

# Submission

to the

Environment Committee Komiti  
Whiriwhiri Take Taiao

on the

Planning Bill and Natural  
Environment Bill

13 February 2026



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## **Introduction**

4. NZBA welcomes the opportunity to provide feedback to the Environment Committee Komiti Whiriwhiri Take Taiao on the proposed Planning Bill and Natural Environment Bill. NZBA acknowledges the work undertaken by the Ministry for the Environment and the Expert Advisory Group on Resource Management Reform in developing the proposed framework.
5. This submission is framed from a financial system risk perspective. NZBA recognises that the proposed Bills are intended to balance multiple system objectives and goals. From a financial system standpoint, the central issue is how these are operationalised in practice, particularly in relation to long-term natural hazard risk exposure, the quality and durability of planning signals that underpin long-dated investment, lending, insurance, and infrastructure decisions, and the preservation of natural capital as a foundation of long-term economic stability.
6. While the submission addresses both Bills, the primary focus is on the Planning Bill, as this is the mechanism through which natural hazard risk is translated into spatial constraints, land use controls, and development pathways. The Natural Environment Bill remains materially relevant because environmental limits, stewardship settings, and ecosystem condition directly influence long-term development capacity, transition pathways, and the maintenance of natural capital that underpins business viability and system resilience.
7. NZBA's analysis distinguishes between matters that require resolution through primary legislation, matters that are expected to be addressed through national direction, standards, or methodologies, and areas where the proposed framework may be sufficient if implemented with clarity, consistency, and evidentiary discipline across the system.
8. The submission is structured around an Executive Summary setting out NZBA's core system concerns, priority outcomes sought, and preferred delivery pathways, followed by thematic analysis supported by detailed technical commentary in the Appendix. Detailed analytical reasoning and technical system analysis is intentionally located in the Appendix, allowing the Executive Summary and theme summaries to focus on the specific outcomes sought and delivery pathways.

## **Executive Summary**

9. NZBA recognises that the proposed reforms are intended to advance multiple land use and environmental system goals and objectives. From a financial system risk perspective, a central system performance question is whether the legislative framework enables early, structured, equitable and context-appropriate transition away from



increasing natural hazard exposure.<sup>1</sup> Long-term financial and economic stability also depends on maintaining environmental and natural capital system resilience.

10. NZBA's analysis of the proposed Bills focuses primarily on whether the framework supports consistent, evidence-based management of natural hazard risk and produces clear and durable planning signals that support long-dated investment, lending, insurance, and infrastructure decisions. This includes whether the framework supports early, structured signalling where restriction, redirection, or staged withdrawal of development and occupation is required in locations where risk is projected to increase over time.
11. For many financial system exposures, relevant time horizons extend well beyond standard planning and infrastructure design periods. NZBA is therefore concerned with whether the statutory architecture preserves and operationalises a risk-based approach to land use, infrastructure investment, and development decision-making over timeframes that reflect the full lifecycle of assets, liabilities, and settlement patterns.
12. NZBA also considers whether the proposed reforms sustain the environmental systems and natural capital that underpin long-term economic performance and infrastructure resilience.
13. With the above perspective in mind, NZBA considers that the proposed legislative framework is, in principle, capable of delivering appropriate outcomes. From a financial system perspective, the primary system risk arises not from the absence of legislative powers, but from uncertainty regarding how national policy direction, methodologies, and standards will be designed, exercised, and applied in practice. NZBA considers that the proposed legislation largely establishes an enabling framework for risk-based planning. However, system outcomes will ultimately depend on how core system settings within the framework are designed, timed, sequenced, and applied in practice.
14. This is particularly reflected in the clarity and durability of national direction, the robustness of evidentiary standards, the sequencing and timing of implementation, and the alignment of supporting instruments over timeframes that reflect long-dated financial, infrastructure, and settlement exposures. Delays, misalignment, or staged introduction of supporting instruments can weaken planning signal clarity and extend transition uncertainty. In most areas, the primary system risk arises not from absence of legislative authority, but from variability in whether and how national instruments, regulatory relief settings, and implementation settings are adopted and exercised in practice.
15. Regulatory relief settings will also be material to overall system performance, particularly where they influence natural capital, ecosystem condition, and the strength and

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<sup>1</sup> Context-appropriate transition should be understood as transition that is calibrated to place-specific risk characteristics, environmental system function, infrastructure interdependencies, and community and economic conditions, while operating within nationally consistent risk thresholds, evidentiary standards, and long-term system objectives.



credibility of land use signals across the system. This is especially relevant where the potential cost exposure associated with regulatory intervention may disincentivise actions that would otherwise limit inappropriate land use in high-risk contexts or preserve natural capital at levels necessary to contain financial system risk and avoid long-term economic and infrastructure instability.

16. Consistent with the financial system risk, natural hazards and natural capital perspective outlined above, NZBA considers that the framework should achieve certain **core outcomes**:
  - **Early and structured transition:** Provide clear statutory and national policy support for early, structured, and context-appropriate transition away from increasing hazard exposure, including managed retreat and coordinated transition planning, over timeframes aligned with long-dated asset, infrastructure, financial, and settlement lifecycles, reducing reliance on uncoordinated market-driven exposure adjustment.
  - **Risk-based planning system:** Preserve a nationally consistent, risk-based planning system that supports evidence-based natural hazard and climate risk management, including consistent methodologies, thresholds, and treatment of uncertainty across regions.
  - **National direction, evidence, and data infrastructure:** Provide strong national direction, evidentiary discipline, and constrained discretion to manage nationally significant risks, while enabling locally appropriate application informed by best available local data, risk intelligence, and system context, supported by nationally coordinated data infrastructure.
  - **Compensation, regulatory relief, and contestability:** Ensure compensation, regulatory relief, and contestability settings support risk-based planning and environmental protection decisions rather than discouraging necessary development constraint, and do not create cost signals that undermine environmental limits or natural capital system resilience.
  - **Environmental limits and natural capital system risk:** Recognise environmental limits and natural capital system condition as core components of long-term financial system risk management, including the role of ecosystem degradation in amplifying hazard frequency, severity, and financial exposure.
  - **System integration and implementation discipline:** Ensure the framework and supporting instruments enable timely, integrated, nationally consistent, and context-appropriate implementation across central, regional, and local government, supported by clear expectations for sequencing, funding coordination, and cross-jurisdictional delivery.
17. The remaining sections of this submission apply the following analytical approach to identify where statutory amendment, national direction, standards, or implementation action is required to achieve durable, risk-based system outcomes.



