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Hon David Parker
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Kia ora Minister Parker

Delivering successful Resource Management Reform

Thank you for your ongoing engagement with LGNZ and our councils to help build the sector's understanding of the Resource Management Reform programme. We appreciate you speaking at LGNZ's Conference and the Rural and Provincial sector meeting in June, and meeting with LGNZ's National Council and the Taituarā Executive. Our members have been particularly interested to hear details about governance and decision-making arrangements and how the voice of local authorities, and the communities they represent, will be heard in the future resource management system.

I understand that you, your Cabinet colleagues and officials are in the process of finalising the draft Bills that will be introduced to the House later this year. This is a significant undertaking and I commend you for the work you have done. The proposed Spatial Planning Act (SPA) and Natural and Built Environments Act (NBA) will substantially change the way in which resource management and land use planning is undertaken.

Our sector broadly supports the need for reform of the current system and welcomes some of the changes the Government is proposing. These include the shift to promoting positive outcomes for the environment, the emphasis on giving effect to the principles of Te Tiriti and providing greater recognition of Te Ao Māori, and the introduction of spatial planning.

Before you make final decisions on the draft Bills, I want to set out some of the key concerns local government still has with the Resource Management Reform programme and offer our support to continue to work with you and your officials to find a mutual way forward to address these. We know that the Local Government Steering Group (LGSG) is working effectively with your officials which is important, but as the key body representing the sector as a whole, we bring a different lens. Through our direct iterative engagement, we are getting a broad view of the sector's ongoing concerns.

Our sector recognises that there are likely to be considerable benefits from taking a regional approach to land use and resource management planning. However, the changes that you're proposing will fundamentally impact on local government's form and functions. While you have indicated that you don't have a local government reform agenda, we think for the Resource Management Reform to be credible, there is a need to recognise that the reforms will directly impact how local government organises itself to deliver its functions in the interests of the communities it serves.

One of the sector's major concerns is its capacity to deal with the significant volume of reform that is proposed all at once – on top of other local government reform. This creates risks of both the system breaking and the Government failing to deliver its reform objectives. We are keen to explore with you whether a staged approach to reform would better reflect the sector's current capacity and

ensure that we achieve the critical reform objectives, which local government broadly supports. This would have broader benefits for local government's capacity across all reforms, which we're pleased the Government is beginning to think about as a single, integrated package. When thinking about implementation and transition arrangements across all reforms, we encourage the Government to listen to – and understand – local government's operating experience, to ensure that the complete package of reform is workable and sustainable.

Key recommendations to deliver successful resource management reform

1. Work with the sector to develop a transition plan that is achievable and will deliver the Government's reform objectives

Consider phasing in the future resource management system – introduce the SPA first

Given capacity challenges, LGNZ and Taituarā have previously recommended that the Government should consider [phasing in the future resource management system](#). This would mitigate risks associated with completely overhauling the current system at pace, particularly given that essential short-term planning work still needs to progress. This includes giving effect to the new direction in the NPS-FM, NPS-UD and NPS-IB.

We continue to believe that the Government should introduce the SPA first, given this is likely to be the most transformative part of the reform programme. We think the shift to regional planning committees developing NBA plans should happen once the outcomes of the review into the Future for Local Government are known, and once work on the first National Planning Framework is more advanced.

Staging the reform will be more manageable for local government – particularly from a resourcing and capacity point of view, and will help to ensure that regional planning committees have sufficient time to build and bed in relationships (through the regional spatial planning process). While we support the shift to more regional collaboration and think this will deliver benefits for communities, it will change how councils currently work. Councils will need time to build collaborative regional relationships, and the timeframes for doing this will vary region-by-region – both from a political and operational point of view. Introducing a requirement to work collaboratively on developing RSSs first would help bed in these new ways of working. It would also provide an opportunity to identify the issues that need to be worked through before shifting all planning functions to the regional level.

Urgently provide clarity on the transition period

While I understand that the LGSG and members of the LGNZ team have been working closely with you and your officials on transition arrangements, there is still considerable uncertainty about what transition arrangements will look like – short of an understanding that the transition is expected to take up to 10 years and that regions will shift to the new system in tranches.

Regardless of what the Government decides around a staged approach to implementation of the new system, councils need clarity around what the arrangements for transition are, including when they can draw a line in the sand and stop making plan changes and leading resource intensive plan reviews. Councils need to understand the implications for existing work programmes and their workforces. This is especially important given the capacity challenges that councils across the country currently face – which the transition to the new three waters system is only adding to.

Transition 'ready regions' first

We understand that the Government is working on establishing a process for identifying the model regions that will transition to the new system first. In the event a staged approach to reform is not preferred, we support the Government transitioning regions to the new systems in tranches and using learnings from each tranche to make iterative improvements to the system. However, councils need clarity around when different regions will transition to the new system.

