.
31. However, as the scale increases, so does the level of central government coordination, support and resources.
32. Medium scale recoveries often receive multiple larger financial support packages. These financial packages are administered through various central government agencies. Additional support mechanisms may also be established (e.g. Enhanced Taskforce Green) which involves additional central government coordination (e.g. the mass relocation of Kaikōura's pāua population).
33. Where the scale of co-ordination is beyond the resources of the CDEM Group, or the consequences of the emergency are nationally significant, the Director may establish a National Recovery Office (for example, following the Kaikōura earthquake).

Recovery from large-scale emergencies

34. The recovery provisions in the 2016 amendments to the CDEM Act were designed for more frequent small to medium scale emergencies and have been used successfully in many subsequent recoveries, including almost immediately for recovery from the Kaikōura earthquake and Edgecumbe floods in 2016 and 2017.
35. The provisions can also be used for a large scale emergency, however frequently large scale emergencies require bespoke emergency legislation, as evidenced during the 2011 Canterbury earthquakes, the Kaikōura earthquake, and most recently for NIWE.
36. In a large scale recovery, the Government may also establish an ad hoc temporary agency to manage and co-ordinate the Government’s interest in the recovery. The agency will act in partnership with the affected local authorities and CDEM Groups and may be given specific roles, responsibilities, and powers. The Canterbury Earthquake Recovery Authority (CERA) and the recently established Cyclone Recovery Unit (CRU) are examples of this.
37. A key objective of the National Disaster Resilience Strategy is “to embed a strategic, resilience approach to recovery planning that takes account of risks identified, recognises long-term priorities and opportunities to build back better, and ensures the needs of the affected are at the centre of recovery processes.”⁵
38. The optimal outcome is to enable communities and local authorities to recover faster from emergencies. The most efficient way to achieve this is to leverage existing expertise within the emergency management system by developing a scalable national recovery office (refer Annex 1).

There is an opportunity for you to consider whether the current framework for recovery in New Zealand is fit for purpose

39. Whilst the framework for recovery has been strengthened over the past decade, more work needs to be done to further advance recovery, including building capability and capacity, clarifying roles and responsibilities and consideration of further funding and financing models.
40. The frequency and severity of extreme weather events and their impacts means we are managing multiple recoveries simultaneously and this trend will continue to grow.
41. Despite the significant number of emergencies over the past two decades, New Zealand does not yet have a sustainable and robust model for managing medium-large scale recoveries. There is a question as to whether continued reliance on ad hoc legislation and bespoke recovery entity arrangements for medium-large scale recovery is effective, efficient, and sustainable. A second stage of work to strengthen the legislative framework for recovery

⁵ As contained in Objective 17 of the National Disaster Resilience Strategy 2019: [National-Disaster-Resilience-Strategy-10-April-2019.pdf](https://www.civildefence.govt.nz/assets/Uploads/National-Disaster-Resilience-Strategy-10-April-2019.pdf) ([civildefence.govt.nz](https://www.civildefence.govt.nz))

in 2016 was planned to address large scale recovery. However, a blueprint for draft recovery legislation was not progressed due to a change in priorities in 2017.

42. A 2017 Office of the Auditor-General (OAG) review of the effectiveness and efficiency of the Canterbury Earthquake Recovery Authority⁶ (OAG Review) added weight to the rationale for creating a blueprint for draft recovery legislation. The review found that as there was no pre-existing plan for setting up a disaster recovery agency, CERA did not have requisite financial and management systems, controls, and policies expected in public entities. This resulted in significant breaches of its appropriation.
43. Likewise, the independently commissioned 2018 Review of Recoveries,⁷ supported the need to establish a dedicated, standing recovery resource, including a permanently delegated National Recovery Manager (and alternates) and a Recovery team of senior staff within MCDEM (NEMAs predecessor).
44. NEMA has been further strengthening recovery by working with the CDEM Groups to implement the key recommendations from the 2017 OAG Review and 2018 Review of Recoveries to advance the foundational national recovery framework, roles and responsibilities, and workforce capability.
45. Further lessons for recovery may come out of the Government Inquiry into the NIWE which will provide its interim findings to you on 7 December. Additionally, the Cyclone Recovery Unit, within the DPMC, may provide you with further insights and advice on lessons for recovery following their recent experience.

Next steps

46. NEMA welcomes the opportunity to discuss your roles and responsibilities relating to recovery, and any upcoming opportunities to advance recovery, at your earliest convenience.

Annexes:	Title	Security classification
Annex One:	New Zealand's Recovery framework and your role	IN-CONFIDENCE
Annex Two:	Status of 'active' recoveries in New Zealand	

⁶ [Canterbury Earthquake Recovery Authority: Assessing its effectiveness and efficiency \(oag.parliament.nz\)](http://oag.parliament.nz)

⁷ This review examined how the newly legislated recovery provisions of the CDEM Act supported the recoveries after the 2016 earthquakes and tsunami and the 2017 flooding in the Whakatāne District, and how the provisions were applied in practice: [Review of Recoveries \(civildefence.govt.nz\)](http://civildefence.govt.nz)

Annex One: New Zealand's Recovery framework and your role

Released under the Official Information Act 1982

New Zealand's Recovery framework and your role

Legislative Framework for Recovery

The legislative framework for recovery in New Zealand is set by the Civil Defence Emergency Management (CDEM) Act 2002, CDEM Regulations 2003, the National CDEM Plan Order 2015 and Guide, and the National Disaster Resilience Strategy 2019.

NEMA's work centres on implementing the legislative framework for recovery by supporting transition notice periods; statutory-appointed national, group and local recovery managers; and recovery planning.

NEMA's role in Recovery

NEMA acts as the lynchpin between central government agencies and local government.

NEMA facilitates and coordinates concurrent 'active' recovery efforts and funding to regenerate and enhance affected communities. These are often over many years.



Your role in Recovery including Transition Periods

As Minister for Emergency Management and Recovery, you are responsible for leading Recovery (as one of the 4Rs) through the Emergency Management portfolio and the temporary North Island Weather Event (NIWE) extraordinary portfolio.

For small and medium scale events, recovery is usually managed locally, with support from NEMA and other agencies as required.

For a large-scale event, such as NIWE, the Government may establish an entity to manage and co-ordinate its role in the recovery.

As Minister for Emergency Management and Recovery, you can give notice of either a national or local transition period under the CDEM Act. Transition periods give specific powers that help Recovery Managers lead recovery of an emergency event.

Transition Periods

Transition periods help recovery by giving powers to manage, coordinate, or direct recovery activities following an emergency, whether a state of emergency has been declared or not. Generally, these powers are not normally available. For example, closing roads and evacuating locations.

If you give notice of a National Transition period, the Director CDEM or the National Recovery Manager (if delegated) is responsible for coordinating, directing, and controlling resources made available for CDEM.

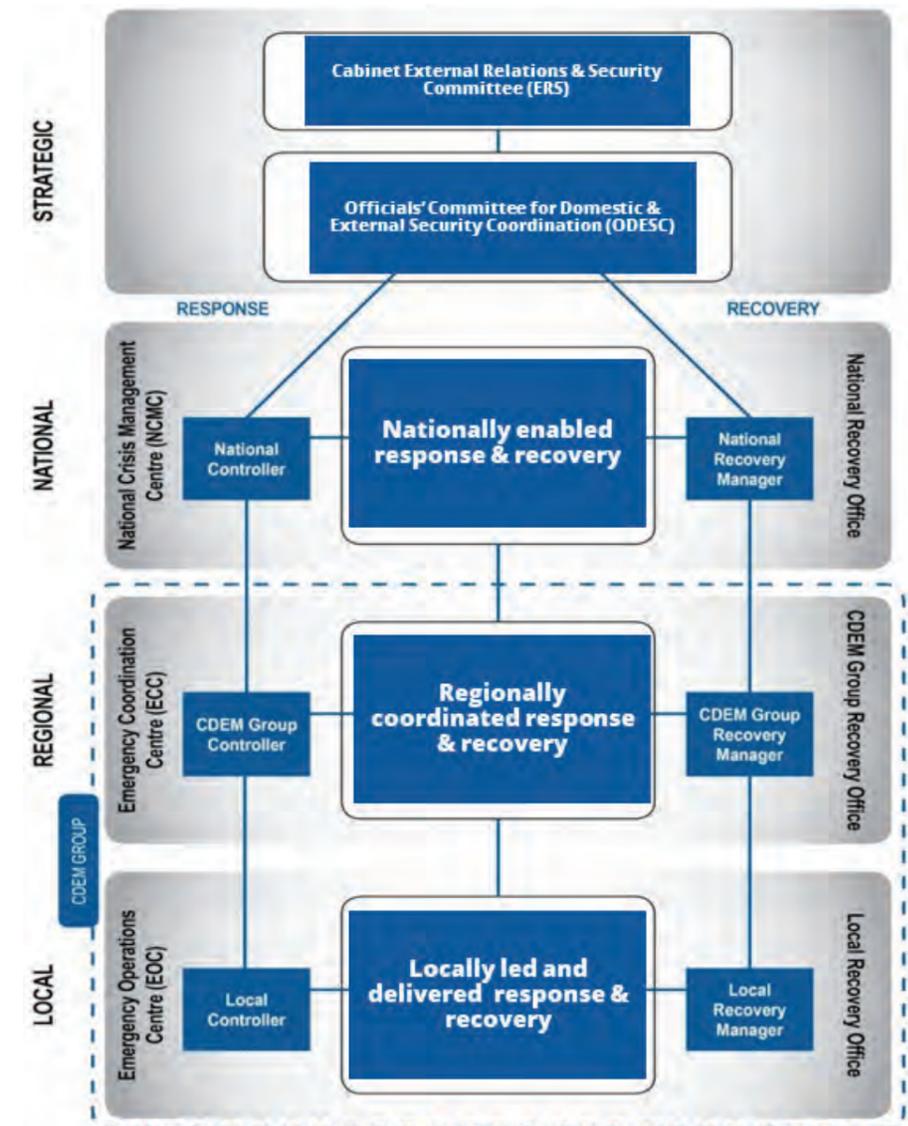
NEMA will advise you of the immediate measures required and will report to you regularly on recovery activity to support decision-making.

Current Local Transition Periods

- Auckland region – Expires 14 Dec 2023 (6th extension), likely re-extending.
- Marlborough district – Expires 15 Dec 2023 (16th extension), likely re-extending.
- Queenstown area – Expires 16 Dec 2023 (2nd extension).
- Tairāwhiti region – Expires 9 Dec 2023 (5th extension), likely re-extending.

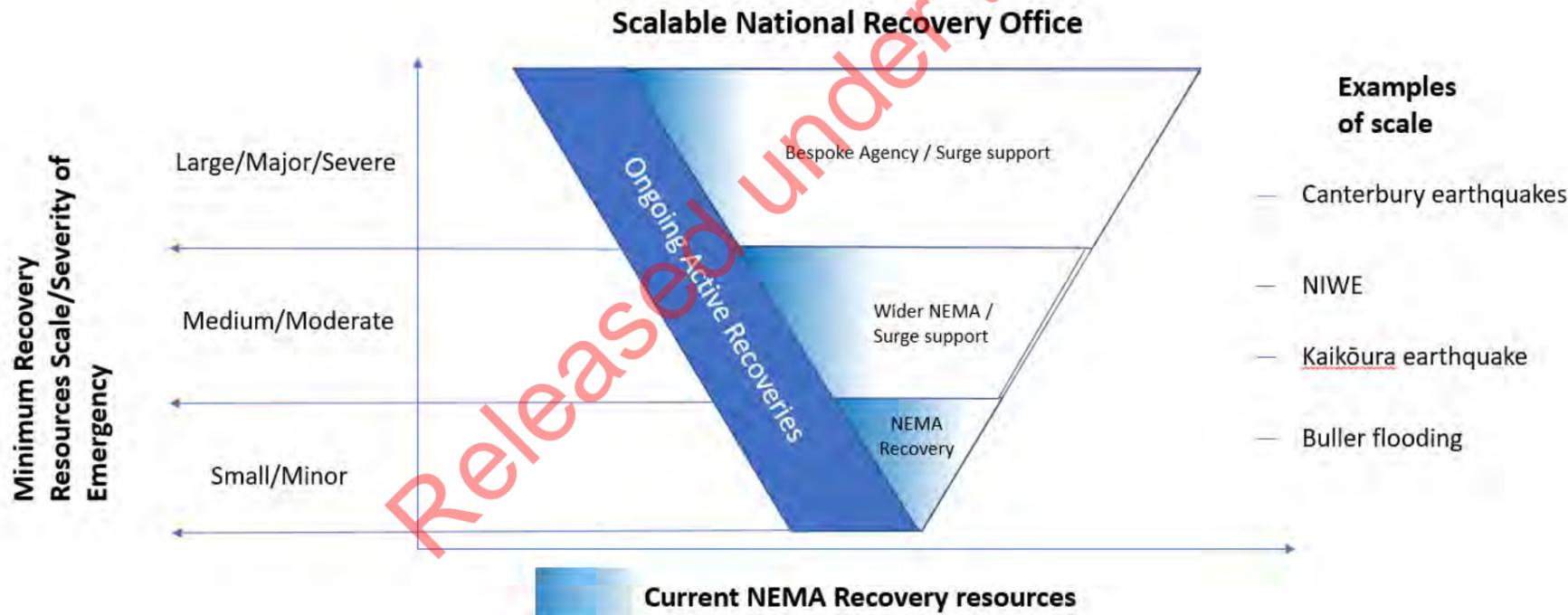
Crisis management framework

The crisis management framework enables coordination during and after emergencies. The below figure shows the crisis management arrangements where NEMA is the lead agency.



What does 'good' look like?

To be the Government's first stop for supporting small-medium sized recoveries, and to provide the scalable core of recovery operations for large events.



Annex Two: Status of 'active' recoveries in New Zealand

Released under the Official Information Act 1982

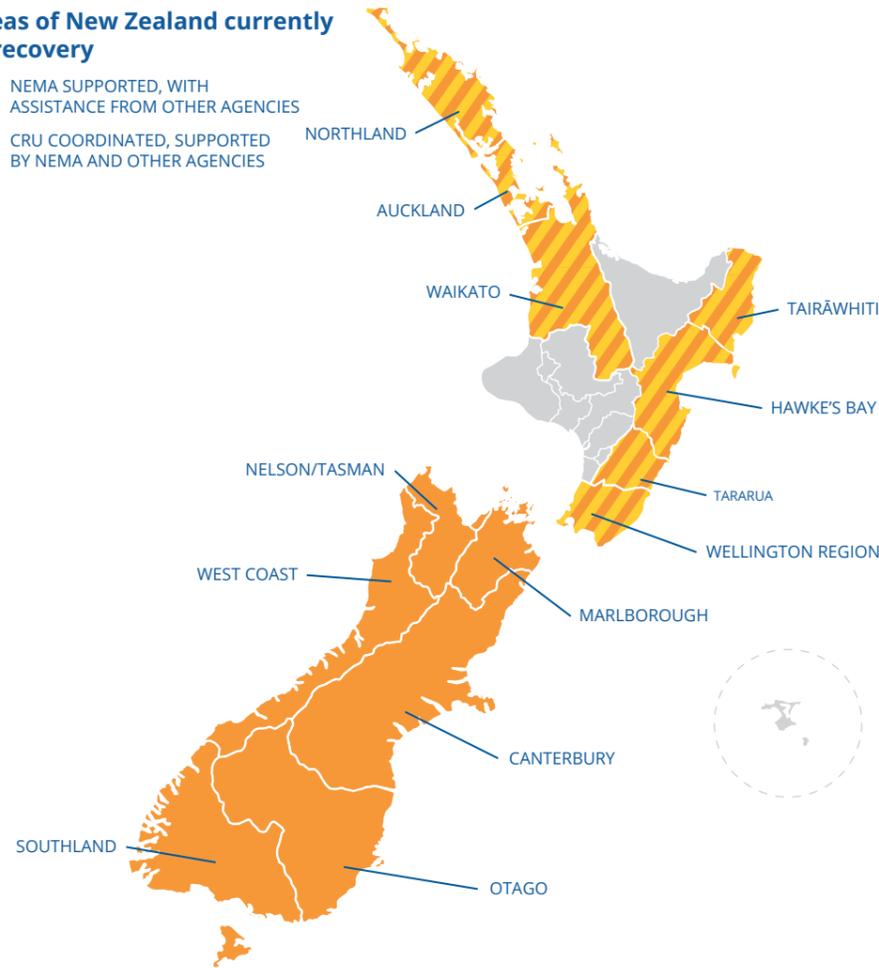
Status of 'active' recoveries in New Zealand

Current 'active' recoveries in New Zealand

Approximately four-fifths of the CDEM Groups are in 'active' recovery, 6 coordinated by NEMA, and 7 coordinated by CRU, with NEMA support:

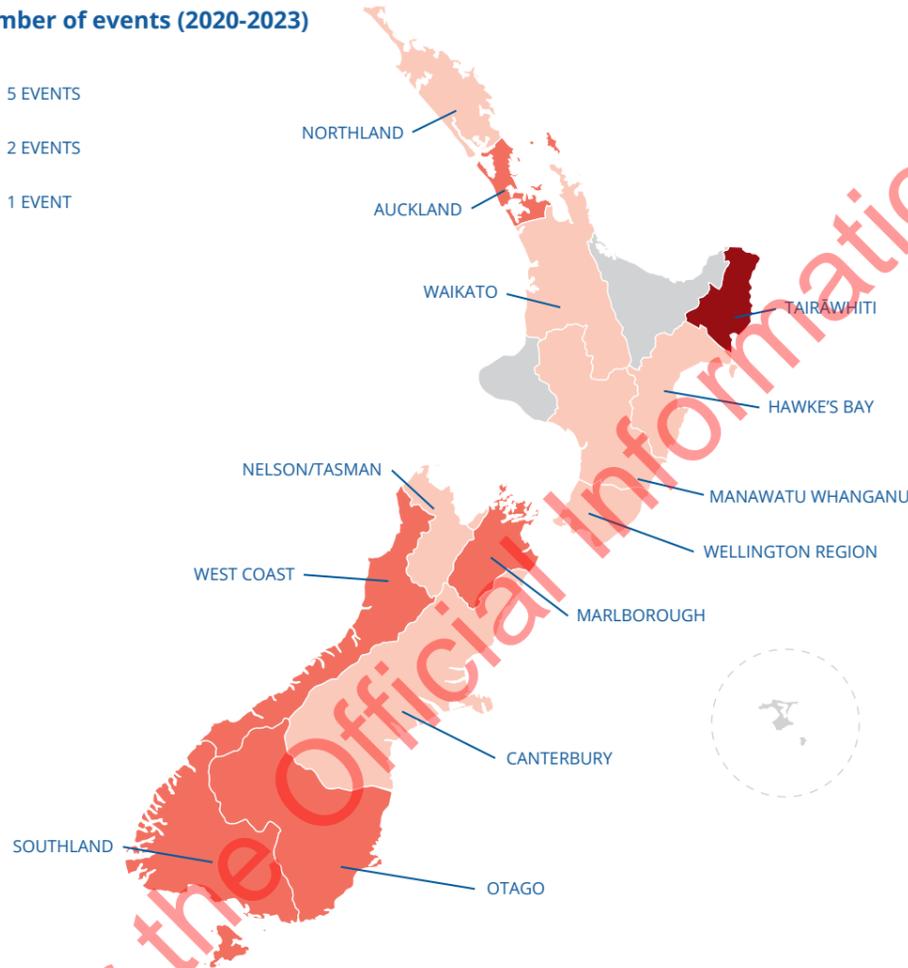
Areas of New Zealand currently in recovery

