



## PROACTIVE RELEASE COVERSHEET

<b>Minister</b>	Hon Chris Bishop	<b>Portfolio</b>	Environment
<b>Name of package</b>	RIS material for Resource Management (Consenting and Other System Changes) Amendment Bill	<b>Date to be published</b>	10 December 2024

List of documents that have been proactively released		
<i>Date</i>	<i>Title</i>	<i>Author</i>
12-Sep-24	Regulatory Impact Statement: Amendments required to Part 9A of the Resource Management Act to provide for Industry Organisation delivery of freshwater farm plan certification and audit services	Ministry for the Environment Ministry of Primary Industries
<b>Information redacted</b> <b>NO</b>		
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## Amendments required to Part 9A of the Resource Management Act to provide for Industry Organisation delivery of freshwater farm plan certification and audit services

<b>Purpose of Document</b>	
Decision sought:	<i>Approval to amend Part 9A of the Resource Management Act 1991</i>
Advising agencies:	<i>Ministry for the Environment and Ministry for Primary Industries</i>
Proposing Ministers:	<i>Hon Chris Bishop, Minister for Resource Management Reform</i> <i>Hon Todd McClay, Minister of Agriculture</i> <i>Hon Andrew Hoggard, Associate Minister for the Environment</i>
Date finalised:	<i>12 September 2024</i>
<b>Problem Definition</b>	
<p>The current provisions in Part 9A of the Resource Management Act 1991 (RMA) that support councils to approve industry organisations are not fit for purpose.</p> <p>The inflexible nature of the provisions makes it difficult and costly to integrate suitable industry farm plan programmes into the freshwater farm plan (FW-FP) system. The requirement for separate approval by each regional council also creates unnecessary costs and duplication and limits national consistency.</p>	
<b>Executive Summary</b>	
<p>Part 9A of the RMA establishes FW-FPs as a regulatory tool that supports farm operators to identify, manage, and reduce on-farm risks to freshwater in a way that is tailored to their individual conditions, operating system, and catchment needs.</p> <p>Part 9A of the RMA was amended in August 2023 to enable regional councils to approve industry organisations to provide certification or audit services under the Freshwater Farm Plan Regulations 2023 (FW-FP Regulations). The Government wants to deliver a credible, transparent and cost-effective pathway for this purpose.</p> <p>Industry and the regional sector identified that recognition of industry organisations could help to reduce cost and duplication for farmers and growers. Industry stressed the need for flexibility and that the focus should be on ensuring FW-FPs appropriately identify risks and actions that support freshwater improvement, as opposed to following a specific process or template.</p> <p>Under Part 9A of the Resource Management Act, regional councils must approve certifiers and auditors of FW-FPs on a region-by-region basis. Engagement with industry organisations has found that, because industry organisation programmes are rarely confined to one region, the same industry organisation would have to apply to multiple regional councils to provide FW-FP certification and audit services. This approach is onerous and costly for industry organisations operating across multiple regions. Because</p>	

of the limitations of the current provisions, many of the organisations engaged with have indicated that they are unlikely to use the industry approval pathway.

This RIS considers options for more effectively recognising the role of industry organisations in the delivery of FW-FPs.

Wider work is also underway on possible improvements to the FW-FP system. Engagement on the wider improvements has informed this RIS.

### Limitations and Constraints on Analysis

The analysis in this RIS is limited by:

*The pace of reform:* Ministers propose making these policy changes through a second Resource Management Act Amendment Bill, which is expected to be introduced to the House by the end of 2024. This limits the identification of options, level of analysis, collation, and review of evidence. It also means that the changes assessed in this RIS are occurring ahead of the analysis and potential changes to the wider FW-FP system.

### Responsible Manager(s) (completed by relevant manager)

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 Manager – Water & Adaptive Farming  
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11/09/2024

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11/09/2024

### Quality Assurance (completed by QA panel)

Reviewing Agency: Ministry for Primary Industries

Panel Assessment & Comment: The Ministry of Primary Industries Regulatory Impact Analysis (RIA) panel (the panel) has met and reviewed the regulatory impact statement (RIS) 'Amendments require to Part 9A of the Resource Management Act to provide for Industry Organization delivery of freshwater farm plan certification and audit' and considers that it fully meets the RIA quality assurance criteria.

