

RESOURCE MANAGEMENT REFORM SUBMISSION // OUTLINE

Background

The Government introduced the Natural and Built Environments Bill (NBEA) and Spatial Planning Bill (SPA) on Tuesday 15 November. These Bills underpin an overhaul of the resource management (RM) system and will be followed by the Climate Adaptation Bill in 2023. They had their first reading on Tuesday 22 November and were referred to the Environment Select Committee, which has set a deadline of Monday 30 January 2023 for written submissions.

LGNZ is frustrated by the unreasonable Select Committee deadline of 30 January, which is forcing everyone into very tight timeframes. We know these are unrealistic for many councils who are still in their early stages after the election.

The purpose of this outline

This outline has two purposes.

- 1. To help you prepare your own submissions. The outline flags issues that we think all councils will be concerned with and potentially want to submit on.
- 2. We really want your feedback to shape our actual submission. Depending on your feedback, our draft submission could look quite different from the outline we're sharing below.

How we'll develop an LGNZ submission

This **outline** sets out where we intend to focus our submission and the key points we plan to make. Please let us know what you think. The deadline for feedback on the outline is **9 December** – please email your views to submission@lgnz.co.nz

Once we have your feedback on this outline, we will use that to develop a **draft submission**, which we will share with you on 21 December. We will be looking for any feedback on that draft by 23 January – we know that's far from ideal, but submissions are due to the Environment Select Committee on 30 January.



There is a glossary of abbreviations at the end of this document, as well as a list of questions that we especially want your feedback on.

Potential points for our submission

Tonic	Response
Topic Overview of the Resource Management Reform framework – our high-level position	 LGNZ broadly supports the need for resource management (RM) reform. The Government's reform objectives make sense but we have concerns about how effectively they will be implemented via these bills. We have reservations about whether the three pieces of RM legislation will deliver a simpler, more efficient system. How the transition to the new system is resourced is critical. Transformational reform requires transformational resourcing. Local government cannot be expected to meet the costs of reform on its own. We support the introduction of regional spatial planning and see that there will be benefits from regions taking a more coordinated, future-focused approach to planning/development. Our biggest concern is the potential for local voice to be diminished. We're also concerned that councils will be responsible for implementing plans over which they have limited influence. This means there must be strong accountability mechanisms between regional planning committees (RPCs) and councils. We want to see a system that: is more efficient, simple and cost-effective; protects the natural environment and enables development (including housing and infrastructure); provides strong opportunities for local voice, so that councils and communities have the ability to continue to shape their unique places; and gives effect to the principles of Te Tiriti o Waitangi. Councils are integral to resource management and land use planning, which underpin their placemaking role. The legislation must recognise this and support councils continuing to play this key role.
	communities have the ability to continue to shape their unique places; and o gives effect to the principles of Te Tiriti o Waitangi. • Councils are integral to resource management and land use planning,
	deliver the change and outcomes sought by the reforms, it is important that:



- territorial authorities have a clear and meaningful role to connect local communities to the decisions being made through the NBEA and SPA; and
- the roles, responsibilities and functions of Regional Councils in environmental management are understood, recognised and provided for in the NBEA and SPA.
- The NBEA and the SPA must align and integrate with councils' current statutory roles, functions and accountabilities. The NBEA and SPA must:
 - align with the National Planning Framework (NPF) and Climate Adaptation Act (CAA) (NB: It's difficult for us to provide comment on whether this is the case or not, given we're still waiting to see the NPF and CAA, which are due to be introduced later.);
 - align with other relevant legislation, including the Local Government Act 2002 (LGA) and any Three Waters Reform legislation; and
 - provide accountability to community for the outcomes, including funding of the process and its implementation. This must be transparent to the community.

