

Environment Committee
Parliament Buildings
Wellington

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Kia ora,

ICNZ Submission on Planning Bill and Natural Environment Bill

Thank you for the opportunity to submit on both the Planning Bill and the Natural Environment Bill.

The Insurance Council of New Zealand Te Kāhui Inihua o Aotearoa is the representative organisation for general insurance companies in New Zealand. Our members collectively write more than 95% of all general insurance in New Zealand and protect over \$2 trillion of New Zealanders' assets.

ICNZ advocates to sustain a strong and sustainable insurance sector, and to enhance the safety and protection of all New Zealanders by strengthening resilience and reducing the risks of climate change to communities and the economy.

General Comments

1. Insurers support the Government's initiative to repeal and replace the Resource Management Act 1991. The Government has outlined how the replacement legislation is intended to drive economic growth and productivity by simplifying and standardising New Zealand's planning and consenting regimes.
2. Insurers support the Government's "funnel" approach to new planning instruments where clear, simplified national standards for management of natural hazards should lower the underlying risk faced by New Zealanders. The Government has set out how the new planning system will "safeguard communities from the effects of natural hazards through proportionate and risk-based planning." Insurers welcome the Government's intention to give councils clearer planning and zoning rules to help avoid and manage development in high-risk locations. These will be supported by new national direction and standards that will apply natural hazard management in the planning system consistently across the country.

3. This national direction and simplification should avoid the costly re-litigation of natural hazard decision making by local authorities which has led to variable and permissive outcomes in the management of natural hazard risk.
4. Insurers support the introduction of a more enabling planning regime with less consents provided the resulting risks are well managed through clear and effective national direction, backed up with adequate resourcing for council implementation.
5. Insurers see the forthcoming national direction and standards for managing natural hazard risk as critical for reducing the risk faced by New Zealanders. Insurers look forward to contributing expertise to their development. This national direction is critical to the success of the new regime and for comprehensive spatial planning to occur.
6. The housing and land supply pressures that New Zealand faces are well documented, as is the importance of substantially increasing the availability and affordability of housing into the future. Insurers recognise this and support work to improve housing and land supply to address these issues. Insurers caution however that any proposed new supply that is at high risk of needing to be rebuilt or repaired after a natural hazard event or diverts risk to neighbouring areas does not support this goal.
7. When considering the two Bills that will replace the Resource Management Act, we encourage the Select Committee to remain mindful that these reforms will interact with a much wider suite of regulatory changes already underway across central and local government. New Zealand's evolving frameworks for resource management reform, local government restructuring, emergency management modernisation, and climate adaptation planning are interdependent, particularly in the context of natural hazard management. Recent planning reforms emphasise risk-based decision-making for natural hazards and stronger national direction, while concurrent proposals to overhaul local government functions will reshape responsibilities for hazard management, infrastructure planning, and long-term spatial decisions. At the same time, emergency management system reforms seek clearer roles, stronger national leadership, and more consistent capability across councils, reflecting lessons from recent severe weather events. The National Adaptation Framework reinforces these changes by introducing nationally consistent hazard data, clarifying local government obligations to prepare adaptation plans for priority areas, and outlining long-term approaches to risk reduction and cost-sharing. Taken together, these reforms demonstrate that

natural hazard management cannot be addressed in isolation: alignment needs to be ensured across these systems to avoid gaps, duplication, or inconsistent risk signals for communities, councils, insurers, and infrastructure providers.

8. Councils have always carried most of the practical workload under the Resource Management Act, handling tasks such as consent processing, technical assessments, compliance activity, and community engagement. That reality will continue under the two new Bills that will replace the RMA, because councils will remain the primary implementers who ultimately turn national direction into decisions. This transition is happening at the same time as significant local government reform, which may change functions, funding settings, and capability expectations. It will be important that councils are well supported to implement the new system, both through investment in the skills needed for natural hazard, land use, and infrastructure planning, and through sustainable funding that reflects the scale of the responsibilities placed on local government. Without this support, the effectiveness of the new framework and the resilience outcomes it seeks to achieve could be compromised.

