

Planning our future

8

point programme
for a future-focused
resource management
system

July 2016



**We are.
LGNZ.**

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This paper has been prepared with assistance from MartinJenkins

Foreword

Foreword



Lawrence Yule



Stephen Woodhead

Our resource management system needs to be able to address challenges into the future. We have made the case for immediate reform to address pressing issues with the system, such as the lack of integration across key planning statutes, and the need for a stronger strategic connection between central and local government. We have also proposed more challenging reform that requires a different way of thinking about and valuing our environment and natural resources, which will mean we are better placed to deal with the big challenges that lie ahead.

Twelve months ago LGNZ decided that it was time to take a serious look at our environmental management framework – we asked what should a ‘fit for purpose’ resource management regime look like – and whether we need a more revolutionary approach to resource management.

We decided the way to do this was to assemble a group of people who had different viewpoints and backgrounds. They were not representatives of organisations, but rather brought forward a variety of ideas and opinions.

We had lively and challenging discussions and, needless to say, no consensus was arrived at. These discussions informed our December 2015 ‘blue skies’ discussion document which made the case that our resource management system under-values natural ecosystems and the importance of resilience in decision-making. As a result, we found that our resource management system will struggle to address the great challenges that lie ahead such as adapting to climate change and rising sea levels and managing scarce natural resources.

Our programme of action is designed to address a range of important issues with our resource management system that require urgent attention such as the lack of integration across key planning statutes and an effective framework for evaluating system performance.

We think there are six matters in this category:

- A regional spatial planning process with statutory teeth
- ‘Special economic zones’ to enable tailored solutions
- Local ‘national’ direction developed through partnerships between central and local governments
- A framework to evaluate the performance of the resource management system
- Standard tools to assess benefits and costs
- Prioritise investment to establish environment states and trends

But we acknowledge these will not by themselves be sufficient to give New Zealand the resource management system it needs. We have two more challenging proposals. Firstly, we are concerned that the system needs to provide greater certainty for investment, our communities and the environment. This means making decisions early on where we will develop and where we will conserve resources. Secondly, a fundamental tenet of our vision is that there are costs to access and use resources held in common – and these costs should be met by those who benefit.

These two final important proposals orient our programme and provide our vision for what a 21st century resource management system for New Zealand could look like:

- A two tier framework of “go and no-go” for resource management decision-making
- Meet the costs of rights to access and use resources held in common



Lawrence Yule
President
Local Government New Zealand

The latter two proposals represent significant change and while we are convinced that significant change is required, we want to progress reforms with stakeholders with a strong base of evidence. For this reason, we advocate for a multi-stakeholder process for developing the future shape of New Zealand’s resource management system.

This process needs to be set up now and run concurrently with the six more immediate proposals outlined above to address pressing issues with the system. Drawing on lessons learnt from these immediate actions, this process should aim to generate high-level recommendations on the future design of the resource management system and recommend detailed changes to improve the resource management system as soon as possible following its initiation.

We are confident that the immediate steps we propose along with initiating a multi-stakeholder process will deliver a resource management system that is simpler, more strategic and easier to implement.

Lastly, the role of LGNZ’s Environmental Policy Advisory Group must be acknowledged. This Advisory Group has provided governance of this project.



Stephen Woodhead
Chair, Regional Sector and Environmental Policy Advisory Group
Local Government New Zealand

Planning our future

8 point programme for a future-focused resource management system

LGNZ has distilled four themes which summarise the key matters a future-focused resource management system needs to address.

1. Increasing resource scarcity and competition for access. We need to recognise the value of what we have.

Resource rentals or similar economic instruments would encourage resources to be used by those activities that generate the greatest long-term public and private value. It may also help us better manage the allocation of resources where they are scarce.

2. We need to have a comprehensive understanding of our resources.

We need a better understanding of what resources are being 'drawn down', how much capacity remains and how our environment is changing.

3. The resource management system should put a higher value on the importance of resilience in decision-making.

The resource management system will struggle to address the great challenges that lie ahead such as adapting to climate change and rising sea levels. These changes place billions of dollars' worth of private and public assets at risk.

4. There is a lack of alignment within our resource management system and it takes too long to get certainty

Key resource management statutes have different purposes and follow different and overlapping processes for making related decisions. This creates inefficiency and frustrates efforts to ensure decisions under one framework support objectives set under another and vice versa. There is a lot of churn in the system.

LGNZ is advocating for the following key proposals:

Integrate resource management decision-making across domains and enhance the strategic connection between central and local government

1 >

Introduce a regional spatial planning process that has the power to carry vision into action:

enable a vision to be set for an area that deals with competing resource uses and objectives and provides certainty about the outcomes envisaged for particular areas. It must have statutory influence over subsequent planning, consenting and investment decisions.

2 >

Introduce 'special economic zones' to enable tailored policy, regulatory and funding structures:

an 'opt in' framework for 'special economic zones' that will enable localised resource management arrangements that are suited to local conditions.

3 >

Introduce a pathway that enables councils to partner with central government in the development of locally-focused “national” direction:

enable councils to request the government plays an ‘active partner’ role in resolving local issues that are in the national interest. Using location and issue specific national policy statements to provide a clear mandate for councils to give effect to the agreed solution developed in partnership with the Government and iwi.

