



## IAG SUBMISSION

CIVIL DEFENCE EMERGENCY MANAGEMENT AMENDMENT BILL

24 March 2016

## 1. INTRODUCTION

- 1.1 This submission is a response by IAG New Zealand Group (IAG) to the Civil Defence Emergency Management Amendment Bill (the Bill) currently being considered by the Government Administration Committee.
- 1.2 IAG is New Zealand's leading general insurer. We insure more than 1.5 million New Zealanders and protect over \$450 billion of commercial and domestic assets across New Zealand. Our business is focussed on helping make the world a safer place, and we are committed to making sure that New Zealanders have the ability to protect themselves and their assets through easily accessible and affordable insurance.
- 1.3 We welcome the opportunity to support initiatives designed to improve New Zealand's ability to recover from future emergencies and believe this Bill achieves this through the amendments it makes to the Civil Defence Emergency Management Act 2002 (the Act).
- 1.4 We are a founding member of Resilient New Zealand and endorse the views contained within Resilient New Zealand's submission on the Bill which promotes the recommendations from within the report 'Contributing More: Improving the Role of Business in Recovery'.
- 1.5 We would welcome the opportunity to make an oral submission to the committee.
- 1.6 IAG's contact for matters relating to this submission is:

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### About IAG New Zealand

IAG New Zealand is made up of IAG New Zealand Limited trading under the NZI and State brands, Lumley General Insurance (NZ) Limited and AMI Insurance limited. IAG New Zealand Limited also underwrites general insurance for ASB, BNZ and The Cooperative Bank and Lumley General Insurance (NZ) Limited underwrites general insurance for Westpac. IAG New Zealand Limited, Lumley General Insurance (NZ) Limited and AMI Insurance limited have a combined 42% share of the general insurance market, managing 3.8 million policies of 1.5 million New Zealanders. IAG New Zealand Limited, Lumley General Insurance (NZ) Limited and AMI Insurance limited are wholly owned subsidiaries of Insurance Australia Group (IAG), Australasia's largest general insurer.

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## 2. GENERAL COMMENTS

- 2.1 Improving future recovery is critical given how frequently New Zealand communities are subject to small-to-moderate emergency events stemming from natural hazards.
- 2.2 Each year we experience earthquakes, storms, tornadoes, floods, coastal erosion and remain exposed to volcanic eruptions and tsunamis. These emergencies can often have significant financial impacts, as well as more devastating effects such as loss of life and/or ongoing psycho-social effects amongst communities.
- 2.3 We believe the Bill makes an important step towards improving New Zealand's ability to recover from future small-to-moderate emergencies.
- 2.4 We support a large majority of the provisions in the Bill including:
- the amended definition of recovery activity
  - the establishment of recovery roles including National, Group and Local Recovery Managers
  - the powers given to recovery managers
  - the establishment of transition periods
- 2.5 However, we believe more work is required for New Zealand to establish a truly comprehensive and consistent emergency recovery framework. We would have expected, for example, to see more details around civil defence emergency management strategic recovery plans. As a result, questions are left unanswered about how these strategic recovery plans align with other CDEM plans and connect with recovery activities.
- 2.6 We welcome the opportunity to work with officials on how further guidance for emergency recovery – both for smaller-to-moderate events and large-scale disasters – can be developed.

### 3. COMMENT ON SPECIFIC AMENDMENTS

#### Part 1: Amendments to Principal Act

- 3.1 We support the Bill's introduction of a new definition of recovery activity. This amended definition provides a more comprehensive overview of the activities associated with recovery and it is pleasing to see measures supporting the cultural and physical well-being of individuals and their communities included in the Bill, along with new measures to build resilience.
- 3.2 While we are pleased to see such a comprehensive definition of recovery activity, we remain unconvinced as to how the plans to enable all the elements listed in this definition will be developed, how they align with the powers provided to recovery managers, or align with the requirement to produce a strategic recovery plan. We are unsure as to whether these activities represent a base set of guidelines or core requirements that a plan needs to consider. Furthermore, we note that while a recovery activity is a defined term within the Bill, it appears not to be referred to again in any meaningful fashion within the content of the Bill or the Act.
- 3.3 We support the delegation of functions and powers of the Director to a National Recovery Manager as noted in Section 11A and see significant value in that National Recovery Manager taking an active role in the development of strategic recovery plans through the development of guidelines, codes and technical standards as noted in Section 9(3)(C) of the Act.
- 3.4 We are interested in learning more about the management of future recoveries in scenarios where the area affected overlaps two different regional boundaries (and involves multiple CDEM groups). For example, we question what measures would be in place to ensure effective collaboration occurred between two neighbouring CDEM groups, or how would the two groups establish a lead respondent to the emergency?
- 3.5 We support the introduction of Group Recovery and Local Recovery Managers through Sections 29 and 30 of the Bill. We note those holding these roles are defined as being a *"suitably qualified and experienced person,"* which raises the question of how such a person is deemed to meet the required threshold of experience and qualifications.
- 3.6 We believe the functions outlined in Section 30A of the Bill are consistent with the overarching purpose of the legislation and will help ensure there is the necessary depth required to manage emergency recoveries through delegation powers. We are pleased to see there are also appropriate checks and balances in the Bill to ensure that the ability to authorise another person is not inappropriately conferred on others.
- 3.7 We note with interest the amendment to Section 53 of the Act which states *"a civil defence emergency management group plan must take account of any comments that the Minister makes under section 49"* which seems to place significant weight on the individual holding the Ministerial warrant. The inclusion of this provision raises questions around what issues have been encountered previously that require this to be included. We also believe more clarity should be provided over what is meant by the