Natural Hazard Risk and Insurance

9. As the Select Committee will be aware, New Zealand's potential for natural hazard disasters is severe by global standards. We are regularly benchmarked at the highest end of expected losses. Severe weather events continue to demonstrate this exposure and, as the Committee is also aware, these hazards are increasing due to climate change. The severe weather in January this year again highlighted the risk. Current policy settings are not sustainable, with record breaking recovery costs being imposed on businesses, farmers, communities and individuals.
10. Continued development and intensification in areas of known significant natural hazard risk not only puts people, assets and livelihoods in harm's way, it creates costs which put pressure on the price, availability and terms of general insurance cover.
11. Insurers protect New Zealander's assets against adverse events that are sudden and unforeseen, by providing insurance cover in exchange for premium. The cost of insurance cover is driven by the likelihood and potential cost of damage over the forthcoming 12-month period. If the frequency and predictability of these adverse events affecting people's assets increases or even shifts to being no longer sudden and unforeseen, insurance markets are likely to respond in several ways. This may be through increasing premiums, imposing hazard specific

excesses or exclusions, or applying restrictions on new policies for the worst affected properties. So stronger planning legislation, national direction, and regional and local planning instruments are critical to meeting this challenge.

12. As insurers are increasingly reflecting more specific natural hazard risk in the pricing, terms and availability of property insurance, it is important that the new planning system prevents new development or intensification in highly exposed areas.
13. While this legislation will be critical for controlling development in high-risk places, insurers support stronger, more consistent, and more readily deployable planning measures, and resourcing, for adaptation of already developed and highly exposed areas. This could include limitations or conditions on intensification or new buildings, downzoning and managed retreat. Reducing risk in this way should take precedence over other land use considerations when natural hazard risk is assessed as high or likely given the danger of this creating false economies. If the goal of "efficient land markets" was given weight in plan making, without adequate natural hazard development controls, this could inadvertently create cheaper land in natural hazard zones, incentivising maladaptive actions in those high-risk places.

Investment in resilience and adaptation

14. Alongside the new planning and environmental regime introduced by these two bills, insurers advocate for substantial uplift in investment in resilience and adaptation measures, to reduce underlying risk and protect communities. Taken together these efforts will help to keep insurance accessible and available to New Zealanders and reduce the social and financial harms posed by natural hazards.
15. The Government must continue to support local government, particularly in the context of wider sector reform, to deliver improved resilience and adaptation for communities. This may include direct support to Councils to ensure stormwater and flood protection infrastructure is upgraded in parallel with intensification as enabled by this legislation, and in response to changing weather patterns. Without this, risk could increase even in currently low-risk zones and properties neighbouring new development may become more vulnerable to flood risk.
16. To give effect to the "Goal" included at Clause 11 (1) (h) of the Planning Bill – "to safeguard communities from the effects of natural hazards through proportionate and risk-based planning", insurers recommend planning rules

developed under this legislation require incorporation of appropriate hazard alleviation in new developments such as sustainable urban drainage measures for flood risk, stormwater retention and permeable surfaces to help to prevent these potentially increasing risks.

17. Maintenance of infrastructure that protects communities, farms and businesses from hazards is also critical, including where that infrastructure is not owned by councils. Overland flow paths need to be maintained so they can perform their function effectively. Insurers encourage the Select Committee to reflect on what role consents or other instruments under the new regime need to play in this.
18. Land use planning that assesses the natural hazard applying to the land is by itself very important – but insurers encourage the Government, through its national direction, to acknowledge that risk treatment at area wide, catchment, or individual property level can mitigate risk and the planning regime needs to accommodate that in a proper way. The sector supports erring on the side of caution for high-risk locations, due to the downside risks, but allow for development where there are proven methods to mitigate risk.

Risk models and application

19. Hazard risk models used by insurers may differ in purpose and detail from that utilised by regional and local authorities in developing the new spatial plans under the new legislation. While council models seek to underpin consistent, defensible land-use rules, typically using standardised design events (e.g., 1% AEP for flood risk), risk models used by insurers predict financial loss using stochastic event sets (including both high frequency events and tail events) and claims-calibrated building vulnerability. We would expect broad alignment in relation to higher risk areas, but at a granular level there will be differences.
20. This also acknowledges the different emphasis on risk to life and risk of property damage. Planning needs to account for potential property damage. Insurers recommend spatial plans and consenting decisions are based on stochastic risk models if possible, including all sources of potential damage over time, to improve the sophistication of risk assessments and planning decisions.
21. Insurers support clearer national direction and standards for designating flood hazard including floodplains, flood prone areas and overland flow paths and the use of differentiated risk designations. The nature of flood risk means there can

be sharp lines between higher-risk areas and lower-risk areas and so getting detail of risk demarcations right is critical.