Lay the groundwork necessary for us to be confident that resource management decisions will be grounded in evidence, transparent and able to be scrutinised

4 >

Develop a framework for evaluating the performance of the resource management system across social, cultural, economic and environmental dimensions:

make evaluation part of core business moving from period reporting as a compliance obligation. Be horizontally and vertically integrated so that information gathered at the local level builds a picture of overall performance to ensure results are interpreted, communicated and used to adapt and improve the resource management system.

5 >

Introduce standard tools and methods for benefit / cost assessment:

a suite of accepted methods for evaluating the costs and benefits of resource management decision making. These tools should enable environmental offsetting to achieve no net loss, provide direction on the use of discount rates and support the evaluation of plans, policies and rules (or standards) at the national and local level.

6 >

Prioritise investment and align efforts to establish environmental states and trends:

we need a comprehensive understanding of what resources are being ‘drawn down’, how much capacity remains and how our environment is changing. Prescribe the form and format (including electronic) of reporting and introduce standard tools and methods for resource accounting for soil, freshwater, air and biodiversity.

Orienting our programme of action: a resource management system to deliver better decisions and create economic incentives that encourage greater environmental stewardship

7 >

A two-tier system for resource management decision making:

decisions are made within a two-tier framework that makes first-tier strategic spatial decisions on how natural resources will be used, developed and protected across matters currently covered by a range of statutes and identifies ‘go’ and ‘no go’ areas with clear environmental ‘bottom lines’. Second-tier decisions must comply with the direction set in first-tier decisions.

8 >

Meeting the costs of rights to access and use resources held in common:

we need the means to ensure that New Zealanders are able to access a fair share of the benefits from the use of common-pool. A form of resource charge that recognises the public nature of the resource while ensuring that there remains an incentive for private sector investment in resource extraction and use. Private decision making will integrate economic and environmental outcomes, making us less reliant on regulation. In tandem with limits, this will ensure against misallocation and create an incentive for resource users to pursue greater efficiency in resource use on an ongoing basis.

We look forward to a productive discussion between local and central government, business and stakeholders, to address the proposals and to advocate for the changes we recommend are needed.

For more information visit www.lgnz.co.nz or contact info@lgnz.co.nz

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**The case for
an integrated
approach
to resource
management for
NZ Inc**



It is time to modernise New Zealand's resource management system

The performance of our resource management system has been a routine topic of debate since its core elements were put in place in the late 1980s and early 1990s. Since its introduction the Resource Management Act 1991 (RMA), sitting at the heart of the resource management system, has been amended substantively 21 times to address emergent issues, gaps, oversights and inefficiencies, and is now a very large and complex piece of legislation.

Recent events such as the Canterbury Earthquakes and growth pressures in Auckland, as well as emerging issues such as changing climate, freshwater quality and the spectre of sea level rise have kept the debate alive and added new questions about the performance of New Zealand's resource management framework in the contemporary context. How effectively can the system deal with natural hazards? Should the same system apply in metropolitan and rural New Zealand? Is the system flexible enough to ensure processes are proportional and efficient? How can the operational performance of councils be improved?

While debate over the performance of the resource management system has intensified in recent years we are also living through a period of experimentation. Core attributes of the system, including governance arrangements, institutional design, decision-making criteria and the balance between national direction and local autonomy have been modified through targeted changes to the system in specific locations across the country.

These persistent questions, repeated amendments and experiments, and the current public debate on the resource management system beg the question – is New Zealand's resource management system still fit for purpose?

The case for reform

In September 2015 Local Government New Zealand (LGNZ) brought together a cross-sector group of experts and practitioners to take a first principles look at New Zealand's resource management system. The scope of this work has been broad and has not been confined to the role of local government alone. Our December 2015 paper a 'blue skies' discussion about New Zealand's resource management system drew on the views of these experts and highlighted a series of key concerns regarding the performance of the system. It concluded our resource management system is not delivering.

< It takes too long to agree plans and it is too costly to gain permissions to use land, and to develop resources and infrastructure.>

Delay in confirming plans creates uncertainties and there is a cost for all parties. The bespoke models for plan making in Canterbury and Auckland acknowledge this as a problem with the standard, Schedule 1 process. On the other side of the coin, environmental trends are generally negative. New Zealand's 2015 report on the State of Environment – *Environment Aotearoa 2015* – pointed to system failure. While we are making significant efforts to develop and implement good management practices, between 1990 and 2013 the amount of nitrogen leaching through soils and into rivers increased significantly as our resource management system struggled to keep pace with changes in agricultural land use and land management practices. This increase in leaching contributed to significant reductions in water quality in rural New Zealand, but some of the most significant pollution of fresh water is occurring in New Zealand's towns and cities where failures to meet national bottom lines for water quality are widespread. Erosion is at a critical level, particularly in the north and east of the North Island. Eight of our thirty marine mammals and 35 per cent of sea bird species are threatened with extinction along with our national icon, the kiwi.