Purpose clauses of the NBEA and SPA

- We broadly support the purpose of the NBEA but we have some concerns around interpretation and implementation, including:
 - What is the meaning of "uphold" Te Oranga o te Taiao?¹
 - How does Te Oranga o te Taiao integrate with the concept of Te Mana o te Wai (which is integral to Three Waters Reform and the freshwater reforms)?
 - How will the NBEA and SPA impact the current National Policy Statement for Freshwater Management, freshwater planning process work and other planning work that regional councils are currently undertaking?
 - What is the meaning of "compromising" wellbeing of future generations?
 - Are two key purposes within the NBEA compatible?: to recognise and uphold te Oranga o te Taiao and to enable the use, development and protection of the environment.
 - What is the meaning of "promote outcomes" for the benefit of the environment?
- We also broadly support the purpose of the SPA as it links back to the
 NBEA purpose. However, there are uncertainties about why the purpose of

¹ Te Oranga o te Taiao is defined in clause 7 of the Natural and Built Environments Bill as follows: Te Oranga o te Taiao means: a) the health of the natural environment; and b) the essential relationship between the health of the natural environment and its capacity to sustain life; and c) the interconnectedness of all parts of the environment; and d) the intrinsic relationship between iwi and hapū and te Taiao.



	the SPA singles out that part of the NBEA's purpose which requires "recognising and upholding te Oranga o te Taiao" as opposed to the enabling use and development components of the NBEA purpose.
Environmental outcomes and decision-making principles (NBEA only)	 We support the shift to a requirement to promote outcomes for the natural and built environments. We also support: The NBEA's strengthened outcomes for climate change and housing/urban development. The NPF being used to (among other things) help resolve conflicts about environmental matters, including between or among the outcomes set out in the NBEA. Strengthened recognition of Te Tiriti o Waitangi We do have several concerns, including: Whether 'competing' outcomes can be promoted or achieved at the same time – and if not, then what? Can competing outcomes be reconciled? If not, then what? Will some particular outcomes be afforded superior weight to resolve conflicts? The absence of a hierarchy of outcomes in the NBEA itself, leaving conflicts to be resolved by the Minister (through the NPF) or the RPCs.
Te Tiriti o Waitangi	 We support the greater emphasis on Te Tiriti o Waitangi, including the requirement to give effect to the principles of Te Tiriti, and providing a more strategic role for iwi/Māori in the RM system. We support Treaty settlements and other arrangements being given the same or equivalent effect as per the RMA under the NBEA. We have some concerns around interpretation and implementation, including: Interpretation of the requirement to "give effect to" the principles of Te Tiriti o Waitangi. The availability of appropriate resourcing to support the participation of iwi/Māori in the new system, including from Central Government. The capacity and capability of local government to support iwi/Māori to participate in the new system. Building local government's capability and capacity needs to be addressed in transition and implementation planning. The need for sufficient time to establish engagement agreements between RPCs and Māori groups — and the extent to which these may duplicate or be inconsistent with existing arrangements between councils and Māori groups.
Opportunities for local voice	Membership and appointment of the RPC (Schedule 3 of the NBEA)



- The Government is seeking to create a system that provides councils with flexibility, including around the makeup and appointment of RPCs. But we see both challenges and benefits with flexibility. (NB: We plan to do further analysis to identify how flexible the legislation is or isn't, and what we see as the potential challenges and opportunities. This will be included with our submission).
- We support the position that each council can have at least one seat on the RPC. However, this may proportionately reduce input from larger councils that represent larger population bases and from regional councils that have specialist expertise/knowledge.
- We wonder why the RPCs are being established under the NBEA, rather than as joint committees under the provisions of the LGA.
- We have several concerns with the membership and appointment of RPCs, including:
 - There is no direction about whether or not the local authority representatives on RPCs must be elected members or whether council officers could be appointed. If the local authority members on RPCs are not elected members, this may create some issues in terms of accountability requirements under the LGA. Our initial view is that the local authority members of RPCs should be elected members.
 - Sub-committees are at the discretion of the RPC and their role and function is limited to providing advice to the RPC as the RPC sees fit. This means that sub-committees are unlikely to be a sufficiently strong mechanism for providing local voice/input into the planning process. We'd like to see this strengthened.
 - Further thought could be given to whether certain decision-making responsibilities could be delegated by RPCs to sub-committees.
 - It's not clear whether elected member representatives on RPCs are expected to act in the interests of their constituent local authority or in the interests of their region or independently as part of the RPC. Accountability of local authority representatives back to their council remains a concern.
 - While there is flexibility around the number of mana whenua representatives on RPCs, a minimum of two mana whenua representatives may present challenges in some regions where there are multiple Māori groups.
 - While we support the appointment of one central government representative to the RPC (for the purpose of decision-making on Regional Spatial Strategies), we are concerned about whether that representative will bring a coordinated view of central government's priorities to the RPC table rather than merely reflecting the view of the Department/Ministry they work for. A



National Spatial Strategy (or regional statements of central government's investment priorities) could help with this.