22. Insurers support national direction that identifies areas of different levels of risk following application of sensitivity characteristics to the hazard criteria. This will give effect to the "proportionality" wording in Section 11 (1) (h) of the Planning Bill. Insurers recognise that the focus of the sensitivity categorisation is on human safety but note that the impacts of hazards on people, communities and the economy go well beyond physical safety issues. It is important to consider the sensitivity of an activity to hazards but note that exposing commercial activities to higher risks because they are only considered activities potentially sensitive to hazards, could mean those higher risks are reflected in greater future damage with consequent impacts for the owners/users, regional economic performance, and the premiums charged to insure such buildings.
23. Insurers have been working with the Ministry for the Environment as the National Flood Map is progressed through the National Adaptation Framework. Industry strongly supports effort to improve the quality, consistency and availability of natural hazard risk data.

Financial stability

24. The stability of New Zealand's financial system relies on people and businesses being able to access insurance and New Zealand retaining its high rates of insurance penetration. Continued development and intensification in areas exposed to significant natural hazards puts pressure on the cost and availability of insurance. In contrast, decisions, actions and policies which reduce underlying natural hazard risk help to maintain insurance access and availability, and therefore financial stability.
25. Global reinsurers adjusted their perception and risk appetite for New Zealand following the Auckland Anniversary Floods and Cyclone Gabrielle, which impacted the cost of reinsurance for domestic insurers and, ultimately, the cost of insurance for property owners. The natural hazard controls under this new legislation will assist our domestic insurers to demonstrate to reinsurers how New Zealand Inc is proactively managing natural hazard risk. Reinsurers view these initiatives positively, which matters for New Zealand insurance customers.

Enforcement – Prohibition on insurance against fines

26. Finally, we note that both the Planning Bill and the Natural Environment Bill replicate the prohibition on insurance against fines introduced last year by the Resource Management (Consenting and Other Systems Changes) Amendment Act 2025. While the new general prohibition is now in force, the commencement of the related offence provisions and penalties was delayed for two years (until 20 August 2027) to give the insurance industry time to adapt.
27. The prohibitions set out in the Planning Bill and the Natural Environment Bill will be brought into force by Order in Council on the "specified transition date". The effect of clause 4(2) of Schedule 1 of the Planning Bill is that the "specified transition date" cannot be before 31 December 2027. We support this transition period.
28. To bring the offence provisions into effect before 20 August 2027, the date when the equivalent offence under the Resource Management Act is due to come into force, would only create confusion and uncertainty for the insurance sector and policyholders.

Clause by Clause

Planning Bill		
Clause	Wording	Comments
General Policy Statement	"The intention is that these objectives will be done while also - adapting to the effects of climate change and reducing the risks from natural hazards"	This wording in the General Policy Statement is strongly supported. There are inherent tensions between some of the legislated goals. For example, economic development will sometimes be at odds with risk mitigation action. Although the legislation makes it clear that there is no hierarchy among them. It is important that balancing competing goals will require prioritising a long-term view.
Interpretation	"Natural hazard means any atmospheric or earth or water related occurrence (including earthquake, tsunami, erosion, volcanic and geothermal activity, landslip, subsidence, sedimentation, wind, drought, fire, or flooding) the action of which adversely affects or may adversely affect human life, property, or other aspects of the environment; and includes the effects of climate change on any of those occurrences"	Insurers generally agree with this wide definition of a natural hazard, recommend adding the words "or <i>inaction</i> " after the word " <i>action</i> ".