With additional time, further refinements could have been made to improve the implementation, monitoring, evaluation and review sections, as well as the cost/benefit analysis of the options. However, the RIS sets out clearly how existing legislation limits national consistency, and adds administrative cost and burden, and provides useful analysis of the options against the identified criteria.

## Section 1: Background

### Part 9A of the Resource Management Act 1991 and industry organisations

1. Part 9A of Resource Management Act 1991 (RMA) was introduced in 2020 to support a consistent approach to farm planning, leveraging existing industry and regional council farm planning processes.<sup>1</sup> Part 9A establishes FW-FPs as a regulatory tool that supports farm operators to identify, manage, and reduce on-farm risks to freshwater in a way that is tailored to their individual conditions, operating system, and catchment needs.
2. Industry organisation assurance programmes (like the New Zealand Good Agricultural Practices programme (NZGAP)) are approved to deliver a broad range of food safety, biosecurity, animal welfare and environmental sustainability outcomes. Stakeholders sought for these industry organisation programmes to be recognised in the FW-FP system.
3. Most industry organisations operate on a national scale and deliver farm assurance programmes to support farm operators to demonstrate compliance with international market requirements. Eligibility to provide FW-FP certification and audit services should be assessed in a consistent manner to provide assurance at a domestic and international level.

#### *Proportion of farming operations currently part of an industry organisation farm planning programme*

4. Table 1 below estimates the number of farm operations currently subject to FW-FP requirements<sup>23</sup>:

*Table 1: Estimated Farm Operations currently subject to FW-FP requirements*

<b>Dairy</b>	Approximately 10,000 dairy farm operations are subject to FW-FP requirements. At least 80% of these dairy operations are part of an industry organisation with a farm assurance programme.
<b>Commercial vegetable growing</b>	Approximately 500 commercial vegetable growing operations are subject to FW-FP requirements. At least 80% of commercial vegetable growing operations are part of an industry organisation with a farm assurance programme.
<b>Viticulture</b>	Approximately 1300 viticulture operations are subject to FW-FP requirements. At least 59% of viticulture operations are part of an industry organisation with a farm assurance programme.

<sup>1</sup> [Resource Management Act 1991 No 69 \(as at 03 September 2024\), Public Act 217A Purpose – New Zealand Legislation](#)

<sup>2</sup> Currently Part 9A (and the FW-FP Regulations) apply to any farm with 20 hectares or more in arable, pastoral, or combined use or any farm with 5 hectares or more in horticultural use

<sup>3</sup> All estimates in the table are based on the 2017 Stats NZ Agricultural Census and officials best estimates based on current membership information from NZGAP, Global GAP, DairyNZ, NZFAP+ and similar programmes.

<b>Other horticultural uses</b> <sup>4</sup>	Approximately 5000 other horticultural operations are subject to FW-FP requirements. At least 59% of other horticultural operations <sup>5</sup> are part of an industry organisation with a farm assurance programme.
<b>Other farming operations</b>	<i>We cannot quantify the number of arable, sheep &amp; beef, or mixed livestock operations that are part of an industry organisation farm planning programme.</i>

## Work on developing a pathway for industry organisation recognition

5. Part 9A of the RMA was amended in August 2023 to enable regional councils to approve industry organisations to provide certification or audit services under the FW-FP regulations.
6. Prior to this amendment, Part 9A only enabled individual certifiers and auditors to be approved to deliver these services. Through this amendment, Section 217KA of the RMA enables:
  - a. The Minister for the Environment to issue standards by which industry organisations must be assessed against to deliver certification and audit services; and
  - b. A regional council to approve an industry organisation to deliver certification and audit services to their members provided the organisation meets the standards.
7. The standards may outline the type of organisation able to be approved (and can include content and processes to provide for compliance with the standards).
8. Since the amendments to Part 9A in 2023, a technical advisory group made up of council representatives and a broad range of industry organisations has, together with the Ministry for the Environment (MfE) and the Ministry for Primary Industries (MPI) been advising on an approach to supporting regional councils to approve industry organisations.
9. The Group has expertise in industry assurance programmes (NZ GAP, Zespri GAP; Sustainable Wine Growers, Synlait Lead With Pride, NZFAP Plus, Irrigation scheme programmes); quality assurance conformity assessment; implementation and Te Ao Māori.
10. This process has shown that the current provisions in Part 9A that support councils to approve industry organisations are limited in scope and will struggle to achieve the Government objectives for improving FW-FPs.

