

Supplementary Analysis Report: The new resource management system

Coversheet

Purpose of document	
Decision sought:	<i>Regulatory impact analysis produced to accompany the Spatial Planning and Natural and Built Environments Bills to the Cabinet Legislation Committee.</i>
Advising agencies:	<i>Ministry for the Environment</i>
Proposing Ministers:	<i>Minister for the Environment</i>
Date finalised:	<i>21 September 2022</i>
Problem definition	
<p>The Resource Management Act 1991 (RMA) is New Zealand's main law governing how people interact with natural resources. As well as managing air, soil, freshwater and the coastal marine area, the RMA regulates land use and the provision of infrastructure, which are integral components of our resource management (RM) system. People can use natural resources if doing so is allowed under the RMA or permitted by a resource consent.</p> <p>The RMA has not delivered on its desired environmental or development outcomes, nor have RMA decisions consistently given effect to the principles of Te Tiriti o Waitangi/the Treaty of Waitangi (Te Tiriti/the Treaty). Current RMA processes take too long, cost too much, are too uncertain and will not address the many new challenges facing our environment and communities. New Zealand needs a RM system that will manage these challenges more effectively for current and future generations. The RM system needs to transform our relationship with the environment/Te Taiao and better enable development and infrastructure. The design of the new RM system needs to learn from the past and produce better results.</p>	
The nature and purposes of this report	
<p>This supplementary analysis report (SAR) is focused on key policy shifts affecting the RM system as a whole and the Government's overall objectives for the new RM system. This means that finer details of the new RM system, some of which were still being decided in mid-2022 when this SAR was being finalised, are generally not covered.</p> <p>Because some key elements of the new RM system will be rolled out progressively over several years, they cannot be fully assessed now. Those elements will be addressed in future regulatory impact assessments or equivalent evaluations required by statute.</p> <p>Feasible options for assessment have been limited by Ministers' decisions about the new RM system and the process and timeframe for progressing it. Accordingly, this SAR is limited to a</p>	

comparison between the status quo¹ and the option already decided by the Government in its response to the recommendations of the independent Resource Management Review Panel (the Panel). That is the option of replacing the RMA with new Spatial Planning and Natural and Built Environments Acts (the SPA and NBA).

This SAR does not revisit some matters (eg, the purpose of the NBA) that were covered in the *Interim Regulatory Impact Statement: Reforming the resource management system* (interim RIS) which was provided with the NBA exposure draft in June 2021. However, this SAR builds on aspects of the interim RIS focused on national direction setting, regulatory planning and the high-level assessment of the marginal process-related costs and benefits of moving from the status quo to the new RM system.

Additional aspects of the cost-benefit analysis (CBA) signalled in the interim RIS have been completed and incorporated in the CBA summary section of this SAR.

Some analysis, including the CBA, is constrained by the fact that all the impacts of the new RM system cannot be accurately predicted or assessed until details of key elements, yet to be developed, are known. Sector-specific costs have not been fully evaluated for this SAR, including for the primary sector. It is anticipated that impacts for the primary sector and rural economies are likely to be wide ranging, due to reform objectives to improve environmental outcomes. The SAR does not include sector-specific evaluation of the costs (and benefits) of transition to the new system.

Therefore, the purpose of this SAR is to:

- summarise the status quo (the counterfactual) and identified problems
- describe objectives and intended outcomes of the new RM system as determined by Ministers
- assess, against the objectives, the key policy shifts Ministers have decided to progress (ie, the extent that changes address identified problems and will be an improvement relative to the status quo)
- identify advantages and disadvantages of the key policy shifts
- assess, for each key policy shift, a level of certainty that it will contribute to achievement of objectives/and or intended outcomes, including consideration of trade-offs and key implementation risks
- present an assessment of estimated costs and benefits of the new RM system relative to the status quo
- describe initial thinking about the overall approach and planning around:
 - the implementation approach for the new RM system and associated transition considerations
 - monitoring and oversight of the new system.

¹ Unless the context indicates otherwise, the term status quo in this SAR refers to the RM system as it currently stands. That includes recent developments such as the National Policy Statement on Urban Development, the fast-tracked consenting processes (applicable until July 2023), and recent amendments, such as the Enabling Housing Supply and Other Matters Amendment Bill.

Executive summary

Problems with the status quo

There is broad consensus that the resource management system introduced by the Resource Management Act 1991 (RMA) has neither adequately provided for development nor protected the natural environment. Resource consenting has become more costly and is taking longer, with particularly significant impacts on infrastructure projects and providers.

Plans under the RMA have been too restrictive to enable housing or infrastructure development where needed and have not effectively managed cumulative environmental effects for the natural environment.

Preserving 'amenity' has been used to stifle development. This has contributed to rapidly increasing urban land prices and New Zealand's housing being amongst the least affordable in the OECD.

Further situational context and the causes of problems with the status quo

New Zealand's RM system is operating in the context of several wide-ranging challenges, namely:

- increasing and substantial new environmental pressures and climate change impacts
- urban areas struggling to keep pace with population changes and increasing demands for public infrastructure
- many local authorities being financially stretched
- insufficient recognition of Te Tiriti o Waitangi (Te Tiriti) and a lack of support for Māori participation in the system (with Te Tiriti Settlements also changing the nature of environmental governance under the RMA)
- recent shocks, such as the Covid-19 pandemic, which require a planning response for economic recovery.

The RMA has been amended regularly and substantially throughout its 30-year history, with some significant changes including:

- strengthening the role of central government in resource management decision-making and increased local authority accountability for resource management activities
- attempts to streamline resource management planning and decision-making
- providing more opportunities for iwi/Māori participation.

Centrally led national direction including national policy statements, national environmental standards and national planning standards have been implemented to assist with decision-making under the RMA. Despite the good intent of changes, issues remain that are contributing to inefficiencies and poor outcomes. The changes have added complexity, making it more difficult to navigate the current system.

The Panel summarised the issues as a combination of failures in the regulatory design and implementation of the RMA, the status-quo bias, and consequent inequities (eg, among resource and system users and particularly for Māori). There has also been some misuse of the system to stifle reasonable competition and/or to prevent or slow desirable developments.

New directions for RM

The Panel's thinking was informed by consultation with Tiriti partners, experts and stakeholders. The Panel's report *New Directions for Resource Management in New Zealand*, released in July 2020, identified systemic issues in RM and made comprehensive recommendations. In February 2021, the Government announced it would repeal and replace the RMA, based on the Panel's recommendations.

The three proposed new Acts are:

- the Spatial Planning Act (SPA), to help coordinate and integrate decisions made under relevant legislation, through requiring the development of long-term regional spatial strategies
- the Natural and Built Environments Act (NBA), to protect and restore the environment while better enabling development, as the primary replacement for the RMA; and
- the Climate Adaptation Act (CAA), to address complex issues associated with managed retreat. This Act will be assessed separately and is outside the scope of this SAR.

The new RM system mostly advances the Panel recommendations with substantial enhancements and attention to detail. A few examples of enhancements made since the exposure draft of the NBA are:

- the concept of 'Te Oranga o te Taiao' rather than the Panel's proposed 'Te Mana o te Taiao'
- more 'streamlined' outcomes with a focus on enabling development within limits and mandatory targets for ecological integrity and human health
- more integrated central government direction, including a single statutory National Planning Framework (NPF) which explicitly incorporates strategic direction
- more flexibility to ensure processes are proportionate and robust.

Cabinet agreed objectives for the new RM system, set out in the **Coversheet Table 1** below, underpin the new legislation and the analysis in this SAR of key policy shifts.

Coversheet Table 1: Objectives for the new RM system

Objective	
Natural environment	Protect and where necessary restore the natural environment, including its capacity to provide for the wellbeing of present and future generations
Development	Better enable development within environmental biophysical limits including a significant improvement in housing supply, affordability and choice, and timely provision of appropriate infrastructure, including social infrastructure
Te Tiriti o Waitangi	Give effect to the principles of Te Tiriti o Waitangi and provide greater recognition of te ao Māori, including mātauranga Māori
Climate and risk	Better prepare for adapting to climate change and risks from natural hazards, and better mitigate emissions contributing to climate change
System performance	Improve system efficiency and effectiveness, and reduce complexity, while retaining appropriate local democratic input

Cabinet established the Ministerial Oversight Group (MOG) which had delegated decision-making powers to progress reform, including development of policy and consultation material. Over the course of the policy design process (January 2021 - April 2022), 17 tranches of MOG papers containing 1133 individual recommendations were produced by MfE with input from partner agencies.

The Natural and Built Environments Bill exposure draft was released on 29 June 2021. The exposure draft provided an early opportunity to consider key aspects of the legislation including the purpose of the NBA, the National Planning Framework, and the Natural and Built Environments plans. This was followed by a Select Committee Inquiry into the exposure draft, and further targeted consultation with specific stakeholder groups, and hui with iwi/Māori.

For more detail on the process and engagement to date, see **Section 1.1**.

Analysis of key policy shifts in the new RM system and impact certainty

To achieve the objectives for the new system, key policy shifts focus on improving efficiency and enabling better outcomes for development, the natural environment, and Māori. Key policy shifts agreed by MOG that have progressively directed and determined the overall design of the new RM system relate to:

- the SPA will coordinate and integrate planning across the system through the development of Regional Spatial Strategies (RSS) and implementation plans and will ensure:
 - local government, iwi/Māori, and central government work in partnership in a more integrated manner with legally binding decisions and requisite actions around long-term planning, commitments and investment (as opposed to current non-binding and ad-hoc approaches) to better secure community support, economies of scale and to achieve the best outcomes for each region
 - long-term development capacity needed in regions is identified, saving time and money for central and local government, as well as households
 - areas for development, infrastructure corridors and other key infrastructure are identified to provide direction for NBA plans, council long-term plans and regional land transport plans
 - effective and timely planning and action around climate change impacts
- the NPF made under the NBA (including environmental limits and targets) that will include:
 - limits, targets, and other national directions to help ensure development within biophysical limits
 - a specific chapter to support efficient and integrated provision of infrastructure, and standardise planning nationally for the provision and approval of new infrastructure
 - national standards to increase certainty and help reduce consenting requirements and costs
- 14 NBA plans (compared to around 100 RMA plans) for the management of natural and built environments in each region that:
 - will be faster to prepare and enable greater regulatory predictability for end users

- will substantially resolve current status quo bias issues, including those arising from 'amenity' considerations
- include exceptions to rules that might unduly delay or affect key infrastructure
- continue the Medium Density Residential Standards arising from the RM (Enabling Housing Supply and Other Matters) Amendment Act 2021
- will involve independent hearings panels to improve plan quality and enable appeal rights to be restricted for matters in line with their recommendations, reducing delay, cost, and re-litigation in the system
- giving effect to the principles of Te Tiriti and Māori participation in the new system
- new regional governance arrangements
- changes in approach to consenting, designations, resource allocation, funding and system oversight, including:
 - more permitted activities to substantially reduce numbers of consents
 - more flexible designations processes, available to a wider group of providers
 - continuing and evolving a fast-track consenting option for infrastructure projects like that established to support Covid 19 recovery, which has proven to reduce consenting time.

This SAR assesses each of the key policy shifts against the Government objectives and/or intended outcomes for the new RM system to estimate the extent and relative likelihood of improvement relative to the status quo. Advantages and disadvantages of the shifts, trade-offs that may be needed where there are tensions between objectives, and key implementation risks are also identified.

Overall estimates of the costs and benefits of the new RM system

Overall estimates are strongly positive and confirm that the new system, well-implemented, will deliver significant benefits.

Estimates of the establishment costs and new/ongoing costs (PV \$3.891 billion) are less than the conservative estimate of benefits over the 30-year assessment period. Leaving aside the range of non-monetised benefits, the monetised benefits alone have a PV \$10.039 billion over 30 years. Even with conservative assumptions applied, this **delivers a benefit cost ratio of 2.58**.

Although this conservative approach delivers a strong positive indication and there are some uncertainties, wider benefits analysis indicates there will be much greater gains. Realistically, monetised benefits **could deliver a cost benefit ratio of 4.90** and the addition of large, non-monetised benefits will deliver an even better result.

The higher, but still realistic, cost-benefit ratio arises from the following:

- **Ongoing process cost savings for regulated parties:** Increasing the assumed reduction in consenting volume from 20 percent to 40 percent and greater recognition of a fuller range of potential cost savings (identified cost increases greater than inflation) for users associated with the reduction. Leading to total consent efficiency benefits increasing from \$210 million to \$430 million per year with a corresponding PV increase of \$3.35 billion.

- **SPA/RSS welfare gain:** Increasing the total benefits derived from the contribution of the SPA and RSS to enhanced infrastructure and planning outcomes from PV \$257 million to PV \$642 million (being the mid-range, rather than low range, estimate of the overall welfare gain)
- **Housing supply benefits:** Increasing housing supply benefits over the next 30 years from PV \$2.2 billion to PV\$7.5 billion (due to more competitive land markets, improved housing supply elasticity, improved transparency in consenting processes, and improved clarity and consistency in national direction). This is also the mid-range, rather than low range, estimate of the benefits.

Several non-monetised benefits are also referenced in the analysis, but one notable example is environmental quality improvements. While it is not possible to assess the magnitude of such improvements, New Zealand's natural environment has a high total economic value. In 2020 the overall value of our marine and land-based ecosystems was estimated at between \$520 billion (around 1.6 times GDP) and \$1.8 trillion. Using the most conservative valuation available, even a 1 per cent improvement in land-based ecosystem services would have a total economic value of \$620 million. Including marine based ecosystem services would increase this to \$5.2 billion.

Other areas of the new RM system are also expected to deliver additional, unquantified environmental benefits. These include a reduction in transport carbon emissions from more efficient land use patterns, through improved spatial planning. Also, in cases of over-allocation of resources, reduced access to resources overall (through reallocation) would deliver further improvements to environmental quality.

Finally, the monetised benefits for the SPA only reflect a subset of the overall expected benefits from the SPA. This is because the monetised benefits ('welfare gains' associated with the SPA/RSSs) relate only to the magnification of some NBA-related benefits. In addition to these monetised benefits, there are a broader set of benefits expected to flow from the SPA, both relating to the NBA and to the influence of RSS on regional land transport plans, council long-term plans and central government investment. These include better strategic alignment of infrastructure funding and investment, reduced externalities, improved transport sustainability, more equitable access to job and service opportunities, and better integrating Māori interests and others.

Cost estimates

As noted above, estimates of the establishment costs and new/ongoing costs are significantly less than the conservative estimate of benefits. There will also be some overall cost shifting from system users to central and local government.

One-off establishment costs of \$864m over 10 years will be incurred mainly by central and local government. Excluding those one-off costs, the ongoing process costs are estimated to be lower by around 7 per cent overall (around \$85m annually). Central government and local government costs would increase when compared to the current system, by 112 per cent and 11 per cent respectively. The largest cost savings in the new RM system are for system users – an estimated decrease of 19 per cent or around \$150m per year.

For central government, key new cost components include direct support to help iwi and hapū organisations participate in RM processes, support through the model plan process, and additional MfE staff to undertake central functions related to ongoing monitoring of targets and environmental limits.

For local government (regional, territorial and unitary councils) the CBA indicates, with some uncertainty, that the largest additional ongoing cost could be developing and monitoring new economic instruments (\$27m annually). Other larger additional cost estimates for local government include the costs of increased monitoring and enforcement activity (\$18m annually) and reviewing and implementing additional national direction under the NPF (\$15m annually).

Sector-specific costs have not been fully evaluated for this SAR, including for the primary sector. It is anticipated that impacts for the primary sector and rural economies are likely to be wide ranging, due to objectives of reform to improve environmental outcomes. The SAR does not include sector-specific evaluation of the costs (and benefits) of transition to the new system, nor sector specific analysis of the costs of doing business under the new system.

The CBA notes that the new RM system may increase or create some new process costs for system users. For example, if permit terms are shortened in a new allocation regime, permit holders would need to make more applications over a set period. The CBA gives an annual average cost estimate for this (\$61m).

These costs for users do not include opportunity costs from foregone development. However, it is noted that limits and targets, set through the NPF, will play a critical role in setting boundaries for the use of the natural environment. Limits and targets will have implications for affected communities and businesses (eg, primary industries such as agriculture, horticulture and forestry) who will expect to be confident that limits are founded on quality evidence and technical expertise, including mātauranga Māori and independent advice. The costs and benefits of limits and targets will be the subject of the separate regulatory impact statement that will be prepared at the time NPF regulations are being made.

Benefits estimates

The CBA takes account of the key policy shifts in the new RM system and the benefits those shifts are expected to deliver through:

- more consistent and integrated national direction through the NPF
- RSS under the SPA, which must give effect to the NPF, and support community and environmental wellbeing by enabling and driving change and adaptation rather than just enabling it
- a reduction in the number of local government RM plans, improvements in plan quality and greater clarity and certainty for all
- reduced consenting requirements, particularly for simple activities in the built environment, and limited appeal rights while ensuring environmental safeguards are still in place
- more certainty for other activities about whether a consent will be granted and what information is needed to secure a consent
- simplifying and standardising processes and making them less time-consuming and costly (including through digital transformation and wider use of standardised forms and templates).

Potential benefits, monetised and non-monetised, identified in the CBA include the following. Average annual benefits (where calculated) and PVs are indicated for some estimates of the monetised benefits.

Natural environment

- Natural environment improvements (accruing to all New Zealanders, including future generations) through the introduction of environmental limits, mandatory targets and an outcomes-based approach based on a shared environmental ethic – Te Oranga o te Taiao. This is likely to improve environment quality over time versus the status quo. There is significant scope for beneficial improvements, including expected improvements in soils and biodiversity (non-quantified).

Development

- Spatial planning can better enable the market to respond to housing demand. The new RM system is expected to reduce the barriers to consenting and to development through increased plan certainty and mandatory regional spatial planning, and to make housing supply more responsive to demand (average annual benefit: \$146m, PV: \$2.2 billion).
- Coordinating infrastructure provision with urban development through regional spatial strategies is expected to generate cost savings. This benefit accrues to central and local governments as well as to households (PV \$200m).

Te Tiriti

- Iwi/Māori would have increased participation in and influence over decision-making in NBA plans and RSS.
- A Treaty clause, as suggested by the Panel, which requires giving effect to the principles of Te Tiriti.
- A te ao Māori concept in the purpose of the legislation (Te Oranga o te Taiao) that, in addition to the natural environment benefits, provides better recognition of te ao Māori at the core of the system.
- Proactive monitoring of Tiriti performance by a national Māori entity.
- Enhancement of the current tools within the RMA (Mana Whakahono ā Rohe, Transfers of Power and Joint Management Agreements), with their legislative barriers removed and a positive obligation added to their use.
- Greater recognition and provision for mātauranga Māori and iwi/Māori outcomes relating to roles as kaitiaki, development aspirations, access to resources and relationships with te Taiao.

Climate and risk

- A significant portion of New Zealand's infrastructure and housing is exposed to climate risk and other natural hazard risks. RSS and NBA Plans are expected to focus development into lower risk areas generating significant cost savings for the nation (PV \$3.125 billion).
- More urban development that is well-connected to transport and amenities will facilitate more efficient travel and transport patterns, resulting in reduced carbon emissions (PV \$100m).

System performance

- Enabling resource allocation efficiency gains (eg, better enabling allocation to highest value uses) and better recognition and redistribution of the benefits accruing from the

private use of public resources. (eg, through a broader ability to impose resource user charges).

- Reduction in the expected volume of consents and costs of the consenting process.
- Spatial planning at a regional level, which is likely to provide more efficient development, reducing development costs at the margin. Early identification of areas for development and infrastructure needs and less site-by-site decision-making through consents would provide improved housing supply and affordability.

The key to realising the potential benefits will be effective implementation and monitoring to inform and direct an adaptive management approach²

The analysis of key shifts in the new RM system compared to the status quo and implementation planning to date has highlighted the importance of effective implementation. As noted earlier, this includes making appropriate trade-offs when conflicts arise between objectives (eg, environmental protection versus development, or participation versus system efficiency).

Section 5.3 contains analysis of the implementation areas in relation to the reform objectives.

Effective implementation within a reasonable timeframe is being supported by:

- a clear plan with the ability to adapt quickly to new information
- confirmed budget funding that will enable adequate resourcing (funding, people and systems) to ensure capacity and capability are available when it is needed.

The SAR outlines steps being taken to avoid a shortfall in planning or resourcing, or a loss of focus and/or commitment to achieving the objectives and outcomes, that could reduce the likelihood of success. As the objectives and outcomes set by Ministers for the new RM system are clear, these steps and other mitigation actions should effectively mitigate key implementation risks.

Key risks and intended mitigations include the following.

- **Capacity/funding:** Action will be required to ensure that central government, local authorities, and/or iwi/hapū/Māori build and maintain the capacity, capability, resourcing, tools and funding necessary to establish and operate the new system. The Government has already committed significant funding in Budgets 21 and 22 to support implementation. Clear central government direction and guidance, in-kind support, tools to improve system efficiency and timing that accounts for local/regional budget processes have also been identified as mitigation options.
- **System effectiveness and efficiency:** Implementation of a new and quite different system may take considerable time. Measures to hasten effective implementation will include phased preparation of new RSSs and NBA plans based on an initial, centrally supported model project) and good legislative and operational design to remove bottlenecks.

² An adaptive management approach in this context refers to a policy evaluation technique, not adaptive management in a climate change management context. Adaptive management is a structured process of learning by doing, and adapting management practices based on what has been learned. It has been defined as: '*...flexible decision making that can be adjusted in the face of uncertainties as outcomes from management actions and other events become better understood. Careful monitoring of these outcomes both advances scientific understanding and helps adjust policies or operations as part of an iterative learning process.*' (Ministry for the Environment, 2016)

- **Culture change:** Difficulties with changing existing institutional norms and culture will need to be addressed so the capability to develop and implement the new NPF, RSS and NBA plans will develop sufficiently to deliver the new RM system. This will occur through close relationships, thought leadership (agents of change), focused support and training to develop skills around the use of more holistic approaches and being more agile and adaptive in the context of enabling legislation and dynamic, evolving planning environments.
- **Te Tiriti:** If Māori involvement throughout the plan development process faces barriers such as funding, capacity, or practical issues (eg, not providing time), the reflection of Māori values in plans will not be realised. In addition to funding and capacity mitigations, there will be new education initiatives and partnering with mana whenua to provide guidance and support for local authorities and other system implementers to introduce new skillsets, improve understanding and application of te ao Māori and mātauranga Māori.
- **Environment, Development, System effectiveness and efficiency:** Limits will be driven by modelling exercises where there is a lack of comprehensive data for environmental matters. There is a risk that limits or targets may be set at a level that does not protect human health or ecological integrity, or that policies to implement the limits and targets are not effective. This will be addressed by assembling better scientific evidence, more robust monitoring and feedback loops to determine effectiveness in achieving outcomes and to be responsive when shortcomings become apparent.

An adaptive management approach, supported by robust arrangements for compliance monitoring and broader system oversight is being put in place. Transition and implementation planning, and design work around future oversight and monitoring of the RM system have recognised these challenges and how implementation risks can be mitigated.

Within the context of an adaptive management approach, the transition and implementation work programme for the new RM has been designed with the following critical factors in mind.

- **Clarity about the purpose:** the intent of the new RM system and what must be achieved (transition and implementation objectives) to deliver against that purpose.
- **Partnering and collaboration with affected people and organisations:** recognising, valuing, and actively incorporating their interests, expertise and inputs and enabling them to participate and partner appropriately in the change process.
- **A systems approach:** coordinated, coherent, consistent, and well-integrated to ensure an effective and efficient transition from the old arrangements to the new.
- **Open, consistent communication:** clear, early, and regular messaging about the nature of the new RM system, change drivers and how the new arrangements are being delivered.
- **Building and maintaining adaptive capability:** enable and sustain the new RM system through effective leaders, agents of change and other highly skilled people. Operating arrangements that can adapt and adjust over time while maintaining an unwavering focus on the original purpose and intent.
- **Adequate resourcing:** funding and other resources are sustained at levels that enable all necessary establishment and implementation activities to proceed according to plan.

System monitoring and oversight is necessary to ensure there is transparency and accountability for the performance of the system and the delivery of its objectives. The new RM system will recognise and provide for the following functions to ensure effective system monitoring and oversight:

- stronger regulatory stewardship and operational oversight of the system by central government
- regular government reporting on the performance of the NBA and SPA
- legislated requirements for central government to respond to state of the environment and system performance reports
- independent oversight of system and agency performance to provide accountability and impartial analysis and advice
- mechanisms to monitor how the system gives effect to the principles of Te Tiriti
- a range of powers for ministers to intervene and direct the system.

The adaptive management approach requires continuous review and feedback loops so that implementation can be easily and quickly adjusted where problems arise. Key participants in this ongoing review and response approach will be MfE as the primary regulatory steward, local authorities as lead implementers and iwi/Māori as system partners.

The overall analysis is positive and highlights the importance of effective implementation and risk management in ensuring the substantial potential benefits of the new RM system (outlined in the next section of this executive summary) are realised.

Future work in the next phase of the reform

There were limitations and constraints on the level of analysis possible when writing this SAR including the timing of decisions and the pace of the policy and legislation processes. The addendum to the SAR goes some way to addressing:

- the timing constraint, by providing an update on the further key policy decisions that have been made about matters of detail since the SAR was finalised
- how some of the recent decisions and related ongoing work will help to resolve issues or mitigate risks identified in the SAR
- how such decisions support the Government's objectives for the new system and/or realisation of benefits.

Despite the limitations and constraints, this SAR creates a foundation on which future pieces of analysis and programmes of work will build to ensure successful implementation of the new RM system. Future work programmes as they pertain to each policy area are detailed in **Section 3.14**.

Due to the significant volume of changes to the status quo involved in the new system, areas of the NBA and SPA will be implemented sequentially to relieve pressure on the capacity and capability across central and local government, and iwi/Māori. Key aspects of this include:

- a 'Model Project' - supporting the first tranche of regions to set up regional planning committees and prepare their RSS and NBA plans. MfE is scaling up its engagement and implementation capacity and capability to support this work.

- the NPF being created in tranches through secondary legislation, with the first NPF to be introduced in the House around mid-late 2023
- The establishment of the National Māori Entity

Further detail on these processes is contained in **Section 5**.

Limitations and constraints on analysis

Cabinet requirements for regulatory impact analysis

Cabinet's impact analysis requirements reflect an expectation that agencies provide robust analysis and advice to Ministers before decisions are taken on regulatory change [CO (20) 2 refers]. This analysis usually takes the form of a Regulatory Impact Statement (RIS). Where there is no RIS provided at the time that Cabinet makes substantive policy decisions involving regulatory proposals, the responsible Minister must provide Cabinet with a Supplementary Analysis Report (SAR).

Context for this SAR

In 2019, Cabinet agreed to establish the Panel for the purpose of carrying out an independent review of the RM system.

The terms of reference for the Panel specified:

- the aim to both improve environmental outcomes and better enable urban and other development within environmental limits
- a focus on the Resource Management Act 1991 (RMA) and its interactions with the Local Government Act 2002 (LGA), Land Transport Management Act 2003 (LTMA), and Climate Change Response Act 2002
- a focus on high-level matters, with the detail to be progressed later by officials
- a range of out-of-scope matters, including issues with other legislation, reform of local government, and iwi/Māori rights and interests in freshwater.

The Panel developed and consulted on an 'Issues and Options' paper within these terms of reference, including drawing on international experience on some matters. The Panel subsequently made over 150 recommendations for a new RM system.

In December 2020, Cabinet [CAB-20-MIN-0522] decided to "*proceed with resource management reform on the basis of the Panel's recommendations, although further work and refinement is needed in some areas*". This decision was informed by the Issues and Options consultation, which indicated there was general stakeholder support for the Panel's recommended approach.

Cabinet also agreed in December 2020 [CAB-20-MIN-0522]:

- to a set of objectives for the new RM system (these have been used as the basis to assess options within this SAR)
- to adopt the Panel's recommendations that the RMA be repealed and replaced, and that three new pieces of legislation be enacted – a Natural and Built Environments Act (NBA), Strategic [Spatial] Planning Act (SPA) and Climate Adaptation Act (CAA). The Minister for

the Environment is responsible for the development of the first two Acts, while the Minister of Climate Change is progressing the CAA.

- to pass this legislation in the current term of government (with the intention of introducing the Natural and Built Environments Bill to Parliament by the end of 2022)
- that an exposure draft of key sections the Natural and Built Environments Bill and supporting consultation material be referred to a select committee for the purpose of an inquiry, following Cabinet decisions in May 2021
- that the NBA exposure draft will contain its structure and indicative headings, with some aspects fully drafted to reflect:
 - policy decisions made in principle by the December Cabinet paper
- subsequent decisions delegated to a Ministerial Oversight Group (MOG) to be made by April and referred to Cabinet in May 2021 to in principle policy decisions for the NBA, on:
 - the purpose and supporting provisions
 - the proposal to establish a mandatory set of national policies and standards (ie, the NPF) to support the establishment of the environment biophysical limits, outcomes and targets specified in the NBA
 - requiring a single regulatory plan for each region (NBA plans)
- that the Natural and Built Environments Bill exposure draft consultation material will also signal the policy direction of the SPA and CAA
- that select committee processes will be the primary methods of engagement for stakeholders and the public in the next stage of the reform.

Since the release of the exposure draft and interim RIS, the approaches and planning instruments outlined in the exposure draft have been subject to more detailed policy development. Further work has also been undertaken on the SPA. This has included the design of processes, content and oversight of regional spatial planning, and how regional spatial strategies interface with, and support, the broader RM system prescribed in the NBA.

Challenges faced in developing the SAR

There are several challenges associated with providing a regulatory impact assessment for the Spatial Planning and Natural and Built Environments Bills using the standard RIS process.

- **Interdependencies:** Assessing options for multiple interdependent policy choices.
- **Decision pathway:** Cabinet agreed to use the Ministerial Oversight Group (MOG) process and a subsequent delegated decision process whereby policy decisions are made progressively in an iterative way over many months. Much of this SAR was prepared in parallel with the MOG process and much of the content was finalised and submitted for quality assurance before all delegated decisions had been made.
- **Volume of decisions:** Decisions were made across 18 MOG meetings, with further matters of detail determined through a further delegated decision process, requiring briefings on a wide range of topics.

- **Timeframes:** The Government has committed to initiating the shift to new RM system within the current parliamentary term.

Due to the above challenges, the standard impact analysis requirements could not be met unless a full, quality assured RIS was produced for each tranche of MOG decisions. That was not feasible given the pace of the policy development and the long lead times (weeks) necessary for RIS quality assurance. However, each tranche of advice to MOG included impacts advice.

On behalf of the Minister responsible for the new RM system (the Minister for the Environment), and the Minister responsible for the oversight and operation of the impact analysis requirements (the Minister of Finance), it was agreed by the Treasury and MfE that a SAR would be completed for the Spatial Planning and Natural and Built Environments Bills. The intention being that the SAR would accompany the Bills when submitted to the Cabinet Legislation Committee (LEG) and, if practicable, would be available for earlier review and consideration by all MOG Ministers (ie, prior to the LEG meeting).

The scope of this SAR

This SAR does not revisit some matters (eg, the purpose of the NBA) that were covered in the *Interim Regulatory Impact Statement: Reforming the resource management system* (interim RIS) which was provided with the NBA exposure draft in June 2021. However, this SAR builds on aspects of the interim RIS focused on national direction setting, regulatory planning and the high-level assessment of the marginal process-related costs and benefits of moving from the status quo³ to the new RM system.

An undertaking was given in the interim RIS that *“To progress a final RIS, additional analysis will be undertaken on the potential benefits of RM reform to housing supply, affordability and choice, the natural environment, benefits for Māori and the wider benefits of strategic planning.”* That additional analysis has been completed, summarised and incorporated in this SAR.

Due to the challenges outlined above, the SAR assessment has remained at a relatively ‘high-level’ with a focus on the overall RM system and the most significant features (key policy shifts) of the new RM system as determined by Ministers since the release of the exposure draft, which relate to:

- giving effect to the principles of Te Tiriti and Māori participation in the system
- spatial planning - the SPA and RSS
- NBA provisions relating to:
 - national direction – the role of the NPF
 - environmental outcomes, limits and targets
 - integrated management – NBA plans
 - consenting and designations

³ Unless the context indicates otherwise, the term status quo in this SAR refers to the RMA system as it currently stands. That includes recent developments such as the National Policy Statement on Urban Development, the fast-tracked consenting processes (applicable until July 2023), and recent amendments, such as the Enabling Housing Supply and Other Matters Amendment Bill.

- resource allocation
- regional governance
- system revenue and cost recovery
- system oversight.

Due to the complex nature of RM planning and decision-making, and the legislative framework that supports this, the SAR provides a fuller analysis of implementation settings, risks and mitigations than would otherwise be required. The implementation section in this SAR also covers transitional matters from the current to the new RM system, as well as how the new RM system will be monitored against Cabinet's objectives.

A difference from the RMA is that all decision-makers must 'give effect' to Te Tiriti which is different from the obligation to 'have regard to' Te Tiriti obligations. The new RM system remains a devolved system and it is important to acknowledge that in the devolved system there is an inherent level of uncertainty. This is particularly the case for the new RM system as the NBA does not contain all the system details but the NPF and other regional and spatial plans will have this detail as they are developed. In this context, Māori participation will take place within the devolved system, with roles as set out in the SAR for contributing to the development of rules, policies and plans in the system at different levels.

Out of scope

This SAR does not cover the CAA, which is being developed on a different timeline to the SPA and NBA. A separate impact analysis will be provided for the CAA when appropriate.

The SAR does not cover finer details of the new RM system beyond matters specifically referenced in the objectives and outcomes for the new RM system agreed by Cabinet/MOG. This recognises that such details will be addressed in future RISs (or equivalent evaluations required by statute) for key elements of the new RM system (eg, the NPF, RSS and NBA Plans).

The SAR is limited to a comparison between the status quo (the counterfactual) and the option already decided by the Government in its response to the recommendations of the independent Review Panel (ie, to replace the RMA with the SPA and NBA).

It has not been possible to complete an assessment of impacts on all sectors and interest groups (ie, a distribution analysis of 'winners' and 'losers'). Much of the detail of the new RM system that will determine such impacts will not be finalised for years after the SPA and NBA pass into law.

Officials have identified, but not evaluated, significant alternative options that have been effectively ruled out of scope by Ministers' decisions about content and timeframes.

These alternative options include:

- retaining the RMA and all the current features of the planning system with a significant increase in funding to implement it. This option is ruled out of scope because Ministers have already decided to replace the RMA and introduce new legislation, including new purpose and principles, new national direction and combined plans
- major reforms of other legislation – for example, the structure, purpose and functions of local authorities under the Local Government Act.

- significant non-legislative reform, such as to infrastructure funding and financing arrangements.

The last two options were effectively ruled out of scope by the Panel’s terms of reference. The Government could still pursue these options, but this would be in a separate, complementary programme, rather than as an alternative to establishing a new RM system.

Responsible Manager

Lesley Baddon

Director – RM Reform

Ministry for the Environment



21 September 2022

Quality assurance

Reviewing agency:

Date: 21/09/2022

Comment prepared by:

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Panel assessment & comment:

“A quality assurance panel with members from the Treasury, Ministry for the Environment and Ministry of Business, Innovation and Employment has reviewed the Supplementary Analysis Report (SAR), “The new resource management system” produced by the Ministry for the Environment dated 22 July 2022. The SAR was modified by the Ministry on 20 September 2022 and an Addendum was inserted which provides an update on further policy decisions that have been made since the SAR was finalised. The panel considers that it **partially meets** the quality assurance criteria.

The SAR represents a lot of work on a major and complex reform. It clearly states the problem with the current system and makes the case for change. The SAR outlines the potential for significant benefits from system-wide reform relative to the status quo.

The pace at which the proposals have been developed means that much of the detailed policy and implementation decisions are still to be made. This makes it very challenging for the SAR to fully address the range of likely impacts, costs, benefits and risks associated with the chosen reform option, and how it will be implemented. There is a risk that the costs, challenges and any delays to implementation could impact on the realisation of the stated benefits of the reforms. However, the SAR highlights issues which can usefully inform remaining decisions to help manage some of these risks.

A range of consultation has been undertaken, but the full range of specific proposals has not yet had the benefit of broad public consultation. Proposed future consultation will therefore be important as the potential costs and benefits of changing the country's resource use planning documents and consenting arrangements will be large – not just in terms of local authority processing costs. Māori, community, business and resource users will all face potential costs and benefits in ensuring their interests are protected and reflected throughout the process.

The SAR and Addendum acknowledge that there are significant uncertainties and risks in key areas including: Treaty obligations, Māori participation and representation, changes in resource allocation, sector impact, and system funding requirements. The Addendum indicates the intention to postpone some changes until more extensive consultation has been undertaken with Māori. It will be important to ensure that Māori interests are well integrated with wider system changes that are likely to be occurring in parallel.

As much of the detail around how the new system will be operationalised has yet to be developed, there is limited quantitative evidence of the effectiveness of the chosen option. However, further in-depth work is proposed in the SAR and impact analysis will be required to support future regulatory decisions. The panel considers that developing a detailed implementation strategy will be essential for ensuring the effective implementation of the new system. It will also be important to more clearly outline the intentions for post-implementation review.”

Addendum – September 2022

As noted in the coversheet regarding the nature and purposes of this SAR, finer details of the new RM system are generally not covered by this SAR. That is because the SAR had to be finalised and quality assured during June/July 2022 while the processes of deciding some of the finer policy details and related legislation drafting considerations were still ongoing.

This addendum has been inserted to provide an update on the further key decisions that have been made since the SAR was finalised which contribute to benefits above and beyond what is stated in the SAR. These illustrate how some of the decisions and ongoing work will help to resolve issues or mitigate risks identified in the SAR, support the Government’s objectives for the new RM system and/or realisation of benefits.

As outlined below, the decisions relate to:

- Development within environmental limits, supporting housing affordability, and recognising the community and environmental benefits of public infrastructure including:
 - future growth planning
 - corridor protection
 - infrastructure delivery and consenting pathways
- Mitigating or avoiding risks of system transition
- Evaluation reporting requirements in the SPA and NBA
- The SPA/NBA planning interface
- Preventing illegitimate considerations
- Decision-making principles
- Coastal tendering and occupation of common marine and coastal area
- Resource user charges.

Development within environmental limits, supporting housing affordability and recognising the community and environmental benefits of public infrastructure

The SAR notes the Government’s development within limits objective for the new system including “*a significant improvement in housing supply, affordability and choice*” and how the system can contribute to realising that objective and related benefits. Further work and related decisions have focused on whether and how the new system can contribute to improvements in terms of:

Future growth planning

- It has been decided that the first National Policy Framework (NPF) will, among other things, carry over the policy intent of the National Policy Statement- Urban Development (NPS-UD), including the requirement to enable mixed-use development in and around centres and rapid transit and giving priority to sufficient development capacity for housing and business needs. Ongoing work to transition the NPS-UD into the first NPF is also considering how development capacity, competitiveness margins and growth assumptions will work in the new RM system.

Medium Density Residential Standards (MDRS) arising from the RM (Enabling Housing Supply and Other Matters) Amendment Act 2021 will also be carried over.

Corridor protection

- This will require both identification in RSS, and more detailed implementation via NBA plans, which would attach rules to corridor protection. Corridor identification will provide transparency of areas identified as critical for coordinated infrastructure and urban development. This would provide investment certainty for projects in these areas along with the ability for local authorities and the public to take a long-term view when compiling NBA plans. Work in this area is ongoing and decisions are under consideration.

Expanding the current designation process

- It has been decided that the NBA will modify the current designation process. These changes will contribute to more efficient infrastructure delivery by creating a two-stage process – a less intensive first stage which identifies and protects the footprint early, and a second stage assessing management measures for construction and operation activities occurring nearer to the commencement of physical works.
- There will be flexibility for a one-stage process at the discretion of the infrastructure provider, as per the status quo under the Resource Management Act 1991 (RMA). It will also extend minimum lapse periods to 10 years (from 5 years), with extensions of up to 30 years enabled where the designated infrastructure is included in RSS. A second, separate pathway has been designed specifically for infrastructure which is detailed in the following section. In addition, Te Waihangā is leading the development of new national infrastructure provisions for inclusion in the first NPF. This work has four components:
 - A narrative layer for both the infrastructure chapter, and the NPF ‘strategic layer’, that sets out the key outcomes and targets for infrastructure and addresses overlaps or conflicts with other policy domains.
 - Direction to RSS on infrastructure matters, which could require identifying and protecting existing infrastructure, or identifying areas suitable for future infrastructure development such as linear corridors.
 - Policy work on how NBA plans can enable infrastructure.
 - Infrastructure rules and standards.

An additional consenting pathway for infrastructure projects

The SAR notes problems with the current RMA system, including around national direction, that contribute to

- significant unnecessary constraints to development, an infrastructure back-log, very high costs of consenting, a risk to supporting New Zealand’s emissions reduction budgets and the Three Waters Reform.
- One estimate of the annual resource consent process costs for infrastructure developers is \$1.29 billion, representing 5.5 per cent of total project costs. International benchmarking

indicates we are at the upper end of approval costs with equivalent costs in the United Kingdom and European Union between 0.1 per cent to 5 per cent.⁴

Consent fees have been rising and processing timeframes are getting longer. Over five years, median consenting fees roughly doubled with a non-notified consent fee increasing from \$1,280 to \$2,128, and a notified consent fee increasing from \$8,220 to \$18,414. These application fees are only part of the costs to applicants. A 2007 study found that council application fees made up between 6.6 and 45 per cent of the median total cost to applicants, depending on consent type.

The more recent research report for the New Zealand Infrastructure Commission/Te Waihanga identifies significant direct costs related to resource consents for infrastructure projects and estimates:

- cost increases of around 70 percent since 2014
- an average of 5.5 percent of total project costs arising from seeking a resource consent with around 70 percent of consenting expenditure being for external experts
- for smaller projects (<\$200k) consenting costs are a much higher proportion of total costs (16 percent).

The report notes that international benchmarking indicates New Zealand is at the upper end of approval costs. It also states that for all consent applications (not just infrastructure), the average time taken by authorities to make a decision has increased by 50 percent from 2014/15. The time taken to make decisions on consent applications for infrastructure projects may have increased by as much as 150 percent over the same period.

In response to this research, an additional consenting pathway has been designed specifically for infrastructure projects:

- As part of the new system design, it has been decided to progress an additional consenting pathway for consents and designations where there is a need to urgently and efficiently deliver infrastructure projects which provide national or local social, community, cultural or environmental benefits. Use of this pathway will be limited to a defined set of public infrastructure (eg, for broadcasting and telecommunications, ports and airports, lifeline utilities, community facilities, Crown assets, highways, local roads, railways including interisland ferry facilities, rapid transit, and flood protection or other emergency management facilities) and other infrastructure with significant community benefit (eg, solar and wind electricity generation).
- Access to this pathway will be determined by the Minister for the Environment who will consider whether another NBA pathway is more appropriate. For projects requiring new designations, this pathway might be limited to circumstances where the project meets an urgent need and how much faster the process enables project benefits to be realised compared to standard designation processes.
- A panel with the appropriate skills and expertise will be appointed to consider these applications.

⁴ *'The cost of consenting infrastructure projects in New Zealand'* a report for The New Zealand Infrastructure Commission, D Moore, J Loan, S Wyatt, K Woock, S Carrick, Z Hartmann, July 2021.

- The pathway is broadly based on the fast-track consenting pathway introduced in the COVID-19 Recovery (Fast-track Consenting) Act 2020 which has proven to reduce consenting time by, on average, 15 months per project.

Mitigating or avoiding risks of system transition

The SAR refers to system transition risk and the importance of effective implementation. Further consideration has been given to options to mitigate or avoid transition risks. Examples of decisions made include the following:

- planning and consent decision decision-making (and other RMA planning processes) will continue under the RMA until an NBA plan has legal effect for a region. At that point, most NBA Plan provisions will apply and other NBA processes will commence.
- a first-generation RSS must be publicly notified for submissions in every region within 7 years after royal assent of the SPA, unless required sooner through secondary (timetabling) legislation (noting further advice on Treaty Settlement transition may require reconsideration of this backstop date)
- a first-generation NBA plan must be publicly notified for submissions in every region within 9 years after royal assent of the NBA, unless required sooner through secondary (timetabling) legislation (noting further advice on Treaty Settlement transition may require reconsideration of this backstop date)
- most NBA plan provisions apply when a regional planning committee has accepted or rejected Independent Hearing Panel recommendations on the plan (ie issued a 'decisions version' of the plan and an RMA plan no longer applies)
- rules relating to water or air that require the use of comparative consenting, or that require the use of a market-based mechanism (eg, auctions or tenders) will not apply until they are beyond legal challenge.
- existing tools under the RMA will still be able to be used to mitigate any gold rush risk that could undermine environmental outcomes if any such risks arise during transition

Evaluation reporting requirements in the SPA and NBA

Since the SAR was finalised, further detailed decisions have been made about provisions relating to SPA and NBA evaluation report requirements to address flaws in the RMA provisions and practice of evaluation reporting under section 32 of the RMA. The approach to evaluation reporting will be undertaken on a system wide basis in line with the function of each document (NPF, RSS and NBA plan) in the planning hierarchy.

In short, those decisions will ensure that evaluation occurs early in the process, is robust, transparent and is useful for decision-makers. This will help to ensure information of the impacts on users will be available to inform the development of plans. The evaluation process will be reshaped to become more proportionate and designed to occur where it is most useful to decision-makers and the wider public.

Changes to MOG decisions to improve overall outcomes

The SPA/NBA planning interface

The SAR considers system efficiency and aspects of the new system that are intended to generate improvements. The SAR also considers whether aspects of the new system could reduce efficiency, including the potential for relitigating of SPA/RSS decisions during NBA plan development.

To help reduce this re-litigation risk and improve efficiency, it has been decided that:

- the SPA will empower regional planning committees to draw on or adopt NBA plan content based on scientific and technical information that has been tested through the NBA plan process (eg, maps that show places that are protected by the gateway tests)
- until the first NBA plan is operative, the SPA will empower regional planning committees to draw on or adopt content based on scientific and technical information from an operative regional policy statement, regional plan, or district plan (eg, maps that show places protected by the guardrail tests, where those maps have been made using the criteria that will apply to those places under the NBA)
- before making a decision to draw on or adopt NBA or RMA plan content in the RSS, the regional planning committee must consider whether there is significant new information or a significant change in the state of the natural or built environment that warrants reconsideration of the relevant content
- the content will be included in a draft RSS as “settled” content, and any comments on the accuracy of this content must be disregarded by the regional planning committee in the preparation of an RSS

Preventing illegitimate considerations

- The SAR notes the issues in the current RMA system arising from references to ‘amenity values’. The MOG has previously decided to remove any express mention of ‘amenity values’ from the NBA. However, it has since been noted that simply omitting any mention of amenity values would not prevent decision makers from considering them under another guise. For example, in relation to outcomes related to an urban form and rural areas that promote economic, social, cultural, health, safety, and environmental benefits.
- It has therefore been decided to explicitly prevent some types of effects from being considered in decision-making. This approach would mirror existing RMA provisions on trade competition, which prevent decision makers from considering the impact new activities would have on competitors.

Although further work on the detail of this was continuing at the time of writing, the intention is that the NBA and SPA will at least expressly state that in making any decision under the Act a decision maker must not have regard to any:

- effects on scenic views from private properties and land transport assets that are not stopping places (except effects on views that maintain or enhance the relationship of Māori with their ancestral land, water, sites, waahi tapu, and other taonga)

- effects on the visibility of commercial signage and advertising
- some effects arising from the characteristics of people using buildings.

Decision-making principles

- A key problem in the current RM system is the application of plan and decision making in a way that reinforces the status quo and does not allow environments to change to achieve outcomes. At times, the focus on mitigating effects has outweighed the net benefits of change and prioritised preservation of narrowly enjoyed values at the expense of wider communities.
- In urban areas, this has made it harder to build in places of high demand, typically those close to amenities and infrastructure, and has led to both poor environmental and social outcomes. In rural areas this can create barriers to the development of 'green' technologies such as wind farms, and is anticipated in enacting land use change to achieve the objectives of Fit for a Better World (e.g., transition to horticulture) and improve natural environment outcomes.
- The SAR notes aspects of the new system intended to drive good decision-making in planning and consenting. The MOG agreed to several implementation principles to drive good decision making, including the precautionary principle, principles to support Te Oranga o te Taiao, and principles to ensure proportionality. These will apply to the Minister in making decisions on the content of the NPF and to NBA committees on the content of NBA plans (including to resolve conflicts).

Further direction in the decision-making framework of the NBA (Part 2) can help address this. Accordingly, it has been decided that the purpose and principles Part of the NBA include:

- provision for the active promotion of outcomes and consideration of the positive effects of the use and development of the environment to achieve these outcomes within natural environmental limits and mandatory targets
- a requirement that the management of effects is done in a way that achieves outcomes in accordance with the planning framework (NPF, RSS, plans) and does not undermine the achievement of desired outcomes
- recognition that the achievement of outcomes will sometimes require trade-offs between the wider benefits appreciated by some, and the impact of effects on others.

Coastal tendering, occupation of common marine and coastal area, and resource user charges

The SAR refers to the focus of the new system on giving effect to the principles of Te Tiriti and to the rights and interests of iwi/Māori, including the impacts the reforms may have on existing treaty settlements, particularly around resource allocation. In order to uphold the commitment to engagement with iwi/Māori on RM reform policy, and particularly where existing entitlements would be transitioned into a new allocation framework, it was recognised further engagement with iwi/Māori was necessary prior to transitioning existing iwi entitlements.

With this in mind, a decision has been taken to explicitly exclude resources covered by Sections 7 and 7A of the RMA from the NBA allocation framework for the time being. This will enable work to be

undertaken with affected settlement entities to report back on including such resources in the NBA allocation framework at a later stage, and changes that might be required to uphold settlements in the coastal marine area.

In the interim, existing provisions enabling charges/rents/royalties for sand/shingle/shells and other natural materials and the occupation of space will continue and will be rolled over into the Natural and Built Environments Act (NBA). Charges for geothermal resources will be removed (note regulations have been made under the Resource Management Act 1991 (RMA)).

There are two short duration consent proposals proposed for the new system:

- Short transitional consents under the RMA agreed via MOG #16 to create a greater opportunity for NBA plans to effect change once operative and preserve future optionality for Māori rights and interests in freshwater. These consents will expire no later than 3 years after a relevant NBA plan is notified; and
- Short duration consents under the NBA that will have durations no greater than 10 years. The purpose of this additional proposal is to create greater opportunity for allocation statements to effect change in NBA plans once provided for.

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PROACTIVELY RELEASED

Glossary of terms

BOI – Board of Inquiry

CBA – cost-benefit analysis

CAA – proposed –Climate Adaptation Act

CCRA – Climate Change Response Act 2002

CMA – Coastal Marine Area

CME – Compliance, monitoring and enforcement

DIA – Department of Internal Affairs

DOC – Department of Conservation

EPA – Environmental Protection Authority

EFW – Essential Fresh Water

FILG – Freshwater Iwi Leaders Group

HUD – Ministry of Housing and Urban Development

IT – Information Technology

LGA – Local Government Act 2002

LTMA – Land Transport Management Act 2003

MCH – Ministry for Culture and Heritage

MfE – Ministry for the Environment

MOG – Ministerial Oversight Group

MOT – Ministry of Transport

MPI – Ministry of Primary Industries

MWaR – Mana Whakahono ā Rohe

NBA – Natural and Built Environments Act

NES – National Environmental Standard

NPF – National Planning Framework

NPS – National Policy Statement

NPS-FM – National Policy Statement for Freshwater Management 2020

NPS-IB – proposed National Policy Statement for Indigenous Biodiversity

NPS-UD – National Policy Statement on Urban Development 2020

NZCPS – New Zealand Coastal Policy Statement 2010

NZDF – New Zealand Defence Force

NZIER – New Zealand Institute of Economic Research

PCE – Parliamentary Commissioner for the Environment

PSGE – Post-Settlement Governance Entities

PV – Present value

RIS – Regulatory Impact Statement

RMA – Resource Management Act 1991

RM – Resource management

RM system – the RMA and how it interacts more widely (eg, with the LGA, LTMA and CCRA)

RSS – Regional Spatial Strategy under the SPA

SPA – proposed Spatial Planning Act (previously referred to as the Strategic Planning Act, but in MOG #17 it was agreed that the name of the should be changed)

TTK – Te Tai Kaha (consists of Federation of Māori Authorities, New Zealand Māori Council and disestablished Kāhui Wai Māori members)

Te Tiriti/The Treaty – Te Tiriti o Waitangi/The Treaty of Waitangi

TPK – Te Puni Kokiri

The Panel – The independent Resource Management Review Panel

TWMT – Te Wai Māori Trust

Section 1: Diagnosing the policy problem

1.1 Context and background

This section provides context behind the policy problem by outlining:

- key features of the current RM system
- the current state within which action is proposed
- how the status quo is expected to develop in the absence of change
- previous work and decisions relevant to the current state problems
- other relevant government work programmes.

Key features of the current system

The RMA is the principal environmental and planning statute, covering environmental protection, natural resource management and urban planning. The RMA replaced the Town and Country Planning Act (TCPA) in 1991 as the primary legislative mechanism for the preparation, implementation, and administration of regional and district planning.

While the TCPA made provision for the ‘conservation and protection of the physical, cultural and social environment’ among other matters of national importance (eg, the connection of Māori with their ancestral lands), the RMA introduced a new goal of ‘sustainable management.’ The RMA also assumed a key role in regulating the allocation and use of natural resources, including regarding pollution control.

Table 1: The key features of the current regulatory system

Policy area	Description
Key features and objectives of the current regulatory system	<p>The purpose of the RMA is to promote the sustainable management of New Zealand’s natural and physical resources. The RMA (s5) defines sustainable management as ‘managing the use, development, and protection of natural and physical resources in a way, or at a rate, which enables people and communities to provide for their social, economic, and cultural well-being and for their health and safety while—</p> <ul style="list-style-type: none"> • sustaining the potential of natural and physical resources (excluding minerals) to meet the reasonably foreseeable needs of future generations; and • safeguarding the life-supporting capacity of air, water, soil, and ecosystems; and • avoiding, remedying, or mitigating any adverse effects of activities on the environment.’ <p>The RMA refers to Te Tiriti and Māori interests in several places. Section 8 of the RMA, for example, requires that all persons exercising functions and powers under the RMA take into account the principles of the Treaty of Waitangi, section 6 (e) requires all persons exercising functions and powers to recognize and provide for the relationship of Māori and their culture and traditions with their ancestral lands, water, sites, wāhi tapu and other taonga, and section 7(a) requires having particular regard to kaitiakitanga.</p> <p>The RMA provides a range of opportunities for Māori participation at different levels in the planning hierarchy. They include requirements on:</p>

	<ul style="list-style-type: none"> the Minister for the Environment to seek and consider comments from relevant iwi authorities when preparing a national policy statement (s46) local authorities to consult with iwi authorities when preparing policy statements and district plans (cl 3, Schedule 1) and seek their views on a draft before it is publicly notified (cl 4A, Schedule 1). <p>Further, the RMA permits local authorities to transfer their powers, duties and functions to iwi authorities (s33) and to establish joint management agreements that provide for the parties to jointly perform the local authority’s functions in relation to a natural or physical resource in all or part of the region/district (s36B-E). Provisions for Mana Whakahono ā Rohe (58L-U) place an obligation and a timeframe on local authorities for responding to iwi requests for participating in resource management activities. Negotiations between local authorities and iwi under these provisions can result in a Mana Whakahono ā Rohe arrangement, which specifies how the parties will work together on RMA matters.</p>
<p>Administration of the RMA</p>	<p>The RMA gives different roles and responsibilities to central and local government, requiring authorities and the Minister for the Environment.</p> <p>Central government has responsibility for administering the RMA, providing direction and responding to national priorities relating to environmental management. Most of the everyday decision-making under the RMA is devolved to local government (territorial, regional and unitary authorities or ‘councils’).⁴ Local government is effectively the ‘primary regulator’, responsible for setting rules about how natural resources can or cannot be used in regulatory plans.</p> <p>Plans set out what activities can be undertaken as of right and other activities for which resource consent is required. Local authorities can also enforce compliance with the RMA through a range of tools, including issuing infringement notices or abatement notices, seeking an enforcement order from the Environment Court or prosecution for offences through the District Court.</p> <p>Appeals against provisions in regulatory plans can be made to the Environment Court. When reaching a decision on an appeal in relation to a proposed policy statement or plan, the Court can direct the local authority to prepare changes to the relevant planning document to address matters identified by the Court, and to submit the changes to the Court for confirmation.</p>
<p>Planning instruments under the RMA</p>	<p>The RMA establishes a hierarchy of policy statements and plans which are intended to give substance to the sustainable management purpose of the Act. This hierarchy of planning instruments is comprised of:</p> <ul style="list-style-type: none"> National Policy Statements (including the New Zealand Coastal Policy Statement) – which state objectives and policies for matters of national significance that are relevant to achieving sustainable management National Environmental Standards – which are regulations that prescribe technical standards, methods or other requirements for environmental matters National Planning Standards – which set out requirements relating to the structure, format or content of regional policy statements and plans. Standards must give effect to national policy statements and be consistent with national environmental standards Regional policy statements – which must give effect to national policy statements and enable regional councils to provide broad direction and an integrated

	<p>framework for resource management within their regions</p> <ul style="list-style-type: none"> • Regional plans – which must give effect to national policy statements (including the New Zealand Coastal Policy Statement) and regional policy statements • District plans – which must not be inconsistent with regional plans and must give effect to national policy statements (including the New Zealand Coastal Policy Statement) and regional policy statements. Local authorities have the flexibility to combine these at a regional level <p>Section 360 of the RMA also provides a range of regulation-making powers, some of which are relevant to planning instruments.</p>
<p>Regulating resource use under the RMA</p>	<p>The environmental impacts of activities are primarily controlled by the RMA through the requirement to apply for resource consents and to abide by any conditions for consented or permitted activities included in the relevant regional or district plan. Plans, usually through rules, state whether an activity is permitted (meaning it can be done as of right) or whether it requires resource consent. What type of consent is required, depends on the type of activity and how its classified in a local district or regional plan.</p>

The current state in which action is proposed

How we interact with our environment and manage its natural and physical resources is changing. Increasing demands and challenges have arisen since the current RM system was introduced and remain unresolved despite changes already made. Many of these challenges are wide ranging, affecting more than just the RM system. However, they are important for understanding the context in which the system operates.