<u>Preparation and adoption of Regional Spatial Strategies (RSSs) and Natural and Built Environments Plans (NBEA plans)</u>

- We are very concerned that there is potentially limited involvement by local authorities and community in the development of RSSs and NBEA plans.
- We are pleased the Government has adopted the RM Reform Local Government Steering Group's (LGSG)² proposals around the development of Statements of Regional Environmental Outcomes (SREOs) and Statements of Community Outcomes (SCOs). These will be a key mechanism for providing a local voice/input by councils and their communities into regional planning documents. However, we are concerned that:
 - In preparing plans, RPCs are only required to have "particular regard" to SREOs and SCOs (rather than a stronger requirement to "give effect" to those statements). In identifying the major policy issues for a region, RPCs need only "have regard" to the SREOs and SCOs. This is weak/insufficient weighting and not in line with recommendations LGNZ and the LGSG have made.
 - SCOs and SREOs are not mandatory, which means there may be insufficient incentive for councils to prepare them, especially for councils that are less well resourced. But RPCs may be more strongly influenced by those councils that are able to prepare SCOs and SREOs
 - The SCOs and SREOs as described in the NBEA are high-level, documents only recording the views or the significant resource management issues of a region, district or local community. While in principle we agree with this, there may be some circumstances where they could be used to provide more prescription/detail (eg in respect of matters for which regional councils are responsible, or where different rules may be appropriate for different parts of regions).
- There's a lack of clarity about the role of existing plans in the preparation of new NBEA plans and RSSs. Indications are that there is no role for existing plans. This is despite the significant work, engagement and investment by councils and communities to prepare these planning documents.

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² The Resource Management Reform Local Government Steering Group (LGSG) was established by the Ministry for the Environment in 2021. The purpose of this group is to advise the Government on the RM system reforms. The LGSG is made up of a mix of elected members, chief executives and senior council officers.



- We're concerned that the Government has rejected LGNZ and the LGSG's recommendation that an RPC should, at its discretion, be able to seek advice from affected local authorities on any decision to accept or reject an Independent Hearings Panel recommendation.
- We're concerned there are limited appeal rights for councils (notwithstanding some of the practical challenges associated with councils bringing appeals).

Membership and appointment of the Independent Hearings Panel (IHPs)

- We support the use of Independent Hearings Panels and their functions, which include hearing submissions and making recommendations to the RPC.
- We also support provisions around the membership of IHPs, including each region establishing a pool of IHP candidates. This would include those nominated by local authorities in a region (and also by iwi/hapū).
- We're concerned that there's no substantive role for councils in the IHP process other than as a submitter (ie councils have no greater role than all other submitters in the IHP process). Assessing the NBEA plan making process as a whole, we are concerned there are very limited opportunities for councils to be involved in this process beyond the SREOs and SCOs and reviewing the proposed plan.

Ministerial powers

- Both the NBEA and SPA give the Minister for the Environment significant powers. While we recognise a number of these powers will be critical to the successful operation of the RM system, we are concerned that:
 - There is a shift to more control at the centre; and
 - This has the potential to diminish the influence of councils and local voice

Preparation, amendment and review of the NPF (including limits and targets)

- We are concerned that there are limited opportunities for local authorities and communities to be involved in the development of the NPF. The process for developing the NPF is not a collaborative or co-design process with local authorities. That would be LGNZ's preference, given the broad ambit of the NPF and the significant implications that national direction has at the local level.
- We are also concerned there's no proposal for a National Spatial Strategy
 (or regional statements of central government priorities) to provide
 national guidance to inform the development of RSSs. Our view (which was
 shared by the LGSG) is that a National Spatial Strategy could sit alongside
 the NPF to provide regionally and spatially specific information to each RPC
 on central government's investment priorities within each region.