In LGNZ's opinion, the resource management system under-values natural ecosystems, and the importance of resilience in decision-making. Because of this

< it is LGNZ's view that the resource management system will struggle to address the great challenges that lie ahead >

such as adapting to climate change and rising sea levels. These changes place billions of dollars' worth of private and public assets at risk. They demand resource management systems and institutions capable of navigating the retreat from coastal and low-lying settlements, investing in inter-generational infrastructure and new ways of designing, building and living with risk. These are decisions that will be contested on grounds of social equity, cultural cohesion, and their environmental and economic consequences.

Commentators and practitioners frequently point to three issues that stop our resource management system from meeting expectations:

- There is a lack of effective horizontal and vertical integration within our resource management system – key resource

management statutes have different purposes and follow different and overlapping processes for making related decisions. This creates inefficiency and frustrates efforts to ensure decisions under one framework support objectives set under another and vice versa.

- Objectives and incentives at different tiers of decision-making – central, regional and local – are often not aligned. This frustrates efforts to coordinate and leverage synergies in funding and investment.
- Too much emphasis is placed on making strategies and plans, and on the development and design of consents, relative to monitoring the outcomes of the regulatory actions of councils and incentivising compliance and good practice.

Our December 2015 paper set out a proposed approach to addressing these issues and proposed:

- taking immediate steps to address pressing issues
- ‘over-writing’ the core statutes of the system (RMA, Local Government Act 2002 and Land Transport Management Act 2003) to improve their clarity, reduce their complexity and enhance their connectivity
- kicking off an independently mediated process with key stakeholders leading towards more fundamental reforms and suggesting where those reforms might head.

Since our paper was released, public debate on the resource management system has continued and opinions have begun to harden as people have considered the proposals in the 2015 Resource Legislation Amendment Bill, the Government’s Next Steps for Freshwater consultation document and the Productivity Commission’s Better Urban Planning Review. Submissions on our paper and commentary on these other contemporary pieces of analysis suggest New Zealanders:

- **understand our future prosperity is heavily influenced by how we manage our endowment of natural capital and relatively unspoilt environment.** We need to make far-sighted decisions on how we manage natural and physical resources, develop our infrastructure and design our economy. If we get this right, New Zealanders could position themselves to enjoy extremely high levels of wellbeing and prosperity well into the future – we are poised to be the envy of a resource-constrained world.
- **place a great deal of importance on their relationship to the natural environment and the extent to which they are able to enjoy a healthy and balanced lifestyle.** New Zealanders share the common goal of a future characterised by strong communities underpinned by social equity, an economy that is able to sustain growth, and a healthy environment.
- **realise we need to move beyond our current approach of making trade-offs between the environment and the economy** and adopt a paradigm that values solutions that concurrently promote social, cultural, economic and environmental benefits.

A quarter of a century of tinkering and a tendency to promote statutory changes to fix ‘issues of the day’ have made the resource management system unwieldy and complex. We don’t have a comprehensive mechanism for evaluating the performance of the system and the impact of serial changes, making it difficult to say how effective these fixes have been. We believe that further tinkering treats symptoms of dysfunction, diverts attention away from the root cause of problems and forces us to spend time and money trying to understand what these changes mean in practice. This simply prolongs New Zealanders’ concerns with the resource management system and actually risks making the situation worse.

The case for reform supported by an eight point programme of action

It is time to modernise New Zealand's resource management system. To achieve this we need to ask some fundamental questions – difficult questions that will take a substantial investment of time and resource to answer properly. For this reason we have set aside our proposal for a legislative 'overwrite' of the core resource management statutes. Although this is a good idea we are concerned that it would take up too much resource and could potentially 'prop-up' a struggling system, prolonging a status quo that is not serving New Zealand's interests.

< While we are convinced that significant change is required we are also wary of repeating the mistakes of the past. >

This includes making sure that our institutions are ready to meet the demands of a new regime and the pieces are in place to enable effective implementation of changes. We want to avoid leaping into reform without the benefit of a strong base of evidence. Without good data on how effective our system is in achieving desired outcomes, we would be making decisions in the dark, relying on anecdote and opinion – at risk of ill-conceived changes or changes that 'throw out the baby with the bath water'.

Some changes to the Resource Management Act in recent years, like the introduction of 'hard limits' and 'national bottom lines' for freshwater quality, have a real chance of increasing certainty and improving the performance of the resource management system. It would be impulsive to reform these aspects of the system before they have a chance to work their way through from statutory change to action on the ground.

Other more recent government proposals need to be reconsidered. Some appear to run counter to one of the principles of subsidiarity – that decisions should be made as close as possible to the people they affect. This is a concerning trend in an area that demands responsiveness to community values and one that raises questions about the role of local democracy in resource management decision making.

< For this reason, we advocate for a multi-stakeholder process for developing the future shape of New Zealand's resource management system. >

This process needs to be set up now and run concurrently with the other steps we set out in this paper to address pressing issues with the system, such as the lack of integration across key planning statutes and an effective framework for evaluating system performance. Drawing on lessons learnt from these immediate actions, this process should aim to generate high-level recommendations on the future design of the resource management system and recommend detailed changes to improve the resource management system as soon as possible following its initiation.