- **The natural environment is under pressure:** New Zealand is increasingly facing new environmental pressures. A growing body of evidence highlights the challenges in ensuring future generations can enjoy the same benefits from the natural environment as we have done. Decline of our natural environment⁵ risks reducing ecosystems' resilience to system shocks such as climate change. In turn this can then radically alter the flow of ecosystem services, affecting associated livelihoods and the wellbeing of people and societies.
- **Urban areas are struggling to keep pace with population changes and public infrastructure providers face increasing demands:** New Zealand is highly urbanised, with 99 per cent of all population growth occurring in urban areas (PWC, 2019). Between 2008 and 2018 our population increased by 15 per cent (Stats NZ, 2020a). Such concentration of people provides benefits, including more efficient use of land, energy and transport as well as potential benefits from enhanced social connectivity and productivity. However, this simultaneously leads to more impacts on the local environment and those who live there. To realise the benefits and minimise negative impacts, urban growth must be supported by appropriate public infrastructure. By providing new infrastructure to support growth and by maintaining and enhancing service levels provided by existing infrastructure to meet people's changing needs and expectations.
- **Local government is financially stretched:** Many councils face difficulties in raising the revenue required to fund the delivery of priorities, such as infrastructure to support urban growth, adapting to climate change and undertaking the increased responsibilities given to them by

⁵ For example, loss of biodiversity and habitats, and declining water quality.

central government (eg, Panel Report, p 175). These financial pressures can be made worse for some councils by existing debt levels and, more recently, the compounding economic impact of the COVID-19 pandemic.

- There is insufficient recognition of Te Tiriti and lack of support for Māori participation:** As the Panel noted, *“Te Tiriti is an important part of New Zealand’s unique constitutional arrangements”* (p 19) and they *“concur with the large number of reports, expert opinions and submissions on the Tiriti clause that the current section 8 of the RMA [Treaty clause] is entirely inadequate for the degree of recognition and protection of Māori interests that is required by the Treaty”* (p 98). There is also a general lack of capacity and capability from both central/local government and iwi/hapū/Māori to meaningfully engage in the RM system, and additional support and funding will be important to address these issues.
- The impacts of climate change are being experienced across New Zealand:** Our climate is changing with higher land and sea temperatures, sea-level rise, ocean acidification, more sunshine and melting glaciers (Stats NZ and MfE, 2020). Climate change is affecting where people live and how we use our environment (eg, what food crops we grow). New Zealand has a high exposure to natural hazard risks and much of our built environment is in vulnerable coastal and lowland locations. Continued climate change impacts will put large areas of coastal infrastructure, buildings and land at risk.
- New Zealand has faced several big shocks that require a quick planning response for economic recovery:** The existing system has struggled to respond to big shocks, which has meant the fast tracking of other legislation has been necessary, such as the recovery-related legislation for the Christchurch and Kaikoura earthquakes, and the COVID-19 pandemic. These pieces of emergency legislation have directly enabled infrastructure projects that would otherwise not have occurred through the standard RMA process. Resource management planning will play a key role in New Zealand’s long-term recovery from the COVID-19 pandemic, by enabling the creation of infrastructure and jobs.
- Te Tiriti Settlements have also changed the nature of environmental governance under the RMA.** Iwi/Māori have increasingly relied upon settlements to recognise their rangatiratanga over natural and cultural resources in their rohe (iwi territory or boundaries). Now including 67 pieces of settlement legislation with 73 groups (comprising a mix of iwi, hapū and various collectives), the iwi/Māori Crown relationship is different to what it was in 1991. There are cases where kawa (protocols) and tikanga (customs) have been recognised in legislation, such as Te Awa Tupua, Te Urewera and Whangaehu River³ or where policy requires via a primary direction setting document the ‘restoration and protection’ of environmental taonga, as is also the case for Te Ture Whaimana / the Vision and Strategy for the Waikato River, under the Waikato and Waipā river settlements.

There is little appetite for retaining and evolving the status quo

The RMA has been amended regularly and substantially throughout its 30-year history. Three tranches of amendments, which resulted in the most significant shifts in the regulatory framework have:

- strengthened the role of central government in resource management decision-making and increased local authority accountability for resource management activities
- attempted to streamline resource management planning and decision-making
- provided more opportunities for Iwi/Māori participation.

Appendix A provides further information on these significant changes to the RMA.

Although there has been recent new national direction and additional direction is being finalised, further substantive changes to the status quo are unlikely. There is a general lack of appetite for further amendments to the RMA which many see as unfit for purpose in today's context, and there is some frustration about a lack of integration between national direction made under the RMA.

For these reasons, Ministers have agreed to develop a new RM system in a manner consistent with the recommendations of the Panel.

Process to date to address the current state problems

In 2019, the Government commissioned the Panel to review New Zealand's RM system. The Panel's 2020 report concluded the RMA was not fit for purpose and should be repealed and replaced with new legislation to combat the increasingly negative environmental and social effects facing New Zealanders.

The Panel's recommendations aim to address the problems with the current RM system and improve outcomes in several broad ways.

- **Planning for positive outcomes and managing adverse effects to achieve these outcomes:** re-orientates decision-making from principally managing 'adverse effects' towards achieving specified positive outcomes across natural and built environments, to support intergenerational wellbeing. This must occur within environmental limits, but still also manage adverse effects. Outcomes are provided for in decision-making, plans and consents.
- **A more effective role for iwi/Māori and improved recognition of Te Tiriti o Waitangi:** strengthens recognition of Te Tiriti and iwi/Māori interests, provides new roles for iwi/Māori in decision-making on plans and provides for monitoring of Te Tiriti performance via a national Māori entity.
- **More integrated and strategic long-term planning:** provides for strategic planning about land use, infrastructure and environmental protection by central and local government and Māori.
- **Moving to more sustainable, equitable, and efficient resource allocation within limits:** retains and improves current allocation and resource user charging functions.
- **Effective partnering between central and local government and iwi/Māori in planning and delivery:** focuses decision-making about land use and the environment on a series of regional partnerships between central and local government and Māori.
- **Improved evidence, monitoring, feedback and oversight:** strengthens system monitoring, reporting and oversight provisions to improve transparency, accountability and delivery of outcomes.

Three new Acts

In February 2021, the Government announced that, based on the recommendations of the Panel, it would repeal the RMA and replace it with three new Acts, namely the:

- SPA, to help coordinate and integrate decisions made under relevant legislation by requiring the development of long-term regional spatial strategies
- NBA, to protect and restore the environment while better enabling development; and
- CAA, to address complex issues associated with managed retreat.

To guide the overall work programme of developing and implementing the legislation and the ongoing transition to and implementation of the new RM system, Cabinet agreed to objectives for the new RM system. These related to the natural environment, development, Te Tiriti, climate and risk and system performance. A set of outcomes associated with each of the objectives was also agreed. Appendix B sets out the objectives and outcomes in full.

In most cases, the objectives are mutually reinforcing. However, there are inherent tensions within a system that regulates the protection of the environment whilst enabling development. These tensions are not unexpected. A core function of the RM system is to deal with a wide range of outcomes that are often in tension and sometimes conflicting. The legislative drafting process will provide some scope to make final policy adjustments. However, not all tensions will be able to be resolved through the design of the legislation. Some are better worked through in the development of secondary instruments like the NPF, or through long-term implementation, monitoring and oversight of the system.

The assessment of the status quo and preferred options against the objectives of reform is set out in the options analysis section (**Section 3**) of this SAR.

Ministerial Oversight Group

A Ministerial Oversight Group (MOG) was established which had delegated decision-making powers to progress reform, including development of policy and consultation material. The Ministerial Oversight Group comprised of the Ministers for/of: Finance (Chair), Māori Crown Relations: Te Arawhiti, Housing, Environment, Local Government, Building and Construction, Agriculture, Transport, Conservation, Associate Environment Hon Kiritapu Allan, Associate Environment Hon Phil Twyford, and Climate Change.

Due to the large volume of policy options necessary for this reform, 4-6 weekly sets of papers (MOG Papers) were presented to MOG for incremental decisions. Over the course of the policy design process (January 2021 – April 2022), 17 tranches of MOG papers collectively containing around 1461 pages with 62 agenda items and 1133 individual recommendations were produced by MfE with input from their partner agencies.

Officials worked closely with the Māori Collective (comprised of existing groups such as National Iwi Chairs Forum (through its Freshwater Iwi Leaders Group), New Zealand Māori Council, Te Wai Māori Trust, Kahui Wai Māori, and the Federation of Māori Authorities) to refine policy options as proposals were developed. From April to September 2022, numerous delegated decisions papers were produced for the Minister for the Environment and other Ministers where necessary to enable drafting of the legislation. These papers contained detailed decisions required for finer points within the new system, and some rework of policy options as presented in MOG papers.

The Natural and Built Environments Bill Exposure Draft

Released on 29 June 2021, the exposure draft provided an early opportunity to consider key aspects of the legislation including the purpose of the NBA, the National Planning Framework, and the Natural and Built Environments plans.

In accordance with Cabinet's regulatory impact assessment requirements, the interim RIS was released alongside the draft. The interim RIS assessed the draft legislation against the objectives for the new RM system. It also provided a high-level assessment of the marginal process-related costs and benefits of moving from the status quo to the new RM system outlined in the draft.

The Environment Select Committee inquiry on the exposure draft commenced in September 2021. More than three thousand written submissions were received and over 300 oral submissions heard. The

Committee released a report with recommendations on the Natural and Built Environments Bill on 1 November 2021. The government response to this report was released on 17 February 2022.

Further targeted engagement with local government, Māori, and sector stakeholders ran from November 2021 until the end of February 2022 on the exposure draft and further policy work. Feedback from this engagement process was used to inform the ongoing development of the SPA and NBA.

Engagement throughout the policy design process

Policy specific engagement summaries are contained in each option analysis in **section 3** of this SAR, however, the below table summarises the key stakeholder engagement undertaken to date.

Table 2: Key stakeholder engagement undertaken to date

Engagement type	Summary
Consultation on the Panel's report	<p>The Panel engaged widely over the course of their ten months spent comprehensively reviewing the resource management system. They publicly consulted on an Issues and Options Paper from November 2019 to February 2020, receiving 189 submissions. Further, the Panel also undertook regional hui in February 2020 in 12 locations around the country meeting with local whānau, hapū and iwi Māori. They also met with 34 groups and several individuals, from a wide range of sectors, over the course of their 36 meetings.</p> <p>Through its consultation, the Panel found that submitters generally agreed with what the Panel identified as problems and the causes of the problems. However, submitters expressed different views on the proposed solutions to these problems, especially whether the environment or development should have more or less weight in decision-making.</p>
Select Committee Inquiry into the NBA exposure draft	<p>Submitters on the select committee inquiry into the NBA exposure draft were supportive of the shift to a new RM system, but had mixed views on the exposure draft, noting it was difficult to comment on a partial draft. Several submitters commented on the legislative design, namely the separation of the SPA and the NBA. Some submitters, including from the infrastructure and development sector, had concerns that the exposure draft tipped the balance too far towards environmental protection at the expense of built environment outcomes.</p> <p>Hapū/iwi and Māori submitters stated the composition of regional planning committees should be designed to reflect Te Tiriti o Waitangi settlement arrangements; iwi and hapū rohe; iwi, hapū, and whānau structures; and Te Tiriti partnership. Local government in particular expressed concern over fair and adequate representation on regional planning committees and the potential loss of local input into NBA plans through a shift to regional planning committees.</p> <p>Detailed information can be found in the Departmental Report on the Natural and Built Environments Bill exposure draft 2021⁶ and Inquiry on the Natural and Built Environments Bill: Parliamentary Paper 2021⁷.</p>
Targeted engagement	<p>In November 2021, the Ministry released an engagement document titled "<i>Te Pūnaha whakahaere rauemi o anamata: Kaupapa kōrero - Our future resource management system: Materials for discussion</i>". The purpose of this document was to support targeted</p>

⁶ https://www.parliament.nz/resource/en-NZ/53SCEN_ADV_111944_EN7947/04507cf313c5dd512769fbce7387db0e4d5974d2

⁷ https://www.parliament.nz/resource/en-NZ/PAP_112017/9dc086f746eacef36a4b75ab6602f67f2ffe1e2e

	<p>engagement with hapū/iwi and Māori groups, local government, and sector stakeholders. This document was published on the Ministry for the Environment website.</p> <p>Over the period of 1 November 2021 to 3 March 2022, Ministry officials undertook 61 separate engagements. At these hui and forums officials facilitated discussion around the engagement material and sought feedback. Key themes included the overwhelming demands of engagement for iwi, hapū and Māori, funding of the new system and participation within it for local government and iwi/Māori, RSS and NBA plans, regional planning committees, localism and democratic accountability, transition and implementation, and digital and technological transformation.</p> <p>Detailed information on the feedback can be found in MOG #16 Paper 5.</p>
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Other relevant government work programmes

The RMA interacts with a wide range of other legislation including the Local Government Act 2002, the Land Transport Management Act 2003, the Conservation Act 1987 and the Building Act 2004.

Substantive changes to these other Acts are not proposed as part of the new RM system, however, some consequential amendments will be made to ensure they work effectively and in concert with the SPA and NBA.

Table 3: Other relevant government work programmes

Policy area	Description
Māori freshwater rights and interests	<p>An objective of the new RM system is to give effect to the principles of Te Tiriti and provide greater recognition of te ao Māori, including mātauranga Māori.</p> <p>The Government has committed to working to achieve efficient and fair allocation of freshwater resources and give due consideration to all interests. This includes Māori interests, and interests of existing and potential new users of freshwater resources.</p> <p>The Government has provided an assurance that the new RM system would not preclude:</p> <ul style="list-style-type: none"> • any potential options for addressing Māori rights and interests in freshwater, and • consideration of options for addressing Māori rights and interests in freshwater as part of ongoing discussions with iwi, hapū and Māori.
Upholding Treaty settlement legislation and agreements with iwi and hapū	<p>Treaty settlements have led to many RM arrangements that recognise the unique relationships between tangata whenua and te taiao (the environment), and help councils meet their responsibilities to iwi and hapū. The RMA interfaces with over 70 Acts and their associated deeds of settlement.</p> <p>Engagement with iwi and hapū who have settlements or other RM arrangements will be important to ensure the new RM system both avoids unintended consequences for Treaty settlements, and upholds the integrity of Treaty settlements and agreements under the RMA between councils and Māori; as well as for:</p> <ul style="list-style-type: none"> • rights recognised under the Marine and Coastal Area (Takutai Moana) Act 2011 and Ngā Rohe Moana o Ngā Hapū o Ngāti Porou Act 2019

	<ul style="list-style-type: none"> natural resource arrangements agreed by Māori and local government under existing provisions of the RMA. <p>Treaty settlement negotiations linked to the RMA will continue while the NBA is developed. The local and specific nature of these arrangements means duplication of NBA provisions is unlikely. The Government will continue to consider how arrangements under negotiation can be transitioned into the new system.</p>
<p>Three Waters Reform</p>	<p>The Three Waters reform is focused on improving the regulatory and service delivery arrangements for three waters infrastructure (drinking water, wastewater and stormwater). If Three Waters reform proceeds as proposed, the new water service entities will need to operate within the RM system.</p> <p>Officials have been working together to ensure that:</p> <ul style="list-style-type: none"> the new water entities will give effect to existing and future environmental regulation to improve the environmental performance of the three waters systems. the new water entities enable housing and urban development and support an integrated approach to land use and infrastructure planning. The expectation is that the proposed new multiregional entities will provide technical support for the development of the new long-term regional spatial strategies (RSS) under the SPA. The RSS will identify areas for development and protection and consider the need for infrastructure, as well as where the impacts of climate change or natural hazards may be felt. <p>Both programmes are also looking at how to address water as a taonga of particular significance and importance to Māori, and the Crown’s duty to protect Māori rights and interests under Te Tiriti.</p> <p>The new RM legislation will include a reference to upholding Te Oranga o te Taiao and will require decision-makers to give effect to the principles of Te Tiriti. The Three Waters reform also addresses and recognises the intergenerational importance of health and wellbeing. Alongside giving statutory recognition to the Te Tiriti and Te Mana o Te Wai, the new water entities will be required to respond to Te Mana o Te Wai statements.</p>
<p>Review into the Future for Local Government</p>	<p>On 23 April 2021, the Minister of Local Government established a Review into the Future for Local Government. The Review provides local government with an opportunity to comment on how New Zealand’s system of local democracy and local government needs to evolve to improve the wellbeing of our communities and environment, actively embody Te Tiriti partnership and be fit for the future.</p> <p>The Review will help identify what local government does, how it does it and how it pays for it. The Review Panel published its interim report in October 2021. The planning arrangements proposed for the new RM system are flexible enough to not pre-empt the outcomes of the Review.</p>

A diagram showing the alignment with other reform programmes is contained in **Section 6**.

1.2 Problem definition

The nature, scope, and scale of the problems

The RMA has not delivered on its desired environmental or development outcomes, nor have RMA decisions consistently given effect to the principles of Te Tiriti. Current processes take too long, cost too much and will not address the many new challenges facing our environment and our communities. As indicated in the CBA section of this SAR, the costs of these failings are large.

Therefore, New Zealand needs a new RM system that will manage these challenges more effectively for current and future generations. The RM system needs to transform our relationship with the environment and better enable development and infrastructure.

The following table summarises problems with the status quo under each key policy area covered by this SAR.

Table 4: Problems with the status quo

Policy area	Problems under the status quo
Giving effect to the principles of Te Tiriti and Māori participation in the system	The RMA has failed to deliver on ensuring that effect is consistently given to the principles of Te Tiriti and adequate opportunities and support for Māori participation. More effective and strategic roles are required to better enable Māori participation. Māori participation at early stages of policy or plan development at national, regional and local levels is either non-existent or insufficient. Direct engagement at-place or through existing mechanisms often occurs when direction and early thinking has already been completed and does not provide for adequate recognition of te ao Māori across all levels and stages of the system.
Spatial planning - the SPA and RSS	The current framework for making RM decisions has been criticised for lacking a longer term, outcomes-based and strategic perspective. This was confirmed by the Panel, who noted that resource management is limited by an overriding concern with managing the effects of resource management decisions on affected parties rather than achieving broader, more strategic outcomes associated with well-being. Consequently, land use decisions do not give appropriate weight to outcomes associated with social, economic, environmental, and cultural well-being or due consideration to longer term issues such as climate change.
National direction – the role of the NPF	<p>The RMA currently enables national direction through the development of National Policy Statements (NPS), National Environmental Standards (NESs), National Planning Standards (Planning Standards) and section 360 regulations. Collectively these are known as National Direction (ND). There are 25 tools currently in effect in the existing suite of ND under the RMA. New pieces of ND are being developed concurrent to the change process, for example the NPS on Indigenous Biodiversity, Highly Productive Land, and industrial process heat related greenhouse gas emissions.</p> <p>This ND is made under the RMA and so it contains RMA-specific language and content. It is largely focused on managing effects and must “take into account” the principles of Te Tiriti.</p>

<p>Environmental outcomes, limits and targets</p>	<p>The RMA does not set out mandatory limits or require them to be set, but the RMA purpose does state that the life-supporting capacity of air, water, soil, and ecosystems must be safeguarded. This provides an unspecific objective for the minimum acceptable state of any limits set by local or central government in plans and national direction.</p> <p>Central government began exercising its power to set national standards and bottom lines in national regulation in the 2000s once public awareness of degraded air quality, contaminated land, and then degraded water quality grew. However, environmental monitoring shows that New Zealand’s natural environment is continuing to degrade, and is facing ongoing pressure, for example from some intensive farming practices, urban growth, and climate change.</p>
<p>Integrated management – NBA plans</p>	<p>There are more than 100 planning documents across New Zealand’s 78 local authorities with no requirements for integrated planning and management of shared development goals. The current RM system emphasises effects-based planning, with conflict resolution at a site level through local plans and consents primarily decided on by local authorities, using a multi-layered set of tools with bespoke content. The RMA provides for both local and regional planning through a suite of planning documents (Regional Policy Statements, Regional Plans and District Plans). Local authorities may voluntarily combine their planning documents.</p>
<p>Consenting</p>	<p>Resource consents are an essential part of the RM system. The consenting system relies on planning documents to inform processes that produce enforceable decisions (often with conditions) which manage the adverse environment effects of resource use.</p> <p>A lack of national direction and poor-quality plans has meant that significant resource use decisions have been made through consenting rather than through strategies and plans. This has meant that consenting processes have become uncertain, long, costly and have not adequately addressed cumulative effects.</p> <p>The current system is designed so that consents are often triggered for activities that do not require merits assessment and are used to collect information, or to certify that proposed activities will be appropriately managed for plan monitoring/cost recovery.</p>
<p>Resource allocation</p>	<p>The RMA currently enables a range of allocation approaches, but in practice the approach of first in first served has been widely adopted.</p> <p>However, resources are becoming increasingly scarce and over-allocation of some resources is damaging the environment. While the current approach provides existing and potential investors with certainty through continued access to resources, it is not sustainable, efficient, or equitable when resources are scarce as it has:</p> <ul style="list-style-type: none"> • prioritised those with existing allocations, preventing new users from entering the system • provided little incentive to maximise value from a resource and surrender unused resources • in the case of freshwater allocation, disadvantaged the owners of less developed land (who are disproportionately Māori). <p>Māori rights and interests in freshwater were outside the scope of the Panel’s Report. The Panel nonetheless stated that it considered Māori rights and interests to be an important element of the new RM system. Ministers have made a commitment to Māori that the new</p>

	RM system will not preclude options for addressing Māori rights and interests in freshwater in the future.
Regional governance	<p>In the current RM system, all decisions on RMA plans are made by councils, sometimes on advice of advisory bodies and hearings panels. There are currently no requirements for collaboration within regions for district plans, but regions can develop combined plans. For example, following recommendations from the Local Government Commission, a combined plan is currently being prepared for the West Coast.</p> <p>In some instances, Tiriti settlements have resulted in structures which provide iwi/Māori some decision-making powers over the plan-making process, such as through establishing governance bodies, or appointments to regional planning committees. These arrangements mainly have influence over regional plans, with some arrangements also providing for district plans.</p>
System revenue and cost recovery	<p>The RM system is currently funded largely on a cost recovery and user-pays basis. Participants in plan-making processes generally 'pay their own way'; Central Government and local authorities cover their own costs in developing policy and planning instruments, while submitters pay their own costs in participating in those processes.</p> <p>Costs associated with policy setting and planning that are incurred by local authorities are not recovered. While users face much of the process costs, other CME costs such as compliance inspection costs, are generally funded by local authorities with only a relatively small element of cost recovery and are rarely recovered. Accordingly, CME activities tend to be limited.</p>
System oversight	<p>The current system does not consistently provide quality information to inform decision-making. Feedback loops on the performance of the system and mechanisms to ensure decision-makers are held to account are generally inadequate to understand and address issues in a timely way.</p> <p>Monitoring and oversight has suffered from a lack of resourcing and prioritisation by both local and central government. System institutions have often lacked the necessary tools, direction, and expertise to effectively monitor environmental and system performance.</p>

For more detailed problem definitions in each policy area, see **Appendix C**.

Treaty partner and stakeholder perspectives and impacts

Decisions on the use, development and protection of natural and physical resources affect all New Zealanders.

In addition to central government, whose agencies fill several roles (eg, as developers, advocates for the environment and cultural heritage, or managing other sectors directly affected by resource management decisions such as public health), the groups most directly affected by the RM system and the proposed changes are:

- **Māori**, where the new system directly affects the exercise of rangatiratanga and kaitiakitanga by iwi/Māori throughout the motu and within the rohe/takiwā of iwi and hapū. Impacted groups include iwi, hapū, whānau, post-settlement governance entities, marae, Māori landowners, mātāwaka, urban Māori authorities and other groups that represent Māori interests. Māori groups also interact with the RM system as ‘resource users’ such as iwi/hapū commercial entities or as Māori land trusts and incorporations that may require resource consents or have their resource use affected by planning rules.
- **Local government**, where the new system will change the way local authorities perform their resource management functions, including through plan-making, consenting and CME. Local authorities include regional (11), territorial (city or district; 61) and unitary (6) authorities. Local government can also be the holders of resource consents (eg, as infrastructure providers).
- **Communities and individual system users**, where RM decisions influence the way communities are affected or respond to population, economic and environmental changes; while individuals or businesses may require resource consents or have their resource use affected by planning rules. For example, landowners (including the public), network utility operators, the primary sector, the infrastructure sector, the water sector, electricity companies, property developers, the construction sector, the transport sector and the education and health sectors.
- **Resource management sector groups**, who help to operate the RM system. For example, the Resource Management Law Association, New Zealand Planning Institute, legal firms, planning consultants, engineers and ecologists.

RM reform also affects groups with a broader interest in the system, such as industry or advocacy groups, and the public (ie, other than as landowners).

Causes of the problems

The underlying issues that are contributing to inefficiencies and poor outcomes have been identified through years of analysis and engagement, most recently by the Panel.

As summarised in the points below, these are a combination of failures in the regulatory design and implementation of the RMA, the status-quo bias, and consequent inequities (eg, among resource and system users and particularly for Māori). There has also been misuse of the system to stifle reasonable competition and/or to prevent or slow desirable developments.

The identified causes of the current RM system problems are set out below,

- **Insufficient focus on positive outcomes:** the RM system focuses on managing adverse effects but does not sufficiently recognise the benefits associated with an activity, such as improvements in the state of the natural environment or for economic, social or cultural wellbeing. The RMA’s purpose does not address enhancing, restoring or regenerating the

environment. Rather, resources must be “sustained,” life-supporting capacity “safeguarded” and adverse effects “avoided, remedied and mitigated.”

- **Status quo bias:** there is a lack of future focus and a bias towards the status quo. This does not recognise that our society, including how and where we live, is dynamic and constantly evolving or the need to adapt to the effects of climate change. This is because of an emphasis on avoiding or remedying adverse “effects,” the protection of existing use rights, a focus on preserving amenity for current landowners and processes that favour the well-resourced (eg, adversarial hearings and legal appeals).
- **Inadequate integration and strategic planning:** plans and decision-making under the RMA, LGA and LTMA all affect one another. However, co-ordination across these Acts is difficult. Strategic, long-term planning is also underutilised – planning for the system to anticipate and respond to future changes and long-term challenges such as population growth and climate change. This is worsened because funding mechanisms, which span both central and local government, are poorly aligned with land use and infrastructure plans.
- **A complex regulatory system:** the RMA’s legislation and its processes have become increasingly complex through successive legislative amendments. This complexity makes it difficult for users to anticipate how the law will apply to them and how to participate. It is also more difficult for central government to exercise effective stewardship over the system and for local authorities to prioritise and carry out their responsibilities. Furthermore, multiple plans and processes can make it difficult for the public and iwi/Māori to participate effectively.
- **Inefficient, unsustainable, and inequitable allocation of resources:** the default ‘first in first served’ approach to allocation under the RMA has put potential new users of resources, particularly Māori, at a disadvantage. The current system has proven insufficiently flexible to respond to pressure on the environment and has yet to adequately address iwi/Māori rights and interests.
- **Overlapping roles and accountabilities:** RMA decision-makers operate in a complex environment that involves functions under other Acts that deal with funding, infrastructure provision and land use. Many of these functions are out of scope of this SAR but have a significant impact on the performance of the RM system. This is because decision-makers often operate in silos, with the poor alignment of funding, roles, and objectives across national, regional and local levels. This can result in distorted incentives within the system, inefficiencies, and duplication. Lines of accountability can also lead to conflicts of interest, for example, if councils involve politicians in CME decisions.
- **Poor implementation:** the system has been poorly implemented, though improvements have been made in recent times. Prior to 2013, national direction was slow to be developed, with some significant gaps remaining. Central and local government often lack the capability and capacity to fulfil the roles expected of them (such as CME). Further, existing tools within the system have been underutilised, such as economic instruments and tools to partner with iwi/Māori. Finally, there is not enough quality data on system performance.

Section 2: An overview of the new RM system

This section provides a visual overview of the new resource management system and its components.

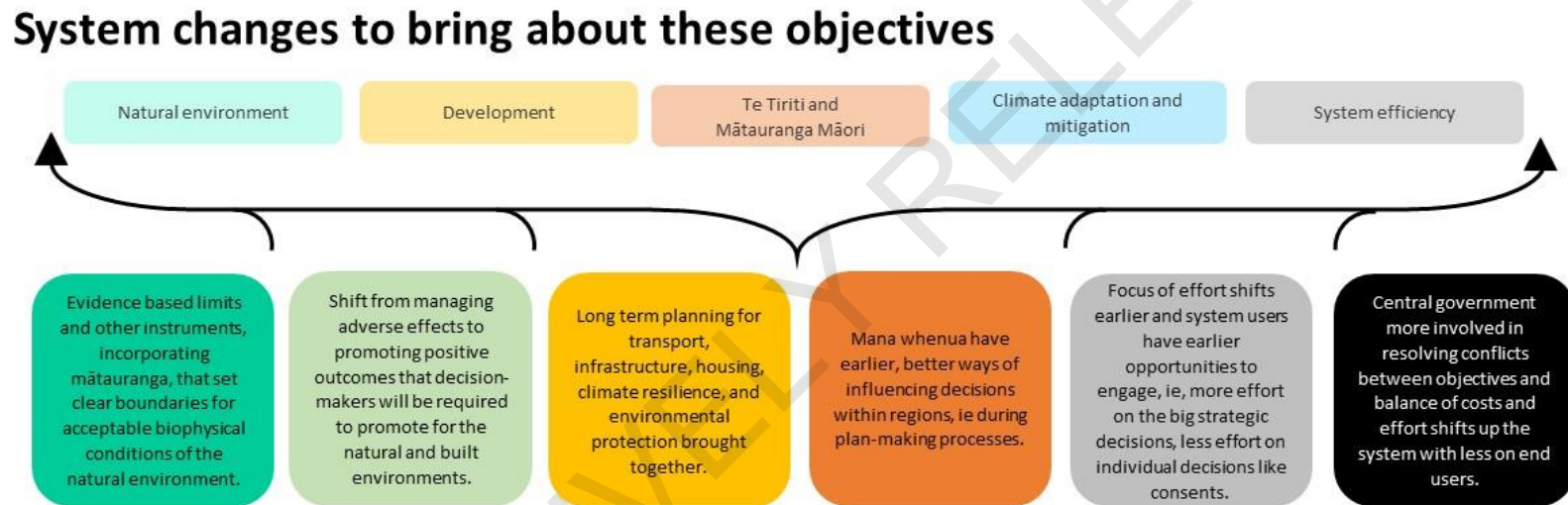
Figure 1: System overview – Reform objectives

System overview

Reform objectives

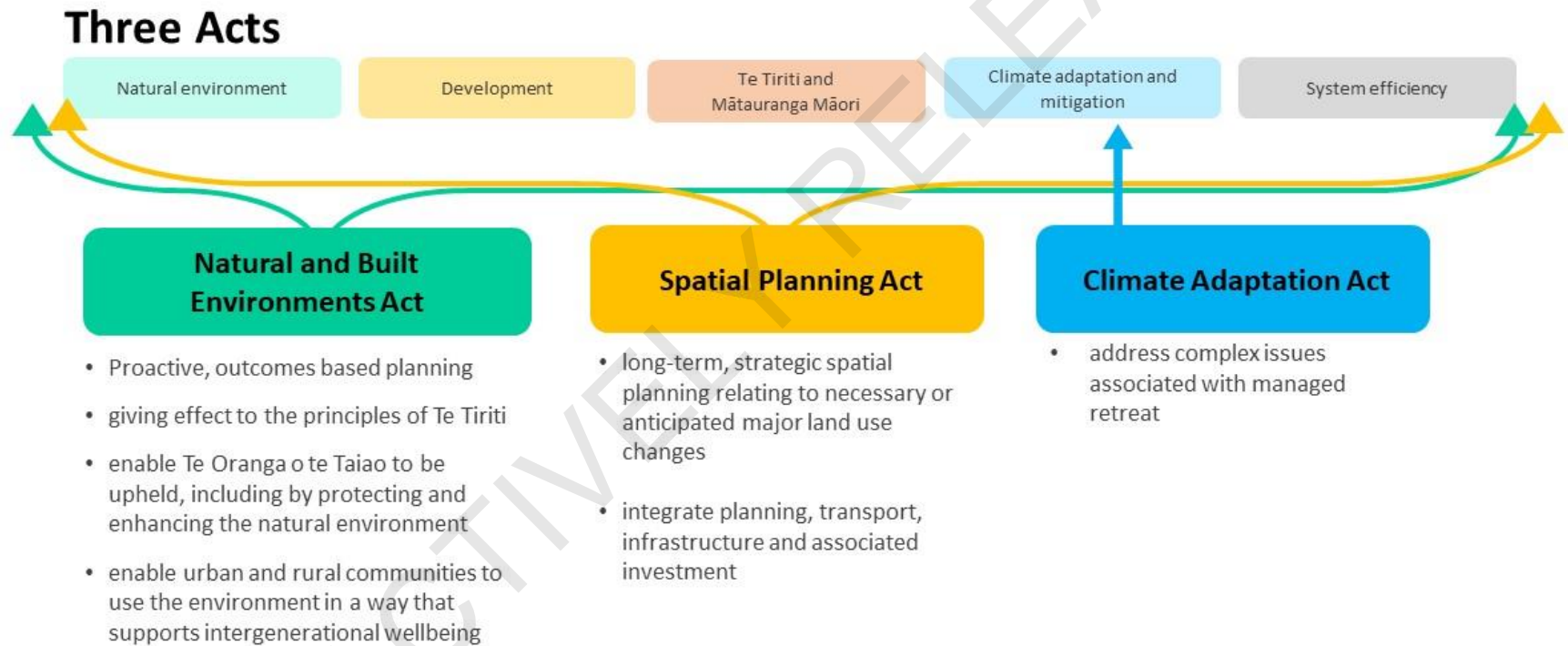


Figure 2: System changes to bring about the reform objectives



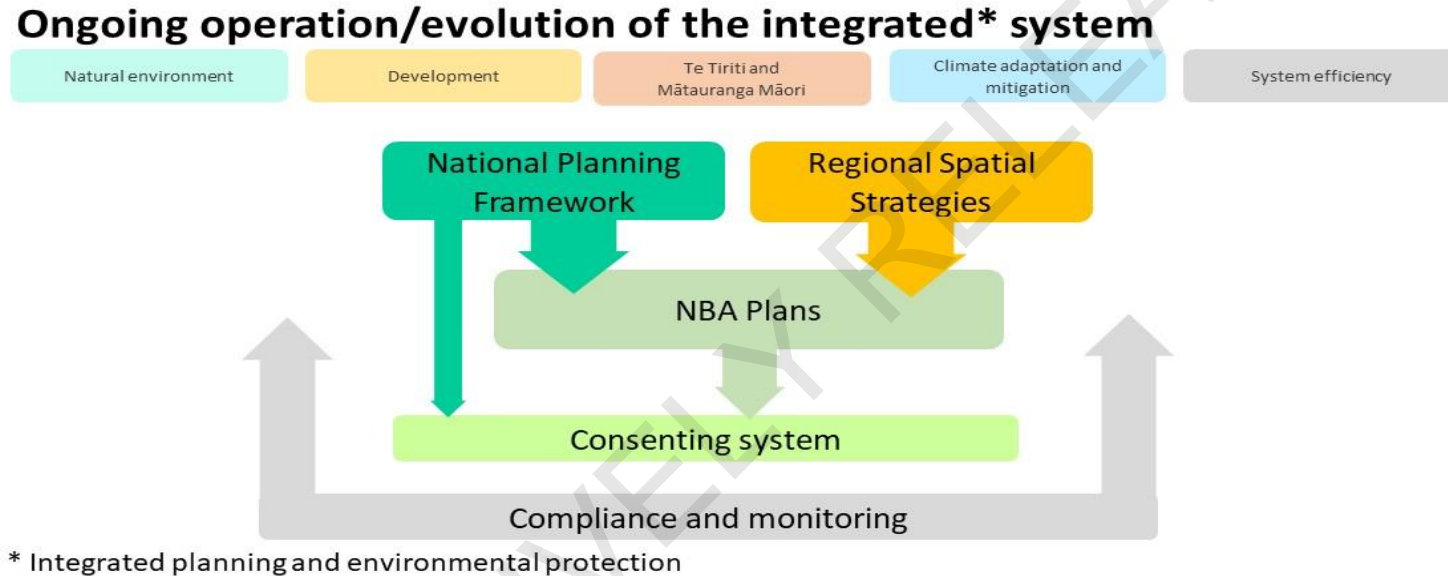
The intended changes in the new resource management system to meet the reform objectives are detailed here. There is intended to be greater certainty for development as well as enhanced environmental protection through a set of environmental limits, and a decision-making structure that emphasises doing it once, properly, with everyone involved who should be.

Figure 3: Description of the three Acts to replace the RMA



The reform is built around three Acts: The Natural and Built Environments Act, and the Spatial Planning Act to be introduced in 2022, and the Climate Change Adaptation Act later in 2023.

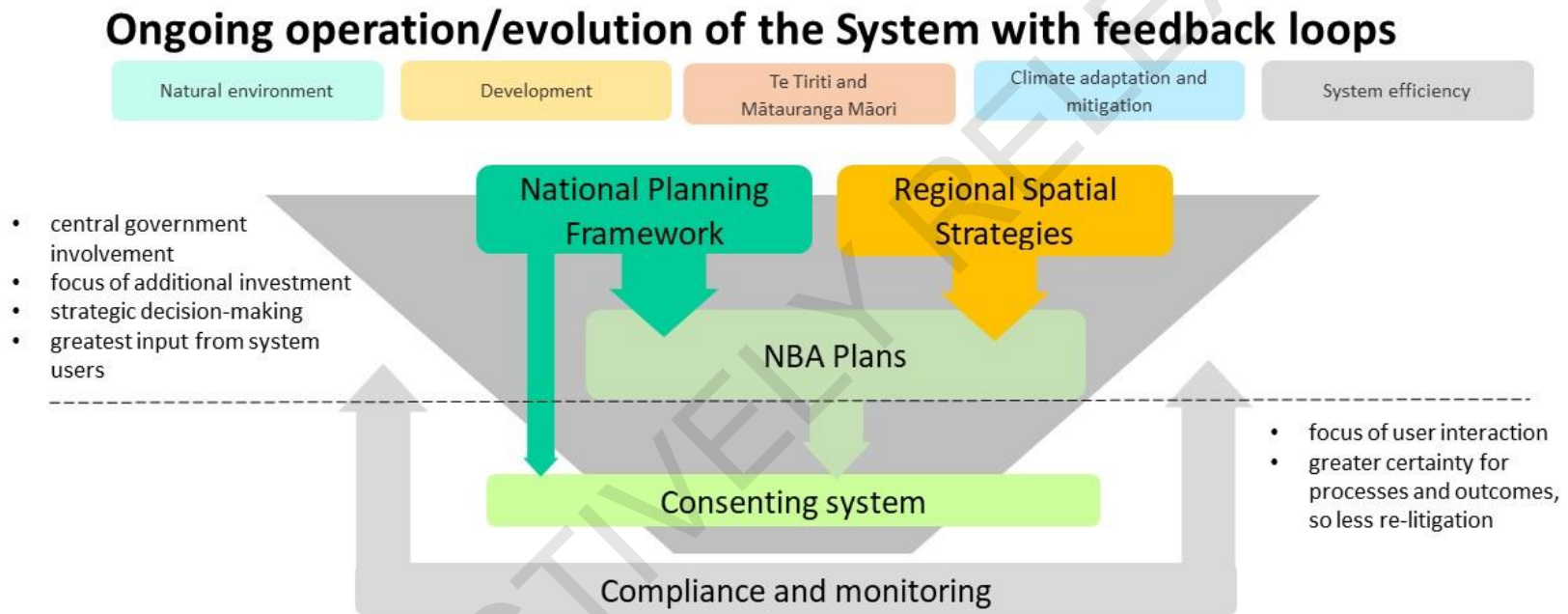
Figure 4: Ongoing operation/evolution of the integrated system



The operative parts of the system are:

- The National Planning Framework: this consolidates all national direction into the NPF – which will require central government to work in a more joined up way, reducing scope for variation while ensuring agencies can be involved in these decisions where needed.
- Regional Spatial Strategies –mandatory spatial planning does not currently exist outside of Auckland.
- NBA plans: consolidating all planning documents in each region into NBA plans.
- The consenting system operates primarily in relation to NBA plans, although the NPF will also have a part in categorising activities.
- The compliance and monitoring system underpins the performance of the system.

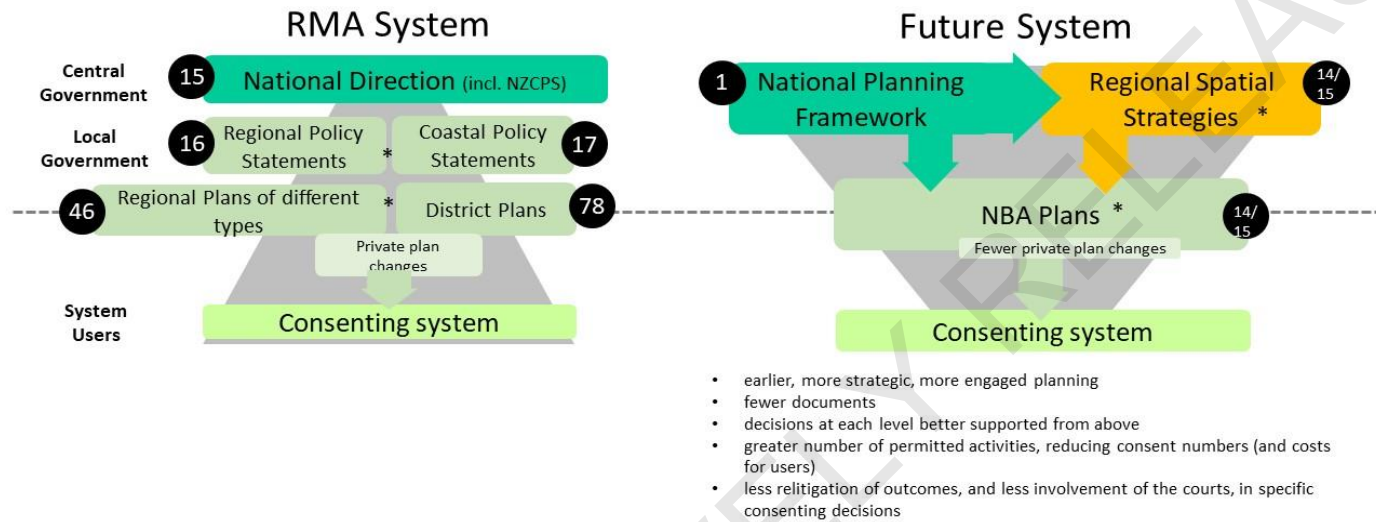
Figure 5: Ongoing operation/evolution of the system with feedback loops



The dotted line in this diagram shows complexity in the system is shifted upward, by generating plans through the enhanced role of central government through the NPF and the up-front investment to generate regional spatial strategies. The simplicity of the new system comes below the line, plan users will see fewer plans, less planning through consenting, and have a clearer idea of what information they need to provide and their prospects of success. This aligns with the Panel’s approach to the system of more up-front investment, shifting the burden forward and making more decisions early in the process.

Figure 6: Comparison with the RMA system

Comparison with RMA system



* Reflecting iwi management plans and similar documents. Private plan changes will remain but in a smaller role.

Under the RMA System:

- national direction was slow to be introduced, incomplete and fragmented (15 separate pieces)
- resulting in 16 RPS and 17 Coastal Policy Statements
- flowing through to 100+ plans and policy statements (46 regional, 78 district)
- planning has often occurred through private plan changes or through consenting – increasing the cost and uncertainty of seeking a consent.

The new resource management system will have:

- 1 set of integrated national direction from the beginning, filled out over time
- 14-15 RSS (pending decision)
- reduced number of plans, from 100+ to 14-15 plans under the NBA
- less need for private plan changes
- faster simpler consenting.

Section 3: Analysis of key policy shifts in the new RM system

3.1: Assessment criteria

As outlined in more detail below, the criteria used to assess key policy shifts relate to:

- the objectives for the new RM system
- overall impact certainty
- Te Tiriti impacts.

Assessment against the objectives

The key policy shifts are evaluated for their ability to achieve the reform objectives (summarised in the table below) and the relative level of improvement compared to the status quo.

Table 5: The objectives for the new RM system

Objective	
Natural environment	Protect and where necessary restore the natural environment, including its capacity to provide for the wellbeing of present and future generations
Development	Better enable development within environmental biophysical limits including a significant improvement in housing supply, affordability and choice, and timely provision of appropriate infrastructure, including social infrastructure
Te Tiriti	Give effect to the principles of Te Tiriti o Waitangi and provide greater recognition of te ao Māori, including mātauranga Māori
Climate and risk	Better prepare for adapting to climate change and risks from natural hazards, and better mitigate emissions contributing to climate change
System performance	Improve system efficiency and effectiveness, and reduce complexity, while retaining appropriate local democratic input

The following scale has then been used for the assessment of each policy shift against the objectives.

Table 6: Assessment scale

Significant improvement on the status quo	++
Minor-moderate improvement on the status quo	+
Status quo / little different to the status quo	0
Minor-moderately worse than the status quo	-
Significantly worse than the status quo	--
Not applicable – this criterion is not relevant to this option	NA

For each key policy shift there is a brief explanation of how the policy area relates to the problem definition and how the shift will improve the system’s ability to achieve the objectives. More detailed explanations contained behind the assessments are contained in **Appendix D**.

Because the current RMA and the new SPA and NBA are ‘framework’ legislation that guides lower-order regulation, such as the content of national direction and regulatory plans, this has implications for how the shifts are assessed.

Impact certainty assessment

An impact certainty assessment has been completed for each policy shift. This assessment considers how tensions or ‘trade-offs’ within the system may play out (ie, regulating the protection of the environment whilst enabling development). There are also several real and significant implementation risks.

To help inform the impact certainty assessment overall advantages and disadvantages of each policy shift are identified. This includes references to any significant costs or benefits identified by the CBA but does not repeat the content of the CBA.

The impact certainty assessment takes account of this reality and is a judgement based on several factors, including the quality of the available evidence, timeframes, the likelihood of implementing the option and interdependencies. The following scale has then been used for this assessment.

Table 7: Impact certainty rating scale

High certainty that the identified impacts will arise	HIGH
Medium certainty that the identified impacts will arise	MEDIUM
Low certainty that the identified impacts will arise	LOW

It is important to recognise that a medium or low certainty impact assessment does not mean the objectives or outcomes will not be achieved or that benefits will not be realised. Rather it is an indicator of the relative degree of difficulty and is likely to mean that more time, effort and resources will need to be deployed to ensure success. For most implementation risks there are effective mitigation options, but the path to achieving some outcomes will be more challenging than others. Overall, benefits are often harder to measure than costs and therefore generally have a lower certainty rating which is not always linked to a realised mitigation.

Te Tiriti impact assessment

For each key policy shift there is an analysis of how the new RM system will affect iwi/Māori and support Te Tiriti partnerships. This analysis is included in Appendix D along with further information supporting the other components of this assessment.

The Tiriti assessment component looks at:

- alignment with the objective ‘to give effect to the principles of Te Tiriti and provide greater recognition of te ao Māori, including mātauranga Māori
- costs and benefits to Māori

- interaction with existing Tiriti settlements
- alignment with relevant Waitangi tribunal recommendations
- risks and opportunities for the Māori Crown relationship.

The following policy shift analyses are presented in a tabular summary format for ease of reading. As noted above, more information can be found in Appendix D.

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3.2 Summary of the key policy shift decisions made by MOG

The table below summarises the key policy shift decisions made by MOG. More detail is contained in **Appendix D**.

Table 8: Summary of the key policy shift decisions made by MOG

Policy area	Key policy shift decisions made by MOG	Improvement relative to the status quo	Impact certainty assessment
Giving effect to the principles of Te Tiriti and Māori participation in the new system	<ul style="list-style-type: none"> Many functions will involve Māori as part of the devolved RM system we have detailed some of these below to the best extent we can, however, there is an inherent level of uncertainty where these devolved aspects of the new RM system are still to be developed. The creation of the national Māori entity whose key role is to support positive and continuous improvement throughout SPA and NBA system. The development of the NPF will involve input from the national Māori entity (in policy development and the NPF Board of Inquiry process), mātauranga Māori experts (setting of national scale limits and targets), iwi/hapū/Māori being engaged by officials, alongside other New Zealanders Within the devolved RM system there will be membership of regional planning committees, and support to carry out those functions funded by local government The purpose of the NBA provides for greater recognition of te ao Māori by enabling Te Oranga o te Taiao to be upheld, including by protecting and enhancing the natural environment. To support the change to the new RM system transitional funding has been set aside to support Māori participation with extra funding for councils with low rating base as possibility. 	++	MEDIUM
The Spatial Planning Act and Regional Spatial Strategies	<ul style="list-style-type: none"> RSS are intended to drive regional change and adaptation through a partnership between local and central government and iwi/Māori – by coordinating and supporting public and private investment in key strategic assets that will contribute to the achievement of the vision, goals and actions established in the region’s RSS. RSS set a strategic direction for at least the next 30 years (eg, 30 to 50 years for large infrastructure, and 100 years plus projections for climate adaptation). Independently established and agreed by regional planning committee members Cover current regional areas out to the 12-mile coastal limit, with provisions for cross-regional collaboration. Each RSS to have a high-level implementation plan which outlines the key actions and delivery partners involved, prioritisation of actions and how progress will be monitored and reported. 	++	MEDIUM

The National Planning Framework	<ul style="list-style-type: none"> The intent of the NPF is to provide an integrated and cohesive set of regulatory direction to guide the implementation of the NBA and support decision-makers in reconciling competing matters across the system. It will provide direction on matters of national (or sub-national) significance or matters where national consistency is desirable. It will provide national, regional, local or spatially specific direction (where appropriate). 	++	MEDIUM
Limits and targets	<ul style="list-style-type: none"> The level of environmental limits to protect ecological integrity will be defined as the current state of ecological integrity. Where a part of the natural environment is already unacceptably degraded, the NPF will set out a minimum level or target which councils must manage to. NBA plans must include targets set at least at the level of the limit, or the NPF directed minimum level or target (whichever is higher quality), for each aspect of the natural environment for which limits are prescribed. Environmental limits and associated targets will apply within managements units, which will be set at an appropriate spatial scale to ensure that limits and associated targets meet their primary purpose (protecting or restoring human health and the ecological integrity of the natural environment). 	+	LOW
NBA plans	<ul style="list-style-type: none"> NBA plans provide a single regulatory framework for the management of natural and built environments in each region. NBA plans give effect to the principles of Te Tiriti o Waitangi and provide for kaitiakitanga, tikanga Māori and use of mātauranga Māori NBA plans focus on outcomes while managing effects, and provide a means to resolve resource use conflicts and tensions NBA plans look forward and address cumulative effects to promote the integrated management of natural and built environments. 	++	MEDIUM
Resource consenting	<ul style="list-style-type: none"> The NBA will require the Minister for the Environment (through the NPF) and the regional planning committees to assign activities within the following prescribed categories: Permitted, controlled, discretionary, and prohibited. The activity categories will specify the level of information required for consents and timeframes Information requirements will be proportionate to the size and scale of the proposed activity and defined by the activity 	+	MEDIUM
Resource allocation	<ul style="list-style-type: none"> Introduce resource allocation principles of sustainability, equity, and efficiency. Principles will not be defined in the NBA – definitions would be provided in the NPF. The policy intent is to ensure a more balanced approach is taken to allocation, rather than continue the current widespread practice of automatically adopting first in first served and prioritising existing users when issuing new consents. 	+	MEDIUM
Regional governance	<ul style="list-style-type: none"> The SPA will establish regional planning committees responsible for preparing and approving RSS, preparing and approving regional NBA plans comprising of local government, Māori, and central government appointments (for SPA purposes). 		

	<ul style="list-style-type: none"> Local authorities will retain responsibility for implementing and administering RSS and NBA plans in their regions. The regional planning committees will be standing committees and have on-going roles in the system including monitoring functions for plans. 	+	LOW
Funding the new system	<ul style="list-style-type: none"> Principle 1 – users/polluters whose actions or inactions give rise to the need for environmental management functions, duties, and powers should pay the costs associated with funding those functions, duties, and powers Principle 2 – where it is not administratively efficient to charge users/polluters for such costs, it is normally equitable that ratepayers (or a relevant subset of them) meet the costs Principle 3 – where it is not administratively efficient and/or equitable for ratepayers to meet such costs, taxpayers should do so Principle 4 – at all levels within the system, costs and charges should be proportionate with mechanisms to identify and control inefficiencies or excesses; so as not to create incentives that drive unnecessary costs and complexity 	++	MEDIUM
System oversight	<ul style="list-style-type: none"> Stronger requirements in the NBA (and SPA) for responsible bodies to monitor and evaluate the implementation and effectiveness of RSS and NBA plans and to respond when monitoring identifies problems that need to be addressed Stronger regulatory stewardship and operational oversight of the system by central government, including through the development of a system monitoring, reporting and evaluation framework, and oversight of the implementation of the NPF The NBA includes a range of provisions and requirements to require and direct monitoring of the state of the environment, including consistent approaches to monitoring environmental limits 	+	LOW

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3.3 Summary of the key risks and trade-offs between objectives

The below table summarises the key risks to success pertaining to each policy area. The policy objectives which are being traded off against are in bold, with detail of each risk following. For full detail, see **sections 3.4-3.13**. More detail on implementation and evaluation is discussed in **Sections 5 and 6**.

Table 9: Summary of key risks and trade-offs between objectives

Policy area	Summary of key risks and trade-offs between objectives
Giving effect to principles of Te Tiriti and Māori participation in the new system (Section 3.3)	<ul style="list-style-type: none"> • Capacity/funding: Central government, local authorities, and/or iwi/hapū/Māori lack the capacity, capability, resourcing, tools and funding necessary to establish and operate the new system. • Participation: Even if iwi/hapū/Māori can participate other priorities may result in them choosing not to participate (ie, participation is an option, not an obligation) • System efficiency and effectiveness: Mana whenua status may continue to be contested in RM processes or through the courts. • System efficiency and effectiveness: The expansion of participatory rights for hapū and other Māori groups in the system will significantly increase the engagement requirement on decision-makers.
Regional spatial strategies (Section 3.4)	<ul style="list-style-type: none"> • System effectiveness and efficiency: Without RSS driving change and adaptation, local government, iwi/Māori, and central government working in partnership, and coordinated public and private investment there is a risk that the SPA will add an extra layer to the resource management system with little tangible benefit. • System effectiveness and efficiency: Implementation of a new and quite different system may take considerable time. • System effectiveness and efficiency: Difficulties with changing existing institutional norms and culture so the capability to develop and implement the new NPF, RSS and NBA plans may not develop sufficiently to deliver the new RM system. • Development: There is a risk that identifying infrastructure needs and indicative corridors and strategic sites many years in advance (even if this is only indicative) will increase the cost of land and encourage land-banking.
National direction – the role of the NPF (Section 3.5)	<ul style="list-style-type: none"> • Development, System effectiveness and efficiency: Under any staged approach, there is a risk that development of new content and substantial amendments to the NPF could have implications for RSS direction. • System effectiveness and efficiency: Further to the above risk, the staged approach also means there will be two systems running in parallel during the implementation period. • System effectiveness and efficiency: There is a risk of the ingrained planning cultural norms will persist under the new system and resourcing for capability training will be required to help with the transition.

