

14 March 2025

Department of the Prime Minister & Cabinet  
Cyclone Recovery Unit

By email: [cyclonerecoveryunit@dmprc.govt.nz](mailto:cyclonerecoveryunit@dmprc.govt.nz)

Dear Cyclone Recovery Unit,

**ICNZ FEEDBACK ON THE CONSULTATION FOR CRITERIA TO SUPPORT DECISION-  
MAKING AFTER A SIGNIFICANT NATURAL HAZARD EVENT**

Thank you for the opportunity to provide feedback to the Cyclone Recovery Unit (CRU) and Department of the Prime Minister & Cabinet (DPMC) on the proposed criteria to support decision-making after a significant natural hazard event.

The Insurance Council of New Zealand | Te Kāhui Inihua o Aotearoa (ICNZ) is the representative organisation for general insurance companies in New Zealand. We have consulted with our members to collect some general feedback as well as responses to some of the questions posed in the consultation document. In some cases, our comments are based on insurers' experience of the most recent prolonged recovery, the North Island weather events in 2023.

**GENERAL COMMENTS**

Broadly, ICNZ and our members welcome the introduction of proposed criteria and a process by which the Government can make decisions about intervention. Considering decision-making in advance of significant natural disaster events can streamline processes in chaotic circumstances post-event. However, some of our members commented that the proposed criteria are broad enough that almost any type of intervention could be justified. Maintaining flexibility and adaptability in recovery is important, but overly broad criteria could undermine their inherent value.

Recovery criteria for decision-making, agreed in advance of future natural disaster events, can work well as an overlay to the Emergency Management Act. We note that the Government intends to introduce a new Emergency Management Bill later this term, and that one of the objectives of the proposed new Bill will be to reduce the need for bespoke legislation or regulatory response to future emergencies. In other words, the Bill will aim to make the Act more adaptable to the diversity of events and required responses in New Zealand.

To support certainty during disasters it is important that foreseeable events and issues are managed by legislation and regulation alone. Confidence and trust in the emergency management system are critical to high-quality recoveries, and to avoid disparity of response, this framework should include a clear definition of where no intervention by the Government will occur.

A primary objective of this framework should be to support prompt decision-making where intervention is required. In natural disaster response and recovery, slow decision-making can have serious consequences for affected communities. Recent examples of slow decision-making processes with notable costs that have been recognised previously by the CRU include issues around the removal of silt from properties following Cyclone Gabrielle, and use of insurance funds to repair homes in Auckland which were later classified as "Category 3", purchased by the council, and later demolished. We encourage DPMC to test the final framework against these examples to identify whether the criteria would have resulted in faster decision-making.

Other improvements to the emergency management system have focused on coordination of private sector and government responses. To align with this objective, we encourage consideration of a more collaborative tone in the criteria and clearer consideration of communication from community and industry to the Government. We urge the Government to factor in the possibility of industry requests for or against intervention. Assessments of the likelihood of "system failure", for example, cannot and should not be made by the Government without robust engagement with the relevant industry or market participants.

Similarly, we suggest that a wide range of individuals, communities, businesses, and industries impacted by a natural disaster will have differing views on how the Government should support recovery or intervene. For this reason, some level of engagement and consultation may be needed to define when criteria apply. For example, how will the Government assess whether an event has exacerbated pre-existing vulnerabilities or deprivation?

**QUESTION 1: WILL THE CRITERIA IN TABLE 1 HELP THE GOVERNMENT DECIDE WHETHER TO GET INVOLVED? WHAT OTHER CRITERIA WOULD HELP?**

We suggest that indicative questions be added relating to "lifeline utilities" as defined in the Emergency Management Act (including water, wastewater, electricity, communications, etc).

When assessing the significance or severity of impacts, we suggest that types of harms should be considered. For instance, life and safety harms might necessitate different responses compared to 'missed opportunity' harms. Other categories to consider could include economic, social, and ecological harms. Many disasters involve multiple types of harms, some of which cascade, so it will be important to balance granularity with the

need for flexibility. Additionally, taking consumer or individual impact into account (as opposed to impact on businesses) could affect the severity of the overall impact.

