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On the Draft National Adaptation Plan

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Introduction

Thank you for the opportunity to file this submission on the Draft National Adaptation Plan. This is an important topic for Civil Contractors New Zealand.

About CCNZ and its members

CCNZ members carry out the majority of the country's civil infrastructure construction and maintenance work. We estimate the civil construction sector carries out more than $12 billion of work annually and employs more than 40,000 workers.

We represent more than 700 businesses. This includes more than 450 civil construction businesses, ranging from large civil construction and infrastructure companies employing thousands of staff to small earthmoving contractors and family businesses.

The principal clients our members work for are central and local government agencies. CCNZ also represents more than 260 businesses that provide equipment and services to support civil construction.

Our members are the companies that carry out the physical infrastructure construction works to protect communities from severe weather events and respond if water and transport networks are impacted by disaster.

For expediency, this submission will primarily address the infrastructure section of the Plan, and specifically focus on civil infrastructure such as transport networks, seawalls, and water networks.

Key points

- CCNZ is generally supportive of the collaborative approach proposed in the Plan, which aims to inform and bring together a wide range of projects and agencies. This is important to reduce duplication and the potential for agencies to work cross-purposes.

- A strong construction sector is important in addressing the challenges and risks posed by climate change.

- A co-ordinated programme of physical works is needed, that is driven by well-assessed and well-considered risk frameworks and standards. If this is not in place, we will be cleaning up after disaster rather than constructing, operating and maintaining resilient infrastructure networks that protect our communities.

Summary and general points in response to the draft National Adaptation Plan

- CCNZ is supportive of the collaborative approach proposed in the document, which is important as the Resource Management Act reforms and NZ Infrastructure Strategy progress. A unified approach across the Government's strategies is needed to provide resilience.

- CCNZ supports proposals to require future infrastructure to be climate resilient, and for a programme to review vulnerabilities in the road, rail and water networks with a potential programme of work to retrofit existing infrastructure to be more resilient.

- It is promising to see the beginnings of a coherent national plan that could inform a programme of construction works that protect communities from the impacts of flooding and severe weather events.

- The draft National Adaptation Plan is very high level, and this makes it difficult to comment comprehensively on the proposals within as it cannot be known how they will be applied.

- Many of the actions proposed centre on planning and consultancy, which is important. The Plan also proposes scoping of new Standards.

- Despite the importance of good planning and clear standards, it's clear we also need to be paying for the physical construction of resilient infrastructure. It is physical works that will directly reduce flood risk or risk of water shortages, help communities adapt, or support managed retreat.

- Disaster response is more costly than proactive steps addressing risk. If critical infrastructure to prevent disaster (such as stop banks and stormwater systems) is not funded, constructed and maintained, we will instead be responding to emergencies and cleaning up disasters.

- We are concerned the physical protection of communities and the construction and demolition elements of managed retreat may be overlooked in favour of costly government strategic restructure, at a time when communities are being directly impacted.

- Regulatory reform such as this has the capacity to significantly change the way the work is done, which can increase costs and project delays, becoming a barrier for industry. Rather than adding another layer of complexity, the new rules should provide clarity and simplicity over where and when works are required.

- Codes and standards need lead-in time, and infrastructure construction works across decades rather than months. It could be a decade before any code or standard comes into play.

- CCNZ is concerned critical physical works may be delayed while this suite of new strategies and standards is debated and developed. We also recognise the significant cost and in-kind time provided by industry in giving input to standards, maintaining them and keeping them current.

- Historically, asset lifespan has been overestimated and there has been a lack of investment in asset maintenance. The retrospective application of new standards to already aging infrastructure should be considered, and as new resilience requirements are better understood, a programme of retrofitting aging infrastructure should be prioritised to bring it up to new standards of resilience (as well as maintain it at the new level).

- Members are currently working with increasingly complex compliance requirements, and it is important that changes are simple and lead to greater efficiency, rather than another set of measures that prevent and delay essential construction work.

- The New Zealand Infrastructure Commission - Te Waihanga has been established as the Government's key advisor on infrastructure matters. This role should extend to infrastructure resilience planning.

- Emissions reduction is an important element of climate resilience, but it is often seen as the only component, rather than physical stopbanks, retaining walls and other physical infrastructure that protects communities, which often goes unmentioned unless disaster strikes.