<sup>4</sup> Other horticultural is here defined as permeant horticulture operations that do not involve viticulture (ie, orcharding).

## The Government's intention to improve the FW-FP system

11. The National-Act Coalition agreement signalled the Government's intention to “improve farm environment plans so they are more cost-effective and pragmatic for farmers”.<sup>6</sup> The National Party Manifesto also stated that robust standards including certified FW-FPs will continue to apply, and that ‘National will consider whether a risk-based approach for FW-FPs is practical and whether the current deadline is achievable.’<sup>7</sup>
12. In March 2024, Cabinet agreed to overarching objectives for the resource management reform work programme [ECO-24-MIN-0022]. A relevant objective for FW-FPs is “making it easier to get things done by enabling primary sector growth and development (including aquaculture, forestry, pastoral, horticulture, and mining).”
13. In April 2024, Cabinet noted that Ministers would explore potential changes to the FW-FP system to simplify requirements for farm operators and enable more catchment-level solutions [CBC-24-MIN-0014]. In June 2024, Cabinet also agreed to allow amendments to Part 9A of the RMA to support freshwater farm plans to be more cost effective and practical [ECO-24-MIN-0113].
14. As part of this work, MfE and MPI have been undertaking targeted engagement with key stakeholders on potential changes to the FW-FP system.

## Consultation

### *Targeted engagement*

15. From 20 May – 14 June, and 29 July – 21 August 2024, MfE and MPI conducted targeted engagement with industry groups, regional council representatives, tangata whenua, environmental non-government organisations (ENGOS) and community groups (eg, catchment groups) on FW-FPs.
16. The recognition of industry organisations within the FW-FP system was a key priority for groups such as Dairy New Zealand, Horticulture New Zealand, and the New Zealand Winegrowers Association. The regional council sector, Federated Farmers and Irrigation New Zealand all supported recognising industry assurance programmes and farm environment plan programmes as part of the system changes.
17. Industry and the regional sector identified that recognition of industry organisations could help to reduce cost and duplication for farmers and growers. Industry stressed the need for flexibility and that the focus should be on ensuring FW-FPs appropriately identify risks and actions that support freshwater improvement, as opposed to following a specific process or template.

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[https://assets.nationbuilder.com/nationalparty/pages/18466/attachments/original/1700778592/National\\_ACT\\_Agreement.pdf?1700778592](https://assets.nationbuilder.com/nationalparty/pages/18466/attachments/original/1700778592/National_ACT_Agreement.pdf?1700778592)

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[https://assets.nationbuilder.com/nationalparty/pages/18385/attachments/original/1694654258/Primary\\_Sect\\_or\\_Growth\\_Plan.pdf?1694654258](https://assets.nationbuilder.com/nationalparty/pages/18385/attachments/original/1694654258/Primary_Sect_or_Growth_Plan.pdf?1694654258), and  
[https://assets.nationbuilder.com/nationalparty/pages/18458/attachments/original/1697152275/Blueprint\\_for\\_a\\_Better\\_Environment.pdf?1697152275](https://assets.nationbuilder.com/nationalparty/pages/18458/attachments/original/1697152275/Blueprint_for_a_Better_Environment.pdf?1697152275)