Environmental outcomes – Limits and targets (Section 3.6)	<ul style="list-style-type: none"> • System effectiveness and efficiency: Relies on clear policy direction, including for management units, in the NPF to give effect to the limits, which can then be implemented in plans. However, there will be delay in when these plans are implemented. • Environment, Development, System effectiveness and efficiency: Limits will largely be based on modelling exercises because there is a lack of comprehensive data for many environmental matters. This presents a risk that the limits or targets may be set at a level that does not protect human health or ecological integrity, or that policies to implement the limits and targets are not effective. • Climate change, System effectiveness and efficiency: The increasing speed of climate change will force periodic reviews of limits and associated policies to achieve no net loss of ecological integrity.
Natural and Built Environments plans (Section 3.7)	<ul style="list-style-type: none"> • System effectiveness and efficiency: The design and implementation of an effective NPF is imperative to the success of NBA plans. • Te Tiriti: If Māori involvement throughout the plan development process faces barriers such as funding, capacity, or practical issues (eg, not providing time, choosing inappropriate places to meet), the reflection of Māori values in NBA plans will not be realised. • System effectiveness and efficiency: A failure to undertake and report on the monitoring which is envisaged means NBA plans will lose effectiveness over time.
Consenting and designations (Section 3.8)	<ul style="list-style-type: none"> • Environment, Development, System effectiveness and efficiency: There is a risk of being too prescriptive and stifling good practice; balance needs to be struck between categorising to protect the environment and categorising to enable development within limits. • System effectiveness and efficiency: If digital transformation to support consenting and designations in the new system is not adequately funded and implemented, there is a risk the consenting system will remain complex and time consuming to navigate. • Environment, System effectiveness and efficiency: There is a risk that there will be gaming of consent application processes.
Resource allocation (Section 3.9)	<ul style="list-style-type: none"> • Environment, System effectiveness and efficiency: If allocation approaches are not included in the NPF prior to the development of NBA plans for resources that are under pressure, there will be a missed opportunity to support regional planning committees to develop sustainable, equitable, and efficient allocation approaches and achieve RM reform outcomes.
Regional governance and decision-making (Section 3.10)	<ul style="list-style-type: none"> • System effectiveness and efficiency: Formation of regional planning committees and consensus on representation will take time, particularly in the establishment phase when processes are being designed and implemented for the first time. • Te Tiriti and Māori participation, system effectiveness and efficiency: Further to the above risks around composition delays, this is particularly acute with the risk that the minimum of two seats is seen as a target rather than a floor, leading to unavoidable disputes for Māori. • Development, System effectiveness and efficiency: There is a risk decision-making could be slowed down when there is difficulty in reaching a consensus on strategic decisions and plans.
Funding the operation of the new system (Section 3.11)	<ul style="list-style-type: none"> • Development, System efficiency and effectiveness: Due to the need to address each cost/charging tool in isolation when designing and writing the policy, there may be a risk that the possible cumulative behaviour or cost implications associated with various combinations of tools being used together has not been fully realised.

	<ul style="list-style-type: none">• System effectiveness and efficiency: There is a risk that councils may not collect adequate data and keep appropriate revenue gathering records which could lead to over or undercharging.
Monitoring and oversight (Section 3.12)	<ul style="list-style-type: none">• System effectiveness and efficiency: Lack of resourcing and capability to monitor, understand and intervene in the new resource management system means there is a risk of system ineffectiveness.• Environment: The success of monitoring and oversight heavily relies on the existence and availability of data to track key metrics related to the performance of the system including environmental limits and targets.

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Constraints on analysis

MOG also decided to delegate further decisions about the finer details of some policy areas to individual Ministers, or smaller groups of Ministers. Time constraints meant that much of the delegated decision process was still underway while this SAR was being finalised for quality assurance during June/July 2022. Accordingly, this SAR generally does not account for decisions made after the completion of the MOG process.

While acknowledging that this omission is not ideal, it is the reality of the iterative decision process and the time required to prepare and quality assure this SAR for submission to the Cabinet Legislation Committee along with the Bills. Concerns about delegated decisions not being covered by this SAR should be ameliorated by the lower-order nature of the decisions.

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3.4 Analysis: Giving effect to principles of Te Tiriti, and Māori participation in the RM system

The Panel identified that the RMA has failed to deliver on the opportunities for Māori and that more effective and strategic roles are required in the future system to better enable Māori participation. A commitment has been made to support transition to the new system with transitional funding too.

The decisions made by Cabinet and MOG address the challenge of ensuring that the RM system delivers on the Cabinet agreed objectives to give effect to the principles of Te Tiriti and provide greater recognition of te ao Māori, including mātauranga Māori, whilst improving system efficiency and effectiveness and reducing complexity.

Upholding existing arrangements established through Tiriti settlements, Takutai Moana rights and other current RM tools are also essential components. The existing settlement arrangements and how the government works with Te Tiriti partners is an important part of the context of giving effect to principles of Te Tiriti and Māori participation in the new RM system. It is likely to require omnibus legislation to amend existing legislation to uphold existing settlements

When comparing the status quo to the new system it is acknowledged that in the devolved system there are decisions yet to be made regarding the detail in the NPF and how the roles within the scope of Māori participation will be defined. Work is progressing on the basis that Māori representation will consist of Iwi and representative groups for hapū.

Comparing the status quo to the new RM system

Table 11: Te Tiriti and Māori participation - Comparing the status quo to the new RM system

Objective	Status quo	New system	Rating
Natural environment	0 Many natural environment taonga are degraded and the ability for Māori to exercise their kaitiaki responsibilities is limited.	Proposals to uphold Te Oranga o te Taiao and better enable kaitiakitanga to be exercised at place will contribute to achieving the objective for the natural environment	+
Development	0 Māori ability to develop their lands is constrained by planning discrepancies and inequities and the demands of consenting processes.	The new RM system will support the development of Māori housing and papakāinga. It is also anticipated that better providing for Māori involvement upfront in the plan development will mean less involvement is required in consenting, which would have benefits for development objectives.	+
Te Tiriti	Māori engagement under the RMA has been uneven. There is ambiguity for Māori participation under the status quo. The RMA does not require sufficient recognition of the principles of Te Tiriti.	The new RM system requires that effect be given to the principles of Te Tiriti. Processes (eg, for developing the NPF, RSS and NBA plans) will include input from the national Māori entity and/or engaging with iwi/hapū/Māori at-place and mātauranga Māori experts.	++
Climate and risk	0	The more effective involvement of Māori in the RSS and NBA plans process will support the protection and resilience of taonga, wāhi tapu,	+

	Places important to Māori (eg, marae, wāhi tapu) are subject to natural hazard and climate change risks.	marae and other important places from the effects of climate change and natural hazards	
System performance	0 The status quo system is ineffective and inefficient for Māori. Engagement with Māori is uneven and financial support for Māori participation is limited or non-existent.	Better providing for Māori involvement upfront in the plan development will mean less involvement is required in consenting, which will have flow on benefits for system efficiency and effectiveness. Short term inefficiencies and upfront costs will be outweighed by long-term efficiency gains and benefits. These are illustrated where possible in Section 4.	++
Overall objective assessment	0 The RMA has failed to deliver on the opportunities for Māori. More effective and strategic roles are required to better enable Māori participation.	Overall, the new RM system will be a significant improvement compared to the status quo. Elements of the new RM system will work well together to address key participation problems in the current system. Cumulatively they provide greater recognition of Te Tiriti and te ao Māori and are key to providing positive outcomes for Māori and enduring Tiriti partnerships.	++

Further detail on the analysis behind these assumptions is contained in **Appendix D**.

Overall advantages and disadvantages of this policy area in the new RM system

Table 12: Te Tiriti and Māori participation – Advantages and disadvantages

Advantages	Disadvantages
<ul style="list-style-type: none"> Greater recognition and provision for mātauranga Māori and iwi/Māori outcomes relating to their role as kaitiaki, development aspirations and access to resources Increased participation in and influence over decision-making, leading to outcomes Māori having a say in how they want to participate in consenting for locations of significance to them. Bringing iwi/ Māori in at the plan-development stage will clarify interests in the plan and subsequently reduce the need for their input on future consenting issues, etc. Easy to implement / little issue with identifying the 'who' – iwi/hapū usually relatively clear and will have already been engaged at governance level The greater roles proposed for iwi/Māori across all levels of the system is expected to support objectives. 	<ul style="list-style-type: none"> Gives discretion to regional planning committees on when to bring in other Māori entities, which could cause conflict Significant one-off establishment costs during the transition and implementation phases (see section 4 for further detail).

Impact certainty assessment

The policy objectives which are being traded off against are in bold, with detail of each risk following.

Table 13: Te Tiriti and Māori participation – Impact certainty assessment

Key implementation risks, including trade-offs between objectives	Likelihood of risk being realised	Impact (including consideration of disadvantages)	Certainty rating of success of policy area overall
<p>Capacity/funding: Central government, local authorities, and/or iwi/hapū/Māori lack the capacity, capability, resourcing, tools and funding necessary to establish and operate the new system.</p> <p>Participation: Even if iwi/hapū/Māori can participate other priorities may result in them choosing not to participate (ie, participation is an option, not an obligation)</p> <p>System efficiency and effectiveness: Mana whenua status may continue to be contested in RM processes or through the courts. This risk is not confined to the RM system but may hinder the progress of RM processes such as the identification of appointing bodies for regional planning committees. In response to this risk, officials propose to explore the development of dispute resolution procedures and circuit breakers to support the resolution of disputes on Māori representation.</p> <p>System efficiency and effectiveness: The expansion of participatory rights for hapū and other Māori groups in the system will significantly increase the engagement requirement on decision-makers. This means short-term efficiency for some processes may be impacted, for example, where high numbers of engagement agreements delay plan drafting. This risk may be mitigated in part through transitional and ongoing resourcing.</p> <p>Te Tiriti: Hapū and other groups of Māori with rights and interests at place who do not have representative organisations may be excluded from participation in some processes. This is particularly the case for Māori land blocks without administrative structures.</p> <p>Te Tiriti: Risk regional planning committees will choose not to engage more widely, so there is no guarantee for a strategic role in plan making for Māori interests beyond iwi/hapū</p>	<p style="text-align: center;">MEDIUM</p> <p>Substantial time and effort have been applied to the policies which should help to ensure the risks do not become live issues. The Government has indicated a strong commitment to ensuring success, including through funding and other resources to support participation. However, due to interconnectedness of this policy area throughout the entire system, and capacity/resourcing concerns (including broad demands on iwi/Māori capacity beyond the RM system) the likelihood of the risks being realised is rated at a medium level.</p>	<p style="text-align: center;">HIGH</p> <p>The impact of these risks being realised would be substantial. One of the key outcomes of the new RM system would not be fully achieved. A failure to effectively implement policies to give effect to Te Tiriti and improve Māori participation within the new RM system would have a significant impact on the credibility and effectiveness of the entire system.</p>	<p style="text-align: center;">MEDIUM</p> <p>The nature of the risks, complex nature and inter-connectedness of the policies, likelihood of risk realisation and the high impact have resulted in a medium certainty rating. It has not been rated 'high' because of the strong positive signals from iwi/Māori and the Government about their commitment to success.</p>
Overall rating	MEDIUM		

3.5 Analysis: Regional Spatial Strategies

The SPA provides for RSS as one of the three core planning instruments within the new RM system. This builds upon a growing recognition of the importance of spatial planning in the RM system.

RSS sit between the NPF and NBA plans as a key mechanism for driving regional change and climate adaptation. The RSS will establish a shared, longer-term vision of regional wellbeing and support development of a coordinated pathway to achieve this as part of the new RM system. RSS will feed through into NBA plans which will set out more detailed policies, rules, methods, standards, and other provisions for how environmental and developmental targets will be met in a region.

Comparing the status quo to the new RM system

Table 14: RSS – comparing the status quo to the new RM system

Objective	Status quo	New system	Rating
Natural environment	0 The quality of the natural environment has degraded under the RMA.	RSS provide a platform for longer term environmental protection and restoration by identifying at risk areas and specifying goals and actions for managing this. However, the extent to which outcomes improve in practice depends on how the vision in the RSS is translated into regulation via the NBA plan.	+
Development	0 The RMA provides no framework for ensuring a strategic, integrated approach to regional infrastructure development.	Moving planning above the traditional land use plans and zoning decisions to providing more strategic, integrated direction about how decisions around land use, infrastructure, environmental protection, climate change and natural hazards can be integrated provides more certainty for development. RSS will identify long-term regional needs, and opportunities and challenges, including for supporting infrastructure. RSS provide the opportunity to facilitate some of the necessary components of establishing a competitive urban land market and set the strategic direction for more detailed land use and infrastructure funding decisions through NBA plans and specified instruments under the LGA 2002 and LTMA 2003.	++
Te Tiriti	0 Māori engagement under the RMA has been uneven.	RSS provide iwi/Māori with additional opportunities to engage with the RM system, in this instance, at a strategic level.	+
Climate and risk	0 The RMA lacks a mechanism for responding to longer term climate change risks.	RSS provide a mechanism for proactively identifying and responding to longer term climate change issues.	++
System performance	0 District planning and consenting takes place in a strategic vacuum.	RSS provide a vision and integrated approach for driving regional infrastructure development and a strategic context for planning and consenting.	++

Overall objective assessment	0	RSS will be a significant improvement on the status quo. RSS responses to the NPF will bring greater national consistency, while simultaneously addressing strategic concerns at regional and local levels. Better integration, increased certainty and partnership elements will contribute to achievement of environmental and development goals while also helping to generate efficiencies.	++
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Further detail on the analysis behind these assumptions is contained in Appendix D.

Overall advantages and disadvantages of this policy area in the new RM system

Table 15: RSS –Advantages and disadvantages

Advantages	Disadvantages
<ul style="list-style-type: none"> Accommodate longer term infrastructure requirements and climate change responses More effective/efficient deployment of infrastructure through integrated understanding of regional development needs and challenges Reduced litigation at the NBA and consenting/permissions level due to issues already resolved at an RSS level Strategic planning approach which creates national consistency for a planning approach which is internationally recognised and already exists in some regions or urban centres in New Zealand An evidence-based vision and set of priorities to guide decisions further down the planning system and improve the basis upon which central government, local government and other actors make infrastructure and other investment decisions 	<ul style="list-style-type: none"> Relatively high upfront costs and greater ongoing costs (although this will likely be offset by reduced NBA planning and consenting costs) Adds another planning layer and associated demand for resourcing, oversight, and reporting RSS will play a key role in integrating land use and infrastructure provision but will not address the broader infrastructure funding and financing constraints. This remains a key dependency.

Impact certainty assessment

The policy objectives which are being traded off against are in bold, with detail of each risk following.

Table 16: RSS –Impact certainty assessment

Key implementation risks, including trade-offs between objectives	Likelihood of risk being realised	Impact (including consideration of disadvantages)	Certainty rating of success of policy area overall
System effectiveness and efficiency: Without RSS driving change and adaptation, local government, iwi/Māori, and central government working in partnership, and coordinated public and private investment there is a risk that the SPA will add an extra layer to the resource management system with little tangible benefit. This would result in the SPA increasing the complexity of the resource management system; take time and resources from Māori, local government and central	MEDIUM	HIGH	MEDIUM
	The SPA is a key component of the new system and will drive strategic change at a regional level. All	The impact of the risks discussed would be high due to the nature of the SPA and the level of change it is designed to enable and	The medium likelihood of risk realisation and the high impact have resulted in a medium certainty rating. It has not been rated 'high'

<p>government with marginal benefits for the environment, climate change adaptation or enabling development.</p> <p>System effectiveness and efficiency: Implementation of a new and quite different system may take considerable time. The first generation of RSS will not contain the full spectrum of national direction provided to RSS through the NPF. The longer it takes for the system to be implemented, the longer benefits from a fully operational new RM system will be delayed.</p> <p>System effectiveness and efficiency: Difficulties with changing existing institutional norms and culture so the capability to develop and implement the new NPF, RSS and NBA plans may not develop sufficiently to deliver the new RM system. If a legalistic, procedural, and localised effects-based paradigm of planning does not evolve to be more holistic, adaptive and outcomes focused then many of the current system problems may persist. The new RM system may also affect existing relationships and ways of working that are beneficial, for example existing arrangements between iwi/hapū/Māori and councils.</p> <p>Development: There is a risk that identifying infrastructure needs and indicative corridors and strategic sites many years in advance (even if this is only indicative) will increase the cost of land and encourage land-banking.</p>	<p>parties have committed to working together to ensure the success of RSS, however this is a risk of disjointedness among regional planning committees, inadequate representation and funding, and time delays in regional planning committee establishment and decision-making.</p>	<p>drive. If any of the risks discussed were to be realised, the impact of these on the entire framework of outcomes in the new RM system would be significant.</p>	<p>because of the strong indications of support and commitment from iwi/Māori, local government, and central government to ensuring the success of RSS. This medium rating is also indicative of experiences with spatial planning in New Zealand to date as well as overseas evidence of effective implementation.</p>
<p>Overall rating</p>	<p>MEDIUM</p>		

3.6 Analysis: National direction – the role of the NPF

The NPF is an ‘umbrella’ term and mechanism that describes how national direction is to be provided on the use, protection and management of the natural and built environment in the interests of all New Zealanders. The NPF will consolidate the functions and regulation making powers of national direction instruments under the RMA. These include NPS, NESs, national planning standards and most, if not all, regulations, under section 360 of the RMA. It will be a key mechanism for central government to intervene in the future system and influence the content and outcomes sought by regional spatial strategies and NBA plans.

The NPF is critical for ensuring the success of the new system and achieving the Government’s objectives. This will include setting environmental limits and targets, setting overarching direction, and providing direction on resolving conflicts between competing priorities. The NPF is expected to combine and expand on the functions and policy intent of existing ND and provide appropriate direction and guidance to both RSS and NBA plans. The intent of the requirement to provide overarching direction is to contain integrated direction on the pressures, priorities and opportunities for the natural and built environment. Under the RMA, national direction instruments are issued separately, without a requirement to contain overarching and strategic direction to guide the resource management system. This has contributed to fragmented and reactive national direction instruments that do not necessarily address priority issues.

Delivering a full and comprehensive first NPF would unduly delay the rollout of the new system (due to the scale of the task and significant gaps in the evidence required to inform some detailed content). At MOG #16, Ministers agreed that the rollout of the system will be sequenced, with RSS being developed ahead of NBA plans. The NPF should also take a staged approach focusing initially on RSS direction and building towards a more comprehensive NPF over subsequent amendments.

Comparing the status quo to the new RM system

Table 17: National direction– comparing the status quo to the new RM system

Objective	Status quo	New system	Rating
Natural environment	0 The quality of the natural environment has degraded under the RMA.	The mandatory content requirement for the natural environmental outcomes along with limits and targets will protect and enhance the natural environment.	++
Development	0 There has been minimal national direction to councils on how to enable development within environmental limits	The national planning framework will incorporate provisions intended to support development within environmental limits. The NPF provides an opportunity to support the efficient provision of infrastructure. For example, the standards for sediment control, required by regional councils to manage earthworks, could be set nationally. This could mean that a consent for this activity is no longer required, reducing costs, and providing certainty for construction and operation.	++

<p>Te Tiriti</p>	<p style="text-align: center;">0</p> <p>Māori engagement under the RMA has been uneven. There is ambiguity for Māori participation under the status quo. The RMA does not require sufficient recognition of the principles of Te Tiriti.</p>	<p>The NPF will be required to give effect to the principles of Te Tiriti.</p> <p>The process for developing the NPF, once fully enacted, will include input from the national Māori entity and engaging with iwi/hapū/Māori at-place and mātauranga Māori experts. However, during the first tranche of the NPF the National Māori Entity will not be fully operational and therefore will not be able to input into</p>	<p style="text-align: center;">+</p>
<p>Climate and risk</p>	<p style="text-align: center;">0</p> <p>There is an absence of national direction on how to adapt to a changing climate and to manage the impacts of natural hazards. The RMA lacks a mechanism for responding to longer term climate change risks.</p>	<p>The requirement that the NPF provide for climate change and natural hazards environmental outcomes and provide direction on how decision-makers are to achieve these outcomes will address a gap in national direction and provide greater certainty to decision-makers as to how and for what they should be planning.</p>	<p style="text-align: center;">++</p>
<p>System performance</p>	<p style="text-align: center;">0</p> <p>Under the RMA, national direction has been slow to develop, ad hoc and has not been responsive to the many challenges facing our environment. This has made it difficult for local authorities to balance competing requirements, with conflicts often resolved at the planning and consenting stages rather than resolved at a national level.</p> <p>The devolved RMA system has led to time-consuming and costly plan-making processes resulting in significant delays.</p>	<p>National direction will be developed in a more prioritised and integrated way, with conflicts identified and resolved at the level of national direction and plan-making, rather than at the consenting level.</p> <p>By requiring the NPF to include strategic direction, there will be greater alignment and reconciliation of competing directions at a central level.</p> <p>Making strategic decisions earlier on in the process will enable more efficient participation later in the process</p>	<p style="text-align: center;">+</p>
<p>Overall objective assessment</p>	<p style="text-align: center;">0</p>	<p>The preferred option of a stand-alone NPF will, on balance, achieve the objectives and provide a framework that is much more effective than the status quo.</p> <p>The NPF's purpose and its key roles in setting limits, resolving conflicts, promoting environmental outcomes and setting overarching direction will assist in improving system effectiveness and reducing complexity to better enable both the protection and restoration of the natural environment and development within environmental limits. The future-focused approach required in setting strategic direction will also support better preparation for adapting to climate change and natural hazard risks.</p>	<p style="text-align: center;">++</p>

Further detail on the analysis behind these assumptions is contained in **Appendix D**.

Overall advantages and disadvantages of this policy area in the new RM system

Table 18: National direction– Advantages and disadvantages

Advantages	Disadvantages
<ul style="list-style-type: none"> • Supports a more directive, long-term and integrated approach to management of natural and built environments/resource management system • Organises outcomes into known/accepted 'key environments.' • A single instrument may also help reduce overall complexity and implementation costs • Approach lends itself to a digital (GIS) environment. • Helps address some of the issues in the current system regarding timeliness of implementation and the mismatch between environmental standards and the underlying objectives and policies. 	<ul style="list-style-type: none"> • Risks creating an overly lengthy and complex document • Single document could risk delaying some provisions from coming into effect as they may be dependent on the preparation of provisions in other parts of the document that are not yet developed

Impact certainty assessment

The policy objectives which are being traded off against are in bold, with detail of each risk following.

Table 19: National direction– Impact certainty assessment

Key implementation risks, including trade-offs between objectives	Likelihood of risk being realised	Impact (including consideration of disadvantages)	Certainty rating of success of policy area overall
<p>Development, System effectiveness and efficiency: Under any staged approach, there is a risk that development of new content and substantial amendments to the NPF could have implications for RSS direction. This could require regional planning committees to reconsider RSS relatively quickly and duplicate efforts. This could be a particular challenge for infrastructure and development, where the NPF is unlikely to be able to provide the same kind of support and certainty that an RSS can (ie, indicative infrastructure demand and locations). This would leave the NBA plan to resolve those tensions - but the NBA plan has a robust, IHP process, whereas the RSS could seek broad agreement 'higher up' the system with less cost.</p> <p>System effectiveness and efficiency: Further to the above risk, the staged approach also means there will be two systems running in parallel during the implementation period. The current system will not cease to exist at the point of Bill enactment, nor will the new system be fully operational at this time. Therefore, there is a 'phasing in and out' crossover which needs to be accounted for. It is expected that shorter-term efficiency losses and upfront costs will be outweighed by long-term gains.</p>	MEDIUM	MEDIUM	MEDIUM
	<p>The implementation risks and the trade-offs between objectives are significant. This is due to the NPF being designed and introduced through secondary legislation. At this point in the process, we do not have a complete picture of what the first NPF will look like. Due to Cabinet requirements, a RIS will be</p>	<p>The impact of NPF-related risks on the functioning and effectiveness of the new RM system is potentially significant, but not high due to existing national direction and the intention to stage implementation of the NPF alongside other system components. Impacts could include undue delays, miscommunications, potential rework, and general ambiguity. Due to the stage of NPF development at time</p>	<p>As NPF development is yet to commence and there are significant 'unknowns,' the certainty rating is medium rather than low. This can be revisited when secondary legislation required to implement the NPF is being prepared.</p>

<p>System effectiveness and efficiency: There is a risk of the ingrained planning cultural norms will persist under the new system and resourcing for capability training will be required to help with the transition. Integrated content will require a change in ways of working from the current system with changes to current processes or governance arrangements that better support working across ministers and agencies in a more streamlined and integrated way.</p>	<p>provided when the secondary legislation is introduced which will identify and discuss key risks of the NPF in further detail.</p>	<p>of writing, the impact of these risks is rated at a medium. Further work will be required in future to analyse the full suite of risks and mitigations within this policy area.</p>	
<p>Overall rating</p>	<p>MEDIUM</p>		

PROACTIVELY RELEASED

3.7 Analysis: Environmental outcomes – Limits and targets

A strengthened environmental limits and targets framework will be an important feature of the new RM system. It will describe minimum levels of environmental health, help to manage cumulative effects of use and development within those limits, and provide a pathway for environmental improvement and restoration. The current state of ecological integrity of the natural environment will be used as the foundation for prescribing environmental limits, with targets also set to ensure that ecological integrity is restored where it is already degraded. Targets will also be used to guide the priority given to further improvement to the natural environment more broadly, whether there is unacceptable degradation or not.

Limits and targets are part of the wider shift towards creating a more strategic and proactive RM system. They will define the space within which development can occur, and then cascade through the NPF and plans to drive improvements in the level of certainty and coordination that they provide. Limits and targets will be set alongside the policies in the NPF that will implement them, including the design of the management units within which they will apply and will be recognised in RSS and NBA plans. This contrasts with the current RMA system, where the setting of limits is discretionary, and thresholds of unacceptable effects are sometimes only determined through consenting, and do not necessarily inform long-term strategic decisions such as the location of infrastructure.

Limits, on their own, will not be sufficient to prevent a net loss of ecological integrity. Limits cannot protect every element of the natural environment because of the extent of the constituent parts of the environment, the complexity of ecosystems, the wide variety of possible developments, and gaps in scientific and knowledge. The concept of no net loss will also be addressed through other aspects of the legislative architecture to ensure that happens.

Comparing the status quo to the new RM system

Table 20: Limits and targets– Comparing the status quo to the new RM system

Objective	Status quo	New system	Rating
Natural environment	0 Aspects of the ecological integrity of the natural environment have degraded during the RMA and remain degraded. This includes areas in breach of national standards.	This option would improve the legislative direction and application for limits and not allow the natural environment to degrade further. Legislative direction for setting targets to improve the natural environment where it is unacceptably degraded, and ensuring those targets have weight in decision-making, will bring about sustainable improvements over time.	++
Development	0 Communities, including developers, face uncertain rules about what is an acceptable effect on the natural environment and human health	“No net loss” of ecological integrity across a management unit provides increased certainty for developers and decision-makers around the effects they must manage. Communities and developers will have clear direction for equitable and efficient management of effects across a management unit (including through new allocation approaches and applying the effects hierarchy).	+
Te Tiriti	0 The principles of Te Tiriti must be taken into account during development of regional	The NPF must give effect to the principles of te Tiriti when deciding where limits will be prescribed and apply mātauranga Māori when designing the management units within which limits will be applied. This could allow Māori to recommend specific management units in areas where	+

	plans and national direction where existing provisions analogous to limits are adopted.	place-based interpretations of the current state of the natural environment are desired. Targets will be developed with communities including mana whenua, but there is no provision for co-designing targets.	
Climate and risk	0 Councils must have particular regard to the effects of climate change when prescribing local limits in their regional and district plans, but increased stress on the natural environment caused by climate change is not easily accommodated in changes to plans or resource consents.	Ministers will be required to consider climate change and risk when prescribing limits and targets, meaning the limits and targets must be designed to accommodate the effects of climate change while protecting human health and the ecological integrity of the natural environment. But increased stress on the natural environment caused by climate change is not easily accommodated in changes to limits and targets.	0
System performance	0 Many resource applications are evaluated without clear limits or targets set in plans or national direction, except that the life-supporting capacity of air, water, soil, and ecosystems must be safeguarded (as per the Purpose of the RMA).	Managing resource use within limits and targets prescribed in the NPF and plans will provide certainty to resource uses and communities. The scale of effects will be measured and addressed within defined management units across regions, reducing discretion for councils. Limits on their own will not drive system efficiencies, however the ability to manage these across the system will be improved, leading to wider efficiency gains.	++
Overall objective assessment	0 The status quo has not adequately protected the environment, nor has it provided a reactive framework in the face of unprecedented and rapid changes to the climate and the environment.	Setting new limits and targets will provide a framework within which development is enabled while at the same time delivering improvements in environmental quality over time, starting from where we are now, and provide a marked improvement on the status quo. On balance, this will meet the overall objectives for the new RM system, except for the climate change objective. Limits and targets, in isolation, will not adequately mitigate, or protect from, the effects of climate change.	+

Further detail on the analysis behind these assumptions is contained in **Appendix D**.

Overall advantages and disadvantages of this policy area in the new RM system

Table 21: Limits and targets– Advantages and disadvantages

Advantages	Disadvantages
<ul style="list-style-type: none"> • “No net loss” of ecological integrity of the natural environment provides assurance to developers and decision-makers around minimum requirements and provides a firm backstop while targets are developed. It means there can be no more degradation of the ecological integrity of the natural environment. • Prescribing limits to protect human health according to national and international guidelines allows New Zealand 	<ul style="list-style-type: none"> • “No net loss” of ecological integrity of the natural environment relies on developing clear protocols to assess current state, especially for indigenous biodiversity, although this would have been required anyway when limits were developed. • Targets associated with limits will largely be based on modelling exercises because there is a lack of comprehensive data for many environmental matters.

<p>to be assessed against other countries more easily and means that central government, through the NPF, and councils through their RSS, must act to improve air quality where it is breaching a limit</p> <ul style="list-style-type: none"> • Specific statutory direction for setting and complying with targets prevents further degradation of the natural environment, and provides certainty that the natural environment will be improved where it is unacceptably degraded, including where a water body is breaching the NPSFM 2020, or where air quality is breaching the NES for air quality 2004. • Management units provide a flexible and transparent means to develop within limits and targets because some activities could generate a net loss provided that others generate a net gain within the unit and that gain is “like for like” in relation to the loss. • Regional spatial strategies can better plan where development is and is not appropriate by having regard to the sensitivity of environments within management units and can direct developments to areas where the ecosystems are less sensitive to development. • The ambition for targets can consider all aspects of te Oranga o te Taiao, can be place-based and apply mātauranga Māori, and can be implemented with a kaupapa Māori approach that is specific to each area. 	<ul style="list-style-type: none"> • Allowing exemptions does not achieve objective 2 because there would be places where activities would not be operating within a limit. • Applying mātauranga Māori or protecting special ecosystems may require management units that are too small to enable potential trade-offs within the unit in terms of resource allocation or offsetting adverse effects that cannot be avoided, remedied or mitigated. This may be appropriate where effects must be avoided. • Considering and applying an exemption to a limit introduces delays to the national planning framework development, but potentially not as significant as an unsuccessful consent process. • Allowing a breach to a limit means continued or increased pressure on the ecological integrity of the natural environment and will mean that allocation is not taking place within limits. This will be mitigated by the finite period of allowing the non-compliance.
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Impact certainty assessment

The policy objectives which are being traded off against are in bold, with detail of each risk following.

Table 22: Limits and targets–Impact certainty assessment

Key implementation risks, including trade-offs between objectives	Likelihood of risk being realised	Impact of risks (including consideration of disadvantages)	Certainty rating of success of policy area overall
<p>System effectiveness and efficiency: Relies on clear policy direction, including for management units, in the NPF to give effect to the limits, which can then be implemented in plans. However, there will be delay in when these plans are</p>	HIGH	HIGH	LOW
	<p>Managing activities within limits requires clear policy direction in</p>	<p>The impact of these risks is high. Limits and targets are a key</p>	<p>Because of high ratings for both risk realisation and impact and some</p>

<p>implemented. CME to be funded and implemented effectively to ensure policy effectiveness.</p> <p>Environment, Development, System effectiveness and efficiency: Limits will largely be based on modelling exercises because there is a lack of comprehensive data for many environmental matters. This presents a risk that the limits or targets may be set at a level that does not protect human health or ecological integrity, or that policies to implement the limits and targets are not effective. This would not protect the environment from further degradation and erode the certainty these limits are intended to provide to development because they need to be changed.</p> <p>Climate change, System effectiveness and efficiency: The increasing speed of climate change will force periodic reviews of limits and associated policies to achieve no net loss of ecological integrity. This could have flow-on effects in other parts of the system by forcing changes to plans, and general and costly reworking throughout the system.</p>	<p>the NPF. This policy direction will be developed once the limits and targets are proposed. This requires the limits work to be well advanced while the NPF provisions are being developed. The time taken to develop new limits and targets may mean that they are not ready.</p> <p>Lack of adequate data means that getting all the limits and targets 'right first time' is unlikely, and there needs to be regulatory allowance for these to be altered as more/better data become available, or circumstances change (eg, if climate change impacts accelerate).</p>	<p>element of the new RM system and are essential in restoring and protecting the environment. Getting them substantially wrong could also impact adversely on resource users. Should the policies be implemented incorrectly, the impact on the environment and users would be high, as would the impact on the credibility and effectiveness of the new system overall.</p>	<p>significant uncertainties remaining around the NPF and limits and targets at both national and regional levels the overall certainty rating is low.</p>
<p>Overall rating</p>	<p>LOW</p>		

3.8 Analysis: Natural and Built Environments Plans

NBA Plans will regulate and enable activities as well as protecting and managing the natural and built environments. A significant criticism of the current RM system is the disconnect between different plans and the lack of integrated management of resources, often leading to complexity, unacceptable cumulative effects and poor environmental outcomes. Shifting to one planning document per region is an important change for the RM system as it will consolidate over 100 existing RMA regional and district planning documents into approximately 14 plans for New Zealand.

NBA Plans provide the detailed regulation which implements the NPF and helps to implement the RSS's. The NPF and RSS's set the direction for NBA plans and can limit the degree to which community input influences provisions in an NBA plan for certain matters (such as the location and intensity of growth areas and infrastructure).

Comparing the status quo to the new RM system

Table 23: NBA plans – Comparing the status quo to the new RM system

Objective	Status quo	New system	Rating
Natural environment	0 The current planning system has been unresponsive to emerging environmental issues in the absence of national direction.	A stronger emphasis on plan development and monitoring and integrating land and resource use planning enables better management of the natural environment.	+
Development	0 The current system has been slow to respond to increasing growth pressures.	Monitoring driven planning and the limiting of appeals better enables the responsive delivery of development enabling planning policy.	+
Te Tiriti	0 The current system focuses Iwi/hapū/Māori participation on submissions.	The NBA provides multiple avenues for Iwi/hapū/Māori involvement, including representation on the regional planning committees, early engagement, and submissions.	++
Climate and risk	0 RMA plans have been unable to meaningfully address climate change and have been hesitant to address some natural hazards.	NBA plans will have a clear role in addressing climate change. Urgent plan changes improve the ability for NBA plans to respond to natural hazards.	+
System performance	0 The RMA system is slow, litigious, and complicated with many plans and ad hoc planning processes.	Strong upfront engagement on NBA plans, limited appeals, and proportionate planning processes will help to improve system performance, balancing efficiency with community input. However, there may be short term efficiency losses due to the testing of case law once the NBA is introduced. This should be outweighed by the longer-term benefits once litigious testing has decreased in frequency over time.	+
Overall objective assessment	0 RMA plans have contributed to the slow, inefficient and ineffective outcomes achieved by the RMA system.	NBA plans will provide integrated environmental management by building on the experience of the Auckland Unitary Plan to provide integrated planning documents through a transparent, robust, and effective plan development process. The NBA planning system will have a greater emphasis on monitoring to provide more informed and responsive planning regulation. A	+

	The status quo does not provide a planning system which effectively protects the natural environment or efficiently enables development.	clear and distinct suite of plan changes responds to issues of different scale, scope, and urgency. The integration of district and regional plans will help to achieve better integrated management and promote the coordination of planning regulation across regions.	
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Further detail on the analysis behind these assumptions is contained in **Appendix D**.

Overall advantages and disadvantages of this policy area in the new RM system

Table 24: NBA plans – Advantages and disadvantages

Advantages	Disadvantages
<ul style="list-style-type: none"> NBA plans provide a truly integrated approach to the management of our natural and built environments by combining regional resource plans and district land use plans. The process used to develop an NBA plan is more robust and inclusive. It provides a greater opportunity for early engagement during the drafting of the plan. The limiting of appeals helps to reduce a well-known cause of delay, cost, and re-litigation in the planning system. A 3-year monitoring/reporting/response cycle will help drive a planning system which is more responsive to environmental change. A clear and distinct suite of plan change processes that are proportionate to their scale, replaces the myriad of ad hoc approaches in the current system. 	<ul style="list-style-type: none"> Combined regional plans may present a risk that local character will be subsumed by regional consistency. Enhanced iwi/hapū/Māori participation will require time and adequate funding. Replacing existing RMA plans with combined regional plans presents a risk that recently settled issues will be re-litigated during the development of the first NBA plans. NBA plans will be larger, more complex, and potentially more administratively difficult to manage than RMA plans. The process for plan development relies on greater time and resourcing for up-front engagement during policy development.

Impact certainty assessment

The policy objectives which are being traded off against are in bold, with detail of each risk following.

Table 25: NBA plans –Impact certainty assessment

Key implementation risks, including trade-offs between objectives	Likelihood of risk being realised	Impact (including consideration of disadvantages)	Certainty rating of success of policy area overall
<p>System effectiveness and efficiency: The design and implementation of an effective NPF is imperative to the success of NBA plans. An effective NPF is critical to ensuring the NBA plan development system is not left to charter issues of national significance without the consistency and support provided by national direction. Likewise, there is a risk if RSS do not adequately support NBA plans by addressing tensions ‘higher-up’ in the system.</p> <p>Te Tiriti: If Māori involvement throughout the plan development process faces barriers such as funding, capacity, or practical issues (eg, not providing time, choosing inappropriate places to meet), the reflection of Māori values in NBA plans will not be realised. Resourcing for Māori participation and effective collaboration across the parties involved in plan development</p>	MEDIUM	MEDIUM	MEDIUM
	The likelihood of these risks being realised sits at a ‘medium’ level, due to the ongoing work around an adaptive transition and implementation approach for the new RM system, including working closely with the first	Core functions of the new system are interlinked with NBA plans. The impact of the risks associated with implementation of these is assessed as a ‘medium’ level due to the current levers in the system to enhance NBA plan success. However, if there are failures in	Medium ratings for both risk realisation and impact indicate that an overall rating of medium is appropriate.

<p>will be needed to achieve the desired outcomes of the planning system.</p> <p>System effectiveness and efficiency: A failure to undertake and report on the monitoring which is envisaged means NBA plans will lose effectiveness over time. The NBA plan requires consenting and compliance officers to implement the intentions of that document. If consenting and compliance practice does not do this well, the effectiveness of the NBA plan will diminish.</p>	<p>tranche regions in producing their RSS and NBA plan and extracting the learnings which can anticipate and address some of these risks.</p>	<p>other areas in the system the effectiveness of NBA plans will be diminished, and the system overall will become more complex.</p>	
<p>Overall rating</p>	<p>MEDIUM</p>		

PROACTIVELY RELEASED

3.9 Analysis: Consenting and designations

Consenting

The Panel considered that the key change required for the existing consenting system is stronger, more certain plans that better articulate desired outcomes and resolve conflicts, leading to a more efficient consenting regime and fewer consents. Panel recommendations were largely accepted, but there were opportunities to further simplify the RMA consenting system to better enable development within limits and create a more effective and efficient system. This has been achieved by reducing the number of consenting categories to four: permitted, controlled, discretionary, and prohibited.

Due to the interconnectedness of consents and allocations with other legislative instruments such as the NPS-FM and NPS-UD, particularly in rural and large-scale infrastructure contexts, it is difficult to provide an accurate assessment of the costs and benefits for these sectors and their stakeholders. However, it is important to note that the NPF and NBA plans will play a stronger role in categorising activities, reducing the number of consents needed and providing more certainty for developers and system users, directing who to notify, which approval pathways to take and a process to register permitted activities to enable better monitoring. It is expected that the reduction in consents will be mostly concentrated in urban and residential contexts, with plans providing more certainty by clarifying permitted activities for standard system users.

Designations

It must be noted here that designations are separate to what is referred to in this document as a consent, however, due to the interconnectedness of the tools, both are addressed in this section. The RMA provides a framework for ‘designations’ that enables infrastructure providers to identify and protect land required for infrastructure and to specify the construction and operation activities that will occur in the designated area and any management measures or conditions for those activities. In the new system, designations will sit within the context of the purpose of the NBA, including the Oranga o te Taiao, and the need to give effect to the principles of Te Tiriti o Waitangi. The National Planning Framework (NPF) and Regional Spatial Strategies (RSS) will also direct how infrastructure planning work.

Overall, for the NBA to work successfully for infrastructure, the combination of the tools offered by the NPF, the RSS, the designations process, and NBA plans must ensure infrastructure providers can respond to long-term priorities and growth projections and immediate development requirements. Within the context of the wider system, providing a framework for designations recognises the importance of infrastructure for people and communities, and ensures tools are available for infrastructure providers to identify and protect land and manage the environmental effects of activities.

Comparing the status quo to the new RM system

Table 26: Consenting and designations –Comparing the status quo to the new RM system

Objective	Status quo	New system	Rating
Natural environment	<p style="text-align: center;">0</p> <p>The current consenting and designation frameworks have not adequately managed cumulative environmental effects and resource allocation issues.</p>	Appropriate environmental protections will be enhanced by streamlined and efficient consenting and designation frameworks.	+

<p>Development</p>	<p style="text-align: center;">0</p> <p>Recent legislative amendments have been used to speed up development under the RMA but are not supported by effective consenting and designation frameworks.</p>	<p>Clearer consenting categories will support appropriate development, especially targeted and sustainable development practices. An improved designation process will allow for wider access to designation provisions, with access centred around the delivery of infrastructure for public good purposes.</p>	<p style="text-align: center;">++</p>
<p>Te Tiriti</p>	<p>There is ambiguity for Māori participation under the status quo and this does not adequately give effect to the principles of Te Tiriti</p>	<p>The strong role for Māori in planning g reduces ambiguity and gives effect to the principles of Te Tiriti.</p>	<p style="text-align: center;">+</p>
<p>Climate and risk</p>	<p style="text-align: center;">0</p> <p>The status quo does not provide flexibility to adapt to and manage changes in environment due to unforeseen and adverse circumstances.</p>	<p>Changes in the way plans are set, updated, and managed has a direct effect on the flexibility of consenting decisions and designation processes to adjust to climate pressures and risks under the new RM system.</p>	<p style="text-align: center;">+</p>
<p>System performance</p>	<p style="text-align: center;">0</p> <p>System performance is a key concern with the status quo. There is tension between public participation and the need to speed up consent processing.</p>	<p>Refining the consenting framework to be more efficient and transparent is a key driver behind overall system efficiency gains. Efficiency gains will be realised through the certainty provided in plans, the standardisation of consents and their requirements, and making the consenting process less complex overall.</p>	<p style="text-align: center;">++</p>
<p>Overall objective assessment</p>	<p>The status quo does not provide a consenting system that meets the objectives for the new RM system. In particular, the current consenting system is inefficient and ineffective. It adds complexity, cost and delay while not enabling appropriate levels of democratic input. Nor is it sufficiently responsive in the face of multi-faceted and interdependent challenges which render it ineffective.</p>	<p>The new consenting framework will, on balance, drive environmental protection, enable appropriate development, and provide for Māori participation much more effectively than the status quo.</p> <p>Importantly, an improved and streamlined activity categorisation framework will enable clarity for both consent administrators and end users. Compared to the status quo, there will be significant improvements through the creation of a solid foundation of a transparent, navigable consenting and processing framework.</p> <p>The current designation process will largely be carried over into the new system, however key changes have been made to widen the scope of provider eligibility, and to ensure proactive and responsive provision of infrastructure and development when and where it is needed.</p>	<p style="text-align: center;">+</p>

Further detail on the analysis behind these assumptions is contained in **Appendix D**.

Overall advantages and disadvantages of this policy area in the new RM system

Table 27: Consenting and designations – Advantages and disadvantages

Advantages	Disadvantages
<ul style="list-style-type: none"> The new categories are more effective in meeting the objectives, as plan-makers will need to carefully evaluate how they want to enable or restrict. There will be an ability to tailor notification requirements for matters of varying scale and significance. The NPF will be able to preclude notification for matters of national significance. Provides clarity on the unique role for Māori in NBA functions and processes as both a technical expert and submitter, and direction around requirements for Māori participation in NBA functions and processes during the transition to the new system. Extending the criteria for operators to be defined as a requiring authority and provided with designation powers will allow for wider and large-scale development of public good infrastructure. 	<ul style="list-style-type: none"> There is a risk of greater costs to local authorities if acquisition becomes more frequent under the Public Works Act; however, overall costs to the system are likely to be significantly reduced because of proactive, outcomes-based planning. There could be some level of uncertainty as plans could set different notification requirements Decision-makers may cause confusion or lack of clarity for those seeking a simple consent.

Impact certainty assessment

The policy objectives which are being traded off against are in bold, with detail of each risk following.

Table 28: Consenting and designations –Impact certainty assessment

Key implementation risks, including trade-offs between objectives	Likelihood of risk being realised	Impact (including consideration of disadvantages)	Certainty rating of success of policy area overall
<p>Environment, Development, System effectiveness and efficiency: There is a risk of being too prescriptive and stifling good practice; balance needs to be struck between categorising to protect the environment and categorising to enable development within limits. The risk of inconsistency of categories between NBA plans and inherent trade-offs of reform objectives needs to be considered during implementation and plan making to ensure certainty.</p> <p>System effectiveness and efficiency: Digital transformation plays a part in streamlining the consenting process in the new RM system. If this digital transformation is not adequately funded and implemented, there is a risk the consenting system will remain complex and time consuming to navigate.</p> <p>Environment, System effectiveness and efficiency: There is a risk that there will be gaming of consent application processes. Applicants are incentivised to overstate the adverse effects of existing activities when applying for new consents, leading to frequent disputes over historic activity. Applicants may rush to lodge applications for allocatable resources for which new limits and targets will likely inhibit future allocation (eg, freshwater, coastal space, air sheds, gravel).</p>	MEDIUM	MEDIUM	MEDIUM
	<p>The likelihood of these risks being realised is linked to the strength and effectiveness of the NPF and NBA plans. Plan makers need to be acutely aware of the trade-offs in objectives when categorising activities to avoid complexities and adverse behaviours.</p> <p>Risks will be mitigated by adequate funding, consistent application of categories, and uniformity of consenting processes. Effective use of powers to prescribe relevant forms and templates through secondary</p>	<p>The impact of these risks will be felt across the system should they be realised. Correct implementation and integration into the plan making process is essential to avoid the complexity and uncertainty which features in the current RM system.</p>	<p>Medium ratings for both risk realisation and impact indicate that an overall rating of medium is appropriate.</p>

	legislation will help to ensure consistency and reduce complexity. Current lack of certainty around what the new digital environment may look like means a medium rating is appropriate.		
Overall rating	MEDIUM		

PROACTIVELY RELEASED

3.10 Analysis: Resource allocation

The RMA enables alternative allocation approaches. However, practical barriers including widespread entrenchment of first in first served, long consent durations, and a lack of national direction have made it difficult for councils to introduce alternative approaches.

Comparing the status quo to the new RM system

Table 29: Resource allocation –Comparing the status quo to the new RM system

Objective	Status quo	New system	Rating
Natural environment	0 When resources are scarce the current approach prevents new users from entering the system and can make it challenging to allocate sustainably, efficiently, and equitably.	Allocation approaches must be set out in plans. Approaches will be developed having regard to resource allocation principles, including sustainability, efficiency, and equity. There will be a greater opportunity to set and manage within limits and targets and ensure the consenting process is aligned with the chosen allocation method.	+
Development	0 First in first served approach does not take account of best use of scarce resources.	Requirement to have regard to resource allocation principles of sustainability, efficiency, and equity when developing allocation approaches will support taking account of best use both now and in the future when allocating (and granting consents for) scarce resources, allowing the system to be agile and responsive to a changing environment.	+
Te Tiriti	0 The first in first served approach, which has become the default method for allocation under the RMA, is now widely recognised as disproportionately disadvantaging Māori as those resources become scarce.	The NBA includes a clause to give effect to the principles of Te Tiriti. The new system enables a better balance between creating opportunities for new users, including Māori, and the interests of existing users. The proposal to reduce the length of freshwater consents in the period between enactment and NBA plans taking effect, will also have a key role in supporting the forward work programme on addressing Māori rights and interest in freshwater.	+
Climate and risk	0 Inflexible allocation approach inhibits ability of system to adapt to climate change.	Provides the flexibility needed to enable adaptation by enabling some direction to be provided through secondary legislation and plans (rather than prescribing in primary legislation), as well as introducing provisions that can be used to help prevent resource uses being locked in indefinitely.	+
System performance	0 There is little incentive to maximise value from a resource and surrender unused resources.	Greater incentive to use resources efficiently and identify best use, as decision makers will have to have regard to the principle of efficiency when designing allocation approaches. There will also be a broader ability to impose resource user charges (except for freshwater takes and diversions). This can encourage people to maximize value from the resource and surrender unused resource consents. Regional planning committees will be supported to develop sustainable, efficient, and equitable allocation approaches, but will have flexibility to tailor plans to local circumstances.	+
Overall objective assessment	The Panel considered that the status quo approach of first in first served is not sustainable, efficient, or equitable when	The new system provides the greatest opportunity for achieving the objectives while still providing some flexibility to tailor approaches to local circumstances and respond to a	+

	resources are scarce. The Panel also considered that the status quo does not sufficiently recognise and redistribute the benefits accruing from the private use of public resources. The Panel therefore recommended that the NBA provide an enabling framework for resource allocation and user charges.	changing environment over time. The preferred approach will enable and encourage the adoption and implementation of more sustainable, efficient, and equitable resource allocation approaches as well as more broadly enabling resource user charges which can improve efficiency and the sharing of resource more equitably. Funds raised from resource user charges can be used to support all the objectives above.	
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Further detail on the analysis behind these assumptions is contained in **Appendix D**.

Overall advantages and disadvantages of this policy area in the new RM system

Table 30: Resource allocation –Advantages and disadvantages

Advantages	Disadvantages
<ul style="list-style-type: none"> Facilitates a move away from first in first served allocation when resource scarcity makes it unsuitable: Encourages the adoption of new allocation approaches where needed to balance the needs of new and existing users Where resources are not scarce continues to permit a simpler approach to allocation Opportunity to increase system effectiveness and efficiency through national direction Significant scope for local priorities and conditions to be reflected in allocation approaches in NBA plans Proposal to reduce the length of resource consents in the transitional period will support implementation of new allocation approaches and the forward work programme on addressing Māori rights and interest in freshwater 	<ul style="list-style-type: none"> Risk that a framework that is only enabling will not result in the degree of change sought, particularly if insufficient direction is provided through the NPF, resources are not brought into the framework as they come under pressure, and sufficient capability and capacity building is not in place to support implementation Developing and implementing new methods of allocating may add complexity to local decision-making (particularly if the NPF does not provide direction) Consents issued both prior to enactment and before NBA plans take effect, may extend beyond introduction of new allocation approaches in NBA plans Having resource allocation principles in primary legislation but defining in NPF, may limit how the principles can be defined

Impact certainty assessment

The policy objectives which are being traded off against are in bold, with detail of each risk following.

Table 31: Resource allocation –Impact certainty assessment

Key implementation risks, including trade-offs between objectives	Likelihood of risk being realised	Impact (including consideration of disadvantages)	Certainty rating of success of policy area overall
Environment, System effectiveness and efficiency: If allocation approaches are not included in the NPF prior to the development of NBA plans for resources that are under pressure, there will be a missed opportunity to support regional planning committees to develop sustainable, equitable, and	LOW	HIGH	MEDIUM
	The likelihood of these risks being realised depends on the extent to	The impact of these risks is high due to the extent to which they could compromise	Although the potential impact is high, the low likelihood means a

<p>efficient allocation approaches and achieve RM reform outcomes.</p>	<p>which direction is provided through the NPF on allocation approaches, the extent to which resources are scarce and need to be managed under alternative allocation approaches and ensuring that appropriate capability and capacity is in place to support implementation.</p>	<p>achieving RM reform outcomes for resource allocation.</p>	<p>medium rating is appropriate.</p>
<p>Overall rating</p>	<p>MEDIUM</p>		

PROACTIVELY RELEASED

3.11 Analysis: Regional governance and decision-making

A key feature of the new RM system will be regional collaboration as the basis for making decisions on plans. The new system will establish regional planning committees comprising of members from local government, iwi, hapū, and Māori, and central government (for SPA matters). The regional planning committees will be established as committees of all councils in the region with autonomous decision-making powers for regional spatial strategies and NBA plans. The function of the regional planning committees will be to prepare plans covering every local authority in the region, with local authorities retaining responsibility for implementing and administering plans.

The composition of the regional planning committees will be agreed following a regionally led process. Which allows the committee composition to reflect a region’s specific circumstances. All local authorities in the region will have direct representation on the regional planning committees where that is their preference. Māori will appoint a minimum of two members, with local authorities and iwi and hapū the region able to agree additional Māori members above the minimum. Regional planning committees will have a minimum of six members, and will not have an upper size limit, but guidance will be provided on efficient size ranges. Some bespoke arrangements may be required through the legislation to uphold existing Treaty settlement arrangements. For example, while generally the regional planning committees will not be able to delegate decision-making powers to subcommittees, there may be specific exemptions to this provided to uphold existing decision-making arrangements on resource management matters arising from a Treaty settlement.

Regional planning committees will appoint a director of their secretariat who will be responsible for providing support and bringing together staff to draft plans, including from local authorities, iwi, hapū, and Māori, and central government (for SPA purposes). The governance and decision-making arrangements of the new system will be critical to its success. This means creating an enduring system that has legitimacy, is workable and efficient, results in quality decision-making, and gives effect to the principles of Te Tiriti.

Comparing the status quo to the new RM system

Table 32: Governance –Comparing the status quo to the new RM system

Objective	Status quo	New system	Rating
Natural environment	0 Current governance and decision-making arrangements are complex and characterised by poor relationships between key actors, creating challenges for coordinated and responsive environmental management.	Regional planning committees will improve collaboration on and integration of environmental management decisions by making characterised planning decisions within and reducing the barriers to collective decision-making. There will also be greater consistency across the region.	+
Development	0 Current governance and decision-making arrangements are complex and characterised by poor relationships between key actors, creating challenges for integrated development planning.	Regional planning committees will improve collaboration on and integration of development planning decisions, as well as greater regional consistency.	+
Te Tiriti	0	Regional planning committees will give Māori a statutory role up-front in strategic and regulatory decision-making by ensuring fair and adequate representation through legislated member requirements. The requirement on the	++

	Māori tend to be involved only at the later stages of decision-making.	secretariat director is to ensure that any advice provided to the regional planning committee includes mātauranga Māori and te ao Māori perspectives.	
Climate and risk	0 Current governance and decision-making arrangements are complex and characterised by poor relationships between key actors, creating challenges for coordinated and responsive climate risk management decisions.	Regional planning committees will provide regional consistency and improve collaboration on and integration of climate risk management decisions – especially through the new spatial planning layer.	+
System performance	0 Current governance and decision-making arrangements are complex and characterised by poor relationships between key actors, resulting in slow decision-making and gaps in implementation.	Regional planning committees will improve collaboration, consistency, and coordination between key actors. In theory, the committees will be designed to improve system efficiency and effectiveness by ensuring that plans have a high degree of legitimacy. However, establishing regional planning committees will be resource intensive to establish. There will also be complexities through councils implementing strategies and plans which they did not hold sole decision-making over – and with how council staff will be split across the working with the secretariat supporting the regional planning committee and existing council functions.	0
Overall objective assessment	0 In the current RM system, all decisions on RMA plans are taken by councils, sometimes on the advice of advisory bodies and hearings panels. There are currently no requirements for collaboration within regions for district plans, although regions can develop combined plans.	There will be a significant improvement over the status quo in terms of good governance and effective decision-making. The establishment of regional decision-making committees under the SPA and NBA is intended to improve collaboration and provide for a more effective strategic role for Māori in the new system. By regionalising planning committees, it is expected that the planning process will be more cohesive and will provide opportunities for varied localised approaches depending on the needs of the community and their environment.	+

Further detail on the analysis behind these assumptions is contained in **Appendix D**.

Overall advantages and disadvantages of this policy area in the new RM system

Table 33: Governance –Advantages and disadvantages

Advantages	Disadvantages
<ul style="list-style-type: none"> Greater buy-in to decisions to support long-term planning and implementation. Greater collaboration between local government, Māori, and central government (via the SPA) on plan making. Giving greater effect to the principles of te Tiriti by providing for a more effective role for Māori. 	<ul style="list-style-type: none"> Reduced local democratic input and accountability because of pooling decision-making with iwi, hapū, and Māori and central government (for SPA matters). Risk of protracted debate over composition through region-led decisions on the make-up of regional planning committees which could impact the transitions timeline and undermine their legitimacy.

<ul style="list-style-type: none"> • Efficiencies and regional consistency through combined planning (reduced number of plans) 	<ul style="list-style-type: none"> • Consensus decision-making could slow down decision-making by regional planning committees and could lead to status quo bias. .
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Impact certainty assessment

The policy objectives which are being traded off against are in bold, with detail of each risk following.

Table 34: Governance –Impact certainty assessment

Key implementation risks, including trade-offs between objectives	Likelihood of risk being realised	Impact (including consideration of disadvantages)	Certainty rating of success of policy area overall
<p>System effectiveness and efficiency: Formation of regional planning committees and consensus on representation will take time, particularly in the establishment phase when processes are being designed and implemented for the first time. Broad parameters for composition of regional planning committees may lead to protracted and resource intensive processes. Strict deadlines for timing of composition decisions will need to be followed to ensure the formation and operation of these committees is not unduly delayed.</p> <p>Te Tiriti and Māori participation, system effectiveness and efficiency: Further to the above risks around composition delays, this is particularly acute with the risk that the minimum of two seats is seen as a target rather than a floor, leading to unavoidable disputes for Māori when they try to run their appointments process and find the total does not provide for the expression of the full range of iwi and hapū cultural values, whakapapa relationships and interests in the region.</p> <p>Development, System effectiveness and efficiency: There is a risk decision-making could be slowed down when there is difficulty in reaching a consensus on strategic decisions and plans. This could result in use of dispute resolution mechanisms which poses risks to the speed at which development projects can be undertaken, and more generally, the time in which it takes to complete and then implement an RSS or NBA plan.</p>	<p>HIGH</p> <p>Regional planning committee composition processes and operations will likely add a layer of complexity and slow decision-making processes in the new system. Certainty of the success of this policy area is rated as 'low' because these are entirely new committees creating entirely new documents. Whilst there have been lessons learned from the super city formation and subsequent joint planning processes in Auckland, changes on this scale have never been attempted.</p>	<p>HIGH</p> <p>Realisation of these risks would add a layer of complexity to an already complex system, slowing down decision-making pathways and ultimately hindering the ability for the new system to meet the reform objectives.</p>	<p>LOW</p> <p>High ratings for both risk realisation and impact indicate that an overall rating of low is appropriate, particularly in the short-term as the new system is implemented</p>
Overall rating	LOW		

3.12 Analysis: Funding the operation of the new system

The system relies heavily on administrative user charges and rates to fund its operation.