Regional Planning Committees

- The RPC approach is complicated, adds a new layer of decision-making and fails to integrate and align with potential local government reform (for example, unitary councils could potentially exercise the same functions as the RPC, addressing issues such as accountability and working arrangements).
- We are broadly supportive of the approach of one RPC per region (with the
 exception of one RPC for both Nelson and Tasman Districts). However, we
 can see the potential for the shift to RPCs to diminish local voice and input
 by councils and their communities.
- We can foresee issues with RPCs being required to act independently of the host local authority and other local authorities in the region.
 Democratic accountability is a key concern.
- We're concerned that RPCs have a lot of power and lack accountability back to councils and communities, instead of being stewards of a collaborative plan-making process (which is what we would prefer).
- Final decisions will be taken by an RPC without formal decision-making or ratification by constituent councils, which concerns us. This concern could be minimised if an RPC had to ensure that SCOs and SREOs were given effect to (or the outcomes were not contrary to) before final decisions to accept or reject IHP recommendations were made. Or RPCs could be required to consult with councils on IHP recommendations before making decisions about whether to ratify them or not.
- We support the RPC being able to possibly sit across both RSSs and NBEA plans – this will help to achieve alignment and address capacity and capability concerns. At this stage this isn't entirely clear.

Procedures and decision-making

- We broadly agree that RPCs should be able to:
 - o Regulate decision-making procedures as they see fit.
 - Achieve consensus where possible and refer disagreements to the Minister for resolution when needed.
- We can foresee issues with:
 - The requirement for RPCs to have regard to the extent to which it is appropriate for conflicts between environmental outcomes to be resolved by NBEA plans, resource consents or designations, subject to direction by the NPF.
 - RPCs only being required to "have regard" to SCOs and SREOs when identifying the major policy issues, rather than these statements having a stronger weighting.

Host council and secretariat arrangements

 There are a number of issues in respect of the host council and secretariat arrangements, including their roles, functions, operation and linkages with one another, the RPC and constituent local authorities.



- Broadly we support the provisions around a nomination process for identifying a host local authority for each RPC, and that the default is the regional council unless no other nominations are received.
- The legislative framework for the secretariat is designed to be flexible, allowing regions to determine their own working arrangements. However, we anticipate that working arrangements are very likely to be determined by the RPC not local authorities – despite local authorities funding and resourcing the arrangements.
- The RPC has all the rights, powers and duties of an employer in relation to the director of the secretariat and secretariat, but the host local authority is the legal employer of the director and the secretariat. This is a murky relationship – employment obligations will need to be very carefully managed and there are serious questions about what position the director and secretariat are expected to take; in line with councils or the RPC or neutral?
- The NBEA proposes that councils will contribute planning officers to work for the secretariat but these officers will be under the control of the RPC. This may be unworkable in practice as it presents issues in terms of accountability and employment obligations. Aligning the RM reform with local government reform could address such issues.
- We think it will be difficult for the host local authority to ensure that the director's legal obligations are met when all control over the director and secretariat rests with the RPC.
- We're concerned that the resourcing plan for staffing the secretariat is required to be prepared by the director of the secretariat in consultation with the RPC, not constituent local authorities.
- We're also concerned that councils are required to fund and resource the RPC and secretariat as well as Māori participation in the development, implementation and monitoring of RSS and plans but have no control over RPC budgets. RPCs retain control over how money is to be spent. Funding from central government should be provided to assist Māori to participate in the planning processes.
- We support requirements for secretariats to have appropriate technical expertise but have concerns around capability and capacity (addressed further below).
- All of this comes back to our core concern that local authorities will have very limited control over the development of plans they are funding the development of and are required to implement.

Note: We're preparing a more detailed paper on accountability and funding issues that will address some of these areas in more detail, and form part of our submission.



Substance of planning documents

Substance of NPF

- We support the purpose of the NPF, which will provide strategic direction on matters like enabling infrastructure and development corridors. We also support the requirement that the NPF must include direction on resolving conflicts between outcomes.
- We understand that existing national direction (NPSs and NESs) will be brought over into the new NPF. However, we are concerned about the 'gaps'; for example, a lack of existing national direction on climate change and no sense of urgency around developing this.
- Local government must be part of developing any new national direction.

Substance of RSSs

- Broadly we support the introduction of a requirement for regions to develop future-focused RSSs.
- We are concerned that there's a lack of substance, guidance and direction in the SPA as to the purpose and content of RSSs.