11 (1) (h)	"All persons exercising or performing functions, duties, or powers under this Act must seek to achieve the following goals subject to sections 12 and 45: to safeguard communities from the effects of natural hazards through proportionate and risk-based planning"	<p>Support this goal in principle, insurers look forward to contributing to development of national direction that defines and implements 'proportionate and risk-based planning'. Reference to Section 45 and the reconciliation between competing goals, we believe safeguarding people and property from significant natural hazard risk should subordinate other goals – for the preservation of accessible insurance markets</p> <p>To ensure hazards are appropriately managed under a planning regime it is necessary to prevent the creation of unacceptable new risks, reduce existing risks to acceptable levels, and strengthen resilience. Achieving the objective of safeguarding people, property, cultural heritage, the environment and the economy from natural hazards requires risk-based land use planning that prioritises avoidance of high risk areas, reduces exposure and vulnerability where development proceeds, and is implemented transparently with mapping, public participation and periodic review.</p> <p>The drafting of 11 (1) (h) could be problematic as the way "proportionate" is included it could be interpreted to temper application of risk-based planning. We suggest it is reworded more simply to emphasise the importance of avoiding and managing natural hazard risks through risk-based planning.</p>
62 (1) (c)	"Amendments to national standards without full process. The Minister may amend a national standard without complying with section 70 if the amendment is needed for 1 of the following reasons: to give effect to a national adaptation plan"	Support this and any stronger measures required to give effect to adaptation planning. The potential timeframes for the roll out of adaptation planning should not risk being delayed further given the urgency of this issue.
80 (4) (c) (iv)	"Core obligations when preparing and deciding land use plan. The territorial authority must have regard to any of following to the extent that it has a bearing on land use activities in the district and is within the territorial authority's responsibilities: any adaptation plan prepared under the Climate Change Response Act 2002.	

146 (1) (a) and (3) (a) and (b)	<p>"Consent may be refused or granted with conditions if risk from natural hazards, etc. A consent authority may refuse to grant a planning consent, or may grant a planning consent subject to conditions,— if it considers that there is a significant risk from natural hazards. For the purposes of subsection (1)(a), an assessment of the risk from natural hazards requires a combined assessment of all of the following taken together: the likelihood of natural hazards occurring (whether individually or in combination) and the material damage to land in respect of which the consent is sought, other land, or structures that would result from natural hazards."</p>	<p>Support this wording, however, given the Government's objective to halve the number of consents issued in the new system, it will be critical the higher-level spatial plans are effective in controlling development in higher risk areas. In a planning environment with less consents, adequate natural hazard protection relies more on the quality of planning. Emphasis on likelihood and damage to land and structures aligns to insurer view of risk.</p>
184 (2) (d)	<p>"Overview of responsibilities of territorial authorities. In undertaking its responsibilities subsection (1), a territorial authority must regulate and manage the following matters: effects of natural hazards as they relate to land use."</p>	<p>Local authority ability to meet this responsibility will depend on adequate resourcing of this function. Recommend exemption to any proposed rates cap for this work.</p>
187 (2) (a) and (3) (h)	<p>"Further monitoring requirements. A territorial authority must also keep, in reasonably accessible form at all of its offices, the information relevant to administering its plan, monitoring resource consents applying in the district, and current issues relating to the environment, so that members of the public— are better informed of their duties and of the functions and responsibilities of the territorial authority. The information required by subsection (2) includes: records of natural hazards, to the extent that the territorial authority considers appropriate for the effective discharge of its functions and responsibilities"</p>	<p>Insurers support general uplift in the standardisation and quality of these hazard records so New Zealanders are able to make fully informed assessments of potential risk exposure.</p> <p>Insurers suggest that the Government consider developing a template monitoring framework for Councils to use. The consistency that would result would make the cumulative data much more valuable at a national level.</p>