18. Many industry organisations also stressed the importance of a streamlined and nationally consistent process for approval to deliver certification and audit services. They indicated that having to apply to up to 16 different regional councils would be a costly and administratively complex process, and that if this was what was required they would be unlikely to be able to deliver these services.
19. Fonterra suggested the Minister for the Environment be given the ability to approve an industry organisation to provide certification services if satisfied that the organisation meets specific requirements. It stated this would support a nationally consistent approach to allowing industry organisation certification of FW-FPs.
20. The regional council sector see value in both an industry organisation pathway, and nationally consistent approach for how industry organisations are approved, so long as there are robust criteria that organisations must meet in order to be approved. They indicated potential criteria should include provisions which enable council oversight of the system and provide councils with assurance that certifiers and auditors have the skills, experience and training needed to deliver these services.
21. Several Treaty partners and pan-Māori collectives noted that policy decisions should take a holistic approach. They noted the importance of Te Mana o te Wai and the restoration of the mauri of water bodies. Several stakeholders also supported enabling Tangata Whenua to enter and engage with the FW-FP system in its implementation.
22. Te Tai Kaha noted that integrating FW-FP requirements with existing Farm Environment Plans should help improve the overall cost and efficiency of the system, while also highlighting that Māori led solutions need to be considered alongside industry led approaches.
23. The Federation of Māori Authorities (FOMA) supported the use of IAPs, and raised the question of whether individual consultancies that provide Farm Plan services could become recognised as a farm plan certifier under the IAP pathway.
24. Ngāi Tahu suggested that the FW-FP system should build on these existing industry farm planning processes. Kaitakawaenga support recognition of industry standards, on the basis that it could lead to market incentives. Waikato Tainui noted that consideration needs to be given where participation in farm planning can be through industry programmes, but also where iwi, hapū and marae can support farmers with FW-FP requirements.
25. ENGOs raised concerns that industry programmes are not designed to support the achievement of catchment targets, or regulatory requirements. ENGOs stated that industry farm plan programmes would need to be updated and changed to align with the FW-FP regulations to make them compatible with the FW-FP system.

## Section 2: What is the policy problem or Opportunity?

### What objectives are sought in relation to the policy problem?

26. In April 2024, Cabinet noted that Ministers would explore potential changes to the FW-FP system to [CBC-24-MIN-0014]:
- a. reduce regulatory burden by creating integration pathways for existing farm environment plan initiatives and industry assurance programmes,
  - b. provide farmers with greater flexibility to find the right freshwater management solutions for their farm and catchment area,
  - c. enable catchment level solutions and empowering local communities to lead freshwater farm planning,
  - d. review FW-FP certification and audit requirements to reduce unnecessary cost,
  - e. reduce duplication for farmers and growers.

### Problem definition

27. The Government wants to deliver a credible, transparent and cost-effective pathway for approval of suitable industry organisations (including industry assurance programmes and programmes delivered by irrigation schemes) to deliver FW-FP certification and audit services at the organisational level.
28. The current provisions for appointing individual certifiers and auditors and setting out the processes they must undertake are prescriptive. These provisions do not integrate well with existing industry organisation programmes that each have different timeframes and processes.
29. Section 217KA requires individual regional councils to approve industry organisations. Engagement with industry organisations has found that, because industry organisation programmes frequently operate across multiple regions, an industry organisation would have to apply to multiple regional councils to provide FW-FP certification and audit services. This approach restricts national consistency and adds administrative costs and burden to industry organisations.
30. Detailed and specific regulations cannot provide for a flexible and tailored approach that can deliver the desired outcomes for the FW-FP system. The technical advisory group signalled a need for flexibility within in the industry organisation approval process in order for industry organisations to be able to readily integrate their services with the FW-FP system and the need for a more streamlined approval process.
31. Many of the organisations engaged with have indicated that they are unlikely to use the approval pathway in its current form. This will not support achieving the Government's stated objectives.



## Section 3: Options identification and analysis

*What criteria will be used to compare options to the status quo?*

32. The criteria in Table 2 below are used in assessing whether the option will achieve the policy objectives. All criteria are weighted evenly.

