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Kia ora,

ICNZ Submission on Taumata Arowai Stormwater Standards Consultation

Thank you for the opportunity to provide feedback on Taumata Arowai's proposed approach to improving stormwater management in New Zealand.

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 to natural hazards and climate change.

General Comments

1. Insurers support greater national focus on New Zealand's stormwater infrastructure and networks.

2. Stormwater network capacity and performance materially affects the frequency and severity of flooding experienced by homes, businesses and communities.

3. Climate change is increasing the frequency and intensity of extreme rainfall, bringing stormwater network performance into focus.

4. Population growth and urban intensification are also increasing pressure on existing stormwater networks.

5. ICNZ has consistently submitted that stormwater and flood protection infrastructure must be upgraded alongside development and intensification. Otherwise, development can increase flood risk both at the development itself and elsewhere in the local water catchment.

6. ICNZ supports the three broad priorities identified by Taumata Arowai: improving national stormwater data, supporting risk-based planning and investment, and promoting greater infrastructure standardisation.

7. We particularly support the recognition that better information about network performance is critical to understanding risk and directing investment.

Stormwater, Flood Risk and Insurance

8. There is a direct relationship between the effective management of flood risk and the long-term accessibility and availability of insurance.

9. Insurers protect assets against adverse events that are sudden and unforeseen. As flooding becomes more frequent or predictable, insurers may respond through changes to premiums, excesses, terms and, for the most exposed properties, the availability of cover. ICNZ has previously highlighted that continued development and intensification in areas exposed to significant natural hazard risk places pressure on the cost and availability of insurance.

10. Effective stormwater systems can reduce this underlying risk. Conversely, failure or inadequate capacity in stormwater networks can increase losses across large numbers of properties during a severe rainfall event.

11. ICNZ has previously emphasised that maintaining and renewing critical infrastructure is less costly than the consequences of infrastructure failure. This applies directly to stormwater networks.

12. Infrastructure needs to be maintained and renewed so communities can have confidence that it will perform when required.

A Risk-based Approach

13. ICNZ supports Taumata Arowai's proposed focus on risk-based planning and investment.

14. Risk assessment should consider more than infrastructure condition or environmental performance. It should also consider the consequences of network failure for people, property, businesses, critical infrastructure and communities.

15. ICNZ recommends that the national framework considers a range of rainfall and flood probabilities rather than relying on a single design event. Repeated lower-severity flooding can impose substantial cumulative repair costs and disruption and can materially affect insurance pricing, terms and availability. ICNZ has made the same point in relation to the Government's Illustrative National Direction for Natural Hazards.

16. Assessment should also account for climate warming scenarios over the expected life of infrastructure. Decisions made now about infrastructure capacity, maintenance and renewal will shape flood risk for many decades.

17. Risk should be assessed at the appropriate spatial scale. Stormwater does not respect individual property, administrative or network boundaries. Planning should consider catchment-wide, downstream and cumulative effects, including impacts beyond formal urban stormwater network boundaries, and situations where development or infrastructure decisions transfer risk to downstream rural communities, productive land or infrastructure.

Stormwater Data

18. ICNZ strongly supports developing more nationally consistent information on stormwater networks and their performance.

19. Taumata Arowai has identified substantial variability in what stormwater information is currently collected and reported by network operators. Establishing a nationally consistent baseline should make it easier to identify areas of risk, assess network performance and prioritise investment.

20. Wherever practicable, this information should be publicly available and capable of being combined with other natural hazard and property information. ICNZ supports wider Government work to improve the quality, consistency and accessibility of natural hazard information.

Overland Flow Paths

21. ICNZ supports the proposed development of stormwater network risk management plans and welcomes greater attention to overland flow paths.

22. Mapping private overland flow paths could materially improve understanding of urban flood risk. It will, however, raise important questions about responsibilities for maintaining these paths and about how information concerning them is communicated to property owners and prospective purchasers.

23. Overland flow paths need to remain functional. ICNZ has previously highlighted the importance of maintaining these paths, including where they cross privately owned land. There needs to be clarity about the respective responsibilities of stormwater network operators, councils and property owners and about the regulatory mechanisms available to ensure important flow paths are not obstructed or compromised.

Infrastructure Standards and Investment

24. ICNZ supports greater national consistency in stormwater infrastructure standards where this improves resilience and addresses unnecessary differences between jurisdictions.

25. National standards should establish clear minimum expectations while allowing infrastructure providers to adopt higher standards where local risk requires them. New Zealand's rainfall, geography, development patterns and existing infrastructure vary significantly, so national consistency should not become a lowest-common-denominator approach.

26. Standards should also support proven measures that reduce runoff and flood risk, including stormwater retention, permeable surfaces and sustainable urban drainage measures. ICNZ has previously supported these forms of mitigation where they demonstrably reduce risk and do not transfer risk elsewhere.

27. Standards alone will not resolve New Zealand's stormwater risk. They need to sit alongside adequate investment in maintenance, renewals and additional infrastructure capacity.

28. ICNZ has consistently supported greater investment in flood resilience infrastructure. Investments in flood resilience infrastructure can produce benefits of around $5 to $8 for every dollar invested.[1]

29. Risk management plans and national performance information should therefore be used to identify investment priorities, particularly where network limitations expose large numbers of properties or critical infrastructure to flooding.

30. Investment prioritisation should not, however, be driven solely by the number or aggregate value of properties exposed. Smaller and provincial communities may face significant resilience and insurance-accessibility impacts from repeated flooding despite having fewer properties at risk. National approaches should also recognise differences in network operators' funding, data and technical capability, so these do not result in systematically poorer resilience outcomes for the communities they serve.

Implementation

31. ICNZ encourages Taumata Arowai to ensure its stormwater work is coordinated with the wider reforms affecting natural hazard management, infrastructure and land-use planning.

32. In particular, there should be alignment between stormwater standards and information, the new planning system, the National Adaptation Framework and Government work to improve national flood hazard information. ICNZ has consistently sought clearer national tests, better hazard information and greater consistency between the different parts of New Zealand's natural hazard management system.

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[1] NZIER

33. Implementation also needs to recognise differences in capability between network operators. National requirements should be accompanied by clear guidance, appropriate implementation periods and sustainable arrangements for obtaining the technical capability and information required to comply.