Regarding the capacity or capability of the status quo lead agency, we note that the insurance industry's experience with the North Island weather events was that larger local authorities did not necessarily exhibit greater efficiency or capability, given less agility to react.

We recommend that a question is added relating to the intention and scope of existing legislation or regulation. The criteria and any subsequent intervention(s) should target only unforeseeable complexities, issues, or disruptions involved with a recovery. When intervention is required, it should only be to address gaps or provide clarity.

Lastly, we encourage the Government to also consider some indication of how many criteria, or to what extent the criteria will need to be met for intervention to occur. The threshold should be sufficiently high to avoid undermining the existing status quo response, as this could introduce disparity in the response to different events and could add uncertainty for key recovery participants (such as the insurance industry).

**QUESTION 2: WILL THE CRITERIA IN TABLE 2 HELP TO DETERMINE WHICH CATEGORIES THE GOVERNMENT SHOULD GET INVOLVED IN? WHAT OTHER CRITERIA WOULD HELP?**

Yes, we believe the criteria will help, though with the same caveat as above that implementing overly broad criteria could result in a lack of efficiency, i.e. decision-making would not occur more quickly due to the wide range of potential interventions.

We suggest that additional criteria should be added to address industry or community need, whether, and to what extent, an intervention has been requested of the Government. In a scenario where Government intervention is opposed by an industry or community, the standard for intervention over the status quo should then be particularly high or address a severe unmet need.

Regarding the criteria "recovery priorities", which includes relocation as a potential outcome, insurers have noted the complexity and inconsistency of identifying properties at risk after the North Island weather events in 2023. Below, we raise some examples of challenges created by inconsistency in approach for consideration in how recovery criteria could be applied to future events.

In Hawke's Bay and Tairāwhiti, councils were able to identify properties exposed to an intolerable risk relatively efficiently, as they were mostly grouped together and adjacent to waterways or in floodplains. The urban environment in Auckland proved more challenging, and as of the writing of this letter, we understand Auckland Council remain concerned that they have not identified every property where there is an intolerable risk.

This means that there will certainly be some properties in Auckland where a risk to life exists and they could be on sold to an unsuspecting party in the future.

In addition, the Future of Severely Affected Land Programme after the Auckland Anniversary Floods and Cyclone Gabrielle resulted in some property owners recovering more than they lost, while others were left with negative equity. We believe this occurred due to some key differences in the implementation of councils' buyout policies, and suggest that a similar programme, delivered consistently nationwide, with more Government involvement, could result in more equitable outcomes.

**QUESTION 3: IF THE GOVERNMENT IS CONSIDERING GETTING INVOLVED IN A CATEGORY, ARE THESE THE RIGHT STEPS AND QUESTIONS TO DETERMINE TO WHAT EXTENT AND HOW TO DELIVER SUPPORT?**

Largely, yes. However, we believe that question 3 requires more clarity on the extent to which a priority will be better achieved with intervention as opposed to without. Without some kind of threshold, question 3 could be a "catch-all" justification for any intervention.

For example, under Infrastructure Remediation, question 3, we suggest adding the word "improvement:"

3. Will Government involvement enable recovery outcome priorities (e.g., resilience *improvement*, faster delivery) that the market or existing recovery settings would not otherwise achieve?

Under Support for Property Owners, we encourage consideration of the long-term signals sent to New Zealanders by a potential intervention. Specifically, we urge the Government to ensure that interventions set a sustainable precedent and incentivise New Zealanders to manage and reduce exposure to risk and remain insured rather than relying on the Government as a default insurer of last resort.

**QUESTION 4: WHAT ELSE SHOULD THE GOVERNMENT CONSIDER WHEN DECIDING WHETHER ADJUSTMENTS ARE NEEDED TO LEADERSHIP SETTINGS AND ENABLING MECHANISMS?**

We refer to earlier comments about the national consistency of response to a disaster.

Thank you again for the opportunity to provide feedback on the consultation for criteria to support decision-making after a significant natural hazard event. If there are any questions or you require further information, please contact [sean@icnz.org.nz](mailto:sean@icnz.org.nz).

Yours sincerely

A handwritten signature in black ink, appearing to be 'S. Fullan', written in a cursive style.

Sean Fullan  
Resilience and Recovery Manager