Substance of NBEA plans

- We broadly support the purpose of NBEA plans, which is to provide a
 framework for the integrated management of the natural and built
 environment (in the region that the plan relates to). We also support
 requirements that NBEA plans give effect to the NPF and are consistent
 with the relevant RSS.
- We have a number of concerns, including:
 - Olt's our understanding that there is unlikely to be a role for existing planning documents (which councils and communities have invested time and money into preparing), in terms of being brought into or influencing new NBEA plans. If this is correct and existing documents are not carried through, what is the status of current plan development work (in particular, freshwater planning) and how will this be efficiently and effectively integrated into the NBEA and SPA?
 - While the NBEA states that NBEA plans can include rules that apply to certain parts of regions, as drafted it's unlikely that SCOs and SREOs could be more prescriptive and suggest particular rules that could be included in NBEA plans. We can see some benefit in councils and communities being able to prescribe particular rules for their parts of a region in SCOs and SREOs.

Substance of SCOs and SREOs

 There is little guidance in the NBEA as to the substance and content of SCOs and SREOs. While we see some benefits in giving local authorities flexibility, it would be useful for Ministry for the Environment officials to



continue to work with local government to develop guidance around SCOs and SREOs.

Implementation of planning documents

Our core concern is that councils will have limited involvement in the development of planning documents yet be expected to lead the implementation of those documents. Councils will retain ongoing responsibility for consenting and compliance, monitoring and enforcement.

Consenting

- For the most part, the proposals around consenting are not substantially different from current arrangements. We therefore have concerns that consenting inefficiencies will remain. We are keen to understand whether members have concerns with what's proposed.
- The NBEA introduces uncertainty for existing consent holders and potential applicants. For example, the NBEA states that every existing RMA document continues in force according to its terms subject to the NBEA. Furthermore, the NPF and NBEA plans can impose reviews and limitations on existing consents, including duration. This creates uncertainty for consent holders and applicants, potentially impacting development.
- However, we are supportive of the potential to require applicants to consult with Māori on applications as well as to fund that consultation.
- We are also supportive of the continuation, albeit with changes, of the COVID-streamlined consenting processes for housing and infrastructure

Compliance, monitoring, enforcement

- The legislation proposes that local authorities be required to report every three years on the efficiency and effectiveness of plans. They must implement a monitoring and reporting strategy which is to be prepared by the RPC. They must also develop and implement a compliance and enforcement strategy. These requirements are likely to be seen as an unfunded mandate, particularly given the limited involvement that councils will have in the development of NBEA plans as well as the monitoring and reporting strategy.
- Funding support from central government is needed to support councils with compliance, monitoring and enforcement.

RSS implementation plans

- We support requirements around the preparation and adoption of RSS implementation plans, including requirements to consult around the development of those plans.
- We support the flexibility in the provisions about who is responsible for implementation of RSS priorities. However, further clarity about the funding mechanisms for ensuring delivery of RSS priorities, in particular from central government, is required.



Funding and resourcing

- Central government must adequately fund the implementation of the reforms. Transformational reform requires transformational funding. This is a critical issue for us.
- At this stage, we're concerned the funding central government has allocated to this reform is insufficient. A lot of the allocated funding enables the Ministry for the Environment to deliver core policy work.
- In particular, we're concerned that without adequate funding from central government, the RPC processes (including the secretariat) will be under resourced. Councils have no control over RPC budgets so have serious concerns about being held responsible for funding the RPC.
- We're concerned that without adequate funding from central government, there is a risk of an unfunded mandate. This means councils will be required to fund plans and processes (such as delivering on an RPC's compliance and enforcement strategy) but have limited involvement in the development of them. Central government funding to support councils to perform these functions will be critical.

SPA

- We want to see more clarity around the funding mechanisms for ensuring delivery of RSS priority actions.
- The SPA says that the Minister may make grants and loans to assist in achieving the purpose of the SPA to "any person". It is uncertain whether this applies to local authorities – this needs to be clarified.

NBEA

- Local authorities will be required to prepare an annual report on the costs, drivers and funding associated with discharging their functions, duties, and powers under the Act. This may be seen as an unfunded mandate due to the limited involvement of councils in the development of NBEA plans. We think it's important that these reports are used to inform the financial contributions that central government should be making towards regional planning processes.
- Flexibility in RPC operations could present challenges to the funding of the RPCs, particularly if some communities perceive an RPC as operating with a greater focus on matters within particular districts. This could lead to tension if the RPCs are to be funded by constituent councils equally or proportionately.
- Given the functions and operations of the RPC that replace the fundamental planning role of councils, there could be tension with the LGA framework. In particular, it could be difficult for councils to implement their LGA statutory purposes. This could raise equity issues and there is also a risk that this model could bring politics into funding decisions and discussions.



