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Chair  
Local Government and Environment Committee  
Parliament Buildings  
**WELLINGTON** 6011

## **SUBMISSION ON LOCAL GOVERNMENT ACT 2002 AMENDMENT BILL (NO 3) 2013**

The Insurance Council of New Zealand (Insurance Council) is grateful for the opportunity extended to us to comment on the Local Government Act 2002 Amendment Bill (No 3) 2013.

### **1. Insurance Council**

The Insurance Council is the industry representation body for fire and general insurance in New Zealand. The Council aims to assist members in key areas affecting their business through effective advocacy and communication.

The Council currently has 29 members who collectively write more than 95 percent of all fire and general insurance in New Zealand. Insurance Council members, both insurers and reinsurers, are a significant part of the New Zealand financial services system. Our members currently protect more than \$0.5 trillion of New Zealanders' assets, including over \$170 billion of home mortgages.

The Insurance Council plays an active role in representing the insurance industry. Our members are licensed under the Insurance (Prudential Supervision) Act 2010 and signatories to the Fair Insurance Code that requires insurers to act ethically. We also perform an important role in informing and educating consumers about key insurance issues and risks.

### **2. Clause 34 of the Bill**

Clause 34 of the Bill inserts a new section 101B into the Local Government Act 2002. This new section will require local authorities to prepare and adopt, as part of their long-term plan, an infrastructure strategy for a period of at least 30 consecutive financial years.

101B (6) sets out which infrastructure assets are to be included within the strategy. 101B (6)(a) provides that, as a minimum, the strategy must include assets which relate to the five core infrastructure activities undertaken by the council (i.e. water supply, sewage treatment and disposal, stormwater drainage, flood protection and control works, and provision of roads and footpaths).

101B (6)(b) then provides broad discretion to the local authority to also include, *“any other assets that the local authority, in its discretion, wishes to include in the strategy.”*

Requiring councils to have a 30 year horizon is laudable because it puts a strong focus on resilience planning. However, we believe the plan should go further than it does and proactively include other hazard protection activities beyond stormwater drainage and flood protection and control works.

The purpose of the strategy is to identify significant infrastructure issues, principal options for managing those issues and the implications of those options for the council over a 30-year period. By having a very narrow minimum set of infrastructure assets this purpose is not properly achieved.

Strategies should also be required to take into account any local government assets that protect/control against earthquake, natural landslip, volcanic eruption, hydrothermal activity, tsunami, natural disaster fire or storm (aligning with the definition of natural disaster in the Earthquake Commission Act 2003).

Strategies should also be required to be informed by and revised by probability scenarios for climate change, detailed hazard mapping and the extreme likely frequency of hazard events.

### 3. Recommendation

We recommend that section 101B (6)(a)(iv) be amended to include all assets that are related to the protection and control of natural disasters, not just flood:

(vi) ~~flood~~-natural disaster protection and control works:

The legislation should also include a reference to the definition of natural disaster in the Earthquake Commission Act 2003 and the need to be informed by high-quality hazard mapping. Any definition of natural disaster needs to be broad enough to capture assets such as retaining walls and bridges that will also protect against natural disaster.

### 4. Conclusion

Thank you again for the opportunity to provide input on the Local Government Act 2002 Amendment Bill (No 3) 2013.

Yours sincerely



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Chief Executive



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