- This document is heavily focussed on risk analysis and consultancy. But these concepts and strategies need to be applied through physical works, which are only implied in the document rather than mentioned directly. CCNZ considers there should be a funded programme of physical works such as stopbanks and seawalls to defend against flooding and severe weather events.

- We support proposals for government to provide funding and investment mechanisms to catalyse investment in resilience. We also support providing widely available and accessible climate risk information.

- We support the proposed actions around changes to the infrastructure code, building code and standards and to ensuring the better business case process has decision-making frameworks that incorporate adaptation.

- Because the National Adaptation includes actions that are critical but are years away from starting, it should also provide voluntary policy options that will support effective adaptation. As much as possible should be completed as work progresses to ensure that other policies are ready as soon as the resource management reform process is completed, rather than developed long after its conclusion.

- For example, the draft National Adaptation Plan has an action to draft a resilience code for infrastructure. This action has a timeframe of 2024 to allow advice on the best way forward to be completed. That timeframe will allow for another two years of lost potential for maximising adaptation. A resilience standard for infrastructure should be provided now for voluntarily adoption whilst scoping investigations are undertaken.

Answers to questions from the Draft National Adaptation Plan

1. *Climate change is already impacting New Zealanders. Some examples include extreme weather events such as storms, heatwaves and heavy rainfall which affects lives, livelihoods, health and wellbeing, ecosystems and species, economic, social and cultural assets, services (including ecosystem services) and infrastructure. How is climate change impacting you? This could be within your community and/or hapū and iwi, and/or your business/organisation, and/or your region.*

Climate change is impacting civil construction businesses in several ways. Most obviously, in dealing with the impact of severe weather events.

Civil contractors are the first responders in case of fire, flood, earthquake and other disasters. They operate the heavy machinery used to clear blocked rivers and avert flooding, repair damaged rail, broadband and roading networks, or create fire breaks in the case of wildfire.

This first-responder role is not well recognised. While it is co-ordinated by Lifelines committees, it is civil contractors with the people and machinery to respond. Responding to disasters takes contractors away from their day-to-day business and while there is great scope for innovation, there is also increased risk for those working on the front lines.

Rather than responding to disaster, contractors would prefer to construct infrastructure that minimises risk to assets, properties and communities. To do so requires funding and recognition of the role good infrastructure networks (such as seawalls and stormwater systems) play. At present, this risk is controlled at the local level, which is appropriate, but funding levels are often not appropriate to construct truly resilient infrastructure or upgrade aging infrastructure to meet the needs of today.

In broader sustainability terms, contractors are remodelling their businesses to meet emissions reduction needs, with the industry increasingly looking to biofuels, hydrogen and new technologies and new sustainability frameworks such as the Infrastructure Sustainability Council framework, which has been adopted by Waka Kotahi NZ Transport Agency. They also regularly use telematics software to measure things like fuel burn, decrease emissions and increase efficiency.

This comes at a cost that is offset by increased ability to win contracts on sustainability terms and increased efficiencies within businesses. Although it takes time, many contractors are ahead when it comes to incorporating technologies in their businesses when they are incentivised to do so. Examples include contractor-owned biofuels businesses using recycled fryer oil to power heavy trucking fleets, increasing use of emissions measurement tools and construction of new regional contractor-owned hydrogen plants.

2. The national adaptation plan focuses on three key areas. Please indicate which area is most important for you (tick box).

Focus area one: reform institutions to be fit for a changing climate. This means updating the legislative settings so that those who are responsible for preparing for and reducing exposure to changing climate risk will be better equipped.

We agree institutions will need to be reformed, and climate agencies should embed resilience across their policies. This naturally needs to data-driven, so we can't prioritise across these three areas – they are related to each other and should be progressed together.

The key interface will be between central government agencies and local government, as it is through this interface that direct works to address the issue can be approached.

Focus area two: provide data, information and guidance to enable everyone to assess and reduce their own climate risks. This means that all New Zealanders will have access to information about the climate risks that are relevant to them

This information will be particularly important for driving decision-making amongst asset owners. While useful, what obligation will they have to follow it?

Focus area three: embed climate resilience across government strategies and policies. This means that Government agencies will be considering climate risks in their strategies and proposals.

We agree that it is a priority that the overarching regulation is aligned.

If RMA reform is the key regulatory platform for this through the Climate Adaption Act then we would review and comment on that regulation when it is promulgated.