Implications for administrative charges, ratepayers, and taxpayers

The new RM system is intended to create greater clarity in policy and from plans with increased investment in compliance, monitoring and enforcement (CME,) and reduced focus on consents. This will help to drive more of the activity and costs towards the front end of the process (led by central and local government), reducing the number of activities requiring a consent and providing greater clarity for those activities that do require consent, thus reducing effort and cost. The new RM system is expected to result in more effort (and cost) for central and local government in planning and monitoring (systems performance, compliance and environmental), less upfront cost for system users, and greater recovery of costs from users for compliance monitoring.

It is important for systems efficiency, equity, and sustainability that those who give rise to costs face those costs. The funding principles provide a common view on what is 'equitable' in respect of who should pay for what in the system. The starting point of a user pays system, may result in greater costs overall for some users through cost-recovery for compliance monitoring. However, cost recovery of compliance monitoring is considered critical to lessen the risks associated with potential ongoing under-investment in CME, which has been a feature of the current system.

More upfront funding by central and local government in planning, monitoring and Māori participation will ensure functions and roles at all levels of the system are provided for in an equitable and sustainable manner. (The risks of underfunding and options to provide adequate funding of Māori participation are discussed in the section on Māori participation).

Strengthening existing charging tools and introducing new tools

Section 360 of the RMA enables fee-setting and cost recovery regulations to be made. Detailed decisions relating to how charges will be enabled in the NBA have not yet been taken. While councils are presently able to charge users for the private gain they derive from accessing public resources, this power has generally not been used. Strengthening an alternate revenue stream may see less reliance on rates. However, resource users (other than those accessing fresh water) will experience increased costs if subjected to charges. This is appropriate given the private benefit these individuals derive from the use of public resource.

The reform will also see the introduction of new funding tools, including:

- allocation mechanisms which may see resources allocated using auctions and tenders.
- value uplift charges, which at the time of writing are still under consideration but could be used to recognise the private benefit gained from community investment in infrastructure such as mass transit systems.
- environmental tax, which is under consideration but could also provide another revenue stream to offset reliance on rates.

Comparing the status quo to the new RM system

Table 35: Funding the operation of the new system - Comparing the status quo to the new RM system

Objective	Status quo	New system	Rating
Natural environment	<p>0</p> <p>CME functions are generally funded by local authorities through rates and historically have been limited, at times undermining impacts to the environment.</p> <p>Resources are often allocated beyond their limits.</p>	<p>User/polluter pays funding principles create price signals to individuals to incentivise better environmental outcomes and protection.</p> <p>Use of allocation mechanisms such as auctions and tenders.</p>	++
Development	<p>0</p> <p>The costs of consents to developers are high and can be a barrier to development in areas where the system is too difficult and expensive to navigate.</p> <p>Private individuals who benefit from the use of public resources are rarely charged and thus the public do not see a return on their use, generally for commercial purposes.</p>	<p>Ability to waive fees or charge less than full cost for activities that may proactively support attainment of planning outcomes.</p> <p>Greater direction around the use of resource use charges.</p>	+
Te Tiriti	<p>0</p> <p>Lack of adequate and sustained funding for Māori participation has meant Māori have not been able to effectively participate or engage in RM processes.</p>	<p>Adequate funding of Māori participation at all levels of the system assists in meeting Te Tiriti obligations</p>	++
Climate and risk	<p>0</p> <p>The current system does not provide a clear hierarchy of parties liable for contamination.</p>	<p>A framework for contamination and liability will clarify responsibilities for system users.</p>	+
System performance	<p>0</p> <p>Lack of consistent reporting standards across local government makes it difficult to monitor costs and efficiencies.</p>	<p>Systems performance monitoring through prescribing reporting standards to local government will improve consistency and transparency of costs recovered.</p>	++
Overall objective assessment		<p>There will be a significant improvement due to the principles-based approach and cost allocations that will help to drive appropriate behaviours and achievement of desired outcomes.</p>	++

Further detail on the analysis behind these assumptions is contained in **Appendix D**.

Overall advantages and disadvantages of this policy area in the new RM system

Table 36: Funding the operation of the new system -Advantages and disadvantages

Advantages	Disadvantages
<ul style="list-style-type: none"> The funding principles provide greater clarity, and consistency for determining who should pay for what aspects of the system. The starting point of the framework starts with a user/polluter pays principle and departs from this where it is 'administratively inefficient' to proportion costs to individual users. User/polluter pays principle is expected to have a greater portion of costs attributable to certain activities being recovered from the users/polluters to reflect that it is the user's actions or inactions that give rise to costs, which includes the need for CME functions. User/polluter pays provides price signals and incentives to minimise environmental effects. In certain cases to waive fees and charges to not undermine environmental or development outcomes. More effort (and cost) from local government to ensure sufficient resourcing of functions and roles are met relating to planning, environmental and plan monitoring and reporting, Māori participation, general education, guidance, and advice at local and regional level. Improved transparency and consistency with funding and systems performance monitoring by prescribing 'reporting standards' that local government must satisfy when publishing data on costs associated with resource management functions and the revenue streams used to fund those costs. 	<ul style="list-style-type: none"> Shifting cost recovery from ratepayers to user/polluter pays for functions such as CME will create additional costs for individual users. However, this is seen as the most equitable approach for cost recovery. Higher levels of central government funding increases cost for taxpayers. Crown funding to support central government's role in the system, transition, and Māori participation will be subject to subsequent budget bids. Apart from rates, local government has few options to generate revenue to fund the costs associated with the new RM system, which may increase the burden on ratepayers. Requiring local government to report costs may create additional costs to resource this function through the transition phase. The funding principles do not propose to require that certain functions, duties and powers must be funded in a specific way. Although not necessarily a disadvantage, instead it is for local and central government to apply the funding principles appropriately to their specific context. Providing a way to opt out of full cost recovery may see local authorities under pressure from private interests resulting in imposition on rate payers.

Impact certainty assessment

The policy objectives which are being traded off against are in bold, with detail of each risk following.

Table 37: Funding the operation of the new system – Impact certainty assessment

Key implementation risks, including trade-offs between objectives	Likelihood of risk being realised	Impact (including consideration of disadvantages)	Certainty rating of success of policy area overall
<p>Development, System efficiency and effectiveness: Due to the need to address each cost/charging tool in isolation when developing policy, there may be a risk that the possible cumulative behaviour or cost implications associated with various combinations of tools being used together has not been fully realised. If multiple tools are enabled and applied, this could cumulatively see the reformed system impose a significant financial burden on system users.</p> <p>System effectiveness and efficiency: There is a risk that councils may not collect adequate data and keep appropriate revenue gathering records which could lead to over or undercharging. To support transparency and systems</p>	HIGH	MEDIUM	MEDIUM
	The risks identified have been outlined in MOG papers, but a concern remains regarding whether the total cumulative impact of tools has been truly reflected in the analysis. As it stands, there is a high risk that when the new charging principles	The impact of the risks being realised sits at a 'medium' level, due to the circumstantial nature of how many tools would be applied and in which format. This could however influence the amount of development consents applied for due to	This policy area has a 'medium' level of success overall as it assumes a reasonable level of council compliance and the generally correct interpretation of funding and

<p>performance monitoring, local government will be required to report the revenues and costs for key RM system functions separately to general rates and other activities where this can be done efficiently to aid transparency, public accountability, and systems performance monitoring.</p>	<p>and tools are applied, they will pose a significant financial burden on system users.</p>	<p>financial barriers of compliance and monitoring of the site once complete. The inadequate collection of data on costs and revenues could negatively impact system users as well, with a potential for the tools to be incorrectly adjusted based on incomplete or incorrect data.</p>	<p>charging principles. To achieve a high rating there would need to be more evidence of longer-term resourcing and capability necessary to ensure successful implementation.</p>
<p>Overall rating</p>	<p>MEDIUM</p>		

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3.13 Analysis: Monitoring and oversight

This section assesses monitoring and oversight policy which includes environmental monitoring, policy effectiveness monitoring, and system performance monitoring. While these types of monitoring are quite different, we have referred to them as ‘environmental monitoring’ and ‘policy effectiveness monitoring’ respectively.

Monitoring and oversight play a critical role in the operation and performance of the resource management and wider environmental management systems. Without effective monitoring and oversight, we cannot make well informed decisions about how to use, protect and enhance the environment, and ensure we maintain an effective and fit-for-purpose policy framework which supports this.

Environmental monitoring and reporting provide information on the state of the environment, how it is changing and emerging environmental pressures. It also forms an evidence base to inform limit setting and policy development and lets decision-makers know about the consequences of their actions. Policy effectiveness monitoring involves monitoring the effectiveness of strategies, plans, and policies and other regulatory instruments within the resource management system. Oversight of the NBA and SPA is necessary to ensure the system is being implemented as intended, that the legislation remains fit for purpose, and that the objectives and outcomes of the system are being delivered.

Without changes to the way monitoring and oversight is carried out in the system, many of the key changes sought through implementation of the new RM system will not be achieved. While some legislative change is required, continuing to invest in implementation will be essential to build capacity, capability and consistency. Some of this investment is already underway.

Comparing the status quo to the new RM system

Table 38: Monitoring and oversight – Comparing the status quo to the new RM system

Objective	Status quo	New system	Rating
Natural environment	0 Monitoring of the natural environment has been inconsistent and fragmented across the country	More national direction on monitoring the environment on an ongoing basis, including the involvement of Māori in environmental monitoring methods and approaches to ensure mātauranga Māori is interwoven into the monitoring framework.	+
Development	0 System wide monitoring of urban development has been fragmented exacerbating the uncoordinated and reactive nature of the current policy framework that supports development (albeit with some better direction under the NPS-UD).	NPF direction coupled with the system wide monitoring, reporting and evaluation framework will help understand what may inhibit development. An adaptive management approach will provide the flexibility to alter policy effectiveness monitoring tools and approaches, as well as updating development policy when needed in response to changes and identified improvements.	+
Te Tiriti	0 There is a substantial lack of monitoring of Te Tiriti performance across the current RM system. Te ao Māori perspectives are not prevalent in current monitoring and evaluation frameworks for both	There will be greater opportunities for Māori to participate in environmental and policy effectiveness monitoring. The National Māori Entity has a specific role in monitoring Te Tiriti performance and identifying areas where improvements can be made. Mātauranga Māori will be interwoven into environmental monitoring frameworks to restore and uphold the mauri of taonga.	+

	environmental and policy effectiveness monitoring.		
Climate and risk	0 There is a lack of flexible or adaptive approaches to address climate change and natural hazard risks	The system performance monitoring framework will support an adaptive management approach meaning there is more flexibility to react to unforeseen circumstances, as well as making continuous improvements to ensure the system is performing at the best possible level.	+
System performance	0 There are a lack of tools and frameworks to monitor system performance regularly and consistently. Policy effectiveness monitoring has been lacking. Fragmentation throughout councils and their monitoring approaches result in poor quality data and insufficient capability to carry out these monitoring roles effectively.	More regular policy effectiveness monitoring and evaluation of plans by local authorities should support more efficient and effective planning. Legislated requirements for central government to develop a system monitoring framework and report on system performance will strengthen its regulatory stewardship responsibility and provide greater transparency of how the resource management system is performing and where it needs to adjust.	++
Overall objective assessment	0 Environmental and policy effectiveness monitoring has lacked direction and consistency. This results in inconsistent approaches, fragmented data, and poor feedback loops between environmental and policy effectiveness monitoring. Central government’s regulatory stewardship of the RM system has been poor and has contributed to disconnected monitoring frameworks and a lack of understanding of system performance and system outcomes.	Monitoring and oversight arrangements for the new RM system (also discussed in section 6 of this SAR) will improve transparency around system performance and the accountability of system actors. Information needed to continuously improve system processes and practices will be generated, including the information needed to give effect to Tiriti principles. This will enable a more efficient and effective system that changes in response to issues and pressures.	+

Further detail on the analysis behind these assumptions is contained in **Appendix D**.

Overall advantages and disadvantages of this policy area in the new RM system

Table 38: Monitoring and oversight –Advantages and disadvantages

Advantages	Disadvantages
<ul style="list-style-type: none"> Environmental, plan and system monitoring and reporting requirements should support stronger accountability of system actors for their delivery of the system and its outcomes Provides a clearer, regular and more consistent approach to monitoring and reporting on the state of the environment The National Māori Entity will deliver a stronger focus on and oversight of monitoring whether the principles of Te Tiriti are being given effect within the system 	<ul style="list-style-type: none"> The system may still lack of tools for oversight bodies to enforce central and local government compliance with environmental law Some risks that monitoring and reporting requirements do not enable dynamic change Will require additional resourcing and capability at local, regional and central government levels and for Māori to undertake additional monitoring and reporting functions Heavily dependent on the development of digital tools and platforms to gather quality and timely data and information throughout the system

<ul style="list-style-type: none"> Provides a more integrated and coherent system of monitoring and oversight from the national system-wide level down to regional and local levels Supports more responsive decision-making and continuous learning and improvement through regular monitoring and reporting of the implementation and effectiveness of strategies, plans, and the system overall The use of monitoring frameworks and regular reporting should increase the transparency of how the resource management system is performing Provides clearer, more graduated powers for ministers to assist and intervene in the system 	<ul style="list-style-type: none"> System performance reporting by central government will lack independence which may limit its effectiveness The system may still lack independent advisory bodies to provide independent advice to the government on resource management matters There may still be a lack of regular independent agency performance monitoring in the RM system (neither MfE nor the PCE will be able to do this effectively and OAG has a wider role than monitoring individual system performance).
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Impact certainty assessment

The policy objectives which are being traded off against are in bold, with detail of each risk following.

Table 39: Monitoring and oversight –Impact certainty assessment

Key implementation risks, including trade-offs between objectives	Likelihood of risk being realised	Impact (including consideration of disadvantages)	Certainty rating of success of policy area overall
<p>System effectiveness and efficiency: Lack of resourcing and capability to monitor, understand and intervene in the new resource management system means there is a risk of system ineffectiveness. MfE needs to take responsibility to sufficiently resource implementation to mitigate the risk of repeating the same mistakes that were made during the roll out and longer-term implementation of the RMA. Strong strategic direction and policy and system stewardship from MfE is required to ensure success.</p> <p>Environment: The success of monitoring and oversight heavily relies on the existence and availability of data to track the performance of the system including environmental limits and targets. There needs to be a substantial investment in data collection and monitoring, as the data collected needs to be accessible to anyone who needs it.</p>	MEDIUM	HIGH	LOW
	<p>Work on the implementation and finer operational details in this policy area is ongoing. These risks need to be considered in that work, along with interdependencies of other areas in the new system.</p>	<p>Effective monitoring and oversight are imperative if objectives for the new system are to be achieved. If the design and implementation of system monitoring, including digital tools, are not fit-for-purpose the adverse impact is high</p>	<p>Planning of implementation processes is ongoing, and as the system is being sequentially rolled out, it is difficult to provide much certainty around the policy success of this area. Therefore, given the medium likelihood of risk realisation and high impacts, the overall rating is low.</p>
Overall rating	LOW		

3.14 Future work across the new system

The below table gives an overview of future areas of work necessary to implement each part of the SPA and NBA. This table is not exhaustive, as some elements of the policy work are subject to Ministerial agreement and dates are approximate only.

Table 40: Areas of future work across the system

Policy area	Future work area	Element of work required
Giving effect to Te Tiriti and Māori participation in the system	Upholding Treaty Settlements	Letters of Commitment
	This project will involve engagement with affected PSGEs, as well as the creation of tailored letters / deeds and bills designed to provide confidence to PSGEs that their settlements will be upheld in the new system. It will also involve the creation of the necessary legal documentation to formalise this.	Deeds to Amend finalised
		Omnibus bill(s) introduced
Non-legislative guidance	Guidance on giving effect to the principles of Te Tiriti	
A suite of non-legislative guidance is anticipated to be produced following the enactment of the NBA and SPA. So far Ministers have agreed or noted non-legislative guidance will be produced or considered for: giving effect to the principles of Te Tiriti; upholding Te Oranga o te Taiao; and updating the existing Mana Whakahono ā Rohe guidance	Guidance on upholding Te Oranga o te Taiao	
	Updating the existing Mana Whakahono ā Rohe guidance	
Support and funding for Māori participation implementation and transition	Monitor and analyse how funding issues are being addressed in regions where Māori participation is not adequate due to a low rating base, disproportionately large costs, or other reasons (MOG #17, paper 2, rec 101 b)	
Ministers agreed at MOG #17 to several matters related to funding Māori participation. Some of these include future monitoring, review and support work.	Details of the funding contribution from the Crown for Māori participation and capability in the transition period (MOG #17, paper 2, rec 103 b)	
	Review the Crown's approach regarding direct funding contributions to Māori participation (MOG #17, paper 2, rec 105)	
Regional Spatial Strategies	Central government direction and institutional arrangements	Develop central government priorities for model regional spatial strategies (RSS)
		Input into first National Planning Framework
	Transition and implementation	Set up a new Interagency Executive Board ready to support the central government representative on regional planning committees (for SPA matters).
		Progress model region selection and support establishment of model region planning committees
	Develop transitional provisions in secondary legislation to guide the system roll-out	
	Provide guidance, funding and supporting infrastructure to support the model regions (and those following).	
National Direction (NPF)	National Planning Framework	Board of Inquiry established
		Cabinet approval for NPF to be notified for consultation <ul style="list-style-type: none"> Regulatory Impact Statement for first NPF

		<ul style="list-style-type: none"> • Preliminary evaluation report published
		Board of Inquiry process
		Updated evaluation report based on Board of Inquiry recommendations published
		First NPF approved
		<ul style="list-style-type: none"> • Final evaluation report published
		Second NPF (to primarily inform NBA Plans)
		<ul style="list-style-type: none"> • Regulatory Impact Statement
		Third NPF
		<ul style="list-style-type: none"> • Regulatory Impact Statement
Limits and targets	Attribute development programme Attributes are measurable biophysical characteristics of the natural environment associated with ecological integrity and human health.	For each mandatory matter, the NPF will set out what attributes are relevant and necessary to support ecological integrity and human health, and how each attribute is to be measured. The Ministers will use those attributes to prescribe limits and targets. Transferring attribute-like standards from existing national direction, and developing new attributes for indigenous biodiversity, estuaries, and coastal waters Comprehensive suite of attributes suitable for prescribing limits and targets to cover the mandatory matters
NBA plans, consenting and permitting regime	Secondary legislation: Regulations to support the planning, consenting and permitting regime	Comprehensive suite of regulation making powers to prescribe forms, templates (including decision reports, or audit reports) or other matter that may help to reduce complexity and introduce standardisation across the country.
	Non statutory guidance to support the planning and consenting regime	<i>Overview of the change from the RMA to the NBA</i> A series of fact sheets or similar to highlight the changes from the RMA to the NBA, and timeline. This could be developed with regional nuances or local nuances, where necessary Technical guidance for all system users across all aspects of the new system in both the transition period and beyond.
	Baseline data report on wider planning and consenting for future monitoring/evaluation purposes	A baseline report which outlines the status quo and identifies factors including the existing RMA mechanisms and proposed NBA approach will influence the system. This report is important to provide a baseline whether the NBA is delivering the intent of the reform, and form part of the wider system monitoring programme.
Designations	Developing guidance on procedural changes to designations process	Guidance will be needed for users of the future system (public, iwi/Māori / local government / requiring authorities) to explain changes to engagement, public participation, information requirements and processing of designations.
	Guidance for applicants for requiring authority status under new public benefit test	Guidance will be needed for providers of 'public good infrastructure' who wish to make an application to the Minister for requiring authority status
Resource allocation	NPF direction on meaning and application of resource allocation principles	Define principles of equity, efficiency, and sustainability through the NPF
	Direction and guidance on allocation approaches	Determine the resources for which allocation approach will be set out in NPF
		Develop direction on the allocation approaches
		Develop guidance and tools to support capability and capacity to implement both direction on allocation approaches and ability of NBA plan committees to develop allocation approaches where no direction is provided

Regional governance and decision making	Model Region planning committees	Progress model region selection and support establishment of model region planning committees <ul style="list-style-type: none"> • First model regions selected • Model regions ready to commence planning committee composition
	Establishment of regional planning committees nationally	Establishment and composition process to select members of each regional planning committee
Funding the operation of the new system	Developing guidance around the use of various funding tools to avoid cumulative impact of funding tools.	Consideration to determine how the NBA and SPA should enable the coherent use of the various existing and proposed charging tools that are, will or may become, available to local government. This may require mandating consideration of cumulative impacts and ensure the coordinated use of funding tools.
	Further work to ensure Māori are consistently and efficiently enabled to participate in the decision making around when tools are used, and the administration of funds derived from the use of tools	Together with DIA, further work will be required to ensure Māori participation in the use of charging tools at local government level, within both RM system and wider LG system, is effective, consistent and cohesive. (Relevant to future of Local Government reforms).
	Further work to consider the purpose for which financial contributions should be used.	Review the purposes for which financial contributions can be required, the outcomes financial contributions are intended to achieve (within the RM system), and whether the broad purpose for which financial contributions may be used, as set out in the RMA remains adequate.
Compliance, Monitoring and Enforcement	Developing guidance on the use of new and existing CME tools	This project will involve developing guidance for regulators on the use of new CME tools introduced through reform. The guidance will build upon the existing CME Best Practice Guidelines (which will also be updated as part of the project) and draw upon guidance for the use of similar tools in overseas jurisdictions.
Monitoring and oversight	Developing the monitoring, reporting and evaluation framework	This project will involve developing the first framework to monitor, evaluate and report on the performance of the new RM system.
	Developing the Ministry's approach to regulatory stewardship of the system	This project will determine the stewardship functions that the Ministry for the Environment, the interdepartmental executive board for the SPA, and other agencies will need to carry out in the new system.
	Supporting wider system monitoring and its interfaces	Partly a subset of the stewardship work above. Includes developing any necessary guidance or direction on how monitoring is carried out in the system and interacting with wider ministry and non-government monitoring and evaluation activities (eg, Environmental Reporting Act reporting, National Māori Entity monitoring, working on the wider Environmental Monitoring and Reporting System)
Implementation	Digital Transformation Enable well-integrated and fit-for-purpose digital infrastructure for the future RM system	Explore opportunities to develop and implement new digital tools and infrastructure for RM partner implementation. Long-term, continuous improvement
	Transition pathways Develop a transitional pathway for the legislation that delivers the desired RM reform objectives	Develop tranches of regions for inclusion into secondary legislation Provide guidance on implementation of the NBA and SPA Ongoing support during the transition
	Capability, Capacity, Culture and Training Develop a programme to support having sufficient capability and capacity for effective implementation of the new RM system	Understand the current workforce capability of the RM workforce Develop and programme of guidance and training to fill gaps in capability demands Rolling programme of guidance and training for implementation and beyond
	Model Project	Partner with regions that will participate as the Model project

	Partner with regions to support the development of the initial RSS's and NBA plans	Work with regional partners in the development of the first tranche of RSS Work with regional partners in the development of the first tranche of NBA plans Develop and provide best practice guidance
Managed retreat	Climate Adaptation Act This work will develop the policy on managed retreat for the third of the three pieces of legislation for resource management system reform, led by the Minister of Climate Change.	Final policy decisions Introduce legislation

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Section 4: The costs and benefits of the new RM system

MfE considers that a new RM system, sufficiently funded and well-implemented, is economically warranted and can deliver net benefits to the quality of natural and built environments, housing supply and affordability and social and cultural wellbeing.

This section explains how this view has been arrived at. It provides an overall assessment of the marginal costs and benefits of moving from the status quo to the new RM system. The estimates cover both the NBA and SPA, but do not include the CAA.

This section is structured as follows:

- **4.1 Independent analyses that informed this CBA**
- **4.2 Matters not covered by this CBA to be addressed in future impact assessments**
- **4.3 Summary of costs and benefits of the new RM system**
- **4.4 Process costs and savings:** Costs associated with the current system, and how these would change under the new system. This includes establishment costs and ongoing costs and savings. Costs are estimated for central government, local government, system users and Māori.
- **4.5 Sensitivity analysis of process costs and savings:** Tests the sensitivity of the process cost estimates against changes in key assumptions.
- **4.6 Wider costs and savings:** A qualitative discussion and summation of the results of independent analyses of indirect costs not covered by the process cost estimates.
- **4.7 Benefits:** A qualitative discussion and summation of the results of analyses of the benefits of moving to the new system, including for the four wellbeings (environmental, economic, social and cultural), housing and urban development and the specific additional benefits of including regional spatial strategies as part of the new RM system.

4.1 Independent analyses that informed this CBA

MfE's view of the costs and benefits of the new RM system is largely informed by an assessment of the marginal process costs undertaken in 2020/21 by Castalia, an independent consultancy firm. Further work has been undertaken by MfE and independent consultants, including:

- SGS Economics and Planning (SGS) 2021 assessment of the additional costs and benefits of having regional spatial strategies⁸
- Resource Economics 2021 assessment of potential impacts for Māori, the housing market and the natural environment.

These CBA assessments were finalised before MOG decisions and delegated decisions were made confirming detailed aspects of the new RM system. MfE subsequently engaged *Castalia*, to assess

⁸ The SGS analysis of SPA/RSS benefits was a narrow and highly conservative assessment, based on a 'willingness to pay' (WTP) methodology. The WTP relates to additional 'welfare gains' from having the SPA as well as the NBA. Despite only applying the methodology to a subset of NBA plan benefits and having no monetised estimates of wider SPA benefits, the result was a clear positive case for the SPA and RSS. The SGS modelling indicated that an annual WTP of 0.32 per cent of substantive benefits was all that would be needed to generate a BCR of 1.0 for the specified subset of SPA/RSS components of the new system. The CBA used the conservative low-range WTP ratio of 1% with a BCR of 3.2. However, as Appendix E indicates, there is merit in using larger WTP ratios. Sensitivity testing using a WTP of 2.5 per cent and 5 per cent found that BCRs increase significantly, to 7.9 and 15.9 respectively.

whether those decisions made since the original analyses were material enough to update the CBA, the CBA section of this SAR (or both).

The 2022 Castalia review concluded that:

- the cost impacts of MOG decisions are mostly captured by MfE's analysis and therefore the CBA section of the SAR
- in many cases, the MOG decisions, while material relative to the Panel Plus scenario analysed in 2021, are minor in the overall context of the new RM system
- MfE should more closely consider cost estimates affected by MOG decisions relating to:
 - Māori participation in the new RM system at the regional level
 - a Board of Inquiry to make recommendations to the Minister on changes or additions to the NPF
 - an independent body to consider large, complex, or contentious consent applications
 - principles for resource allocation
 - principles for funding the operation of the RM system
 - a framework for managing contamination liability.

MfE considered the findings of the 2022 Castalia review and confirmed that the original CBA estimates already captured, to a sufficient degree, the matters that Castalia had suggested could be given closer consideration. Accordingly, no changes to the estimates were made because of the review.

4.2 Matters not covered by this CBA to be addressed in future impact assessments

As noted earlier, development of this SAR in parallel with the iterative Ministerial decision-making process meant that some decisions about the finer details of the new RM system have not been addressed in this SAR. However, most of these matters will be addressed to some degree in future RISs (or equivalent evaluations required by statute) for key elements of the new RM system (eg, the NPF, RSS and NBA Plans).

Those future RISs and evaluations will also be a more useful opportunity to consider and address marginal impacts on specific sectors such as primary industries, tourism, and public health. This will include any change in the timing of costs (eg, if impacts on such sectors occur sooner under the new RM system than they would have under the current RMA system).

The approach to the CBA assessments was conservative as accurate assessment of the costs and benefits of the new RM system is difficult. This is because:

- the scope and complexity of the RM system (including multiple levels of decision-making)
- difficulties in monetising environmental, social and cultural values and the impact activities have on the environment
- work that will be ongoing over several years to develop and implement, at national, regional and local levels, the final detail of some of the key regulatory changes enabled/required by the new RM system

- uncertainties about the scale and timing of benefits associated with some key outcomes (eg, the amount that pollutant emissions will reduce, housing affordability improvements, or Māori participation increases)
- some data gaps (ie, lack of data for environmental valuation purposes).

The uncertainty risk during transition is acknowledged as an implementation risk (ie, as something that may create confusion or process disruption when regulators or system users are unsure about whether and when certain requirements apply). However, the CBA does not attempt to quantify the impacts of such uncertainty.

4.3 Summary of costs and benefits of the new RM system

Overall estimates are strongly positive and confirm that the new system, well-implemented, will deliver significant benefits.

As outlined below, with further supporting detail in **appendix E**, estimates of the establishment costs and new/ongoing costs (\$3.891 billion) over the 30-year assessment period are much less than even the most conservative estimate of monetised benefits. Including the wider monetised benefits (\$) in the PV calculation gives an **overall NPV of \$10.039 billion**. This delivers a **Benefit Cost Ratio of 2.58**. In other words, the overall indications are that, even with conservative assumptions applied, for every dollar in cost, the **new RM system could deliver almost \$2.60 in benefits over the 30-year assessment period**.

Although this conservative approach delivers a strong positive indication and there are some uncertainties, wider benefits analysis indicates there will be much greater gains. As outlined in the Executive Summary of this SAR, realistically, monetised benefits **could deliver a cost benefit ratio of 4.90** and the addition of large, non-monetised benefits (eg, relating to environmental quality improvements and reductions in transport carbon emissions) will deliver an even better result.

It is also important to note that the estimates of monetised benefits for the SPA only reflect a subset of the expected NBA-related welfare gains from RSSs. However, a broader set of benefits is expected to flow from the SPA, both relating to the NBA and to the influence of RSS on regional land transport plans and council long-term plans. Examples of SPA-related benefits not captured by the estimates are better strategic alignment of infrastructure funding and investment, reduced externalities, improved transport sustainability, more equitable access to job and service opportunities, and better integrating Māori interests.

The costs and benefits of the new RM system are further summarised in **table 41**.

Table 41: Summary of costs and benefits of the new RM system

Affected parties	Comment	Impact(\$million)	Evidence certainty
Additional costs of proposed approach compared to taking no action			
Regulated parties: RM system users	Establishment costs: one-off cost spread over 10 years	\$22m (one-off over 10 years)	Medium
	Ongoing additional process costs: average annual cost over	Average annual cost \$61m	Medium

	30 years, and Present value (PV) over 30 years	PV \$1.005 billion	
Regulators: central government	Establishment costs: one-off cost spread over 10 years	\$492m (one-off over 10 years)	High
	Ongoing additional process costs: average annual cost over 30 years, and Present value (PV) over 30 years)	Average annual cost \$21m PV \$330m	Medium
Regulators: local government	Establishment costs: one-off cost spread over 10 years	\$350m (one-off over 10 years)	Medium
	Ongoing additional process costs: average annual cost over 30 years, and Present value (PV) over 30 years	Average annual cost \$102m PV \$1.635 billion	Medium
System partners: Māori	Establishment costs: one-off cost spread over 10 years	\$57m (one-off over 10 years)	Low
Total monetised cost	Establishment costs: one-off cost spread over 10 years	\$630m excluding cost to iwi/Māori (due to low certainty of costs to Māori) \$687m including cost to iwi/Māori (one-off)	Medium
	Ongoing additional process costs: average annual cost over 30 years, and Present value (PV) over 30 years)	Average annual cost \$184m PV \$2.97 billion	Medium
	Total monetised cost (PV)	\$3.891bn	Medium
Non-monetised costs			
Certainty	Impact of any reduced certainty relating to shorter term consents and the outcome of NPF decisions yet to be decided. Including, any costs associated with the bringing forward of improved environmental outcomes.	Medium	Low

Note: The SGS assessment concluded that establishment costs of around \$150 million directly related to the SPA and RSS will be offset by savings of a similar amount in discovery, negotiation and transaction costs that would otherwise be incurred in the alternative option (ie, NBA without the SPA and RSS). Accordingly, the net marginal cost of the preferred option (NBA plus the SPA and RSS) becomes \$81 million which is the incremental ongoing cost increase over 30 years as compared to the alternative option.

Table 42: Expected benefits of the new RM system compared to taking no action

Expected benefits of the new RM system compared to taking no action			
Monetised benefits			
Regulated parties: RM system users	Ongoing reduction in process costs: average annual benefit over 30 years, and Present value (PV) over 30 years.	Average annual benefit: \$210m PV \$3.2 billion	Medium
Regulators: central government	Ongoing reduction in process costs: average annual benefit over 30 years, and Present value (PV) over 30 years.	Average annual benefit: \$2m PV \$28m	High
Regulators: local government	Ongoing reduction in process costs: average annual benefit over 30 years, and Present value (PV) over 30 years.	Average annual benefit: \$59m PV \$904m	Medium
Housing supply	Spatial planning can better enable the market to respond to housing demand. The new RM system is expected to reduce the barriers to consenting and to development, and to make housing supply more responsive to demand.	Average annual benefit: \$146m PV: \$2.2 billion ¹¹	Low
Coordinated infrastructure and urban development	Coordinating infrastructure provision with urban development generates significant cost savings. This benefit accrues to central and local governments as well as to households.	Average annual benefit: not calculated PV \$200m	Medium
Improved infrastructure resilience	A significant portion of New Zealand's infrastructure and housing is exposed to climate risk and other natural systems risks. In combination, the NPF, RSS and NBA Plans are expected to focus development into lower risk areas generating significant cost savings for the nation.	Average annual benefit: not calculated PV \$3.125 billion	Medium
Additional welfare gain from having the SPA and RSS as well as NBA plans	Increased certainty of capturing benefits of NBA plans because of the SPA/RSS	Average annual benefit: not calculated	Medium

		PV \$257 million	
Reduced transport carbon emissions	More urban development well connected to transport and amenities will facilitate more efficient travel and transport patterns, resulting in reduced carbon emissions.	Average annual benefit: not calculated PV \$100m	Low
Total monetised benefit	Ongoing reduction in process costs: Present value (PV) over 30 years	PV \$10.039bn	Medium
Non-monetised benefits			
Efficiency: Resource allocation	Potential for efficiency gains (reduced costs and allocation to highest value uses).	Medium	High
Efficiency: Economic instruments	Wider use of economic instruments has potential for minimising costs of environmental improvements through flexibility in response.	Medium	High
Natural environment (accruing to all New Zealanders, including future generations)	The introduction of environmental limits and a positive, outcomes-based approach is likely to improve environment quality over time versus the status quo. Positive net benefits are assumed where CBA accompanies this to justify additional intervention. There is significant scope for beneficial improvements.	High ¹²	Low
Freshwater, Marine & estuaries	Improved water quality expected to have benefits for active water users (eg, swimmers) and existence values.	Medium	Low
Air quality	Existing CBAs suggest positive net benefits if air quality improves.	Medium	Low
Soils	Net benefits expected from comprehensive set of limits covering all aspects of soil quality. Improvements assumed to soil conservation, contaminated soil and protection of highly productive land.	Medium	Low
Biodiversity	Significant benefits expected via national direction under the National Policy Statement-Indigenous Biodiversity. The new RM system is expected to reinforce this.	Medium	Low
Households, in particular those who are not currently homeowners	Spatial planning at a regional level is likely to provide more efficient development, reducing development costs at the margin. Early identification of areas for development and infrastructure needs and less site-by-site decision-making through consents would provide improved housing supply and affordability.	Medium	Low

System partners: Māori	Iwi/Māori would have increased participation in and influence over decision-making, greater control over outcomes and wider promulgation of ideas and culture, and greater recognition and provision for iwi/Māori outcomes relating to their role as kaitiaki, their development aspirations and their access to resources.	Medium	Low
	There is potential for iwi/Māori participation in the RM system to be resourced.	Medium	Medium
Total Non-monetised benefits		Medium	Medium

4.4 Process costs

Precise assessment of the costs and benefits of the new RM system is difficult due to:

- the scope and complexity of the RM system
- difficulties in monetising environmental, social and cultural values, and the impact activities have on the environment
- the principles-based and high-level nature of the Panel's recommendations and many of the decisions about the legislation to date (ie, as much of the detail will follow as the new system is implemented).

All regulatory systems incur process costs in the form of direct administrative and direct compliance costs. RM process costs come in two forms: the administrative costs to those running the regulatory system (central and local government) and compliance costs for RM system users.

As system partners, iwi/Māori also have roles and incur both administrative and compliance costs (eg, where they participate in, or inform, decision-making around plans or consents, or where they require consents as a user).

Castalia estimated the process cost change under the new RM system by carrying out the following analysis:

- quantifying the current administrative and compliance costs of the RM system in net present value terms from publicly available information
- identifying RM system process changes proposed by the Panel
- identifying which of these process changes are material, categorising the process costs, identifying the parties affected by process costs and the timing of the process costs
- quantifying the process costs of the new system in net present value terms and comparing these to the process costs of the current system.

MfE adjusted Castalia's assessment of the process costs to reflect, as closely as possible, the new RM system (ie, to account for policy decisions made after the Castalia assessment). The MfE version of the assessment also served to inform relevant aspects of the later assessments by SGS and Resource Economics.

To calculate the present value (PV) of the process costs, a discount rate of 5 per cent has been used. This is consistent with the Treasury's *Guide to Social Cost Benefit Analysis*. A period of 30 years is assumed for the ongoing costs, which is also consistent with the Treasury Guide and the lifespan of the current RM system (introduced in 1991). In addition to PV, process costs have been expressed as an average cost per year, which is not discounted. For the new RM system, process costs are presented as an average additional cost per year, along with the PV in the summary **table 41** at the beginning of this section.

Current RM system process costs are around \$1.2 billion per year

Central government, local government and users incur the costs of the current RM system. Costs to iwi/Māori are discussed separately later in this section. Users incur the largest share of costs (around 65 per cent) overall, followed by local government (around 34 per cent). Central government incurs around 1 per cent of total costs. Details on current process costs and the components of those costs are included in **appendix E**.

Moving to the new RM system will have an upfront establishment cost, but lower ongoing process costs by around 7 per cent overall, and by around 19 per cent for users

The new RM system would decrease the overall process costs of the RM system by around 7 per cent (see **table 43**). This assumes that all changes are implemented as recommended, based on MfE estimates, current reported RM system costs and reported staffing levels. The 7 per cent decrease is for the costs of operating the system once it has been established and so it excludes the one-off, upfront establishment costs. Central government and local government costs would increase when compared to the current system, by 112 per cent and 11 per cent respectively. Costs to users would decrease by around 19 per cent or around \$149 million less per year.

Table 43: Comparison of current system and new RM system process costs

Average annual cost (\$millions)	Current system process costs	New system total process costs	Per cent change from current system
Central government	\$17	\$36	112%
Local government	\$401	\$444	11%
Users	\$799	\$650	-19%
Total	\$1,218	\$1,133	-7%

The new RM system will have one-off establishment process costs of around \$864million over a ten-year period

Table C sets out estimates of the establishment costs for the new system. These are marginal to the current system and are spread over the first ten years after the new system is approved. Most of the establishment costs result from the new NBA plans and RSS. These costs are mainly incurred by central and local government. There are some additional costs to RM system users of submitting on new plans. The cost categories are described below.

Table 44: New system establishment costs (overall estimates)

One off cost	New system establishment costs (\$millions, present value)
Central government	\$492
Local government	\$350
Users	\$22
Total	\$864

Appendix E includes further detail about the establishment costs for central and local government and for system users.

The new RM system will have lower ongoing process costs, saving around \$85 million overall each year

The ongoing process costs are summarised in **table 45** as an average annual cost. The components of cost for central government, local government and system users are discussed below.

Table 45: Current system vs. new system process costs (estimate), average annual costs (\$millions)

Average annual cost (\$millions)	Current system process costs	New system <u>additional</u> process costs	New system: cost savings	New system: net cost change
Central government	\$17	\$21*	-\$2	\$19
Local government	\$401	\$102	-\$59	\$43
Users	\$799	\$61	-\$210	-\$149
Total	\$1,218	\$185	-\$270	-\$85

*Costs to central government may increase further if full system monitoring and oversight functions are approved.

Costs to central government will increase by between \$19 million per year and \$49 million per year

There will be an additional \$21 million in ongoing costs to central government. The largest single cost component is an assumption that central government would provide direct support to help iwi and hapū organisations participate in RM processes, at around \$5 million per year.

Since this analysis was completed, confirmed Budget 22 funding for iwi/Māori participation is in a tagged contingency. This funding includes the National Māori Entity at \$3m pa for 22/23 and 23/24, then rising to \$5m ongoing. The remainder of the tagged contingency relates to the NPF, and model project (supporting the first tranche of regions to prepare their RSS and NBA plans) with the aim of achieving objectives around the principles of Te Tiriti and Māori participation.

The second largest cost is an assumption that MfE would require around 30 additional staff to undertake ongoing monitoring of targets and environmental limits, costing around \$4.5 million per year. There will also be some ongoing cost savings for central government. It is assumed that strengthened national direction through an NPF and NBA plans will reduce plan-making appeals, use of Commissioners and

litigation over resource consenting decisions. This is estimated by applying a 20 per cent cost saving to Environment Court running costs, saving \$1.7 million per year.

Costs to local government will increase by around \$43 million per year

There will be additional ongoing costs to local government. All costs estimated here are total costs spread across regional, territorial and unitary councils. The largest of these is from local government developing and monitoring new economic instruments. This is estimated to cost \$27 million per year across all local government, noting that this is an indicative figure, as it is not possible to predict exactly what will occur.

The increase in monitoring and enforcement activity by local authorities is assumed to add 20 per cent to existing local government monitoring and enforcement costs. This is around \$18 million per year. There are costs associated with reviewing additional national direction under the NPF, estimated at 25 per cent of the implementation cost for national direction. This is an additional \$15 million per year on top of reviews under the status quo.

There are also cost savings for local government in the new RM system. Increased national direction and strategic planning is assumed to reduce private plan changes, appeals, need for Commissioners and litigation over resource consenting decisions. This would deliver an administrative cost saving to local government, estimated at \$30 million per year.

Moving to an open portal for consent applications would also reduce consent processing costs to local government by an estimated \$29 million per year. The open portal will make one local authority responsible for administering the portal in a region, which should help facilitate joint processes between relevant consenting authorities and ensure that inter-dependencies within applications are understood. This is an indicative figure as digital transformation work, in progress, will be ongoing for some time beyond the introduction and coming into force of the new legislation. The cost of establishing and operating an open portal for consent applications is included in the additional ongoing costs to local government.

System users will save around \$150 million per year

The largest cost savings in the new system are for system users. Reform will reduce the number of consent categories to four, with an expected increase in the number of permitted activities. This will reduce the number of consents that require merits assessment. In addition, as plans become more certain, users can better judge which activities are likely to receive consent. This in turn reduces the number of 'chance-based' applications. Analysis assumes plan certainty and reduced consenting requirements would lead to 20 per cent fewer consents (compared with the status quo), particularly for simple activities in the built environment. This delivers savings to users through costs of time and specialist services in preparing consents, along with a reduction in private plan change applications, valued at around \$110 million per year.

Process costs will also reduce, in part due to improved digital and web-based tools. The scale of the impacts of these digital investments is enabled by reform changes, particularly those that increase planning integration and provide more consistency in consent requirements. The Panel proposed an online 'open portal' to simplify the user experience and enable the move towards considering applications holistically, rather than the current system approach which breaks applications up into components, with effects assessed individually. Preparing applications will become easier, as a single online portal is simpler and related applications can be bundled. We assume this will save 20 per cent of

applicants' time and resources, valued at around \$100 million per year. Additional efficiencies will also come from a reduction in hearings and restrictions on information requests and time extensions.

There are some changes under the new RM system that may increase costs for users. For example, if permit terms are shortened in a new allocation regime, permit holders would need to make more applications over a set period, estimated at costing users around \$48 million per year. This is an indicative figure as it is not possible to predict exactly what will occur.

Limits and targets, set through the NPF, will be critical in setting boundaries when using the natural environment. Decision-makers and affected communities and businesses (eg, primary industries such as agriculture, horticulture and forestry) will expect that limits are founded on quality evidence and technical expertise, including mātauranga Māori and independent advice. This is necessary for limits and associated targets to be an effective and trusted part of the new RM system that protects or restores, and enables appropriate and reasonable use of the natural environment.

For the NPF and limits and targets, MOG agreed that:

- the purpose in the new legislation would give strict primacy to the natural environment only up to the point of limits and associated targets
- the NPF would be developed through a Board of Inquiry process (with flexibility for a more streamlined process for less substantial changes)
- where a part of the natural environment is unacceptably degraded, the NPF will set out a minimum level target for restoration
- the current state of the ecological integrity of the natural environment will function as limits for ecological integrity when the new legislation comes into force
- limits to protect human health will be based on relevant health guidelines and not be prescribed according to the current state of the environment.

As a separate regulatory impact statement will be required for the NPF, this SAR does not include specific cost-benefit analyses relating to the NPF or limits and targets. While the new system may lead to a cessation or reduction of some activities and/or their intensity in certain locations, the current RMA system already includes significant constraints (eg, on resource use by primary industries). Therefore, it is possible that existing national directions, such as the NPS-FM, may mean that any negative marginal impacts of the new RM system on businesses accessing such resources are relatively modest. Long lead times (at least several years) and limits based on the current environmental state may also help to reduce economic costs. The future RIS for the NPF will consider in more detail matters such as the potential benefits and associated economic costs if Essential Freshwater implementation is brought forward, or if standards are tightened.

An increased investment in the RM system, from central and local government, would deliver decreased costs of compliance to users

Central government and local government costs would increase under the new RM system, with the largest absolute increase in cost falling on local government. Taxpayers and ratepayers would bear these costs. Whether, and to what extent, local government's share of costs may be subsidised by central government had not been determined at the time this SAR was finalised. It is possible that tagged contingency funding from Budget 2022 will enable co-funding for some councils to support Māori participation at regional/local level, and possibly central funding for higher costs of supporting the first tranche of regions in developing their RSS and NBA Plans. There is potential for users engaging with the new RM system to save around \$150 million each year if it can deliver fewer and faster consents.

An increased investment from government would shift ‘who pays’ from private users to the public sector. Such a shift may be appropriate, given the public good benefits generated by a well-functioning RM system (see ‘benefits’ below), which accrue to all New Zealanders –including future generations. This fits with the intended outcome of the objective for system performance, that “*external costs fall where they should and the burden of system processes shifts towards the public sector.*”

Costs to Māori

The RM system has costs to Māori, for example where iwi or hapū input into resource consent processes. These costs are not included in the process costs set out above, due to high levels of uncertainty about the size of the costs.

The following summarises the MfE analysis of the likely main costs of the current and new system to iwi/Māori. This excludes where iwi/Māori act as RM users in the system, for example by applying for resource consents, as these costs are captured in the RM users group above.

The process costs analysis included some estimation of costs to iwi/Māori in the current system, totalling \$14.55 million (**table 46**). These are likely to be an underestimation, given limited data in this area. There are large costs to iwi and hapū from participating in consent processes, estimated here at around \$12.5 million per year.

Table 46: Estimated current system costs to Māori, average annual costs (\$millions)

Costs to Māori	Current system (average annual cost \$millions)
Submitting on national direction	\$0.12
Submitting on RMA / other legislation	\$0.04
Regional and local plan-making input	\$1.91
Participating in consent processes	\$12.48
Total	\$14.55

The establishment of the new RM system has direct costs for Māori. These are set out in **table 47** and are one-off rather than annual costs. As indicated in the table, there is likely to be a large cost for iwi/Māori to participate in the design of new RSS and combined NBA plans. These costs are an estimate based on best available information. While the Panel indicated resourcing would be needed to support the expanded role of iwi/Māori in the new system, the degree to which these costs would be funded had not been determined precisely prior to finalisation of this SAR. As noted above, funding is available in a tagged contingency established by Budget 2022.

Table 47: New RM system costs to Māori- establishment costs only (\$millions, PV)

Costs to Māori	New system (establishment cost \$millions, PV)
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Submissions and consultation on new legislation	\$0.72
Participating in and submitting on NPF / new national direction	\$0.98
Participating in RSS design	\$19.76
Participating in NBA plan design	\$35.08
Input to model plan development	\$1.12
Total	\$57.66

4.5 Sensitivity analysis of process costs and savings

Sensitivity testing has been used to identify the key drivers of cost changes in the new RM system, and where variations in these affect the overall process cost analysis.

Sensitivity to the discount rate for the Net Present Value (NPV) calculations, which is set at 5 per cent, has not been undertaken. This is because the additional costs of implementation occur in the first ten years of the analysis period. Therefore, the NPV is not very sensitive to the discount rate. **Table 48** sets out the key variables that have been tested.

Establishment costs: the three largest establishment cost drivers are local government's cost of implementing national direction and developing regional spatial plans and NBA plans. Using the assumptions applied by Castalia⁹, these three costs total \$269 million. Sensitivity testing showed this total could range from between \$215 million given low-cost assumptions (ie, 'Optimistic' – assuming a 20 per cent reduction in these three costs), and \$323 million given high-cost assumptions (ie, 'Conservative' – assuming a 20 per cent increase in these three costs).

Ongoing costs: the four biggest drivers of additional ongoing costs in the new system are for implementing and monitoring economic instruments, expanded monitoring and enforcement activity, new powers to modify consents and shorter permit durations. Using the 'as assessed' assumptions, these four costs total \$86 million per year. These are all costs to local government. Sensitivity testing showed this total could range from between \$69 million given low-cost assumptions ('Optimistic' – assuming a 20 per cent reduction in these four costs), and \$104 million given high-cost assumptions ('Conservative' – assuming a 20 per cent increase in these four costs).

Cost savings: the two major drivers of cost savings from the Panel's proposed RM system changes are related to the reduction in consenting activity because of stronger national direction and regional planning reducing the need for site specific consents and improved efficiency in gaining consent through an online open portal. These are both savings to system users. Using the 'as assessed' assumptions, these savings total \$210 million per year. Sensitivity testing showed this total could range from between \$314 million given high-saving assumptions ('Optimistic' – assuming a 10 per cent increase in these cost

⁹ *Castalia Economic Analysis of the Independent Panel's Proposed Reforms to the Resource Management System.* (Ministry for the Environment, Wellington, 2021).

savings) and \$105 million given low-savings assumptions ('Conservative' – assuming a 10 per cent decrease in these cost savings).

Conservative sensitivity analysis reduces net savings by around \$176 million per year. This has a PV of \$2,880m over 30 years. Optimistic analysis increases net savings by the same margin. Overall, the sensitivity testing demonstrates that the costs savings to users are the biggest driver of the process cost model.

Table 48: Sensitivity Analysis – key cost categories of cost changes under the new RM system (\$millions)

Sensitivity Analysis (\$millions)	Party affected	Optimistic	As Assessed	Conservative
Establishment costs (one-off cost)				
Implementing new national direction	Local government	\$91.38	\$114.23	\$137.08
Developing RSS	Local government	\$77.36	\$96.70	\$116.04
Developing new NBA plans	Local government	\$47.04	\$58.81	\$70.57
<i>Total (one-off)</i>		\$215.78	\$269.74	\$323.69
Ongoing costs (average annual cost)				
Implementing and monitoring economic instruments	Local government	\$21.44	\$26.80	\$32.16
Expanded monitoring and enforcement activity	RM Users	\$7.92	\$9.90	\$11.88
Responding to consent modification after completion of a review under the new NBA framework	RM Users	\$19.89	\$24.86	\$29.83
Shorter permit durations	RM Users	\$19.89	\$24.86	\$29.83
<i>Total (average annual)</i>		\$69.14	\$86.42	\$103.70
Cost savings (average annual cost saving)				
Cost saving due to improved planning system, fewer consents	RM Users	-\$165.06	-\$110.04	-\$55.02
Open portal for consent applications saving time	RM Users	-\$149.16	-\$99.44	-\$49.72
<i>Total (average annual)</i>		-\$314.22	-\$209.48	-\$104.74
Variation from As Assessed costs		-\$175.97	\$0.00	\$175.97

Present value of variation		-\$2,880		\$2,880
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4.6 Wider costs

There are wider costs to users in the current system, which are large but difficult to quantify accurately

Castalia took a conservative approach when assessing costs to users of complying with the current system, by not including some types of indirect costs, which are difficult to quantify. Therefore, the process cost estimate does not include opportunity costs from foregone development, or the costs of RMA regulations on housing and other development types (except for direct consenting fees and holding costs). It also excludes wider costs to the environment, economy and society.

Work completed by the New Zealand Institute of Economic Research Inc (NZIER) in September 2020, based on existing material from previous studies, calculated the total cost of the RMA at \$3 billion per year, with \$2.2 billion attributable to user compliance costs and the balance to administrative costs.

In addition to resource consenting requirements, costs are imposed by the system where development must comply with rules under regional and local plans. These rules have been estimated at typically adding between \$32,500 and \$60,000 to the cost of a new house in a subdivision, and between \$65,000 and \$110,000 to the cost of a new apartment. Using the lower costs for each dwelling type, and applying these to the 3,000 new apartments and 28,000 houses built in 2019, this gives a total cost of \$2 billion per year (in \$2020). If it is assumed that 20 per cent of this is 'excess' regulatory cost and 80 per cent is necessary regulation of land and housing development, then the 'excess' is around \$420 million per year. The cost of regulation on alterations and commercial and institutional construction has not been estimated.

There are costs to other industries from complying with regional and local plans, beyond land development and building. In 2008, Federated Farmers estimated \$81 million a year spent by farmers on RMA compliance, which is \$101 million per year in 2020. These are not all excess costs imposed by the RMA, as there would be some regulation of development in any RM system.

Other wider costs, such as to the environment, economy and society, are not quantified here but are reflected in the benefits assessment when analysing the marginal benefits of shifting from the status quo to the new RM system.

Marginal costs associated with spatial planning

SGS completed an analysis to clarify whether and to what extent the SPA and RSS components of the new RM system create additional costs and benefits, as compared to a system where the NBA simply replaces the RMA without the SPA or RSS. The analysis viewed the SPA and RSS as mitigating the risk of not realising, or only partly realising, the expected benefits from NBA plans, and assessed the welfare gain in terms of willingness to pay for the increased certainty that such benefits would be realised.

Table 49 shows the present value cost of the option of the NBA with the SPA and RSS included (the preferred option), and an alternative option of the NBA without the SPA and RSS.

Table 49: Present value costs of the SPA and RSS (discounted at 5%)

Scenario	Cost accruing to	Establishment costs (\$ millions)	Ongoing costs for 30-years (\$ millions)
<i>Costs for the alternative option: The NBA without SPA and RSS</i>	Central Government	331,845	494,744
	Local governments	334,960	2,351,577
	Māori	38,180	3,235
	RM users	16,072	1,681,637
	Total	721,057	4,531,193
<i>Costs for the preferred option: The NBA plus the SPA and RSS</i>	Central Government	376,837	494,744
	Local governments	409,356	2,413,854
	Māori	57,940	3,235
	RM users	26,644	1,700,297
	Total	870,777	4,612,130
<i>Incremental cost of the preferred option</i>	Central Government	44,992	0
	Local governments	74,395	62,278
	Māori	19,761	0
	RM users	10,572	18,660
	Total	149,720	80,938

Source: SGS Economics & Planning, 2021, based on Castalia cost model

Modelling suggests that present value costs for the preferred option (NBA plus SPA and RSS) would be greater than present value costs for the alternative option (NBA without the SPA and RSS) by around \$231 million. Most of this (\$150 million) incremental increase occurs in the establishment phase, owing to the costs of producing the RSS.

This \$231 million estimate is likely to be an overstatement of the marginal costs associated with the preferred option. That is because there would be no prescribed requirement in the alternative option to analyse national and regional policies, constraints, and priorities, but such considerations will inevitably have to be factored into NBA Plans if they are to be effective and, indeed, acceptable to central government.

Thus, the scope of planning work that would go into the preparation of RSS in the preferred option would likely also be required in the alternative option. Indeed, fulfilling this scope of work in the alternative option could well be more expensive than in the preferred option, notwithstanding that the latter mandates the creation of RSS. By comparison to the preferred option, the alternative option could be

prone to higher discovery, negotiation and transaction costs as each region finds its own way to factor national and regional matters into their NBA plans.

Therefore, the assumption is that the establishment costs for the SPA will be offset by savings in discovery, negotiation and transaction costs that would otherwise incur in the alternative option. The net marginal cost of the preferred option (NBA plus the SPA and RSS) becomes \$81 million. This captures ongoing incremental costs of the preferred option only, though this too may be an overstatement, as the absence of the SPA and RSS in the alternative option may lead to increased costs of maintaining and enforcing NBA plans.

4.7 Wider benefits

MfE undertook a qualitative assessment of the types of wider benefits that the new RM system may deliver. The findings are summarised below, along with the findings of further analyses of the wider benefits completed by Resource Economics and SGS. Where possible, those analyses have attempted to address some key uncertainties identified in the initial MfE assessment. Expressing some costs and benefits in dollar terms is challenging and, in some cases, a qualitative approach is preferable. This challenge has been acknowledged by the Environment Court and the Court has also been clear that qualitative analysis is "*...not inferior to cost-benefit [explicitly monetised] analysis.*"

Environmental wellbeing

MfE's initial analysis concluded that the introduction of environmental limits and a positive outcomes-based approach is likely to improve environment quality over time versus the status quo. While it is not possible to assess the magnitude of this improvement, the natural environment has a high total economic value. The overall value range for New Zealand's marine and land-based ecosystems is between \$520 billion (\$458 billion for marine and \$62 billion for land-based) and \$1.8 trillion NZD (\$NZD 2020). Taking the conservative value of \$520 billion, this represents around 1.6 times New Zealand's gross domestic product (GDP) (\$308 billion in June 2020, Stats NZ 2020b). Therefore, even a small marginal improvement in the quality of the environment would deliver large economic benefits. For example, a 1 per cent improvement in land-based ecosystem services would have a total economic value of \$620 million, using the most conservative valuation available. Including marine based ecosystem services would increase this to \$5.2 billion.