- NEMA SUPPORTED, WITH ASSISTANCE FROM OTHER AGENCIES
- CRU COORDINATED, SUPPORTED BY NEMA AND OTHER AGENCIES



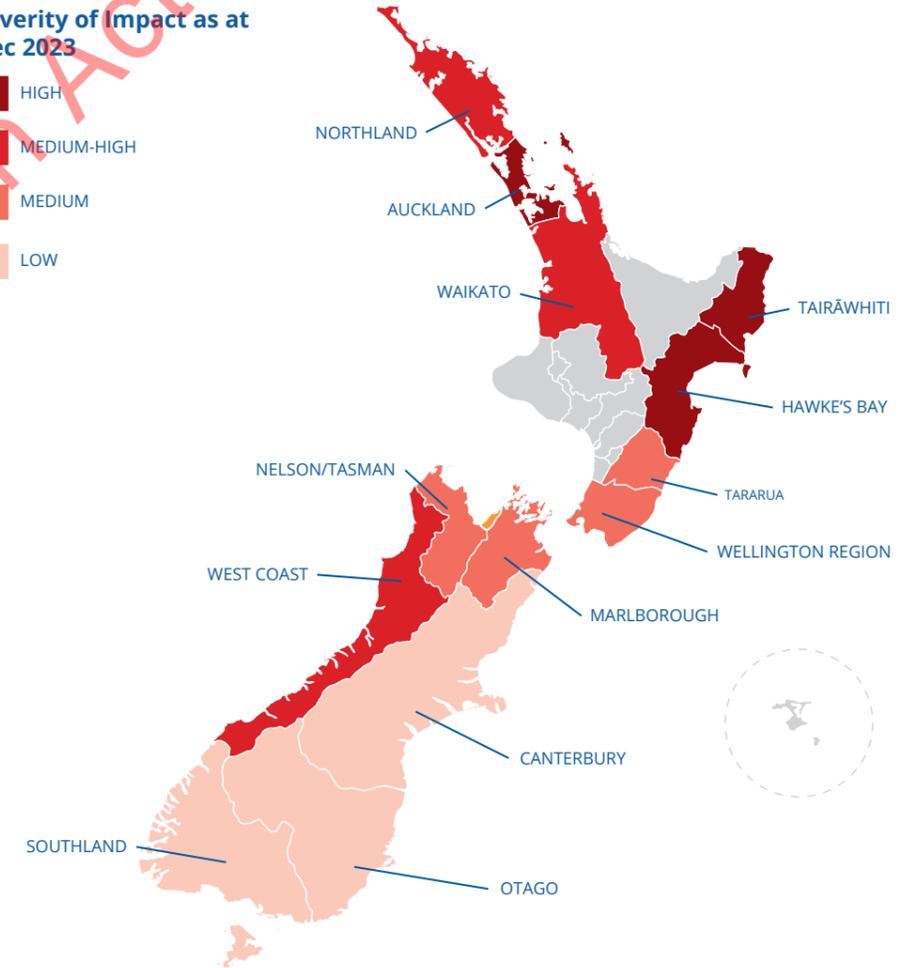
Number of events (2020-2023)

- 5 EVENTS
- 2 EVENTS
- 1 EVENT



Severity of Impact as at Dec 2023

- HIGH
- MEDIUM-HIGH
- MEDIUM
- LOW



NEMA's funding mechanisms to local authorities during recovery

- Essential infrastructure recovery repairs (CDEM expense claim) (60/40 policy)**
These include 60% of estimated repair costs by NEMA to local authorities for repair or recovery of essential infrastructure assets (e.g. water, storm water, electrical, sewerage and gas facilities and other structures); repair or recovery of river management systems; and repair or recovery of other community assets damaged due to failure of flood protection schemes. Requires eligibility assessment by NEMA.
- Disaster relief funds (Mayoral Relief Funds)**
You may authorise a lump sum contribution to a disaster relief fund of up to \$100,000 GST inclusive, together with either the Prime Minister or Minister of Finance. Larger contributions require Cabinet approval.
- Special policy for recovery**
Support to local authorities to undertake work programmes that will decrease the likelihood of the recurrence of an emergency in the future. This may include upgrading facilities and consider future risk reduction as part of recovery. Requires Cabinet approval.

NEMA recovery-related appropriations

- Appropriation: Local Authority Emergency Expenses PLA
- Appropriation: Emergency Management Leadership and Support MCA
 - Cyclone Gabrielle Solid Waste Management Fund
 - Cyclone Gabrielle Welfare Support Grant
 - NEMA Extraordinary Response Related Operating Expenditure
 - Buller District Council support

Coversheet

Aide-Mémoire: The Multi-Measure Framework Established Under the Child Poverty Reduction Act

Date:	7/12/2023	Report No:	DPMC-2023/24-544
		Security Level:	IN-CONFIDENCE
		Priority level:	Routine

	Action sought	Deadline
Hon Louise Upston Minister for Child Poverty Reduction	discuss issues at officials meeting	12/12/2023

Name	Position	Telephone	1 st Contact
Hannah Kerr	Director Child Wellbeing and Poverty Reduction Group	9(2)(g)(ii)	9(2)(g)(ii) ✓
Hugh Webb	Principal Analyst Child Wellbeing and Poverty Reduction Group	9(2)(g)(ii)	9(2)(g)(ii)

Departments/agencies consulted on Briefing
Ministry of Social Development, Stats NZ, the Treasury

Minister's Office

Status:

Signed

Withdrawn

Comment for agency

Attachments: Yes

Aide-Mémoire

The Multi-Measure Framework Established Under the Child Poverty Reduction Act

To:	Hon Louise Upston, Minister for Child Poverty Reduction		
From:	Hannah Kerr, Director, Child Wellbeing and Poverty Reduction Group	Date:	7/12/2023
Briefing Number:	DPMC-2023/24-544	Security Level:	IN-CONFIDENCE

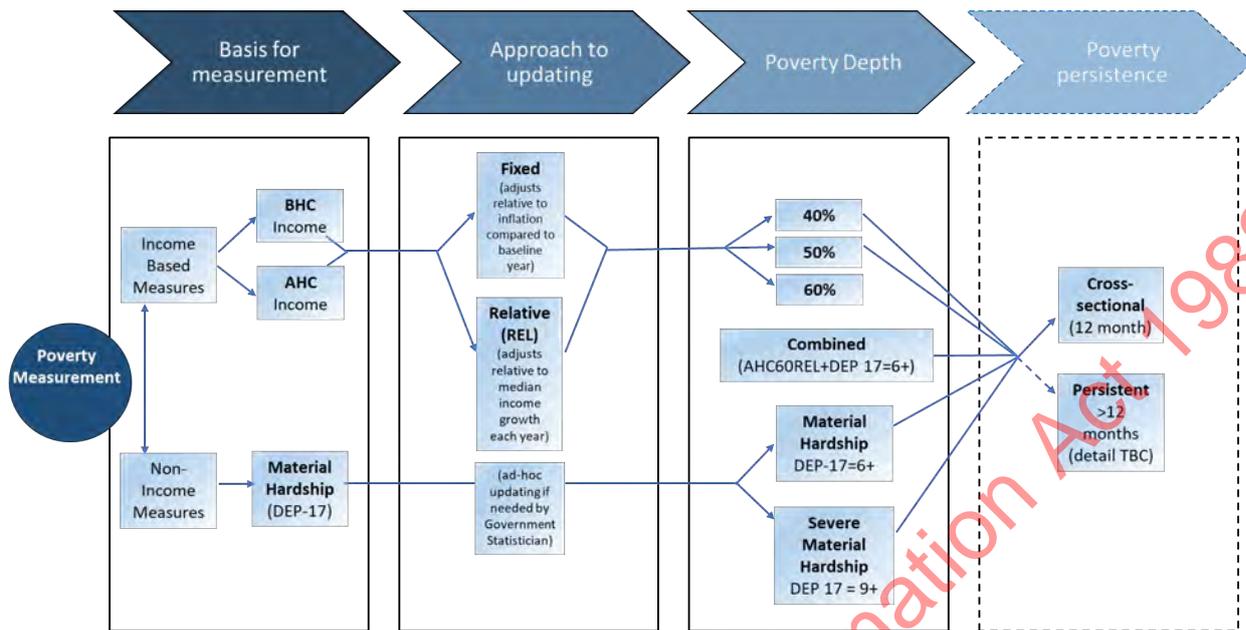
Purpose

1. This briefing explains the child poverty measurement framework established under the Child Poverty Reduction Act 2018 (the Act) and describes how the measures respond to policy settings and wider economic conditions.
2. This is important context for helping inform key decisions you need to make in this portfolio, including setting the third intermediate and persistent child poverty targets.

The Act establishes a multi-measure framework based on four underlying parameters

3. In developed countries like New Zealand, poverty is widely understood as exclusion from the minimum, socially acceptable way of life due to a lack of resources.
4. There is no single best measure of poverty. The design of the Act reflects this by establishing a “multi-measure framework” based on ten measures. Using multiple measures paints a more balanced picture than a single measure alone.
5. The design of the ten measures is underpinned by four underlying parameters, as shown in Figure 1.

Figure 1: Four parameters underlying the multi-measure framework



Parameter 1: basis for measurement

6. There are broadly two ways of measuring poverty: income and non-income measures.
7. **Income measures** are based on the share of children living in households with incomes below a poverty line, usually defined as a proportion (e.g., 50%) of the median household income. Income poverty measures can be based on incomes **before housing costs (BHC)** have been deducted or **after housing costs (AHC)** have been deducted.
8. In this advice, we use the term ‘income’ to mean equivalised, disposable income. Disposable income refers to a household’s income after including any transfer payments (e.g., Working for Families or Accommodation Supplement) and deducting income taxes.
9. Equivalising is the process of adjusting incomes to account for household size and composition. **Attachment A** compares the unequivalised household incomes for selected household types that correspond to various income poverty lines.
10. Income poverty measures don’t account for other, non-income factors that affect whether a household has enough to get by, given their unique circumstances. This includes a particular household’s various non-income resources (e.g., cash savings, assets, cash and in-kind supports to and from the household) or the special needs (e.g., costs of disability) or unavoidable costs (e.g., high debt/ debt servicing costs), and skills (e.g., budgeting skills) that can influence whether a household can make ends meet.
11. An alternative, **non-income approach** to measuring poverty uses survey questions to provide a more direct measure of **material hardship**. New Zealand’s “DEP-17” index assesses whether households can afford items most people would consider essential (like buying fresh fruit or vegetables).

Parameter 2: approach to updating

12. Income poverty measures need to be kept up to date. There are two main ways of doing this: fixed and relative approaches.

13. **Fixed line** income poverty measures are based on poverty lines set relative to a baseline year (e.g., 2018) and are updated each year in line with inflation¹. These measures assess how the real incomes of low-income households with children are tracking over time. They're especially useful for monitoring trends over the short to medium term.
14. Over the longer-term, fixed line measures can become out-dated. The incomes of those at the bottom don't necessarily rise as quickly as those in the middle. If the gap gets too wide then poor households can find it increasingly hard to meaningfully participate in society, even if the real purchasing power of their income has stayed the same or improved.
15. **Relative (rel)**, also called "moving line", poverty measures are based on income poverty lines that are updated each year in line with median income growth. These measures compare how low-income households with children are faring *relative* to the median household. They are better measures for monitoring long-term poverty trends. This is because, by definition, they automatically keep pace with middle incomes and so better reflect the changing costs of social participation.

Parameter 3: poverty depth

16. Poverty varies in severity. To reflect this, income poverty lines can be set at different fractions of the median (e.g., 40%, 50%, or 60%). Similarly, for non-income measures, material hardship is defined as households that are unable to afford six or more out of 17 items that are considered essential. Severe material hardship is defined as households unable to afford nine or more out of 17 items that are considered essential.

Parameter 4: poverty persistence

17. It's not necessarily the same children who are poor year-on-year. For some, poverty is a one-off spell; others may be in and out of poverty; and for many it's chronic, "persistent poverty".
18. Monitoring persistence is important. Persistent poverty is linked to worse outcomes over the longer term². Monitoring persistence and change within households also serves as a reminder that policies that stop children falling (back) into poverty are as important as those that lift children out of it.
19. There are different ways of measuring persistent poverty. Most approaches rely on longitudinal data (data collected from the same households over multiple years). Persistent poverty can be based on either income or non-income measures and can be calculated over different time periods. Stats NZ will need to define how persistent poverty is measured in 2024, and will report on it for 2025/26 onwards.

The framework serves as a "fair umpire" for assessing progress

20. The ten measures under the Act are based on combinations of the four parameters outlined above. As shown in Table 1, the various measures are sensitive in different ways, and over different timeframes, to the economic context and policy settings.

¹ The Act doesn't specify what inflation index is used. The Government Statistician can define this under the Act. The Government Statistician uses the Household Living Price Index for low-income households (bottom 20% of the income distribution), minus housing and household utilities costs, to adjust the AHC50 fixed line. See: <https://www.stats.govt.nz/methods/measuring-child-poverty-fixed-line-measure>

² See for example Dickerson, A., & Popli, G. K. (2016). Persistent poverty and children's cognitive development: evidence from the UK Millennium Cohort Study. *Journal of the Royal Statistical Society Series A: Statistics in Society*, 179(2), 535-558.

Table 1: The nine current measures under the Act are sensitive in different ways to policy levers and economic conditions

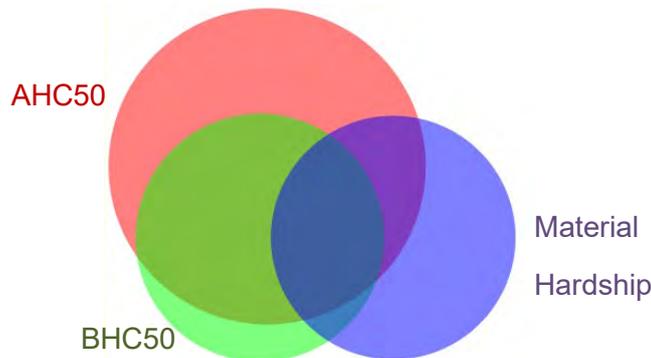
Measure	Definition: the percentage of children living in households...	To make progress on this measure requires....	Sensitivity to cost of living <u>inflation</u>	Sensitivity to <u>income growth</u> for low income households	Sensitivity to <u>housing costs</u> for low income households	Sensitivity to <u>wider financial pressures</u> (e.g., in kind supports, debt, special needs)	Sensitivity to <u>income growth</u> in middle income households	Sensitivity to <u>housing costs</u> for middle income households
BHC50 (REL)	... receiving less than 50 percent of the median household income in a given year	...incomes of households with children receiving less than 50% of the median to grow faster than the incomes of households at the middle of the income distribution (sufficient to go above the 50% threshold)		✓✓✓			✓✓✓	
AHC50 (Fixed)	...receiving less than 50 per cent of the median 2017/18 household income after deducting housing costs and adjusting for inflation	...increasing real household incomes and/or reducing housing costs faced by low-income households with children	✓✓✓	✓✓✓	✓✓✓			
Material Hardship	...scoring 6 or more on DEP-17	...reducing costs of essentials, lifting real household incomes, providing in-kind supports and increasing skills	✓✓	✓✓	✓	✓		
BHC60 (REL)	... receiving less than 50 percent of the median household income in a given year	...incomes for households with children receiving less than 60% of the median to grow faster than for households at the middle of the income distribution (sufficient to go above the 60% threshold)		✓✓✓			✓✓✓	
AHC40 (REL) AHC50 (REL) AHC60 (REL)	... receiving less than 40/50/60 percent of the median household income in a given year, after deducting housing costs	...after housing cost incomes for households with children receiving less than 40/50/60 percent of the median to increase faster than after housing cost incomes for households at the middle		✓✓✓	✓✓✓		✓✓✓	✓✓✓
Severe Material Hardship	...scoring 9 or more on DEP-17	...reducing costs of essentials and supporting severely disadvantaged households with children with cash and in-kind resources	✓✓	✓✓	✓	✓		
Combined Material Hardship/ AHC60(REL)	... receiving less than 50 percent of the median household income in a given year and scoring 6 or more on DEP-17	...as for material hardship and AHC60 (REL)	✓	✓	✓	✓	✓	✓

21. Across all the measures, increasing the incomes of low-income households with children will make measured rates lower than would otherwise have been the case.
22. But a range of other factors also influence rates. The effect varies depending on the measure.
 - The **BHC50 (rel) primary measure** is usually the most challenging measure to make progress against. The measure is sensitive to the gap between the bottom and the middle of the income distribution. Economic growth will tend to increase poverty rates on this measure unless the incomes of households at the bottom rise at the same rate or faster than those in the middle. In an economic downturn, this measure sometimes shows a reduction if middle incomes fall while low incomes remain protected and steady.
 - The **AHC50 (fixed) primary measure** is sensitive to inflation and accommodation cost growth. It's very responsive to policies that lift real incomes and limit housing cost growth for low-income households.
 - The **material hardship primary measure** is the measure that responds to the greatest range of factors. Policies that lift real incomes have the biggest impact on measured material hardship rates. But these impacts are slower, less direct and more uncertain than for income poverty measures. A wide range of other policy interventions also likely help reduce material hardship (e.g., in-kind supports, childcare subsidies, limiting unsustainable debt, and assistance with the costs of special needs). Compared with lifting real incomes, the size and timing of these impacts is more uncertain. Compared with income poverty rates, material hardship rates also typically increase higher and faster after economic downturns or periods of high inflation, and they tend to decrease more slowly.
23. The Act requires Stats NZ to report annually on all the measures included in the framework. This ensures accountability across the economic cycle. This is because the measures are sensitive not just to government policies directly aimed at reducing poverty, but also sensitive in different ways to changes in the economy that (for better or worse) can significantly impact child poverty rates. Comprehensive reporting helps limit the risk of “cherry-picking” single measures that, viewed in isolation, can cast poverty rates in an overly positive or negative light.

The measures are related to each other, but not all children in material hardship are in income poverty and vice versa

24. Although incomes are the single biggest short-term driver of material hardship, not all children in material hardship are in income poverty and vice versa. This is shown in figure 2 below.

Figure 2: the overlap between BHC50, AHC50 and Material Hardship.

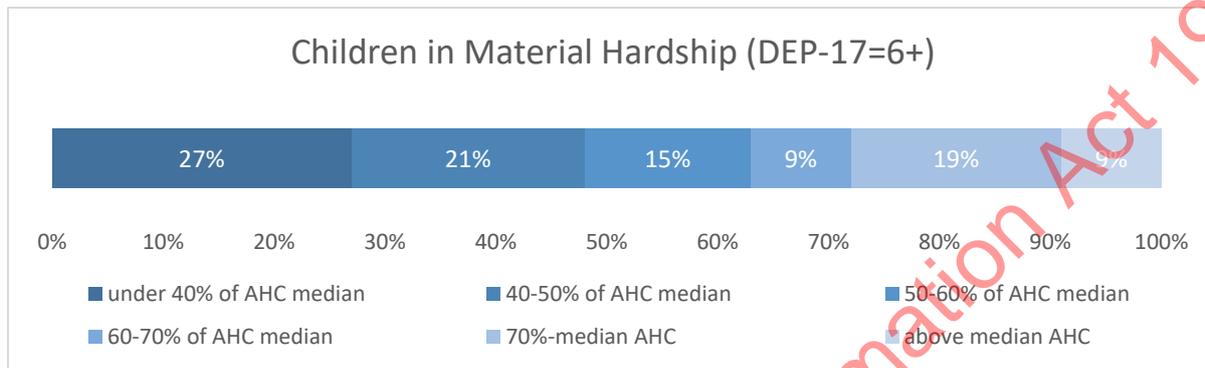


Source: MSD Child Poverty Report, 2022, p44, using data from HES 2020/21

25. Figure 3 shows that while children in material hardship are concentrated in the bottom of the AHC income distribution (63% are in households with incomes below AHC60) they extend up to the middle of the distribution and beyond. Nearly one in ten children in material hardship live in households with AHC incomes greater than the median.