*Table 2: Evaluation criteria*

<b>Criteria</b>	<b>Explanation</b>
<b>Effectiveness and Efficiency</b>	Extent to which the proposal contributes to the attainment of the objectives of the FW-FP system review, including working towards improving freshwater quality.
<b>Cost</b>	The regulatory burden (cost) is proportionate to the anticipated benefits.
<b>Flexibility and Consistency</b>	Extent to which the proposal enables the FW-FP system to evolve in response to changing circumstances or new information on the regulatory system's performance, resulting in a durable and nationally consistent FW-FP system.
<b>Implementation Risk</b>	Extent to which the proposal presents implementation risks that are low or within acceptable parameters (eg, is the proposal able to be successfully implemented within reasonable timeframes; is it a new approach, or tested elsewhere?).

### **Options for approving industry organisations to deliver freshwater farm plan certification and audit services.**

33. We identified three options, each with a different party (regional council, Minister for the Environment or a new statutory entity) responsible for approving applications from industry organisations. Option two and three also include changes to Part 9A.

*Table 3 Option Summary*

<b>Option One: Status Quo</b>	<b>Option 2: Minister Approval of Industry Organisations</b>	<b>Option 3: New National body approve industry organisations</b>
Regional councils responsible for approving industry organisations. Approval subject to standards issued by the Minister for the Environment	The Minister for the Environment responsible for approving industry organisations. Additional amendments made to provide a more flexible process that integrates with existing fam plan assurance programmes.	New national body responsible for approving industry organisations. Additional amendments made to provide a more flexible process that integrates with existing fam plan assurance programmes.

### **Option 1: Status quo/ counterfactual – Regional council approval of industry organisations under existing Part 9A provisions**

34. The provisions in s217KA remain in place. Standards would be developed against which industry organisation are assessed against to be approved by regional councils to deliver certification and audit services.
35. Standards cannot be inconsistent with the FW-FP regulations. Therefore, any standards developed under the status quo would need to be consistent with certification and audit processes and timeframes prescribed in the regulations.
36. This would mean that any organisations seeking approval to deliver certification and audit services would need to align their processes exactly with the FW-FP regulations.
37. Individuals within the organisation would need to meet all of the competencies for certifiers and auditors if they wish to provide these services. These organisations would also need approval from each regional council they seek to be approved in (up to 16).
38. Stakeholder engagement and work with the technical advisory group has shown many industry organisations will be unlikely to pursue this pathway if that is what is required.

### **Option 2: Enable Minister approval of industry organisations**

39. Under this option, Part 9A would empower the Minister for the Environment to approve industry organisations to deliver FW-FP certification and audit services to their members.
40. Before approving, Part 9A would require the Minister to be satisfied that the applicant industry organisation meets any eligibility requirements set out in any regulations made under s217M(1)(fa). The Minister would be required to consult with the relevant regional council(s) and the Minister of Agriculture.
41. Regulations would be made under s217M(1)(fa) to outline requirements for industry organisations in the delivery of certification and audit services (so that services provided by industry organisations deliver the same outcomes as certifiers and auditors operating outside of an approved industry organisation).
42. The industry organisation's application would demonstrate how it intends to deliver the required level of quality of certification and or audit. The proposed system for delivering this would be tested as part of assessing the application.
43. MfE and MPI would advise the Minister of the Environment and the Minister for Agriculture on applications. They would be expected to work closely with the regional council sector on this advice.
44. The process of approving industry organisations would be funded through existing baselines - industry organisations would not be required to pay a fee. It is estimated

that there will be a small number of applications per year (less than 10)<sup>8</sup>, meaning that the administrative burden of assessing application is not likely to merit administering such a fee.

45. Regional councils would be responsible for monitoring the performance of approved industry organisations and assessing whether they are meeting legislative requirements.
46. Regional councils will be able to notify the Minister for the Environment of significant or persistent performance concerns about an approved industry organisation operating in their region.
47. Part 9A would enable the Minister for the Environment to revoke approval of an industry organisation if satisfied that the industry organisation is no longer performing to the required standard.
48. Before revoking approval, the Minister for the Environment would be required to consult with the relevant regional council(s), the Minister of Agriculture, and the industry organisation concerned.
49. The Minister for the Environment would be able to either revoke approval nationwide or for a particular region (or regions) in which the industry organisation operates. This will address situations where a nationally approved industry program may have a performance issue only in one or two regions.