Other areas of the new RM system have the potential to deliver additional environmental benefits. These include a reduction in transport carbon emissions from more efficient land use patterns, through improved spatial planning. In cases of over-allocation, reduced access to resources overall – through reallocation – would deliver additional improvements to environmental quality.

As summarised in **table 50**, Resource Economics also concluded that potential benefits for the natural environment from the new RM system, while mostly not able to be quantified, could be substantial.

Table 50: Potential impacts of the new RM system on the natural environment

Natural Environment Domain	Existing National Direction and Limits	Possible changes	Potential benefits
Coastal/Marine	New Zealand Coastal Policy Statement (NZCPS) National Environmental Standard for Marine Aquaculture	NZCPS extended into the coastal marine area. Potentially additional protections, and greater flexibility in aquaculture permits.	Net benefits not quantified, but examples suggesting positive net benefits include: <ul style="list-style-type: none"> wastewater investment to improve water quality restorative aquaculture and 'blue carbon' initiatives.
Air Quality	National Environmental Standards for Air Quality introduced in 2004 and amended in 2011. Further amendments proposed in 2020.	Tighter standards with greater national direction to councils.	CBAs of air quality improvements suggest significant positive net benefit. In practice this will depend on the policy instruments used.
Soils	National Environmental Standard for Assessing and Managing Contaminants in Soil to Protect Human Health (NES-CS) National Environmental Standards for Storing Tyres Outdoors (NES-STO) Proposed National Policy Statement for Highly Productive Land (NPS-HPL)	More integrated national direction covering all aspects of soil quality. This will include the use of Regional Spatial Strategies.	Net benefits highly uncertain and are not quantified.
Biodiversity, habitats, ecosystems	Aotearoa New Zealand Biodiversity Strategy 2020 (ANZBS) and proposed National Policy Statement for Indigenous Biodiversity (NPS-IB).	Implementation of the NPS-IB.	A draft CBA of the proposed NPS-IB suggests, but does not quantify, positive net benefits.

Appendix E includes further explanatory commentary about each of the domains referenced in **table 50**.

4.8 Economic wellbeing, housing, and urban development

Benefits of spatial planning

Spatial planning at a regional level would have the potential to deliver more efficient development, which could reduce development costs at the margin. There is potential for improved housing supply and affordability through the early identification of areas for development and infrastructure needs and less site-by-site decision-making through consents.

Efficient, sequenced development could reduce infrastructure costs, through more coordinated supply of new infrastructure. This would lower average infrastructure costs per household, reducing both new housing costs and the rates and taxation imposed on all households. There is also potential for cost savings for central and local government and other infrastructure providers by avoiding infrastructure investment in inappropriate locations (eg, areas vulnerable to coastal inundation or other natural hazards). There is also opportunity for greater efficiencies in capital infrastructure spending for local and central government, due to integrated decision-making through the spatial planning process.

In addition to a reduction in transport emissions from more efficient land use patterns, reduced travel cost and time delivers economic benefits. The magnitude of these savings depends on assumptions about how much spatial planning would increase transport efficiency.

Spatial planning that increases land use intensification would have direct economic productivity benefits. Benefits from more intensive land use have been estimated to increase GDP by \$100 million per year, for Auckland alone (MR Cagney 2020, p 93). This depends on assumptions about how much improved spatial planning processes increase land use intensity.

The SGS analysis of the costs and the benefits of the SPA and RSS conceptualised benefits in terms of greater assurance around realising the substantive benefits expected from the NBA plans. **Table 105 in appendix E** identifies a selection of these NBA Plan benefits as reported by SGS and their estimate of PV \$257 million for the welfare gains from the SPA and RSS. **Appendix E** also includes information about sensitivity testing of the benchmark used in the SGS analysis.

The SGS analysis around implementation of the SPA and RSS is shown to deliver a net present value (NPV), or net community benefit, of some \$176 million at a benefit cost ratio (BCR) of 3.2. This indicates that for each \$1 invested, a welfare gain of \$3.2 is realised, indicating that the SPA and RSS constitute an economically warranted regulatory change. The NPV of \$176 million is for a 30-year appraisal period and translates to an average annual net benefit of around \$5.9 million. This suggests a net benefit of just over \$1 per New Zealand citizen per year. The summary of costs and benefits at the start of this section uses the PV of \$257 million (ie, rather than NPV \$176 million) as the implementation costs are captured in the costs side of the summary.

SGS modelled six benefit streams only. Spatial planning has potential to deliver a range of other benefits that have not been monetised in the SGS study, including better integrating Māori interests in the resource management process, reduced externalities (only reduced vehicle emissions have been modelled), improved transport sustainability, more equitable access to job and service opportunities, and others.

Accordingly, the SPA and RSS are an economically warranted element of the new RM system. It will ensure national policies, standards and infrastructure priorities are systematically and thoroughly factored into NBA plans. This, in turn, will provide greater assurance for the New Zealand community that the NBA plans will deliver the considerable value expected of them in terms of environmental

safeguarding, housing affordability, urban productivity, efficient infrastructure provision, climate resilient urban development and reduced emissions, amongst other benefits.

Benefits for housing

House prices reflect supply and demand factors and many of these are beyond the scope of the RM system. However, the new RM system can contribute to positive housing outcomes in terms of affordability, choice and (as noted above in the discussion about spatial planning) timely provision of appropriate infrastructure.

Consistent with the approach used in recent analyses of the NPS-UD, it was assumed that the new RM system will remove barriers to development and help to enable an increase in responsiveness of housing supply to housing demand. Whether and how far the new RM system would stimulate strategies, plans and policies beyond those in the NPS-UD remains to be seen. Therefore, to help ensure that housing benefits of the new RM system are not overstated, the summary of costs and benefits in **table 7** only uses the low end of the range of benefits estimated by Resource Economics. Also highlighted is the lower PV estimate in the SGS assessment.

To some extent, this analysis of housing benefits uses the same assumptions as for the NPS-UD, although it also assesses benefits in the form of increases in producer surplus (ie, benefits for developers in addition to consumers/households).

Obtaining the maximum benefits assumes the new RM system will maximise transparency, in the sense that RM system users have a much greater awareness of what consent applications will be successful and under what conditions, and councils are clear and consistent in the use of urban boundaries. In addition, it is assumed that national direction provides clarity around interactions with other legislation and inconsistencies are removed.

Resource Economics estimated total annual benefits of increased affordability of \$146 to \$832 million. This results in a PV of \$2.2 billion to \$12.8 billion over 30 years at 5%. Further information on housing benefit analysis is included in **appendix E**.

Social wellbeing

It is anticipated that the economic, urban and housing benefits set out above would also deliver social benefits. There are social wellbeing benefits from efficient land use, including travel time reductions (which deliver social benefits by freeing up time for other activities), improved housing supply, affordability and quality improvements.

Planning those results in timely investment towards climate change mitigation and adaptation has potential social benefits for the public and affected landowners. Some climate adaptation and mitigation are captured under the economic wellbeing category – this recognises there is also a social wellbeing element.

Analysis of potential social benefits of regional spatial strategic planning are incorporated in the SGS assessment (summarised earlier in this section).

Cultural wellbeing

Cultural benefits would be delivered through restoration and protection of the whakapapa and relationships of iwi/Māori with cultural landscapes, and through the restoration of the environment in a way that supports cultural practices such as mahinga kai. There are also cultural benefits from the protection of significant historic heritage. Further, natural environmental benefits could generate

cultural wellbeing improvements for New Zealanders who value the health of the natural environment as part of their identity.

Wellbeing across all domains

The new RM system has the potential to improve Tiriti partnerships in resource management compared to the status quo. This would potentially deliver benefits through stronger Tiriti partner relationships and increased opportunities to exercise rangatiratanga and kaitiakitanga. For example, there are direct benefits from increased opportunities to exercise rangatiratanga and kaitiakitanga in system monitoring, reporting and oversight. These benefits are difficult to quantify but, as the Resource Economics assessment has confirmed, they are likely to be a positive shift from the status quo.

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Section 5: How the new system will be implemented

Overview of this section

This section presents how MfE is planning to approach establishment, transition and ongoing implementation support for the NBA and SPA and a range of associated regulatory and non-regulatory actions to achieve the Government’s objectives.

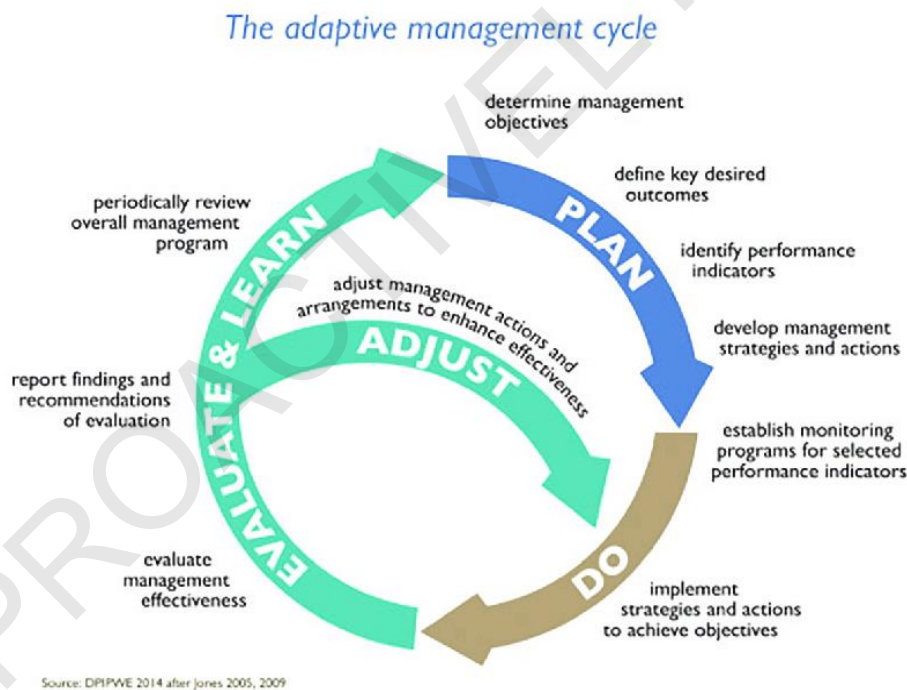
After briefly outlining the overarching strategy for future, more detailed implementation planning, this section presents high-level information that is currently available about the overall transition and implementation approach. This includes arrangements for monitoring, evaluation, and review as the implementation of the new system proceeds.

5.1 Learning and adjusting our approach over time

Due to the broad scope and lengthy timeframe for full implementation of the new system, the transition and implementation work programme involves an adaptive management approach and responding to behavioural insights. This approach is essential to ensure success and effective ongoing stewardship that accounts for the varying capacity, capability and differing environmental situations across New Zealand.

As illustrated in the figure below, the adaptive management approach to regulatory stewardship requires flexibility and working iteratively and collaboratively to ensure outcomes are achieved in the most effective and efficient way possible. This also requires solid feedback loops so that the implementation approach can be easily and quickly adjusted when problems arise.

Figure 7: The adaptive management cycle



This recognises that significant impacts of change that will occur over many years may not be evident or attributable to the new system for a long time. However, some early actions and ongoing activities will be important to medium- and longer-term success.

The adaptive transition and implementation approach and the monitoring, reporting and evaluation framework for the new system accounts for this in four phases, after the commencement of the new legislation, namely:

Establishment Phase: A foundational and practical beginning of the overall system transformation beyond the new legislation involving:

- central government provision of national-level direction and non-legislative guidance
- commencement of real and substantial system changes and improvements in terms of system operational structures, culture and relationships
- a focus on developing the capacity and capability that is required to ensure effective transition to and implementation of the new system
- research, analysis and evidence gathering to inform key decisions during this phase and for the following transformation phase
- essential maintenance and refinement of ongoing services; clear and effective communication about services and the change process that is occurring.

Transformation Phase: This phase will be completed over an extended period (years). It will provide strategic clarity and more detailed planning at the regional and local levels and complete the shift to planning for positive outcomes (ie, in addition to managing effects), involving:

- changes to address existing concerns (eg, by reducing complexity, increasing certainty, and avoiding delays and costs currently associated with consenting and appeals)
- a focus on realising the objective of giving effect to the principles of Te Tiriti and providing greater recognition of te ao Māori, including mātauranga Māori, with iwi/Māori playing a central role in many of the activities undertaken during this phase
- further development and expansion of what was achieved during the establishment phase – such as culture change initiatives, system and capability development, deployment of digital solutions and more sophisticated monitoring and evaluation arrangements (eg, in relation to compliance, implementation, effectiveness, and efficiency)
- many participants and stakeholders and a great deal of time, resources and information
- opportunities for regional/local communities to engage in both strategic and more detailed planning and decision-making processes, with widespread engagement, consultation, submissions, hearings and expert audits
- significant attention to the management of natural hazard risks and climate change adaptation issues
- meeting the need for service continuity during the transformation process.

Consolidation Phase: This short phase is effectively the end of the overall transformation process and a key step in the adaptive management approach to implementation and evaluation of the new RM system, involving:

- confirmation of what, if any, further legal refinements should be initiated or made and what further process or system adjustments are needed to address issues that remain unresolved at the end of the transformation phase

- continuation of performance measurements established during the transformation phase and further effectiveness and quality assurance investigations.

Evolution Phase: Ongoing implementation of the fully transformed system in which the desired impacts of change will be fully realised with the adaptive management approach continuing to:

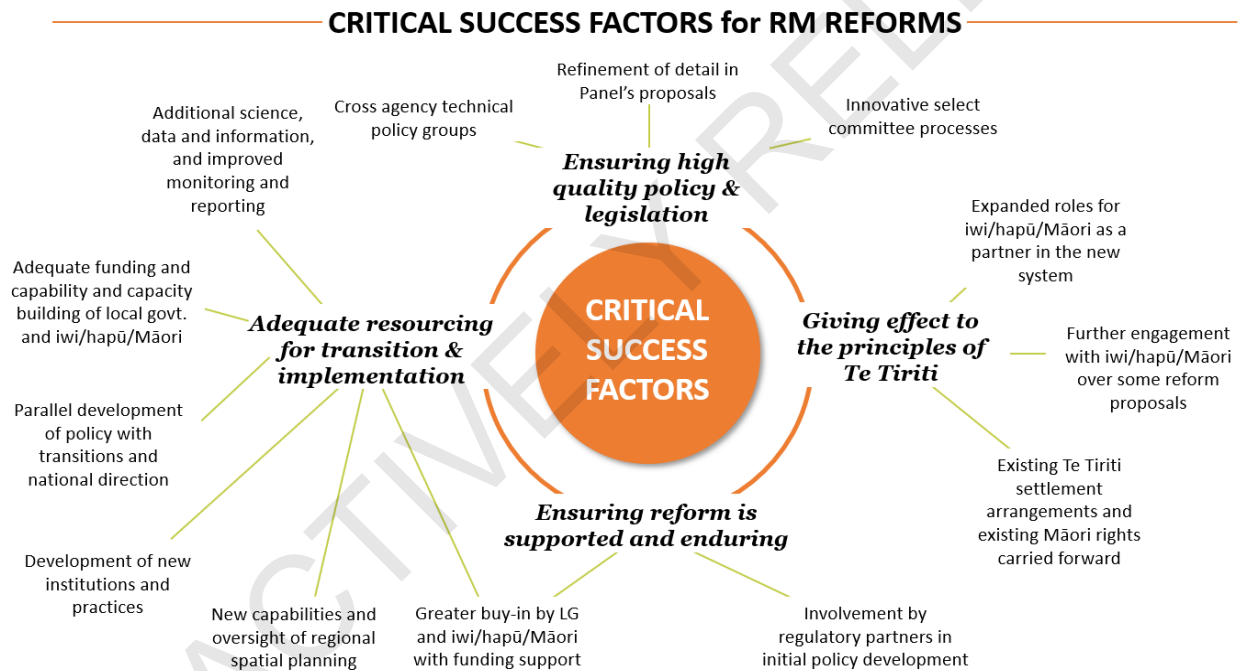
- progressively identify and address issues to help ensure positive outcomes
- help to ensure that the system remains adaptive, agile, responsive; and does not stagnate.

5.2 Success factors, assumptions, and dependencies

Success factors: Overview

The figure below illustrates the critical success factors identified for the overall programme.

Figure 8: Critical success factors for RM Reforms



Within the context of an adaptive management approach, the transition and implementation work programme has been designed with the following critical factors in mind:

- clarity about the purpose:** the intent of the new RM system and what must be achieved (transition and implementation objectives) to deliver against that purpose.
- partnering and collaboration with affected people and organisations:** recognising, valuing, and actively incorporating their interests, expertise and input and enabling them to participate and partner appropriately in the change process.
- a systems approach:** coordinated, coherent, consistent, and well-integrated to ensure an effective and efficient transition from the old arrangements to the new.

- d. open, consistent communication:** clear, early, and regular messaging about the nature of the new RM system, change drivers and how the new arrangements are being delivered.
- e. building and maintaining adaptive capability:** enable and sustain the new RM system through effective leaders, agents of change and other highly skilled people and operating arrangements that can adapt and adjust over time while maintaining an unwavering focus on the original purpose and intent.
- f. adequate resourcing:** funding and other resources are sustained continuously at levels that enable all necessary establishment and implementation activities to proceed according to plan and enable effective issue resolution over time.

Transition and implementation objectives

Having robust objectives and a clear work programme for transition and implementation that align with overall objectives and the critical factors outlined above, will help ensure the success of the new system.

The objectives that will guide and support the transition and implementation work programme include:

1. having the necessary measures in place to ensure transformational change in the RM system
2. providing as much certainty as possible through transition for system users and implementers
3. enabling iwi/hapū/Māori to effectively participate as a partner in the new system; and enable te ao Māori and mātauranga Māori to guide transition and implementation of the new system
4. maintaining and strengthening system integrity and stewardship
5. transitioning and implementing the system in an efficient and effective way, focused on reducing complexity and partnering for success.

Key components of the new system and work programme

The transition and implementation objectives will be realised, in part, by the work programme including:

- an increased role for central government in the system and the use of national direction delivered primarily through the NPF and non-legislative guidance to provide greater clarity for system users
- using a tranche of model regions to develop the first RSS and NBA plans, extract learning, identify best practice and apply this to future RSS and NBA plans.
- building capacity and capability to enable Te Tiriti partners (iwi/hapū/Māori), key system partners such as local authorities and other stakeholders to effectively partner and participate in the system, including participation in the robust but efficient and flexible development processes for:
 - appropriate transitional provisions
 - an integrated and proportionate NPF to improve efficiencies, reduce complexity and better support reconciliation of competing outcomes and priorities on the ground through RSS and NBA plans
 - significant input into model RSS and NBA plan processes and structures
 - optimal pathways for regional planning implementation
- helping to drive change in the planning system culture to enable and focus on better outcomes, strengthening partnerships and relationships, while improving agility and adaptability within the

planning system, through training and support programmes, digital transformation, and other activities to help ensure:

- decisions are taken with an outcome lens/focus
- status quo bias is reduced to better allow for dynamic, changing urban areas and natural environments
- effective opportunities for public participation and input into strategic decisions in ways that reduce the system's reliance on site-specific appeals and litigation
- giving effect to the principles of Te Tiriti and ensuring processes reflect te ao Māori and iwi/hapū/Māori interests and mātauranga Māori.

More specifically for NBA plans, the work programme will include activities to help ensure:

- NBA plans are integrated across regional and district functions (ie, manage resources in a comprehensive and connected way), will reduce complexity and reduce the risks of unacceptable cumulative effects that lead to poor environmental outcomes
- decisions on NBA plan content deliver positive impacts on the NBA outcomes.
- NBA plans are accessible to users and that decisions (and the plan content) are clear, to provide certainty to regulated parties and improve the efficiency of the planning system.

5.3 Key implementation areas in relation to the reform objectives

The table below contains a high-level assessment of whether the legislative policy decisions taken to date are on track to meet the reform objectives set by Cabinet. Its focus is on the anticipated content of the draft NBA and SPA bills. The assessment also notes the critical areas of implementation required to ensure the objectives are achieved on the ground.

It is important to note that there are factors outside the resource management system that will affect whether reform objectives are achieved over the long-term, for example:

- macroeconomic circumstances, population and tourism numbers, and societal expectations of how people achieve their wellbeing (particularly the material and energy intensity of lifestyles)
- due to global emissions, climate change is and will increasingly put major pressure on the natural environment, including indigenous species and their ecosystems, no matter what New Zealand does to reduce our emissions
- any potential future local government changes informed by the work on the Future for Local Government including incentives on local councils and decision-makers
- infrastructure funding and financing work under the Urban Growth Agenda.

Table 51: Key implementation areas in relation to reform objectives

Reform objective	Assessment of progress towards the reform objectives	Key implementation areas
<p>Natural environment</p> <p>Protect and where necessary restore the natural environment, including its capacity to provide for the wellbeing of present and future generations.</p>	<p>The assessment has indicated that the decisions taken to date are likely to meet this reform objective, however implementation will be key to realising this potential.</p> <p>Key aspects of the system that support the objective:</p> <ul style="list-style-type: none"> environmental limits will set a minimum standard for biophysical elements of the natural environment; whereby no net loss can occur across a management unit environmental outcomes that actively enhance the natural environment the intergenerational concept of Te Oranga o te Taiao, the wellbeing of the environment, underpins the reform protection for existing section 6 matters (including exemptions), and an additional layer of protection of highly vulnerable biodiversity areas. 	<ul style="list-style-type: none"> NPF and NBA plans set robust limits and targets Appropriate guidance on Te Oranga o te Taiao Identifying and mapping relevant areas/places in planning instruments Accurate and widespread environmental monitoring and data Strong central government oversight
<p>Development</p> <p>Better enable development within environmental biophysical limits including a significant improvement in housing supply, affordability and choice, and timely provision of appropriate infrastructure, including social infrastructure.</p>	<p>The assessment has highlighted some uncertainty in delivering this objective as there are tensions between this and the natural environment objective. Much depends on national direction still to be developed and implementation.</p> <p>Key aspects of the system that support the objective:</p> <ul style="list-style-type: none"> RSS will identify where development is needed regionally outcomes will provide for growth and change to urban and rural areas within limits, development will be made easier through changes to planning and consenting strong national direction will empower development within environmental limits. 	<ul style="list-style-type: none"> Strong central government oversight and involvement in RSS development NPF and RSS informing NBA plans, including in directing re/allocation approaches.
<p>Te Tiriti</p> <p>Give effect to the principles of Te Tiriti o Waitangi/the Treaty of Waitangi and provide greater recognition of te ao Māori, including mātauranga Māori</p>	<p>While the assessment concludes that aspects of this objective will be provided for, wider engagement with Māori through the select committee process will be essential. A proper assessment of giving effect to Te Tiriti principles can only be done with the Crown’s Treaty partner. The ongoing work to transition over settlements and addressing Māori rights and interests in freshwater and geothermal resources is also key.</p> <p>Key aspects of the system that support the objective:</p> <ul style="list-style-type: none"> decision-makers are required to give effect to the principles of Te Tiriti Te Oranga o te Taiao Māori will have a more effective role in the new system, at a local, regional and national level mātauranga Māori will inform the setting of limits 	<ul style="list-style-type: none"> Appropriate resourcing for Māori and capacity building of central and local government Appropriate guidance to support giving effect to the principles of Te Tiriti and upholding Te Oranga o te Taiao Ongoing work to address Māori rights and interests in freshwater and geothermal resources Ongoing work with PSGEs to successfully translate existing settlements into the new system.

	<ul style="list-style-type: none"> all Treaty settlements under the RMA will be upheld. 	
<p>Climate and risk</p> <p>Better prepare for adapting to climate change and risks from natural hazards as well as mitigating the emissions which contribute to climate change.</p>	<p>The assessment has concluded that aspects of this objective are likely to be met by the decisions made to date. Noting, however, that the CAA will play a large role in achieving this objective as it will address the complex technical, legal and financial issues associated with managed retreat.</p> <p>Key aspects of the system that support the objective:</p> <ul style="list-style-type: none"> the NPF is required to be consistent with the National Adaptation Plan and Emissions Reduction Plan NPF and RSS will support adaptation by identifying areas at risk of sea-level rise and other natural hazards and require an appropriate response. 	<ul style="list-style-type: none"> NPF to provide content on natural hazard risk reduction and climate change adaptation Strong central government involvement in RSS and ongoing oversight.
<p>System performance</p> <p>Improve system efficiency and effectiveness, and reduce complexity, while retaining appropriate local democratic input.</p>	<p>The assessment has concluded that the decisions made to date will provide for appropriate local democratic input. There are key areas where efficiencies can be seen, however, the volume of decisions made, and the timeframe to assess has made it difficult to determine efficiency and effectiveness across the whole system.</p> <p>Key aspects of the system that support the objective:</p> <ul style="list-style-type: none"> the NPF and RSS will help resolve conflicts between outcomes planning will be more integrated and consolidated, with fewer plans to navigate the process to develop plans (including the use of IHP) will emphasise decision-making at a strategic level. It will streamline requirements for consents and provide for efficiencies in applications and decision-making, including information requirements and in relation to appeals local authorities will preserve and improve ways to ensure community input and local voices in the system. 	<ul style="list-style-type: none"> Provide clear and timely guidance to system decision-makers (eg, regional planning committees) and users.

5.4 Implementation planning and processes

An implementation plan with more detailed sub-plans and collaborative design

This section outlines key components of the current, overall transition and implementation plan. The plan and more detailed sub-plans will continue to be developed and evolve as part of the adaptive approach (eg, on topics such as digital transformation and capacity, capability, culture and training), draw on the many ideas for implementation support raised in submissions, by the Panel, Select Committee findings, other reports and through broader collaboration and engagement.

The overall plan and sub-plans will be subject to, and responsive to national direction and guidance, subsequent regional policy and planning decisions, budget constraints, and the results of our ongoing engagement with Te Tiriti partners, system partners and implementers, and key stakeholders.

MfE will undertake collaborative processes throughout each phase. External input into the design, timing, sequencing, resourcing and delivery of the various implementation initiatives will be critical to successfully implement a programme of this complexity.

Following the initial establishment stage, the intention is to build the 'sector support plans' which look across the cumulative requirements and impacts of the regulatory package, and then refine/balance each package to ensure a range of key partners and groups will receive appropriate support.

MOG agreed at MOG #16 that the Minister for the Environment will be empowered to develop secondary legislation that prescribes the timetabling for first generation RSS and NBA plans. MOG also agreed to implementation occurring in tranches of regions, with each tranche having a different mandatory deadline. Work on developing implementation scenarios to date indicates a likely transition period of approximately 7-10 years. This is the approximate time it will take for a full suite of new RM system products to be in place (ie, the first version of the NPF and all regions with their first-generation RSS and NBA plans in place).

Until NBA plans have legal weight, the RM system will be operated and maintained in accordance with a set of transitional provisions in the primary legislation. Officials are currently developing advice on these provisions. To direct this work, MOG agreed to seven transition principles to guide development and decision-making on legislative transitional provisions for the SPA and NBA. The principles seek to maintain system integrity and provide clarity and certainty. They also seek an appropriate balance between using the transition as a time to move towards new system outcomes and benefits, and the simple and practical application of the RM system.

Work to date includes the likely recognition of RMA national direction, plans and resource consents during the transition until replaced by new RM system products. It is important that the system continues to function effectively, a move towards the new RM system outcomes is achieved and momentum on key topics such as freshwater and urban development is maintained.

Implementation resources

In Budget 2021, the RM change programme received funding for three years for policy, legislative and institutional design components, which among other things enable work to:

- support the introduction of the NBA and SPA in 2022
- start to support the transition to the new system.

Budget 2022 appropriations provide for significant additional funding in a tagged contingency:

- in 2022/23 and 2023/24 to support Māori and local government to engage in the design and implementation of the new RM system; and define and establish an effective compliance monitoring and enforcement (CME) system
- in 2024/25 and 2025/26 and outyears to help ensure the successful, ongoing implementation of the new system, with gradual phasing down until the ongoing baseline is reached in 2032/33.

Implementation oversight and leadership

MfE will continue to be the lead agency for the RM system and has already made internal changes and invested early in a transition and implementation function for the new system. The recently established Policy Implementation and Delivery Group (PID) will be responsible for the work programme. PID has established a range of new capabilities and functions to match that responsibility.

Implementing the new RM system involves collaboration between government agencies and with local councils, Māori, and wider stakeholders. PID is actively developing enduring relationships with external partners as an extension of MfE's delivery approach. There is also a focus on bringing on board requisite skill sets like behavioural change expertise, implementation and data systems, and enhancing other capabilities including programme, project management and relationship management.

PID includes a Transition and Implementation Team to coordinate the development and delivery of implementation support. As outlined below, PID will be provided with financial and other resources (people, time, knowledge, tools) required to develop, maintain and deliver the transition and implementation programme as will other teams working on or supporting work around different components of the new system.

In addition, PID is scaling up its resources and is standing up three new regional lead roles to support the implementation of the Model Project regions. A new Lead RM System Implementation role is also being established to strengthen the work covering capacity, culture, capability and training. This additional resourcing will enable MfE to be an effective partner to contribute to the effective transition into the new RM system. It will ensure that issues can be addressed in the initial stages of the transition by participating in the implementation of new process steps such as the appointment of the regional planning committees, establishment of the secretariat and regional information gathering and issues identification.

The Transition and Implementation work programme is initially focussed on four key workstreams to support effective implementation of the new RM system. These are:

- Transition Pathways
- Model Project
- Capacity, Capability, Culture and Training
- Digital transformation.

These four workstreams are being progressively developed as policy decisions are made and the shape of the legislation becomes clearer which enables the implementation process to be more clearly established.

The Transition Pathways work is focused on developing the timetable and tranches for the transition as well as the detailed provisions to ensure an efficient “turning on” of the NBA concurrent with “turning off” the RMA. A second component of this work is developing the detailed legislative transitional provisions to ensure there are no legislative gaps in the transition and that there are always plans and rules in place for resource management activities to occur

Digital transformation is a longer-term programme that presents opportunities to provide more robust digital services that can deliver time and cost savings for system users. In addition, improved and coordinated digital platforms can provide better system oversight, provide improved measurement and analysis of environmental performance and achievement of the system outcomes. The first phase of this work programme is to develop common standards for data interoperability. The next phase will involve the development of a digital strategy that will encompass the needs of all system users and link to government digital strategies towards a consistent and coherent approach for the RM system in the future.

Building capacity and capability

Transition and implementation actions will include training to support culture change throughout the RM system. This includes initiatives to lift capability in central government (which has new and expanded roles), local government and iwi/Māori. Also, as indicated above, MfE has already started building the permanent capability required to manage the system from the centre, working with other central government agencies, local government, sectors, and iwi/Māori to manage the transition, deliver outcomes and ensure the system performance is effective and efficient.

This workstream has initiated two key projects that form the basis of future actions. A stock take of the RM workforce has been commissioned from NZIER and this is expected to be available in late 2022. This data will be used to evaluate the current resource deficit, model future demands from the new RM system and identify the future gaps in capability and capacity. This information can then be used to develop appropriate investments in training and development to address the identified gaps in resources necessary to achieve effective implementation into the future.

The second project is to identify what and how behavioural change can be achieved within the new RM system. This work will be used to develop appropriate training, guidance and tools to assist key system users and operators to develop new approaches and ways of working through the implementation period. The investment in behavioural change approaches, combined with new processes, such as regional planning committees, increased involvement of central government agencies and greater expectations about the role of iwi/Māori in the processes are expected to significantly alter how RM system processes operate in the future.

Assumptions

Key assumptions underpinning the transition and implementation programme include:

- the scope of the work will not significantly change during the ten-year implementation timeframe
- dedicated funding for implementation will continue to be available for the 2022-2031 period
- the ability to source and recruit people with the right capability to conduct the required implementation work
- new legislation will be enacted in the expected timeframes and sustained for the duration of the work programme
- the work programme will be able to adapt and/or respond effectively to incorporate or address impacts of other reforms such as Three Waters and the Future for Local Government Review
- that with the right support and resource, system implementers will be able to effectively develop and implement the new RM system.

Interdependencies

Implementation of the new RM system affects and must interact with many parts of the wider natural and built environment sectors across New Zealand (eg, conservation, primary industries, transport, and construction). Not all connections with, or impacts on, other projects or activities outside the scope of this work will impact on the establishment/implementation work.

However, a dependency will arise where work cannot proceed, or may be constrained by, another piece of work happening within the wider work programme or outside of it. A dependency may also refer to our impact on another piece of work and its ability to progress.

These dependencies include:

- the Three Waters reform
- the Future for Local Government review
- further work on Māori rights and interests in fresh water and geothermal resources
- climate change mitigation and adaptation work, including under the Climate Change Response Act.

Figure 9 below shows the alignment with other reform programmes.

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Figure 9: Indicative transition process and timeframes

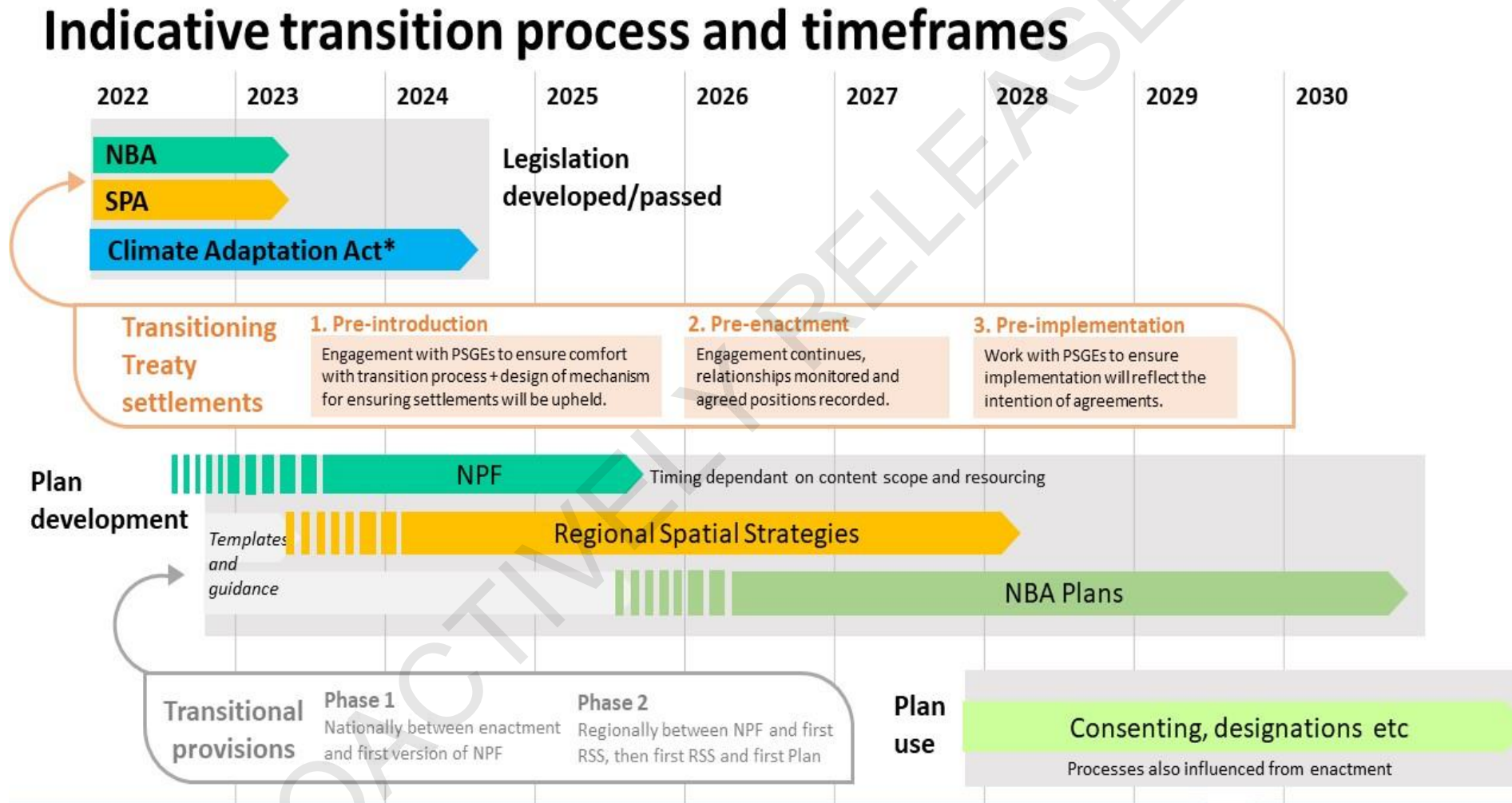
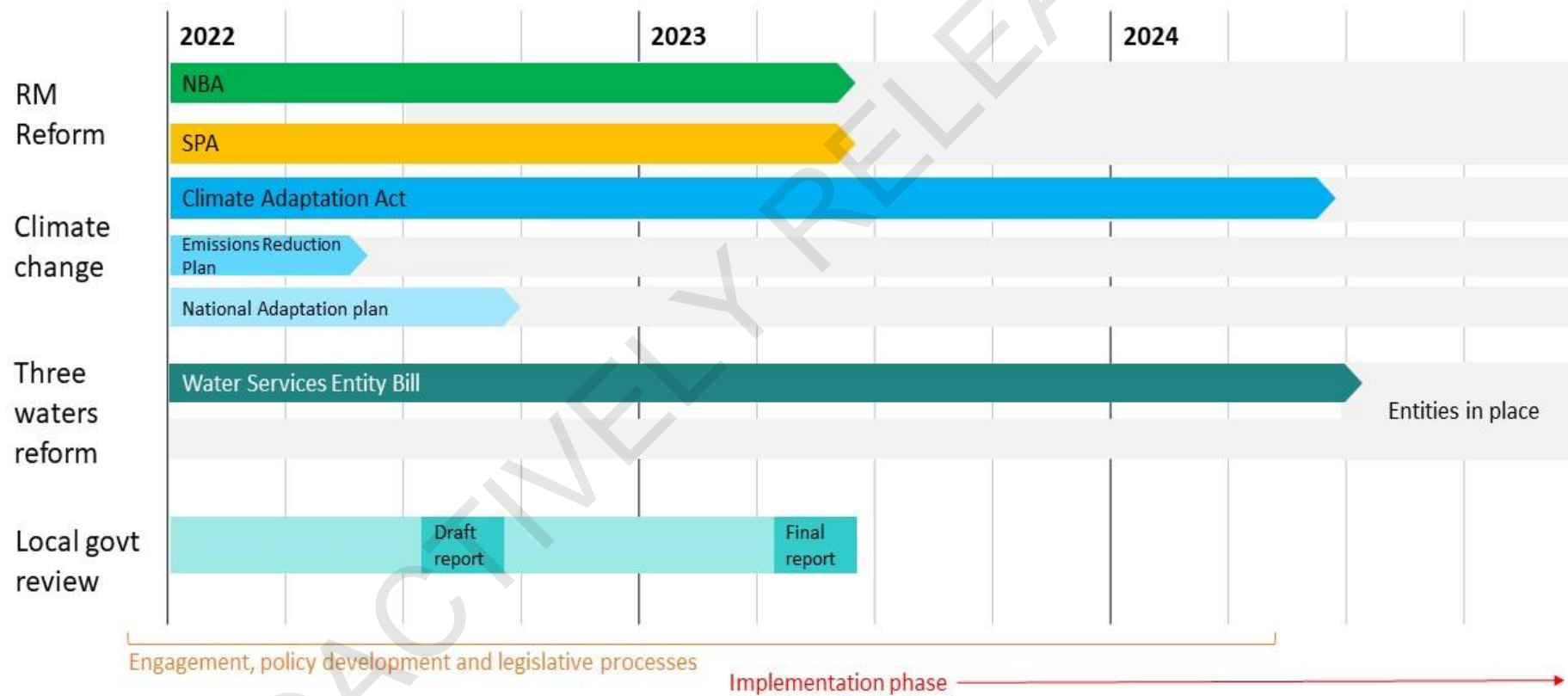


Figure 10: Alignment with other reform programmes

Alignment with other reform programmes



Roles and responsibilities for ongoing operation and enforcement

The same parties will be responsible for ongoing operation and enforcement as under the status quo. However, the key role changes are altered/increased responsibilities:

- **for central government** in:
 - delivering the NPF to implement a system of limits, targets and other mandatory topics
 - stronger/more active stewardship and system monitoring
 - providing non-statutory guidance to local authorities to support initial change activities and ongoing implementation
 - playing a more active role in regional spatial planning (and possibly NBA Plan development as well)
- **for local government** in collaborating on regulatory plans, shifting to outcomes focused planning, and implementing the NPF
- **for iwi/Māori** as partners in developing and having oversight of key components of the new system such as the NPF and regulatory plans.

Realising the benefits of the new arrangements will depend on the capability and capacity of these parties to effectively undertake these altered roles. The likely resourcing implications of these role changes are discussed in the cost-benefit analysis section of this SAR.

The role of central government in system stewardship

The new system will require stronger regulatory stewardship and operational oversight by central government. MfE will have responsibility for stewardship, oversight, monitoring and administration of the NBA.

Institutional arrangements may be adjusted in the future to support the implementation of the new system. This could include changes such as the Panel's proposed regional consolidation of compliance monitoring and enforcement (CME) services and adjusting the roles of the Environmental Protection Authority (EPA) and the Parliamentary Commissioner for the Environment (PCE), and whether there is any need for a purpose-built institution to support the system.

Key elements of the new arrangements relating to compliance monitoring and enforcement

A core area of local government responsibility that will continue is CME, which means:

- **compliance:** adherence to environmental regulation, including the rules established under NBA plans and meeting permission conditions and national environmental standards and limits
- **monitoring:** activities conducted to assess compliance with environmental regulation. This can be proactive (eg, permissions monitoring (including permitted activities) or reactive (eg, investigation of suspected offences)
- **enforcement:** actions taken by the regulator to respond to non-compliance with environmental regulation. Actions can be punitive (for the purpose of deterring or punishing the offender) and/or directive (eg, directing remediation of the damage or ensuring compliance with the law).

Robust and well-functioning CME services are fundamental to any regulatory system. Concerns are often expressed about a lack of effective enforcement action (and cost recovery) in the current RMA system. Without effective CME services, progress toward NBA plan objectives and environmental outcomes will

be compromised. CME is more than simply detecting and punishing non-compliance. CME officers are the frontline of the environmental regulatory system. Their interactions with regulated parties are educative and advisory as well as analytical and evidentiary. Regulators need to be capable of deploying multiple CME strategies in response to different behaviours within a broad spectrum of activities.

The changes from the existing compliance regime (under the RMA) seek to achieve improved outcomes across four key areas:

Enhanced responsibilities for duty holders and resource users

- broadened powers for local authorities to recover actual and reasonable costs associated with proactive monitoring, incident response and investigations into non-compliance
- a range of interventions and penalties designed to put the onus of remediation on offenders, including:
 - enforceable undertakings
 - monetary benefit orders to enable recovery of profit from offending, and enhanced powers for the court to require provision of financial information to support an analysis of financial gain from offending
- significant increase in financial penalties to \$10m for companies and \$1m for individuals
- prohibiting insurance against fines and penalties (excluding reparation) to ensure parties cannot 'contract out' of their legal obligations
- burden of proof placed on the defendant for proving the existence of exceptions or excuses to NBA offences.

Enhanced flexibility and agility with tool modernisation

- introduction of new tools and processes to increase the options available to local authorities in a diverse range of circumstances. These include:
 - pecuniary penalties
 - financial assurance tools
 - adverse publicity orders
- enhanced range of statutory notices including preventive orders, and broadening the scope of enforcement orders and abatement notices providing for flexibility in securing obligations in consenting and other decision-making, including enhancing resource management bonds.

Improved focus on prevention and risk

- enhanced powers to suspend and revoke consents
- enhanced powers to decline applications due to poor compliance history
- introduction of a new offence for contravention of a consent condition
- introduction of a more nuanced suite of statutory notices including preventive notices, and new powers to issue abatement notices in respect of breaches of consent notices and covenants required by NBA permissions.

Enhanced cost and time efficiencies

- removal of jury trials under the NBA with a reduction in maximum custodial sentence
- statute of limitation period for civil and criminal proceedings increased to 6 years
- enhanced cost recovery for non-compliance to avoid costs being spread across all resource users and communities
- increased scope of information that compliance officers may require, to include the details of both principals (those directing the activity) and agents (those undertaking the activity)
- simplified provisions regarding electronic service of enforcement documents.

Delivery of CME services

- the implementation and operation of new and existing CME functions and services will continue to be undertaken by local authorities (as the regulators)
- the NBA requires local authorities to produce and implement compliance and enforcement strategies to increase transparency of their CME duties, drive practice improvement and enable better central government oversight of this function
- local authorities will be encouraged to collaborate on and share CME services where appropriate. For example, deploying their officers to collaborate in inspections, investigations, incident responses and training. In many regions this type of collaboration already occurs
- there will be a continued role for the EPA to hold enforcement powers that will complement and assist local authorities in carrying out their CME functions
- local authorities would have full discretion as to which tools they employ in any given situation, supported by national guidance
- the current system provides few opportunities for Māori to participate in CME services. There is an opportunity to consider what roles Māori wish to play in the governance and delivery of CME and design models which can give effect to those visions. There are numerous ways this could be achieved, and specific solutions may vary from region to region.

Further exploration of options related to institutional arrangements for delivery of regional compliance monitoring and enforcement has been deferred to the next parliamentary term.

Implementation phases: Transition approach and timeframes

The overall transition is expected to be completed within ten years given the time and resourcing required to develop and implement the new system. A fully implemented system will see each region having produced an RSS and NBA plan that incorporates central government direction provided through the new NPF.

The critical path for required design and preparation for transition and implementation to be completed by June 2022 and delivery commencing in July 2022.

Developing a model RSS and NBA plan will proceed as follows:

- by late-2022: complete selection of model region(s)
- by the end of 2022: complete detailed project delivery planning and establishment

- by early 2023: complete the stocktake/consolidation of existing strategies and plans in the model region(s)
- upon enactment of the NBA: commence formal project work in the model region(s)
- implement in the model regions the “at place” engagement and support roles with the RSS secretariat and regional planning committee.

Detailed timetabling provisions (relating to when each region must develop an RSS and NBA Plan) will be prescribed in secondary legislation. Work to develop this secondary legislation is anticipated to begin in mid-late 2022 to ensure it is ready at or shortly after enactment of the SPA and NBA.

This work will include engagement with system partners and implementers, consideration of the capacity of the system to develop RSS and NBA plans in each region and consideration of a timely rollout of the new system. It is currently anticipated that full system rollout (with the first version of the NPF, plus RSS and NBA plans with legal weight in each region) will take 7-10 years. At this time the RMA will be completely repealed with the NBA having taken over the principal resource management regulatory functions nationally.

The scope (and consequently timing) of the first version of the NPF will be a critical factor for system rollout, given the hierarchy of instruments and the subsequently required sequential rollout/implementation of new system products (ie, the (first) NPF, then RSS and then NBA plans).

Based on current assumptions about timing, and especially the enactment, coming into force of the new legislation and the start of the joint committee establishment processes, the first RSS and NBA plan for the model regions could be operative (excluding appeals) by the end of 2027. For those regions the NBA would be fully “switched on” and the RMA would be fully “switched off”.

Ensuring system partners and implementers have appropriate support, capacity and capability will be critical to ensuring a timely delivery of quality new RM system products.

5.4 Key implementation risks and mitigations

The opportunity presented by the new arrangements is significant. However, substantive change will depend on how the new regulatory framework is implemented by central government, local authorities, iwi/Māori, and users. The legislation specifies the purpose of the NPF, RSS, and NBA plans, but the actual content of these instruments will be developed later by a range of parties. That content will depend on the quality of information that decision-makers have, as well as their incentives, capability, and capacity. Time can also be a critical resource to deliver quality products.

This section sets out MfE’s initial assessment of implementation risks that may prevent realisation of the identified benefits and how these risks may be mitigated. These risks cut across the entire system.

The four main implementation risks relate to system capacity and funding (probably the most important of all the risks), implementation timeframes, culture change and interactions with other regulatory systems and policy work. These main risks and potential mitigations are summarised in the table below.

Table 51: Key implementation risks and mitigations

Implementation risk	Potential mitigation
<p>Capacity/funding: Central government, local authorities, and/or iwi/hapū/Māori lack the capacity, capability, resourcing,</p>	<p>Central government can partially mitigate this risk by providing:</p> <ul style="list-style-type: none"> • clear direction, including limits and methodologies, through the NPF and supported initiatives, such as prototype RSS and NBA plans

<p>tools and funding necessary to establish and operate the new system.</p>	<ul style="list-style-type: none"> • non-statutory guidance to minimise the burden of interpreting and implementing the new legislation • financial and / or in-kind support for local authorities to prepare their RSS and/or NBA plan; and to iwi/Māori to fulfil roles in the new system • support for the development of tools to improve system efficiency • support for measures that increase capacity and capability within the system (over time) • mandatory deadlines for certain process steps in RSS and NBA Plan development (which can support financial planning for a range of implementers) <p>Timing of implementation is designed around when financing decisions are taken.</p>
<p>Timeframes: Implementation of a new and quite different system may take considerable time. The longer it takes for the system to be implemented, the longer benefits from a fully operational new system will be delayed.</p>	<ul style="list-style-type: none"> • Non-regulatory measures to speed up the implementation process, including phased preparation of new plans with central government support in one or more regions to prepare the first RSS and NBA plans (model project), which could reduce overall timeframes • System design is also important. Measures to remove legislative bottlenecks in system delivery will be identified and used • Also, the policy intent of critical national direction (eg, freshwater and urban development) could be retained in the new system and given effect to through existing planning instruments in the interim period before new RSS and NBA plans become operative. To enable outcomes to be achieved quicker, (new interim) national direction on critical policy areas could be introduced to facilitate transformation ahead of all new RM system products being in place • Greater engagement with system operators through the initial implementation processes. The Model project will provide a mechanism for early identification of timing issues and an ability to respond to resolve any specific issues quickly.
<p>Culture change: There are difficulties with changing existing institutional norms and culture so the capability to develop and implement the new NPF, RSS and NBA plans may not develop sufficiently to deliver the new RM system. If a legalistic, procedural, and localised effects-based paradigm of planning does not evolve to be more holistic, adaptive and outcomes focused then many of the current problems may persist. The new RM system may also affect existing relationships and ways of working that are beneficial, for example existing arrangements between iwi/hapū/Māori and councils.</p>	<ul style="list-style-type: none"> • Support culture change to align with the new system by working closely with local government, iwi/hapū/Māori, professional bodies, and other system users to develop skills and training. This could focus on the areas needed to ensure the policy intent of the new RM system is reflected in the NPF, RSS, NBA plans, consent processing and CME activities • Training and capacity building in system culture (central and local government, iwi/hapū, New Zealand Planning Institute (NZPI), Resource Management Law Association (RMLA), universities and other key stakeholders) • Promote and establish planning thought leaders (agents of change) in prominent roles to drive and facilitate system culture change (regional planning committees, practitioner body boards, university programme managers, iwi/hapū leaders). • Build a legislative system that enables system culture change, including evolution and change over time • Promote the design of a system that enables practitioners to clearly apply a holistic outcomes lens to their roles, and to be agile and

	<p>adaptive to operate in dynamic and evolving planning environments.</p>
<p>Interactions with other regulatory systems or policy work: The RM system is one of many systems and initiatives that will affect the outcomes. The effectiveness of the new RM system will be affected by these interrelated decisions and programmes. There is a risk that if these initiatives do not line up and coherently address issues, it may further complicate the system and reduce its effectiveness.</p>	<ul style="list-style-type: none"> • Central government will need to continue coordinating and finding complementary ways to achieving a fair and reasonable regulatory system across all sectors • Impact statements / assessments regarding the effects and implications of multiple simultaneous processes may enable the strain of key system partners, implementers and stakeholders to be managed effectively and proactively.
<p>Resource allocation: If allocation approaches are not included in the NPF prior to the development of NBA plans, there will be a missed opportunity to support regional planning committees to develop sustainable, equitable, and efficient allocation approaches.</p>	<ul style="list-style-type: none"> • Ensure allocation direction is included in the NPF with a sufficient lead in time for regional planning committees to take account of direction when joint committees develop the first generation of NBA plans • The development and provision of guidance will also improve capacity and capability of decision-makers, including regional planning committees and regional councils, supporting implementation.
<p>RSS effectiveness: An RSS may not adequately achieve the purpose of the SPA and/or give effect to the NPF. RSS effectiveness will also depend on the quality of information that decision-makers have, as well as their incentives, capability, and capacity.</p>	<ul style="list-style-type: none"> • Provide clear guidance on how to go about meeting SPA and RSS requirements. Provide or enable specialist advisory support, as well as central government review/feedback and monitoring and reporting on effectiveness as part of the system oversight function.
<p>Delays in finalising and implementing higher-order documents: Delays in implementation of existing national direction and/or key system documents coming into force/becoming operative (such as the NPF, RSS or NBA plans). This may delay lower order documents and create complexity and uncertainty in the RM system (eg, RMA documents in play for longer, additional pressure on the consenting regime to achieve good environmental outcomes and manage tensions between resource use).</p>	<ul style="list-style-type: none"> • Roll over significant aspects of existing direction and associated policy into the new system while the NPF, RSS and NBA plans are developed. Review the capacity/capability of local authorities to implement existing and proposed national direction and adjust expectations around the roll-out of the proposed policy programme. Integrate emerging work on environmental limits into the NPF and use this as the basis for delivering limits and targets for the new system • Encourage local authorities to initiate early, undertake the evidence gathering, policy and planning work to progress important policy programmes in a timely manner • Central government support for policymaking (financial and/or in-kind), including a short-term priority for developing the NPF. Stipulate timeframes in legislation and/or regulations. Promote streamlined RSS and NBA plan development processes in the legislation/regulations and accept that initial versions may not be comprehensive.
<p>Availability of skills: Not enough suitably qualified planning, legal, environmental science professionals, and practitioners skilled in te ao Māori / mātauranga Māori for local authorities and other system users</p>	<ul style="list-style-type: none"> • Work with mana whenua immediately on recruitment and training processes to build up the workforce of mana whenua members who are competent in RM processes. Ensure mātauranga Māori directly informs national direction, including key limits, targets, policies, rules, and actions

<p>to effectively transition into and implement the new system.</p>	<ul style="list-style-type: none"> • Work with local government and other key system implementers who need to improve their understanding of te ao Māori and their understanding and application of mātauranga Māori • Sequencing the roll out of RSS and NBA plans to minimise skills shortages and higher salary and consultant costs • Development of a workforce plan to provide estimates of future workforce needs and align/negotiate training programmes and tertiary courses to meet expected skills demands. Provide a line of sight to the roles existing staff may play in a future system to aid workforce retention in what may be an unsettling time • Work with universities and professional bodies to introduce new skills sets and different competencies for undergraduate courses likely to be of relevance to the new RM system.
<p>Availability of tools: A lack of tools to support delivery of key system elements (eg, digital tools, exemplars, and economic instruments) affecting the development of RSS, NBA plans, the permissions regime, and arrangements for CME and system oversight.</p>	<ul style="list-style-type: none"> • Central government funding to establish, maintain and/or co-ordinate the external development of national digital infrastructure • Mandatory requirements to use digital planning infrastructure. Support and training for system users on digital planning infrastructure • Development of a prototype RSS and NBA plan. Develop capability of system users (training, working with partners (NZPI, RMLA, universities) • Develop and provide guidance on economic instruments, for example, both negative (taxes, fines) and positive (subsidies, rebates) • Coordinate timing of responsibilities coming into effect with the implementation of tools and related capability and capacity development.
<p>Regional collaboration: Lack of coordination between some local authorities and/or iwi/hapū/Māori organisations within a region makes it difficult to prepare timely and effective RSS and NBA plans. Regional planning committees will have additional complexity for developing RSS due to central government involvement.</p>	<ul style="list-style-type: none"> • Central government support to build trust and relationships and to broker/establish regional planning committees in each region. Sufficient direction on what is / is not required in RSS and NBA plans • Work with training providers and professional bodies to introduce new skills sets and competencies around collaboration, the role of regional planning committees etc • Work with local authorities, iwi/hapū/Māori, and other key stakeholders to ensure effective regional collaboration is maintained in the long term • Legislative hooks to address issues relating to regional planning committee composition and appointment.
<p>Uncertain operating environment during transition: Uncertainty for local authorities and other system users during transition about the application of changes in progress (eg, National Policy Statement for Freshwater Management) and some elements of the RMA-based system that remain in force until the new system is fully implemented.</p>	<ul style="list-style-type: none"> • Clear and comprehensive transitional provisions built into the new legislation and / or regulations (developed in conjunction with key system partners, stakeholders, and users) • Clear and timely communication with key system partners and implementers prior to and after enactment, such as local authorities and iwi/hapū/Māori organisations • Development of guidance and training focussed on transitional provisions. Includes a clear line of sight and linkage to other central government reforms and reviews.