26. An important policy implication is that it can be more challenging to target policies specifically towards children in households experiencing material hardship³.

Figure 3: distribution across AHC income bands of children in material hardship (DEP-17 = 6+/17).



Source: MSD Child Poverty Report, 2022, Table 6-C.5b using data from HES 2020/21

Next steps

27. Given the importance of measurement issues in shaping child poverty policy and target setting we'd welcome the opportunity to discuss this briefing, and the summary A3 (**Attachment B**), with you.

28. In our upcoming advice before the end of the year we'll outline:

- the outlook for child poverty rates and the progress required to achieve the targets
- the characteristics of households in poverty and evidence about what works
- the likely child poverty impacts of the Government's policy agenda
- data issues that may impact on progress towards the targets.

³ For example, making eligibility for Government supports dependent on self-reported material hardship risks response bias and perverse incentives. In practise, income is often used as a proxy.

9(2)(g)(ii)

Hannah Kerr
Director, Child Wellbeing and Poverty Reduction Group

07/12/23

Hon Louise Upston
Minister for Child Poverty Reduction

...../...../.....

Attachments:	Title	Security classification
Attachment A:	2022 income poverty lines for selected household compositions	IN-CONFIDENCE
Attachment B:	A3: The multi-measure framework established under the Child Poverty Reduction Act 2018	IN-CONFIDENCE

Contact for telephone discussion

Name	Position	Telephone	1 st Contact
Hannah Kerr	Director, Child Wellbeing and Poverty Reduction Group	9(2)(g)(ii)	✓
Hugh Webb	Principal Analyst, Child Wellbeing and Poverty Reduction Group	9(2)(g)(ii)	

Attachment A: 2022 income poverty lines for selected household compositions

Median incomes	Income poverty measures under the Act	2022 poverty line, equivalised, /year (/week)	2022 poverty line incomes <u>before equivalisation</u> for selected household types, /year (/week)			
			one adult, one child	one adult, two children	two adults, two children	three adults, three children
						
Before Housing Costs (rel) 2022 median: \$47,534	BHC50 (rel) primary measure	\$23,767 (\$457)	\$30,897 (\$594)	\$38,027 (\$731)	\$49,911 (\$960)	\$68,924 (\$1,325)
	BHC60 (rel)	\$28,520 (\$548)	\$37,897 (\$713)	\$45,633 (\$877)	\$59,893 (\$1,152)	\$82,709.16 (\$1,591)
After Housing Costs (fixed) 2018 median, inflation adjusted to \$2022: \$32,300	AHC50 (fixed) primary measure	\$16,150 (\$310)	\$20,995 (\$404)	\$25,840 (\$497)	\$33,915 (\$652)	\$46,835 (\$901)
After Housing Costs (rel) 2022 median: \$36,642	AHC40 (rel)	\$14,657 (\$282)	\$19,053 (\$366)	\$23,451 (\$451)	\$30,779 (\$591)	\$42,504 (\$817)
	AHC50 (rel)	\$18,321 (\$352)	\$23,817 (\$458)	\$29,314 (\$564)	\$38,474 (\$740)	\$53,131 (\$1022)
	AHC60 (rel)	\$21,958 (\$423)	\$28,580 (\$550)	\$35,176 (\$676)	\$46,169 (\$888)	\$63,757 (\$900)

**Attachment B: A3: The multi-measure framework established under the
Child Poverty Reduction Act 2018**

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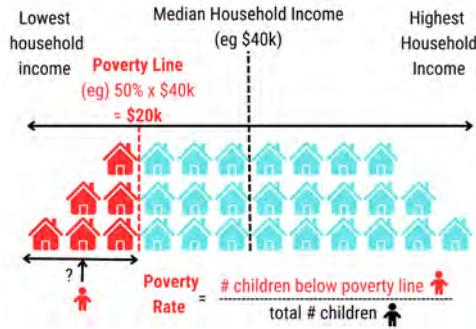
Attachment B: The multi-measure approach established under the Child Poverty Reduction Act

The Act establishes 4 primary and 6 supplementary measures, based on combinations of four underlying parameters, set out below:

1. Basis for measurement

Income poverty measures...

... are based on the percentage of children living in households with incomes below a "poverty line", defined as a proportion (eg 50%) of the median income.



- The measures are based on disposable incomes (i.e. after tax and transfers). Incomes are also equivalised to account for the size and composition of the household.
- Before Housing Cost (BHC)** poverty measures are based on incomes before housing costs have been deducted.
- After Housing Cost (AHC)** poverty measures are based on incomes after rent and mortgage interest payments have been deducted.

Non-income measures ...

...are based on the percentage of children in households reporting in surveys they go without 6 or more out of seventeen items considered essential (using the DEP-17 index). Some items include:



2. Approach to updating

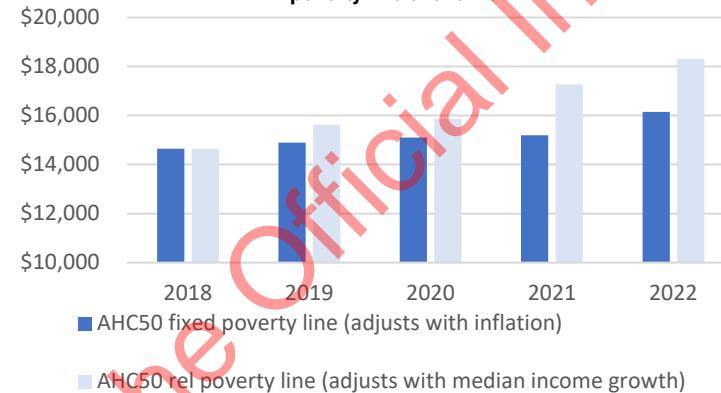
There are two main ways of updating income poverty lines:

- Fixed** line poverty measures are based on poverty lines set relative to a baseline year (2018), which then get updated each year in line with inflation.
- Relative (rel)** (also called "moving line") poverty measures are based on poverty lines updated each year in line with middle income growth.

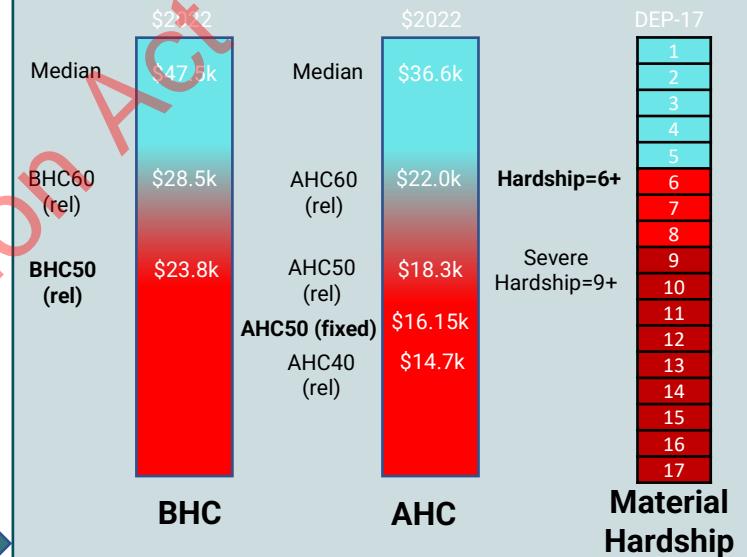
There is only one fixed line measure under the Act – the after-housing costs, primary measure (AHC50).

As shown in the figure below the AHC50 (fixed) poverty line has grown more slowly than the AHC50 (rel) poverty line over time. This is because middle incomes usually grow faster than inflation. For this reason, relative income poverty measures are the most difficult to make progress against.

Nominal value of AHC50 fixed poverty line and AHC50 rel poverty line over time



3. Poverty depth



Income poverty lines can be set at different fractions of the median. E.g., AHC60/AHC50/AHC40 refer to 60%/50%/40% of the median.

Material hardship also varies in depth: 6+/17 is classified as hardship, 9+/17 is classified as severe hardship

4. Poverty persistence - TBC 2024

Poverty persistence measures look at the number of children living in poverty across multiple years.

Poverty persistence measures rely on longitudinal data (ie data collected from the same households year-on-year). Stats NZ will confirm how poverty persistence is calculated in 2024 and will report on it for 2026 onwards.

The measures are sensitive in different ways to policy levers and wider economic conditions:

Current primary measures	Definition "The proportion of children living in households..."	Progress requires...	Sensitivity to policy and economic conditions				
			Income growth at the bottom	High inflation	Middle income growth	Increases in low-income housing costs	Sensitivity to wider financial pressures (e.g. debt, in-kind supports, special needs)
BHC50 (rel)	...with disposable incomes less than 50% of the median income in a given year.	...increasing incomes at the bottom faster than incomes at the middle	+++		---		
AHC50 (fixed)	...with incomes less than 50% of the median income in 2018, after deducting housing costs and adjusting for inflation.	...increasing real incomes and/or reducing housing costs	+++	---		---	
Material Hardship	... scoring 6 or more out of 17 on the DEP-17 material hardship index.	...increasing real incomes, addressing wider demands on the household budget and ability to manage resources	++	--		--	--



COVERSHEET

BRIEFING: BRIEFING FOR THE INCOMING PRIME MINISTER ON THE CHRISTCHURCH CALL

Date:	8/12/2023	Report No:	4818740
		Security Level:	IN CONFIDENCE
		Priority level:	Routine

Action sought		Deadline
Prime Minister	Agree to recommendations.	18 December 2023
	Sign letter and community message.	18 December 2023

Name	Position	Telephone	1 st Contact
9(2)(g)(ii)	Christchurch Call Coordinator	9(2)(g)(ii)	
9(2)(g)(ii)	Manager, Christchurch Call Unit	9(2)(g)(ii)	✓

Departments/agencies consulted on Briefing
Ministry of Foreign Affairs and Trade (Christchurch Call Joint Venture team)

Minister's Office

Status:

Signed

Withdrawn

Comment for agency

Attachments: Yes/No

BRIEFING TO INCOMING PRIME MINISTER ON THE CHRISTCHURCH CALL	4818740
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Briefing

BRIEFING FOR THE INCOMING PRIME MINISTER ON THE CHRISTCHURCH CALL

To Prime Minister (Rt Hon Christopher Luxon)			
Date	8/12/2023	Priority	Routine
Deadline	22/12/2023	Briefing Number	4818740

Purpose

To outline your responsibilities as co-Leader of the Christchurch Call, detail the next steps for this global technology initiative and seek your decisions on how to engage Special Envoy Ardern and the government, industry, and civil society leaders involved in the Call.

Recommendations

- Note** that, as Prime Minister, you lead the Christchurch Call with the President of France, steering an effective initiative that gives New Zealand an important role in shaping global tech norms.
- Note** that your predecessor appointed Dame Jacinda Ardern as Special Envoy to attend international meetings; engage with leaders; make routine decisions about the work programme; and provide advice to him as needed.
- Agree** that the Special Envoy should continue to act for you s 9(2)(f) (iv) . **YES/NO**
- Indicate** your preferred option:

EITHER s 9(2)(f)(iv)

YES / NO

YES / NO

9(2)(f)(iv)



YES / NO

YES / NO

9(2)(g)(ii) Manager Christchurch Call Unit
...../...../2023

Rt Hon Christopher Luxon Prime Minister
...../...../2023

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BRIEFING TO THE INCOMING PRIME MINISTER ON THE CHRISTCHURCH CALL

Background

1. The Call was established in response to the March 15 mosque attacks, by a coalition of governments and online service providers to eliminate terrorist and violent extremist content online. It contains 25 commitments to be carried out while protecting human rights (including freedom of expression) and a free, open, secure internet.
2. New Zealand's leadership of the Call has been widely praised. Through the Call we have strengthened relationships and built influence, including a close partnership with France, new connections with the White House, and the global tech industry. It sees us contributing to international discussions on the future of Artificial Intelligence (AI) and the internet. This work also matters deeply to the community of victims and families in Christchurch for whom the memory of those attacks is still raw.
3. You and the President of France are the Call's co-Chairs. Co-chairs are the public figureheads, convene leaders and motivate supporters to fulfil their commitments, and set priorities. You inherit close and useful relationships with Heads of State and Government, technology sector Chief Executives and civil society leaders. Leaders' Summits take place once every 1-2 years, as decided by the co-Chairs.
4. Your predecessor appointed Dame Jacinda Ardern as the "Prime Minister's Special Envoy for the Christchurch Call" in April 2023 to advise him and to attend international meetings, engage leaders on his behalf; and make routine decisions about the work programme.
5. You are supported by a "Christchurch Call Unit" of 6.5 FTE within DPMC's Policy Advisory Group. The Unit has benefited from seconded staff from: Internet New Zealand, the Facebook Oversight Board, Australia's Department for Home Affairs, and New Zealand Ministries/Departments for Justice, Women, Primary Industries, Ethnic Communities, and Internal Affairs. As joint-venture partner the Ministry of Foreign Affairs and Trade provides 2.2 FTE to work on the Call and supports communications and international engagement through its offshore network. The Call Unit is a centre of expertise on digital and AI policy issues domestically and internationally.
6. The Unit is led by 9(2)(g)(ii), the Prime Minister's Special Representative on Cyber and Digital. This role was created in 2020 to support the Prime Minister, coordinate within government and engage with senior officials and tech sector executives internationally.
7. The Call Unit's budget of \$1.568m per year and a \$500,000 fund to support the Special Envoy's work both end of 30 June 2024. The fund covers staff, travel, and other support costs. It does not cover personal expenses. The Special Envoy role is not remunerated. MFAT has funded the Call Summits (\$300,000 in FY 23/24) and website.

The Call has galvanised significant positive change:

8. As a direct result of the work convened by New Zealand and France through the Call:
 - Tech platforms updated their terms of use; improved user reporting, digital fingerprinting and AI tools; established controls on livestreaming; put in place crisis protocols so that it is far more difficult for terrorists and violent extremists to weaponize the internet;

- Platforms provide detailed information to the public about their policies and systems;
 - A global crisis response system delivers fast coordination and sharing of information and capabilities during an attack. These efforts have been effective, e.g. The 2022 Buffalo New York attacker's livestream was cut short and quickly removed from platforms;
 - The Global Internet Forum to Counter Terrorism (GIFCT) was established as a dedicated industry-funded non-governmental organisation that commissions and shares technology, intelligence, and provides mentoring and real time advice to tech platforms;
 - Algorithmic ranking systems have been updated to reduce the escalation of toxic narratives and behaviours that may contribute to violent extremism;
 - Positive intervention and redirection programmes for users at risk of radicalisation have been rolled out more widely; and
 - The Call Community has expanded. The most recent supporters are Open AI and Anthropic. A full list is in Attachment B.
9. Last year, New Zealand the United States, Microsoft, and X (formerly Twitter) established the Christchurch Call Initiative on Algorithmic Outcomes to provide better insights to prevent radicalisation to violence. France and Dailymotion have since joined. This effort has attracted significant attention as a world-leading technology with the potential to transform AI development and safety.
10. The Call has become an example of how to make progress on difficult global tech policy issues where no one actor has all the levers or answers.

We are positioning the Call for future challenges:

11. The environment has changed since 2019. There is a significant increase in the ideological diversity, technological sophistication, and difficulty in identifying and disrupting violent extremist groups. Tech firms have consolidated and cut budgets, reducing the headcount devoted to safety. New AI tools transformed business models and online services. There is growing regulatory pressure on the industry.
12. There are seven main challenges to the Call, which the Unit is working to address:
- Maintaining buy-in from the tech industry, which is over-engaged by international governance initiatives, and dealing with a swath of new regulation. Your relationships with CEOs, and their contribution to shaping outputs will be very important for this.
 - Sophisticated decentralised propaganda campaigns are both difficult to confront and are increasingly driving radicalisation of young people. To respond we must update our crisis response mechanisms and scale up the initiative on algorithmic outcomes.

9(2)(f)(iv)

6(a), 9(2)(g)(i)

- Misuse of AI by terrorists and violent extremists is a major challenge. With the onboarding of Open AI and Anthropic most major players in advanced AI are now part of the Call and are committed both to positive applications and preventing misuse. The

Christchurch Call Initiative on Algorithmic Outcomes provides a new innovative tool to support AI safety, enabling new areas of work and new strategic partnerships.

- We should work more closely with complementary tech governance initiatives such as the US-led Declaration for the Future of the Internet, Denmark's Tech for Democracy initiative, the Freedom Online Coalition, and the Global Partnership on AI on shared objectives, scheduling meetings, and managing an overlapping community.

9(2)(f)(iv)

13. The Statement from the 2023 Summit (**Attachment C**) provides greater detail, including the goal of endorsing a new structure by the 5th anniversary of the Call in May 2024.

Next steps

14. Your appointment as Prime Minister presents an opportunity to invigorate relationships at the top level, particularly with the tech industry where direct engagement could help identify further win-win opportunities. 9(2)(g)(i)

9(2)(f)(iv)

15. Special Envoy Ardern was appointed to act on behalf of- and advise the Prime Minister, subject to a review at the end of 2023. You can consider and, if desired, amend the scope of the Envoy's work. The Unit has not yet discussed Dame Jacinda's preferences regarding a longer appointment, and recommends you engage early with her to determine how best to coordinate communications, receive advice, and direct the Call Unit's work.

s 9(2)(g)(i)

9(2)(f)(iv)

17. Cabinet was due to receive a report from the Prime Minister about the Call before 1 December 2023. The Unit proposes you delay this report until the first quarter of 2024.

9(2)(f)(iv)

Consultation

18. The Ministry of Foreign Affairs and Trade was consulted on this briefing.

Communications

19. This paper will be considered for proactive release under the usual departmental processes, subject to appropriate redactions under the Official Information Act.