We are confident that the immediate steps we propose along with initiating a multi-stakeholder process will deliver a resource management system that is simpler, more strategic and easier to implement.

2

The programme of action



A programme for reform

There is a need for reform of the resource management system. However, it will take time to do it properly and there are pressing issues that cannot wait to be addressed.

< Whether it is freshwater management in Canterbury or urban-growth management in Auckland, the resource management system needs to respond to very different contexts. >

To do this successfully it needs to be flexible enough to allow locally-tailored solutions that integrate decision-making across domains and give resource managers the tools they need to align budgets and behavioural incentives with desired objectives. Our programme for reform includes proposals that will give us the tools we need to manage these different issues facing New Zealand's regions in the short term.

We also need to do the groundwork necessary for us to be confident that resource management decisions and system reforms are based in evidence, transparent and able to be scrutinised. To support this we propose the development of a performance-evaluation framework, the introduction of standard tools for cost/benefit evaluation and enhanced expectations regarding the gathering of data.

Finally we set out two proposals that both orient our proposals to address our most pressing issues and to start the debate on what a future resource management system could look like.

Integrate resource management decision-making across domains and enhance the strategic connection between central and local government

Proposal #1. Introduce a regional spatial planning process that has the power to carry vision into action

New Zealand's planning system is unwieldy and not well integrated. Although there are some connections between the RMA, Local Government Act 2002 (LGA) and Land Transport Management Act 2003 (LTMA), they have different purposes and it is difficult to ensure decisions under one, support objectives set under another and vice versa.

< The spotlight is currently on the need to align the strategic decision making as it relates to urban areas and their hinterlands, making the interrelationship between the RMA, LGA, and LTMA particularly important. >

While particularly pressing for our growing urban centres, the need for lined-up decision-making goes beyond urban planning and is relevant for addressing many issues facing New Zealand. The agencies, central, regional and local who would be required to implement it will need to collaborate in the spatial planning process. A Spatial Plan should avoid subsequent consultation on matters already subject to the Plan and, critical to success, is that parties to the Plan are bound by it.

Furthermore iwi organisations are increasingly influential in resource management governance and decision-making and our resource management system must enable effective co-operation between central government, local authorities and iwi organisations if we are to achieve the outcomes our communities want.

Decision making at this level needs to reflect what we value and what we want to achieve so we can expect them to involve a significant investment of time and resource. They are political in nature and the process must satisfy democratic principles. Other than ensuring due process, this is not the place for the courts.

We propose the introduction of a regional spatial planning framework that will:

- set a vision for an area that traverses matters governed under the LGA, LTMA, RMA, Conservation Act and other resource management-related statutes.
- have statutory influence over subsequent planning, consenting and investment decisions made under the relevant Acts.
- be specific enough to tackle questions about competing resource uses and objectives, and provide certainty about the outcomes envisaged for particular areas.
- enable the plan to evolve over time to new information and changing circumstances without an excessive procedural burden.

Introducing a spatial regional planning framework would:

- allow communities to participate in a single 'joined-up' discussion about the objectives they have and what that means for resource use, development and protection.
- generate a clear overarching vision that provides direction on the environmental outcomes we expect to achieve, clarifies the rights and responsibilities of resource users and increases investment certainty.
- increase coordination between decisions made under different statutes and the institutions responsible for administering them.

Proposal #2. Introduce ‘special economic zones’ to enable tailored policy, regulatory and funding structures

There is a disconnect between the way the resource management system handles the costs and benefits of economic activities – many of the direct financial benefits, like taxes, flow to central government, and many of the costs, like infrastructure spend and loss of amenity, fall locally. While existing arrangements for local government funding and financing infrastructure and services can be flexible, councils often experience difficulty making investment decisions that will generate faster economic growth or when making longer terms assessments of costs and benefits.

Using the tools available to central and local government together has been done to good effect in the United Kingdom with Enterprise Zones that combine government funded rates remissions, simplified planning permissions, streamlining regulatory approvals, tax incentives and commitment to ultrafast broadband to support local economic development.

Already, LGNZ’s Local Government Funding Review 10-point plan for increasing funding efficiency proposes a range of mechanisms that would foster greater alignment in decision-making and investment between central and local government, including:

- cost sharing with central government
- road user charges, targeted levies, and fuel taxes
- councils retaining a share of any value uplift arising from the additional economic activity
- local authorities receiving a proportion of any mineral royalties attributed to local activities
- allowing councils to levy targeted charges and taxes to incentivise particular outcomes
- allowing a range of community amenities to be funded through development contributions.

< It is not practical to adopt a ‘one size fits all approach’ to policy, regulatory and funding solutions. The barriers that get in the way of good resource management outcomes differ across the country and different places will have different needs. >

When local councils have a strong stake in sustainable economic growth, they will be best placed to identify the changes that would help them develop and conserve their resources in responsible and progressive ways that work for them. At the same time, a framework that enables the trialling of policy at the local level, in response to local needs, will allow the country to find which policies are effective and ‘roll them out’ more broadly.