<p>Evidence-base for the new RM system and potential legal challenge: The evidence-base for the new system is challenged, wider litigation and/or changing political priorities require reconsideration of some or all the new system elements.</p>	<ul style="list-style-type: none"> • Assemble better scientific evidence in support of proposed policy direction and ensure that this evidence is included in the policy narrative and public discourse. Include robust monitoring and feedback loops (both formal and informal) to determine effectiveness of system in achieving outcomes • Ensure system is agile and adaptive to change if required. Build capacity and capability within MfE to drive training and implementation over time, including implementing politically motivated changes • Consider how an environmental code or similar higher-level form of direction might fit into the new RM system and how such a mechanism would be more than symbolic in nature.
<p>Gaming of consent application process: Applicants are incentivised to overstate the resource use of existing activities when applying for new consents, leading to frequent disputes over historic activity. Applicants may rush to lodge applications for allocatable resources for which new limits and targets will likely inhibit future allocation (eg, freshwater, coastal space, air sheds, gravel).</p>	<ul style="list-style-type: none"> • Transitional provisions (legislation/regulation) provide clear direction on avoiding gaming opportunities • Provide support (training, capacity, and capability) to ensure gaming opportunities are identified and mitigated • Work with local authorities, iwi/hapū/Māori and other key system partners in detailing information and record keeping requirements, baseline time periods ('grandfathering'), and review mechanisms • Promote the outcomes focus of the new legislation and how this may operate on the ground (training, capability).

5.5 Regulatory stewardship supports

The new arrangements will be integrated into MfE's regulatory stewardship obligations. MfE's existing regulatory stewardship strategy can be found [here](#). This sets out how MfE monitors the performance of its regulatory systems, including the information it gathers on system performance through environmental reporting and the National Monitoring System.

Such stewardship involves:

- monitoring and regular assessment of system performance and condition to ensure they are continuously fit for purpose
- understanding and clearly explaining the system objectives, costs, and other impacts the system may impose, and risks to good regulatory performance
- identifying, reporting, or acting on, problems, vulnerabilities, and opportunities for improvement in the design and operation of the system
- not initiating regulatory change without clearly identifying the policy or operational problem the change needs to address, and undertaking impact analysis to provide assurance that the case for the proposed change is robust
- careful implementation planning, including ensuring that implementation needs inform policy, and providing for appropriate review arrangements
- maintaining a transparent, risk-based compliance and enforcement strategy, including providing accessible, timely information and support to help regulated entities understand and meet their regulatory requirements

- ensuring that where regulatory functions are undertaken by others (eg, local government), appropriate monitoring and accountability arrangements are maintained.

PROACTIVELY RELEASED

Section 6: How the new system will be monitored, evaluated, and reviewed

6.1 Success criteria

With reference to the Cabinet agreed objectives, the new system may be considered a success when there is clear and consistent evidence of improved system performance in terms of:

- protection and restoration of the environment and its capacity to provide for the wellbeing of present and future generations
- development being enabled within natural environmental limits
- proper recognition being given to the principles of Te Tiriti and greater recognition of te ao Māori including mātauranga Māori
- preparations for adapting to climate change and risks from natural hazards
- system efficiency and effectiveness and reduced complexity while retaining appropriate local democratic input.

These objectives will be foundational in guiding the design of ongoing monitoring, evaluation and review activities and the information and evidence gathering undertaken for such purposes. As outlined below, some existing measurement and reporting arrangements will continue to be relevant while other new or altered measures will need to be developed and employed (eg, in relation to te ao Māori and digital transformation).

6.2 Existing system performance monitoring, evaluation, and review arrangements and how they will change

Overview

In most cases, the objectives for the new RM system are mutually reinforcing. However, there are inherent tensions within a system that regulates the protection of the environment whilst enabling development. Associated outcomes and targets (success indicators) must account for such tensions and help to ensure an overall, well-balanced approach.

This approach will also recognise that:

- ‘what gets measured generally gets the most attention’ and measures need to be selected and reported in a way that encourages the most appropriate behaviours among all the system participants
- achievement of some objectives, outcomes and targets will depend on factors outside the RM system
- the levers available to system participants will not be the only influence on progress or performance.

As outlined above, the new system will be integrated into MfE’s regulatory stewardship obligations. Beyond that, the approach to monitoring evaluation and review arrangements will be developed and altered to:

- provide high quality information to decision-makers about the state of the environment (complementary to the Environmental Reporting Act 2015 reporting)
- highlight whether and how Māori are enabled and supported to partner and participate within the system and if the system gives effect to the principles of Te Tiriti o Waitangi
- support and inform responsive planning and ongoing system improvements
- provide for regular reporting on system performance and effectiveness at achieving long-term objectives and progress being made over time
- provide information to support and enable stronger oversight of system and agency performance, including through independent oversight
- inform and encourage corrective action to be taken where there is evidence of poor outcomes or performance
- highlight and explain how factors outside the system are enabling or inhibiting progress or performance.

6.3 System performance monitoring and evaluation phases

Establishment Phase

Although a baseline for medium-and longer-term measures should be assessed and set¹ during this phase, performance measures for the establishment phase itself will focus mainly on the timely and complete delivery/achievement of:

- good quality direction (including the National Planning Framework and national environmental limits)
- guidance needed to underpin subsequent steps in the change process
- new system structures, partnerships (including initial work on integrated partnership process agreements) and their support arrangements
- adequate capacity within the system generally and specifically for Māori for this and the next phase
- well-designed capability building and culture change programmes
- evidence to inform decision-making
- the initial systems to monitor and report on system performance.

Transformation Phase

Performance measurement for the transformation phase will be like the establishment phase, but involve a more detailed approach with a focus on matters such as:

- the scope and quality of evidence to inform decision-making
- timely and complete delivery of quality RSS and NBA plans
- giving effect to Te Tiriti o Waitangi and recognition of te ao Māori
- provisions for natural hazard risk management and climate change adaptation

- improvements achieved (eg, in terms of increased certainty and reduced complexity, delays and costs)
- guidance and advice for system participants and information for the public
- the effectiveness of new system structures, partnerships, formal agreements and their support arrangements
- adequacy of system capacity and capability for this phase and arrangements for ongoing implementation
- effectiveness of culture change and community engagement and participation programmes
- further development of monitoring and reporting systems, including a risk-based approach to compliance monitoring and enforcement.

Consolidation Phase

As well as continuing the measurements established during the transformation phase, this phase will include further effectiveness and quality assurance investigations and a review report with recommendations on improvement opportunities at both national and regional levels. The scope of the investigations and review report will include, without limitation, matters identified in the diagram as relevant to this phase.

Evolution Phase

This phase will involve and include regular monitoring and reporting on:

- the impacts of the new RM system on the environment (complementary to reporting under the Environmental Reporting Act)
- the continued effectiveness (or otherwise) of the policies underpinning the new RM system and relevant legislation
- compliance and performance at all levels of the system.

The diagram on the following page is a visual summation and description of the phased approach to transition and implementation and the direction for performance measurement relative to agreed objectives and outcomes for the new RM system.

Figure 11: Phased approach to implementation and outcome-focused performance measurement

Phased approach to implementation and outcome-focused performance measurement

Initial measures focused on delivery around:

- National direction and guidance
- Structures, partnerships and support
- Capacity and capability and culture change
- Scope, availability and quality of evidence
- Monitoring and reporting and Accountability

More comprehensive measures around scope/evidence quality

- Giving effect to Te Tiriti
- Natural hazard risk and climate change adaptation and progress to a low emissions economy
- Guidance, advice and information and capacity and capability
- Overall effectiveness and improvements achieved
- Community engagement and culture change
- Compliance monitoring, enforcement and accountability

2024 Establishment Phase

2031 Transformation Phase

Key areas of focus:

- First Iteration NPF including direction on environmental limits and guidance on Te Tiriti
- Model Project and culture change initiatives
- Integrated Partnership process agreements
- Improved iwi/Māori planning documents
- Building/funding Māori capacity
- Research and analysis to generate data, improve insights and drive decisions.
- "Regional Planning Committees" est. under RSS & NBA
- Guidance/advice/funding direct support for participants
- Relationship, skill and capability development
- Communication and engagement
- Initial CME, accountability and system performance arrangements and ongoing RM Services
- General strategic oversight and direction
- Initial structural and resourcing changes
- System improvements including digital transformation

Key areas of focus:

- Second NPF and Regional Spatial Strategies finalized
- RM decisions give effect to Te Tiriti
- NBA plans finalised/adopted and provide more certainty
- Certainty around trunk infrastructure
- Iwi/Māori (mana whenua) partners in decision-making and expert advice, tikanga and mātauranga informs decisions
- Set local env limits consistent with national limits
- Resource allocation approach consistent with limits
- Development capacity to meet demand
- Focus on, and management of, climate change impacts and natural hazard risks
- Maintenance of system integrity and change management
- Proactive actions to address climate change impacting existing development
- New, improved systems, including digitisation
- Advanced culture change and ongoing adaptive changes
- More advanced capability development
- Advanced CME, accountability and system performance
- Resource integration and reduced status quo bias

Phased approach to implementation and outcome-focused performance measurement

Continuation of relevant earlier measures
Review and recommend system and process improvement opportunities

2032 Consolidation Phase
Legal, system, process and relationship refinements

New and ongoing measures focused on:
Outcomes: for the environment, people and developments
The extent that effect is given to Te Tiriti
Ongoing policy effectiveness
Overall compliance and system performance

2033 Onwards
Impacts of reforms in full effect

Key areas of focus:

- Partnerships with Iwi/Māori
- Focus on positive outcomes
- Effective monitoring of outcomes
- Better integration and less overlap
- Greater innovation, improved capability and systems thinking
- Reduced complexity
- Better prioritization and decision making
- Improved service standards and customer experiences
- Better resource allocation
- Better intelligence/information to support decision making
- Enhanced use of risk-assessment to inform decision making
- Effective and efficient national and regional arrangements

Key areas of focus:

- Te Tiriti o Waitangi, te ao Māori and mātauranga Māori
- Housing supply, affordability and choice
- Intergenerational wellbeing capacity
- Infrastructure provision
- Emissions reductions, climate change effects and other natural hazard risks
- Water, air, soil and ecosystem health (Te Oranga o te Taiao)
- Iwi/Māori resourcing and participation in the system
- Iwi/Māori customary rights, cultural values, Treaty settlements and equitable access to resources
- Flexibility around resource use and for places to change
- Efficient land use and responsive development
- Government capability to effectively work with iwi/Māori
- Type, location and timing of economic and social Infrastructure
- Enabling people access to infrastructure to maximise their wellbeing
- Costs, disruption and distress from climate change and natural hazards
- Risk sharing, funding and financing of risk reduction and adaptation action
- Long-term resilience of new development and communities and a proactive, equitable transition to reduce risk to existing development and communities
- National contributions to the global effort under the Paris Agreement
- Efficiency, effectiveness and complexity (costs and benefits) and allocation of costs
- Appropriate local democratic input and public participation in decisions
- Certainty, consistency, speed and numbers of plans, consents etc

Note that references in the diagram on the preceding page to structural changes (additional to regional planning committees) relate to non-regulatory changes arising directly from the new RM system rather than other changes that might occur within central or local government for other reasons. Subject to future decision-making, examples might include:

- any independent body (eg, a permanent board of inquiry) established in relation to the preparation or review of the National Planning Framework
- ministerial and/or central agency arrangements for managing cross-portfolio interests
- iwi/Māori structures at national and regional levels
- regional secretariats established to support regional planning committees (with membership drawn from local officials, iwi/Māori and central government agencies)
- any new dispute or conflict resolution arrangements.

Also note that timeframes in the diagram are only indicative and will be subject to change according to the adaptive management approach.

6.4 Environmental monitoring

The focus of environmental monitoring and reporting in the system will shift to support the purposes of the NBA and SPA, including upholding Te Oranga o te Taiao, and monitoring against environmental limits and targets, and environmental outcomes. Under the NBA, this will require a range of functions and approaches including:

- prescriptive approaches for monitoring against environmental limits, targets, and outcomes
- a general duty for regulatory bodies to monitor the state of the environment
- powers for the Minister for the Environment to prescribe monitoring and reporting approaches via regulations
- more regular and consistent local environmental reporting
- Māori involvement in developing and undertaking monitoring and reporting activities.

This approach will support the purposes of the NBA and SPA and place greater emphasis on regular and consistent monitoring and reporting on the environmental outcomes of the system. It will also better connect the Environmental Reporting Act 2015 with the NBA.

Roles and responsibilities for monitoring and reporting will be clearer and effect will be given to the principles of Te Tiriti in respect to environmental monitoring and reporting.

6.5 Policy effectiveness monitoring

The system will continue to require responsible bodies to monitor the implementation and effectiveness of regulations, policies, strategies and plans and act when problems are identified. The legislation also sets out requirements and responsibilities for monitoring and reviewing RSS and NBA plans as appropriate in the context of overall governance structures and processes for implementing, administering, and amending strategies and plans.

This is expected to contribute to more responsive decision-making through regular monitoring of plan effectiveness and through better identification of the causes of problems.

6.6 Overall system monitoring and oversight

System monitoring and oversight is necessary to ensure there is transparency and accountability for the performance of the system and the delivery of its objectives. It helps with understanding system pressures and to address issues at an earlier stage, thereby promoting a more efficient and responsive system.

The new arrangements recognise and provide for the following functions to ensure effective system monitoring and oversight:

- Stronger regulatory stewardship and operational oversight of the system by central government.
- Regular reporting to Parliament on the performance of the system, in relation to environmental limits, targets and outcomes of the NBA and SPA.
- Legislated requirements for central government to respond to state of the environment and National Māori Entity reports.
- Independent oversight of system and agency performance to provide accountability and impartial analysis and advice.
- Mechanisms to monitor how the system gives effect to the principles of Te Tiriti.
- A range of powers for ministers to intervene and direct the system.

The adaptive management approach requires continuous review and feedback loops so that implementation can be easily and quickly adjusted where problems arise. Key participants in this ongoing review and response approach will be MfE as the primary regulatory steward, local authorities as lead implementers and iwi/Māori as system partners.

Decisions about appropriate adjustments to the approach and/or legislation will be made progressively in response to the information and issues that become known through monitoring and reporting processes. The consolidation phase will involve an additional point-in-time, in-depth review with recommendations on options to address any specific issues or improvement opportunities that are not already being actioned.

Otherwise, it is unlikely that a legislative review would occur until some years after completion of the consolidation phase. That will enable sufficient time for the impacts of the new RM system to be assessed in terms of the primary outcomes determined by Cabinet and related objectives.

Stakeholders will be able to raise concerns at any time during the implementation process to inform the adaptive management approach. Depending on the nature of the concern, it could be raised directly with MfE, with local authorities or through other structures established to support and enable effective implementation. Regular reporting and associated information gathering processes will be another avenue for issues to be raised and highlighted.

Appendix A: Further information about substantive, past changes to the RMA

The following provides further information about the three substantive tranches of changes made to the RMA since it was enacted in 1991.

The role of central government has been strengthened by:

- Additional general powers allowing the central government (through the Minister for the Environment) to investigate local authority performance in relation to RMA matters, and direct local authorities to prepare or vary a plan (to complement existing central government powers enabling the replacement of elected representatives with a commissioner)
- A requirement on local authorities to give effect to national policy statements in their own plans and policy statements as soon as practicable or within a time span determined by the policy statement
- The ability of the Minister to specify that rules within a plan may be more stringent or more lenient than a national environmental standard only if expressly permitted in the standard
- A requirement on local authorities to produce their plans and policies in accordance with templates and colour codes prescribed by the National Planning Standards
- Permitting the Minister to call in and refer changes to regional policy statements (in addition to consent applications, plan changes and notices of requirement) to the Environment Court or a board of inquiry.

Streamlining processes at all levels of the RMA by:

- Placing a two-year time limit on local authorities to complete a plan change from the date of notification of the proposed change
- A requirement on local authorities to remove any rules within their plans that conflicted with or duplicated a national environment standard, as soon as possible and without using the public consultation and or access to appeals processes
- The consolidation of National Policy Statements, National Environmental Standards and New Zealand Coastal Policy Statements and National Planning under a common descriptor (National Direction) with the ability of the Minister to use a single process to consult on the content of these instruments, individually or in combination
- Providing local authorities with the ability to use a streamlined plan change process for a policy statement or plan change, subject to agreement by the Minister as to the process and the proposed change
- Removing the need for marginal or temporary breaches and boundary breaches (if agreed by affected parties) to be consented
- Allowing resource consent applicants to go direct to the Environment court for decision, thereby bypassing the local authority
- Permitting the Environment court to recover or impose costs on parties to an Environment court application to discourage frivolous or vexation applications

- A requirement on local authorities to decide a non-notified consent application within 10 days (down from 20 days)
- Limiting the range of consent conditions able to be imposed by local authorities to those listed in the Act
- Allowing local authorities to consider positive environmental impacts of a proposed activity, as a means of offsetting possible negative impacts
- Providing for alternative dispute resolution processes (eg, stand-alone Environment Court judges, mediation, judicial conferences) as a means of reducing the cost and timing of full Environment Court hearings.
- The COVID-19 Recovery (Fast-track Consenting) Act 2020 (Fast Track Consenting Act). This Act came into effect in July 2020 (with a sunset clause of July 2023) and provides for a truncated consenting process to expedite projects that can boost employment and economic recovery.
- The National Policy Statement on Urban Development. This came into effect in August 2020 and sets out policies and objectives aimed at improving the ability of local authorities to enable greater housing and commercial building supply in urban areas.
- The Resource Management (Enabling Housing Supply and Other Matters) Amendment Bill (announced in October 2021). This is intended to rapidly accelerate the supply of housing in areas of high demand, by relaxing planning requirements related to housing intensification.

Opening more opportunities for Māori/iwi engagement by:

- Permitting local authorities to enter into joint management agreements with iwi in exercising RMA functions, powers, and duties (in addition to existing powers to transfer RMA responsibilities to iwi authorities)
- Providing iwi with draft plans and policy statements in advance of public notifications of these documents
- Requiring local authorities to respond within prescribed timeframes to iwi requests for Māori/iwi involvement in RMA administration under the Mana Whakahono a rohe provisions.

Evolution of the RMA

The RMA has received regular amendments throughout its 30-year history. However, three tranches of amendments have resulted in significant shifts in the regulatory framework prescribed by the RMA. Collectively, these shifts have entailed the following:

- Strengthening the role of central government in resource management decision-making and increasing local authority accountability for resource management activities
- Attempts to streamline resource management planning and decision-making
- Providing more opportunities for Iwi/Māori participation.

The first major set of RMA amendments occurred in 2005:

- A key purpose of the 2005 amendments was to improve the consistency by which local authorities applied national standards with respect to their resource management obligations. This involved strengthening the general powers of the Minister for the Environment to intervene in local authority activities conducted under the RMA. For example, the Minister was given the power to:

- require local authorities to provide information about the exercise of their powers and responsibilities under the RMA (s27)
- investigate the performance of a local authority in the exercise of their powers and responsibilities under the RMA (s24A)
- direct a local authority to prepare a plan or make a variation to that plan (s25A).
- The Minister was also given the power to establish a national policy statement without referring it to a board of inquiry (to expedite matters), provided that they consulted the public and iwi in a timely matter and considered any submissions made by these parties (s46A(3)(b)).
- The amendments also required local authorities to give effect to national policy statements and allowed the Minister to determine whether a local authority would need to undertake consultation on consequential changes to its policy statements and plans (s55). The amendments also clarified that the rules (in local authority plans), consents and bylaws would only override national environment standards where they were more stringent than the standards (s3B-E).
- To ensure that local authority plan changes were conducted without undue delay, the consultation requirements for local government plan changes were amended to impose a time frame of not more than two years from the public notification of a change to a final decision on the change (Schedule 1, cl10). These amendments also clarified that neither applicants nor local authorities had a duty to consult about a resource consent application unless this was required by another Act (s36).
- The 2005 amendments further enhanced provisions for iwi/Māori engagement. In addition to existing provisions for delegating RMA powers and duties to iwi authorities, local authorities were also permitted to enter joint management agreements with iwi authorities (s36B). S35A required local authorities to maintain contact details for iwi authorities and similar groups within their regions, in addition to keeping records of planning documents that are recognised by each iwi authority and were lodged with the local authority.

RMA amendments in 2009

- The Resource Management (Simplifying and Streamlining) Amendment Act 2009 followed from a report by a Technical Advisory Group (RMA) that focused on reducing costs and delays and streamlining and simplifying RMA processes with the overall aims of improving productivity and providing for sound environmental policy. This resulted in several changes to the RMA which included:
 - reducing opportunities for the RMA to be used for making frivolous, vexatious or anti-competitive objections and appeals
 - improving how applications for proposals of national significance can be conducted in a timely and efficient manner
 - improving plan development and plan change processes to reduce the time and cost associated with aligning plans with national environmental standards
 - improving the resource consent process to reduce the cost and time faced by applicants while maintaining an appropriate level of public participation.
- Measures intended to curb the participation of trade competitors and other potentially frivolous or vexatious parties in matters before councils and the Courts included the following:

- reinstating the power of the Environment Court to require security for costs to dissuade frivolous or vexatious appeals by repealing s284A (which prohibited this practice)
 - limiting trade competitors and their proxies from participating in objections or appeals on grounds other than an adverse effect of the activity on the environment (Part11A)
 - requiring the Courts to award extensive costs against parties who were found to have anticompetitive motives (s308I).
- A new agency (the Environmental Protection Authority, EPA) was established under Part 4A of the RMA as a mechanism to manage the process for proposals of national significance (in which proposals which meet criteria for national significance (eg, large infrastructure) are referred by the Minister to a board of inquiry or Environment Court, (s142(3)).⁶
 - Applicants were also permitted to lodge an application directly with the EPA, which in turn made a recommendation to the Minister as to whether the proposal should be referred for further consideration by a board or the Environment Court. If required by the Minister, these bodies must decide a resource consent application, a notice of requirement⁷, or a plan change relating to proposals of national significance. The 2020 RMA amendments also extended the scope of this process to cover changes to regional policy statements.
 - The amendments also streamlined the process of local authority plan changes to align with national environmental standards issued by the Minister. S44A clarified that a rule would conflict with national environment standards if it were more stringent than the standard, where the standard did not expressly permit more stringent rules. If a rule within a plan conflicts with or duplicates a national environment standard, local authorities were required to remove that conflict or duplication as soon as possible and without using the public consultation and appeals processes required in Schedule 1 of the RMA.
 - The amendments also enabled the Minister to specify activities in the national environmental standards for which a consent application must be publicly notified by a local authority and also those activities which are precluded from public notification (s43a(7)).
 - While local authorities retained the power to decide whether the public or an affected party should be notified of a resource consent application, the 2009 amendments clarified the test for determining whether this should occur eg, if an applicant requests it (s95A). It also placed limitations and conditions on the requirement to notify affected parties. In particular, local authorities were required to disregard effects on the land and persons occupying land to which an application applied (in addition to adjacent land) as causes for notification and on any person who had given written approval to the relevant application as causes for notification (s95D). Where a rule or national environmental standard precluded public notification, the local authority was also effectively prohibited from notifying an application in the absence of any special circumstances or where notification was not requested by the applicant (s95A(3)(4)).
 - These amendments also provided resource consent applicants with the ability to bypass their local authority and take an application directly to the Environment court for a decision. This avenue was limited to those consent applications (including requests to change consent conditions) that were notified (or notifiable) with access to this process dependent on local authority agreement (s87D). To reduce the likelihood of frivolous or vexatious use of this process, the amendments also provided the Environment Court with the option of requiring the applicant or other party to pay court-related costs to Court or to another party involved in the application (s285).

RMA amendments in 2017:

- The 2017 amendments resulted in a wide number of technical and substantive changes to the RMA. Substantive changes again focused on streamlining planning and consenting processes, with particular attention given to central government direction setting.
- National Policy Statements, National Environmental Standards and New Zealand Coastal Policy Statements were brought under a common descriptor (National Direction), with the ability of the Minister to use a single process to consult on the content of these instruments, individually or in combination (s46A). If public consultation on a proposal for national direction indicated that a policy statement or national planning standard would be a better response to the issue, these options could be pursued. Further, the board of inquiry process that was previously only available for national policy statements was extended to include national environmental standards (s46A(3)(a)). By this means, integration between different instruments about the same topic would be improved and costs would be reduced where instruments were developed concurrently.
- A new instrument (the 'National Planning Standards') was also added to the national direction framework to provide greater national consistency and reduce the complexity and cost of creating local authority plans and policy statements (s58B). This component of the National Direction prescribes the structure, format, map colour codes, definitions, common noise and vibration metrics, in addition to the electronic functionality and accessibility of regional policy statements, regional plans, district plans and combined plans under the RMA (s58C). Unlike the other instruments within the National Direction, the National Planning Standards are approved by the Minister via a Gazette notice rather than Order in Council (s58E).
- A new section (360D) was introduced to enable regulations to be made to prohibit or remove local authority rules that duplicate, overlap with, or deal with subject matter that is included in other legislation, although this was repealed in 2020.
- Further changes were also made to the planning process, both in terms of modifying the existing standard planning process and establishing two new alternative planning processes: 'streamlined' and 'collaborative.'
- Modifications to the standard process included the following:
 - The ability to limit the notification of plan changes to those directly affected by the change (where all those affected can be identified) rather than the public (Schedule 1, cl5A)
 - The removal of a local authority's power to grant its own extensions to the two-year timeframe for completing a plan or plan change; the change meant that Ministerial permission was required for an extension (Schedule 1, cl10A).
- If a local authority wishes to use a streamlined planning process (s80c), it must make a request to the Minister for the Environment (or the Minister of Conservation, if the process is for a plan or plan change concerning the coastal marine area). Before the request is made, the local authority must be satisfied that the plan change or variation meets at least one of the following criteria (s80C):
 - will implement national direction
 - is urgent as a matter of public policy

- is required to meet a significant community need
- deals with an unintended consequence of a policy statement or plan
- will combine several policy statements or plans
- requires an expeditious process for a reason comparable to those listed above.
- The request must include an explanation of the request, a description of the planning issues and proposed streamlined planning process and the persons the council considers are likely to be affected by the plan change. It must also include a timeframe for completing the change, a summary of consultation (planned or undertaken) and the implications of the proposed streamlined planning process for any legislative requirements for iwi participation (s75). Where the Minister issues a direction approving a streamline plan approval process, he or she can include additional steps, timeframes and reporting requirements. This direction is Gazetted (s79).
- Within the timeframe required by the Minister’s direction, the local authority must provide the proposed plan change to the Minister, including a summary of submissions (and any associated modifications) and a summary showing how the proposed change complies with the Minister’s direction and any other requirements. The Minister can then approve or decline the change (s85) or refer it back to the local authority for further work and resubmission (s86). There are no avenues for appealing a Minister’s decision to approve or reject a local authority’s planning instrument under the streamlined process provisions (s91), except for those aspects of a plan (eg, a designation) that are decided by a requiring authority.
- The ‘Collaborative’ process was intended to provide community participation at the front end of the planning process to produce plans that better reflect community values and reduce litigation costs and lengthy delays later in the process. These provisions were repealed in 2020.
- Several amendments were also directed at further streamlining the consenting process. The main changes entailed:
 - A breach of planning rules in relation to the position of a structure adjacent to a neighbour’s boundary (eg, where a house which breaches a recession plane rule) no longer requires a resource consent, where affected neighbours have provided their written agreement (s87BA)
 - Providing local authorities with the discretion to treat temporary or marginal breaches of the rules as permitted, provided the adverse effects of these activities are less than minor (s87BB)
 - A reduction of the 20-day deadline for a consent decision to 10 days for non-notified ‘fast-track’ applications with an electronic address for service (s1154A).
- Regulation powers were also made available which prescribe additional activities or classes of activities to which a fast-track process could be applied, and information requirements associated with fast-track applications, but these provisions were revoked in 2020.
- The amendments also removed the general discretion for councils to publicly notify resource consent applications. The new requirements specified when a local authority was required to notify (eg, if requested by the applicant) and when notification was prohibited (eg, a national environmental standard precludes it). A prohibition on notification for controlled activities and

discretionary applications for subdivision of land and residential activities was also included in the 2017 amendments, but this was also repealed in 2020.

- Previously the RMA included a non-exclusive list of matters that consent authorities could address in resource consent conditions, which meant that local authorities could place any conditions they considered appropriate. The new provisions limited the imposition of conditions to well defined circumstances eg, the applicant agrees to a condition; the condition is directly connected to an adverse effect (s108AA).
- A further amendment also required local authorities to have regard to measures proposed or agreed by applicants or requiring authorities, to ensure positive effects on the environment that offset or compensate for any adverse effects on the environment. Measures proposed to ensure positive environmental effects that offset or compensate for adverse effects could include matters such as new public access ways, revegetation of land or predator control programmes for example (s101(1)(ab)).
- The 2017 RMA amendments provided an additional avenue for objections against resource consent decisions. Appellants could opt for an independent hearings commissioner rather than have an objection heard by the consenting authority (s357AB). However, further limits were placed on the ability for appeals to the Environment Court.
- Rights to appeal consents about boundary activities, sub-divisions and residential construction (unless the subdivision/construction was a non-complying activity) were removed (s1201A). Appeals against consents relating to subdivisions of a non-complying activity type were limited to those persons who made a submission on the consent application (s1201B). In 2020, these appeal limits were reduced to consents about boundary activities, which meant that appeals could again be lodged about all types of sub-division and residential construction.
- The 2017 amendments also widened alternative dispute resolution opportunities to help ease the workload on the Environment Court. Under these provisions the Environment Court can refer the matter to a judicial conference or mediation, and to require all parties to the dispute to attend the conference (s268, s268A). Further, the amendments permitted the Chief Environment Court Judge to devolve less complex appeals to a single Environment Judge that would have otherwise had to be heard by a full quorum of the Environment Court (s279(5))
- Provisions for Māori engagement were also further strengthened by a requirement on local authorities to provide a copy of any draft policy statement or plan, once prepared but before it is publicly notified, to any iwi authorities that were previously consulted on the draft and have regard to any advice received from those iwi authorities before notifying the changes (Schedule 1, cl4A). Further, the amendments also strengthened the ability of iwi authorities to participate in RMA processes by placing a requirement on local authorities to respond to 'Mana Whakahono a Rohe' proposals from iwi.
- Under this framework, an iwi or group of iwi can notify a local authority of its interests in engaging RMA process at one or several levels, including proposed plan changes, consultation on consent applications, and iwi representation on council resource management committees (s58)(1)). Within 60 days of this invitation a local authority must convene a hui with the iwi concerned to discuss a process for developing a Mana Whakahono a Rohe agreement (s58O(2)(b)). Provided that agreement is reached between the parties on a process, the parties can then proceed to negotiate the content of a Mana Whakahono a Rohe and must finalise it within 18 months from the time the local authority received the Invitation (58Q).

Recent changes to resource management

- During the previous two years, several significant changes have been made to resource management processes in New Zealand, although not necessarily via amendments to the RMA. These changes are reflected in:
 - The COVID-19 Recovery (Fast-track Consenting) Act 2020 (Fast Track Consenting Act). This Act came into effect in July 2020 (with a sunset clause of July 2023) and provides for a truncated consenting process to expedite projects that can boost employment and economic recovery.
 - The National Policy Statement on Urban Development. This came into effect in August 2020 and sets out policies and objectives aimed at improving the ability of local authorities to enable greater housing and commercial building supply in urban areas.
 - The Resource Management (Enabling Housing Supply and Other Matters) Amendment Bill. This is intended to rapidly accelerate the supply of housing in areas of high demand, by relaxing planning requirements related to housing intensification.
- While the first initiative has the stated aim of reducing potential impacts of COVID-19 on employment and the economy, they all include a common theme of responding to acute housing shortages by modifying resource management requirements.
- The Fast-Track Consenting Act does this by allowing projects requiring resource consents to be referred to an expert consenting panel rather than being processed by a local authority under the usual RMA consenting provisions. The expert panel is convened of a current or former Environment Court Judge appointed by the Minister. The convenor in turn appoints up to four panel members, which must include one nominated by a relevant local authority and one from a relevant iwi.
- Applications for referral are provided to the Minister. If the Minister is satisfied that an application is consistent with the purposes of the Fast-Track Consenting Act (eg, generates employment, increases housing supply and infrastructure), they can then recommend that a project be referred by Order in Council (ie, via a 'referral order'). If a referral order is made, the Minister communicates this to the EPA, which supports the expert consenting panel in the decision-making process.
- The process is then defined in statute by several stages, which include requirements on the panel to issue an invitation to comment on the application within five days of the panel receiving the application. Public notification (partial or full) is not permitted, and the panel is limited to issuing invitations to those listed in s17 of the Fast-Track Consenting Act (eg, relevant local authority, iwi, affected landowners) and any parties that might be included in the referral order. Invitees have ten days to comment on the application and the applicant is given five days to respond to the comments. Decisions must be made by the panel within 25 days of the deadline for commentary, although this can be extended by another 25 days. Hearings are permitted only at the discretion of the panel, and appeals are limited to judicial review.
- The National Policy Statement on Urban Development (NPS-UD) replaces the National Policy Statement on Urban Development Capacity 2016. Local authorities must give effect to the eight objectives and eleven policies in the NPS-UD in their planning and consenting activities. The objectives include the need to enable more people to live in, and more businesses and community services to be located in, areas where there is high urban demand. Information

about their urban environments must be robust and frequently updated and inform planning decisions.

- The policies include the need for all territorial authorities to have at least sufficient development capacity to meet expected demand for housing and commercial land over the short term, medium term, and long term and that tier 1 local authorities (which include major cities such as Auckland and Wellington) have building heights and density of urban form to realise as much development capacity as possible and to maximise benefits of intensification within city centres. The remaining parts of the NPS-UD prescribe methods and timelines which local authorities must apply when implementing the objectives and policies.
- The Resource Management (Enabling Housing Supply and Other Matters) Amendment Bill is intended to support provisions in the NPS-UD to accelerate the supply of housing where the demand for housing is high. It will do this by requiring:
 - The use of an ‘intensification streamlined planning process’ (ISPP) which establishes a set of standardised process steps (based on the existing streamlined consent process in the RMA) which territorial authorities must use where they are required to implement urban housing intensification objectives and policies
 - Tier 1 territorial authorities (and any others by Order in Council) to change their planning rules so that most of their current and future residential areas are zoned for medium density housing, which enables three storey high and three dwellings per site, as of right (ie without the need for a resource consent)
 - Greater flexibility in relation to recession planes (to enable taller dwellings on average-sized sites), smaller private outlook spaces, reduced car parking spaces, and reduced side yard setbacks to increase the number of medium density dwellings per site
- While the NPS-UD provided a deadline of August 2024 for territorial authorities to deliver additional housing development capacity, the Bill directs tier 1 territorial authorities to notify intensification planning instruments no later than 20 August 2022.

Appendix B: Objectives and outcomes for the new RM system

This table sets out the Cabinet/MOG agreed objectives and outcomes that guided the overall work programme of developing the legislation and which remain relevant to the ongoing transition to and implementation of the new RM system.

Table 52: Objectives and outcomes for the new RM system

Objective	Intended outcomes from objectives
<p>Natural environment: Protect and where necessary restore the natural environment, including its capacity to provide for the wellbeing of present and future generations</p>	<ul style="list-style-type: none"> the natural environment is protected and restored, and the health of New Zealand's fresh water, coastal water, air, soil, ecosystems and their ability to sustain life are maintained in line with Te Mana o te Taiao nationally and regionally significant landscapes, natural features, habitats for indigenous species, native biodiversity and the natural character of the coast, river and lakes are maintained or where appropriate enhanced important indigenous species and their ecosystems are protected and where necessary restored
<p>Development Better enable development within environmental biophysical limits including a significant improvement in housing supply, affordability and choice, and timely provision of appropriate infrastructure, including social infrastructure</p>	<ul style="list-style-type: none"> more flexibility for people to use resources and for places to change, while looking after the natural environment the right infrastructure, in the right place at the right time, which provides adequate access to economic and social opportunities and enables people to maximise their wellbeing housing supply is responsive to demand, with competitive land markets enabling more efficient land use and responsive development, which helps improve housing supply, affordability and better meets a range of housing needs (by type, size, location and price point)
<p>Te Tiriti Give effect to the principles of Te Tiriti o Waitangi and provide greater recognition of Te Ao Māori, including mātauranga Māori</p>	<ul style="list-style-type: none"> process and substance of the National Planning Framework (NPF) and plan-making decisions give effect to the principles of Te Tiriti and reflect Te Ao Māori, including mātauranga Māori Iwi/Māori can participate as Te Tiriti partners across the RM system, including in national and regional strategic decisions, and are sufficiently resourced for duties or functions that are in the public interest Māori customary rights, cultural values and Treaty settlements are protected, and equitable access to resources for iwi/Māori is ensured improved central and local government capability to effectively work with iwi/Māori
<p>Climate and risk Better prepare for adapting to climate change and risks from natural hazards, and better mitigate emissions contributing to climate change</p>	<ul style="list-style-type: none"> costs, disruption and distress due to the impacts of climate change and natural hazards are minimised in the long term for society as a whole long-term and predictable arrangements for risk sharing, and funding and financing of risk reduction and adaptation action are in place new development and communities are located and designed to be resilient to and reduce the risks from natural hazards and long-term climate impacts existing development and communities are proactively and equitably transitioned to reduce unacceptable risks from natural hazards and long-term climate impacts the RM system supports national instruments and programmes to contribute to the global effort under the Paris Agreement to limit the global average temperature increase to 1.5 degrees Celsius above pre-industrial levels
<p>System performance</p>	<ul style="list-style-type: none"> unnecessary costs are removed and net benefits maximised

<p>Improve system efficiency and effectiveness, and reduce complexity, while retaining appropriate local democratic input</p>	<ul style="list-style-type: none">• greater certainty, consistency, fewer plans, consents and appeals, faster plan preparation and faster approvals• external costs fall where they should and the burden of system processes shifts towards the public sector• decisions and decision-making provides reasonable opportunities for public participation, including by communities currently under-represented in the system, and better reflects communities of interest• greater public input into strategic decisions and less direct input into site-specific appeals, with the input of communities proportionate to the issues at stake.
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PROACTIVELY RELEASED

Appendix C: Problems under the status quo

C1: Giving effect to principles of Te Tiriti, and Māori participation in the system

Table 53: Te Tiriti and Māori participation – Problems under the status quo

Aspect of Māori participation	Problems under the status quo
Funding	<p>The RMA does not include statutory obligations to fund Māori participation, nor the means to recover relevant costs from system users</p> <ul style="list-style-type: none"> • Current central and local government funding arrangements to support Māori participation in the RMA have been varied and insufficient, which have hindered the ability for iwi/Māori to properly execute their kaitiaki responsibilities and engage meaningfully in the current system, especially those without the ability to self-fund participation. • At Central Government level, funding has typically been project-based, one-off or time-limited. Where it is provided by local government, funding support is primarily for Māori participation in discrete consenting and planning activities.
Giving effect to the principles of Te Tiriti	<p>Section 8 of the RMA requires that all persons exercising functions and powers under the RMA <u>take into account</u> the principles of Te Tiriti.</p> <ul style="list-style-type: none"> • The RMA was intended to recognise Te Tiriti and contains provisions that aim to enable iwi/Māori participation in the system. However, these provisions have had “extremely limited uptake,” with a lack of resourcing for iwi/Māori to participate and partner in the system being a major barrier and limited scope to use mātauranga iwi/Māori in decision-making. • In the Waitangi Tribunal’s stage 2 report, Wai 2358 <i>The Freshwater and Geothermal Resources Inquiry</i>. It notes “section 8 of the RMA is entirely inadequate for the degree of recognition and protection of iwi/Māori interests that is required by the Treaty.” This has meant iwi/Māori interests tend to be ‘balanced out’ in the hierarchy of matters that decision-makers must consider in sections 6-8 of the RMA. • Currently, there is no monitoring of Te Tiriti performance in the Resource Management (RM) system. While the RMA expresses a need to ‘take into account the principles of the Treaty of Waitangi,’ there is no transparency or oversight about whether this is being done.
Recognition of Te Ao Māori and mātauranga Māori	<p>The current RM system is not enough to provide an effective role for iwi/Māori and to deliver better outcomes for Māori.</p> <ul style="list-style-type: none"> • Decisions which ‘balance out’ iwi/Māori interests can jeopardise cultural heritage, affecting relationships to taonga, traditional practices such as mahinga kai, and the rangatiratanga of an iwi within their rohe. • The RMA does not take a Te Ao Māori view, nor does it incorporate mātauranga Māori concepts meaning traditional practices are not widely encouraged, provided for, or accepted as an appropriate response to environmental management. This prevents rightful rangatiratanga of an iwi within their rohe, and more widely by iwi/Māori across the motu in relation to decision-making and delivering better outcomes for mana whenua.

<p>Representation and participation of all iwi/Māori groups</p>	<p>Current RMA provisions allow central government, local authorities, and consent applicants to restrict engagement to iwi authorities even where other groups, such as hapū, should be involved</p> <ul style="list-style-type: none"> • The RMA terms and definitions for iwi authority, tangata whenua and groups that represent hapū do not provide sufficient clarity for decision-makers. • Iwi/Māori involvement in the system has tended to be at the later stages (eg, consenting processes) rather than earlier, strategic decision-making stages. • Under the RMA, most active engagement requirements and participation opportunities for tangata whenua apply to iwi authorities. Some provision is made for hapū participation in the RM system, such as the ability to enter Mana Whakahono ā Rohe (MWaR) agreements and requirements to consult with tangata whenua (which includes hapū) on appointments to Independent Hearing Panels. However, such participation is generally limited. • The RMA does not explicitly provide for the specific rights and interests of non-whakapapa-based Māori groupings such as urban Māori and national Māori entities. Some groups who do not have mana whenua according to tikanga have claimed status as tangata whenua exercising mana whenua, causing uncertainty, and creating significant costs for iwi, hapū and councils.
<p>Improving system efficiency and effectiveness</p>	<p>The current system does not provide for efficient and effective iwi/Māori participation at all levels. Fragmented processes and rohe spanning multiple local authority boundaries mean iwi/Māori engagement in planning processes can be repetitive and inefficient.</p> <ul style="list-style-type: none"> • Central government and local authorities struggle to strike an effective balance between providing for effective engagement on regional level issues while respecting the mana of iwi and hapū in their rohe. • There are no clear/consistent mechanisms for effective national level input that respect the mana of iwi and hapū at place • The system does not support effective dispute resolution mechanisms prior to the courts where iwi/hapū/Māori groups disagree in relation to their rights and interests.

Many of the root causes of the issues are broader than just the RM system, and beyond the scope of what the new RM system can deliver on its own. For example, the Panel noted that “a major barrier to better aligning the resource management system with te ao Māori is the difficulty of embedding Māori concepts, such as tikanga, mātauranga and te reo, into a primarily ‘Western’ framework.” While the new RM system can address this issue to an extent within the RM system, the kind of constitutional change that may be required to fully achieve this is out of scope of the new RM system.

C2: Regional Spatial Strategies

Table 54: Strategic planning – Problems under the status quo

Aspect of strategic planning	Problems under the status quo
<p>Integrated</p>	<p>Planning for regional development is split across several Acts (including the RMA, LGA, and LTMA) and is not well integrated or aligned.</p> <ul style="list-style-type: none"> • Opportunity costs associated with poor planning integration such as the overall functioning of urban areas including access, labour market function and productivity. • Poor alignment between land use decisions and broader regional planning considerations (including infrastructure, environmental protection and managed retreat). • Central Government plays a key role in providing major infrastructure such as land transport, health, education and corrections facilities. Decisions on the placement of roading, schools, hospitals and prisons, have significant implications for regional land use and the overall functioning of urban areas (including access, labour market function and productivity). Except for the New Zealand Transport Agency (NZTA), Central Government has historically not been an active participant in strategic regional land use planning.
<p>Consistent and strategic long-term spatial plans</p>	<p>Spatial planning in New Zealand is largely voluntary and has been almost exclusively a feature of high growth areas, particularly those experiencing acute housing shortages.</p> <ul style="list-style-type: none"> • Where spatial planning does exist in New Zealand, this is specific to particular programmes (eg, under the Urban Growth Agenda) or to a particular region (ie Auckland). • Auckland Council is the only territorial authority to have a specific statutory requirement for spatial planning. Other local authorities have undertaken spatial planning exercises voluntarily. • Central government requires local authorities to develop 'Future Development Strategies' via a its National Policy Statement on Urban Development. Introduced in 2016, Future Development Strategies are intended to inform local government decision-making under the RMA, LGA and LTMA by providing the basis for integrated, strategic and long-term planning. • The introduction in 2018 of the Urban Growth Partnerships programme represents a more active stance on the part of central government to urban development. This is more of an urban spatial strategy rather than one that covers the whole region.
<p>Flexible and adaptable</p>	<p>The current planning framework is reactive and has not provided adequate long-term planning tools to respond to long-term changes such as climate change.</p> <ul style="list-style-type: none"> • The current resource management system is not well placed to deal with the change and unpredictability inherent in urban and regional development. Decision-making processes to change land use rules are slow and uncertain, partly due to the multiple avenues open to relitigate them in the courts. • The absence of mechanisms to ensure the timely release of sufficient development capacity – through increased housing density or providing more developable land at the boundaries of cities – and the absence of a coordinated supply of complementary infrastructure, have long been cited as serious obstacles to timely responses to development pressures.

	<ul style="list-style-type: none"> While the National Policy Statement on Urban Development (NPS-UD) requires large and fast-growing urban areas to provide ‘at least sufficient development capacity to meet demand,’ there is inconstancy in the way the NPS-UD is being applied across NZ. The NPS-UD also lacks legal weight to influence infrastructure investment, although this is likely to be remedied through the Resource Management (Enabling Housing Supply and Other Matters) Amendment Bill. Some councils must prepare Future Development Strategies, but central government is not an active participant in shaping these.
Māori participation in long-term planning	<p>There are few opportunities for Māori to engage at a strategic level in regional development and environmental protection.</p> <ul style="list-style-type: none"> Limited scope for Māori engagement in strategic land use planning. Māori engagement in RMA processes has been uneven, and largely connected to Treaty settlements with the Crown. These have led to co-governance and Joint Management Agreements with local authorities that specifically provide for management and operations in accordance with tikanga Māori. Overall, however, it appears that the RMA has not delivered appropriate levels of partnership, even with the opportunities provided by the RMA.

C3: National direction – the role of the NPF

Table 55: National direction – problems under the status quo

Aspect of national direction	Problems under the status quo
Aligned	<p>There is a frequent disconnect and misalignment between central and local government directions and plans which leads to poor outcomes for the environment, and a lack of clarity as to who the responsibility lies with.</p> <ul style="list-style-type: none"> The current legal framework in the RMA inhibits integrated management by providing for multiple individual instruments. This has allowed central government to make national direction which sidesteps the difficult trade-offs and instead requires councils and their communities to prioritise and reconcile across domains and instruments, primarily through the development of their individual regional and district plans.
Strategic	<p>There are 25 tools currently in effect in the existing suite of ND which serve many different purposes. The convoluted nature of the collection of tools means many of the conflicting instruments do not provide cross-cutting and strategic long-term direction that is required for positive outcomes.</p> <ul style="list-style-type: none"> The approach to deciding which issues to prioritise for national direction has tended to be ad hoc and reactive. At times, this has resulted in the development of national direction driven by the priorities of particular groups or agencies, rather than what is in the best interests of the resource management system, the environment or what is most needed to implement the RMA successfully.
Coherent and effective	<p>Undue complexity and inefficient processes have led to unnecessary cost and delay. Status-quo bias and the tendency to add, rather than amend or amalgamate, ND tools under the RMA has led to an ineffective and un navigable collection of legislative guidance.</p> <ul style="list-style-type: none"> National direction under the RMA has various purposes which either differ slightly in wording or, for some instruments, appear to be absent or must be implied from the sections relating to their content or development. The development of NPS and NESs is fragmented and slow and as a result these instruments become unresponsive to emerging issues, technologies and trends.

	<ul style="list-style-type: none"> The disconnect in ND has resulted in inconsistencies in the way the environment is managed and created duplication of effort among councils and additional litigation (along with the associated costs and diversion of scarce resources from other priorities).
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C4: Environmental outcomes – limits and targets

Table 56: Environmental outcomes – problems under the status quo

Aspect of environmental outcomes	Problems under the status quo
Efficient	<p>There is a lack of coordination between planning agencies on shared environmental issues, potential for disruptive, ad hoc planning, and an overall slow, litigious and unresponsive process.</p> <ul style="list-style-type: none"> The effects-based approach of the RMA is often seen as inefficient. Plans require consents for a broad range of activities and effects and plans often identify and manage many potential adverse effects.
Directive	<p>The RMA was intended to provide a relatively passive approach to environmental management by focusing primarily on adverse effects to enable the market to make decisions once effects were managed. In practice this was particularly unhelpful in the urban context because it did not provide enough direction.</p>
Effective	<p>The effects-based approach as set out in the RMA has not protected the natural environment. Since 1991, the environment has degraded markedly, due to both natural and man-made causes. Some indicators of natural environmental outcomes are stable; however, many are getting worse. In cases where they are already poor, little to no progress is being made to improve or restore them.</p> <ul style="list-style-type: none"> The RM system focuses on managing adverse effects but does not sufficiently recognise the benefits associated with an activity, such as improvements in the state of the natural environment or for economic, social or cultural wellbeing. The RMA’s purpose does not address enhancing, restoring or regenerating the environment. Rather, resources must be “sustained,” life-supporting capacity “safeguarded” and adverse effects “avoided, remedied and mitigated.” Native freshwater species and ecosystems are under threat; water is polluted in urban, farming and forestry areas; and a sizeable proportion of catchments are fully allocated (ie, any more water use would exceed environmental limits). There is continued loss of indigenous land cover; coastal and lowland ecosystems that were once widespread (including wetlands) continue to decline in size; and many species of indigenous land-based vertebrates are either threatened or at risk of extinction. Our native marine species and habitats are under threat, for example from activities on land that are polluting our marine environment.
Cohesive and coherent	<p>A problem with the RMA has been that many resource use activities are evaluated case by case with few clear limits or targets set in plans or national direction.</p> <ul style="list-style-type: none"> Though the RMA required people to avoid, remedy or mitigate the effects of their activities, the combined effect of the mitigation was an incremental degradation of the natural environment. Cumulative effects on the natural and built environment have not

	been dealt with proactively and developers can face high costs designing their developments to meet unclear standards.
Adaptable	<p>There is a lack of future focus and a bias towards the status quo. This does not recognise that our society, including how and where we live, is dynamic and constantly evolving or the need to adapt to the effects of climate change.</p> <ul style="list-style-type: none"> Per person greenhouse gas emissions are high and the impacts of climate change are already being felt across New Zealand. There is also a consensus among experts that the current system does not deal well with climate impacts, neither in supporting emission reductions nor in adaptation. New Zealand’s average temperatures continue to increase as well as becoming more variable, for example with more observed ‘heatwave’ days. The warmer atmosphere and changed rainfall is already translating into impacts on other parts of the physical environment, such as soils, oceans and glaciers.

C5: NBA plans

Table 57: Integrated management – Problems under the status quo

Aspect of integrated management	Problems under the status quo
Cohesive and effective	<p>The current system has a lack of vertical integration, a tendency to get more complex and fragmented over time, poor system stewardship, and lack of data to support good decisions in plan review.</p> <p>The policy and planning framework under the RMA consists of regional policy statements, regional plans and district plans. These plans must also give effect to national direction, including the NZCPS. They must also adhere to any relevant national planning standards. Under the RMA there are over 100 policy statements and district, unitary, regional and local plans.</p>
Manages adverse effects	<p>The purpose of the RMA requires resource users to avoid, remedy or mitigate “any adverse effects of activities on the environment.” It does not mention offsetting or compensation or explain when they should be allowed.</p> <p>The key point of difference between the various concepts is that only avoiding, remedying and mitigating actually prevent or reduce adverse effects. Offsetting and compensating do not prevent or reduce adverse effects. Instead, they deliver positive effects, usually at a different site from the activity in issue. Under the RMA, conditions requiring works to offset or compensate for adverse effects have quite commonly been breached.</p>
Provides for positive environmental outcomes	<p>The RMA was intended to provide a relatively passive approach to environmental management by focusing primarily on adverse effects to enable the market to make decisions once effects were managed. In practice this was particularly unhelpful in the urban context because it did not provide enough direction.</p> <p>A significant criticism of the existing system is the disconnect between different plans and the lack of integrated management of resources, often leading to complexity, unacceptable cumulative effects and poor environmental outcomes.</p>
Ability to resolve conflicts and tensions	<p>A critical problem with plans is the failure to resolve the tensions within them between important resource management issues. Tension is created to some degree in the purpose of the RMA, including the requirement for sustainable management. This tension has been elevated in recent</p>

	<p>years with the introduction of national direction requiring greater planning for urban development capacity alongside other national direction for greater environmental protection.</p> <p>Although greater intensification of the urban environment can take pressure off resources in the rural and natural environments, these environments are not completely separate places. Plans have a more important role than ever to address these tensions in a way that fits within their local context and reflects community values.</p>
Efficient	<p>The current system has a lack of coordination between planning agencies on shared issues, potential for disruptive, ad hoc planning, and an overall slow, litigious and unresponsive process.</p>

C6: Consenting

Table 58: Consenting – problems under the status quo

Aspect of resource consenting	Problems under the status quo
Activity categories	<p>These play a key role in identifying whether activities are permitted, trigger resource consents, or are prohibited under the RMA In practice this has resulted in no clear difference between the two most stringent categories that trigger consents – resulting in uncertainty for decision-makers and applicants, and ineffective management of the planning outcomes.</p> <ul style="list-style-type: none"> • Rules in regional and district plans determine the category within which an activity falls (permitted, controlled, restricted discretionary, discretionary, non-complying, prohibited). There is a corresponding consenting pathway associated with the activity, which may be more or less restrictive. Permitted activities do not require consent and prohibited activities cannot receive consent. • Consents are often issued with conditions intended to ensure consent-holders remedy or mitigate adverse environmental effects. However, there is limited data on the effectiveness of these conditions as this is not captured by the National Monitoring System (NMS).
Notifications	<p>The existing notification provisions in the RMA have driven risk-averse behaviour including requiring unnecessary written approvals for activities, or publicly notifying activities that could be reasonably expected within a zone.</p> <ul style="list-style-type: none"> • A small number of consents (2.5% of 40,000) are either limited notified (meaning only affected parties can participate) or publicly notified. This means for most resource consents there are no rights to make a submission or appeal. • The current notification thresholds are focused on ‘adverse effects’ on ‘affected persons’ or the environment. This has created an imbalance where ‘notified’ or ‘interested’ parties have a strong influence on the outcome of the consent, which may not necessarily reflect the approach identified in the plan.
General and additional processing pathways	<p>The current processes are unnecessarily complex and costly for users, which stems from poor plan quality and lack of consistency between plans. The existing information requirements and timeframes allowing suspension or extension for a consent application, regardless of complexity and significance, have added to uncertainties.</p> <ul style="list-style-type: none"> • Additional pathways (direct referral to the Environment Court, and call-in by the Minister as a proposal of national significance) create further complexity in the system and are used for a small number of large proposals.

	<ul style="list-style-type: none"> • There are several types of resource consents, each requiring slightly different considerations, which largely follow the same application and decision-making process which is intended to be proportional to the activity being considered. • Territorial and regional authorities decide most resource consents. A small number of consents are directly referred to the Environment Court for the first instance decision or determined to be nationally significant and decided by either a Board of Inquiry, or the Environment Court. • Less than 0.5% of resource consents are appealed to the Environment Court, with appeal rights only provided for applications and submitters on notified consents. • MfE national monitoring reports indicate that around 35,000 consents are applied for annually, with 99% approved. • The average council processing fee for a non-notified resource consent in 2017/18 was \$3,928; a limited notified consent was \$8,288; and a publicly notified consent was \$25,756. Half of all consents cost less than \$2100, and only 5% cost more than \$10,000¹. Applicants also incur further costs to assist with navigating the consenting system such as professional support with preparing a consent application.
Public participation	<p>There is no requirement for an applicant to consult on a resource consent application before it is lodged. The framework for participation is convoluted and unclear.</p> <ul style="list-style-type: none"> • Amendments have reversed the presumption on the notification of resource consents and narrowed the scope of who can participate in the process. The rationale provided was that public participation should be front-loaded into the plan-making stage, where communities can input into rules that will trigger the need for resource consent. There is no requirement for an applicant to consult on a resource consent application before it is lodged.
Māori participation	<p>Māori currently have limited ways to influence plan content and accordingly little ability to influence notification decisions.</p> <ul style="list-style-type: none"> • Plans are developed with Māori, they specify where and how Māori should be engaged in consenting, and specify when information requirements, such as environmental and cultural impact assessments, are required.

C7: Resource allocation

Table 59: Resource allocation – problems under the status quo

Aspect of resource allocation	Problems under the status quo
Sustainable	<p>Limits are inherently linked to the allocation of resources, with limits signalling the absolute maximum amount of the resource that can be allocated:</p> <ul style="list-style-type: none"> • The current entrenchment of first in first served means there is a missed opportunity to consider the design and implementation of allocation approaches that better give effect to limits.
Efficient	<p>The current system is not efficient when resources are scarce:</p> <ul style="list-style-type: none"> • The current approach provides existing and potential investors with certainty through continued access to resources, but also provides little incentive to maximise value from a resource and surrender unused resources.