Attachments:	
Attachment A:	9(2)(f)(iv)
Attachment B:	List of Members of the Call Community
Attachment C:	2023 Summit Joint Statement
Attachment D:	The Christchurch Call text

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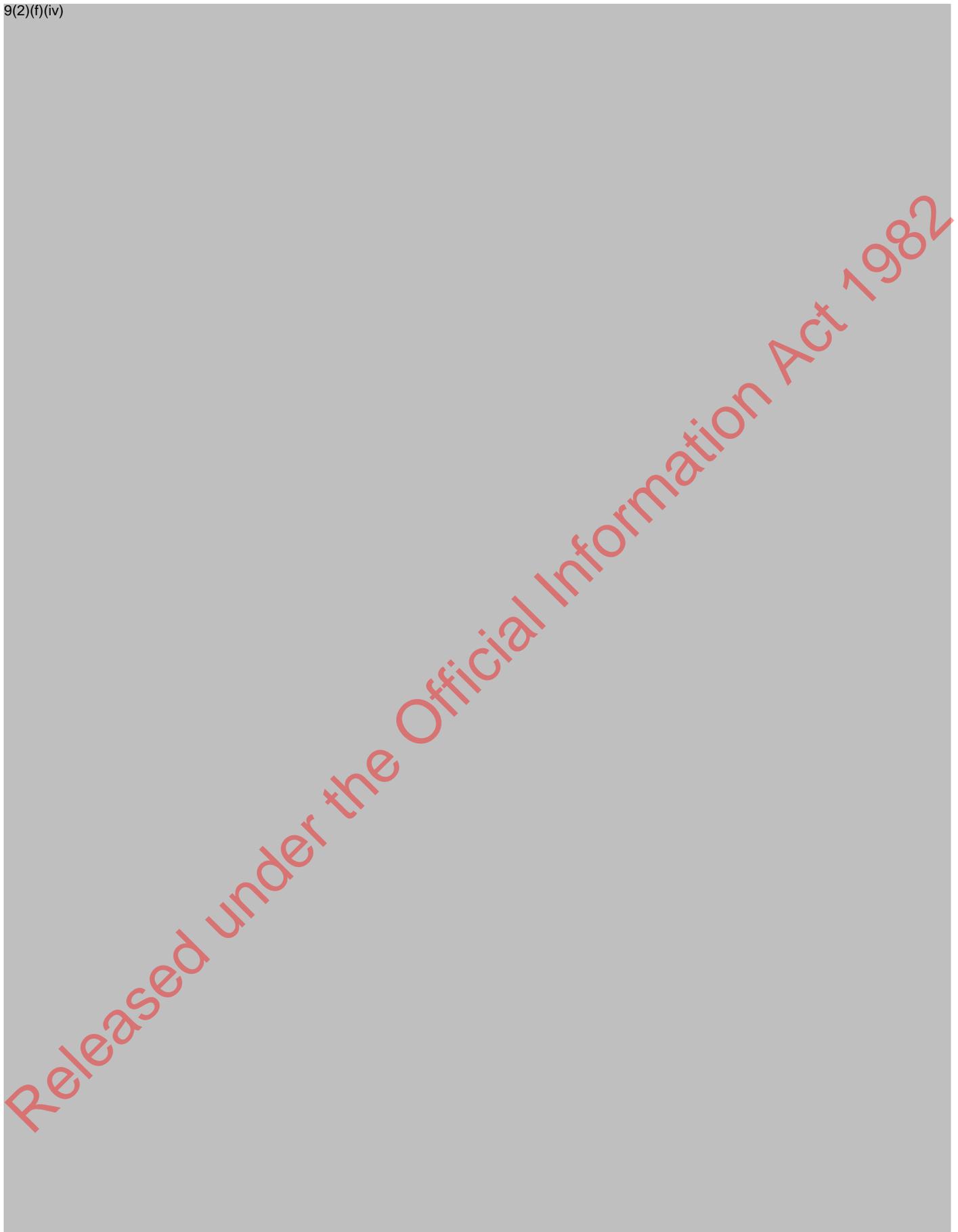
Attachment A: Draft Communications for Call Community

9(2)(f)(iv)



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9(2)(f)(iv)



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Attachment B: The Call Community

Co-founders: New Zealand and France

Supporters: Governments and Online Service Providers

- Argentina
- Australia
- Canada
- Chile
- Colombia
- Costa Rica
- European Commission
- 27 EU Member States (Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czechia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden)
- Georgia
- Ghana
- Iceland
- India
- Indonesia
- Côte d'Ivoire
- Japan
- Jordan
- Kenya
- Maldives
- Mexico
- Mongolia
- Norway
- Peru
- Senegal
- South Korea
- Sri Lanka
- Switzerland
- Tunisia
- United Kingdom
- United States of America
- Amazon
- Anthropic
- Clubhouse
- Discord
- Dailymotion
- Google
- JV
- Line
- Mega
- Meta
- Microsoft
- Open AI
- Qwant
- Roblox
- Vimeo
- X (formerly Twitter)
- YouTube
- Zoom

Partner Organisations

- CASM Technology
- Council of Europe
- Memetica
- Moonshot
- Muflehun
- Point de Contact
- Extremism and Gaming Research Network
- Global Community Engagement and Resilience Fund (GCERF)
- Tech Against Terrorism
- Tremau
- UNESCO

The Christchurch Call's Civil Society Advisory Network

- Access Now
- Africa Digital Policy Project
- Article 19
- Association for Progressive Communications
- Australia Muslim Advocacy Network
- Brookings Institution
- Center for Democracy & Technology
- Center for Humane Technology
- Center for Information Resilience
- Centre for Internet and Society, India
- Center for Security and Emerging Technology
- Chicago Project on Security and Threats, University of Chicago
- Committee to Protect Journalists
- Council on American-Islamic Relations
- Cyberpeace Institute
- Dangerous Speech Project
- Data & Society
- Digital Medusa
- Electronic Frontier Foundation
- French National Bar Council
- Federation of Islamic Associations of New Zealand (FIANZ)
- Global Disinformation Index
- Global Forum for Media Development
- Global Network Initiative
- Global Partners Digital
- Global Project Against Hate and Extremism
- Global Student Forum
- Human Rights Centre, Berkeley School of Law
- ICT for Peace Foundation
- Inclusive Aotearoa Collective Tāhono
- Institute for Strategic Dialogue
- International Cyber Policy Centre (Australian Strategic Policy Institute)
- Internet NZ
- Internet Sans Frontières
- Internet Society
- Islamic Women's Council of New Zealand
- Life After Hate
- Mnemonic
- Muslim Association of Canterbury
- Netsafe NZ
- New America's Open Technology Institute
- NZ Council for Civil Liberties
- Reporters Without Borders (RSF)
- Red en Defensa de los Derechos Digitales
- Research ICT Africa
- Southeast Asian Freedom of Expression Network
- Swansea University Cyber Threats Research Centre
- Syrian Archive
- The Action Coalition on Meaningful Transparency
- The Horizon Forum
- The International Muslim Association of New Zealand
- The Internet Society
- Tony Blair Institute for Global Change
- Violence Prevention Network
- Wellington Abrahamic Council of Jews, Christians, and Muslims
- WITNESS
- Women's Organisation of the Waikato Muslim Association
- Amy-Louise Watkin, PhD – Lecturer in Criminology, University of the West of Scotland
- Dr. Courtney C. Radsch - Media, technology and human rights consultant
- Elina Noor Visiting Fellow, Institute of Strategic and International Studies Malaysia
- Gareth Jones – Founder of Tiaki Akoako. Indigenous academic & security commentator
- Gazbiah Sans – Director of PVE Works. Countering/preventing violent extremism and terrorism expert
- Javier Pallero – Digital rights expert
- Justin Sherman – Non-resident fellow at the Atlantic Council's Cyber Statecraft Initiative
- Konstantinos Komaitis, PHD - Independent expert
- Kamel El Hilali, PhD – Affiliated fellow at the Information Society Project at Yale Law School
- Lucien Castex – Associate researcher at the Sorbonne-Nouvelle University
- Matthew Shears Internet and telecommunications policy consultant
- Ottavia Galuzzi – Cybersecurity and intelligence expert



DEPARTMENT OF THE
PRIME MINISTER AND CABINET
TE TARI O TE PIRIMIA ME TE KOMITI MATUA

Coversheet

Briefing: Policies to help achieve the Government's Child Poverty Reduction Targets

Date:	21/12/2023	Report No:	DPMC-2023/24-514
		Security Level:	BUDGET SENSITIVE
		Priority level:	Routine

	Action sought	Deadline
Hon Louise Upston Minister for Child Poverty Reduction	discuss report at next officials' meeting	15 January 2024

Name	Position	Telephone	1 st Contact
Clare Ward	Executive Director Child Wellbeing and Poverty Reduction	9(2)(g)(ii)	9(2)(g)(ii) ✓
Deborah Tucker	Principal Analyst Child Wellbeing and Poverty Reduction Group	9(2)(g)(ii)	9(2)(g)(ii)

Departments/agencies consulted on Briefing
Ministry of Social Development, the Treasury

Minister's Office

Status:

Signed

Withdrawn

Comment for agency

Attachments: Yes

Briefing

Policies to help achieve the Government's Child Poverty Reduction Targets

To: Hon Louise Upston
Minister for Child Poverty Reduction

Date	21/12/2023	Security Level	BUDGET-SENSITIVE
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Purpose

- This briefing outlines:
 - the outlook for child poverty rates and the progress still required to achieve the targets, as currently set, and
 - the levers for making progress towards the targets, including the policy priority of employment as a primary lever.

Executive Summary

- The Child Poverty Reduction Act 2018 aims to achieve significant and sustained reductions in child poverty and specifies three current primary measures for which ten-year targets are set against. While good progress has been made towards the ten-year child poverty targets, sizeable reductions are still needed to reach the current targets.
- 9(2)(f)(iv) 
- Treasury has been able to provide modelling on the impacts on child poverty of the policy to change the way main benefits are indexed to CPI inflation, rather than the status quo of average wages. This shows an increase in the number of children in poverty within the forecast period. It is estimated that by tax year 2028 there will be an increase of 7,000 children in poverty on both income poverty measures. Policy proposals to end half-price transport for under 25s and free prescriptions, other than for Community Service Card holders, cannot be modelled but we expect that these will have a neutral or slightly negative impact on material hardship.
- Policies that will help make progress on the rates in the next five years are in three key areas: increasing incomes through employment, taxes and transfers; reducing housing costs for low-income households; and wider cost-of-living assistance. Increasing transfers, for example through WFF and benefits, is the most direct way to impact all the child poverty measures. Employment and housing policies are also critical components of a poverty reduction strategy,

particularly over the longer term, but their impacts on measured poverty rates are less certain and direct over the shorter term.

- 6. We understand a key lever you wish to focus on for making progress towards the child poverty targets is employment, by reducing the number of children in benefit dependent households. Employment is often the best and most sustainable route out of poverty, and supporting maternal employment, in particular, is a critical part of a child poverty reduction strategy. Parents on a benefit are overwhelmingly sole mothers, who face more barriers to work than partnered mothers, poorer work outcomes, and more issues with childcare costs and access.
- 7. There are challenges with employment as a primary mechanism to reach the ten-year targets as currently set, in part because of the five-year timeframe remaining to achieve them. Children in poverty and material hardship are also fairly evenly split between beneficiary families and working families, suggesting that a focus will be needed on both groups if the targets are to be achieved.
- 8. A consistent finding in the research on the most effective levers for reducing child poverty shows the importance of a two-pillar approach – both an employment focus, and adequate income protection and family-oriented benefits – as the most effective strategy for reducing child poverty in the short- and longer-term.

Recommendations

We recommend you:

- 1. **Discuss** this report with officials at the next officials' meeting in January 2024.

YES / NO

Clare Ward

Clare Ward
Executive Director, Child Wellbeing and Poverty Reduction

21 December 2023

Hon Louise Upston
Minister for Child Poverty Reduction

...../...../.....

Background

9. The Child Poverty Reduction Act 2018 (the Act) is intended to encourage a focus by government and society on child poverty reduction. It aims to hold successive governments accountable for achieving significant and sustained reductions in child poverty rates by specifying child poverty measures, and the setting of targets against those measures. There are three current primary measures (two income poverty measures and one material hardship measure) for which three-year and ten-year targets are set, and a wider set of six supplementary measures.
10. This paper sets out the reductions needed to achieve the current ten-year targets by 2027/28, and the levers and policies that will help make progress on the rates, including your policy priority of increasing employment. The impacts of the Government's proposed policies that will have an impact on child poverty will be outlined in next year's Child Poverty Report, published alongside the Budget documents.
11. There is still significant progress to be made to achieve the current targets. This paper aims to provide context for informing your overall plans for reducing child poverty.
12. There is flexibility under the Act for you, as the responsible Minister, to change the targets at any time by giving notice in the Gazette and notifying Parliament. The current (second intermediate) targets and the third intermediate targets need to be reviewed by 30 June 2024. We will provide more specific advice to support your target setting and requirements under the Act.

Sizeable reductions are still required to reach the ten-year targets as currently set

13. While good progress has been made against the current child poverty targets, sizeable reductions are still needed to reach the ten-year targets, as they are currently set. This is particularly the case on the BHC50 measure. This is shown in the tables below, which set out the current shortfall for both the current three-year targets and the ten-year targets. (See graphs at **Attachment A** showing the progress towards the current child poverty targets.)

Measure	Progress so far			Second 3 year targets		Ten year targets	
	Baseline (2017/18)	Reductions so far (ppt)	Latest (2021/22)	2023/24 target rates	Reductions remaining	2027/28 target rates	Reductions remaining
BHC 50% relative	16.5%	4.5%	12.0%	10.0%	2.0%	5.0%	7.0%
	183,400	45,600	137,800	115,000	23,000	57,000	~80,000
AHC 50% fixed	22.8%	7.4%	15.4%	15.0%	0.4%	10.0%	5.4%
	253,800	77,000	176,800	172,000	5,000	115,000	~60,000
Material hardship	13.3%	3.0%	10.3%	9.0%	1.3%	6%	4.3%
	147,600	28,700	118,900	104,000	15,000	69,000	~50,000

Note that the 'reductions remaining' are approximate, and will vary based on future population growth.

14. We have included forecasts below, based on the most recent projections we have available. When the latest economic fiscal updates become available, the Treasury can rerun the child poverty estimates using the latest Economic and Fiscal Updates to understand how the poverty measures may have changed. It is likely, however, that these projections would still broadly hold.

A reduction of 7 percentage points (or ~80,000 children) is still needed to achieve the current ten-year BHC50 target

- 15. The BHC50 measure tells us how low-income households are doing relative to the average (median) household in New Zealand. To make progress on this measure, the incomes of families at the bottom must rise faster than the median.
- 16. The Treasury's projections show a sustained increase in relative BHC50 child poverty rates between 2023 and 2026 without further policy measures being introduced. These increases are based on economic forecasts that the median income (which sets the BHC50 poverty threshold) will grow faster than the incomes of low-income households. The projections suggest that the 2024 target will not be met.

A reduction of 5.4 percentage points (or ~60,000 children) is still needed to achieve the current ten-year AHC50 target

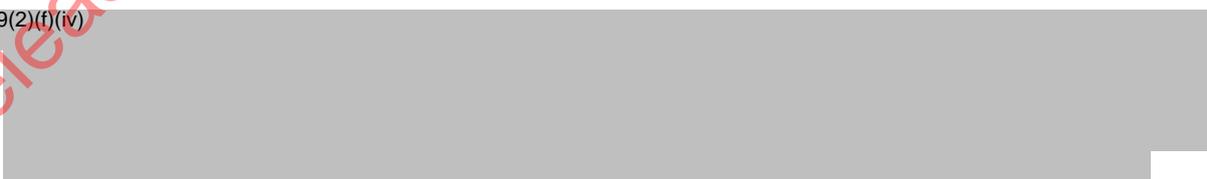
- 17. The AHC50 measure tells us how low-income households with children are doing relative to the median household income in 2017/18, after deducting housing costs and adjusting for inflation.¹ Further progress towards the AHC50 target in 2028 requires incomes, after deducting housing costs, to increase faster than the cost of living.
- 18. The Treasury's projections suggest that wage growth and indexation policies will begin to increase after-housing-cost incomes faster than the cost of living from 2023 onwards, leading to an overall downwards trend in fixed AHC50 poverty rates over the forecast period. The projections estimate that the 2024 target will be achieved.

A reduction of 4.3 percentage points (or ~50,000 children) is still needed to achieve the current ten-year Material Hardship target

- 19. The material hardship measure assesses how many children are living in households who do not have access to the essential items for everyday life, and is measured by asking households directly about their experiences.
- 20. The Treasury's model cannot estimate material hardship, which is affected by many factors, including income, household costs, assets, debt, and other non-financial support. It is too soon to say if we will meet the second intermediate target in 2024.
- 21. There is a risk that material hardship rates for 2022/23 will be markedly higher than the rates for 2021/22 (10.3 percent) and may take some time to reduce, given the cost of living has increased for low-income households by around 14 percent in the two years to June 2023. The New Zealand Health Survey data for 2022/23 also show that rates of household food insecurity (which is closely linked to material hardship) increased by around 50 percent (from 14% to 21%) between 2021/22 and 2022/23.

The Government's policies that will have an impact on child poverty

22.9(2)(f)(iv)



¹ The inflation adjustment used by Stats NZ is based on the Household Living Price Index for low-income households, but not including the housing cost component.

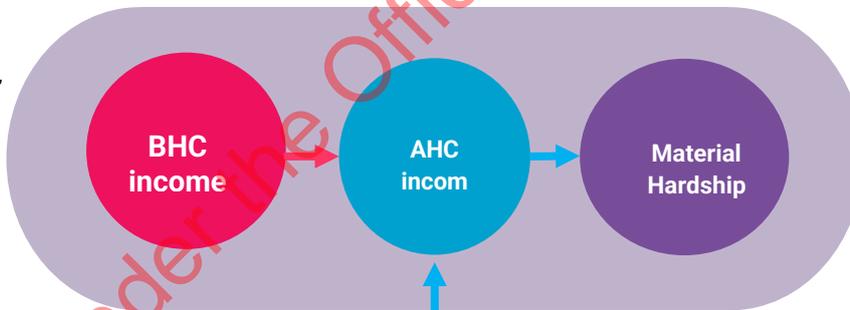
- 23. The Treasury has been able to provide modelling on the child poverty impact of the main benefit indexation change. The indexing of main benefits to CPI inflation from 1 April 2024, as compared with the status quo of indexing benefits to wage growth, shows an increase in the number of children in poverty under the AHC50 and BHC50 poverty measures within the forecast period. In tax year 2028, it is estimated that there would be an increase of 7,000 (+/-4,000) children under the AHC50 poverty measure, and an increase of 7,000 (+/-6,000) children under the BHC50 poverty measure.
- 24. Other policy changes may impact measured material hardship rates, such as reversing the previous government's planned 20-hours early childhood education initiative extension to two-year-olds; and ending the policy of half-price public transport fares for under 25s. The overall impact of these changes is likely to be neutral or slightly negative.
- 25. Reversing free prescriptions and targeting this policy more narrowly to Community Services Card (CSC) holders could potentially impact around one third of children in material hardship who are living in households likely to be ineligible for a CSC. Increasing awareness of eligibility for the CSC to improve take-up and the \$100 prescription cap will be important.

Policies that will help make progress on rates are in three key areas: incomes, housing, and wider cost-of-living assistance

26. Child poverty impacts on, and is impacted by, settings in a multitude of policy areas, particularly when one takes a longer-term, intergenerational perspective. However, for policies that will translate to movement on the income poverty measures in the next five years, the available option set is much narrower. The three key policy levers, based on the causes of low-income and material hardship, are set out in the framework below.

1) Lift incomes

- Two key policy levers are:
 - **Increasing transfers** (eg, benefits / WFF) has the most direct, certain and timely impact on all of the measures.
 - **Lifting employment rates.** This is important, but less direct, certain and timely. Because of lags, large-scale employment investment would need to be implemented soon to impact ten-year targets.



2) Reduce housing costs

- Policy levers include increasing supply of affordable housing and Public Housing.
- As with employment, impacts are less certain, direct, and timely. Implementation timeframes are often considerable.

3) Address demands on household budgets

- Policy levers include:
- reducing/preventing debt
 - limiting inflation
 - providing in-kind supports and subsidised services
 - addressing higher costs faced by priority groups.

Impacts can be less timely and certain.

Policies require careful targeting, made more challenging because the population in material hardship extends from low- to middle-income households.

27. Increasing incomes through taxes and transfers is the most direct and immediate way to achieve reductions in income poverty. Increasing incomes through employment is also critical, as is reducing housing costs for low-income households, and wider cost-of-living assistance, but it will take longer to achieve significant progress using these levers.