18. NZBA distinguishes between:
  - areas where the Bills provide an appropriate enabling legislative base but depend on strong national direction and disciplined implementation to be effective,
  - areas where targeted statutory amendment is required to remove ambiguity or support durable risk-based decision-making, and
  - areas where delivery is best achieved through national policy direction, standards, or methodologies rather than further legislative prescription.
19. For each major issue, NZBA identifies whether the outcome sought is primarily dependent on statutory clarity, national direction and standards, or implementation discipline. The front sections of this submission are intentionally directional. Detailed analytical reasoning is set out in the thematic discussion sections and Appendix.
20. NZBA's requests are structured to identify the action sought and the preferred delivery pathway identified above, together with the system outcome and risk being addressed. These requests reflect the minimum conditions required to support durable, long-term system outcomes. This includes whether the system supports proactive transition planning where restriction, redirection, or staged withdrawal of development and occupation is required in locations where risk is projected to increase over time, and whether environmental limits and natural capital system conditions are maintained at levels necessary to support long-term economic stability.
21. The submission therefore focuses on three system tests: whether the Bills support consistent, risk-based decision-making across central, regional, and local government; whether national direction, standards, and methodologies provide sufficient clarity, comparability, and durability to support effective long-term implementation; and whether the system supports early and structured transition and risk allocation, or instead allows risk to crystallise through unstructured transfer across property owners, financial institutions, insurers, local authorities, and ultimately the Crown over time.
22. Where these system tests are not met, NZBA considers that either targeted statutory amendment or strengthened national direction and implementation discipline will be required, depending on the nature of the gap identified. The following summarises the primary outcomes sought through the Bills and associated national instruments, and the preferred delivery pathway for each.

### **Managed retreat, transition planning, and risk transfer**

23. **Statutory amendment required:** Ensure the legislation clearly enables proactive, risk-based restrictions on development, redevelopment, and continued occupation in high hazard areas, including where risks are projected to materialise over medium to long-term time horizons, and including where risk is foreseeable but not yet realised under current conditions.



24. The legislation should support coordinated transition planning and provide sufficient legal clarity to enable central and local government to act early where risk is foreseeable and material, including over timeframes aligned with long-dated asset, infrastructure, and settlement lifecycles, which in many cases extend materially beyond conventional planning horizons (for example, 30 years).
25. While the proposed system strengthens the ability to signal and manage risk for new development and future land use through spatial planning and risk-based controls, it is less explicit in providing tools for coordinated transition from existing high-risk locations. In practice, where clear statutory pathways for coordinated transition are not available, exposure adjustment may occur through insurance withdrawal, credit constraint, asset repricing, or reduced market liquidity. This can produce abrupt and unstructured shocks for households, lenders, and local economies. From a financial system perspective, this increases the risk that exposure reduction occurs through market-driven withdrawal rather than planned transition, potentially amplifying financial, fiscal, and community disruption.
26. **National direction or standards required:** Provide detailed national policy direction and methodologies on risk thresholds, evidentiary standards, transition sequencing, and decision-making pathways for restricting or redirecting development. This should include clear treatment of trade-offs between property rights, fiscal exposure, and long-term risk reduction, and should support nationally consistent approaches to managed retreat and adaptation planning. National direction should support consistent and coordinated transition planning, helping to ensure that exposure reduction occurs through planned policy pathways rather than through uncoordinated market adjustment mechanisms.

#### **Natural hazard risk management and land use decision-making**

27. **Statutory amendment required:** In the context of natural hazards, confirm that risk-based planning and decision-making is the central organising principle of the planning system, including explicit recognition of the need to manage exposure to natural hazards and climate risk over time, including cumulative and future hazard exposure.
28. **National direction or standards required:** Provide nationally consistent methodologies for hazard and risk assessment, including treatment of uncertainty, adaptive planning pathways, and update triggers as new information becomes available. National direction should support comparability of risk treatment across regions and reduce incentives for risk deferral or localised risk transfer.

#### **National direction, evidentiary discipline, and constrained discretion**

29. **Statutory amendment required:** Ensure the legislation provides a clear mandate for national policy direction, standards, and methodologies to constrain decision-making where required to manage nationally significant risks, including natural hazards and climate change, while ensuring that the design and development of national direction is informed by meaningful local and regional input at stages where material implications of



community, infrastructure, and economic impacts can be properly understood and assessed.

30. **National direction or standards required:** In the context of natural hazards and related system risk, and noting that the National Policy Statement on Natural Hazards may require review or reassessment as the reformed system is implemented, NZBA submits that national direction should continue to support consistent treatment of emerging risks and reduce reliance on ad hoc or locally developed risk methodologies. At the same time, nationally consistent risk thresholds, evidentiary standards, and analytical approaches should be applied in ways that enable locally appropriate development and transition outcomes, informed by best available local data, risk intelligence, and system context. National direction should also provide clarity on decision-making expectations where data quality, availability, or spatial granularity varies across regions. This reduces the risk of maladaptation and unintended cost transfer to local communities over time.
31. NZBA supports the use of best available information. However, data availability, quality, and spatial granularity currently vary across regions, and the cost of producing high-quality data can be material. Without nationally coordinated data infrastructure and clear expectations for decision-making under conditions of uncertainty, reliance on best available information risks producing uneven planning signals, delayed transition decisions, and inconsistent risk outcomes across the system.
32. National direction should therefore be supported by nationally coordinated data infrastructure, including, for example, national provision of sufficiently granular hazard and environmental data (such as through the national hazards data portal), clear guidance on decision-making where data is incomplete or evolving, and nationally consistent update cycles as improved information becomes available.

### **Regulatory relief, contestability pathways and compensation settings**

33. **Statutory amendment required:** Review compensation, contestability, and regulatory relief provisions to ensure they do not unintentionally create fiscal or behavioural disincentives for councils to take risk-aligned land use and environmental protection decisions, including restricting development in high-risk locations and preserving natural capital and ecosystem condition necessary to support long-term economic stability (for example, the application of 'specified topics' to the Natural Environment Bill).
34. While regulatory relief in the Planning Bill is currently limited to specified topics that do not include natural hazards, adjacent mechanisms, including contestability pathways (for example, cl 105), may still influence how risk-based controls are applied in practice. NZBA recognises that contestability is important where mapping, modelling, or risk evidence is incomplete, low resolution, or demonstrably incorrect. However, contestability settings should be designed so that they support correction of evidence and refinement of risk understanding, rather than creating systemic incentives to delay or avoid risk-based controls where evidence of risk is robust.



35. **National direction or standards required:** Provide guidance clarifying how compensation, contestability, property value, and development potential should be considered in risk-based planning and environmental protection contexts. In particular, national direction should avoid creating incentives that assume future development potential must be preserved or compensated where this would increase long-term hazard exposure, undermine environmental limits, or reduce natural capital and ecosystem condition necessary to support long-term system stability.
36. National direction should also clarify that contestability mechanisms are intended to support correction of mapping, modelling, or risk evidence where this is incomplete, low resolution, or demonstrably incorrect, rather than creating systemic incentives to delay or avoid risk-based controls where evidence of risk is robust.
37. From a financial system perspective, lending decisions are generally based on currently permissible land use rather than speculative future development potential. Regulatory frameworks that assume preservation of maximum theoretical development potential risk creating fiscal and behavioural incentives that increase long-term hazard exposure and weaken long-term economic and financial system resilience.

#### **Environmental limits, natural capital, and hazard amplification**

38. **Statutory amendment required:** Ensure the legislative framework supports enforceable environmental limits and recognises the role of ecosystem condition in moderating natural hazard risk and supporting economic stability.
39. **National direction or standards required:** Provide integrated national direction linking environmental limits, ecosystem condition, and hazard risk, including where ecosystem degradation may increase hazard frequency or severity. National direction should recognise natural capital degradation as a potential driver of financial risk. Ecosystem degradation can materially amplify natural hazard frequency, severity, and correlation across regions. This can increase insurance loss volatility, accelerate asset repricing, increase credit risk, and create financial exposure where risks materialise simultaneously across geographies or sectors.