261 (1), (2) and (4)	<p>"Insurance against fines unlawful. To the extent that a contract of insurance indemnifies or purports to indemnify a person for the person's liability to pay a fine or an infringement fee under this Act, the contract is of no effect. A person must not enter into ... a contract described in subsection (1); or through a contract of insurance indemnify another person for the other person's liability to pay a fine or an infringement fee under this Act; or be indemnified ... by another person for that person's liability to pay a fine or an infringement fee under this Act; or pay to another person, or receive from another person, an indemnity for a fine or an infringement fee under this Act. A person who contravenes subsection (2) commits an offence and is liable on conviction for an individual, to a fine not exceeding \$50,000: for any other person, to a fine not exceeding \$250,000."</p>	<p>Clause 261 falls within subpart 1 of Part 6 (enforcement). Clause 2(b)(vi) provides that subpart 1 of Part 6 comes into force on the specified transition date. Clause 2(2) provides that "specified transition date" has the meaning given in clause 4(5) of Schedule 1. Clause 4(5) of Schedule 1 provides that is the sooner of the date specified by the Order in Council made under clause 4(1)(a) or the date specified in the final Order in Council made under clause 4(1)(b). Clause 4(2)(a) provides that the date specified in an Order in Council made under subclause (1)(a) or (b) must be a date later than 31 December 2027.</p> <p>The effect of clause 4(2) of Schedule 1 of the Planning Bill is that the "specified transition date" cannot be before 31 December 2027. We support this transition period.</p> <p>To bring the offence provisions into effect before 20 August 2027, the date when the equivalent offence under the Resource Management Act is due to come into force, would only create confusion and uncertainty for the insurance sector and policyholders.</p>
279 (1) (a) and (b)	<p>"Emergency response regulations. The Governor-General may, by Order in Council made on the recommendation of the Minister, make regulations (emergency response regulations) for the purpose of— responding to a natural hazard event or other emergency in an area; and enabling recovery efforts in the affected area (including any work required to improve the resilience or standard of assets)."</p>	<p>Strongly support – particularly coverage of resilience improvement works.</p>
Schedule 2, Part 1, Clause 3 (1) (a) and (f)	<p>"Contents of regional spatial plans: mandatory matters. The mandatory matters referred to in clause 2(1)(a) are as follows: constraints on the use and development of land and the coastal marine area, including natural hazards, highly productive land, significant natural areas, and outstanding natural features and landscapes, and priority locations for adaptation plans prepared under the Climate Change Response Act 2002"</p>	<p>Support this and any stronger measures required to give effect to adaptation planning.</p>
Schedule 2, Part 2, Clause 5 (2) (a) (xi)	<p>"General considerations. The spatial plan committee must, to the extent relevant to the draft regional spatial plan have regard to any adaptation plan prepared under the Climate Change Response Act 2002"</p>	<p>Support this and any stronger measures required to give effect to adaptation planning.</p>
Schedule 3, Part 3, Clause 58 (2) (b) (ii)	<p>"When rules in proposed plans have legal effect. A rule in a proposed plan that is notified for public submissions has immediate legal effect if ... the rule relates to natural hazards."</p>	<p>Support this prioritisation</p>

Schedule 7 Part 1, Clause 6 (a) and (b)	"Condition requiring protection against natural hazards. A subdivision consent may include a condition requiring that provision be made, to the satisfaction of the consent authority, for either or both of the following purposes: to protect land that forms part of the subdivision against natural hazards, or any risks of natural hazards, from any source: to protect any other land against natural hazards, or any risks of natural hazards, that arise, or are likely to arise, as a result of the subdivision."	Strongly support this wording
Schedule 7, Part 1, Clause 39 (b)	"Purposes of esplanade reserves and esplanade strips, An esplanade reserve or an esplanade strip has 1 or more of the following purposes: to mitigate or reduce natural hazards or any risks of natural hazards."	The Select Committee may wish to explore what other land designations may be appropriate for this legislated purpose.

Natural Environment Bill		
Clause	Wording	Comments
General Policy Statement	"The intention is that these objectives will be done while also— adapting to the effects of climate change and reducing the risks from natural hazards"	This wording in the General Policy Statement is strongly supported
	"The goals of the Bill are to— manage the effects of natural hazards associated with the use and protection of natural resources through proportionate, risk-based planning."	This wording is supported subject to the release of clear and effective national direction that defines and implements proportionate risk-based planning in a way that controls development in high-risk locations.
	"In undertaking their responsibilities, regional councils must regulate and manage— natural hazard risks as they relate to natural resources."	Support the continuation of this regional council function subject to regional councils having the resourcing, rules and tools to do this effectively
Interpretation	"natural hazard— means any atmospheric or earth or water related occurrence (including earthquake, tsunami, erosion, volcanic and geothermal activity, landslip, subsidence, sedimentation, wind, drought, fire, or flooding) the action of which adversely affects or may adversely affect human life, property, or other aspects of the environment; and includes the effects of climate change on any of those occurrences"	Agree with this definition (matches Planning Bill). Insurers generally agree with this wide definition of a natural hazard, recommend adding the words "or <i>inaction</i> " after the word " <i>action</i> ".
11 (e)	"Goals. All persons exercising or performing functions, duties, or powers under this Act must seek to achieve the following goals subject to sections 12 and 69: to manage the effects of natural hazard associated with the use or protection of natural resources through proportionate and risk-based planning."	Support this goal, however, insurers look forward to contributing to development of national direction which will be critical to defining and implementing 'proportionate and risk-based planning'. Reference to Section 12 and 69 and the reconciliation between competing goals, we believe safeguarding people and property from significant natural hazard risk should subordinate other goals – for the preservation of accessible insurance markets.