Lifting employment rates as a lever for reducing child poverty

28. We understand that you wish to focus on employment as a primary lever in making progress towards the child poverty targets, with a particular focus on reducing the number of children in benefit dependent households. Policies that increase access to employment for parents are a fundamental part of a child poverty strategy, particularly over the longer term. Sustainable employment is a key route out of poverty for many families, and also supports the longer-term stability and wellbeing of families.
29. An employment focus does, however, come with challenges, in part because employment effects may take longer to have an impact, and there are now just five years remaining to reach the current targets. Children in poverty and material hardship in New Zealand are also fairly evenly split between beneficiary families and working families suggesting that a focus will be needed on both groups. (See **Attachment B** for a summary of the key data and policy implications in this space.)
30. A consistent finding in the research on the most effective levers for reducing child poverty shows that a combined approach, using both employment-focused and income support packages, is the most effective strategy for reducing child poverty in the short- and longer-term. An important part of the employment lever to reduce child poverty are policies that not only increase access to employment for parents from low-income families, but also promote greater mobility towards better quality and better paid jobs.
31. OECD analysis and other studies² using employment simulations conclude that labour market-oriented policies can and should play a role in reducing poverty. However, adequate income protection schemes and family-oriented benefits remain important instruments for improving the effectiveness of poverty alleviation, and these two pillars are important to develop simultaneously.
32. Investment in services such as health, education and housing, also provides leverage for governments to reduce poverty, as these policies have a significant impact on the standard of living of low-income households. The wider social sector and economy both benefit from, and play a key role in, reducing child poverty. This includes through addressing the consequences of poverty and wider disadvantage, and the transmission of poverty across generations.
33. It is particularly important to consider how health and education systems can help to mitigate the impacts of disadvantage (in addition to addressing poverty and disadvantage itself). The performance of the education system is crucial, as is the health system, and the support provided to children in the early years. While initiatives here are unlikely to contribute to progress within the timeframes of the current targets, they will help towards future targets and child wellbeing generally.

Encouraging parents off benefits and into work requires a focus on sole mothers

34. Encouraging parents off benefits and into work requires a focus on sole mothers, given children in households reliant on a main benefit are overwhelmingly in sole parent families (at 93 percent), and most sole parents are women. Supporting maternal employment and sustainable, quality jobs is therefore key to reducing child poverty.

² Thévenon, O., et al. (2018), "Child poverty in the OECD: Trends, determinants and policies to tackle it", OECD Social, Employment and Migration Working Papers, No. 218, OECD Publishing, Paris; Doorley, K, Kakoulidou, T, O'Malley, S, Russell, H, Maitre, B (June 2022), 'Headline Poverty Target Reduction in Ireland and the Role of Work and Social Welfare', The Economic and Social Research Institute, Dublin; National Academies of Sciences, Engineering, and Medicine (2019), 'A Roadmap to Reducing Child Poverty', Washington, DC: The National Academies Press.

35. Moving from welfare to work can be reliant on a number of interrelated factors such as the work readiness of sole parents, the performance of the economy and labour market settings, local labour demand, availability and location of work, and for work to pay after in-work costs such as childcare are accounted for. Sole mothers face more barriers to work than partnered mothers, are more likely to be in temporary work and in-work poverty, and face greater childcare cost and access issues. We can provide further information on the characteristics of sole parents in New Zealand and evidence on employment outcomes if you wish.
36. There are a number of levers available to encourage labour market participation of sole mothers on a benefit: active labour market policies, obligations and sanctions, and financial incentives to work in the form of tax credits. Evidence suggests the effectiveness of these tools is relatively modest, but work-focused intensive case management has been shown to reduce time on benefit for sole parents, and some schemes have been found to be effective, particularly if tightly targeted to where they will make the most difference. Tax credits increase the labour supply of sole parents, albeit modestly, but they have a significant impact on reducing child poverty, and are an important lever in helping to make work pay.

Reducing barriers to childcare is also key for facilitating employment

37. A review of studies examining the link between childcare and women's labour supply in the US, Canada and several European countries concludes that universal high-quality childcare (as in Northern Europe) seems to be the best policy to reduce child poverty and increase mothers' labour market participation. It argues that in the Anglo-Saxon countries (New Zealand being one of them), the high costs of private childcare have contributed to low labour market participation of low-income mothers during child rearing years, and to a high child poverty rate.³ The study also finds that, while the effect of childcare costs on the labour supply of women is rather limited on average, it is much larger and more significant for sole mothers, mothers at the bottom of the income distribution, and for mothers with lower education levels.
38. New Zealand ranks among the least affordable countries in the OECD for childcare, and the targeted component of the overall spend is relatively small. New Zealand's childcare system is also relatively complex and fragmented, with the Ministry of Education providing two types of subsidies directly to Early Childhood Education providers, and the Ministry of Social Development providing a targeted Childcare Subsidy. Take up of the Childcare Subsidy is fairly low, at around 35,000 children for the 2022/23 year.
39. The OECD recommends that countries should provide targeted public support that reaches the parents who need it most, to preserve equity and boost work incentives – rather than the status quo of effectively redistributing support toward higher-income families more likely to use childcare.⁴

Next steps

40. We would welcome the opportunity to discuss this briefing with you at the next officials' meeting in January 2024.

³ Del Boca, Daniela (2015), 'The impact of child care costs and availability on mothers' labor supply', ImPRovE Working Paper No. 15/04, Antwerp: Herman Deleeck Centre for Social Policy – University of Antwerp.

⁴ OECD (2020) 'Is Childcare Affordable?' Policy Brief on Employment, Labour and Social Affairs.

Briefing: Policies to help achieve the Government's Child Poverty Reduction Targets	DPMC-2023/24-514
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Attachments:	Title	Security classification
Attachment A:	Progress towards the Child Poverty Targets	In Confidence
Attachment B:	Reducing the number of children in main benefits as a poverty reduction tool	

Released under the Official Information Act 1982

Attachment A: Progress towards the Child Poverty Targets

Briefing: Policies to help achieve the Government's Child Poverty Reduction Targets	DPMC-2023/24-514
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There are three current primary measures under the Child Poverty Reduction Act 2018 for which three-year and ten-year targets have been set

Investment so far has translated to progress on these three primary measures ...

- ~46,000 (4.5 ppt) fewer children on the Before Housing Costs (BHC50) primary measure.
- ~77,000 (7.4 ppt) fewer children on the After Housing Costs (AHC50) primary measure.
- ~29,000 (3 ppt) fewer children on the Material Hardship primary measure.

...but more is needed to achieve the current 10-year targets in 2028

There is flexibility under the Act to change the targets at any time

BHC50: ~80,000 children / 7 ppt further reduction needed



Definition: proportion of children in households receiving less than 50% of the median equivalised disposable income in a given year

Progress requires: incomes of households with children at the bottom of the distribution to rise faster than the median household income

Outlook: rates forecast to increase from 2023 as middle income growth outpaces income growth at the bottom. Uncertain if 2024 target will be met, substantially more investment needed to achieve the current 2028 target

AHC50: ~60,000 children / 5.4 ppt further reduction needed

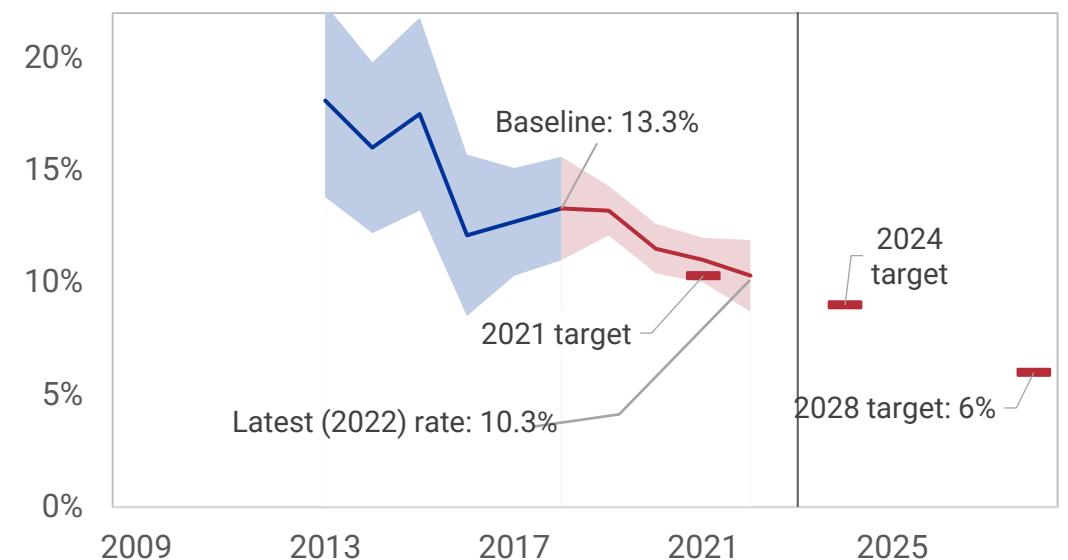


Definition: proportion of children living in households with incomes less than 50% of the median household income in 2018, after deducting housing costs and adjusting for inflation

Progress requires: keeping down housing costs and ensuring family incomes grow faster than increases to the cost of living

Outlook: rates forecast to track down steadily as income growth at the bottom outpaces inflation. The 2024 target will be met, but more needed to achieve the current 2028 target

Material hardship: ~50,000 children/ 4 ppt further reduction needed



Definition: proportion of children living in households that lack six or more out of 17 items on the material hardship index (eg, having two pairs of shoes in good condition)

Progress requires: increasing incomes, reducing housing costs and wider costs of living, decreasing and preventing debt, improving supports to families experiencing disadvantage

Outlook: can't be modelled by Treasury, uncertain if 2024 target will be met. Rates very sensitive to downturn in wider economic conditions

Released under the Official Information Act 1982

Attachment B: Reducing the number of children in main benefits as a poverty reduction tool

Briefing: Policies to help achieve the Government's Child Poverty Reduction Targets	DPMC-2023/24-514
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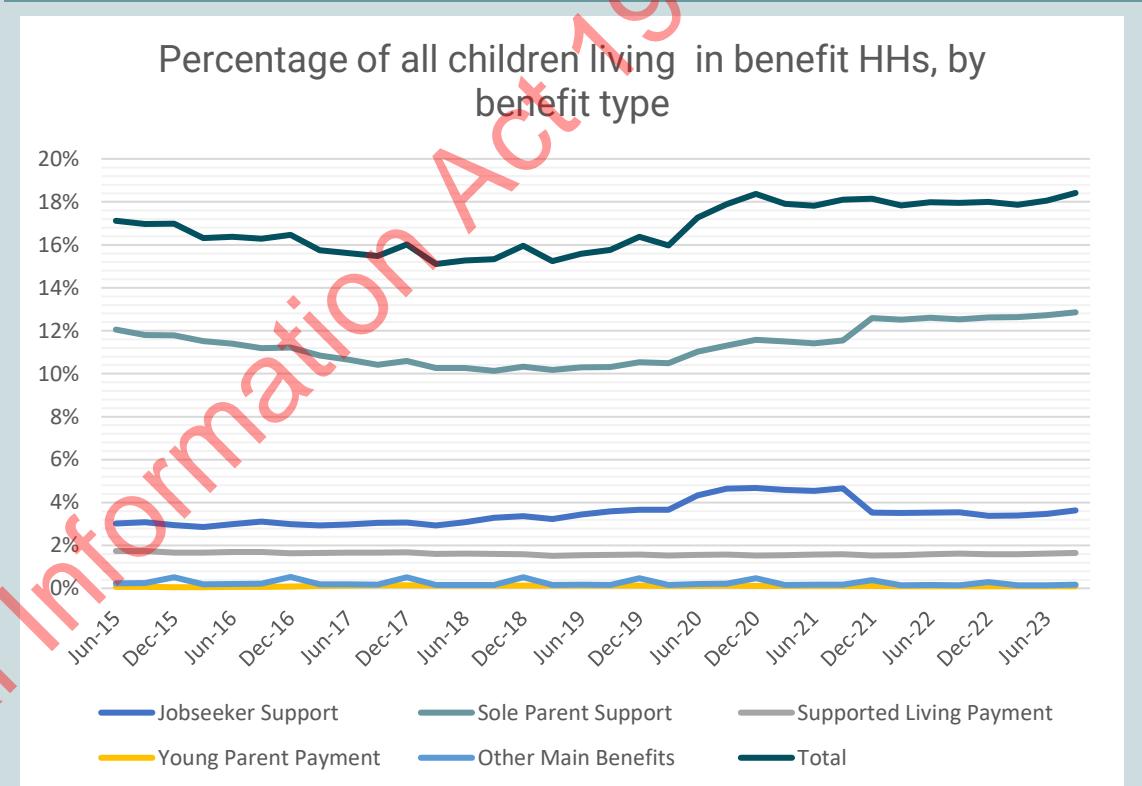
Attachment B Reducing the number of children in main benefit households as a poverty reduction tool

1. Children in Material Hardship (MH) are more likely to be in main benefit households (benefit HHs)...

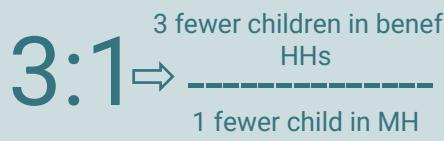
Four Key Groups:	Children in benefit HHs	Children in low income working HHs (<BHC70)	Children in low-middle income working HHs (BHC70-BHCmedian)	Children in middle to high income HHs (>BHC median)
# children (2021)	~190,000	~200,000	~294,000	~456,000
		956,000 (total number of children in working/not in benefit HHs)		
		1,146,000 (total number of children in NZ)		
≈ 10,000 children in Material Hardship ≈ 10,000 children, not in Material Hardship				
# children in Material Hardship (Material Hardship rate*)	~74,000 children in material hardship (39% of children in benefit HHs are in MH)	~24,000 (~12%)	~17,000 (~6%)	~11,000 (~2%)
Material Hardship composition**	~59% of all children in MH are in benefit HHs	~51,000 (5%) total working/ not in benefit HHs		
		~19%	~14%	~9%
		~41% - working/ not in benefit HHs		

*material hardship rate = proportion of children with a given characteristic in material hardship.
 **material hardship composition = proportion of all children in material hardship with a given characteristic.

2. ... and the proportion of all children in benefit HHs has increased by about 3ppt since 2018



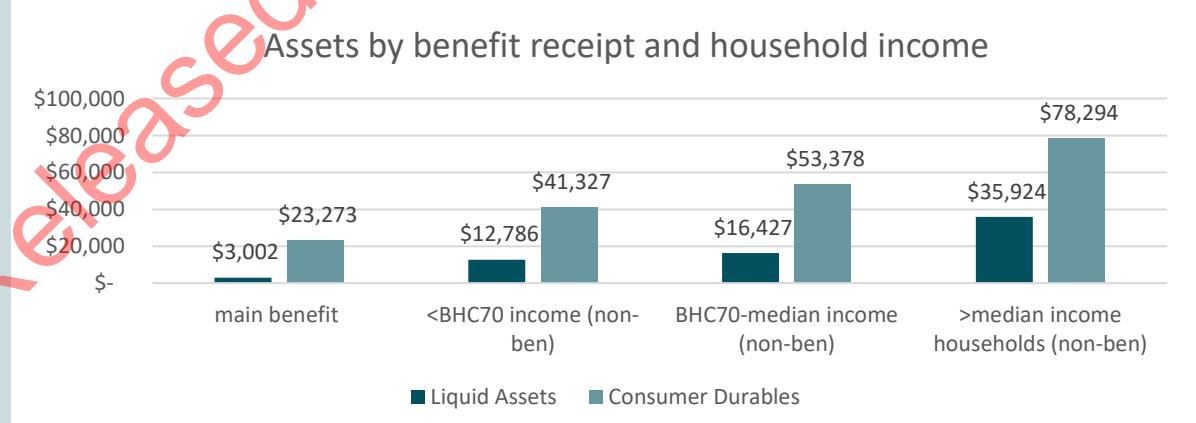
3. Reducing the number of children in benefit HHs by 3 ppt could reduce MH rates by up to 1 ppt on average....



- On average, reducing the proportion of children in benefit HHs by 3ppt (to the historically low rate of 15%, seen in 2017/18), could reduce material hardship rates by up to 1 ppt.
- The ratio is similar for the other primary poverty measures.
- But realising these reductions depends on strong assumptions (see figure 4).

4. ... assuming other barriers are addressed

- We don't have direct causal evidence about the child poverty impacts of reducing the number of children in benefit HHs. But we do know other factors are likely to be associated with both benefit receipt and poverty risk (eg risk of physical and mental health barriers, low skills, fewer supports)
- These risk factors would need to be addressed, or may take time to resolve, if the potential reductions in material hardship from moving off benefit and in to employment are to be fully realised.
- For example, we know that benefit HHs with children have on average one quarter the liquid assets (eg cash savings) and half the consumer durables that low income working households have (see figure below). Assets are an important protective factor against material hardship, but may take time to accumulate.



5. Policy implications:

- Supporting parents who are able to move off main benefit and into work has an important role to play in reducing child poverty rates, as one part of a balanced portfolio of child poverty reduction investments.
- Over the longer term (10-20 years) investing in human capital (skills, health etc) and ensuring family friendly work options and access to affordable child care, has the potential to drive large and sustained reductions in both long term benefit receipt and child poverty rates.
- But over the shorter term (5-10 years) the main constraints to reducing benefit receipt rates as a child poverty reduction policy lever are:
 - Scalability.** It may be challenging to reduce rates of children in benefit HHs below 15%. At most, this could deliver a 1ppt reduction in material hardship rates.
 - Uncertainty about causal impacts.** Other factors may also need to be addressed (see figure 4).
 - Timing.** Implementing employment interventions at scale can take time. And there is a further lag between lifting employment income and reductions in measured material hardship.
- A balance of investment is needed, including to reduce in-work poverty for the 40% of children in material hardship not on main benefit, and to ensure main benefit rates are adequate for those who are unable to work.

~~RESTRICTED~~

DEPARTMENT OF THE
PRIME MINISTER AND CABINET
TE TARI O TE PIRIMIA ME TE KOMITI MATUA

Coversheet

Briefing: Cyber Security: 2024 Work Programme Priorities

Date:	25/01/2024	Report No:	DPMC-2023/24-402
		Security Level:	[RESTRICTED]
		Priority level:	Regular

	Action sought	Deadline
Rt Hon Chris Luxon Minister for National Security and Intelligence	Discuss key 2024 priorities with officials at the earliest opportunity.	01/02/2024

Name	Position	Telephone	1 st Contact
Halia Haddad	Acting Director, National Security Policy	9(2)(g)(ii)	✓
9(2)(g)(ii)			

Departments/agencies consulted on Briefing
GCSB (NCSC)

Minister's Office

Status:

Signed

Withdrawn

Comment for agency

Attachments: No

~~RESTRICTED~~

Briefing

Cyber Security: 2024 Work Programme Priorities

To: Rt Hon Christopher Luxon
Minister for National Security and Intelligence

Date	25/01/2024	Security Level	[RESTRICTED]
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Purpose

At the NSI officials' meeting on 25 January, you asked to be briefed on each of the 12 core issues under the National Security Strategy. In line with that, this paper:

- sets out the context of the cyber security aspects of your National Security and Intelligence portfolio;
- highlights the evolving cyber threat landscape and risks, and
- outlines current priorities in the cyber security work programme, focusing specifically on issues requiring early consideration or decisions.

Recommendations

We recommend you:

1. **Note** that cyber security is on the forward schedule for National Security and Intelligence officials' meetings, which will provide an opportunity to discuss priorities for the cyber security work programme in detail.

s 9(2)(g)(ii)

Julian Grey
Acting Executive Director
National Security Group

26/01/2024



Rt Hon Chris Luxon
Minister for National Security and
Intelligence

29...../.....01...../24.....