#### **System integration and implementation across levels of government**

40. **Statutory amendment required:** Ensure that the legislative framework explicitly supports integrated spatial, environmental, and land use planning across multiple councils and regional committees.
41. **National direction or standards required:** Provide clear expectations for how national policy direction, methodologies, and standards are to be applied across regional committees and multiple local authorities. Particular attention is required to support agreement on adaptation priorities, funding pathways, and implementation sequencing across jurisdictions.



42. Across the issues addressed in this submission, NZBA considers that the primary determinants of system performance will be the quality and consistency of national direction, evidentiary baselines, and implementation discipline. Detailed discussion of system behaviour, transition pathways, and exposure dynamics are provided in the thematic discussion sections in the Appendix.



## Appendix

43. Each Appendix item provides the analytical basis for the six core outcomes sought in the Executive Summary, including early and structured transition, durable risk-based planning signals, strong national direction and evidence discipline, and the treatment of compensation, regulatory relief, and contestability settings that may shape real-world implementation incentives.

### **Transition, managed retreat, and risk transfer across the system**

44. This theme addresses whether the proposed framework provides sufficient statutory clarity and nationally consistent direction to support early, structured transition away from increasing natural hazard exposure over time, including where this requires restriction, redirection, or staged withdrawal of development and occupation. From a financial system perspective, the relevant risk horizon is typically multi-decade, reflecting mortgage duration, infrastructure asset life, insurance repricing cycles, and refinancing rollover risk. These timeframes often extend materially beyond conventional planning horizons, including beyond 30 years.
45. NZBA considers that, in the absence of explicit transition and managed retreat frameworks, increasing hazard risk is likely to be progressively transferred across households, insurers, lenders, local authorities, and ultimately the Crown. From a financial system perspective, the primary system risk is not transition itself, but transition occurring through unstructured market repricing, insurance withdrawal, and post-event fiscal response rather than through coordinated, policy-led pathways.
46. While the proposed system strengthens the ability to signal and manage risk for new development and future land use through spatial planning and risk-based controls, it is less explicit in providing tools for coordinated transition from existing high-risk locations. From a system stability perspective, both exposure prevention and exposure reduction are required to support orderly adjustment over time.
47. Context-appropriate transition should be understood as transition that is calibrated to place-specific risk characteristics, environmental system function, infrastructure interdependencies, and community and economic conditions, while operating within nationally consistent risk thresholds, evidentiary standards, and long-term system objectives.

#### Summary of submission

- **Backward-looking impacts:** NZBA recognises that the shift to a more explicit risk-based planning framework will have unavoidable backward-looking effects for existing development, infrastructure, and asset values, as new hazard classifications and planning constraints are applied to areas developed under earlier regimes. The framework should clearly acknowledge and provide for the management of these transition effects over time.



- **Escalation and risk transfer:** NZBA submits that, in the absence of explicit transition and managed retreat frameworks, increasing hazard risk is likely to be escalated through planning signals but resolved through market and fiscal channels. Risk may be progressively transferred from planning frameworks to households, insurers, lenders, and ultimately the Crown, unless supported by coordinated transition pathways.
  - **Transition pathways:** NZBA considers that the Planning Bill does not currently establish explicit transition pathways for existing development that becomes subject to heightened risk management settings. Transition is therefore likely to occur primarily through incremental constraint rather than structured adjustment, placing greater reliance on market responses, insurance decisions, and post-event intervention.
  - **Managed retreat:** NZBA submits that, in locations where hazard risk is expected to exceed tolerable thresholds over time, managed retreat is likely to emerge as an eventual outcome rather than a discrete planning choice. In the absence of a clear retreat framework, retreat is more likely to occur through reactive and fragmented processes, increasing the risk of abrupt and uneven adjustment.
  - **Risk transfer across the system:** NZBA identifies that, without explicit transition or retreat mechanisms, risk is likely to be progressively transferred across the system, from planning frameworks to households, insurers, lenders, and ultimately the Crown. Greater clarity about how and where this transfer occurs is important to reduce the likelihood of crisis-driven adjustment and correlated losses.
  - **Equity and hardship:** NZBA emphasises that unstructured or delayed transition has potential equity implications, with adjustment costs more likely to fall unevenly across particular households, communities, and regions. Where transition occurs abruptly or without clear forward signalling, hardship risks are likely to increase, undermining system durability and increasing the likelihood of reactive policy intervention.
  - **Spatial planning interaction:** NZBA recognises that spatial planning has the potential to improve the management of transition and retreat by surfacing long-term risk trajectories earlier. However, where increasing risk is identified without accompanying guidance on transition pathways, uncertainty for existing asset holders, lenders, and insurers is likely to increase.
  - **Orderly adjustment:** NZBA submits that the long-term effectiveness of the Planning Bill will depend not only on constraining future exposure, but on how existing exposure is managed as risk increases over time. Strong, early, and durable planning signals, supported by structured and transparent approaches to transition and managed retreat, are important to support orderly adjustment and long-term community resilience.
48. Across these areas, NZBA distinguishes between matters that may require statutory amendment to provide sufficient legal clarity for early transition decision-making, and



matters that are more appropriately delivered through national policy direction, standards, and methodologies.

## Discussion

### **Early transition, managed retreat, and risk transfer**

49. Early and structured transition away from increasing natural hazard exposure requires clear statutory and national policy support for coordinated transition planning, including managed retreat where required, over timeframes aligned with long-dated asset, infrastructure, financial, and settlement lifecycles. The objective is to reduce reliance on uncoordinated market-driven exposure adjustment and support orderly transition across the system.
50. From a financial system perspective, the relevant risk horizon is typically multi-decade (for example, more than 30 years) reflecting mortgage duration, infrastructure asset life, insurance repricing cycles, and refinancing rollover risk. These timeframes often extend materially beyond conventional planning horizons.

### **System risk if transition is not structured**

51. In the absence of explicit transition and managed retreat frameworks, increasing hazard risk is likely to be progressively transferred across households, insurers, lenders, local authorities, and ultimately the Crown. The primary system risk is not transition itself, but transition occurring through unstructured market repricing, insurance withdrawal, and post-event fiscal response rather than through coordinated, policy-led pathways.
52. While the proposed system strengthens the ability to signal and manage risk for new development and future land use through spatial planning and risk-based controls, it is less explicit in providing tools for coordinated transition from existing high-risk locations. From a system stability perspective, both exposure prevention and exposure reduction are required.

### **Backward-looking exposure consequences**

53. The shift to a more explicit risk-based planning framework will have unavoidable backward-looking effects for existing development, infrastructure, and asset values. New hazard classifications and planning constraints will increasingly apply to areas developed under earlier regimes.
54. Spatial plans, land use plans, and hazard overlays reshape expectations about future use, insurability, servicing, and long-term viability. These effects arise not because of deficiencies in past decision-making, but because hazard risk evolves and becomes more visible through improved information and planning frameworks.



55. A substantial proportion of financial system exposure relates to assets that predate proposed reforms and that may, over time, be subject to more stringent hazard-related planning signals.