14 (a) (iii)	"Considering effects of activities. A person exercising or performing a function, duty, or power under this Act who is considering the effects of an activity on a person, people, or a natural resource,— must give particular consideration to effects such as the following, as far as each is applicable: the effects of natural hazards associated with the use or protection of natural resources:	Support this goal, however, insurers look forward to contributing to development of national direction that will establish the thresholds and tolerances for those natural hazard effects.
90 (1) (c)	"Amendments to national standards without full process. The Minister may amend a national standard without complying with section 70 if the amendment is needed for 1 of the following reasons: to give effect to a national adaptation plan"	Support this and any stronger measures required to give effect to adaptation planning.
97 (4) (c) (v)	"Core obligations when preparing and deciding natural environment plan. The regional council must— have regard to any of following to the extent that it has a bearing on activities in the region and is within the regional council's responsibilities: any adaptation plan prepared under the Climate Change Response Act 2002"	Support this and any stronger measures required to give effect to adaptation planning.
163 (1) (3) (a) and (b)	"Land use permit may be refused or granted with conditions if risk from natural hazards. A permit authority may refuse to grant a land use permit or may grant a land use permit subject to conditions, if it considers that there is a significant risk from natural hazards. For the purposes of subsection (1), an assessment of the risk from natural hazards requires a combined assessment of all of the following taken together: the likelihood of natural hazards occurring (whether individually or in combination): the material damage to land, structures, or the natural environment that would result from natural hazards:"	Insurers support this clause, however, as noted in the response to the equivalent clause in the Planning Bill, given the Government's objective to substantially reduce the numbers of permits and consents, the overarching instruments will need to be effective in controlling activity in high-risk locations
221 (2) (e)	"Overview of responsibilities of regional councils. In undertaking its responsibilities under subsection (1), a regional council must regulate and manage the matters specified in this subpart in relation to the following: natural hazard risks as they relate to natural resources:"	Support the continuation of this regional council function subject to regional councils having the resourcing, rules and tools to do this effectively

<p>287 (1) (a), (2) and (4)</p>	<p>"Insurance against fines unlawful. To the extent that a contract of insurance indemnifies or purports to indemnify a person for the person's liability to pay a fine or an infringement fee under this Act— the contract is of no effect. A person must not) enter into ... a contract described in subsection (1); or through a contract of insurance indemnify ... another person for the other person's liability to pay a fine or an infringement fee under this Act; be indemnified ... by another person for that person's liability to pay a fine or an infringement fee under this Act; or pay to another person, or receive from another person, an indemnity for a fine or an infringement fee under this Act. A person who contravenes subsection (2) commits an offence and is liable on conviction, for an individual, to a fine not exceeding \$50,000: for any other person, to a fine not exceeding \$250,000."</p>	<p>Clause 287 falls within subpart 1 of Part 6 (enforcement). Clause 2(g) provides that subpart 1 of Part 6 comes into force on the specified transition date. Clause 2(3) provides that "specified transition date" has the meaning given in clause 4(5) of Schedule 1 the Planning Bill.</p> <p>The effect of clause 4(2) of Schedule 1 of the Planning Bill is that the "specified transition date" cannot be before 31 December 2027. We support this transition period.</p> <p>To bring the offence provisions into effect before 20 August 2027, the date when the equivalent offence under the Resource Management Act is due to come into force, would only create confusion and uncertainty for the insurance sector and policyholders.</p>
<p>305</p>	<p>Emergency response regulations. The Governor-General may, by Order in Council made on the recommendation of the Minister, make regulations (emergency response regulations) for the purpose of— responding to a natural hazard event or other emergency in an area and enabling recovery efforts in the affected area (including any work required to improve the resilience or standard of assets).</p>	<p>Consistent with equivalent clause in Planning Bill – strongly support – particularly coverage of resilience improvement works.</p>