### **Option 3: A new national approval body to approve industry organisations**

50. Part 9A would be amended to empower a new statutory entity (national body) to approve industry organisations to deliver FW-FP certification and audit services to their members.
51. Part 9A would have the same requirements described in Option 2 above, but with the new national body fully responsible for the approval function.
52. There would be no formal role for the Minister for the Environment, or Minister of Agriculture. Part 9A would, however require the national body to consult with MfE and MPI (and relevant regional councils) before approving an industry organisation (or revoking approval).
53. The national body would be able to charge a fee to cover the costs of assessing industry organisation applications. It would prepare guidance material to assist interested industry organisations through the process (e.g explaining in more detail what applications need to demonstrate).
54. Regional councils would be responsible for monitoring the performance of approved industry organisations. The national body would have an oversight role in ensuring approved programmes are providing the required information to councils for compliance monitoring and enforcement purposes.

<sup>8</sup> This is an estimate developed from insights from stakeholder engagement on the number of organisations who would be interested in delivering these services.

55. MfE would oversee the performance of the national body. The national body would need to provide information as requested, including for annual reporting on performance.

**Options not considered**

56. The incorporation of industry standard by reference was not considered. As set out in the problem definition, this approach does not provide sufficient flexibility for the outcomes-based standards approaches used by industry assurance programmes.

Table 4: How do the options compare to the status quo/counterfactual?

	Option One – Status Quo	Option Two –Minister to approve applications	Option Three –A national approval body to approve applications
<b>Effectiveness and efficiency</b>	<p>0</p> <p>Engagement has indicated many industry organisations are unlikely to pursue approval if required to seek approval from multiple regional councils.</p> <p>May increase duplication for farmers and growers, as they will then be required to seek separate certification and audit (at an additional cost), alongside industry organisation requirements.</p> <p>Certification and audit ensures freshwater risks are being appropriately identified and managed.</p>	<p>+</p> <p>Provides necessary flexibility to enable industry organisation to deliver FW-FP certification and audit services to their members.</p> <p>Reduces duplication for farmers (as these requirements will be able to be met as part of the wider programme delivery).</p> <p>Industry organisation intended to deliver same outcomes as individual certification and audit, so work towards improving freshwater quality consistent with the status quo.</p>	<p>+</p> <p>Provides necessary flexibility to enable industry organisation to deliver FW-FP certification and audit services to their members.</p> <p>Reduces duplication for farmers (as these requirements will be able to be met as part of the wider programme delivery).</p> <p>Industry organisation intended to deliver same outcomes individual certification and audit, so work towards improving freshwater quality consistent with the status quo.</p>
<b>Proportional cost</b>	<p>0</p> <p>Organisations unlikely to pursue this pathway if required to align with prescribed certification and audit processes and seek approval from multiple regional councils.</p> <p>Potential for costs associated with requiring an individual certifier and auditor will remain.</p>	<p>++</p> <p>Industry organisations likely to take up the approval process.</p> <p>Will likely reduce costs for industry programme members, as can meet certification and audit requirements within approved industry organisations offerings.</p> <p>Industry organisations will not have to pay fees for applying.</p> <p>Central government will absorb costs assessment costs (as opposed to regional councils).</p>	<p>0</p> <p>Will likely reduce costs for industry programme members, as they can meet certification and audit requirements within approved industry organisations offerings.</p> <p>A new national approval body would be costly, and there would a need to fund the new national body's on-going operational functions.</p> <p>Cost of establishing a national appointment body likely to be high, compared to the number of industry organisations likely to seek approval (estimated as fewer than ten per year).</p>
<b>Flexibility and consistency</b>	<p>0</p> <p>Limits the ability for industry organisation requirements to evolve in response to the system's performance.</p> <p>Limits the ability for a nationally consistent and durable system, as different regional councils may make different approval decisions.</p>	<p>+</p> <p>Changing Part 9A under this option will enable more flexibility in the system, enabling the FW-FP system to evolve more easily (eg., in response to changing international requirements).</p> <p>Will create a nationally consistent system for industry organisations to apply for, and deliver these services.</p>	<p>+</p> <p>Changing Part 9A under this option will enable more flexibility in the system, enabling the FW-FP system to evolve more easily (eg., in response to changing international requirements).</p> <p>Will create a nationally consistent system for industry organisations to apply for, and deliver these services in.</p>
<b>Implementation Risk</b>	<p>0</p> <p>Option likely to be difficult to implement given lack of national consistency in approval process and integration difficulties.</p> <p>Risk in delayed delivery timeframes organisations will be required to seek approval from multiple regional councils.</p> <p>Engagement has indicated that many organisations are unlikely to pursue approval under the current provisions, meaning there is a risk this option won't be used or implemented as intended (i.e., reducing duplication for farmers and growers).</p>	<p>++</p> <p>Option will be able to be delivered within reasonable timeframes as Ministers will be responsible for approving industry organisations, and flexibility is enabled for industry organisations to meet the requirements.</p> <p>Some regional councils may seek a stronger role in the approval of industry organisations. This could be mitigated through ongoing engagement with regional councils during the approval process.</p>	<p>+</p> <p>Option could delay implementation timeframes, as a national approval body may take time to establish.</p> <p>Some regional councils may seek a stronger role in the approval of industry organisations. This could be mitigated through ongoing engagement with regional councils during the approval process.</p>
<b>Overall assessment</b>	<p>0</p> <p>Option is unlikely to be taken up by industry organisations and therefore not likely to be implemented well.</p> <p>Costs to farmers and growers likely to exceed any anticipated benefits.</p> <p>Does not support a nationally consistent approach so unlikely to be practical, effective or efficient.</p>	<p>++</p> <p>This option is likely to be effective, efficient and practical, without creating significant costs or implementation risks.</p> <p><b>Recommended option</b></p>	<p>+</p> <p>While this option is likely to be effective and practical – the cost of standing up a new entity is highly unlikely to be proportionate to the anticipated benefits.</p> <p>There may also be implementation risks, due to the time likely required to establish a national approval body.</p>