#### **Transition pathways under current settings**

56. The framework preserves existing use rights and does not mandate removal or relocation of existing development from hazard-prone areas. Nor does it establish explicit transition pathways for assets that become subject to heightened risk management settings through new plans or spatial strategies.
57. Transition is therefore expected to occur primarily through incremental constraint rather than structured adjustment with the key planning and infrastructure mechanisms addressed in Key Topic 2 (see pages 16 – 21 below).
58. These mechanisms moderate future exposure but do not resolve how existing exposure is to be managed where risk continues to increase. Where statutory provisions and national direction do not provide sufficient clarity to support early transition planning, transition is more likely to occur through unstructured market and fiscal channels rather than coordinated planning-led pathways.

#### **Managed retreat as an eventual outcome**

59. Managed retreat is best understood, under current settings, as an eventual outcome rather than a discrete planning choice. In the absence of a clear retreat framework, retreat is likely to emerge through reactive and fragmented processes, increasing the risk of abrupt adjustment.
60. Where retreat emerges in this way, adjustment is more likely to be abrupt, uneven, and destabilising for households, lenders, insurers, and communities.

#### **Risk transfer chains across the system**

61. In the absence of structured transition pathways and explicit retreat mechanisms, markets supply transition by default, with risk progressively transferred across the system over time.
62. Planning instruments influence where development is permitted and how risk is signalled, but do not determine who ultimately bears losses when risk materialises or constraints tighten. In practice, risk may be transferred:
- from the planning system to individual property owners through loss of use or value
  - from insurers to households through rising premiums or withdrawal of cover and, consequential, reduced collateral value
  - from households and lenders to local authorities and the Crown through post-event response and recovery.



63. This pathway can have direct financial system implications through insurance loss volatility, collateral value erosion, credit risk repricing, and potential concentration of fiscal exposure.
64. Clarity about how and where this transfer occurs is essential to avoiding crisis-driven adjustment and correlated losses.

### **Market-driven transition dynamics**

65. Where coordinated transition pathways are absent, exposure reduction is likely to occur through market-driven withdrawal mechanisms rather than through planned policy-led transition.
66. Adjustment is more likely to occur through:
  - insurance repricing or withdrawal
  - credit constraint or repricing
  - asset repricing
  - post-event fiscal intervention

This increases the likelihood of abrupt and uneven financial and community impacts.

67. Early, well-signalled transition reduces downstream fiscal and social costs relative to delayed adjustment. This analysis should not be read as advocating for expanded compensation or regulatory relief in response to hazard-based planning constraints.

### **Equity, hardship, and system durability**

68. Unstructured or delayed transition has equity implications. Where exposure is allowed to accumulate and adjustment is deferred, the costs of eventual change are more likely to fall unevenly on particular households, communities, and regions. Those with limited resources or constrained mobility may experience disproportionate hardship.
69. Inequitable outcomes undermine system durability, increase the likelihood of ad hoc intervention, and increase the probability of reactive policy change.
70. Durable adaptation settings must balance risk reduction with fairness, avoid unnecessary hardship, and provide sufficient certainty for long-term lending and investment.

### **Interaction with spatial planning**

71. Spatial planning has the potential to improve management of transition and retreat by surfacing long-term risk trajectories earlier. However, where increasing risk is identified without accompanying guidance on transition pathways, uncertainty for existing asset holders and lenders increases.



72. Signals that certain areas are no longer suitable for long-term occupation or intensification raise questions about timing, responsibility, and residual value that cannot be resolved through planning constraints alone.

#### **Forward system implications**

73. The long-term effectiveness of the framework will depend not only on constraining future exposure, but on how existing exposure is managed as risk increases.
74. Strong, early, and durable planning signals, supported by structured and transparent approaches to transition and managed retreat, are critical to supporting orderly adjustment and community resilience.
75. From a financial system perspective, structured and transparent transition and managed retreat settings are central to ensuring that risk-based planning supports orderly adjustment and long-term system resilience. This requires statutory settings and national direction to operate together to support early, credible, and durable transition signals across the system.

#### **Natural hazard risk management and land use decision-making**

76. This theme addresses whether the proposed framework provides sufficient statutory clarity, nationally consistent direction, and implementation discipline to support risk-based land use decision-making that prevents the creation of new natural hazard exposure and progressively reduces exposure over time where this is feasible through planning and infrastructure decisions.
77. From a system perspective, natural hazard risk is strongly shaped by cumulative land use decisions over time. Exposure is not only a function of hazard behaviour, but of where development is enabled, intensified, serviced, and maintained through planning system settings. Planning frameworks therefore operate as the primary mechanism through which long-term exposure pathways are either created or interrupted.
78. While the proposed system strengthens the ability to signal and manage risk for new development through spatial planning and risk-based controls, the effectiveness of the framework will depend on whether risk classification, spatial planning signals, and binding regulatory controls operate together to prevent the continued accumulation of exposure in locations where hazard risk is projected to increase.

#### **Summary of submission**

- **Exposure accumulation through planning settings:** NZBA submits that natural hazard exposure is primarily created through cumulative land use planning and infrastructure decisions over time. Planning instruments that enable development, intensification, or continued servicing in hazard-prone locations may progressively increase system exposure unless supported by clear and durable hazard constraints. The framework should support planning decisions that both prevent



the creation of new exposure and progressively reduce exposure where risk is expected to increase over time.

- **Spatial planning signals vs binding land use constraints:** NZBA recognises that spatial planning has an important role in surfacing long-term hazard risk and shaping future settlement patterns. However, spatial planning signals alone do not interrupt exposure pathways unless they are translated into binding regulatory controls through land use plans, infrastructure servicing decisions, and development standards. The effectiveness of spatial planning will therefore depend on the clarity, durability, and implementation discipline of downstream regulatory instruments that translate strategic signals into enforceable land use outcomes.
- **Risk classification and regulatory translation:** NZBA submits that risk-based planning requires nationally consistent approaches to hazard classification, evidentiary thresholds, and risk tolerability settings to ensure that planning controls are applied consistently across regions. Where risk classification varies materially across jurisdictions, similar exposure pathways may be treated differently, weakening the effectiveness of the planning system as a mechanism for managing long-term system risk.
- **Existing-use pathway lock-in:** NZBA recognises that existing-use rights play an important role in providing legal certainty and protecting investment expectations. However, where existing development is located in areas of increasing hazard risk, existing-use settings may contribute to the persistence of exposure over time. Planning systems that preserve existing exposure without providing clear pathways for long-term exposure reduction may limit the ability of the system to progressively reduce aggregate risk.
- **Intensification and redevelopment risk pathways:** NZBA submits that, without clear risk-based constraints, redevelopment, intensification, and post-damage rebuilding may reinforce or increase exposure in locations where long-term risk is increasing. The framework should support clear decision-making settings for redevelopment and intensification in hazard-prone locations, including where progressive constraint may be required over time.
- **Infrastructure and servicing decisions as exposure drivers:** NZBA recognises that infrastructure provision, servicing decisions, and public investment play a central role in shaping long-term land use patterns and exposure outcomes. Planning and infrastructure investment decisions should operate together to avoid reinforcing or extending development pathways in locations where long-term hazard risk is expected to increase.
- **Information disclosure and market signal interaction:** NZBA recognises that hazard mapping, planning overlays, and disclosure mechanisms play an important role in improving risk visibility for landowners, developers, lenders, and insurers. However, disclosure alone does not interrupt exposure pathways unless



supported by consistent planning and infrastructure decision-making that aligns with long-term risk projections.