We propose the introduction of an ‘opt in’ framework for ‘special economic zones’ that will:

- **allow local authorities to request the power to tailor their institutional arrangements and decision-making processes to meet local needs.**
- **allow for tailored, local solutions to regulation – streamlining approvals.**
- **allow for the tracking of outcomes to see whether the changes enacted in the zone merit broader roll-out, with an evaluation window allowing for policy roll-back if they are not successful.**

Introducing a special economic zone framework will:

- enable localised resource management arrangements that are suited to local conditions, cost less, and are easier for local communities to implement such as Enterprise Zones where permissions can be given very quickly.
- create a means of experimenting with different approaches in ways that facilitate the spreading of good ideas. This could include trialling Urban Development Authorities with the mandate to acquire, reconfigure and develop land.
- enable councils to plan for and share in sustainable regional growth, by giving each region the ability to work out what best suits its needs and the needs of its community – in its own way.

Proposal #3. Introduce a pathway that enables councils to partner with central government in the development of locally-focused “national” direction

Calls for greater Government direction in resource management over the past two decades are now being heeded. The New Zealand Coastal Policy Statement that stood alone for many years is now joined by policy statements on freshwater management, renewable energy generation and electricity transmission. Work is underway on national policy for urban development, natural hazard management and biodiversity.

< Local government, charged with giving effect to national direction, should have a greater say in setting the agenda for national direction and in designing the tools that express that direction. >

Central government’s role in the resource management system is critical. It is responsible for ensuring the overall efficiency and effectiveness of the system and that it maximises our collective welfare, it is the Treaty partner with iwi, it sets national objectives that councils give effect too, it facilitates national consistency and it shares approaches and processes that work.

Recent proposals to give central government more power in local decisions have, however, been met with concern. Many in the local government, community and environmental sectors view these proposals as a step too far. A step that carries the risk of instability and uncertainty – the ability to appeal directly to the Minister provides an attractive alternative pathway to decisions for some. Such powers also risk separating communities from the decisions that matter most to them, disengaging them from their local government institutions and leading to decisions that are less reflective of local values.

< We need to strike a balance between national and local political direction and while regional spatial planning is one way of bringing together different players in decision-making, for matters of national significance that ‘bite’ in regionally specific locations,

central government may need to partner with local government in decision-making or in changing local policy settings through a national instrument. >

This may be a more certain way of ensuring that issues are balanced appropriately than directing decision-making responsibilities to an independent expert panel or a Minister and leaving those decisions to be made under the same national set of criteria.

We propose developing an approach that involves local government in setting the agenda for national direction and enables partnerships between councils and central government to prepare locally-tailored “national” direction.

- Central government should partner with local government in setting the agenda for national direction.
- This will include a ‘pathway’ for councils to request that the government play an ‘active partner’ role in resolving local issues that are in the national interest through referring a matter to the Minister.
- Using location and issue specific national policy statements to provide a clear mandate for councils to give effect to the agreed solution developed in partnership with the Government and iwi.
- Where necessary this could be used to support or in advance of the regional spatial plan developed under Proposal 1.

Enabling partnerships between council and central government to prepare locally-tailored national direction will:

- ensure good quality decisions are made on complex issues of national interest even where local capacity to make these decisions is stretched or where a decision may be unpopular.
- improve national/local integration on matters of national interest.
- ensure that the decision makers have the mandate and incentive to consider national, regional and local issues.
- allow risk sharing on politically sensitive issues.



Lay the groundwork necessary for us to be confident that resource management decisions will be grounded in evidence, transparent and able to be scrutinised

Proposal #4. Develop a framework for evaluating the performance of the resource management system across social, cultural, economic and environmental dimensions

Evaluating the effectiveness of our resource management system in achieving outcomes on an ongoing basis is essential to provide an agile and adaptive resource management system that learns.

Existing monitoring and reporting obligations such as under the National Monitoring System administered by the Minister for the Environment are entirely transactional, focusing on easy to measure, but ever more complex, metrics on how well regulators are undertaking their functions – whether timeframes are met, how many fines have been issued and what types of activities have required consents.

< The consequence of this has been a disproportionate level of attention being paid, including by current proposals to amend the RMA, to matters of administrative efficiency but with little attention paid to their effect on outcomes.>

Evaluating the effectiveness of our resource management system in achieving outcomes requires us to look beyond administrative efficiency in administering any one particular statute or the efficiency of any particular agency. Rather, we require a framework that looks across and can evaluate the performance of the system as a whole.

This draws considerably on the work of the International Union for the Conservation of Nature¹ but there is a much wider body of knowledge and experience that can be drawn on.

We propose developing a framework for evaluating the performance of the resource management system across social, cultural, economic and environmental dimensions.

The framework should:

- make evaluation part of core business: moving from period reporting as a compliance obligation to regular exercises integrated into management and planning cycles.
- be horizontally and vertically integrated: information gathered at the local level builds a picture of overall performance and this contributes to the development of an overarching picture at the regional and national level.
- make a difference: ensure results are interpreted, communicated and used to adapt and improve the resource management system.

A robust evaluation framework will:

- ensure the component parts of our resource management system, including institutional capacity and capability, remain aligned to achieving the intended outcomes.
- enable us to make evidence-informed decisions on how our resource management system should adapt over time.