Background

1. As Minister for National Security and Intelligence you have responsibility for cyber security policy. Cyber security is a core issue in the National Security Strategy, and opportunities to enhance New Zealand's security and resilience against cyber threats need to be prioritised, given the potential impact of malicious cyber activity.
2. Strategic cyber security policy is undertaken by the National Cyber Policy Office (NCPO) in the National Security Policy Directorate, which sits within the National Security Group (NSG) at DPMC and is funded through Vote Prime Minister and Cabinet. This briefing introduces you to the work DPMC does on cyber security. It provides an overview of the cyber threat landscape, and outlines current priorities in the cyber security work programme.
3. Following this background briefing, we will be providing early advice to you on:
 - improving the resilience of New Zealand's critical infrastructure;
 - options for the direction and form of New Zealand's national strategy for cyber security;
 - revising our arrangements for joining international partners in issuing public attributions and advisories in response to malicious actions in cyberspace; and
 - the introduction to the House of a Bill to enable New Zealand's accession to the Budapest Convention on cybercrime^{6(a)}
4. 6(a)

Your roles and responsibilities

Policy responsibility

5. Within your responsibilities as Minister for National Security and Intelligence you have overall responsibility for cyber security policy. This includes:
 - The overall strategic direction of cyber security policy in New Zealand, as a core component of national security;
 - The national Cyber Security Strategy (which includes cybercrime, international engagement, and New Zealand's overall resilience and response), in conjunction with other relevant portfolios/Ministers as appropriate;
 - Policy decisions arising from cyber incidents;
 - New Zealand's international engagement on cyber security issues, in conjunction with the Minister of Foreign Affairs and others as appropriate, as it relates to our broader national security, multilateral interests and key partner relationships; and
 - Decisions on public attributions of cyber incidents and any other non-cyber responses to cyber incidents, in conjunction with other Ministers (especially GCSB and the Ministry of Foreign Affairs) as required.

Related Ministerial portfolios

6. Cyber security is a cross-cutting issue impacting a number of portfolios. In particular, two other Ministerial portfolios directly support your cyber security responsibilities:

- The **Minister responsible for the GCSB** has responsibility for oversight of the GCSB and its cyber security functions, as set out in the Intelligence and Security Act 2017. This includes:
 - Cyber security operations for the whole of economy including incident response, advice and guidance, deterrence, and defensive capability (noting that this includes the functions of CERT NZ);
 - GCISO system leadership for the public service;
 - New Zealand's international engagement on cyber security issues as it relates to the GCSB's operations; and
 - Decisions on public attributions of cyber incidents, in conjunction with you and other Ministers as required; and
- The **Minister of Foreign Affairs** who has joint responsibility with you for New Zealand's international position on cyber security diplomacy.

Strategic context

7. Cyber security¹ is fundamental to New Zealand's national security and economic growth. Digital technologies have permeated almost every facet of economy and society, offering significant opportunities for innovation, stronger productivity, and improved services. COVID-19 accelerated the uptake of digital technologies and highlighted how they can increase resilience, enhance business and government operations, and enable education and social connections.
8. These benefits come with significant challenges, as malicious cyber actors seek new ways to engage in theft, espionage, and other disruptive and harmful acts. The impacts of cyber attacks can range from financial harm; leaking of sensitive data; loss of intellectual or culturally important data; through to the disruption of critical services.
9. Government has a leading role in keeping New Zealand safe. This includes maintaining strong cyber security over government networks, providing defences from serious cyber threats that no individual or organisation can mitigate on its own, creating a fit for purpose legislative environment, and sharing information domestically and internationally on existing and emerging cyber security threats.
10. However, significant cyber security capability and efforts exist outside government, with individuals and private organisations working to protect their data, devices, and networked infrastructure. Therefore, cyber security solutions require a multi-stakeholder approach, including the private sector, educational institutions, and civil society.
11. Government also works closely with international partners on various shared interests. Areas of cooperation include multilateral efforts to promote a free, open, and secure internet; addressing cross-border cybercrime; and coordinated responses to malicious cyber activity by other nations, whether they target New Zealand or our partners.

Cyber security landscape

12. New Zealand faces an increasing range of cyber threats from a diversifying range of actors. The NCSC's annual Cyber Threat Report describes the contemporary cyber threatscape. The most severe incidents reported to the NCSC in 2022/23 were predominantly associated with

¹ "Cyber security" means protecting people and their computers, networks, programs, and data from unauthorised access, disruption, exploitation, or modification.

extortion activity, such as ransomware. The distinction between state-sponsored and cyber-criminal activity continues to blur, creating challenges for cyber investigators to understand the motives behind malicious cyber activity. While the number of incidents we see affecting nationally significant organisations remains largely consistent with previous years, the impact of malicious cyber activity is on the rise.

13. The number of incidents reported to CERT NZ has grown steadily since it was established in 2017. On average, CERT NZ receives reports of around 2,000 incidents per quarter, costing New Zealand businesses and individuals around \$4.5 million per quarter. This includes incidents such as the sustained campaign by scammers pretending to be the New Zealand Transport Agency and NZ Post, as well as high-profile incidents affecting service providers and their customers such as the Mercury IT ransomware incident.
14. However, it is important to underscore that there are no comprehensive figures that set out the true scale of cyber security incidents in New Zealand. Underreporting of cyber incidents is common, and the wider impact of significant events, including incidents that trigger a national security response, are often not adequately quantified. Data loss, from espionage or intellectual property theft, may occur without the victims' knowledge. Therefore, reported or detected incidents represent the tip of the iceberg when it comes to cyber attacks and compromises.
15. A joint report by the NCSC and NZ Police estimated that actual cybercrime (including cyber-enabled crime such as fraud and online harm) had risen 80% from 2019 to 2022 and that 91% of cybercrime is not reported to NZ Police. It was identified that most fraud is now cyber-enabled, and that direct financial loss is likely to be over \$1 billion annually.
16. Cyber attacks against New Zealand organisations will continue to increase in number, sophistication, and impact. However, New Zealand's experience is not unique – it reflects a serious and growing international problem.

Cyber threat trends

17. Current cyber threat trends include:

- an increase in the speed, scale and mass exploitation of recently disclosed vulnerabilities;
- establishment of more strategic access, for example through the compromise of supply chains. The recent compromises of local managed service provider Mercury IT and filesharing software used by the Reserve Bank of New Zealand (RBNZ) are prime examples; and
- commoditisation of cybercrime, particularly through developments such as malware-as-a-service, leading to a cybercrime ecosystem that is both more professionalised but also has lower technical barriers to entry.

18. All this contributes to making the global cyber threat picture complex, effective cyber security measures more challenging to implement, and attribution of cyber incidents to particular actors more difficult.

Issues constraining our responses

19. Despite an increasing understanding of the sources and impacts of cyber security incidents there are still underlying barriers to improving our national resilience. Work arising from the response to the Waikato District Health Board ransomware attack identified that New Zealand's organisations are not sufficiently prepared for cyber attacks due to:

- underinvestment and limited uptake of modern information technology services;
- failure to apply basic cyber security measures;
- a critical skills shortage; and

- outdated legislation.

20. These issues all cross multiple sectors of the economy and require collaboration within government and with the private sector.

Cyber Security Strategy

21. New Zealand has a national Cyber Security Strategy that sets out priority areas for action for the 2019-2023 period. The current Cyber Security Strategy built on the priorities and direction of the previous 2011 and 2015 strategies.

22. Since the launch of the Strategy, and in response to the ransomware attack on the Waikato District Health Board in 2021, a range of work has been initiated to improve the cyber security environment and enhance New Zealand's resilience to cyber security threats. Important initiatives include:

- The integration of CERT NZ into the Government Communications Security Bureau's (GCSB's) National Cyber Security Centre (NCSC) (in progress);
- Adopting a more directive approach for cyber security in the public sector through government system leads, including the Government Chief Information Officer and Government Chief Digital Officer (ongoing);
- Establishment of a temporary Cyber Security Advisory Committee which provided executive-level, industry-centric advice on options for strengthening New Zealand's cyber security and resilience (complete);
- Research on the domestic cyber security workforce and skills ecosystem, to include size, roles, demographics, pathways, and key skills gaps (complete);
- Preventing public sector agencies from paying cyber ransoms and requiring them to report ransomware incidents to the NCSC (ongoing);
- Working alongside our closest security partners, sharing information on threats and trends, and taking joint action on issues of mutual interest (ongoing); and
- Progressing New Zealand's accession to the Budapest Convention on cybercrime, including hui with Māori stakeholders on the implications for Māori of acceding, and to authentically integrate te ao Māori into the development of policy proposals 6(a) [redacted] in progress).

23. It is now timely to review the adequacy of current cyber security policy settings and refresh them in line with contemporary cyber security threats and New Zealand's overall cyber security maturity, to ensure our current and future interventions are fit for purpose and addressing the most critical issues. Officials will provide you with options for revising and communicating New Zealand's cyber security strategy and policy settings shortly.

Key priorities and early areas of focus

24. Alongside a potential refresh or rewrite of the national cyber security strategy, there is an ongoing programme of work to enhance New Zealand's resilience against malicious cyber threats and cybercrime. We are keen to focus this work to deliver on your priorities, and to sequence policy work on key areas to deliver more effective cyber security outcomes for New Zealand. The areas of early focus set out below are detailed below.

Critical infrastructure resilience

25. DPMC is leading work to develop a new regulatory framework to enhance the resilience of New Zealand's critical infrastructure system to all hazards, including cyber threats. A

regulatory regime will ensure that our critical infrastructure is better prepared to withstand, and recover from, disruptions caused by adverse events, such as cyber security incidents. This is fundamental to protecting lives and livelihoods, and will shape New Zealand's economy to be more sustainable and prosperous. You are receiving a paper on this work in parallel.

6(a)



Attributions

30. 6(a)
[Redacted]

31. 6(a)
[Redacted] t. New Zealand has publicly attributed a number of malicious cyber campaigns designed to generate revenue, disrupt businesses, undermine democracy, or for the theft of intellectual property. This has included calling out North Korea, as well as Russian and Chinese-linked actors. 6(a)
[Redacted]

32. Public attribution statements are generally issued at senior official or Ministerial level, and involve consultation among Ministers including yourself, the Minister responsible for the GCSB, and the Minister of Foreign Affairs. 9(2)(f)(iv)
[Redacted]

Next steps

33. Officials will discuss the key priorities outlined in this briefing, and your preferences for this work, at during an upcoming NSI officials' meeting.



Coversheet

Briefing: Enhancing critical infrastructure resilience

Date:	Click here to enter a date.	Report No:	DPMC-2023/24-447
		Security Level:	_____
		Priority level:	Routine

	Action sought	Deadline
Rt Hon Christopher Luxon Minister for National Security and Intelligence	agree to recommendations	01/02/2024

Name	Position	Telephone		1 st Contact
Julian Grey	Acting Executive Director National Security Group	9(2)(g)(ii)	9(2)(g)(ii)	✓
Ryan Walsh	Principal Policy Advisor, Strategic Coordination	N/A	9(2)(g)(ii)	

Departments/agencies consulted on Briefing
None on this briefing, however substantive content developed in consultation with Ministry of Foreign Affairs and Trade, Treasury, Ministry of Business, Innovation and Employment, Ministry of Transport, Department of Internal Affairs, Ministry for the Environment, National Emergency Management Agency, Te Waihanga (the Infrastructure Commission), New Zealand Security Intelligence Service, the Government Communications Security Bureau, Commerce Commission, Electricity Authority, Reserve Bank of New Zealand, Ministry for the Environment and LINZ.

Minister's Office

Status:

Signed

Withdrawn

Comment for agency

Attachments: No

Briefing

Enhancing critical infrastructure resilience

To: Rt Hon Christopher Luxon
Minister for National Security and Intelligence

Date 25/01/2024

Security Level

Purpose

1. The Department of the Prime Minister and Cabinet (DPMC) is leading work to enhance the resilience of New Zealand's critical infrastructure system. To date, this work has been led by the Minister for National Security and Intelligence. Given its interface with related government infrastructure priorities, this briefing seeks your agreement to delegate leadership of this work programme to the Minister for Infrastructure.

Recommendations

We recommend you:

1. **note** that, following a first phase of consultation in mid-2023, there was near unanimous support from government, industry, and political parties for this work programme.
2. **note** it would be advantageous to align this work with other government infrastructure priorities.
3. **agree** to delegate this work to the Minister for Infrastructure. YES / NO
4. **direct** officials to draft a letter to send to the Minister for Infrastructure confirming this delegation. YES / NO
5. **agree** the letter should highlight the importance of the Minister for Infrastructure consulting with the Minister for Regulation. YES / NO
6. **agree** to proactively release this report, subject to any appropriate redactions justified under the Official Information Act 1982. YES / NO

9(2)(g)(ii)

Julian Grey
Acting Executive Director
National Security Group

26/01/2024

Rt Hon Christopher Luxon
Minister for National Security and
Intelligence

...../...../.....

Briefing: Enhancing critical infrastructure resilience: next steps

DPMC-2023/24-447

Work is underway to develop a new regulatory framework to enhance critical infrastructure resilience

New Zealand's approach to delivering resilient critical infrastructure is out of step with global best practice and is no longer fit-for-purpose

2. New Zealand's history of underspending on resilience before adverse events exposes the Crown to bearing the high cost of infrastructure failure through response and recovery. Without change, the Crown's annual contingent liability for natural hazards alone has been estimated to reach \$3.3 billion per annum by 2050. Not only is this cost high and growing, it:
 - exacerbates a range of inequities within individual communities,
 - contributes to New Zealand's widening infrastructure deficit, and
 - is significantly more expensive than well targeted investments in resilience.
3. The challenges of a deteriorating national security environment, economic fragmentation, rapid uptake of new technologies, and climate change compound the urgent need for critical infrastructure entities to protect their assets against a growing set of risks, which can severely disrupt the provision of essential services.
4. However, market forces are insufficient to compel critical infrastructure entities to invest appropriately in resilience so that they can withstand and recover from disruptive events. This is because the costs of enhancing resilience are borne directly by critical infrastructure entities, whereas the costs of failure are distributed more widely and often borne by taxpayers.
5. New Zealand's existing regulatory arrangements are insufficient to rectify this market failure. First, not all critical infrastructure sectors are subject to regulation (for example, data centres). Second, for sectors that are regulated, there is no consistency in how risks to assets are managed.
6. This approach does not account for the significant interdependencies between sectors, which mean that disruptions in one sector can quickly cascade across the system. This was demonstrated during Cyclone Gabrielle, when power outages (caused by the fact that a substation was built on a flood plain) disrupted telecommunications, emergency services, payments systems and individual New Zealanders' access to critical goods for a prolonged period.
7. In response, and consistent with the recommendations of New Zealand's first Infrastructure Strategy, DPMC was funded through Budget 2023 to develop a new, fit-for-purpose regulatory framework to enhance the resilience of the critical infrastructure system. Consistent with global best practice, the proposed regime would enable:
 - enforceable resilience standards to be set evenly across all critical infrastructure;
 - improved information sharing and gathering on hazards, threats, and vulnerabilities, to enable critical infrastructure entities to make well-informed investment decisions;
 - step-in powers to be exercised by Government to support critical infrastructure entities in managing significant national security risks; and
 - clearer accountabilities within Government for resilience of the system.
8. In addition to protecting New Zealanders' lives and livelihoods, such an approach would reduce costs,¹ support economic growth, and provide a long-term source of comparative

¹ Research completed by the New Zealand Institute of Economic Research found that well targeted investments to enhance resilience can deliver benefits between four and 11 times the size of the initial outlay.

advantage that will attract foreign investment. It would also offer considerable benefits to critical infrastructure entities, including reducing the risk of them experiencing outages due to the failure of one of their suppliers as well as sustaining their access to reinsurance markets.

9. Recognising these benefits, public consultation in mid-2023 confirmed there was near unanimous support for Government to do more to enhance the resilience of the critical infrastructure system. This endorsement came from all levels of New Zealand society – including individuals and academic researchers, asset owners and sector peak bodies, local and regional councils, iwi, and all parties of the former Parliament (including from the now Minister for Infrastructure in his previous role as Opposition Infrastructure spokesperson).
10. It will require significant resources to implement a new regulatory regime that best positions critical infrastructure to survive during, and thrive after a disruption, but over the long term, this will deliver a better return for consumers, infrastructure providers, and the Crown. We therefore recommend that the Government continue to prioritise this work (with our intention being to conduct a second phase of consultation on specific reform options in mid-2024).

Risks to delivering new legislation can be managed through all-of-government coordination and appropriate Ministerial leadership

11. Delivering this project is complex, and there are a number of concurrent work programmes that have the potential to enable or block progress. Key Government priorities that this work needs to successfully interface with include:
 - resource management reforms, to ensure critical infrastructure entities can get consent for required investments;
 - expanding access to funding and financing for additional investments, including in respect of existing infrastructure assets;
 - climate change adaptation, to ensure that resilience requirements are consistent with broader adaptation objectives;
 - immigration, to ensure that critical infrastructure entities can access the labour they need; and
 - supply chain resilience, to ensure that critical infrastructure entities have continued access to goods and services.
12. Given the number of related policies and DPMC's limited resourcing, achieving system coherence will require contributions from many government departments and agencies. We consider that it would be highly advantageous for this work to be assigned to a responsible Minister with oversight of the Government's broader infrastructure priorities. We therefore recommend delegating leadership of this programme to the Minister for Infrastructure. If you agree, officials will draft a letter for you to send to the Minister for Infrastructure confirming this delegation.

9(2)(f)(iv)

It will also be important to prioritise close partnerships with industry, even if that means it will take longer to deliver regulatory reform

14. Australia's recent experience in delivering similar regulatory reforms has highlighted the importance of progressing this work in a considered way that:

- builds enduring partnerships with industry and communities, recognising that these are shared challenges that require a collective response;
- reduces regulatory duplication and complexity, consistent with legislative best practice; and
- results in outcomes that deliver essential services to New Zealanders more consistently with fewer disruptions.

15. To achieve this, we propose to:

- supplement the planned second phase of public consultation with targeted engagement with industry experts; and
- work towards the introduction of legislation in late-2025 (as detailed in Table 1).

Table 1: Timeline for delivering legislation to enhance infrastructure resilience

Month	Milestones
June 2024	Ministerial consultation on discussion document on reform options
July 2024	Cabinet considers discussion document on reform options
July – September 2024	Public consultation on specific reform options
February 2025	Advice provided on preferred options to portfolio Ministers, as well as draft Cabinet paper to give effect to those options, and Regulatory Impact Assessment (RIA) describing their costs and benefits. Ministerial consultation on draft Cabinet paper and RIA.
March 2025	Cabinet agreement to preferred options
April – August 2025	Drafting of Resilience Bill
September 2025	Officials provide draft Resilience Bill and LEG paper to Ministers
October 2025	Ministerial consultation on Resilience Bill
November 2025	Cabinet considers Resilience Bill for introduction. Resilience Bill introduced and referred to Select Committee

16. This is approximately six months later than we had initially planned but allows us to consult widely and meet best practice for regulatory design. Accordingly, Ministerial agreement may be required to reprofile the budget allocation for this work. Additional advice on this will be provided in early-2024.

Next steps

17. If you decide to allocate responsibility for this work programme to the Minister for Infrastructure, we shall work with Cabinet Office to facilitate this delegation and liaise with his Office to brief him.