- **System consistency and implementation discipline:** NZBA submits that the effectiveness of risk-based planning will depend not only on statutory authority, but on the consistency, durability, and discipline of national direction, evidentiary standards, and implementation sequencing across the system. Variability in how risk-based planning tools are applied in practice may weaken planning signal clarity and allow exposure pathways to continue.
- **Relationship to transition and adjustment (cross-reference only):** NZBA notes that the accumulation of exposure through planning decisions increases the scale and complexity of future transition requirements. The system implications of delayed exposure interruption are addressed in Key Topic 1 (see pages 11 – 16 above).
- **Statutory clarity and national direction:** NZBA distinguishes between matters that may require statutory clarity to support consistent application of risk-based planning controls, and matters that are more appropriately delivered through national policy direction, standards, and methodologies.

## Discussion

### **Exposure accumulation in a plan-led system**

79. Under the proposed framework, land use, development, and infrastructure outcomes are primarily shaped through plans, with national direction and spatial strategies influencing plan content over time. In a permission-based planning system, natural hazard exposure is typically created through cumulative plan settings rather than through isolated individual decisions.
80. Exposure therefore tends to build incrementally through zoning choices, permitted activity settings, density allowances, infrastructure provision decisions, and continuation of existing uses. Individually reasonable decisions can collectively establish development patterns that are costly and difficult to unwind once established.
81. Where exposure accumulates through plan settings over extended periods, the scale and complexity of future exposure reduction increases. This increases the probability that exposure reduction must occur under time pressure rather than through anticipatory planning processes.
82. This dynamic is central to understanding natural hazard risk management as a system function rather than as a site-specific regulatory issue.



### **Spatial planning as an early risk visibility tool, not a binding constraint**

83. The regional spatial planning framework is intended to provide earlier visibility of long-term hazard risk and development constraints by integrating land use, infrastructure, and hazard risk across longer time horizons.
84. From a system perspective, spatial planning improves foresight and allows earlier signalling of how exposure pathways are expected to evolve over time.
85. However, spatial plans do not themselves operate as binding regulatory constraints. Binding exposure interruption occurs primarily through land use plans, infrastructure servicing decisions, development standards, and related regulatory instruments.
86. As a result, spatial planning can improve visibility of risk trajectories without immediately interrupting exposure pathways. Where spatial planning signals are not translated into timely and durable downstream regulatory controls, exposure may continue to accumulate despite early visibility of risk.
87. This creates a structural distinction between:
  - Strategic risk signalling (spatial planning), and
  - Binding exposure control (land use planning and infrastructure decision-making)
88. The effectiveness of the framework therefore depends on disciplined translation of spatial signals into enforceable regulatory outcomes.

### **Risk classification and regulatory translation**

89. Risk-based planning depends on the consistent translation of hazard evidence and risk classification into binding planning controls.
90. National direction is expected to be revisited under the reforms, so continuity of nationally consistent natural hazard risk management methodologies remains important.
91. Where classification frameworks are nationally consistent but regulatory translation varies across regions, similar exposure pathways may be managed differently, weakening the effectiveness of the system as a mechanism for long-term exposure management.
92. Where this consistency is not achieved, planning signals may diverge in ways that reflect institutional or resourcing differences rather than underlying risk differences.

### **Existing-use pathway lock-in**

93. Existing-use protections play an important role in maintaining legal certainty and protecting investment expectations. However, where existing development is located in



areas of increasing hazard risk, existing-use settings can contribute to persistence of exposure over time.

94. Planning systems that preserve existing exposure without providing mechanisms for long-term exposure reduction may limit the system's ability to progressively reduce aggregate risk.
95. This lock-in dynamic does not arise from individual decision error. It arises from structural features of plan-based systems operating across long asset and settlement lifecycles.

#### **Intensification, redevelopment, and post-damage pathways**

96. Where risk-based constraints are not clearly specified, redevelopment, intensification, and post-damage rebuilding can reinforce or increase exposure in locations where long-term risk is increasing.
97. Clear decision-making settings are required to guide redevelopment and intensification decisions in hazard-prone areas, including where progressive constraint may be required over time. Without these settings, exposure pathways may be reinforced through otherwise compliant redevelopment activity.

#### **Infrastructure and servicing decisions as exposure drivers**

98. Infrastructure provision and servicing decisions play a central role in shaping long-term exposure outcomes. Public investment in infrastructure can reinforce development pathways in hazard-prone areas even where land use constraints are progressively tightening.
99. Planning and infrastructure investment decisions must therefore operate together to avoid reinforcing exposure pathways where long-term hazard risk is expected to increase.

#### **Information disclosure and market signal interaction**

100. Hazard mapping, planning overlays, and disclosure mechanisms improve visibility of hazard risk for landowners, developers, lenders, and insurers.
101. However, disclosure alone does not interrupt exposure pathways. Exposure interruption requires consistent alignment between disclosure, planning controls, and infrastructure decisions.
102. Where disclosure occurs without corresponding regulatory and infrastructure alignment, exposure may continue to accumulate despite improved risk visibility.



### **System consistency and implementation discipline**

103. Variability in how risk-based planning tools are applied in practice can weaken planning signal clarity and allow exposure pathways to continue.
104. Consistency across regions is particularly important in a system relied upon by long-dated financial, insurance, and infrastructure decision-makers.

### **Implications for long-term exposure pathways**

105. Natural hazard risk cannot be eliminated through planning. However, systems that rely on late exposure response rather than early exposure interruption increase the scale and cost of eventual impacts.
106. From a system perspective, the effectiveness of the framework will depend on whether spatial planning, national direction, and plan implementation operate together to translate long-term risk signals into timely and durable exposure constraints.
107. Where this translation occurs early and consistently, exposure pathways can be interrupted progressively. Where translation is delayed or inconsistent, exposure is more likely to accumulate until external pressures force adjustment.
108. This distinction is central to the long-term performance of the risk-based planning system.

### **National direction, evidence, and constrained discretion**

109. This theme addresses whether the proposed framework provides sufficient statutory mandate, nationally consistent direction, evidentiary discipline, and appropriately constrained discretion to manage nationally significant risks, including natural hazards and climate change, while enabling locally appropriate application informed by best available local data, risk intelligence, and system context.
110. In a plan-led system, national direction establishes the parameters within which long-term land use, infrastructure, and risk management decisions are made. These settings influence decisions operating across multi-decade time horizons, including settlement patterns, infrastructure investment, and long-dated financial exposures. The clarity, durability, and evidentiary integrity of national direction therefore directly influence system confidence and the effectiveness of planning instruments as long-term risk management tools.
111. NZBA supports the use of best available information and best practice risk management approaches. However, data availability, quality, and spatial granularity currently vary across regions, and the cost of producing high-quality hazard and environmental data can be material. In this context, nationally coordinated data infrastructure, nationally consistent evidentiary standards, and clear expectations for decision-making under



uncertainty are important to support consistent and durable planning outcomes across the system.