Our preliminary view is that those regions that are ready to move should move first. And those regions that have recently undergone significant district plan reviews should come last, given the cost implications for their communities of making further changes. For example, we understand that the West Coast Region will soon be notifying its combined regional plan, *Te Tai o Poutini*. The transition arrangements must factor in the significant time and cost that the four West Coast councils, their communities and mana whenua have incurred in developing this plan.

We are receiving a number of questions from our members about what the process and criteria for identifying model regions will be. We encourage you to make this information available to councils as soon as possible, to provide certainty and sufficient time for regions to work together to identify whether they wish to put themselves forward – particularly given there will be financial implications that councils will need to factor into their long-term plans.

2. Enhance local voice through the reform process

Include a requirement to give effect to SCOs and SREOs in the NBA

Local voice and the ability for input by councils and the communities they represent into the new regional planning system must be strong. Our members were pleased to hear you confirm that the Government will adopt the LGSG's core proposals around Statements of Community Outcomes (SCOs) and Statements of Regional Environmental Outcomes (SREOs).

However, it's not yet clear what legislative weighting will be given to these statements. While we recognise that regional planning committees will need to consider a number of matters when making planning decisions, we're concerned that without a statutory requirement to 'give effect' to the SCOs and SREOs (subject to other considerations such as consistency with the National Planning Framework), there is a real risk council and community views will be disregarded. We strongly encourage you and your officials to ensure that a requirement to give effect to SCOs and SREOs, subject to other considerations, is included in the NBA.

We'd also welcome the opportunity to do further work with you and your officials on what the content of SCOs and SREOs should be.

Consider the role of sub-committees

We are pleased that the Government has confirmed that regional planning committees will be able to establish sub-committees, although further detail is needed on what their scope, purpose and role in decision-making could be.

We have heard a number of councils express concern at the region-wide scale of planning (including spatial planning) that is proposed, and we know that regional councils have some concerns around whether matters relating to the natural environment will be adequately addressed in the new system. The unique circumstances and aspirations of the individual communities that make up a

region (particularly larger regions) means that, in some instances, sub-regional planning may be more appropriate. For example, the needs and preferences of rural parts of the Otago region are quite different to the needs and preferences that Dunedin and Queenstown have in respect of urban growth and development – and there is a concern that a region-wide approach may lose some of this detail. Establishing sub-committees to undertake sub-regional planning or planning related to more technical matters could help to ensure that the scale of planning is appropriate, reflects the unique aspirations and circumstances of different communities and adequately addresses those matters where a level of technical expertise is needed.

We would welcome the opportunity to undertake further work with your officials on how the sub-committee process could be used to support strong local democratic input into plan-making processes that enhances the voice of all councils and communities, and how sub-committees could be reconciled with the proposals for SCOs and SREOs.

3. Properly address the risk that local government is held responsible for implementing decisions they have had limited influence into

Take time to get the mechanism and relationship right between joint committees and other council roles and functions

One of the key concerns that our members have is that they will continue to be responsible for implementing planning decisions, made by regional planning committees, over which they may have limited or no influence. This is why it's critical that we take time to get the mechanisms for councils and communities having input into planning decisions right.

We think more time is needed to work through how the proposed regional planning committees and their secretariats will work with and impact on councils' existing roles and functions, in advance of any broader reform of local government. This is particularly important given the impact that other reform programmes, particularly Three Waters Reform, are having on local government's roles and functions, and consequently its capacity and capability.

In the absence of clear understanding of these impacts, we are concerned that communities will continue to hold local government accountable for decision-making that it is no longer responsible for. This has the potential to reduce trust and confidence in local government. Ensuring councils have appropriate input into regional plan making that reflects the role they will play in implementing those plans will go some way to addressing this concern.

Ensure adequate central government funding to support implementation

Ensuring that there is adequate central government funding to support implementation of the new resource management system would also help to alleviate councils' concerns at being responsible for implementing regional planning decisions. This should include contributing funding towards regional planning committee processes.

Further clarity is also needed around what mechanisms there will be for requiring local government funding of regional planning committee processes. Arrangements for securing funding for these processes will need to align with councils' long-term planning process.

Closely involve local government in the development of the National Planning Framework

Local government supports the proposal to develop a more integrated set of national direction via the National Planning Framework (NPF). However, we'd like to see central and local government working much more closely on the development of the NPF. National direction has significant influence on the decisions that councils make – including on investment in infrastructure and delivering their placemaking role. Our experience with the NPS-UD is that without close involvement by councils in the development of national direction, there is a risk that changes won't land well and will be challenging to implement.