- There are still questions about what legislation and local government processes councils must consider when funding RPCs. How does the LGA fit into this? There is no direction around funding, so some authorities may be unable or unwilling to provide their portion of funding.
- How to fund and resource the IHP is a concern including whether there is sufficient capacity to resource the IHPs.

Note: We're preparing a more detailed paper on accountability and funding issues that will address some of these areas in more detail, and form part of our submission.

Transition and implementation

- There must be sufficient time to transition to and implement the new RM system. There's a lack of detail on transition timeframes.
- We're concerned that the NBEA makes no provision for introducing the new system in tranches. Councils want to know which tranches they will be part of so they can start factoring this into their planning.
- There's a lack of clarity about central government's ongoing funding commitments to implementation. Transformational reform requires transformational funding from central government.
- We're concerned at the potential for an unfunded mandate, particularly given the limited involvement councils will have in the development of plans.
- We're concerned at whether there is sufficient capability and capacity across the system to implement such significant change while continuing to undertake BAU planning work.
- There's a lack of detail around transitional arrangements for undertaking plan changes etc.
- We're concerned about how RM Reform will integrate with other significant reforms, in particular Three Waters Reform (NB: Note we're preparing a separate piece of advice that looks at the integration of the RM and Three Waters systems that will form part of our submission).

Other issues

- The NBEA does not propose to strengthen bylaw mechanisms under the LGA so that more minor and locally specific regulatory matters can be managed outside of the regional planning process (as sought by LGNZ and the LGSG).
- The NBEA enables one or more allocation methods to be used, including mark-based allocation methods. This is a significant change from the status quo 'first in first served' approach to resource allocation.
- Other matters that we intend to raise in the submission include:
 - o freshwater management;
 - o contaminated land;
 - biodiversity; and
 - the effects management framework.



Glossary of abbreviations

- CAA Climate Adaptation Act
- IHP Independent Hearing Panel
- LGA Local Government Act 2002
- LGSG RM Reform Local Government Steering Group
- NBEA Natural and Built Environments Bill (which will become an Act)
- NPF National Planning Framework
- RM resource management
- RMA Resource Management Act 1991
- RPC regional planning committee
- RSS Regional Spatial Strategies
- SCO Statement of Community Outcomes
- SPA Spatial Planning Bill (which will become an Act)
- SREO Statement of Regional Environmental Outcomes

Questions for feedback

We welcome your feedback on anything in the above outline or the legislation as introduced. We would particularly appreciate answers to the following questions:

- 1. Is there anything that we've missed from our submission outline that you'd like to see included?
- 2. Is there anything we've included that you don't agree with or think we should change?
- 3. Do you think that councils should have a strengthened role in the preparation of the NPF, ie similarly to the National Māori Entity be able to collaborate with the Minister?
- 4. Do you think that the appointment and membership arrangements for RPCs should be flexible or prescriptive? What would be the advantages and disadvantages of a more flexible or more prescriptive approach?
- 5. Should the local authority representatives on RPCs have to be elected members?
- 6. What roles do you think that sub-committees could play? How could they support the RPCs?



- 7. Do you think that the SCOs and SREOs should be mandatory or optional for councils to prepare?
- 8. Do you agree that the RPCs should only be required to "have particular regard" to SCOs and SREOs, or do you think they should have stronger weighting (such as a requirement "to give effect to" them?)
- 9. Do you think that SCOs and SREOs should be high-level, visionary documents or could they be more prescriptive? What sort of content would you like to see included in them?
- 10. Do you think there should be an increased role for councils in the RPC plan making process, for example should there be an opportunity for councils or subcommittees to be consulted on the proposed plan before the RPC makes its final decision?
- 11. Do you share concerns about the staffing and of, and resourcing for, the secretariat and the role of the director?
- 12. Do you consider that the secretariat, RPC and council arrangements will be workable in practice?
- 13. Do you have concerns about the adequacy of funding arrangements, including in relation to Māori participation as well as monitoring, compliance and enforcement?
- 14. Do you have any concerns with the proposals around resource consenting?