112. The current national policy framework for natural hazard risk management provides an established methodological basis for risk-based land use decision-making. While national direction for natural hazards may require review or reassessment as the reformed system is implemented, continuity of core natural hazard risk management methodologies remains important to support consistent treatment of emerging risks and reduce reliance on ad hoc or locally developed risk methodologies.

#### Summary of submission

- **Statutory mandate for national direction:** NZBA submits that legislation should provide a clear mandate for national policy direction, standards, and methodologies to constrain decision-making where required to manage nationally significant risks, including natural hazards and climate change, while enabling locally appropriate application informed by best available local data, risk intelligence, and system context. National direction should be developed with meaningful local and regional input where material community, infrastructure, and economic implications arise.
- **Continuity of natural hazard risk management methodologies:** NZBA submits that, as national direction is reviewed or restructured under the reformed system, it should continue to support consistent treatment of emerging natural hazard risks and reduce reliance on ad hoc or locally developed risk methodologies through nationally consistent risk thresholds, evidentiary standards, and analytical approaches.
- **Decision-making under variable data quality:** NZBA submits that national direction should provide clear expectations for decision-making where data quality, availability, or spatial granularity varies across regions to reduce the risk of inconsistent planning outcomes, maladaptation, and uneven distribution of exposure and infrastructure burdens across communities over time.
- **Nationally coordinated data infrastructure:** NZBA submits that national direction should be supported by nationally coordinated data infrastructure, including national provision of sufficiently granular hazard and environmental data, clear guidance on decision-making under uncertainty, and nationally consistent update cycles as improved information becomes available.
- **Constrained discretion and evidentiary discipline:** NZBA submits that national direction should establish nationally consistent evidentiary standards, risk classification approaches, and analytical methodologies, and appropriately constrain discretionary decision-making where inconsistency would create system risk.
- **Update discipline:** NZBA submits that national direction should be supported by clear evidentiary triggers, transparent review processes, and nationally consistent



update cycles to support predictable incorporation of new risk information over time.

## Discussion

### **National direction as system risk infrastructure**

113. In a plan-led system, national direction operates as the primary mechanism for establishing consistent risk management expectations across regions and over time. National policy direction, standards, and methodologies provide the framework within which planning instruments operate as long-term signals about future land use, development constraints, and risk tolerability.
114. NZBA supports the use of best available information and best practice risk management approaches. However, where nationally significant risks are present, including natural hazards and climate change, legislation should provide a clear mandate for national policy direction, standards, and methodologies to constrain decision-making where required to manage those risks.
115. At the same time, the design and development of national direction should be informed by meaningful local and regional input at stages where material community, infrastructure, and economic implications can be properly understood and assessed. This supports locally appropriate implementation while maintaining nationally consistent risk management outcomes.

### **Planning signals as long-dated system infrastructure**

116. Planning instruments influence decisions that operate across asset lifecycles measured in decades, including infrastructure investment, settlement patterns, and long-dated financial exposures. In this context, planning signals function as a form of national risk management infrastructure.
117. Signal durability depends not only on statutory authority, but on consistency of national direction, clarity of evidentiary standards, and confidence that signals will be maintained and updated in a disciplined and predictable manner.
118. If planning signals are perceived as unstable, subject to frequent change, or vulnerable to short-term variation, system actors are more likely to defer adjustment or price uncertainty into long-term decisions.

### **Evidentiary discipline and nationally coordinated data infrastructure**

119. Effective national direction depends on consistent evidentiary foundations, including nationally comparable hazard information, risk classification approaches, and methodologies for translating risk evidence into planning outcomes.



120. The current national policy statement for natural hazard risk management provides an established national methodological basis for hazard identification, risk classification, and risk-based land use decision-making. While national policy direction for natural hazards may require review or reassessment as the reformed system is implemented, continuity of core risk-based natural hazard management methodologies remains important to support stable and predictable planning outcomes across the system.
121. The effectiveness of risk-based planning depends not only on statutory authority but on the consistency, durability, and discipline of national direction, evidentiary standards, and implementation sequencing across the system.
122. National direction should continue to support consistent treatment of emerging risks and reduce reliance on ad hoc or locally developed risk methodologies. Nationally consistent methodologies, evidentiary thresholds, and tolerability settings are therefore necessary to ensure that risk classification produces comparable planning outcomes across jurisdictions. These should be applied in ways that enable locally appropriate development outcomes, informed by best available local data, risk intelligence, and system context.
123. National direction should also provide clarity on decision-making expectations where data quality, availability, or spatial granularity varies across regions. Without this clarity, reliance on best available information alone may produce uneven planning signals, delayed decision-making, and inconsistent risk outcomes across the system.

#### **National data infrastructure and decision-making under uncertainty**

124. National direction should be supported by nationally coordinated data infrastructure. This includes national provision of sufficiently granular hazard and environmental data, clear guidance on decision-making where data is incomplete or evolving, and nationally consistent update cycles as improved information becomes available.
125. Nationally coordinated data infrastructure supports comparability of planning outcomes across regions, reduces duplication of data production costs, and supports consistent application of risk-based planning methodologies.
126. Without nationally coordinated data infrastructure and clear expectations for decision-making under uncertainty, variability in data quality and availability risks producing inconsistent planning outcomes and uneven exposure management across the system.

#### **Constrained discretion and nationally significant risk management**

127. Managing nationally significant risks requires national direction that appropriately constrains discretionary decision-making where inconsistency would create system risk.



128. Constrained discretion does not prevent locally appropriate decision-making. Rather, it establishes clear national parameters within which local authorities apply local data, local context, and local risk intelligence.
129. Where discretion is unconstrained or inconsistently exercised across jurisdictions, similar risk contexts may produce materially different planning outcomes, weakening confidence in the system and reducing the effectiveness of planning signals as long-term decision anchors.

#### **Ministerial discretion and signal durability**

130. Ministerial powers to amend, replace, or reinterpret national direction are an inherent feature of a national planning framework. However, the way these powers are exercised has direct implications for signal durability and long-term system confidence.
131. Signal durability is strengthened where national direction is supported by clear evidentiary thresholds, transparent update triggers, predictable review cycles, and clear expectations about how new evidence is incorporated into planning settings.

#### **Update discipline as signal maintenance**

132. National direction must be capable of being updated as hazard information, climate projections, and risk understanding evolve. However, update processes must operate in a disciplined and predictable way to maintain confidence in planning signals over time.
133. Disciplined update processes ensure that changes occur in response to clear evidentiary triggers, are implemented consistently across jurisdictions, and are communicated transparently to system participants.

#### **Implications for long-term system performance**

134. The long-term effectiveness of the framework will depend on whether national direction, evidentiary discipline, constrained discretion, and nationally coordinated data infrastructure operate together to support clear, durable, and trusted planning signals across the system.
135. Where these elements operate together, planning signals are more likely to support anticipatory adjustment and long-term system resilience. Where they are inconsistent or weakly applied, planning signals may be treated as provisional, reducing their effectiveness in guiding long-term decision-making.

#### **Compensation, regulatory relief, and contestability**

136. This theme addresses whether compensation, regulatory relief, and contestability settings support risk-based planning and environmental protection decisions, rather than



discouraging necessary development constraint or creating cost signals that undermine environmental limits, natural capital integrity, or long-term system resilience.