¹ Hockings, M., Stolton, S., Leverington, F., Dudley, N. and Courrau, J. (2006). Evaluating Effectiveness: A framework for assessing management effectiveness of protected areas. 2nd edition. IUCN, Gland, Switzerland and Cambridge, UK.

Proposal #5. Introduce standard tools and methods for benefit / cost assessment

The long term and indirect costs and benefits of regulation that preserves ecosystems, built and cultural heritage and local character by deferring or avoiding development are not as easily identified or understood as the short term costs and benefits of resource use and development.

< This means decisions are at risk of giving greater weight to the short term economic benefits of resource use. >

There are many different methods for evaluating the benefits and costs of proposals to use and develop natural resources in any given circumstance, leading to time-consuming debate about the validity and appropriateness of those methods and the assumptions that underpin them. This creates churn, and increases the cost and uncertainty of decision-making under the current system.

We propose developing and codifying a suite of accepted methods for: evaluating the costs and benefits of resource management decision making, valuing eco-system services, recognising the future value streams that flow from safeguarding natural capital and investment in intergenerational infrastructure, and evaluating the benefit and cost of regulation. These tools should:

- enable environmental offsetting to achieve no net loss.
- provide direction on the use of discount rates.
- support the evaluation of plans, policies and rules (or standards) at the national and local level.
- be developed through a transparent, rigorous, multi-party collaborative process.

Standard methods for evaluating the benefits and costs of resource management decision-making will:

- make it easier for councils to make transparent decisions about resource use and protection, which will increase certainty for the environment and reduce the cost and time associated with consent applications.
- increase visibility of and rationale for any trade-offs.
- enable us to effectively integrate environmental considerations into decisions made under a broader range of statutory frameworks.
- help reveal the value of natural capital and send accurate market signals to resource managers and users.

Offsetting is an important tool for providing flexibility for development while meeting environmental objectives. However, developing tools that allow us to equate proposed losses on one site with enhancement elsewhere are only one component of an effective offsetting regime. There also needs to be a clear hierarchy of mitigation (avoid, minimise then offset) and agreement on what can be offset with what.

Proposal #6. Prioritise investment and align efforts to establish environmental states and trends

Where there are many competing demands on our natural and built environment we need to have a comprehensive understanding of what resources are being 'drawn down', how much capacity remains and how our environment is changing. Without this information, we cannot accurately identify what activities are leading to better outcomes and which ones are not. We will be unable to manage to either targets or limits – be they for housing or for water quality.

Although there has been a recent push – both through central government and regional sector initiatives – to increase the breadth and depth of information at councils' and others disposal, in many instances councils have too little data on environmental states, trends and demands to enable effective resource management. For instance, in most cases, activities permitted by a plan are not typically monitored for compliance or impact.

A key component of efforts to improve the information underpinning resource management decisions will be to make better use of the data generated by resource consent holders. At present, it is common for data extracted via consent conditions that require monitoring to sit separate from wider efforts to understand environmental conditions and trends. It is also common for councils to use resource consent applications to generate data relating to a particular location or resource not well-served by their general monitoring programme. This can lead to patchy, static snapshots of information and monitoring expectations that vary in terms of scope and nature, and potentially increases the private cost of gaining a consent.

As well as increasing council's environmental monitoring efforts, we need to ensure that we are more deliberate about what monitoring and reporting is being required through consent conditions and why. We also need to ensure that it isn't allowed to gather dust – this is valuable data that can improve our understanding of our urban and natural environments and how well we're managing them. Although care needs to be taken when managing potentially commercially sensitive data, to the greatest extent possible this information needs to be accessible and designed to contribute to the generation and maintenance of a wider picture of environmental states and trends.

The emergence of new sensor technology and tools for extracting and analysing data make it possible for us to develop a rich and in some cases 'real-time' picture of demands on resources and their health, the functioning of urban environments and cities and infrastructure that supports them.

< Alongside a more deliberate approach to deploying the monitoring efforts of councils and consent holders, these advances hold real potential for enabling accurate, timely and efficient resource management. >

Before this is rolled-out, we will need to resolve potential issues around data sovereignty and avoid the trap of 'reinventing the wheel' in each region. A consistent platform for data generation, coordination and reporting will reduce the overall cost of applying these technologies, create critical mass and increase the pool of expertise in the country capable of developing, interpreting and applying such systems.

We propose:

- **prescribing the form and format (including electronic) of reporting where required as conditions of consent.**
- **introducing standard tools and methods for resource accounting for soil, freshwater, air and biodiversity.**

Refocusing central and local government efforts on gathering and reporting data necessary to understand environmental states and trends will:

- increase the quality and breadth of empirical data upon which statutory and regulatory decisions are made
- develop the informal practices, behaviours and capabilities of actors in the system so that we can have confidence that decisions will be grounded in evidence, be transparent and able to be scrutinised
- clarify where issues lie, where the priority for management action needs to be placed
- increase the accuracy of management interventions and the design of interventions
- increase the quality of feedback loops between planning, consenting and environmental reporting, and improve the connection between councils' regulatory planning and the outcomes that it achieves
- enable more 'outcomes-based' management, and allow resources users more flexibility within limits (because we'll know where the limits need to be and where we are in relation to them) - ultimately delivering shorter, and more enabling plans with simpler and less prescriptive rules.