18. Officials are available to discuss any aspect of this work with you or your colleagues.



Coversheet

Briefing: Democratic resilience to disinformation

Date:	26/01/2024	Report No:	DPMC-2023/24-633
		Security Level:	RESTRICTED
		Priority level:	Routine

	Action sought	Deadline
Rt Hon Christopher Luxon Prime Minister Minister for National Security and Intelligence	Discuss work programme with officials at an upcoming officials' briefing.	01/02/2024

Name	Position	Telephone	1 st Contact
Julian Grey	Acting Executive Director, National Security Group	9(2)(g)(ii)	9(2)(g)(ii)
9(2)(g)(ii)	Strategic Coordinator, Counter-Disinformation	9(2)(g)(ii)	✓

Departments/agencies consulted on Briefing

The Department of Internal Affairs, New Zealand Police, Ministry of Foreign Affairs and Trade, Ministry for Culture and Heritage, New Zealand Security Intelligence Service, Government Communications Security Bureau, and the Public Service Commission were consulted in the development of this briefing.

Minister's Office

Status:

Signed Withdrawn

Comment for agency

6(a)

Briefing

Democratic resilience to disinformation

To: Rt Hon Christopher Luxon Prime Minister Minister for National Security and Intelligence			
Date	26/01/2024	Security Level	RESTRICTED

Purpose

1. Disinformation is one of the 12 National Security Strategy issues on which you have asked to be briefed. There will be an opportunity for discussion on this topic at a future NSI officials' meeting. In the meantime, this paper provides background on the issue, and an early 'no surprises' summary of the work programme. The high level of public and international interest in this issue means you could be asked about this work ahead of our discussion.
2. The briefing should be read alongside the attached s 6(a) [redacted]

Recommendations

We recommend you:

1. **Note** that disinformation is on the forward schedule for National Security and Intelligence officials' meetings, which will provide an opportunity to discuss priorities for the work programme in detail.

<p>s 9(2)(a)</p> <p>[redacted]</p> <p>Julian Grey Acting Executive Director National Security Group</p>
26/01/2024

<p>Rt Hon Christopher Luxon Minister for National Security and Intelligence</p> <p>...../...../.....</p>
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Background

1. Disinformation is false or modified information deliberately shared with the intention to cause harm or achieve a broader aim (including potentially the aims of foreign states). Misinformation is when false information is spread by people who believe it is genuine, without intending to cause harm, including as conspiracy theories. Disinformation is not new, but is amplified through social media and the use of algorithms to push viewers towards polarising or extremist content. There are also a range of concerns about the impact of artificial intelligence on the creation and distribution of disinformation.
2. The definition of what constitutes disinformation can be contentious, and therefore any responses to disinformation must be considered within the boundaries of the New Zealand Bill of Rights Act and the right to freedom of expression.

Disinformation is a challenge for democracies everywhere

3. Disinformation is used to manipulate public opinion on the basis of falsehoods, eroding trust in even legitimate sources of information. Recent developments, most notably the increasingly polarised United States (including the 'Stop the Steal' campaign and the insurrection at the Capitol on 6 January 2021), are "sentinel events" exemplifying the risks of disinformation. In New Zealand, the 2022 occupation of Parliament focused public and media attention on the impacts here.
4. There is significant global concern about the use of disinformation to undermine democratic integrity and trust in institutions, particularly potential impacts on upcoming elections in the United Kingdom and United States.¹ While DPMC-commissioned reporting² detected no foreign disinformation campaigns in New Zealand's 2023 General Election, our partners remain interested in New Zealand's experiences and relative societal resilience, and seek our support for multilateral initiatives to counter disinformation.
5. In New Zealand, we have some lead time to get ahead of disinformation before it reaches the levels we have seen elsewhere. So far, disinformation has not caused widespread distrust in our democratic institutions. However, disinformation and conspiracy theories observed in New Zealand's information environment suggest global trends are taking root in New Zealand, including a trend towards greater polarisation.³ s 6(a)

We are developing an evidence base to inform New Zealand's response

6. Disinformation is a core issue in New Zealand's National Security Strategy 2023-2028, and a National Security Intelligence Priority. This prioritisation reflects the potential of disinformation to erode social cohesion and trust in democratic institutions, and its use globally in ways that are detrimental to New Zealand's interests (such as in the Russia/Ukraine conflict).

¹ World Economic Forum, Global Risks Report 2024. Ranked AI-derived misinformation and disinformation ahead of climate change, war and economic weakness.

² Logically, *Misinformation and disinformation narratives in the 2023 New Zealand General Election*, 2023.

³ Kōi Tū: The Centre for Informed Futures, *Addressing the challenges to social cohesion*, 2023.

7. The previous government commissioned three interim initiatives to help us understand the impact of, and assess potential responses to, disinformation. Cabinet allocated \$4.9M to these through to June 2024. Collectively, the initiatives will provide you with a better evidence base on which to assess the challenges of disinformation, and options to consider in response, informed by data and practical experience.
8. This work programme is convened by DPMC, but primarily delivered outside government, in recognition of the need to maintain public trust and uphold the right to freedom of expression. Our approach is distinguished internationally by its focus on civil society efforts rather than regulation, to ensure diversity of thought and opinion, and to encourage public discussion.

Interim initiatives to respond to disinformation over 23/24, and the next steps for each

Interim Initiatives	Summary	Outcome
Multi-Stakeholder Group	A small group of experts from business, academia, the law and media, providing DPMC with recommendations to strengthen resilience to disinformation while protecting freedom of expression.	The group's report will be made public, and officials will provide you with advice on the recommendations.
Capacity building and community resilience fund	DPMC has partnered with InternetNZ to deliver a one-off fund to support community organisations to build resilience and capacity to respond to disinformation.	Two rounds of funding support a wide range of community initiatives. The lessons from these will inform policy advice on longer-term options.
Public research and analysis	Independent researchers (one domestic and one international) have been commissioned to provide public reporting on disinformation in New Zealand.	All reports are made publicly available, forming a transparent evidence base for the public and media to access and for policy advice.

9. Because this work programme has been deliberately timebound, you will have full scope to decide on whether and, if so, how to continue an ongoing Government response to disinformation. DPMC will provide you with advice and options in Q2 2024, informed by the Multi-Stakeholder Group's recommendations.
10. Officials invite your early views on this emerging approach to disinformation, and are scheduled to discuss it with you at an upcoming NSI officials' briefing. The Multi-Stakeholder Group's co-chairs would also welcome the opportunity to share their perspectives with you.

s 6(a)

6(a)



Released under the Official Information Act 1982

Coversheet

Aide-Mémoire: Critical infrastructure resilience – overview and upcoming milestones

Date:	22/02/2024	Report No:	DPMC-2023/24-794
		Security Level:	████████████████████
		Priority level:	Routine

To:	Action sought:	Deadline:
Hon Chris Bishop Minister for Infrastructure	Note the contents of this briefing.	26 February 2024, when you are scheduled to meet with DPMC officials.

Name	Position	Telephone		1 st Contact
Bridget White	Executive Director, National Security Group	9(2)(g)(ii) ██████████	9(2)(g)(ii) ██████████	✓
Ryan Walsh	Principal Advisor	N/A	9(2)(g)(ii) ██████████	

Departments/agencies consulted on Briefing

None on this briefing. However, substantive content developed in consultation with the Ministry of Foreign Affairs and Trade, Treasury, Ministry of Business, Innovation and Employment, Ministry of Transport, Department of Internal Affairs, Ministry for the Environment, National Emergency Management Agency, Te Waihanga (Infrastructure Commission), New Zealand Security Intelligence Service, Government Communications Security Bureau, Commerce Commission, Electricity Authority, Reserve Bank of New Zealand, and Ministry for the Environment.

Minister's Office

Status:

Signed

Withdrawn

Comment for agency

Attachments: Yes

Aide-Mémoire

Critical infrastructure resilience – overview and upcoming milestones

To:	Hon Chris Bishop Minister for Infrastructure		
From:	Bridget White, Executive Director, National Security	Date:	22/02/2024
Briefing Number:	DPMC-2023/24-794	Security Level:	[IN-CONFIDENCE]

Purpose

1. On 13 February 2024, the Prime Minister allocated you (as Minister for Infrastructure) responsibility for work being led by the Department of the Prime Minister and Cabinet (DPMC) to enhance the resilience of New Zealand's critical infrastructure system.
2. Building on the report referred to you by the Minister for National Security and Intelligence on 7 February 2024 (DPMC-2023/24-447 refers), this Aide-Mémoire provides additional information on the work programme, including on material policy trade-offs, intersections between the work programme and your other portfolio responsibilities, and upcoming milestones that will require your attention.
3. DPMC staff will be available to discuss this with you during your regular meeting with officials on 26 February 2024.

Executive Summary

4. Since May 2023, DPMC has been leading work on a new regulatory approach to enhance the resilience of New Zealand's critical infrastructure system. In July 2023 and as part of broader public consultation, DPMC briefed you on this work in your role as the National Party's Infrastructure Spokesperson.
5. This work recognises that our largely sector-by-sector approach to regulating critical infrastructure fails to manage the systemic risks generated by the interdependencies between critical infrastructure sectors (where the failure of any asset can have significant implications for the performance of the entire critical infrastructure system). This exposes individuals, communities, and businesses to unnecessary service disruptions.
6. Consistent with global best practice, and the recommendations of New Zealand's first Infrastructure Strategy and national adaptation plan, a fit-for-purpose regulatory regime would (among other things) introduce minimum resilience standards that would apply to all critical infrastructure owners and operators in the same way and therefore reduce the risk of outages cascading within and across sectors.

-
7. While such standards will increase the amount that critical infrastructure asset owners need to spend on resilience each year, all evidence indicates that over the longer term this will be cheaper and fairer than the status quo.
 8. At present, instead of investing in asset management, we spend significantly more on rebuilding and replacing assets when they inevitably fail – whether due to a lack of maintenance (as we are seeing with water networks across the nation) or the impacts of extreme weather or other shocks (as we saw with Cyclone Gabrielle and various cyber incidents over the last few years, including the disruption of the NZX). As well as being more costly in the long run, this is not sustainable or equitable.
 9. Realising the economic and other benefits of a more resilient critical infrastructure system will require the Government to:

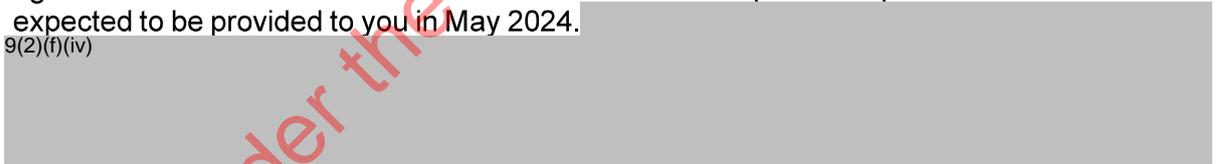
9(2)(f)(iv)



- ensure that compliance with new requirements is enabled by decisions on related policies including infrastructure financing, land use and climate change adaptation (there is little use, for example, in establishing new requirements for asset owners to make improvements that they cannot fund or get consent for).

10. These choices are, however, at least a year away. You will receive advice on final policy recommendations to take to Cabinet for consideration (including on the definition of critical infrastructure) in early 2025. This advice will be informed by significant engagement with agencies and external stakeholders throughout this period.
11. The first substantive material that will require your approval – a Cabinet paper seeking agreement to release a discussion document on reform options for public consultation – is expected to be provided to you in May 2024.

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DPMC is leading the development of a systems-based regulatory framework to lift critical infrastructure resilience

12. Critical infrastructure – like electricity, water, transport, and telecommunications networks – underpins New Zealand’s economy and is essential to public safety, security, and health. The inverse, however, is also true. The loss, damage, or disruption of critical infrastructure can threaten lives and livelihoods.
13. Our historic approach of underspending on resilience before adverse events exposes the Crown to bearing the high cost of infrastructure failure through response and recovery. Without change, the Crown’s annual contingent liability for natural hazards alone has been estimated to reach \$3.3 billion per annum by 2050. This cost is high and growing, which:
 - contributes to New Zealand’s widening infrastructure deficit,
 - is significantly more expensive than well-targeted investments in resilience, and
 - exacerbates a range of inequalities, with lower income New Zealanders who receive a greater share of government financial support bearing a disproportionate burden from government funds redirected towards disaster recovery
14. Due to long term underinvestment, New Zealand’s critical infrastructure system is not well placed to manage the challenges of changing seasons, let alone the consequences of climate change or growing national security threats. This was illustrated through last year’s Auckland floods and Cyclone Gabrielle, as well as the issues afflicting the performance of Auckland and Wellington’s rail networks, Wellington’s water network, and Transpower’s electricity grid.
15. Market forces are insufficient to deliver the uplift in asset performance that is required to ensure the continued provision of essential services (including in the event of an emergency). This is because the costs of enhancing resilience are borne directly by critical infrastructure entities, whereas the costs of failure are distributed more widely.
16. Existing sector-based regulatory regimes are also inadequate. This is because:
 - for sectors that are regulated, similar risks are managed in different ways (and in some cases not at all – cyber risks do not feature in many regimes), and
 - many important sectors are not subject to regulation at all (such as cloud service providers).
17. In response to these issues and following strong public endorsement of the need for change, DPMC has been leading work to develop a new ‘systems-based’ regulatory framework. This approach will deliver on recommendations in New Zealand’s first Infrastructure Strategy and national adaptation plan and is intended to leave the critical infrastructure system better placed to manage all hazards and threats. Consistent with OECD guidance, DPMC is developing options to:
 - improve information sharing between government and critical infrastructure entities on hazards, threats, and vulnerabilities, to enable critical infrastructure entities to make well-informed investment decisions,
 - require critical infrastructure entities to provide information to government on matters like ownership and control, and cyber incidents, to expand government’s awareness of vulnerabilities and threats,
 - set enforceable resilience standards to manage the risk of an outage in one sector disrupting the operation of critical infrastructure in other sectors, irrespective of how much asset owners had invested in their own resilience,

- grant government last resort powers to step in and support critical infrastructure entities in managing significant national security risks, and
- clarify Ministerial, policy, and regulatory accountabilities for the critical infrastructure system's resilience, to ensure compliance with the above.

18. ^{9(2)(f)(iv)}

19. A regulatory approach designed to reduce the risk of disruptions across the critical infrastructure system offers considerable benefits to asset owners that are already investing heavily in their resilience and will better protect individual New Zealanders and their communities. Facilitating a nation-wide shift away from our traditional approach of underinvesting in resilience ahead of events, and overspending on recovery, will also:

- reduce the lifetime cost of delivering essential services,²
- make the costs of sustaining essential services more regular and transparent,
- allocate these costs more equitably among service users, and
- help sustain New Zealand's access to global insurance and reinsurance markets.

20. Additional detail on the regulatory features being developed is at [Attachment A](#).

While reform offers significant benefits, there are trade-offs to balance

21. Resilience is just one of many objectives for the critical infrastructure system, alongside competition, affordability, equity, and efficiency. Designing a new regulatory regime to enhance critical infrastructure resilience will therefore be highly complex and require trade-offs to be made across various Government objectives. In particular, it will prompt choices about how to:

- ^{9(2)(f)(iv)}
- balance fiscal objectives against the benefits of more resilient critical infrastructure.

It is important to only apply new requirements where it is proportionate to do so...

22. Some of the most significant trade-offs will stem from how critical infrastructure is defined. As noted above, this definition is only intended to capture those assets that:

- deliver essential services to large populations,
- underpin significant economic activity, or
- have large numbers of interdependencies across sectors and therefore the potential to trigger widespread, cascading consequences if disrupted.

23. We recommend defining critical infrastructure (and consequently the scope of the proposed regime) in this way to best ensure that:

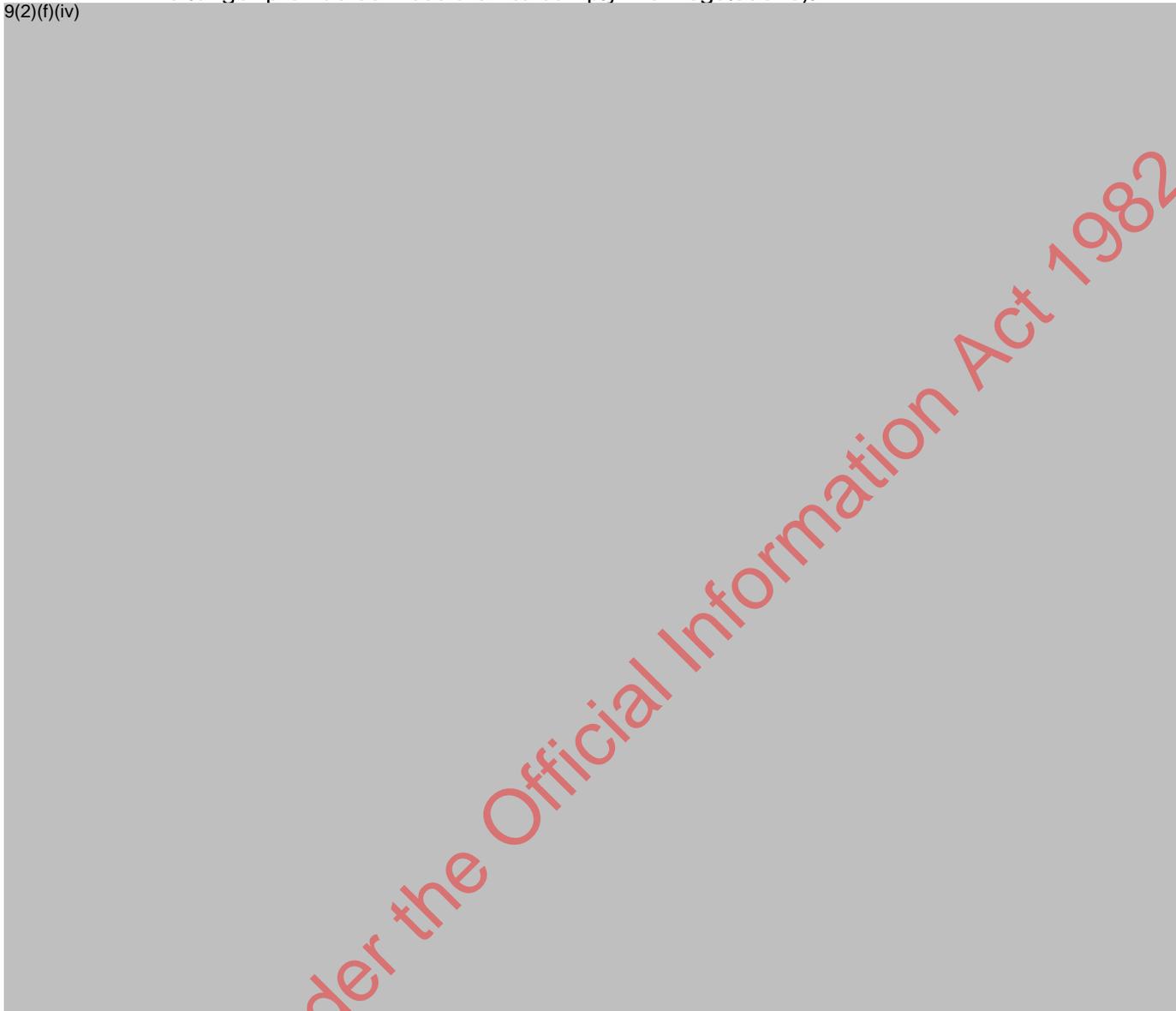
- new requirements are only introduced where it is proportionate to do so,
- the users of regulated assets will be able to bear the increased costs required to fund additional investments, and

^{9(2)(f)(iv)}

² Research completed by the New Zealand Institute of Economic Research found that well targeted investments to enhance resilience can deliver economic benefits between four and 11 times the size of the initial outlay.

- there is a low risk of service withdrawal (an asset owner deciding that it is cheaper to no longer provide services than to comply with regulations).

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Success will depend on alignment with other Government priorities

28. In our advice to the Prime Minister (in his capacity as Minister for National Security and Intelligence), we noted that the success of any regulatory reform will ultimately depend on how well it aligns and is sequenced with work on related Government priorities (as described in Attachment B).