137. Under the Planning Bill, the regulatory relief framework is structured around specified topics, with obligations requiring councils to consider the impact of certain planning controls on landowners and to provide relief where impacts on reasonable land use are assessed to be significant. The Natural Environment Bill operates alongside, and in part through, the Planning Bill framework. As a result, the interaction between regulatory relief settings, contestability mechanisms, and compensation expectations has system-wide implications, particularly where specified topics relate to environmental protection, biodiversity, or natural capital.
138. As currently drafted, regulatory relief settings do not appear to apply to natural hazard controls. However, adjacent mechanisms, including contestability pathways and broader compensation expectations, may still influence behaviour in practice. The central policy risk is therefore less about direct legal constraint on hazard regulation, and more about whether fiscal signals, contestability settings, or compensation assumptions create behavioural incentives that weaken risk-aligned land use or environmental protection decisions.
139. From a system perspective, these settings must operate in a way that preserves the integrity of environmental limits, supports risk-based planning, and avoids creating incentives that assume preservation of theoretical development potential where long-term risk or environmental system function indicates constraint is necessary.
140. The role of national direction in providing evidentiary discipline, update cycles, and nationally consistent decision-making parameters is addressed in Key Topic 3 (see pages 21 – 25 above). This Key Topic focuses on the incentive and contestability effects created by relief, compensation, and dispute mechanisms.

#### Summary of submission

- **Statutory calibration of relief and compensation settings:** Compensation, regulatory relief, and contestability provisions should be reviewed to ensure they do not unintentionally create fiscal or behavioural disincentives for councils to apply risk-aligned land use and environmental protection controls, including restricting development in high-risk locations and preserving natural capital and ecosystem condition.
- **Scope and behavioural effects of regulatory relief:** While regulatory relief is currently limited to specified environmental, cultural, and heritage topics and does not apply to natural hazard controls, adjacent mechanisms, including contestability pathways, may still influence implementation behaviour and should be calibrated to support, rather than discourage, risk-based controls.
- **Contestability as evidence correction, not risk avoidance:** Contestability pathways should support correction of mapping, modelling, or risk evidence where incomplete, low resolution, or demonstrably incorrect. They should not create



systemic incentives to delay or avoid risk-based controls where evidence of risk is robust.

- **Treatment of development potential and property value in risk contexts:** NZBA submits that national direction should clarify how compensation, property value, and development potential are to be treated in risk-based planning and environmental protection contexts, to avoid relief or compensation settings creating incentives that assume maximum development potential must be preserved or compensated where this would increase hazard exposure or degrade natural capital.
- **Financial system alignment:** Lending decisions are generally based on currently permissible land use rather than speculative future development potential. Regulatory settings that implicitly assume preservation of theoretical development capacity risk creating fiscal and behavioural signals that increase long-term hazard exposure and weaken system resilience.

## Discussion

### **Structure and scope of the regulatory relief framework**

141. The Planning Bill introduces a regulatory relief framework that requires councils to consider the impact of specified planning controls on landowners when developing plans, and to provide relief where impacts on reasonable land use are assessed as significant.
142. Access to regulatory relief is limited to planning controls relating to specified topics, including historic heritage, sites of significance to Māori, outstanding natural landscapes and features, and areas of high natural character in specified environments. Relief mechanisms may include rates relief, bonus development rights, fee waivers, land swaps, grants, or cash payments, with dispute resolution through the Planning Tribunal.
143. As drafted, these provisions do not apply to natural hazard controls. On their face, they therefore do not create legal uncertainty for councils regulating natural hazards.
144. However, the Natural Environment Bill relies on the Planning Bill framework in several respects. Where specified topics intersect with biodiversity, natural character, or environmental protection settings, the interaction between environmental protection rules and regulatory relief mechanisms may influence implementation behaviour, particularly if relief is perceived as fiscally material.

### **Behavioural and fiscal signalling effects**

145. Even where regulatory relief is not directly available for natural hazard controls, broader compensation expectations or contestability settings can influence decision-making behaviour.



146. If regulatory settings create an expectation that restriction of development potential must generally be offset or compensated, this can create a structural incentive to avoid early constraint, even where risk evidence is robust or environmental system limits require protection.
147. From a system perspective, this risk is particularly material where environmental limits, biodiversity protection, and natural capital preservation functions intersect with long-term hazard exposure management. Weakening environmental protection decisions increases long-term system exposure.

#### **Contestability pathways and evidence integrity**

148. Contestability plays an important role where mapping, modelling, or risk evidence is incomplete or demonstrably incorrect. This supports evidentiary integrity and improves planning outcomes.
149. However, if contestability mechanisms enable repeated re-litigation of robust risk evidence or create procedural pathways that delay implementation of risk-based controls, risk management outcomes may be weakened, and exposure constraint may be deferred.
150. Contestability settings should therefore be clearly positioned as evidence correction mechanisms, rather than as generalised pathways for challenging risk-aligned land use or environmental protection controls.

#### **Development potential assumptions and system risk**

151. Regulatory and compensation frameworks that implicitly assume preservation of maximum theoretical development potential are misaligned with how risk is treated in financial markets and infrastructure planning.
152. In practice, asset valuation, lending, and insurance pricing are based on currently permissible land use and credible information about risk and future constraint, not on unconstrained theoretical development capacity.
153. If regulatory settings embed assumptions that foregone theoretical development capacity constitutes compensable loss, this risks creating fiscal and behavioural signals that discourage necessary constraint and increase long-term exposure to hazard and environmental system degradation.

#### **Environmental limits, natural capital, and long-term system stability**

154. Environmental limits and ecosystem condition underpin long-term risk management settings. Regulatory relief and compensation settings should not create incentives that weaken decisions that maintain those settings. Regulatory relief and compensation settings that weaken environmental protection decisions risk increasing long-term



system exposure to both environmental and hazard risk. From a system stability perspective, regulatory relief and compensation frameworks should support, rather than undermine, decisions that preserve ecosystem condition, environmental system function, and natural capital resilience.

### **Overall system implications**

155. The central system risk is not the existence of regulatory relief or contestability mechanisms themselves, but whether their design creates incentives that delay or weaken risk-aligned land use and environmental protection decisions. Where compensation, relief, and contestability settings are calibrated to support evidence correction, risk-based planning, and environmental system protection, they can strengthen system durability.
156. Where they create implicit incentives to preserve development potential irrespective of risk or environmental system limits, they may increase long-term fiscal exposure, weaken environmental resilience, and increase the probability of abrupt and inequitable adjustment in the future.

### **Environmental limits and natural capital system risk**

157. This theme addresses whether the framework appropriately recognises environmental limits and natural capital system condition as core components of long-term system risk management, including the role of ecosystem condition in moderating natural hazard behaviour and supporting long-term economic and stability.
158. The legislative framework establishes environmental limits as system parameters within which resource use and development occur. Where ecosystem condition degrades, hazard frequency, severity, and spatial correlation may increase, increasing the probability of simultaneous loss events across regions and sectors. From a financial system perspective, this can increase insurance loss volatility, accelerate asset repricing, increase credit risk, and increase the likelihood of financial exposure.
159. While natural capital risk is not typically managed directly by financial institutions, it is increasingly relevant to exposure through its interaction with settlement patterns, infrastructure performance, insurance markets, and sovereign fiscal exposure.