<p>Equitable</p>	<p>The current system is not equitable when resources are scarce:</p> <ul style="list-style-type: none"> • The first in first served approach has prioritised those with existing allocations, preventing new users from entering the system. • Alternative allocation approaches have not been developed, and a continued bias towards the status quo has been observed (eg, widespread existing entrenchment of first in first served allocation approaches, existing long-term consent durations, and lack of common expiry dates). In the case of freshwater allocation, the current approach has disadvantaged the owners of less developed land (who are disproportionately Māori).
<p>Funding and charging</p>	<p>There is a missed opportunity to charge for resource use to support the funding and improvement of the resource management system.</p> <ul style="list-style-type: none"> • The RMA does not sufficiently recognise and redistribute the benefits accruing from the private use of public resources • Charging tools are generally underused, particularly due to their controversial nature and a lack of direction from central government.

C8: Regional governance and decision making

Table 60: Regional governance and decision making – problems under the status quo

<p>Aspect of regional governance</p>	<p>Problems under the status quo</p>
<p>Lack of coordination and integration on shared issues</p>	<p>Many of the big problems faced in New Zealand have national, regional and local dimensions. There is a lack of coordination between planning agencies on shared issues, with potential for disruptive, ad hoc planning.</p> <p>The hierarchy in the policy framework is intended to flow from the regional to the local, the high level to the specific, and from strategic to regulatory in nature. Issues articulate what is happening and prompt the need for intervention. Councils can be resistant to changing other parts of a policy framework for the purposes of vertical integration as it introduces the risk of relitigating settled matters and ‘losing ground’ on contentious local issues. Conversely, councils may address an important but difficult issue in their plan by creating objectives and policies that are not followed through with rules, or are actively stymied by rules preventing the policies from being carried out.</p>
<p>Inefficient</p>	<p>Council plan-making is often criticised for being slow, prone to litigation and unresponsive to changes in technology, community values and economic drivers. The Organisation for Economic Co-operation and Development states it can take up to eight years to prepare and complete a land use plan and up to four years to change one. Trends from the National Monitoring System over the past five years show that while most plan changes are completed well within the two-year statutory time limit, a few take far longer.</p>
<p>Inequitable representation opportunities for iwi/Māori</p>	<p>The number of Te Tiriti settlements legislating for co-managed cross-jurisdictional partnerships on freshwater taonga suggests that freshwater management through the RMA has not achieved good outcomes for mana whenua. Māori have been marginalised by the current systems and approach by Local Government even when participation is entered into.</p>

C9: Funding the operation of the new system

Table 61: System operation funding – Problems under the status quo

Aspect of system operation funding	Problems under the status quo
Transparent	<p>Current funding arrangements are poorly reported on and there is inconsistent data on how and what funding is gathered from and used for.</p> <ul style="list-style-type: none"> The Local Government (Financial Reporting and Prudence) Regulations 2014 seek to support local government transparency and accountability for the way funds are raised and services funded. However, there still exists inconsistency in what data is available to support the assessment of present system settings. Without clear and consistent reporting at a sufficiently granular level, systems performance monitoring will likely remain difficult. Further, communities may struggle to understand the extent to which their rates contribute to local authority resource management costs when reporting does not distinguish funding of different functions.
Consistent and effective	<p>There are very few funding arrangements in use outside direct council and Crown funding for policy and plan setting activity, and user-pays and partial cost recovery for consenting processes</p> <ul style="list-style-type: none"> Existing practices have led to inconsistency in approaches across local government in the way similar activities (such as applications or CME) are funded, which has created confusion for local authorities and those who engage with them, particularly for users operating across local authority boundaries. The reliance on LGA processes to fund RMA functions means that the funding pool does not necessarily reflect the true costs incurred by councils. Resource management outcomes may be suboptimal because of the need to save costs – for example: by wrapping up plan appeals quickly to avoid a hearing which may limit the analysis of impact of a specific consent issuance. The lack of funding available means that CME and education activity is under-resourced.
Māori participation	<p>There is a lack of capacity, capability, and funding for Māori to engage on resource management issues to the extent envisaged by the RMA.</p> <ul style="list-style-type: none"> Māori currently have a limited role in contributing to setting the national framework, and this results in Māori having a mainly reactive role to engage in regional and district plan-making processes. This increases the time and cost faced by Māori.
Equitable	<p>There is often a significant mismatch in available resources between participants in resource management processes and the roles and responsibilities imposed on them.</p> <ul style="list-style-type: none"> The existing framework fails to account for the impact of charging on compliance with the RMA and does not seek to balance issues of equity, associated with who should pay, against the implications for environmental sustainability. The current framework does not provide for discounts or waivers in a manner that may recognise the broader value of the activity to the community.

C10: Monitoring and oversight

Table 62: Monitoring and oversight – problems under the status quo

Aspect of monitoring and oversight	Problems under the status quo
Environmental monitoring	<ul style="list-style-type: none"> • Weak feedback loops between environmental monitoring and policy functions – limiting our ability to understand the cause of problems and cumulative effects, and to respond appropriately and efficiently • Inconsistent and fragmented monitoring – restricting the integration of regional and district information at a national level and the development of consistent long-term datasets across the country
Policy effectiveness	<ul style="list-style-type: none"> • Monitoring and oversight has suffered from a lack of resourcing and prioritisation by both local and central government. System institutions have often lacked the necessary tools, direction, and expertise to effectively monitor environmental and system performance. • A focus on monitoring system processes (eg, timeliness) over outcomes – resulting in a poor understanding of the impact of policy decisions • Inconsistent levels of system oversight – resulting in a lack of transparency and accountability for the performance and outcomes of the system
System performance	<ul style="list-style-type: none"> • The current system does not consistently provide quality information to inform decision-making. Feedback loops on the performance of the system and mechanisms to ensure decision-makers are held to account are generally inadequate to understand and address issues in a timely way.
Iwi/Māori participation	<ul style="list-style-type: none"> • Inadequate Māori involvement in monitoring and oversight activities – contributing to insufficient protection of resources and taonga of importance to Māori

Appendix D: Detailed options analysis

D1: Giving effect to the principles of Te Tiriti, and Māori participation in the system

Table 63: Te Tiriti and Māori participation – Key features of the preferred option

Aspect of Māori participation in the system	Key features of the preferred option as agreed by MOG
<p>National level participation</p>	<p><u>National Planning Framework (NPF)</u></p> <p>The development of the NPF will involve input from the national Māori entity (in policy development and the NPF Board of Inquiry process), mātauranga Māori experts (setting of national scale limits and targets), iwi/hapū/Māori being engaged by officials, alongside other New Zealanders</p> <p><u>The national Māori entity</u></p> <p>A key role of the national Māori entity is to support positive and continuous improvement throughout SPA and NBA system. To do this it will have the following key functions:</p> <ul style="list-style-type: none"> • input into the NPF and supporting processes • undertake regular and ad hoc monitoring of Te Tiriti performance of the RM system • the ability to provide advice (either proactively or on request) to all persons participating in the RM system, which the national Māori entity may provide (and recover costs from at its discretion if that advice was requested). <p>To enable the national Māori entity to deliver its functions, it will have powers to:</p> <ul style="list-style-type: none"> • require the supply of information for monitoring purposes if monitored groups refuse to do so (like the Commerce Commission) • share relevant information with other agencies who may need to be made aware of the information (like provisions being incorporated through the Commerce Amendment Bill) with confidentiality and information management safeguards • require responses to its recommendations on the monitoring of Te Tiriti performance (like the Climate Change Commission) • enable a requirement to respond (at its discretion and by mutual agreement) for requested advice • the ability to recommend ministerial intervention if Te Tiriti performance monitoring identifies significant issues <p>The national Māori entity will be established as an Independent Statutory Authority, with any necessary links to the Crown Entities Act 2004.</p>
<p>Regional level participation</p>	<p>At the regional level, Māori will have roles and functions in regional spatial strategies (RSS) and NBA plan processes, including:</p> <ul style="list-style-type: none"> • membership of regional planning committees, and support to carry out those functions funded by local government, (NB: may include defined role for some Post Settlement Governance Entities (PSGEs) to uphold specific Treaty settlement arrangements) • secretariats, funded by local government, which would be required to include (amongst other expertise) mātauranga, te ao Māori and Māori engagement expertise

	<ul style="list-style-type: none"> • mātauranga Māori experts (either contracted as a professional service or employed by the secretariat) inputting into the setting of regional scale limits and targets • early and full participation by Māori entities (inclusively defined) in engagement processes funded in part by local government
<p>Local level participation</p>	<ul style="list-style-type: none"> • Involvement in pre-application/pre-notification engagement where this is required by Treaty settlements, the Marine and Coastal Area (Takutai Moana) Act 2011, or otherwise enabled through a plan or voluntarily via council or applicant best practice (noting the NBA Bill will not include any specific requirement for consultation with any specified parties on a resource consent) • providing technical advice (eg, cultural impact assessments) from experts and/or local knowledge holders, with costs covered by users (though local government may choose to subsidise some costs) • participation as affected parties in appeals or alternative dispute resolution, funded by a mix of local government and user pays, with consent conditions able to identify additional roles and requirements. • existing and future (if agreed between the parties) roles/functions established through: <ul style="list-style-type: none"> ○ Treaty settlements, Takutai Moana rights and existing natural resource arrangements under the RMA, which would continue to involve the same participants, and funding arrangements, as established via those agreements ○ Mana Whakahono ā Rohe processes for iwi and hapū – like those made under the RMA ○ Transfers of Power for iwi and hapū and likely Māori landowners ○ Joint Management Agreements for iwi and hapū • iwi/hapū management plans providing for the articulation of iwi/hapū aspirations and requiring these plans be had “particular regard to” in RSS and plan making
<p>Funding</p>	<p>Where roles are set out under the NBA for Māori participation, funding be provided as set out below:</p> <ul style="list-style-type: none"> • Central government will fund central government functions such as the national Māori entity, Kaupapa Māori selection processes and Māori participation in development and review of the National Planning Framework. • Local government will fund participation in regional planning committees, such as participating in decision-making, secretariate support and technical advice. • Participation in local functions, duties and powers, such as consenting, compliance monitoring, environmental monitoring, etc will be funded by local councils. Local government costs associated with funding Māori participation will likely be funded by rate payers, though some costs will likely be user pays (such as consent applicants for matters such as cultural impact assessments). • At the regional/local level, the SPA and NBA will require local government to agree funding priorities with Māori and have policies for funding Māori participation in the performance of local government functions and duties and discharge of powers under the NBA. • Central government has a role in supporting transition and establishment. This is reflected in substantial Budget 22 appropriations (including contingencies) that will enable funding to support Māori participation (eg, in model plan development, the roll out of the RSS and NPF, and otherwise ensuring that effect is given to the principles of Te Tiriti). • Central government will provide a funding contribution to local government to support Māori participation in the establishment phase in key areas/functions at the regional/local level. These areas include, but are not limited to, development of Iwi & Hapū Management Plans, negotiation of Mana Whakahono ā Rohe agreements and engagement agreements, Kaupapa

	Māori selection processes for regional planning committees, Māori governance, and technical capability and capacity building.
Te Oranga o te Taiao	<ul style="list-style-type: none"> • The purpose of the NBA provides for greater recognition of te ao Māori by enabling Te Oranga o te Taiao to be upheld, including by protecting and enhancing the natural environment and further provides that Te Oranga o te Taiao incorporates— <ul style="list-style-type: none"> ○ the health of the natural environment; and ○ the intrinsic relationship between iwi and hapū and te taiao; and ○ the interconnectedness of all parts of the natural environment; and ○ the essential relationship between the health of the natural environment and its capacity to sustain all life.

Further details on the options contained within this policy area can be found in:

- MOG #2: Further policy decisions on the purpose and supporting provisions of the Natural and Built Environments Act
- MOG #5: Agenda Item 3: Report back from the sub-group meeting discussions on the Treaty clause
- MOG #6: Paper 1: NBA Treaty clause and feedback from regional hui with iwi and hapū; Paper 2: Te Mana o Te Taiao
- MOG #7: Paper 3: Including Te Oranga o te Taiao in the Natural and Built Environments Act exposure draft
- MOG #11/12: Paper 2: Māori participation in the system
- MOG #15: Paper 1: Funding the operation of the resource management system
- MOG #17: Paper 2: Role, funding and participation of Māori in the RM system

Detailed assessment of the preferred option against objectives for the new RM system compared to the status quo

Table 64: Te Tiriti and Māori participation – Comparing the preferred option against the status quo

Objective	Status quo	Preferred option
Natural environment	Many natural environment taonga are degraded and need restoration and protection to achieve the natural environment objective. The degradation of these taonga, which are seen by Māori as tupuna (ancestors), directly impacts the wellbeing of Māori, relationships with taonga, and the ability for Māori to exercise their kaitiaki responsibilities.	The preferred option for Māori participation in the RM system, would have minor-moderate improvements for the natural environment objective. Enabling Te Oranga o te Taiao to be upheld would put more emphasis on the aspects of the natural environment and the relationship between the health of the natural environment and the people. The outcome for the protection and restoration of the relationship of iwi and hapū with their taonga, which would in turn nurture the natural environment. The membership on regional planning committees would provide for an iwi/hapū/Māori voice which would emphasise the need to protect and enhance the natural environment in line with Te Oranga o te Taiao. Furthermore, the Mana Whakahono ā Rohe arrangements, Transfers of Power and Joint Management Agreements would also provide mechanisms for local partnerships that could involve a focus on better enabling kaitiakitanga at place to the benefit of restoring and protecting the natural environment.
Development	The status quo does not adequately provide for Māori to develop their lands. This can adversely affect iwi/Māori in terms of their significant and increasing interest in primary industries, including farming, forestry, fisheries and aquaculture. There are significant discrepancies between plans (eg, some with good provision for Māori housing and papakāinga development aims and others not providing anything specific). There are also historical and contemporary inequities resulting in 'underdeveloped' Māori land, which without those inequities would be good land for development and providing for Māori wellbeing.	The preferred option for Māori participation in the RM system, would have minor-moderate improvements for the development objective. The membership on regional planning committees and the ability to provide for local partnerships through Mana Whakahono ā Rohe arrangements could involve an emphasis on development (including development of underdeveloped Māori land, Māori housing and papakāinga) where this will not negatively impact on the natural environment (ie, within environmental limits and mandatory targets). The preferred option will also involve more upfront involvement from Māori, with less need for involvement in later processes and resulting efficiency and effectiveness benefits, as well as supporting the intrinsic link between the health of the natural environment and the enablement of better development, which will all together support the wellbeing of people and communities (including Māori communities).
Te Tiriti	Te Tiriti and Māori interests are 'balanced' out under the status quo, particularly in relation to the purpose and principles of the RMA. The Waitangi Tribunal's Wai 2358 report found no compelling evidence to dispute the claimants' notion that Māori interests were often 'balanced out' when RMA decision-makers must consider sections 6–8 of the RMA. There is also limited monitoring of Tiriti performance meaning it is difficult to know the full extent of the issues and their root causes.	The preferred option for Māori participation in the RM system, would have significant improvements for the Te Tiriti objective. All aspects of the new RM system related to Te Tiriti and te ao Māori will positively impact this objective, though some examples include: <ul style="list-style-type: none"> shifting to giving effect to the principles of Te Tiriti would increase the weighting given to Tiriti considerations enabling Te Oranga o te Taiao to be upheld will embed a te ao Māori idea at the heart of the Act a national Māori entity would monitor Tiriti performance and help continuously improve the system

Climate and risk	There are significant issues under the status quo for important places to Māori (marae, wāhi tapu etc.) that are, and will be more in the future, affected by natural hazards and the effects of climate change.	The preferred option for Māori participation in the RM system, would have minor-moderate improvements for the climate and risk objective. The strategic roles on regional planning committees and the Mana Whakahono ā Rohe arrangements (including matters relating to climate change adaptation and natural hazards relevant to the rohe of the iwi and hapū group(s)) will help prioritise a response to climate change and natural hazards. Furthermore, the more effective involvement of Māori in the RSS and NBA plans process will support the protection and resilience of taonga, wāhi tapu, marae and other important places from the effects of climate change and natural hazards.
System performance	The status quo system is ineffective and inefficient for Māori. Poor capacity and capability to support proper engagement is a key contributing factor. Māori participation is underfunded with only half of local authorities providing financial support for Māori participation in plan making processes in the status quo.	The preferred option would have significant improvements for the system performance objective. The new RM system should assist with addressing the current 'balancing out' of Māori interests leading to a more effective and efficient system at addressing Māori interests in RSS and NBA plan processes, and less likelihood of reliance on consenting process and legal avenues. Funding and support for capacity and capability building will enable the enhancements for Māori participation in the RM system and ensure that these roles can be performed effectively. Local democratic input is maintained through the numerous provisions for local authority involvement and public participation, which are not negatively affected by provisions for Māori participation.

Table 65: Te Tiriti and Māori participation –Te Tiriti impact assessment summary

Te Tiriti impact assessment summary	
Gives effect to the principles of Te Tiriti o Waitangi	The overall Tiriti consistency of the system depends on the package of tools/mechanisms/provisions that provide for partnership with and participation by Māori in system oversight, national level policy development, plan governance, plan development, plan approval, consenting, compliance monitoring and enforcement and environmental monitoring and reporting. The process must also balance the need to provide for local representation through democratic processes, and other considerations, against a greater, more direct role for iwi/hapū/Māori.
Costs and benefits for Māori	There are wellbeing benefits of partnering with iwi/Māori where iwi/Māori participation in the RM system is funded. Māori cultural values relate to the following three key elements: <ul style="list-style-type: none"> altered direct impacts through rectification of current problems expression of cultural identity through strengthening role of traditional Māori attributes and principles higher levels of trust from the ‘partnership’ approach/enhanced recognition of Te Tiriti.
Protecting and transitioning Treaty settlements	The Government has made a commitment that the new RM system will not impact on arrangements negotiated through Treaty settlements, Takutai Moana rights or other existing RM arrangements. The Government is committed to upholding all these arrangements, and appropriately transitioning them into the new RM system.

Table 66: Te Tiriti and Māori participation – Engagement summary

Engagement summary	
Agencies	<p>Agencies are broadly supportive of the approach to increasing iwi/Māori participation and recognise the need for both relationship funding to support Māori and central government agencies to build and maintain capability and capacity and enduring relationships. Relationship funding may provide benefits beyond the new RM system when considering engagement between iwi/Māori and central government more broadly.</p> <p>Along with Māori, agencies were concerned about ensuring that the national Māori entity is not in actuality, or perceived to be, a ‘one stop shop’ for Māori engagement at the national level or usurp the mana of iwi/hapū/Māori through its role. To avoid confusion, agencies also preferred retention of the name Mana Whakahono ā Rohe currently used in the RMA (ie, rather than “Integrated Partnership Process”).</p>
Local Government	<p>Local government have reiterated that mechanisms will be needed to provide clarity for local government and Māori on who participates in each role.</p> <p>Conversations with the Local Government Steering Group (LGSG) on 18 February 2022 have highlighted that expectations of local government funding Māori participation without cost sharing between Central Government would have a significant impact on affordability for smaller councils, with for instance a \$100,000 cost rise for some ratepayer bases being equivalent to a 1% rates rise. The LGSG’s view was that quality of outcomes for Māori participation will require consistency of funding, increasing capability and resilience, which would require greater cost-sharing between the Crown and Local Government.</p>
Iwi/Māori	<ul style="list-style-type: none"> TTK considers that the concept of ‘mana whakahaere’ should guide who participates across the entire system. According to TTK, mana whakahaere groups include

	<p>“iwi/hapū, ahi kā (Māori landowners) who exercise mana whakahaere (authority) and other obligations (kaitiakitanga and manaakitanga) to a particular area, water source, space, and resource.” TTK have proposed Mana Whakahaere Councils as a mechanism that could contribute to giving effect to the concept of mana whakahaere regionally and locally. These Councils would have roles in composition of and appointments to regional planning committees and may also have roles in other parts of the system.</p> <ul style="list-style-type: none"> • TTK does not support the Panel’s proposal for a ‘mana whenua’ definition, preferring instead that ‘mana whakahaere’ guides who participates as they consider this is “a more expansive term in depicting a wider relationship with natural features / resources / environments.” • FILG/ Te Wai Māori Trust (TWMT) technicians have said they see Te Tiriti partnership as being (at least primarily) between the Crown and iwi/hapū. This would be expressed with iwi and hapū having roles in governance and decision-making. They agree that other Māori groups, in particular Māori landowners, should have enhanced roles (compared to the status quo) in other parts of the system. • FILG/TWMT consider that the terms ‘iwi and hapū should be retained and used throughout the legislation and subordinate instruments. • FILG/TWMT and TTK have also advised that providing for self-determined tikanga processes for iwi/Māori appointments and identifying who participates can be the most efficient approach as it would help avoid litigation with the Crown or between iwi/hapū/Māori groups (with attendant costs and delays). An effective self-identification approach will require support and resourcing].
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D2: Regional Spatial Strategies

Table 67: Regional Spatial Strategies – Key features of the preferred option

Aspect of SPA/RSS framework	Key features of the preferred option as agreed by MOG
Function	<ul style="list-style-type: none"> RSS are intended to drive regional change and adaptation through a partnership between local and central government and iwi/Māori – by coordinating and supporting public and private investment in key strategic assets that will contribute to the achievement of the vision, goals and actions established in the region’s RSS.
Content	<ul style="list-style-type: none"> Independently established and agreed by joint committee members RSS set a strategic direction for at least the next 30 years (eg, 30 to 50 years for large infrastructure, and 100 years plus projections for climate adaptation). Cover current regional areas out to the 12-mile coastal limit, with provisions for cross-regional collaboration. Progresses the Panel’s ‘strategic’ option for the content of an RSS, but with the ability for SPA committees to include other strategic matters that meet a statutory test or criteria relating to their significance. Content informed by robust data and methodologies provided by government agencies and other parties, with NPF requirements applied to ensure consistency across regions. Ministers able to specify the level of legal weight of a particular national direction on RSS.¹⁰ The legal weight of other planning instruments on RSS (and of RSS on other instruments) to be specified in secondary legislation.
Process	<ul style="list-style-type: none"> Subject to a nine-year review cycle, with provision for out of cycle changes based on significance criteria determined by each SPA committee. Non-statutory guidance for committees will help to ensure consistency across regions. SPA committees have flexibility to develop their own consultation and engagement processes in the context of statutory outcomes to be achieved through that process, and some minimum process requirements.
Implementation of RSS goals and actions	<ul style="list-style-type: none"> Each RSS to have a high-level implementation plan which outlines the key actions and delivery partners involved, prioritisation of actions and how progress will be monitored and reported. Project-level detail would not be incorporated into an RSS or require approval from an SPA committee but could be set out in the form of bilateral or multilateral implementation agreements between delivery partners to give effect to the RSS’s implementation plan.
Māori/iwi participation and engagement	Refer to information in this SAR on Māori participation in the system and regional governance and decision-making
Governance	Refer to information in this SAR on regional governance and decision-making
Dispute Resolution	This will be limited to judicial review

¹⁰ For example, an active legal weight to implement (eg, give effect to), or to be ‘consistent with’ the NPF (when NPF direction is to be implemented through an NBA plan).

Further details on the options contained within this policy area can be found in:

- MOG #7, Paper 1: The Strategic Planning Act: purpose, function and scope of regional spatial strategies, and integration with the resource management system
- MOG #10 Public participation and appeals & geographic boundaries of RSS
- MOG #14, Paper 1: Strategic Planning Act (SPA)-- Problem statement, vision and the critical shifts we need to Achieve, Paper 2: Strategic Planning Act implementation agreements and links to funding processes

PROACTIVELY RELEASED

Detailed assessment of the preferred option against objectives for the new RM system compared to the status quo

Table 68: Regional Spatial Strategies - Comparing the preferred option against the status quo

Objective	Status quo	Preferred option
Natural environment	The current planning framework has not adequately managed cumulative environmental effects and resource allocation issues. It also lacks a longer-term vision for positive environmental outcomes.	RSS can be used to set aside or flag areas for longer term protection or environmental restoration. Regional environmental protection can still be achieved in the shorter term via NBA plans in accordance with limits, targets and other requirements stemming from the NPF. RSS will proactively plan for restoration and enhancement, with a focus on achieving win-wins (eg, where good planning, urban design and investment can increase headroom for use and development or to meet targets. For example, transport corridors and rivers that could provide ecological corridors).
Development	There is no consistent framework for ensuring a strategic, integrated approach to regional infrastructure development. The application of spatial planning in New Zealand, where it exists, is sporadic, and tends to focus on urban development.	Development could be more efficient and effective due to improved alignment in the respective locations and availability of housing, transport, water services and other infrastructure because of the longer term, strategic planning platform provided by RSS. SPA committees will, in accordance with policies, outcomes and targets provided by the NPF, identify 'indicative' areas for management units, and undertake a high-level assessment of the state of the environment within these areas. This, along with other constraints (eg, areas of significance for Māori, highly productive land, outstanding natural landscapes and features natural hazards), will enable SPA committees to credibly identify areas that are likely to be suitable for development, use or change, subject to further detailed assessment during the NBA plan process.
Te Tiriti	While the RMA has provided iwi/Māori with a range of opportunities to engage in resource management activities, the uptake of these opportunities has been uneven, and has provided no avenue for engagement at a strategic level.	RSS will provide iwi/Māori with the ability to engage in regional planning at a strategic level, in addition to a wide range of other opportunities that will be provided in the new RM system.
Climate and risk	The status quo does not provide a systematic platform for anticipating and responding to longer term changes associated with climate change.	Climate change adaptation is more likely to be proactive, addressing issues and risks well before they have serious impacts on wellbeing. Timely action will allow more choices in relation to adaptation and will be less costly (eg, by identifying 'no build' areas in areas of flood risk).
System performance	District planning and consenting takes place in a piecemeal fashion, largely uninformed by strategic regional goals and an integrated understanding of regional developmental needs and constraints. Development and environmental protection is hindered by litigation.	Spatial strategy and NBA planning are more likely to be of a consistently high standard across regions. RSS will also provide a common platform for long term interregional planning and collaboration, although this could be partly achieved through NBA plans. NBA planning and consenting timeframes and costs should be reduced because clear limits and constraints are set in advance by RSS (and the NPF).

Table 69: Regional Spatial Strategies – Te Tiriti impact assessment summary

Te Tiriti impact assessment summary	
Gives effect to the principles of Te Tiriti o Waitangi	<p>One of the objectives of the new RM system is to give effect to the principles of Te Tiriti. The SPA includes a Te Tiriti clause that recognises this, supplemented by the incorporation of Te Oranga o Te Taiao into the purpose of the SPA. These provisions are consistent with those in the NBA.</p> <p>Further, the effective practical expression of these provisions will be achieved through:</p> <ul style="list-style-type: none"> • engagement provisions for developing and reviewing RSS that include outcomes and procedural safeguards to ensure this occurs • governance provisions (discussed elsewhere in this SAR) that allow iwi/Māori stakeholders to have a direct influence on the content of RSS.
Costs and benefits for Māori	<p>The SPA, with the proposed engagement and governance provisions, will allow iwi/Māori to directly participate and help shape the content of RSS. As such, this will help to cement provisions for their longer term regional economic, social, cultural and environmental well-being. However, participation in NBA and RSS processes is unlikely to take place in a full and effective manner unless iwi/Māori have the time and resources to do this.</p> <p>The estimated costs of Māori participation in the future RM system are provided in the cost-benefit analysis section of this SAR. The means by which these costs should be met is described in the section on Māori participation in the system.</p>
Protecting and transitioning Treaty settlements	<p>The Government has made a commitment that the new RM system will not impact on arrangements negotiated through Treaty settlements, Takutai Moana rights or other existing RM arrangements. The Government is committed to upholding all these arrangements, and appropriately transitioning them into the new RM system.</p> <p>The introduction of a new SPA layer in the system could make this more challenging. This challenge is addressed in the section on Māori participation in the system.</p>

Table 70: Regional Spatial Strategies –Engagement Summary

Engagement summary	
Agencies	TPK, DOC, MOT, HUD, Te Arawhiti, Treasury, Corrections, Health, Te Waihanga, DIA, Education, NZDF, MPI, Oranga Tamariki, MCH, MfE, Waka Kotahi and KiwiRail were consulted on the preferred option and its detail and all indicated general support.
Local Government	<p>Officials discussed the strategic framework for the SPA including the proposed vision, critical shifts and key enablers with the Local Government Steering Group. There was general support for the approach.</p> <p>Local government responses to the discussion material and forums held in November/December 2021 included:</p> <ul style="list-style-type: none"> • Concerns over loss of local democracy, with many recommending that all district councils be represented on joint committees • Regional planning approach problematic, loss of focus on urban issues, many recommending sub-regional planning provisions and use of subcommittees to deal with boundary issues • Suggestion that local government provides secretarial support directly or via secondments • Funding concerns, with some suggesting that the central government support implementation and iwi involvement

	<ul style="list-style-type: none"> • Support for regions to determine their own joint committee composition • Concerns about iwi/Māori capacity to participate ie, that opportunities afforded by the new RM system may not be taken up unless iwi/Māori are supported to engage with this system
<p>Iwi/Māori</p>	<p>TTK</p> <p>Officials discussed the proposed vision, critical shifts and key enablers with TTK. They agreed that RSS needed to drive the way land and resource use decisions were made. Some concerns were expressed about the focus on:</p> <ul style="list-style-type: none"> • growth (growth is not always a good thing) • land use with a clearer link to waterways • a view that, if RSS are to drive change, then need to ensure that there is a robust process to develop them and that the quality assurance process includes a Māori viewpoint • a view that the primacy of the natural environment needs to be built into the fundamental design of the SPA and that you cannot retrofit it • how the RSS will integrate with the NPF and the NBA plans and with the mechanisms under Three Waters Reform. TTK were keen to ensure that all parts integrated well together and that all parts were appropriately consulted on. <p>FILG/TWM</p> <ul style="list-style-type: none"> • Agreed with the overall direction of the critical shifts. Need to ensure that quality control is built into the system to ensure sound decision-making processes have been followed. • Lower-level plans should be required to give effect to the strategy. • Concerned that the SPA and RSS may be construed as a “licence to pollute” and that the current RM system is failing the environment, so the SPA needs to be clear about the importance of protecting the environment. Gave examples of how spatial planning had been used to degrade the environment in the past (eg, hydro power). • Regarding the Tiriti clause and Te Oranga o Te Taiao, FILG agreed that alignment between the NBA and SPA was important. FILG identified that there were clauses under the RMA that reinforced the existing Treaty clause under the RMA. FILG considered it important to carry over into the NBA and the SPA to ensure that these principles were realised in the legislation and that the new legislation did not result in Te Tiriti having less influence. <p>Iwi/Māori responses to the discussion material and forums held in November/December 2021</p> <ul style="list-style-type: none"> • Iwi/Māori need to be appropriately supported to participate, generally see this as a role of central government • Concerns about freshwater rights not being addressed • Concerns that the voices of smaller hapū, whānau and groups might be lost • Concerns over Māori representation on joint committees, with many wishing to see 50% representation of iwi/Māori on joint committees • Support for iwi/Māori inclusion on secretariat • Desire to see RSS influencing/giving effect to Iwi Management Plans • Concern over use of regional boundaries with some advocating rohe boundaries, use of subcommittees to deal with boundary issues.

D3: National direction - the role of the NPF

Table 71: National Direction—Key features of the preferred option

Aspect of the NPF	Key features of the preferred option as agreed by Cabinet, MOG and/or delegated decisions
Purpose/ function	<p>The intent of the NPF is to provide an integrated and cohesive set of regulatory direction to guide the implementation of the NBA and support decision-makers in reconciling competing matters across the system. It will provide direction on matters of national significance, or matters where national (or sub-national) consistency is desirable. It will provide national, regional, local or spatially specific direction (where appropriate).</p> <p>The role of the NPF is to:</p> <ul style="list-style-type: none"> • take a strategic approach to identify central government priorities across the NBA to direct and influence regional spatial strategies, and natural and built environment plans • provide a mechanism by which the NBA and SPA will give effect to the principles of Te Tiriti and reflect te ao Māori • support the implementation of natural environment limits and natural and built environment outcomes in the NBA, including high level resolution of competing matters • enable consistency and support decision-making by providing methodologies, standards and direction
Form	<p>The NPF will be secondary legislation approved by Order-in-Council</p>
Content	<p>The NPF must include the following content:</p> <ul style="list-style-type: none"> • the prescription of environmental limits for air, biodiversity/habitats/ecosystems, coastal waters, estuaries, freshwater, and soil. The NPF would be the instrument that sets limits and targets at a national level. The NPF could also set out an approach for setting limits and targets at a regional level where it is appropriate for variation around the country. Refer to the Limits and Targets section of the SAR for more detailed discussion on these tools. • Provision for a range of environmental outcomes in relation to; the natural environment, cultural values, climate change and natural hazards and well-functioning urban and rural areas • strategic direction on; how decision-makers are to achieve the environmental outcomes, how the well-being of present and future generations is to be provided for within the relevant environmental limits; and the key long-term environmental issues and priorities and how they are to be dealt with • provide direction on the resolution of conflicts about environmental matters
Māori/iwi participation and engagement	<p>The national Māori entity will have functions in:</p> <ul style="list-style-type: none"> • system oversight/monitoring • input to NPF development • appointments of any Māori representatives to NPF Board. <p>The national Māori entity will provide direct input to the development of the NPF via engagement with the policy lead agency for the relevant aspect of the NPF and will have input covering all changes to the NPF.</p>

	<p>An interim national Māori entity may be required to enable early input into the first iteration of the NPF.</p> <p>Any input or advice from the national Māori entity in the development of the NPF will not replace the need for engagement with iwi/hapū/Māori, or others.</p> <p>The process for developing the NPF will include:</p> <ul style="list-style-type: none"> • engaging with iwi/hapū/Māori at-place (led by officials) • mātauranga Māori experts (either contracted as a professional service or employed by the Ministry for the Environment).
<p>Process to develop: Board of Inquiry</p>	<ul style="list-style-type: none"> • A Board of Inquiry (BOI) will be appointed to make recommendations to the Minister. The Board would be chaired by an Environment Court Judge, with a minimum of three commissioners selected from either a standing pool which has been pre-approved by Cabinet, or a Panel convener appointed by the Minister and approved by Cabinet. Either of these options would eliminate the need to go through Cabinet for each BOI member every time a BOI is established. This would include being able to co-opt expert members to the BOI for consideration of specific subject matter. • Changes or additions to the NPF will be publicly notified and submitters will have a right to be heard. The Board will have the ability to determine an appropriate process (for example, use of sub-panels sitting concurrently, pre-hearing meetings, alternative dispute resolution processes and commissioning expert reports as required for specific subject areas).
<p>Monitoring and review</p>	<ul style="list-style-type: none"> • a regular nine-year review cycle, with the ability for the Minister to review all or part of the NPF at more frequent intervals • a duty for the Minister to state in the NPF how its effectiveness and implementation will be monitored

Further details on the options contained within this policy area can be found in:

- MOG #2: Further policy decisions on the purpose and supporting provisions of the Natural and Built Environments Act
- MOG #3: Further policy proposals for the National Planning Framework
- MOG #7: Agenda Item 3: Addressing gaps and inconsistencies between proposed NBA outcomes and mandatory direction in the National Planning Framework
- MOG #10: Paper 2: Land and resource use responsibilities under the Natural and Built Environments Act
- MOG #16: Paper 1: Role of central government in the new system; Paper 3: Environmental Limits and Targets
- MOG #17: Paper 3: NBA decision-making framework, including Environmental Limits and targets

Detailed assessment of the preferred option against the objectives for the new RM system compared to the status quo

Table 72: National Direction–Assessment of the preferred option against the status quo

Objective	Status quo	Preferred option
Natural environment	<p>Our natural environment is under significant pressure from climate change (at an unprecedented rate), threats to our unique biodiversity and wider environmental decline through the way we use our land and sea resources. Urban areas are also struggling to keep pace with population growth.</p> <p>While a major improvement on the previous system, the RMA has not sufficiently protected the natural environment. The current planning framework has suffered from a lack of clarity about how it should be applied with a lack of clear environmental protections making management of cumulative environmental effects particularly challenging.</p> <p>Overall, the resource management system is unnecessarily complex in its role of managing the natural environment. This complexity is a product of the RMA itself and of its interface with requirements across the LGA, LTMA, Building Act 2004 and wider legislation.</p>	<p>The NPF will be an integrated framework that provides clear direction on matters to achieve environmental outcomes. The NPF is intended to provide integrated direction on matters of national significance, or where national consistency is desirable, to achieve natural and built environment outcomes.</p> <p>To address cumulative effects and existing degradation, the new system will set environmental limits (which will be monitored and enforced). Proactive measures are to be taken place to improve environmental quality. It is also the intent to sustain and enhance ecosystems services and mauri with flow-on and improved health and wellbeing outcomes derived from a future higher-quality environment. Additionally, the concept of Te Mana o te Taiao is to be recognised.</p>
Development	<p>The RMA enables but does not ensure that Government will provide national direction to councils on how to enable development and manage its effects on the natural environment. There are gaps and a lack of alignment between existing national direction instruments, contributing to:</p> <ul style="list-style-type: none"> • sub-optimal local management of conflicts between development and the environment • significant unnecessary constraints to development, an infrastructure back-log, very high costs of consenting, high land and house prices and a risk to supporting the New Zealand's emissions reduction budgets and Three Waters Reform • unnecessary costs associated with each council developing and applying bespoke standards for construction-related activities. 	<p>As well as guiding (and in some cases setting) environmental limits and targets, the national planning framework will incorporate provisions intended to support development and nationally consistent standards for construction where beneficial. The national planning framework will carry over provisions from the existing system, for example the National Policy Statement on Urban Development, and new provisions to fill the current policy gaps on infrastructure. It will integrate direction to enable development with direction to manage environmental effects.</p>
Te Tiriti	<p>The RMA has failed to deliver on the opportunities for Māori. More effective and strategic roles are required to better enable Māori participation. There is no</p>	<p>The NPF must give effect to the principles of te Tiriti with the Minister for the Environment having discretion to provide further expression to how the principles of Te</p>

	<p>direct 'national voice' for Māori in the system and participation at early stages of policy or plan development is either non-existent or insufficient. Direct engagement at-place or through existing mechanisms often occurs when direction and early thinking has already been completed and does not provide for te ao Māori across all levels and stages of the system.</p>	<p>Tiriti o Waitangi should be given effect to in the NPF. The NPF will be developed with input from the National Māori entity and iwi/hapū engagement at place and will weave te ao Māori and mātauranga Māori throughout its content.</p>
Climate and risk	<p>There is no national direction on climate change adaptation or natural hazard risk management, except the NZCPS, which addresses adaptation within the coastal environment. Local authorities have therefore had to develop and apply their own approaches.</p> <p>Planning to address the effects of climate change and risks from natural hazards is contentious for local communities and expensive. The effects of climate change and some natural hazards are inherently uncertain in timing, magnitude and spatial distribution, creating uncertainties about what range of climate change scenarios local authorities should use for planning and a risk of litigation.</p> <p>There are no explicit RMA functions for local government regarding climate change adaptation. The effects-based orientation of the RMA framework has proven to be a poor fit for risk management methods. Managing risks requires a proactive approach rather than a focus on the effects of activities.</p>	<p>The NPF will support taking a long-term, strategic and integrated planning approach to addressing climate change adaptation and mitigation challenges, the risks from natural hazards and the transition to a low emissions economy and environment. The outcomes, future-focused approach rather than a focus on the effects of activities, will better enable risk management methods to be applied.</p> <p>The NPF will provide direction on how local authorities are to provide for the climate change and natural hazards environmental outcomes in their Regional Spatial Strategies and Natural and Built Environments Plans, and provide a framework for how decision-makers consider risk under the NBA.</p>
System performance	<p>Under the RMA, national direction has been slow to develop, ad hoc and has not been responsive to the many challenges facing our environment. This has made it difficult for local authorities to balance competing requirements, with conflicts often resolved at the planning and consenting stages rather than resolved at a national level. The devolved RMA system has led to time-consuming and costly plan-making processes resulting in significant delays before the impact of national direction can be seen.</p>	<p>National direction will be developed in a more prioritised and integrated way, with conflicts identified and resolved at the level of national direction and plan-making, rather than at the consenting level. By requiring the NPF to include strategic direction, there will be greater alignment and reconciliation of competing directions at a central level. By making strategic decisions earlier on in the process, central government will enable more efficient participation by other parties later in the process</p>

Table 73: National Direction–Te Tiriti impact assessment

Te Tiriti impact assessment summary	
Gives effect to the principles of Te Tiriti o Waitangi	<p>Māori participation in the development of the NPF will be critical to ensure a quality NPF and to give effect to the principles of te Tiriti o Waitangi (te Tiriti). The preferred option acknowledges and allows for the NPF to be delivered in a way that gives effect to the principles of te Tiriti through the repurposing of existing ND and through the development of an overarching layer in the NPF which will seek to provide content on a range of matters including recognition of te ao Māori and giving effect to the principles of te Tiriti. The preferred option also provides for consultation on changes made through the BOI process and pre-notification engagement with iwi/hapū/Māori.</p> <p>Whether the NPF gives effects to the principles of te Tiriti will depend on detailed decisions to come, including on the approach taken to develop and engage on the NPF. The Treaty impact analysis (TIA) has highlighted several risks, including that incorporating existing ND in the new system could inherit existing deficiencies in respect of giving effect to the principles of te Tiriti, particularly if time constraints limit Māori involvement in the development of the first NPF.</p>
Costs and benefits for Māori	<p>Costs</p> <ul style="list-style-type: none"> • There will be costs associated with national Māori entity and iwi/hapū/Māori to feed into the development of the NPF. <p>Benefits</p> <ul style="list-style-type: none"> • As mātauranga Māori is reflected into the NPF this will have a direct effect on the content of RSS and NBA plans, with greater clarity for system decision-makers on how to uphold Te Oranga o Te Taiao and who to engage with at a consenting level. <p>The estimated costs of Māori participation in the future RM system are provided in the CBA section of this SAR. The means by which these costs should be met is described in the section on Māori participation.</p>
Protecting and transitioning Treaty settlements	<p>The NPF content, once developed, will apply nationwide, including affecting land and water subject to Treaty settlements. In particular, Treaty settlements relating to the Waikato River provide for Te Ture Whaimana, the vision and strategy for the Waikato River, will prevail over any inconsistent provision in an NPS, New Zealand Coastal Policy Statement and certain national planning standards. In addition, any rule in a regional or district plan that gives effect to the vision and strategy prevails over an NES if it is more stringent than the standard. In addition, when the exercise or performance of a function, power, or duty under the RMA relates to the Whanganui River, or an activity within the Whanganui River catchment that affects the Whanganui River, the person exercising or performing the function, power or duty must have particular regard to Te Awa Tupua status and Tupua te Kawa and ‘Te Heke Ngahuru ki te Awa Tupua’ strategy document. A similar requirement applies to the Whangaehu River and activities in the Te Waiū-o-Te-Ika catchment that affects the Whangaehu River, in relation to in terms of having particular regard to Te Mana Tupua and Ngā Toka Tupua. The policy mechanism for transitioning these settlements into the new system is not yet determined but will need to uphold the intent of these agreements.</p> <p>The impact of the new RM system on specific Treaty settlement arrangements is also the subject of work being undertaken by MfE. The outcomes and recommendations generated by that work will be considered during the ongoing development of the NPF. The Crown has made the commitment to uphold Treaty settlements in the new system and it is important the Crown honour this commitment. This is consistent with feedback received from the Māori interest groups MfE engages with, including ILG/TTK.</p>

Table 74: National Direction– Engagement summary

Engagement summary	
Agencies	Agencies broadly support the proposed approach provided that relevant agencies and Ministers are involved throughout the development of the NPF. Ministry of Transport and Waka Kotahi raised concerns about the complexity of having existing ND remain in force alongside the NPF and the impact this could have on decision-makers.
Local Government	<p>MfE has provided regular updates to the Local Government Steering Group throughout the policy development process. The LGSG broadly supports the NPF programme though had some concerns around the amount of work needed for the first NPF and the potential to relitigate existing ND.</p> <p>More generally, MfE has presented on the NPF as part of the wider communications programme (ie, mayoral forums, info sessions etc.)</p>
Iwi/Māori	<p>MfE has had initial conversations with TTK and ILG about the NPF. Both groups noted the importance of having a robust process for engaging with iwi and hapū on the content of the NPF, and that the national Māori entity should not replace this.</p> <p>TTK and ILG emphasised that the detail of the NPF process and content would determine how effective the NPF was, and that it is difficult to offer support or critique of such high-level proposals. For example, key aspects of the new system include:</p> <ul style="list-style-type: none"> • what Māori participation in the development of the NPF looks like • how existing ND is repurposed and what new content is developed to give effect to the principles of te Tiriti • how the purpose of te Oranga or te Taiao is incorporated into the NPF. <p>MfE will need to continue to work with TTK and ILG through the more detailed policy development phase of the NPF.</p>

D4: Limits and Targets

Table 75: Limits and targets–Key features of the preferred option

Aspect of limits and targets	Key features of the preferred option as agreed by MOG
A revised basis for defining limits	<ul style="list-style-type: none"> • The level of environmental limits to protect ecological integrity will be defined as the current state of ecological integrity. • Environmental limits to protect human health will not be prescribed according to the current state of the environment but will be set to achieve health outcomes informed by relevant health guidelines.
Increased direction and scope for targets	<ul style="list-style-type: none"> • Where a part of the natural environment is already unacceptably degraded, the NPF will set out a minimum level or target to which councils must manage. • Matters that the Minister will consider when deciding whether the natural environment is unacceptably degraded will be set out in the Act and will encompass: <ul style="list-style-type: none"> ○ the ability of future generations to use the natural environment to provide for their needs and well-being ○ the risk posed to human health or the health of future generations ○ whether indigenous species are at increased risk of extinction or local displacement ○ the risk of significant or irreversible harm to ecological integrity, including its ability to maintain composition, structure, functions, and resilience ○ New Zealand’s international obligations relating to the natural environment. • NBA plans must include targets set at least at the level of the limit, or the NPF directed minimum level or target (whichever is higher quality), for each aspect of the natural environment for which limits are prescribed. • When a minimum level target in the NPF is revised, the relevant target in the NBA plan will be reviewed and revised if it is found to be set lower (worse quality) than the revised minimum level target in the NPF. • NBA plans may also include targets related to NBA outcomes, and these cannot undermine or conflict with a limit, or with a target associated with a limit. • A target in the NPF will be a measurable and time-bound direction designed to help achieve an outcome. • A target in an NBA plan will be a measurable and time-bound direction to help achieve an NBA outcome in the NPF and/or the NBA plan.
Using management units to implement limits and associated targets	<ul style="list-style-type: none"> • Environmental limits and associated targets will apply within managements units, which will be set at an appropriate spatial scale to ensure that limits and associated targets meet their primary purpose (protecting or restoring human health and the ecological integrity of the natural environment). • Delineation of the units will be informed by science and mātauranga Māori. • Matters that the Minister and regional planning committees will consider when deciding the spatial area and delineation of management units will be set out in the Act and will encompass: <ul style="list-style-type: none"> ○ the ability to group areas of similar pressures and biophysical characteristics for more effective and efficient management within the unit

	<ul style="list-style-type: none"> ○ the extent that the state of the natural environment, the pressures on that state, and any losses or gains (for example from restoration, offsetting and compensation) can be measured, monitored and accounted for ○ the ability to manage the biophysical state of the matters for which limits and associated targets are prescribed, including the effectiveness of offsetting and compensation to address residual effects.
<p>Circumstances for allowing exemptions to limits</p>	<ul style="list-style-type: none"> ● The NBA will include an exemptions framework for limits for ecological integrity (but not for limits relating to human health). The relevant considerations for the Minister in deciding on an exemption will be set out in the Act and encompass: <ul style="list-style-type: none"> ○ the request for an exemption must be made by the relevant regional planning committee during the process of preparing or revising the region’s NBA plan or RSS, that is, the framework will not apply in situations where an unplanned consent application would result in the breach of a limit if it proceeded ○ the exemption must be designed to generate the smallest reasonably possible net loss in ecological integrity, compatible with providing for the activity ○ an exemption will only be available after the regional planning committee has already considered options to stay within limits, such as prospective offsetting within the management unit, considering whether the adverse effects of existing activities can be further minimised, and applying the effects management hierarchy ○ an exemption cannot be granted where the current state of ecological integrity is unacceptably degraded or where an exemption would lead to an irretrievable loss of ecological integrity ○ the activity must have public benefits that justify the loss of ecological integrity ○ the exemption must be subject to a time limit ○ any conditions imposed by the Minister when issuing the exemption (including time limits) must be published in the relevant RSS or NBA plan and complied with by the regional planning committee. ● Before granting an exemption, the Minister must follow a robust consultation process.

Further details on the options contained in this policy area can be found in:

- MOG #2: Agenda Item 3: Purpose and supporting provisions of the Natural and Built Environments Act (NBA)
- MOG #7: Paper 2: Addressing gaps and inconsistencies between proposed NBA outcomes and mandatory direction in the National Planning Framework
- MOG #16: Paper 1: Role of central government in the new system; Paper 3: Environmental Limits and Targets
- MOG #17: Paper 3: NBA decision-making framework, including environmental limits and targets.

Detailed assessment of the preferred option against the objectives for the new RM system compared to the status quo

Table 76: Limits and targets–Assessment of the preferred option against the status quo

Objective	Status quo	Preferred option
Natural environment	<p>Central government can prepare national environmental standards under the RMA to protect the environment, but the few that have been prepared have been too late to protect some aspects of the natural environment, which are degraded below sustainable levels. Environment Aotearoa 2022⁵ found pressures of land use change and intensification, pollution, invasive species, and climate change were having detrimental impacts on the environment.</p> <p>Central government adopted “national bottom lines” for freshwater quality and freshwater ecosystems in 2014, with more added in 2020, but some water bodies were already degraded to levels in breach of those bottom lines (lakes are particularly vulnerable with more than a quarter breaching total nitrogen requirements). Further, the national bottom lines are not comprehensive enough to protect the ecological integrity of all freshwater bodies.</p> <p>There are minimum standards for air quality to protect human health, yet many monitored sites have concentrations of particulate matter breaching those standards, with standards for nitrogen dioxide breached more than 200 days a year in downtown Auckland.</p> <p>There are no national standards for coastal water or estuaries, with estuaries particularly affected by sediment and nutrient loads. Work on national direction to protect indigenous biodiversity began in 2007. The biodiversity of soil is not routinely monitored, despite being an important measure of overall soil health. Native forest cover has remained fairly static in recent years but increased in some regions between 2012 and 2018 (in particular, Manawatū-Whanganui, Hawke’s Bay, and Gisborne). Other regions (West Coast, but also Southland and Canterbury), continued to lose indigenous forest.</p>	<p>The new legislation will require that the ecological integrity of air, coastal water, estuaries, freshwater, indigenous biodiversity and soils be at least maintained at the current state and, where it is unacceptably degraded, the NPF and NBA plans will include specific targets to improve it. Limits and targets will have weight in decision-making through provisions in plans and will also be recognised in regional spatial strategies to influence long-term shifts in pressures and drivers.</p>
Development	<p>Communities, including developers, face uncertain rules about what is an acceptable effect on the natural environment and human health. There are few limits prescribed in national direction, even for freshwater.</p>	<p>The NPF, RSS, and NBA Plans will set out the ways development will be managed within limits and targets, or how impacts can be accommodated within a management unit. The intention is that the system works together so that ecological integrity is improved overall within management units, thus allowing more ‘headroom’ for use and development or to meet targets or ensuring that existing headroom is used efficiently. Early, more strategic planning for necessary development will generally make managing to limits and targets more straightforward. This is because when regional communities know what activities are</p>

		planned for a region, they will be able to prioritise them in the rules to meet limits and targets.
Te Tiriti	The RMA requires the principles of Te Tiriti to be taken into account during development of regional plans and national direction where existing provisions analogous to limits are adopted. There is no explicit direction relating to the development of provisions in national direction, although some national direction has specific requirements for councils when they implement the policies.	The new legislation will require the Minister (or Regional Planning Committees in the case of plans) to give effect to the principles of te Tiriti when preparing the national planning framework (or plans) where limits will be prescribed. The Minister (or Regional Planning Committees in the case of plans) will apply mātauranga Māori when designing the management units within which limits will be applied. This could allow Māori to recommend specific management units in areas where place-based interpretations of the current state of the natural environment are desired. Targets will be developed with communities including mana whenua, but there is no provision for co-designing targets.
Climate and risk	The RMA requires councils to have particular regard to the effects of climate change when prescribing local limits in their regional and district plans, but increased stress on the natural environment caused by climate change is not easily accommodated in changes to plans or resource consents.	Ministers will be required to consider climate change and risk when prescribing limits and targets, meaning they must be designed to accommodate the effects of climate change while protecting human health and the ecological integrity of the natural environment. But increased stress on the natural environment caused by climate change is not easily accommodated in changes to limits and targets.
System performance	Many resource applications are evaluated without clear limits or targets set in plans or national direction. The main requirement is that the life-supporting capacity of air, water, soil, and ecosystems must be safeguarded (as per the Purpose of the RMA) and this is interpreted in locally specific ways throughout the country. This can mean that applying for a consent for an activity will be treated differently in different regions or districts, even where the effects of the activity may be largely similar. This situation has meant that central government has prepared sector-specific national direction (such as the NES for plantation forestry) when the problem (inconsistent rules to control the effects of harvesting and earthworks) may have been better addressed with consistent limits for sediment and earthworks regardless of the activity.	Managing resource use within limits and targets prescribed in the national planning framework and plans will provide certainty to resource uses and communities. Activities with effects that are within the limits and associated targets could be 'allowed' (subject to appropriate standards) regardless of the type of activity. The scale of effects will be measured and addressed within defined management units across regions, reducing discretion for councils.

Table 77: Limits and targets–Te Tiriti impact assessment summary

Te Tiriti impact assessment summary	
<p>Gives effect to the principles of Te Tiriti o Waitangi</p>	<p>The development of limits and targets will require central and local government to increase their capability so that they can integrate mātauranga Māori with western science and use this information in planning and other decision-making (eg, consenting). Central and local government are already building their capability to apply mātauranga Māori to freshwater management, however to date this has been approached in an ad hoc manner with significant regional variability. Each limit (and associated target) will require mātauranga Māori and te ao Māori to be considered, and implementation will require capability building, particularly locally, to apply these perspectives into decision-making.</p> <p>Target setting is expected to provide Māori an opportunity to influence national and local strategic direction because targets will require a broader application of te ao Māori and mātauranga Māori so that there are improvements to the natural environment over time. Local target setting will be underpinned by engagement with Māori through Mana Whakahono a Rohe and other agreements, and iwi/hapū representation on Regional Planning Committees will provide opportunity to influence how aspirational targets will be.</p>
<p>Costs and benefits for Māori</p>	<p>Setting limits and targets will require expertise in te ao Māori and mātauranga Māori and this will mean costs to Māori associated with the limit and target setting process (as well as NPF development and broader NBA planning processes). There will also be costs to Māori in engaging in the NPF development and NBA planning processes, where the policies, rules, methods and other provisions to give effect to limits and targets will be developed. There may be indirect costs for Māori landowners who have underdeveloped land.</p> <p>Targets associated with limits will reflect te ao Māori, including mātauranga Māori, and this is expected to better enable Māori to express kaitiakitanga. Greater involvement of iwi and hapū in decision-making about regional and local targets is expected to increase recognition of mātauranga Māori and understanding of local cultural values by decision-makers.</p>
<p>Protecting and transitioning Treaty settlements</p>	<p>Target setting should be consistent with, and in many cases could complement, Treaty settlement arrangements, because a core feature of these arrangements is often to restore and enhance the state of the natural environment.</p> <p>All proposed limits and targets will be assessed for any potential impacts on Treaty settlement arrangements but, until specific limits and targets are developed, it is unclear what impacts they may have on Treaty settlement arrangements. However, at this stage it is unlikely that the actual limits and targets themselves will impact on Treaty settlements as they have different purposes. People will need to comply with limits and targets once they come into force, whereas Treaty settlements are fixed in time, so tend not to address evolving environmental issues explicitly. Settlements that include statutory acknowledgement areas, give RM documents legal recognition, or cover a variety of process, participation, and governance rights may impact how limits and targets are set, implemented, monitored, enforced, and changed.</p>

Table 78: Limits and targets – Engagement summary

Engagement summary	
Agencies	<p>Agency feedback has focused on whether the new RM system adequately addresses the risks of the limits and targets regime either under- or over-protecting the environment. Agencies are generally now comfortable that the strengthening of targets, particularly their use in areas where the current state is one of unacceptable degradation, addresses the risk that the limits and targets regime will provide insufficient environmental protection.</p> <p>The unresolved issue of whether the proposed regime could be over-protective in some instances was resolved by including an enabling provision in the new legislation to allow the Minister to exempt some areas or activities from complying with a limit.</p>
Local Government	<p>Several local government submitters on the exposure draft were concerned that the new legislation would allow degradation to the limit and that there should be an explicit direction to require improvements generally. Many local government submissions specifically supported mandatory and time-bound targets to complement limits, especially in severely degraded areas. This has been resolved by strengthening the scope and application of targets, especially where an aspect of the environment is already degraded.</p> <p>Some councils wanted to be able to prescribe limits locally, in particular for biodiversity, and for matters not included in the exposure draft such as geothermal energy or noise. This was not adopted but the new RM system will allow the Minister to prescribe qualitative limits for biodiversity that councils would implement in their plans according to local conditions and knowledge.</p> <p>Some local government submitters, including Auckland Council, Bay of Plenty Regional Council, and Kaipara District Council, were concerned about the nature of limits and how that would impact development outcomes, in particular the provision of infrastructure. This has been addressed by being clear that the foundation for limits for ecological integrity is the current state across a management unit, allowing developers to plan accordingly. Brownfield development may result in an improvement in ecological integrity, while others may be able to be offset within the management unit.</p> <p>The Local Government Steering Group did not disagree with no net loss of ecological integrity. Some members observed that they will need to resolve achieving good urban development while achieving “no net loss” and that central and local government will all need to step up in terms of environmental monitoring.</p>
Iwi/Māori	<p>Most iwi/Māori submitters on the exposure draft agreed with the concept of environmental limits but were particularly concerned that the environment would be degraded to the limit. Most iwi/Māori submitters supported mandatory targets to work towards restoring and then protecting the natural environment. These submitters also preferred limits and targets to be set at regional and local scales using mātauranga Māori. These concerns are largely addressed by setting out specific circumstances where the natural environment must be improved. Targets will be prescribed according to local knowledge and aspirations. There may be scope for applying mātauranga Māori when determining the current state of ecological integrity at a local scale.</p> <p>The Iwi Leaders advisors and Te Kai Kaha consider that basing environmental limits on the current state of ecological integrity sets a bar that is too low because many parts of the environment are too degraded. Iwi leaders said the mandatory targets to improve the environment must have clear weight in decision-making at the consent level and should not convey any sense that they are aspirational nice-to-haves.</p> <p>The Iwi Leaders advisors and Te Kai Kaha felt that limits and targets need to be designed and reconciled in a way that properly embeds Te Oranga o Te Taiao.</p>

D5: Natural and Built Environments plans

Table 79: NBA plans– Key features of the status quo

Aspect of NBA plans	Key features of the preferred option as agreed by MOG
<p>Purpose and Content</p>	<ul style="list-style-type: none"> • NBA plans provide a single regulatory framework for the management of natural and built environments in each region. • NBA plans give effect to the principles of Te Tiriti o Waitangi and provide for kaitiakitanga, tikanga Māori, and use of mātauranga Māori. • NBA plans focus on outcomes while managing effects, and provide a means to resolve resource use conflicts and tensions. • NBA plans look forward and address cumulative effects to promote the integrated management of natural and built environments. • NBA plans translate the direction in the National Planning Framework (NPF) and Regional Spatial Strategies (RSS) to provide outcomes, policies, rules, and other plan provisions which can be implemented in each region. • NBA plans can use non-regulatory methods to achieve outcomes if those methods are funded. • Iwi/hapū environmental management plans have a stronger influence on NBA plans.
<p>Process</p>	<p>There will be three phases for the development of a full NBA plan:</p> <p>Policy development</p> <ul style="list-style-type: none"> • The plan preparation phase provides certainty for iwi/Māori and customary marine title groups on their involvement in the plan development process—focusing on ongoing engagement, using efficient and effective methods for jointly drafting provisions, and providing clear dispute resolution mechanisms. • Policy development requires the identification and notification of major regional policy issues, including matters directed by legislation, the National Planning Framework, and the Regional Spatial Strategy. • During policy development there is a statutory requirement to consult with government departments and ministries, local authorities, infrastructure groups and iwi/Māori. • During policy development there is an opportunity for any party to register their interest to be consulted on the development of the plan. • Plans will be evaluated using a process that is efficient, proportional, responds to environmental outcomes, ensures development occurs within environmental limits, supports good decision-making, and includes explicit links to plan monitoring provisions. <p>Submissions</p> <ul style="list-style-type: none"> • A proposed NBA plan must be publicly notified, and any person can make a submission. • The regional planning committee may request further particulars from a submitter and may commission reports to obtain further information. • Certain persons may make a secondary submission. • The substantive matters are presented during the submission phase by requiring submitters to provide details of what they want.