29. The Prime Minister allocated you responsibility for this work based on:

- the number of these work programmes that you are responsible for across your Infrastructure, Resource Management, Housing and Finance portfolios, making you uniquely placed to help ensure system coherence, and
- that the objectives of this programme will complement your ability to deliver on your other portfolio priorities. For example, this programme will assist you in balancing the need for an increased supply of affordable housing, with the need for resilient infrastructure to support new dwellings and growth of communities.

30. DPMC has convened a cross-agency Governance Group³ to support the development of coherent advice to you across these related work programmes.

An ongoing partnership with industry and communities will be essential

31. Australia's recent experience in delivering similar regulatory reforms has highlighted the importance of progressing this work in a considered way that builds enduring partnerships with industry and communities. This recognises that the challenges facing our infrastructure system are shared by all New Zealanders and that no single party has all the relevant knowledge, capabilities, or resources to manage them.

32. To help build the required social license, we completed a first round of public consultation in August 2023 focussed on building awareness of the current shortcomings in our settings and likely reforms required to address them. Submissions revealed near unanimous support for DPMC's work, including from critical infrastructure owners and operators, local government, iwi and Māori, academia, and individual citizens.

33. We intend to build on the success of this engagement by:

- establishing three DPMC-led reference groups that will allow us to confidentially test and calibrate options with representatives from local government, critical infrastructure entities, and Māori and iwi, and
- conducting a second phase of public consultation, focussed on detailed reform proposals, in July 2024.

34. Your leadership of this programme provides additional opportunities to build support for this work. Stakeholders, such as the Telecommunications Forum, are seeking assurances that the related programmes referred to above are delivered in a coordinated way. The significant overlap in stakeholders across your portfolios provides you with an opportunity to communicate that the Government understands the need for – and is committed to delivering on – this alignment, in partnership with industry and communities.

35. Consistent with this, we have prepared some general talking points to support you in talking about this work programme at Attachment C. We will also be considering opportunities for you to lead public discussions on these proposals during consultation.

Upcoming milestones that will require your attention

36. Consistent with the Prime Minister's expectations for this work, Table 1 sets out the timeline for the delivery of legislation by late-2025. The first significant milestone which will require your attention is the draft Discussion Document for Cabinet's consideration, which we will provide you in May 2024.

9(2)(f)(iv)

³ This includes the Treasury, Ministry for the Environment, Department of Internal Affairs, Government Communications Security Bureau, Reserve Bank of New Zealand, New Zealand Transport Agency, the National Emergency Management Agency, Ministry of Business, Innovation and Employment, Ministry of Transport, and the Infrastructure Commission.

Table 1: Timeline for delivering legislation to enhance infrastructure resilience

Month	Milestones
May 2024	Report provided to you with draft Discussion Document and Cabinet Paper for your approval
June 2024	Ministerial consultation on Discussion Document on reform options
July 2024	Cabinet considers Discussion Document on reform options
July – September 2024	Public consultation on specific reform options
October 2024	Advice provided to you on the outcomes of consultation
February 2025	Advice provided to you on preferred reform options and a draft Cabinet paper Ministerial consultation on draft Cabinet paper
March 2025	Cabinet agreement to preferred options
April – August 2025	Drafting of Resilience Bill
September 2025	Draft Resilience Bill and LEG paper provided to you for approval
October 2025	Ministerial consultation on Resilience Bill
November 2025	Cabinet considers Resilience Bill for introduction Resilience Bill introduced and referred to Select Committee

9(2)(g)(ii)

Bridget White
Executive Director
National Security Group

22/02/2024

Hon Chris Bishop
Minister for Infrastructure

...../...../.....

Attachments:	Title:	Security classification:
Attachment A:	Overview of proposed regulatory features	_____
Attachment B:	Overview of related government programmes	_____
Attachment C:	Key messages for stakeholders	_____

Contact for telephone discussion:			
Bridget White	Executive Director, National Security National Security Group	9(2)(g)(ii)	✓
Ryan Walsh	Principal Advisor	9(2)(g)(ii)	

Attachment A: Overview of proposed regulatory features

1. DPMC has been developing (and publicly consulting on) a regulatory regime with the following four features:
 - improved information gathering and sharing on hazards, threats, and vulnerabilities, to enable critical infrastructure entities to make well-informed investment decisions,
 - enforceable resilience standards to be set evenly across all critical infrastructure,
 - step-in powers to be exercised by the government to support critical infrastructure entities in managing significant national security risks, and
 - clearer accountabilities within government for the critical infrastructure system's resilience, to better ensure compliance with the above.
2. These features are consistent with the key elements of Australia's Security of Critical Infrastructure Act, which has the same objectives as DPMC's work.
3. Additional detail on each proposed regulatory feature is provided below.

Improved information sharing between government and asset owners will provide greater visibility of hazards, threats, and vulnerabilities to enable well-targeted investments

4. New Zealand's Infrastructure Strategy, OECD guidance, and a cross-country comparison of regulatory systems all highlight the importance of information sharing between critical infrastructure sectors, and between government and critical infrastructure entities. Under our current settings, however, there is a lack of shared understanding of matters such as:
 - hazards and threats facing New Zealand's critical infrastructure system,
 - the type of outages and disruptions, including cyber incidents, experienced by critical infrastructure,
 - the ownership, control, and location of New Zealand's critical assets, including the dependences and interdependences that can cause disruptions to spread, and
 - vulnerabilities embedded in the infrastructure system, such as those that arise through the use of certain suppliers.
5. Greater information collection and gathering are intended to foster a trusted partnership between the government and the private sector to better manage risks to critical infrastructure. Options are being designed with the objectives of:
 - allowing critical infrastructure owners and operators to make informed decisions that will maximise the amount of resilience gained for each dollar invested,⁴
 - enabling the government to identify weaknesses across the system by building a more fulsome picture of the hazards and threats that critical infrastructure owners and operators are exposed to, and
 - ensuring regulators have the necessary information to impose appropriate and proportionate standards to lift resilience.
6. In response, we are developing options to:

⁴ Research completed by the New Zealand Institute of Economic Research found that well-targeted investments to enhance resilience can deliver benefits between four and 11 times the size of the initial outlay. See: [https://www.dia.govt.nz/diawebsite.nsf/Files/Central-Local-Government-Partnerships/\\$file/NZIER-Natural-hazards-mitigation-report-2020.pdf](https://www.dia.govt.nz/diawebsite.nsf/Files/Central-Local-Government-Partnerships/$file/NZIER-Natural-hazards-mitigation-report-2020.pdf)

- enable the government to compel infrastructure providers to provide the government (and, in some cases, each other) with critical information on matters like ownership and control, cyber incidents, and expected levels of service, and
- provide critical infrastructure providers with greater confidence to share information on risks, vulnerabilities, and mitigations through the introduction of a secure platform for communication, with a requirement for all communications to be kept confidential.

Shared minimum standards will ensure investments are appropriate to reduce the risk of outages and mitigate their cascading impact across multiple sectors

7. Market forces have proven insufficient to compel critical infrastructure owners and operators to deliver resilience to the level necessary to manage a growing set of risks. This reflects that:
 - the costs of infrastructure failure and service disruption are spread widely, while costs of building resilience are borne by asset owners,
 - consumers cannot easily identify resilient providers, reducing the power of consumer choice as a tool in driving investments in resilience, and
 - New Zealand is unusually exposed to high impact, low frequency events, which are subject to 'normalcy' bias.⁵ This bias drives underinvestment ahead of adverse events occurring and overreaction and investment after they occur.
8. Further, our historic sector-by-sector approach to addressing these market failures is not well suited to managing the increasingly systemic nature of the risks to infrastructure resilience.
9. Sector regulators, and the requirements that they put in place, are (rightly) bounded by their statutory mandates. However, these mandates and how they relate to resilience differ widely across sectors, meaning that similar risks are managed in different ways across the economy – or in some sectors, not at all. In today's highly interconnected critical infrastructure system, this inconsistent approach to risk management can create systemic vulnerabilities.
10. To drive the investment necessary to achieve a consistent and coordinated uplift in resilience across the critical infrastructure system, we are proposing the introduction of enforceable and proportionate minimum resilience standards.
11. Minimum resilience standards would apply equally to all critical infrastructure owners and operators, with the potential for more stringent standards to apply to the most systemically important entities (for example, those that serve large markets or underpin a range of other essential services and therefore have significant interdependencies).
12. Consistent with stakeholder feedback and the approach taken in Australia and the European Union, such standards are highly unlikely to be prescriptive (for example, like building and construction standards often are). Instead, recognising that asset owners are best placed to understand the risks facing their assets and the most cost-effective interventions to mitigate them, standards will likely prescribe a risk management process where boards are required to take steps to reduce the likelihood and impact of potentially disruptive events.

⁵ Normalcy bias is a cognitive bias which leads people to disbelieve or minimise threat warnings. Consequently, individuals underestimate the likelihood of a disaster, when it might affect them, and its potential adverse effects.

Step-in powers will enable the government to support critical infrastructure in managing significant national security risks

13. The government has limited tools to manage significant national security risks to New Zealand's critical infrastructure system. This is increasingly problematic in a deteriorating national security environment, where the risks of malicious cyber activity, foreign interference, espionage, and sabotage are higher than they have been in a generation.
14. While the government can intervene to manage a significant cyber threat to New Zealand's critical infrastructure, it largely relies on non-regulatory mechanisms, such as intelligence community briefings, alerts, and technical assistance, to support critical infrastructure owners and operators in managing national security risks.
15. The scale or circumstances of a national security threat, however, may require a time-sensitive, accelerated response using specialist information and capabilities that are only available to government. Reform options to better manage national security risks therefore include:
 - a direction power, to require critical infrastructure owners and operators to undertake, or refrain from, a prescribed activity, and
 - an intervention power, to enable the government to directly step in and support an entity in responding to a significant cyber incident.
16. As intrusive powers, these would only be invoked by Ministers as a last resort and subject to clear escalation pathways. To give critical infrastructure owners and operators the confidence that these powers would be constrained and used appropriately, the high threshold for invoking these powers would be complemented by significant natural justice protections and legislative checks.

Clearer accountabilities within government for system resilience is required to provide confidence that requirements to uplift resilience are being met

17. Currently, no Minister, agency or regulator has responsibility for the resilience of the critical infrastructure system. Similarly, there are no effective monitoring or enforcement mechanisms to compel critical infrastructure owners and operators to comply with resilience requirements. This was seen as a clear gap by submitters in the first round of public consultation.
18. Creating these accountabilities is essential to the regime's enduring success, with international best practice demonstrating the importance of establishing central, coordinating functions that can take a system-wide view of critical infrastructure resilience. The fourth feature of a new regulatory framework therefore includes consideration of:
 - which agency should have policy responsibility to provide stewardship of a new regulatory regime and ensure the approach to critical infrastructure resilience remains fit for purpose,
 - how to allocate regulatory responsibility for the critical infrastructure system's resilience, and
 - what monitoring and enforcement powers would be required to ensure compliance.
19. Establishing and sustaining these policy and regulatory functions will come at a cost to the Crown, but this cost will be lower, more transparent, and more predictable than continuing to fund the cost of repairing and rebuilding critical infrastructure after disruptive events.

Attachment B: Overview of related government work programmes

1. Table 2 provides an overview of key programmes with bearing on the success of DPMC's work to enhance infrastructure resilience, how they influence this programme, as well as the portfolio they sit within.

Table 2: Reforms with significant bearing on the success of DPMC's work

Priority area	Portfolio/s	Connection to DPMC's work programme
Resource management	Resource Management	<ul style="list-style-type: none"> - It is important that work to finalise the national direction for natural hazards and 'fast track' consents aligns with the objectives of DPMC's work programme, to ensure that: <ul style="list-style-type: none"> o critical infrastructure owners can get consent for investments required to enhance resilience (through, for example, 'fast track' consents and the new national direction for natural hazards), o new critical infrastructure assets are not built in unnecessarily high risk locations.
Infrastructure funding and financing (inc. the National Infrastructure Agency)	Associate Finance (Bishop)	<ul style="list-style-type: none"> - Enhancing infrastructure owners' access to financing mechanisms will help to ensure that asset owners can fund investments required by new standards. - Ensuring that long-term resilience to all hazards and threats is evaluated and valued as part of investment decisions will better ensure that Crown-funded infrastructure assets are not unnecessarily exposed to natural hazards.
Investments in additional infrastructure	Infrastructure and Finance	<ul style="list-style-type: none"> - Targeted Crown investments in critical infrastructure can address New Zealand's infrastructure deficit, but also enhance the resilience of existing assets.
Increase housing supply	Housing	<ul style="list-style-type: none"> - While proposed resilience standards for critical infrastructure will not limit urban development, they will have cost implications for asset owners that will end up being shared by developers, consumers, shareholders, and local and central government. These costs should be accounted for in housing and urban development policy.

Priority area	Portfolio/s	Connection to DPMC's work programme
Climate change adaptation	Climate Change	<ul style="list-style-type: none"> - Minimum resilience standards provide a tool to require critical infrastructure owners to plan for and invest in measures necessary to protect their assets from the effects of climate change. - A standardised approach to infrastructure resilience, including minimum standards and risk definitions, can be leveraged by the Adaptation Framework, Natural Hazards Planning Framework and national adaptation pan implementation workstreams to create a consistent, whole-of-government approach to infrastructure climate resilience.
Enhancing supply chain resilience	Economic Development and Transport	<ul style="list-style-type: none"> - Identification of critical sectors and goods (as required under the Indo-Pacific Economic Framework) will provide asset owners with greater information on national vulnerabilities and support contingency planning. Any subsequent Government interventions to enhance the resilience of the supply of critical goods and services will have direct benefits for infrastructure resilience. (Economic Development) - Strengthening international transport connections will support continued access to goods and services. (Transport)
Ensuring access to a skilled workforce	Immigration and Education	<ul style="list-style-type: none"> - Resolving labour shortages in the construction and infrastructure sectors will enable asset owners to: <ul style="list-style-type: none"> o reduce supplier-based vulnerabilities (such as reliance on a single service provider for key functions), and o construct any physical assets required to enhance resilience faster and at lower cost.
Emergency management	Emergency Management	<ul style="list-style-type: none"> - The Civil Defence Emergency Management Act (and proposed Emergency Management Bill) impose requirements on lifeline utilities/critical infrastructures ahead of, during, and after local and national emergencies. It is important that requirements under both regimes are complementary and not overlapping.

Priority area	Portfolio/s	Connection to DPMC's work programme
Water reform	Local Government	<ul style="list-style-type: none"> - Two new Bills to be introduced this year will recognise the importance of local decision-making and require councils to provide water services delivery plans that outline how they will deliver on outcomes for water quality, infrastructure investment and financial sustainability. It is important that requirements under these new regimes do not conflict with proposals as part of this work programme (and vice versa).
Local government resources and capability	Local Government	<ul style="list-style-type: none"> - Local government owns and operates significant amounts of New Zealand's critical infrastructure assets, but faces constraints in its ability to raise the revenue required to manage them. The Government's response to the Future of Local Government Report will therefore have significant implications for how effectively local government can comply with prospective obligations.
Establishment of a Ministry of Regulation	Regulation	<ul style="list-style-type: none"> - To comply with the Government's coalition agreement, there is a need to ensure that critical infrastructure regulation is limited to responding to market failures and based on principles of good law-making and economic efficiency.

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Attachment C: Key messages for stakeholders

Update to your Ministerial responsibilities

- I have recently assumed responsibility for DPMC's work to enhance the resilience of New Zealand's critical infrastructure system.
- Previously, this work was led by the Minister for National Security and Intelligence.
- The Government is aware, however, of the need to ensure that our infrastructure-related policies are aligned and sequenced in a coherent way.
- Given this work programme's intersections with several Government priorities for which I am responsible, including land use and infrastructure funding and financing, the Prime Minister allocated leadership of this work to me to ensure we take it forward in a coordinated and systematic way.
- I will be working closely with officials to ensure that regulatory reforms are progressed in a consistent and coordinated way.

Context of the critical infrastructure resilience work programme

- A resilient critical infrastructure system underpins New Zealanders' safety, security, and prosperity, and provides an essential foundation for economic growth.
- Conversely, the long-term consequences of infrastructure failure can be painful and widely felt, as those communities who bore the brunt of the extreme weather events of 2023 will attest.
- Sustained underinvestment means that we are unacceptably vulnerable to everyday pressures, such as changing seasons, as well as extreme weather and other events. This has been recently demonstrated by recent disruptions to Wellington and Auckland's rail networks and potential water shortages in Wellington. Forecast electricity disruptions this winter reinforce this point.
- The approach in New Zealand to date has been to regulate critical infrastructure sectors in isolation, despite each sector being part of an interconnected system. New Zealand's approach to delivering resilient critical infrastructure is out of step with global best practice, and no longer fit for purpose to manage the compounding challenges that we face today.
- Work to address this will:
 - o protect lives and livelihoods, by preventing infrastructure disruptions and minimising their impact when they do occur,
 - o support economic growth and increase our attractiveness to foreign investment, and
 - o significantly reduce the costs of response and recovery, which are currently borne disproportionately by the Crown and the taxpayer.
- This work forms part of the Government's response to New Zealand's first Infrastructure Strategy and the national adaptation plan, with public consultation in 2023 demonstrating near unanimous support for such changes.

Progress to date and next steps

- Since 2023, DPMC has been leading work to develop a regulatory regime to enhance critical infrastructure resilience to all hazards and threats.
- Learning from global best practice, including requirements in place in Australia, our goal is to ensure that all critical infrastructure owners and operators take additional steps to reduce the risk and impact of disruptive events occurring.
- Officials are considering potential regulatory features that would:
 - o improve comprehensive information sharing and gathering so that critical infrastructure entities can make well-informed investments that target their most significant risks;
 - o enable enforceable minimum resilience standards to be set consistently across the critical infrastructure system, to manage the risk of an outage in one sector disrupting the operation of critical infrastructure in other sectors; and
 - o grant the Government last resort, step-in powers to support critical infrastructure in managing significant national security risks.
- On the basis of submissions received last year, the government is now developing more detailed options for reform. I intend to consult on these in the middle of this year, with the goal of beginning to draft legislation in 2025.

What are the limitations of our current regulatory settings?

- The threats facing New Zealand's critical infrastructure are growing. Climate change, growing national security risks, and changes in the structure of the global economy are making it increasingly challenging to deliver essential services at the level that New Zealanders rightly expect.
- At the same time, our critical infrastructure system has become increasingly connected and interdependent. As we saw during Cyclone Gabrielle, outages in one sector – like telecommunications – can quickly limit New Zealanders' ability to buy essential supplies in an emergency.
- Our historic sector-by-sector approach to regulating critical infrastructure is not well suited to managing these challenges. Different approaches to managing similar risks across regimes risks creating vulnerabilities that, if tested, can disrupt the operation of other critical infrastructure. This is true no matter how much the owners of those other assets have invested in their own resilience.

Will this work increase the costs of accessing essential services?

- Increasing infrastructure resilience will require new investments across our economy – but it will be cheaper in the long run than rebuilding and replacing assets after events, as we tend to do currently.
- Research completed by the New Zealand Institute of Economic Research found that well targeted investments to enhance resilience can deliver benefits between four and 11 times the size of the initial cost, depending on the hazard.
- That means for every \$100 invested, when taking into account the full cost of asset failure – including disruptions to business – New Zealanders can expect to be up to \$1,100 better off when disaster strikes.
- I am conscious of inflationary pressures and committed to working with industry and local government to minimise the impact of new resilience requirements on the cost of essential services.