Orienting our programme of action: a resource management system to deliver better decisions and create economic incentives that encourage greater environmental stewardship

< Our programme of action contains six proposals that will address a range of important issues with our RM system that require urgent attention but it will not in itself be sufficient to give New Zealand the resource management system it needs. >

Here we set out two additional proposals that orient our six preceding proposals to make sure that they build the capacity and institutional norms that our future resource management system will need - and provide our vision for what a 21st century resource management system for New Zealand could look like.

Under the RMA, which seeks to enable people to provide for their social, cultural and economic needs within environmental bottom lines, the task of promoting the broad objective of 'sustainable management' has proven difficult. Some decisions will quite rightly prioritise economic development or housing supply, while others will protect existing amenity and heritage values, or the environment and seek to enhance the function of natural systems. Requiring sustainable management to be arrived at a fine-grained scale for every application is unrealistic and is a path to mediocrity delivering neither environmental protection nor economic development. Rather, it is the sum of these decisions that matter and where our effort should be focused. A broader view is required, one that takes into account outcomes sought and managed under other legislation, and one that puts these decisions into their overall context.

A true two-tier system for decision making and a fairer distribution of costs and benefits of the development of land and natural resources will be necessary to achieve this.

The system will need to be supported by local and central government institutions with the capacity and capability to make it work. LGNZ is live to this challenge and is committed to continuing its role as a facilitator of continuous improvement in the local government sector and constructive partnerships between local and central government agencies.

Proposal # 7. A two-tier system for resource management decision making

Our first proposal recommends introducing spatial plans with a much stronger influence over functions under other legislation (LGA, RMA, LTMA in particular) as a useful interim measure to help resolve some issues of horizontal integration and coordination currently facing the resource management system.

While this moves us in the right direction, the issue will remain that each decision on a particular proposal or investment decision will ultimately be made against a statute-specific set of objectives, resulting in decisions that make sense under one statute but have a perverse effect when viewed from the standpoint of another.

< We need a system that provides greater certainty for investment, our communities and the environment. This means making decisions early on where we will develop and where we will conserve resources. >

The first-tier

There is already precedent in our system for decision-making that 'locks in' a desired outcome (the 'what' and 'where') and leaves the detail ('how' and 'when') to a lower-order decision making process. Designations and Outline Plans of Work used in the context of developing network infrastructure are a critical component of our ability to deliver large-scale projects to service our communities' needs. Having made a decision about what a parcel of land will be used for, the detail about how this use is enabled is the subject of more fine-grained analysis at a later stage. This removes the risk that effort in fine grained analysis, detailed design and mitigation is wasted – the initial decision lets us know what will happen and subsequent decisions don't revisit that, they refine how.

We can also look overseas to see examples of how first-tier decisions made spatially could be adopted at the broader scale of the resource management system as a whole. Melbourne's strategic assessment was undertaken as part of the process of expanding Greater Melbourne's urban limit. It identified go and no-go areas based on environmental parameters and no-net- loss environmental objectives.

< Those areas where development is enabled are not relieved of the need to develop in an environmentally sensitive manner, but they have certainty that development will be enabled. >

Rather than site-by-site, developers can offset the environmental effects of their activities collectively – an enabling approach that is funding an unprecedented expansion and investment in the conservation estate in 'no-go' areas defined at the same time as the 'go' areas. These gains have the benefits of scale and will be durable.

The potential benefits of investing in first-tier spatial decision-making is not limited to the management of urban growth. Our South Island's West Coast needs certainty about the future of the mining sector and this is not forthcoming from a system that demands each individual proposal being subject to a highly detailed merit assessment just to get out of the starting blocks. First-tier decisions would identify areas where mining is appropriate and 'no-go' areas where offsetting can be directed. If it shows that mining should not be accommodated it will at least provide certainty and avoid wasting effort that can be put towards alternative strategies.

The importance of these first order decisions means that they will need to be made by people with the mandate and ability to make them. This will require a bringing-together of elected representatives from local and central government, assisted and supported by technical experts.

These cross-statute decisions on 'go' and 'no-go' areas and on what kind of development will happen where, will require the participation of all those who have the power to implement or frustrate their implementation. They will need to be supported by significant public investment in data and expertise and underpinned by collaborative processes of engagement with communities.

The second-tier

Once 'first-tier' decisions are made and there is certainty about where development can occur and where it cannot, our second-tier decisions should focus on 'how and when'.

It is fundamentally important that our resource management decision-making is agile and able to adapt to changes in our social, cultural and economic environment.

< To that extent, we must move away from a culture of bare compliance with plan rules and conditions of consent that are inflexible and mean that the risk of getting these prescriptions wrong is carried by the community and the environment. >

Instead, if we develop a culture of commitment to achieving the outcomes expressed in the first-tier decisions and ensure that second-tier decisions lead to permits that are flexible and respond to new evidence, the risk of uncertainty or change is shifted from the community and environment to developers and resource users.

The reduction in investment certainty this implies will be offset by the clarity provided by the first-tier decisions that provide certainty for where development and resource use can occur and flexibility for how the desired outcomes are achieved.