## Overall Assessment

### What option is likely to best address the problem, meet the policy objectives, and deliver the highest net benefits?

57. Option Two aligns best with the assessment criteria outlined in this addendum because it:

- a. provides the flexibility industry organisations are seeking and therefore has a high likelihood of uptake.
- b. will most effectively achieve the Government's priorities for reducing duplication and cost from the FW-FP system.
- c. provides a nationally consistent approach to approving industry organisations and therefore supports industry organisations to have certainty and confidence in the process.
- d. provides for a durable approach by setting out approval processes in regulations – while still allowing for some flexibility in how industry organisations can operate.
- e. has no significant implementation risks relative to other options.
- f. is supported (in principle) by most of treaty partners, industry organisations and the regional sector reference group
- g. Does not result in fees for industry organisations and will likely result in reduced costs for farmers and growers who are part of an industry organisation.

## Cost/Benefit Analysis

Affected groups	Comment	Impact	Evidence Certainty
<b>Additional costs of the preferred option compared to taking no action</b>			
Farm operators & industry organisations	No direct or indirect costs identified	Low	High
Regional Councils	No direct or indirect costs identified	Low	High
Treaty Partners	No direct or indirect costs identified	Low	High
Central government	Costs associated with the collation and production of data necessary to inform ministerial approval process and applicant guidance.	Low	High
<b>Total monetised costs</b>	<i>Not Available</i>	N/A	N.A
<b>Non-monetised costs</b>	Industry organisations may need to update elements of their farm planning programmes to meet application criteria.	N/A	N/A
<b>Additional benefits of the preferred option compared to taking no action</b>			

Regulated groups	Farm operators under an approved industry organisation programme will face lower costs for certification and audit as these processes will be undertaken as part of programme verification and audit cycles.	High	Medium
Regional councils <i>[regulators]</i>	Likely to face lowered implementation costs as councils (while they would provide advice on applicants) would no longer need to assess applicants themselves	Low	Medium
Treaty Partners	No direct or indirect benefits identified	Low	High
Central government	No direct or indirect benefits identified	Low	High
<b>Total monetised benefits</b>	The direct benefits to regulated groups, regional councils and government have not been monetised	N/A	N/A
<b>Non-monetised benefits</b>	Alleviate cost pressures for farmers and duplication of requirements for farmers, potentially supporting employment and economic returns.	Medium	Low