### **Summary of submission**

- **Statutory recognition of environmental limits as system risk controls:** The legislative framework should support enforceable environmental limits and recognise ecosystem condition and natural capital system performance as components of long-term economic stability.
- **Integrated national direction linking environmental limits and hazard risk:** National direction should integrate environmental limits, ecosystem condition, and



hazard risk, recognising that natural capital degradation can increase hazard frequency, severity, and spatial correlation.

- **Natural capital degradation as systemic financial risk driver:** National direction should recognise natural capital degradation as a potential driver of financial risk through increased insurance loss volatility, asset repricing, credit risk, and correlated exposure across regions and sectors.

## Discussion

### **Environmental limits as system risk controls**

160. Environmental limits operate as system-level controls that maintain ecosystem processes supporting settlement stability, infrastructure performance, and hazard moderation. Where limits are weak, inconsistently applied, or delayed, degradation of natural systems may increase baseline hazard vulnerability and long-term exposure.
161. From a system risk perspective, environmental limits therefore function as economic stability mechanisms as well as environmental protection settings.

### **Natural capital condition and hazard amplification**

162. Ecosystem degradation can amplify hazard processes through reduced flood attenuation, increased erosion and sediment transfer, reduced coastal buffering, and altered hydrological behaviour.
163. Where degradation occurs across multiple regions or catchments, hazard events may become more spatially correlated, increasing the probability of simultaneous losses across insurance portfolios, infrastructure networks, and regional economies.

### **Financial system transmission pathways**

164. Natural capital degradation can transmit into exposure risk through:
  - Increased insurance loss volatility and withdrawal risk
  - Accelerated repricing of land and infrastructure assets
  - Increased credit risk in exposed regions or sectors
  - Increased sovereign fiscal exposure following major events
165. These risks typically emerge gradually but may crystallise rapidly where environmental thresholds are exceeded.

### **Planning system interaction**

166. Planning systems influence natural capital system condition through land use controls, environmental protection rules, and infrastructure investment decisions.



167. Where environmental limits are not clearly enforced or are treated as secondary to development signals, hazard exposure pathways may be reinforced even where hazard evidence improves over time.
168. Integrated treatment of environmental limits, ecosystem condition, and hazard risk supports more stable long-term settlement and infrastructure outcomes.

#### **Long-term system stability implications**

169. Where environmental limits are clear, enforceable, and integrated with hazard risk management, long-term exposure pathways are more likely to remain stable and predictable.
170. Where natural capital degradation proceeds without effective limits, hazard risk may increase in ways that are nonlinear, spatially correlated, and fiscally material.

#### **System integration and implementation discipline**

171. This theme addresses whether the proposed framework and supporting instruments enable timely, integrated, nationally consistent, and context-appropriate implementation across central, regional, and local government, supported by clear expectations for sequencing, funding coordination, and cross-jurisdictional delivery.
172. The proposed framework includes integration mechanisms, including regional planning committees and spatial planning processes, which are intended to support alignment of environmental, land use, and infrastructure planning across multiple local authorities. These mechanisms represent a material step toward integrated system delivery.
173. However, many risk and adaptation challenges operate at functional system scales that may not align neatly with administrative or committee boundaries. These include catchment-scale hazard processes, infrastructure network dependencies, and regionally distributed settlement and economic systems. In these contexts, implementation performance may depend not only on statutory integration structures, but on the ability of multiple authorities and regional groupings to agree on adaptation priorities, funding pathways, and implementation sequencing in practice.
174. From a financial system perspective, the primary system risk is typically not absence of legislative authority, but variability in how and when instruments, funding settings, and implementation mechanisms are applied across jurisdictions. Implementation discipline across institutions is therefore a core determinant of whether planning signals translate into real-world exposure management and transition outcomes.

#### **Summary of submission**

- **Integrated multi-council delivery:** The framework should explicitly support integrated spatial, environmental, and land use planning across multiple councils and regional committees.



- **Cross-jurisdictional implementation expectations:** National direction should provide clear expectations for how national policy direction, methodologies, and standards are to be applied across regional committees and multiple local authorities, including expectations supporting agreement on adaptation priorities, funding pathways, and implementation sequencing.
- **Functional system risk management:** Implementation frameworks should support coordinated management of risks operating across catchments, infrastructure networks, and regional economic systems, including where these extend beyond individual regional committee or local authority boundaries.
- **Sequencing and funding alignment:** Implementation expectations should be supported by aligned sequencing of national instruments, spatial strategies, plans, and funding and financing mechanisms.
- **Implementation discipline as system performance driver:** System performance will be determined primarily by the quality and consistency of national direction, evidentiary baselines, and implementation discipline across institutions.

## Discussion

### **Existing integration architecture and its practical limits**

175. The framework introduces integration mechanisms through regional planning committees and spatial planning processes intended to support coordinated planning across multiple local authorities.
176. These mechanisms improve strategic visibility of long-term risk and development trajectories and support alignment of land use, infrastructure, and environmental planning.
177. However, implementation performance will depend on how these mechanisms operate in practice, particularly where:
  - Catchment boundaries cross multiple regional committee areas
  - Infrastructure networks operate across multiple jurisdictions
  - Adaptation decisions require coordinated sequencing across regions
  - Regional groupings must agree shared funding and delivery priorities
178. Statutory integration structures reduce fragmentation risk, but do not eliminate the need for active cross-jurisdictional coordination and implementation discipline.

### **Cross-jurisdictional agreement and delivery reality**

179. Many adaptation and risk management decisions require agreement between multiple authorities and regional groupings.



180. In practice, system performance may depend on the ability of regional groups and local authorities to:

- Agree shared adaptation priorities
- Align investment sequencing
- Coordinate infrastructure and land use decisions
- Agree cost-sharing and funding pathways

181. Variability in these areas can create implementation lag even where statutory tools and national direction are clear.

### **Catchment and system-scale risk management**

182. Many natural hazard and environmental risks operate at system scales that extend beyond administrative boundaries, including catchment-scale flood behaviour, sediment systems, coastal processes, and groundwater systems.

183. Implementation frameworks should support coordinated management of these risks, including where effective risk management requires coordinated action across multiple regional committees or local authority areas.

### **Sequencing, funding, and delivery feasibility**

184. Implementation performance depends on alignment between:

- National direction and standards
- Spatial planning
- Land use plans
- Infrastructure investment
- Funding and financing mechanisms

185. Where these are misaligned or sequenced inconsistently, exposure pathways may continue even where risk evidence and policy direction are clear.

### **Implications for long-term system performance**

186. Across the issues addressed in this submission, system performance will be determined primarily by the quality and consistency of national direction, evidentiary baselines, and implementation discipline.

187. Detailed discussion of transition pathways, exposure dynamics, and system behaviour is provided in the thematic discussion sections.



188. Where implementation is coordinated, timely, and nationally consistent, planning signals are more likely to translate into real-world exposure management and transition outcomes. Where implementation is fragmented or delayed, long-term system costs and adjustment risk increase.