The role of the courts

As with our first proposal for spatial planning we believe it is important that the process for making first-tier decisions thoroughly satisfies democratic principles. These are value-laden decisions that will require mediation and political leadership – it is not the place for the courts.

It is important that decisions at the second tier, the ‘how and when’ are more readily contested on their merits – whether they align to and help us advance towards our desired ends. As we have recently been reminded by decisions that have tightened the alignment of local resource management decisions with national policy statements, the courts play a critical role in providing just this kind of scrutiny.

A system underpinned by good data

< To make this kind of two-tier system work, we need to know much more about our environment and the effects of our activities on it. >

We need this data at a regional scale to inform our big decisions and on individual sites to enable resource users to understand their impacts, how they relate to overall objectives and to establish what they need to do to adapt to emerging trends.

Technology is changing, sensors and remote sensing are becoming cheaper, more reliable and more readily available. Our ability to generate and analyse ‘big data’ and use it to inform decisions is improving fast and bringing an empirically-grounded outcomes-focused resource management system within reach.

We propose revising the resource management system so that decisions are made within a two-tier framework that:

- **makes first-tier strategic spatial decisions on how natural resources will be used, developed and protected across matters currently covered by a range of statutes (RMA, LTMA, LGA, Conservation Act etc.) and identifies ‘go’ and ‘no go’ areas with clear environmental ‘bottom lines’ that deliver sustainable development at an overall regional scale and must comply with national bottom lines.**
- **requires second-tier decisions that must comply with the direction set in first-tier decisions.**
- **works together with resource rents or royalties to derive community benefit and encourage efficiency from common-pool resource use.**

< The two-tiered approach to decision-making we have floated here is not a prescription for detailed design. It is an indication of a general direction, a ‘sketch plan’ that needs to be challenged, tested and built on to form a fully functioning resource management system that is fit-for-purpose in New Zealand’s emerging future. >

Proposal # 8. Meeting the costs of rights to access and use resources held in common

We propose the country considers introducing some form of resource charge that recognises the public nature of the resource while ensuring that there remains an incentive for private sector investment in resource extraction and use.

- This will mean that private decision making begins to integrate economic and environmental outcomes making us less reliant on regulation.
- In tandem with limits, this will ensure against misallocation by compensating somewhat for the first-come-first-served bias inherent in the current consenting regime.
- This will create an incentive for resource users to pursue greater efficiency in resource use on an ongoing basis, including after allocation decisions have been made.

Much of the wealth generated from the use of resources that New Zealanders consider to be held in common accrue privately. Meanwhile the social, environmental and cultural costs are carried by the community.

Debates around the distribution of costs and benefits generated by activities that rely on extracting value from natural resources like minerals, fresh water and the coastal marine area expose an issue that is far reaching. We lack the means to ensure that New Zealanders are able to access a fair share of the benefits from the use of common-pool resources (either as direct inputs or to assimilate discharges) and to prevent the largely social and environmental cost being shifted to the public.

< A fairer distribution of costs and benefits, possibly enabled by the greater use of resource rentals or other similar economic instruments, would encourage resources to be used by those activities that generate the greatest long-term public and private value. >

It may also help us move away from a first-come-first-served approach to resource allocation which is proving problematic where resources are scarce. Revenues from resource rentals may also be a welcome addition to environmental clean-up funds, resources for monitoring and evaluating system performance and other resource management system functions. However, care would need to be taken to ensure that decisions granting access to resources and the collection of rents or royalties are adequately separated. This will be important to ensure that granting access to resources is not seen as an easy tool for raising revenue at the cost of environmental bottom lines or wider community objectives.

The current resource management system does enable rents to local government for the occupation of space in the Coastal Marine Area. However, this tool has largely been left un-utilised because of perceived complexity and political risk associated with its use (these charges are set under the RMA). The potential impact on existing and future rights means that rents and royalties will be controversial and their development will require specialist input and careful consideration. However, the ability to ensure that the community shares in the benefits from the use of common resources with the potential to improve the allocation and sustainability of resource use without more costly and inefficient regulation means, we believe, that payments for resource use should be considered in any design of a future resource management system.

3

Conclusion and next steps



Conclusion and where to from here

Our resource management system needs to be able to address challenges into the future. We have made the case for some immediate reform to address pressing issues with the system, such as the lack of integration across key planning statutes and an effective framework for evaluating system performance. Our six immediate proposals require a change to legislation to effect them and we look forward to engaging with the Government on these.

We have also proposed more challenging reform. These more challenging proposals are far-reaching and require a different way of thinking about and valuing our environment and natural resources.

< To advance these far-reaching proposals we will be advocating for a multi-stakeholder process to develop the future shape of New Zealand's resource management system. This process needs to be set up now and run concurrently with the six immediate steps we set out in this paper. >

We are confident that the immediate steps we propose along with initiating a multi-stakeholder process will deliver a resource management system that is simpler, more strategic, easier to implement, and able to deal with the challenges the future will bring.

For more information visit www.lgnz.co.nz or contact info@lgnz.co.nz

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**LGNZ's
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