## Treaty implications

58. Due to the time constraints, this analysis has focussed on a selection of settlements that have clear policy commitments within freshwater interests.<sup>9</sup> Officials have not identified any direct or potential Treaty settlement commitment breaches.
59. Settlements provide a commitment and mechanism for MfE and MPI to engage in good faith, and for iwi to input into policy and legislative matters. MfE and MPI have undertaken targeted engagement via Māori organisations and representatives (refer to paragraphs 21-24 above). Officials have not actively engaged directly with Post Settlement Governance Entities (PSGEs) but MfE is informing PSGEs of the Government's intention to make changes to the FW-FP system.
60. Given the Minister will approve industry organisations, consideration should be given into how the criteria for industry organisations could enable a PSGE, legal entity (River or waterbody) and or an authority that represents iwi and community to participate in this process. Providing an opportunity for Māori to have input into this process will enable wider protection of the waterways and sites of significance within the rohe.
61. Select Committee consideration of the RM Bill will provide an opportunity for Māori input into the proposed Part 9A provisions on the industry organisation pathway and other proposed improvements to Part 9A. Officials will continue to engage with stakeholders, including tangata whenua, on changes to the FW-FP system.

<sup>9</sup> There were four settlements which were considered relevant: The Waikato-Tainui Raupatu Claims (Waikato River Settlement Act 2010), The Whanganui River (Te awa Tupua and Te Tōarahoe o Paerangi), and Te Rūnanga o Ngāti Manawa (Rangitāiki River redress - also refer to Te Ara Whānui O Rangitāiki, River Document.)

62. Māori values are consistent with good farming practices. Many also overlap with values held across the farming community, such as leaving the land in a good condition for future generations. Guidance material for industry organisations should include options for taking a holistic approach to freshwater management and recognise any National Policy Statement for Freshwater Management requirements and catchment needs.

## Section 4: Implementation and evaluation

### How will the new arrangements be implemented?

63. Option two requires changes to Part 9A of the RMA and to the FW-FP Regulations. Changes to Part 9A will be introduced in Resource Management Act Amendment Bill 2. To give effect to Option two, we expect the following changes will need to be made to Part 9A of the RMA:

- a. Changes to s 217KA so the Minister for the Environment (rather than regional councils) approves (and revokes the approval of) industry organisations to deliver FW-FP certification and audit services.
- b. Changes to s 217B and 217K to clarify the definitions related to certification and audit processes.
- c. Changes to 217M to allow for the FW-FP Regulations to specify the approval process steps (and the process for revoking approval).

64. Changes to the regulations will also be needed to set out approval criteria and process steps. The changes will be developed later this year as part the Government's review of the FW-FP system. The aim will be to have the updated regulations in place in a timely manner, so the industry organisation pathway is available for use soon after the updated FW-FP system is operative.

65. Officials will develop guidance for applicants and processes for assessing applications against the criteria established in Part 9A of the RMA and in the FW-FP Regulations. We expect to have an application process stood up by mid-2025.

66. Officials plan to work with a regional council reference group to support councils to implement changes. Officials will continue to work with the technical advisory group to support the sectors to engage with the application process.

### How will the new arrangements be monitored, evaluated and reviewed?

67. MfE and MPI will monitor the effect of the proposal by liaising with regional councils as part of business-as-usual conduct to monitor the effect of the new approach and determine whether:

- a. it has been effective in addressing the Governments concerns
- b. any unintended consequences have arisen.

68. MfE also expects to receive regular reporting on the performance of industry organisations as part of council's role in monitoring the FW-FP system. As MfE and MPI will be running a new approval process, we expect to evaluate how the process is operating after its first year. We expect to seek views from regional councils and industry organisations as part of this evaluation.