Government should play a lead role in bringing together the various adaptation approaches and preventing different adaptation policy action from working at cross-purposes, at the same time fostering innovation. A genuine partnership between government and business that streamlines processes and increases efficiency will be critical to establishing effective approaches to adaptation.

4. *Central government cannot bear all the risks and costs of adaptation. What role do you think asset owners, banks and insurers, the private sector, local government and central government should play in:*

a) improving resilience to the future impacts of climate change?

Good working relationships between insurers, local government authorities as well as central government will be critical to deliver on both mitigation and adaption. Resilience can be improved through longer periods for investment assessment, as well as approaching investment with longer horizons and differing hurdles based on climate risk.

b) sharing the costs of adaptation?

The private sector bears most of the cost through insurance costs – therefore they will by default be sharing the cost of adaption. As mentioned above, factoring in long term investment horizons and climate related risk is an action private sector entities can take that will reduce their insurance risk, and insurance cost relative to other entities in the market.

Property owners should not bear all of the risk of adaptation especially where there is a regulatory taking of land, or restrictions imposed on the use of the land by local and central government. Compensation should be provided by central government within reasonable thresholds.

In relation to all the above points, a National Adaption Plan that covers policies or potential policies over the next six years does not provide sufficient certainty for planning and decision-making over longer timeframes. It is also clear that local government will find it impossible to shoulder the whole cost of adaptation, so there need to be clear and objective driven funding mechanisms for protective works, manged retreat and works that retrofit existing assets.

5. The National Climate Change Risk Assessment recognised that there may be economic opportunities in adapting to a changing climate.

a) What opportunities do you think could exist for your community or sector?

Contractors carry out the direct physical works for infrastructure construction. Some businesses are likely to innovate and adapt as required, and we may see specialist businesses in managed retreat or climate adaptation start to evolve from existing businesses and skillsets.

b) What role could central government play in harnessing those opportunities?

Government has a direct role to play in incentivising businesses to up capacity and capability, as well as setting a solid pipeline of work. A suite of physical works projects should be established under the Plan well ahead of time, so contractors can understand the needs of these projects and invest in the right equipment and capability to carry out infrastructure construction works in the manner that will be required.

We are supportive of continued funding to incentivise carbon reduction through the recently increased GIDI funding, the Low Emission Transport Fund and other incentives. Similar government support to accelerate climate resilience initiatives is an area worth supporting.

Government can also help offset costs imposed on businesses through regulation. Incentivising critical climate resilience projects will encourage contractors to innovate and build their businesses to carry out the works required.

Infrastructure questions

26. Do you agree with the outcome and objectives in this chapter?

Partially. We believe the outcomes and objectives do not adequately recognise the active role infrastructure can play, and as risks are analysed we believe there a coherent works programme should be conducted where infrastructure such as seawalls and irrigation systems can prevent disaster.

We would like to see another objective added under this chapter, which could be along the lines of '*Create a risk-driven programme of physical infrastructure works to minimise the impacts of climate change on communities and mitigate poor environmental outcomes'*.

27. What else should guide central government's actions to prepare infrastructure for a changing climate?
Central government should provide a clear indication of where communities may be susceptible and work with local government to ensure infrastructure is resilient.

28. Do you agree with the actions set out in this chapter?
Partially. We would like to see more recognition of the need for a structured programme of physical works to manage retreat and protect communities from the impacts of severe weather events.

Stormwater and coastal erosion management is critical, and there should be an associated action. If this infrastructure is not fit for purpose, risks and impacts on communities will be greatly increased. This ay be covered in the action *Develop a methodology for assessing impacts on physical assets and the services they provide,* but this connection is not clear.

For action 3 - *Integrate adaptation into Treasury decisions on infrastructure*, this should be done in collaboration with the NZ Infrastructure Commission Te Waihanga.

29. The national adaptation plan has identified several actions to support adaptation in all infrastructure types and all regions of Aotearoa.

a. *Do you see potential for further aligning actions across local government, central government and private sector asset owners?*

Yes. There needs to be alignment between asset owners for implantation of any standards to be successful. A well-aligned group approach may also help to address insurability issues.

c. Do you see any further opportunities to include local community perspectives in infrastructure adaptation decision-making?

Within reason. Communities must have access to reliable, high-quality information to be able to contribute meaningfully to decision making. Without insurance, some communities and people may be left with little or no choice but to continue residing in a high-risk area.

Conclusion

Thank you for the opportunity to make this submission.

If you require more detail, please do not hesitate to contact us directly.

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