I encourage you and your officials to think about how you can test the content that will be included in the NPF with the LGSG and the wider local government sector as it is developed – to ensure that it is workable, and to understand how it will integrate with and impact on the various roles and functions that councils are responsible for, and broader objectives they're seeking for communities.

4. Provide transformative resource to enables transformative reform

Give long term commitment around greater funding for transition

The Resource Management Review Panel's June 2020 report (the Randerson Report) stated that *"the success of the new resource management system will depend critically on the capacity and capability of all those involved in it. It is essential that substantially increased funding and resources be provided by both central and local government if the objectives of the new system are to be realised. The failure to provide sufficient resources and build capability has been one of the more important reasons for the failure of the RMA to deliver the results intended."*

We agree. Transformative change requires transformative resourcing. The resource management reforms – if not sufficiently funded by central government – will be seen by our sector as another unfunded mandate. Resource management workforce capacity, capability and skills are already a challenge. The industry is currently experiencing a 20% shortfall in planning roles across all local government sectors. Failure to fund and resource change risks not only the delivery of the reform programme, but also the success of the other Government reforms currently underway and the business-as-usual activities of councils. This is particularly true of smaller councils – as staff there are often responsible for multiple functions and areas.

While we are pleased that the Government has committed some funding to support the transition in this year's Budget – and understand that this funding is only the beginning – we are concerned that without a longer-term commitment to significantly greater funding for transition there is a risk that it will be insufficiently resourced. This has the potential to undermine the success of the reform. Cross-party support for adequate long-term funding would help to provide certainty.

Engage meaningfully with iwi/hāpu/Māori to ensure they have the right resources to participate in new system

The Government must also consider how iwi/hapū/Māori will be resourced to engage in the resource management system. Currently councils, or iwi/hapū (in some cases using Treaty settlement funds), fund Māori engagement in the resource management system. This approach is inequitable, particularly for those councils and regions with larger Māori populations. Māori cannot nor should not be expected to fund their engagement directly or indirectly in the resource management system, particularly when Māori already face substantial costs, institutionalised barriers and capacity issues when engaging with local and central government.

We strongly encourage the Government to engage in more meaningful conversations with iwi/hapū/Māori, alongside local government, before progressing with these reforms at pace. This will help the Government to ensure that iwi/Māori have the capacity, resources and desire to participate meaningfully in the new system in the manner that is envisaged.

5. Progress the Climate Adaptation Act urgently - councils need clarity on adaptation as actions take time

The impacts of climate change are being felt by Aotearoa New Zealand's communities right now. Councils are increasingly grappling with extreme weather events, which are becoming more frequent and intense. Because of this, we're hearing regularly from councils about the need for more direction on how to adapt to the impacts of climate change, including via managed retreat. Despite suggesting a staged approach to reform to better reflect the sector's current capacity constraints, we are concerned that the Climate Adaptation Act is on a significantly slower track – and would like for work on this critical part of the reform programme to be given greater priority.

Our experience is that the actions that are required to address climate change – including relocating communities to support managed retreat – take significant time to both plan and build the social licence for. Councils urgently need the planning tools and legislative environment that will support these tough conversations to happen. Councils are ready and willing to work with the Government to progress this important work and have extensive on the ground experience that will help to ensure that options and frameworks for adapting our communities to the impacts of climate change are workable.

6. Ensure clear lines of communication between central and local government throughout and after the reform process

Coordinate investment decisions

The local government sector was pleased to hear you discuss at our conference how central government will input into the development of RSSs. This is where local government sees the greatest opportunity from the reform process. Greater central and local government coordination of investment decisions will allow for improved outcomes to be realised from large scale projects, as well as provide certainty to councils around the availability and timing of central government funding.

Appoint local government advisors (or observers) to the interdepartmental Spatial Planning Act Board

A collaborative relationship must go both ways. As well as central government participating in regional planning committee decisions on RSSs, local government must continue to have a strong role in the development and implementation of the future resource management system. While the LGSG is a very strong first step, the Government must continue to engage widely with local government. We think a key way the Government could ensure that local government is actively feeding into the development of the future system – including once transition and implementation work begins in earnest – is by appointing local government advisors (or observers) to the inter-departmental Spatial Planning Act Board, which we understand will play a key role in supporting transition and implementation activity. Section 29(3) of the Public Service Act allows this, and we ask that you request the Public Service Commissioner to enable this.

In the spirit of a collaborative relationship, I would welcome the opportunity to meet with you to discuss a shared approach to addressing these concerns in further detail. It would also help to establish regular meetings with you so that we, and the sector, are both kept informed and able to support you as legislation progresses through the House and we shift into transition and implementation.

Ngā mihi nui

A handwritten signature in blue ink, appearing to read 'S. A. Crosby', is positioned above the printed name.

Stuart Crosby
President
Local Government New Zealand