term ‘take account of’ and whether this means that the Minister’s comments must be *embraced*, or merely *considered*.

3.8 We strongly support the preparation of civil defence emergency management strategic recovery plans as part of the inclusion of Section 57A of the Bill. We believe these plans are a vital element of successful recoveries. We are, however, left somewhat confused over the apparent lack of detail around what these strategic recovery plans involve which may well be dictated by the guidelines, codes, or technical standards issued under Section 9(3). We expected, for example, to see provisions in the Bill outlining details on:

- the timing and longevity of such strategic recovery plans;
- the matters they would consider;
- their review process;
- how the plans align with a national direction;
- their relationship with CDEM plans; and
- details on their alignment with other Group Recovery Plans.

This apparent lack of detail appears inconsistent with the amount of technical details included in other provisions of the Bill such as those dealing with the establishment of National, Group and Local Recovery Managers and their associated powers.

## Part 5A: Transition Periods

3.9 We strongly support the inclusion of Section 94A and the establishment of a national transition period. This section provides due recognition of the importance of recovery for events that do not meet the threshold of a state of emergency and include a set of clear qualifications that a Minister needs to have satisfied before declaring a transition period.

3.10 While we support the majority of Section 94B, we believe the provisions contained within 94(B)(3) - that a person authorised to give notice of a local transition period may do so in accordance with subsection (1) or (2) *with the approval of the Minister* - appears inconsistent with the remainder of the Act. It seems contradictory that Ministerial approval is required to declare a local transition period, but not extend or terminate it, when no such approval is required for local states of emergency. This goes against the intent of the Bill to provide local recovery managers with appropriate powers to manage recovery in those areas. Moreover this seems to contradict the wider philosophy around acting locally in recovery.

3.11 We support sections 94(C-F) of the Bill dealing with the commencement, duration, extension and termination of transition periods, and publication of transition period notices and their extensions, which provide an important framework around the recovery period.

## Part 5B: Powers in Relation to Transition Periods

- 3.12 We support the general transition powers outlined in Section 94(H) of the Bill which appear to represent a suitably scaled-back version of the powers able to be used in state of emergency situations. We believe these are appropriate for small-to-moderate emergency recovery efforts in transition periods.
- 3.13 Similarly, we support the powers stipulated in Section (94)K-O of the Bill. We note the Bill omits a small number of powers contained within the existing Act such as requisitioning powers, and those relating to the removal of aircraft and vessels. We suggest more clarity around why certain powers have been deemed appropriate for state of emergency situations and not transition periods would be useful.
- 3.14 We strongly support the provisions contained within Section 94(P) of the Bill which will help foster transparency and public accountability throughout transition periods. Public awareness of the use of these powers and understanding the wider recovery management process is a crucial element of a successful recovery.

## Other matters

- 3.15 We note the amendment to Section 109 outlines the case for recovering compensation from the Crown where action taken in a recovery environment promotes a disproportionate level of loss or damage. While it is not currently included as part of the Bill, we recommend that Section 109(6)(c) of the Act that prevents any insurer from claiming for compensation from the Crown or a CDEM group if a person is insured against the loss or damage be removed. Although few incidents of claims have occurred under this scenario, it prevents the normal functioning of the market and in effect represents cost shifting to insurers and we believe it should be removed as a matter of principle.

## 4. CONCLUSION

- 4.1 IAG is committed to working collaboratively and in partnership with the government and officials to improve New Zealand's ability to recover from future emergencies, both small-to-moderate and large.
- 4.2 We believe the Bill represents a positive step towards achieving this, but that minor changes need to be included for consistency purposes and to provide further clarity around some aspects of the Bill.
- 4.3 We look forward to providing further comment to the committee through an oral submission.