	<p>Hearing and Decisions</p> <ul style="list-style-type: none"> • A robust hearing is required for NBA plan development using an Independent Hearing Panel (IHP) chaired by an Environment Court Judge. • The IHP hears submissions and make recommendations to the NBA plan committee • The IHP process can direct its own process to make it easier for people to participate in by ensuring the hearing is not unnecessarily formal. • The IHP can direct a variation to the NBA plan if it considers it necessary to give effect to the NPF or to correct a substantial error. • No new information is presented to the IHP beyond what is provided during the submissions phase. • Appeals to the Environment Court are limited if the Regional Planning Committee accepts the IHP’s recommendations.
<p>Plan Reviews</p>	<ul style="list-style-type: none"> • A stronger emphasis on monitoring means plans will be considered for change every three years. • Local authorities drive planning by recommending or requesting that the Regional Planning Committee make changes to plans every three-year cycle. • The Regional Planning Committee integrates and maintains responsibility for the regions plan by determining how the plan will change each three-year cycle. • The Regional Planning Committee must review its entire plan every 9 years to identify whether the plan is still fit for purpose.
<p>Plan Changes</p>	<ul style="list-style-type: none"> • Standard plan changes use the same process employed to develop an entire NBA plan, including public notification and the use of an IHP. • Proportionate plan changes use a targeted or limited approach to notification where the scale or scope of a plan change does not warrant the full process. • Urgent plan changes use a streamlined process to deliver decisions in a way that is responsive to the circumstances they address. • Private plan changes remain available but are restricted in when and in what circumstances they may occur.
<p>Māori participation</p>	<ul style="list-style-type: none"> • The plan development process provides for early and sustained involvement of iwi/hapū/Māori through Regional Planning Committee representation, engagement agreements, the opportunity to register interest, and public notification. • Iwi/hapū/Māori participation is required for all types of plan changes. • NBA plans will need to provide greater recognition of te ao Māori including mātauranga Māori.

Further details on the options contained in this policy area can be found in:

- MOG #4: Paper 2: Further proposals for Natural and Built Environment plans
- MOG #6: Paper 3: Panel approach to NBA plan governance
- MOG #10: Paper 2: Land and resource use responsibilities under the NBA
- MOG #11/12: Paper 4: Natural and Built Environments Act (NBA) plan development processes
- MOG #17: Paper 3: NBA decision-making framework, including Environmental Limits

Detailed assessment of the preferred option against the objectives for the new RM system compared to the status quo

Table 80: NBA plans—Assessment of the preferred option against the status quo

Objective	Status quo	Preferred option
Natural environment	The RMA has presided over the worsening health of the New Zealand's natural environment in several areas and RMA plans have been unresponsive to some of these emerging issues. Long, litigious plan development processes and poorly integrated plans are a contributor to this issue.	Combined regional plans will address resource use and land use together, under shared strategic direction in a single document. Integrated management is not a new concept, and the architecture of the RMA allows for this to happen. However, regional and district councils have not always achieved this in practice due to the number plans in each region and the different timeframes those plans operate within. Holistic, integrated management of the environment is needed to achieve better management of the natural environment, and the ability to do this is improved through the new system.
Development	Growth pressure has not been adequately provided for under the RMA, with the NPS-UDC (2016), NPS-UD (2020), and the intensification amendments (2021) providing clear recognition of this issue. The RMA planning system was not responsive to growing pressure for urban development, with amendments to the legislation being required to allow for intensification in some district plans without using the standard plan development process.	Plan development, which is driven by monitoring, will provide Regional Planning Committees with the up-to-date information they need to keep plans responsive to emerging pressures in our built environments. Proportionate and urgent plan change pathways provide options to provide for delivery of enabling plan policy. A greater focus on up-front engagement also allows infrastructure providers to contribute to plan development in a more effective and meaningful way.
Te Tiriti	Plan development under the RMA sets a statutory requirement for local authorities to consult with iwi authorities before notification of any proposed plan or plan change. After notification, the ability to submit provides an avenue for Māori participation. RMA plans must also take into account management plans recognised by iwi authorities.	The NBA planning system will provide more avenues for Māori participation and engagement through governance representation on joint committees, up-front engagement during policy development, opportunities to register interest, and the ability to submit on proposed plans and plan changes. This allows for greater recognition of te ao Māori. A stronger relationship between NBA plans and iwi/hapū environmental management plans also promotes a closer connection between iwi/hapū/Māori perspectives and NBA plan outcomes.
Climate and risk	RMA plans have not played a strong enough role in reducing greenhouse gas emissions. While the management of some natural hazards is commonplace under the current system, the changing nature of natural hazards is likely to present challenges for hazard planning in the future.	NBA plans will have a role in addressing climate change by addressing both the effects of climate change on natural resources and hazards, and the reduction of greenhouse gasses. The urgent plan change process improves the ability for NBA plans to respond to natural hazards in a timely manner. The integration of regional resource plans and district land use plans also promotes the management of climate change issues across land and resource domains.
System performance	The RMA planning system is slow and litigious, with plan appeals being a well-known contributor to delays and heavy costs in the system.	Plan development in the NBA will have a greater emphasis on early engagement to provide better proposed plans. Notification, submissions, and the robust independent consideration of proposed plans tests and refines those plans to produce a better product. This allows for the restriction of appeal rights, addressing a key problem for system performance.

Table 81: NBA plans–Te Tiriti impact assessment summary

Te Tiriti impact assessment summary	
Gives effect to the principles of Te Tiriti o Waitangi	Overall, the policy options provide greater opportunity for Māori to participate in, and contribute to, decision-making for plan development at a higher level and throughout the entire plan development process. The process will need to ensure Māori are engaged at an early stage (ensuring the correct mana whenua are identified and engaged with at each level, contributing independently from the public), and ensure engagement is meaningful and ongoing (which includes providing Māori with the opportunity to voice concern and ideas). The process gives more weight to iwi/hapū environmental plans, ensures fair representation on the Regional Planning Committees and recognises mātauranga Māori and tikanga as an expertise to contribute to plan content. IHPs include tangata whenua as experts to provide mātauranga Māori and tikanga advice.
Costs and benefits for Māori	<p>Costs</p> <ul style="list-style-type: none"> • Greater emphasis on upfront engagement requires more time and resources. • Engagement agreements between iwi/hapū/Māori and the Regional Planning Committee will take time and effort to resolve. <p>Benefits</p> <ul style="list-style-type: none"> • Greater emphasis on upfront engagement and the robust development of NBA plans promotes a more efficient and effective role for Māori in the system. • Providing more avenues for Māori involvement helps to reflect the diversity of Māori and their perspectives on the natural and build environments.
Protecting and transitioning Treaty settlements	Provisions in the plan are needed to ensure the plan development process remains consistent with each relevant Treaty settlement legislation.

Table 82: NBA plans–Engagement summary

Engagement summary	
Agencies	Agreement and support were reached over the general process and the use of plan development phases. Agencies reiterated the importance of the process being simple and more efficient. They also noted the benefit for agencies of having the opportunity to be involved in the plan development process early.
Local Government	Local government was generally supportive of the policy for the NBA plan development process. Feedback from the local government steering group pressed the need to keep NBA plans responsive, to align planning cycles with local government cycles, and highlighted an issue of complexity if cumulative plan changes overlap with each other.
Iwi/Māori	<p>Feedback from iwi/Māori groups noted a preference for the Regional Planning Committee to uphold existing agreements or prepared Integrated Partnerships Process arrangements (IPP) instead of a new agreement produced at the beginning of the plan development process. Concern was also expressed about the need for Māori to ‘register’ interest if not on the automatically included list, but this was offset by the benefit of removing barriers to nominate oneself for consultation.</p> <p>Iwi/Māori also noted the importance of the IHP being independent and experienced enough in tikanga and mātauranga Māori to make informed decisions. ILG spoke of the failure to connect</p>

	<p>plan effectiveness monitoring with plan change responses in the current system, expressing the need to ensure this happens in the new system. ILG discussed how existing partnership arrangements are used and could be used to this effect. TTK highlighted the need for a Māori role in driving plan changes, suggesting that an approach where local authorities drive planning in isolation from their Te Tiriti partners is inappropriate.</p>
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PROACTIVELY RELEASED

D6: Consenting and designation

Table 83: Consenting and designation—Key features of the preferred option

Aspect of resource consenting and designation pathways	Key features of the preferred option as agreed by MOG
Activity categories	<p>The NBA will require the Minister for the Environment (through the NPF) and the Regional Planning Committees to assign activities to the following prescribed categories:</p> <p>Permitted activities:</p> <ul style="list-style-type: none"> • Where positive and adverse effects (including cumulative) including those relevant to outcomes are known and can be managed through standards and criteria. • No consent required if the activity complies with requirements specified for the permitted activity (including but not limited to written approvals from affected persons or certifications from suitably qualified persons). • The NPF and/or the Plan may permit activities with requirements, for example written approvals or certifications, or with no additional requirements. Individual activities, effects, or outcomes are not assessed (as these have been considered in the plan development stage). • The NPF and/or Plans can direct if a permitted notice is required before undertaking the activity (this to assist with monitoring of plan effectiveness). <p>Controlled activities:</p> <ul style="list-style-type: none"> • Where potential positive and adverse effects (including cumulative and those relevant to outcomes) are generally known, but where tailored management and assessment of effects are required. • Resource consent and merits assessment required. Councils may grant subject to conditions, or decline. • The NPF/Plans will specify level of merits assessment, including outcomes or matters requiring control, and what information is required. • Plan makers would be able to restrict matters of discretion to limit grounds for declining consent. <p>Discretionary activities:</p> <ul style="list-style-type: none"> • Activities that are less appropriate (and should be discouraged) given they could potentially breach limits or not meet outcomes, or • Where relevant effects (including those relevant to outcomes) are unclear or not known and need consideration, and/or effects may go beyond the boundaries of the site, or • These are unanticipated activities, unknown during plan development, which may have positive effects and contribute to outcomes. • Resource consents and merits assessment required. Councils may grant subject to conditions, or decline. Councils may seek a broad range of information or confirmation from the persons proposing to undertake the activities. <p>Prohibited activities:</p>

	<ul style="list-style-type: none"> Activities that will not meet outcomes and/or breach limits, and therefore no resource consents can be applied for.
Notification	<ul style="list-style-type: none"> Retains the existing notification classes of non-notification, limited notification, and public notification. NBA plans and the NPF will retain the ability to preclude notification (limited/public) or require public notification. The presumption for activities in the Discretionary Activity category is public notification but plans or the NPF (if it sets a rule) will be able to specify non-notified or limited notified. For all activities, the Regional Planning Committee or the Minister for the Environment (if they set rules in the NPF) will need to specify notification classes for all activities that trigger resource consents.
General and additional consent processing pathways	<ul style="list-style-type: none"> The activity categories will specify the level of information required for consents and timeframes. NBA plans and the NPF will be able to specify information requirements for the consenting and permitting regime. Information requirements will be proportionate to the size and scale of the proposed activity and defined by the activity classes. There will be less information required for activities in the 'controlled' category, and more information required for activities in a more stringent category, where a broader level of assessment is required. Councils will be able to request further information, defer an application, suspend processing of an application, extend timeframes, and return applications if they are incomplete. Pre-application requirements will be specified for certain consent applications. An additional pathway will allow large, complex, or contentious applications to be considered by an independent body. This approach incorporates aspects of existing direct referral, nationally significant provisions in the RMA and merits-based fast-track pathways in the "shovel-ready" Covid recovery legislation.
Designations	<ul style="list-style-type: none"> The policy functions and intent of the existing designation framework in the RMA will be carried over and aligned with the new system. Designation powers will be made available to other public and private infrastructure providers, subject to the approval of the Minister responsible for the NBA, with eligibility based on criteria linked to 'public good' outcomes. A two-stage process is available for new designations consisting of: <ul style="list-style-type: none"> an initial notice of requirement to identify and protect a spatial footprint followed by more detailed Construction and Implementation Plans (CIP) as required flexibility for a one-stage process at the discretion of the infrastructure provide.
Māori participation	<ul style="list-style-type: none"> The intent is to provide greater Māori participation in the plan development process by requiring Māori participation in plan development through technical and mātauranga input, and for plans to be more directive in information requirements, notification (including limited notified parties), and decisions. One of the purposes of Māori participation in plan development is to ensure Māori can influence plan content including (but not limited to) how activities are categorised, notification status, where they may be identified an affected party and the information required for a consent. Māori can be identified as an 'affected person,' have a role as a technical expert and be a submitter (on NBA plans and consents).

Further details on the options contained within this policy area can be found in:

- MOG #9: Paper 1: A more enabling regime to replace the consenting and approval systems; Paper 2: Land and resource use and responsibilities under the NBA
- MOG #10: Paper 1: A more enabling consenting regime
- MOG #13: Paper 1: An efficient and effective planning and consenting system
- MOG #15: Paper 3: Enabling infrastructure in the new system through designations

PROACTIVELY RELEASED

Detailed assessment of the preferred option against the objectives for the new RM system compared to the status quo

Table 84: Consenting and designation–Assessment of the preferred option against the status quo

Objective	Status quo	Preferred option
Natural environment	<p>Systemic issues have impacted on consenting causing difficulties with managing cumulative environmental effects and resource allocation issues. Poor feedback loops between plans, consents and consent conditions, compliance, and monitoring, on the ground data, plan effectiveness monitoring and review of plan content are contributing to the poor protection and restoration of the natural environment.</p> <p>The link between a permitted activity and its associated effects is weak, as is the link between the requirement for resource consent and knowledge about the environmental outcome. The consenting process manages the risk of adverse environmental outcomes with varying degrees of control and scrutiny of activities. At present this is based on the level of ‘effects’ of an activity, be they minor or significant. Risks are mitigated through the process and conditions of consent</p>	<p>More effective plan-making and national direction could result in fewer consents being required, as more activities will be permitted. Making activities that require farm plans or activities that have minimal environmental impact associated with infrastructure ‘permitted’ will reduce the number of consent applications, while maintaining appropriate environmental protections. There will also be explicit requirements to register permitted activities, and therefore cumulative effects could be managed more holistically.</p>
Development	<p>Due to cumulative issues affecting development, the National Policy Statement on Urban Development (NPS-UD) was introduced, which came into effect in August 2020. This aims to address planning constraints. It requires, among other things, that councils responsible for urban areas amend planning requirements to allow intensification of housing through greater building heights and density. However, these benefits will not be fully realized until 2024.</p> <p>To increase possibilities for housing development to occur now, two key measures are proposed through amendments to the RMA. These are to:</p> <ul style="list-style-type: none"> accelerate the implementation of NPS-UD intensification policies by requiring councils in Tier 1 urban environments (Auckland, Hamilton, Tauranga, Wellington, and Christchurch) to use a modified streamlined planning process to establish a default medium density residential zone (MDRZ) as a minimum in those same cities using the same streamlined planning process <p>Limited entities are granted access to designation making powers, restricting the ability for public and private operators to provide services that constitute a public good to act in a responsive and targeted manner. Infrastructure provision</p>	<p>Providing clear and efficient activity categories, simplified notification processes and clarity of participatory roles will improve the status quo and enable sustainable development under the new system. The status quo with the current and proposed amendments only addresses a symptom of poor planning and consenting processes, not the cause.</p> <p>The legislative measures currently in place will be far more effective when supported by a transparent, efficient, and effective consenting framework. One way this will be realised is through activity categorisation where the NPF can permit or prohibit activities across the system if it is considered necessary to protect the environment or provide for housing.</p> <p>Widening the criteria for public and private organisations to become a ‘network utility operator; via a two-stage test, provides flexibility for operators to show they provide a necessary public purpose and allows for a wider range of infrastructure providers to receive designation powers. Giving more entities designation powers will speed up development processes and ensure infrastructure provision is delivered proactively.</p>

	under the status quo lacks recognition of the benefits of infrastructure development for wellbeing within the system.	
Te Tiriti	No minimum legislated baseline of Māori involvement. Variable practice across districts and regions and within regions, where some iwi/hapū have a high degree of involvement and others have none. Practice has changed over time and the level of sophistication in resource management Treaty settlement redress has increased. Treaty settlements lack flexibility to change as practice changes and improves over time. This approach is ad hoc and does not provide any certainty.	A specific legislated and mandated role in planning and consenting removes ambiguity about a role for Māori in consenting. It allows regions and districts to develop plan provisions that specify involvement in activities and consents that reflect the needs of the relevant iwi/hapū. The role for Māori in consenting would need to be specified in a plan which provides certainty to applicants, Māori, and local authorities about when and who should be consulted and on which activities. This approach enables plans to respond to the needs of the iwi/hapū of the region and is a practical expression of the Treaty clause.
Climate and risk	There is inherent tension in the resource management system between certainty for users and the flexibility needed to adapt to changing circumstances. This also applies to the balance between creating certainty through prescriptive planning rules or affording discretion to decision-makers on individual consents. Where this balance is struck should ideally be commensurate with the nature and risk of the activity requiring consent.	Resource consents need to be able to respond to complex challenges, including problems associated with natural hazards, climate change and cumulative environmental effects. Processes should provide feedback loops so that trends in monitored data and changes in national direction/policy can affect resource users.
System performance	There has been a strong push through legislative amendments to encourage consenting process efficiency in the current RMA system. However, a narrow focus on processing timeframes ignores reasons why councils may be slow to process applications, which might include taking the time to encourage applicants to lodge consents that are more consistent with plans. There has been tension in the ability to balance rights of public participation against the desirability of timeliness in delivery of processing applications and decisions.	A key driver behind the RM reform is the need for a high-performing and more efficient system overall; a key area in which this can be realised is the consenting framework. The efficiency of consenting and permitting is driven by the direction given by the NPF and NBA plans. How activities are categorised will influence the number of consents in the system. An online consenting portal will standardise processing procedures and simplify the information requirements for individual consents.

Table 85: Consenting and designation–Te Tiriti impact assessment summary

Te Tiriti impact assessment summary	
Gives effect to the principles of Te Tiriti o Waitangi	<p>Providing a stronger requirement to ensure iwi/hapū involvement in plan development and/or providing technical support to plans provides opportunities for Māori to influence plan content.</p> <p>A role for Māori in setting limits and targets (including regional) and plan drafting ensures:</p> <ul style="list-style-type: none"> • activity categories are appropriately applied to activities and areas of interest to Māori • mana whenua are identified as affected parties and consulted on activities of importance to them, including identifying limited notified parties. <p>A pre-application step for consents allows mana whenua to be engaged early before applications are lodged (not necessarily because they have been identified as affected persons).</p> <p>Opportunities to ensure that Boards of Inquiry and hearing panels have knowledge, skill and experience relating to tikanga Māori and mātauranga Māori.</p>
Costs and benefits for Māori	<p>Costs</p> <ul style="list-style-type: none"> • Initially there will be significant demand on iwi/hapū expertise to feed into plan development processes, in particular for gathering the evidence for setting limits and targets. • Iwi/hapū will be covering several roles during the transition phase by continuing to input into the current system, while engaging in the development of new plans. • There may be some gaps in information as the mātauranga Māori knowledge base is built, enhanced and validated to inform plans. <p>Benefits</p> <ul style="list-style-type: none"> • As mātauranga Māori information is embedded into plans, there will be greater clarity for plan users on how to uphold Te Oranga o Te Taiao and who to engage with at a consenting level. • Iwi/hapū will be involved early in the process (prior to lodgement) through clear information and affected party requirements set out in plans. • consent processing timeframes once applications are lodged will be more efficient, due to greater clarity on information requirements and affected parties for iwi/hapū being provided up-front. • Plans give greater clarity on how to uphold Te Oranga o Te Taiao, resulting in improved environmental outcomes for all.
Protecting and transitioning Treaty settlements	<p>Certain Treaty settlements identify iwi authorities as affected persons for resource consents by using statutory acknowledgement areas. Existing Treaty settlements with RMA statutory acknowledgement mechanisms should be retained. Future plans will be able to include specific requirements to engage iwi/hapū before undertaking activities (including permitted activities where affected persons approval from iwi/hapū may be required through plans).</p>

Table 88: Consenting and designation–Engagement summary

Engagement summary	
Agencies	<ul style="list-style-type: none"> • Agreement and support were generally reached with Agencies over the approach to activity categories, notification, processing pathways, and approach to compensation. Agencies reiterated the importance of the processes being simple and efficient. • Agencies emphasised the importance of clear selection criteria for the ‘merits-based simplified pathway’ for processing consents, and that the trade-off for reducing notification and appeal rights is upfront engagement in RSS and plan development earlier in the process.
Local Government	<ul style="list-style-type: none"> • Local Government is generally supportive of the approach to activity categories. Some councils consider the notification provisions could be clearer and that the current approach is not efficient. No significantly different approach has been suggested. • Feedback from local government indicated that there is a need to provide additional consenting pathways for large or complex proposals. They were also supportive of retaining the approach to no compensation for planning provisions, but with amendments to ensure there is an approach that enables proactive planning to reduce risk. Culture change and behaviour shifts are needed to realise efficiencies in the new system. Implementation guidance will help address local government concerns.
Iwi/Māori	<ul style="list-style-type: none"> • There are two clear areas in consenting that will be crucial to giving effect to a Te Tiriti partnership. The first role is for iwi and hapū to have affected party status within their rohe to uphold Te Oranga o te Taiao in situations where they are not the applicant. The second role is where Māori are consent applicants in the process. • Iwi and hapū representatives have the role to co-design the plans at a drafting level. Māori economic authorities must have a specific role and provision in the design of the plan to represent the needs of Māori landowners, particularly in the development of Māori land and in the engagement process • Opposition to a more permissive direction of consents. Any current and future consents need to enable freshwater rights and interests for iwi and hapū and legislate co-decision-making for all notified consents. Māori landowners to be protected to ensure their voice has a specific status in consents. • There needs to be flexibility in plan development and consenting for Māori to adopt various roles such as submitters or technical specialists • Infrastructure provisions will need to be carefully considered regarding the potential alienation of Māori land during land acquisition processes. There is a need to ensure safeguards are put in place against future alienation via infrastructure proposals. • Hapū/iwi/Māori must have a role in contributing to infrastructure development and decision-making processes at both a development and decision-making level, since the location and potential effects of infrastructure is of great material importance to them. Without their involvement, the resulting Notices of Requirement and Designations could lack the necessary technical input that would enable projects to maximise benefits and minimise costs for iwi/hapū/Māori; and could create relationship risks for the Crown.

D7: Resource Allocation

Table 88: Resource allocation – Key features of the preferred option

Aspect of resource allocation	Key features of the preferred option as agreed by MOG
Allocation principles	<ul style="list-style-type: none"> • Introduce resource allocation principles of sustainability, equity, and efficiency. • NPF will provide direction on the meaning and application of the principles. • Policy intent is to ensure, when allocating scarce resources within limits, that a more balanced approach is taken to providing opportunities for new users (including Māori) to come into the system while recognising the interests of existing users.
Allocation approaches in plans	<ul style="list-style-type: none"> • Require regional planning committees to include resource allocation approaches for resources in plans, give effect to any direction in the NPF, and have regard to allocation principles if there is none. • Policy intent is to support regional planning committees to plan sustainable, efficient, and equitable allocation approaches to help to ensure a wider range of outcomes and interests are considered and balanced when resources are allocated. • Enable the NPF to direct the use of resource allocation approaches in NBA plans. • It will be possible to both set a specific approach for a particular resource as well as a general approach covering all resources that do not need a tailored approach.
Consenting approach	<ul style="list-style-type: none"> • Require that, unless there is an exemption, consents for resources issued after the NBA is enacted and until NBA plans take effect will expire no later than three years after the relevant NBA plan takes effect. This will: <ul style="list-style-type: none"> ○ create a greater opportunity for new allocation approaches to be effective ○ preserve future optionality for Māori rights and interests in freshwater. • Ensure the consenting approach supports the adoption of new allocation approaches by: <ul style="list-style-type: none"> ○ enabling a maximum consent duration of less than 35 years to be set through the NPF (or plans) for a particular resource or in specified circumstances (while enabling the setting of exemptions) ○ allowing the priority given to existing consent holders to be determined through allocation approaches set by regional planning committees (implementing any national direction) ○ enabling an alternative consenting pathway where needed to implement new allocation approaches (ie, because aspects of the standard consenting process would restrict the ability to use an alternative approach to first in first served).

Resource User Charges	<ul style="list-style-type: none">• Continue to enable the imposition of a resource user charge where already enabled under the RMA (removal of sand, shingle, shell or other natural material from the coastal area; geothermal energy; coastal occupation).• Enable resource user charges to be placed on the use of any resource for which a limit or target has been set under the NBA, except for freshwater takes and diversions.• Ensure that the NBA does not enable use of market mechanisms that generate revenue for local or central government (such as auctions or tenders), for freshwater takes and diversions.• Policy intent is to help ensure that the benefits accruing from the private use of resources are shared for wider benefit and to reflect the environmental impacts of resource use.
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Further details on the options contained within this policy area can be found in:

- MOG #16: Paper 2: Resource allocation and user charges

Detailed assessment of the preferred option against the objectives for the new RM system compared to the status quo

Table 89: Resource allocation – Assessment of the preferred option against the status quo

Objective	Status quo	Preferred option
Natural environment	Resources are becoming increasingly scarce, and the over-allocation of some resources is damaging the environment. The widespread approach of allocating scarce resources through first in first served does not provide for the wellbeing of present and future generations and can make it challenging to allocate resources sustainably, efficiently, and equitably.	Allocation approaches must be set out in NBA plans and will be developed having regard to resource allocation principles of sustainability, efficiency, and equity. It will be possible to provide direction through the NPF on the allocation approach/es to be used. Allocation policy in the NPF will also need to give effect to the Part Two provisions of the NBA. The ability to impose a resource user charge could result in sustainability improvements as well as better recognition of the cost of environmental externalities. As such, the preferred option better provides for protecting and restoring the natural environment, including a likely greater emphasis on managing within limits.
Development	The first in first served approach to resource allocation does not take account of best use of resources when allocating scarce resources.	The requirement to have regard to a resource allocation principle of efficiency when developing allocation approaches can support taking account of best use when allocating scarce resources both now and in the future when allocating and granting consents for scarce resources. This will allow the system to be agile and responsive to a changing environment. Bespoke consenting provisions can enable, where needed, comparative assessment of applications to support taking account of best use. It will be possible to set shorter terms of consents to avoid locking uses in for lengthy periods, while still providing consent durations of up to 35 years where needed. As such, the preferred option is likely to better support development within biophysical limits and timely provision of appropriate infrastructure.
Te Tiriti	The Waitangi Tribunal has found that the current RM system created under the RMA (including allocation) is not compliant with Te Tiriti o Waitangi and its principles. The first in first served approach, which has become the default method for allocation for access to and use of natural resources managed under the RMA, is now widely recognised as disproportionately disadvantaging Māori as those resources become scarce. ⁷	It will be possible to provide direction on allocation approaches for in scope resources through the NPF and NBA plans. In developing allocation approaches, decision-makers will be required to give effect to the principles of Te Tiriti, consistent with Te Tiriti clause in the NBA. Overall, the preferred option better balances the need to create opportunities for new users, including Māori, and the interests of existing users. Limiting the length of resource consents in the period between enactment of the NBA and NBA plans taking effect, will also have a key role in supporting the forward work programme on addressing Māori rights and interest in freshwater. Regarding the extent to which the new regime will give effect to the principles of Te Tiriti, see the dedicated comment section below under TIA summary.

<p>Climate and risk</p>	<p>The inflexible approach to allocation which has resulted from the entrenchment of first in first served, inhibits the ability of the resource allocation system to adapt to the future challenges of climate change and risks from natural hazards.</p>	<p>The new resource allocation framework will provide a greater degree of flexibility needed to allow the resource allocation system to adapt to a changing environment. It will do this through facilitating a shift away from the entrenchment of first in first served to alternative allocation approaches that are developed having regard to principles of sustainability, efficiency, and equity. It will be possible to provide direction through the NPF on how allocation approaches need to take account of the changing environment including adaptation and emission reduction imperatives. Shorter consent durations are better enabled, which could contribute to the system being more responsive to change, with consents expiring more frequently. As such, the preferred option is better able to prepare for adapting to climate change and managing risks from natural hazards.</p>
<p>System performance</p>	<p>The current entrenched approach of first in first served provides little incentive to maximise value from a resource and surrender unused resources.</p>	<p>The enhanced enabling framework presents an opportunity to increase system performance through facilitating more sustainable, efficient, and effective allocation approaches. Efficiency is one of the three resource allocation principles that decision-makers must have regard to when developing allocation approaches. It will be important to provide direction on allocation approaches through the NPF to support regional planning committees to develop sustainable, efficient, and equitable approaches. At the same time, there is still significant scope for local priorities and conditions to be reflected in the allocation approaches included in NBA plans. The broader ability to impose a resource user charge could also result in efficiency improvements by incentivising users to relinquish unused allocations and make the most of their existing allocation. As such, the preferred option is better able to improve system efficiency and effectiveness while retaining local input.</p>

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Table 90: Resource allocation –Te Tiriti impact assessment summary

Te Tiriti impact assessment summary	
Gives effect to the principles of Te Tiriti o Waitangi	<p>It is important that:</p> <ul style="list-style-type: none"> • no fundamental options for addressing Māori rights and interests in freshwater are precluded by resource allocation provisions that cannot otherwise be delivered in a different way or through legislative change in the future • the new legislative framework for resource allocation will require all persons making decisions and exercising powers in respect of allocation to give effect to the principles of Te Tiriti (the highest form of statutory protection available) • there are future decision points which anticipate Māori rights and interests in freshwater are addressed or at least options are not precluded in a way that is inconsistent with the principles of Te Tiriti. <p>Due to the range of dependencies on other evolving factors, the timing and outcome of addressing Māori freshwater rights and interests, and implementation processes, it is currently challenging to state without any reservation whether the allocation and user charges provisions overall and in conjunction with the wider system changes together give effect to the principles of Te Tiriti.</p>
Costs and benefits for Māori	<p>It is difficult to evaluate the costs and benefits for Māori at this stage, given that their impact depends on both the development process and substance of subordinate instruments.</p>
Protecting and transitioning Treaty settlements	<p>The new RM system must avoid unintended consequences for, and uphold the integrity of, natural resource arrangements agreed by Māori and the Crown or that are the subject of current Treaty settlement negotiations. In the context of resource allocation, these include natural resource arrangements stemming from RMA provisions and rights under takutai moana legislation.</p> <p>Some settlements have recognised or enabled allocation rights, including through management frameworks for waterways including Te Pā Auroa o te Awa Tupua (Whanganui River) and Te Waiū-o-te-Ika (Whangaehu River), and for coastal tendering including in the settlements of Ngāi Tahu, Ngāti Tama, Ngāti Mutunga, Ngāti Ruanui, Ngāti Awa, and Ngā Rauru Kītahi. The Crown is engaging with affected Post-Settlement Governance Entities (PSGEs) to discuss how their settlement arrangements will be upheld or carried over into a new system.</p> <p>Policy work in this area is ongoing.</p>

Table 91: Resource allocation – engagement summary

Engagement Summary	
Agencies	<p>Key themes of the feedback included:</p> <ul style="list-style-type: none"> • general support for the provisions • the need for further direction on the statements of principles • the need for direction in the NPF on allocation approaches

	<ul style="list-style-type: none"> • the need for consent reviews to ensure alternative allocation approaches are implemented • concern with the short-term consent provisions and retention of 35 year maximum • the need for appropriate exemptions or criteria to be specified for longer term consents issued between NBA enactment and NBA Plans becoming operative • that the provisions are likely to be highly significant for the primary sector and highly controversial • that the setting of allocation regimes across all resources in first generation NBA plans is likely to be challenging and risks litigation.
<p>Local Government</p>	<p>Key themes of the feedback included:</p> <ul style="list-style-type: none"> • general support for the provisions • the need for the resource allocation system to be forward looking and responsive to change • the need for prescription through the NPF, with flexibility for NBA plans to still respond to local circumstances • the need for resource allocation to be aligned with other key legislative changes • the need for more clarity and detail on the statements of principle • the need for NBA plans to include criteria on consent durations • the need for common expiry dates to be used • the ability for council to curtail existing consent durations should be enabled.
<p>Iwi/Māori</p>	<p>In preparing resource allocation proposals for MOG, Officials held a series of discussions on the high-level proposals with the Iwi Leaders Group, Te Wai Māori Trust, Te Tai Kaha, and Ngāi Tahu. The views of the iwi/Māori groups were also conveyed directly to the Minister for the Environment and Associate Minister for the Environment (Hon Kiri Allan) at meetings on 7 March 2022. A fundamental issue that is consistently raised by iwi/Māori groups in discussions is ensuring that optionality for addressing Māori freshwater rights and interests is preserved.</p>

D8: Regional governance

Table 92: Regional governance—Key features of the preferred option

Aspect of regional governance	Key features of the preferred option as agreed by MOG
<p>Planning committees: functions and form</p>	<ul style="list-style-type: none"> • The SPA and NBA will establish planning committees responsible for preparing and approving RSS and NBA plans, comprising of local government, Māori, and central government appointments. • A single committee, performing functions across both the SPA and NBA, operating as a committee of all the councils in the region, will be hosted by a single council. The committee will have statutory independence in decision-making and performing its functions but will not be so independent from the local authorities as to constitute a separate legal entity (eg, such that public audit and information requirements would apply separately). • Local authorities will retain responsibility for implementing and administering RSS and NBA plans in their regions. • The planning committees will be standing committees and have on-going roles in the system including monitoring functions for plans.
<p>Planning committees: composition and appointments</p>	<ul style="list-style-type: none"> • The appointing bodies will be the local authorities and iwi authorities/groups representing hapū (as agreed by iwi/hapū in the region). The Minister/s responsible for the SPA will appoint a member to the committee who will only have a decision-making role when the committee is undertaking functions under the SPA (they will not participate in decision-making on NBA plans). A regionally led process will determine who the specific appointing bodies will be in each region. • The composition of committees will be agreed using a regionally led process, so that composition can reflect each region's particular circumstances. This will require local authorities and iwi authorities/groups representing hapū in a region to work together to agree the composition of committees within parameters set in legislation. The legislation will prescribe that: <ul style="list-style-type: none"> ○ there must be a minimum of six members on a committee ○ all local authorities in the region will be entitled to appoint a member to each committee if they wish ○ there must be a minimum of two Māori appointed members on a committee. • Additional membership can be agreed considering: <ul style="list-style-type: none"> ○ urban, rural, district and regional interests are effectively represented on the committees, while also considering proportionality of council representation based on their relative population sizes. • Appointing bodies will be able to remove and replace their member(s) at any time.
<p>Planning committees: decision-making</p>	<ul style="list-style-type: none"> • The committees will be autonomous decision-makers and will not require members to ratify decisions with their appointing bodies. • The committee will be required to provide appointing bodies (local authorities, iwi/hapū, central government (in the case of RSS)) with an opportunity to review the RSS and an NBA plan before finalisation. • For the RSS, the committee will be required to consider (but not agree/adopt) the recommendations made by appointing bodies through this review.

	<ul style="list-style-type: none"> • For the NBA plan, the purpose of the review is to allow appointing bodies the opportunity to familiarise themselves with the NBA plan, and identify any errors, and any implementation or operational risks. • Committees will be required to make every effort to achieve consensus in decision-making for decisions on plans. • The legislation will require the committees to aim for consensus in decision-making on strategies and plans – meaning unanimity, or the absence of sustained disagreement. If consensus cannot be reached there would be an option for independent mediation, with a backstop of a majority vote (50 per cent plus one). • If a majority vote were unsuccessful at reaching a decision on the specified decisions, disputes on RSS content would be escalated to the Minister to decide or appoint an independent person to provide advice or make the decision. Disputes on NBA plan content would be escalated to the Minister who must appoint an independent person to make the decision. • The committees will not be able to delegate their plan/strategy-making powers to another body (including sub committees).
<p>Planning committees: resourcing</p>	<ul style="list-style-type: none"> • The committees will be supported by a secretariat. The legislation will provide for the appointment of a director of the secretariat (the director), accountable to the committee for providing advice and administrative support. • The responsibilities and duties of the director will be: <ul style="list-style-type: none"> ○ to provide technical advice and administrative support to the SPA and NBA committees ○ for the purposes of strategy and plan making, establish and facilitate collaborative working arrangements (including feedback loops) with and between local authorities and iwi, hapū and Māori in the region, and for the SPA a tripartite working arrangement with central government agencies ○ to ensure that advice provided includes mātauranga Māori and te ao Māori perspectives; and ○ (for the NBA) to provide administrative support to the Independent Hearings Panel (IHP) in a way that maintains its independence.

Further details on the options contained within this policy area can be found in:

- MOG #6: Paper 3: Panel approach to NBA plan governance
- MOG #8: Paper 1: System governance and decision-making
- MOG #9: Slide Pack 2: Initial Strategic Discussion on Governance Options
- MOG #10: Paper 1: Governance and decision-making
- MOG #17: Regional governance and decision-making for plans in the reformed resource management system

Detailed assessment of the preferred option against the objectives for the new RM system compared to the status quo

Table 93: Regional governance—Assessment of the preferred option against the status quo

Objective	Status quo	Preferred option
Natural environment	Many of the issues facing Aotearoa New Zealand’s environment have national, regional, and local dimensions. Governance arrangements in relation to planning in the RM system are fractured and these strained relationships create challenges for coordinated and responsive decisions on environmental management issues. Plans are often not well integrated, of poor quality, and have not provided sufficient protection to the natural environment against inappropriate resource use and development.	Regional planning committees will improve collaboration on and integration of environmental management decisions. Committees comprising of members from local government, Māori, and (for SPA) central government will be given statutory responsibilities to work together to produce plans. By regionalising planning committees the barriers to collective decision-making are removed and regional approaches to protect and restore the environment can be introduced and managed much more effectively than the status quo.
Development	Aotearoa New Zealand is growing at a rapid rate and there is an increased and urgent need for large-scale and integrated development, particularly in housing and infrastructure. The current governance arrangements within the planning system are failing to provide the necessary decision-making framework to meet the needs of development provision. Processes are not collaborative enough, nor do they represent the diversity of both people and landscapes across the country.	Regional planning committees will improve collaboration on and integration of development planning decisions. Committees comprising of members from local government, Māori, and (for RSS) central government will be given statutory responsibilities to work together to produce plans. Collaboration at this scale will reduce the current challenges in integrated development planning and allow for plans that are better placed to serve growing communities and their needs, for both present and future generations.
Te Tiriti	Currently, Māori tend to be involved only reactively at the later stages of resource management decision-making, such as through responding to resource consent applications. This has limited the involvement of Māori in strategic decisions with big impacts, such as planning. The proliferation of Te Tiriti settlements legislating for co-managed cross-jurisdictional partnerships on freshwater taonga suggests that freshwater management through the RMA, for example, has not achieved good outcomes for mana whenua.	Regional planning committees will give Māori a statutory role up-front in strategic and regulatory decision-making. There will be statutory minima for Māori representation on joint committees, and requirements on the director of the secretariat to ensure the secretariat’s advice includes mātauranga Māori and Te Ao Māori perspectives. This approach puts iwi/Māori at the table at the beginning of the planning process and removes the reactive and limited role currently provided for in the RM system. These arrangements will require strong relationships between local authorities and Māori. The legislation will include provisions to support this and provide pathways for dispute resolution, but success will rely on implementation and goodwill.
Climate and risk	The RMA does not provide adequate protection for the increasing risks faced by changes in the climate such as increased flooding, sea level rise, more frequent adverse weather events and rising atmospheric temperatures. Due to the diversity of communities and landscapes across the country, environmental protection and	Regional planning committees will improve collaboration on and integration of climate risk management decisions. Committees comprising of members from local government, Māori, and (for SPA) central government will be given statutory responsibilities to work together to produce plans. Planning at a regional level whilst maintaining a local lens will ensure the diverse nature of issues faced by communities can be addressed strategically and effectively.

	<p>mitigation decisions in the planning system are made by councils which can result in ad hoc and ineffective strategies in combating the effects of climate change. The current governance arrangements create challenges for coordinated and responsive climate risk management decisions.</p>	
<p>System performance</p>	<p>Poor performance of the planning system is one of the key factors behind the demand for a new RM system. Lack of vertical integration and coordination between planning agencies and community representatives in planning processes has resulted in a slow, ineffective, and litigious system.</p>	<p>Regional planning committees will improve collaboration and coordination between key actors. Committees comprising of members from local government, Māori, and (for RSS) central government will be given statutory responsibilities to work together to produce plans. The committees will be designed to improve system efficiency and effectiveness by ensuring that plans have a high degree of legitimacy. In shifting final decision-making on plans to planning committees, it is important that roles and accountabilities of local authorities are clear. Planning committees will need to consider many different factors in making their decisions, and their Chairs will have a key role to play in making the committees work well and reach decisions.</p>

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Table 94: Regional governance–Te Tiriti impact assessment summary

Te Tiriti impact assessment summary	
<p>Gives effect to the principles of Te Tiriti o Waitangi</p>	<p>Planning committees will be required to give effect to the principles of Te Tiriti and to take into account Te Oranga o te Taiao in their decision-making. The following committee design provisions also seek to give effect to the principles of Te Tiriti:</p> <ul style="list-style-type: none"> • Autonomy of committees. Committees are autonomous, with no requirement for plans to be ratified by local authorities. Apart from some exceptions (such as to uphold Treaty settlements or other arrangements) committees will not be able to delegate decisions on RSS or NBA plans – ensuring decision-making cannot default to councils alone. • Composition and appointments. Māori appointments on planning committees will ensure Māori are able to influence decisions on plans. This includes process decisions which ensure Māori are involved effectively in all aspects of the development of SPA and NBA plans and their monitoring, such as through engagement agreements. • Decision-making parameters. Decision-making powers are balanced through consensus decision-making, with backstop voting rules. • Supporting mechanisms. Co-chairing arrangements are enabled where desired by the regions. Māori involvement through the committee secretariats will be ensured through a requirement on the director of the secretariat to include mātauranga Māori and Te Ao Māori perspectives through the drafting of RSS and plans.
<p>Costs and benefits for Māori</p>	<p>There are significant benefits for Māori, specifically through being able to directly influence decision-making via planning committees for all resource management matters in a region. Costs associated with Māori membership and involvement through the secretariat will be funded by the committee via local rating. Involvement in composition discussions and appointments will be a resource burden for Māori groups.</p>
<p>Protecting and transitioning Treaty settlements</p>	<p>Detailed composition arrangements are subject to ongoing discussions with PSGEs which may require that bespoke arrangements be developed, including in relation to the nature and proportion of Māori membership on committees. Further consideration will be given to transitioning arrangements and/or relationships between settlement co-governance, co-management, and advisory entities to uphold the integrity of settlements.</p>

Table 95: Regional governance – engagement summary

Engagement summary	
<p>Agencies</p>	<p>Agencies engaged with agreed on many aspects of the planning committee provisions, including that the committees should be autonomous decision-making bodies, that decision-making should be by consensus, and that committee composition should be determined regionally with some guidance in legislation.</p> <p>Most agencies agreed that all local authorities in the region (regional councils and territorial authorities) should be directly represented where that was their preference. However, agencies noted that to ensure committees can make decisions efficiently it is important they are a manageable size.</p>

	<p>Other feedback provided included testing the right intervention points for Ministers where committees have disputes, and desire for clarity on the responsibilities for the director of the secretariat.</p>
<p>Local Government</p>	<p>Local government submitters to the NBA exposure draft were concerned about the role of local democracy and place-making at the regional and local level. Specifically, there were concerns over fair and adequate representation on planning committees and the potential loss of local input into NBA plans through a shift to regional planning committees. They also supported mana whenua membership on planning committees but had concerns about how this would be resourced and achieved in practice.</p> <p>The Local Government Steering Group (LGSG) recommended that there should be one committee for both RSS and NBA plans, that elected members should sit on the planning committees to represent local authorities, and that there should be a time-bound feedback loop with local authorities prior to notification of plans. The LGSG also raised some concerns about the secretariat proposals.</p>
<p>Iwi/Māori</p>	<p>Iwi/Māori submitters to the NBA exposure draft stated the composition of planning committees should be designed to reflect Treaty settlement arrangements; iwi and hapū rohe; iwi, hapū; and the Te Tiriti partnership. Iwi/Māori also sought clarification on impacts of existing Treaty settlement arrangements.</p> <p>Officials' interpretation of the feedback from the Iwi Leaders Group (ILG) and Te Tai Kaha (TTK) is below:</p> <p>ILG:</p> <ul style="list-style-type: none"> • Consider that planning committees should have 50 per cent Māori membership to provide for partnership. • Consider that appointments to the committees should be representative and skills based. • Supportive of consensus decision-making and co-chairing or independent chairing arrangements for committees. • Emphasised the critical role for iwi/Māori in strategy and plan development through the secretariat, specifically through role for iwi planners and through specific supports for the Māori committee members. <p>TTK:</p> <ul style="list-style-type: none"> • Consider that planning committees should have 50 per cent Māori membership to provide for partnership, and that Māori appointments should be made through mana whaka haere councils. • Consider that appointments to committees should be representative and skills based • Supportive of consensus decision-making and co-chairing arrangements for committees • Emphasised the critical role for iwi/Māori in strategy and plan development through the secretariat, specifically through role for Māori planners and through specific supports for the Māori committee members. • Not supportive of the Minister being final decision maker on disputes on RSS and plans.

D9: Funding the operation of the new system

Table 96: Funding the operation of the new system – Key features of the preferred option

Aspect of funding the new system	Key features of the preferred option as agreed by MOG
<p>Funding the operation of the resource management system: functions, duties and powers</p>	<ul style="list-style-type: none"> • Principle 1 – users/polluters whose actions or inactions give rise to the need for environmental management functions, duties, and powers should pay the costs associated with funding those functions, duties, and powers • Principle 2 – where it is not administratively efficient to charge users/polluters for such costs, it is normally equitable that ratepayers (or a relevant subset of them) meet the costs • Principle 3 – where it is not administratively efficient and/or equitable for ratepayers to meet such costs, taxpayers should do so • Principle 4 – at all levels within the system, costs and charges should be proportionate with mechanisms to identify and control inefficiencies or excesses; so as not to create incentives that drive unnecessary costs and complexity • To achieve a balanced effective environmental management system which supports development, decision-makers will have discretion to waive charges or to charge less than full cost where: <ul style="list-style-type: none"> ○ it may be administratively inefficient (ie, in that the cost associated with allocating and recovering costs exceeds the revenue to be recovered) ○ full cost may lead to an activity being undertaken at a scale that would undermine achievement of plan outcomes, and/or ○ full cost may provide an incentive for non-compliance (eg, charging to register a permitted activity or to undertake compliance monitoring of permitted activities) • NBA charging provisions take a similar approach to that of section 150 of the LGA — “to prescribe fees or charges payable for a certificate, authority, approval, permit, or consent form, or inspection by, the local authority” having applied the charging principles
<p>Providing a framework to manage contamination liability</p>	<ul style="list-style-type: none"> • The NBA must contain a clear hierarchy that clarifies responsibility and liability for contamination, for example between present and previous polluters and/or landowners, and central and local government • The NBA must provide for the tools necessary to support effective management of contamination liability, such as bonds and/or minimum insurance (noting the desirability for harmonisation with recent oil and gas legislation)

Further details on the options contained within this policy area can be found in:

- MOG #10: Paper 3: A robust compliance monitoring and enforcement (CME) regime
- MOG #15: Paper 1: Funding the operation of the resource management system

Detailed assessment of the preferred option against the objectives for the new RM system compared to the status quo

Table 97: Funding the operation of the new system –Assessment of the preferred option against the status quo

Objective	Status quo	Preferred option
Natural environment	While users face much of the process costs, other compliance, monitoring and enforcement (CME) costs, for example compliance inspection costs, are funded by local authorities, and tend to not be cost recovered fully. CME activities are therefore limited, making it difficult for users to internalize the cost and impact their activity may have on the environment. Further, where ratepayers fund compliance monitoring and enforcement, these activities are frequently not undertaken at the scale necessary to support environmental sustainability. If current levels of compliance monitoring and enforcement continue under the new system, environmental sustainability outcomes will be undermined.	Moving the costs of activity compliance monitoring from ratepayers to those who use resources is equitable and will support sustainability. Resource users who are found to be non-compliant are likely to be subject to more frequent, intensive, and expensive monitoring and thus higher costs. Monitored parties are incentivised to stay compliant to minimise monitoring costs, which in turn will support better environmental outcomes.
Development	Costs associated with policy setting and planning for development that are incurred by local authorities are not recovered. The costs of consents to developers are high and can be a barrier to development in areas where the system is too difficult and expensive to navigate. While developers face much of the process costs, other CME costs, for example compliance inspection costs, are generally funded by local authorities, with only a relatively small element of cost recovery and, as such, rarely recovered. Accordingly, CME activities tend to be limited.	One outcome of the new RM system is to reduce the costs for those seeking consents by requiring clearer and more directive plans with more clearly delineated categories of activities. While this should result in greater use of permitted activities, there will be increased emphasis on the need for effective compliance monitoring downstream, which will be cost recovered by consent holders. For short term activities (such as housing development) the cost impact is likely to not be significant.
Te Tiriti	There is currently a lack of capacity, capability and funding for Māori to engage on resource management issues and meet the requirements of the RMA. Lack of willingness by some local authorities to adequately fund and support to build capacity and capability in central and local government to align the resource management system with Te Ao Māori has created barriers for iwi and hapū to participate effectively and create positive relationships with local government.	Adequate and sustained levels of funding will enable Māori to have the opportunity to participate across the resource management system at national and regional levels in strategic decisions and be sufficiently resourced for duties or functions that are in the public interest. (see Funding Māori Participation for more information).
Climate and risk	Historically, New Zealand has a legacy of pollution and contamination associated with past practices involving the storage and use of hazardous substances, and disposal of hazardous wastes, and activities such as mining, fuel storage, sheep dips, gas works, timber treatment and the manufacture and use of pesticides, which all carry grave risks to the environment. The current system does not provide a clear hierarchy of parties liable for contamination and there	The provisions for a clear liability regime places the cost, responsibility, and regulatory burden of pollution predominantly on the persons responsible for that pollution. It also serves to clarify responsibilities of the polluter and landowners at the point of property sale and purchase.

	<p>are insufficient regulatory tools and financial assurance measures to ensure contamination is managed and remediated to protect human health and restore the environment.</p>	
<p>System performance</p>	<p>There is inconsistency in what data is available to support the assessment of present system settings. Without clear and consistent reporting at a sufficiently granular level, systems performance monitoring is difficult. Further, communities may struggle to understand the extent to which their rates contribute to local authority resource management costs when reporting does not distinguish funding of different functions.</p> <p>Cost recovery under the current system (under s36A and s36AAA which sets out what administrative charges may be used for, and what costs may be covered and when appropriate to charge under the RMA) lacks flexibility, is open to subjectivity, and in turn drives some inconsistencies. The legislation also does not allow for waiving of fees to recognise wider benefits some activities may produce.</p>	<p>Prescribing reporting standards that local government must satisfy when publishing data on costs would support assessments of the ongoing economic impact of the new RM system and assist users to understand the costs incorporated in the charges they face.</p> <p>Improved alignment with, and consistency of, provisions with those under the Local Government Act 2002 (LGA) is being explored as the charging provisions of the NBA take a similar approach to that of s150 of the LGA “to prescribe fees or charges payable for a certificate, authority, approval, permit, or consent form, or inspection by, the local authority” having applied the charging principles.</p>

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Table 98: Funding the operation of the new system –Te Tiriti impact assessment summary

Te Tiriti impact assessment summary	
Gives effect to the principles of Te Tiriti o Waitangi	<ul style="list-style-type: none"> To give effect to the principles of Te Tiriti O Waitangi, and to uphold Te Oranga o te Taiao, Māori will be involved at all levels of the system. To ensure Māori participation is effective and adequate, funding from central/local government will be provided. Māori will partner in central government led functions including monitoring of Te Tiriti compliance within the system. Māori participation as partners in administering decision-making under the NBA at a national level will be Crown funded. Māori participation at a regional level will be funded by local government, with further work to be carried out to explore Crown funding to support the transition to the new system. The legislation will impose a stronger duty on local government to give effect to the principles of Te Tiriti.
Costs and benefits for Māori	<ul style="list-style-type: none"> The policy options for funding Māori participation throughout the system do not create additional costs for Māori, and funding options seek to ensure that Māori/iwi/hapū are supported to participate effectively. The new RM system anticipates a significant increase in roles for iwi/Māori, which will place additional demands on iwi/Māori capacity. Further work is required to identify what will be needed to build capability, capacity, and resourcing for Māori throughout the system and the best placed agencies to lead
Protecting and transitioning Treaty settlements	<ul style="list-style-type: none"> The legislation will need to recognise existing settlements for funding Māori participation. Where settlements have not yet been made, officials expect the legislation to also offer support to these groups who wish to be represented in joint committees.

Table 99: Funding the operation of the new system –Engagement summary

Engagement summary	
Agencies	<ul style="list-style-type: none"> A series of engagements were carried out with government agencies, Te Tai Kaha, Iwi Leaders Group and Te Wai Māori Trust, the Local Government Steering Group and an Auckland Council group. Feedback was incorporated into the paper to address any issues, and further work has been carried out in MOG17 Funding Māori Participation.
Local Government	<ul style="list-style-type: none"> Outside of rates, local government have few mechanisms to generate revenue to fund the costs associated with the new RM system. There is potential for other revenue streams that enable local authorities to recognise the value uplift generated from consents and use of local public resources. Further, the importance of considering funding in the context of decisions on responsibilities and governance/institutional arrangements was highlighted, noting that local government only raises rates for functions is that it is responsible for. Local government already fund Māori participation in many ways (consistent with section 81 of the LGA) and are supportive of greater Māori participation in the system. It is unclear, however, whether Māori are participating as Te Tiriti partners or members

	<p>of the local community. The former gives rise to central government funding, while the latter suggests communities pay.</p> <ul style="list-style-type: none"> • There are some councils, particularly smaller ones and those with a high number of iwi/hapū, that would be disproportionately impacted. For these councils, funding adequate Māori participation could result in significant rates rises that could be unacceptable to the community, and the LGA process for consultation on rates increases may cause challenges. • Some form of government assistance and/or alternative revenue streams are desired to support local government to give effect to the new RM system, and in particular Māori participation.
<p>Iwi/Māori</p>	<p><u>Freshwater Iwi Leaders Group and Te Wai Māori Trust</u></p> <p>Technicians raised concerns with the way the system might apply to planning functions at the local level. From experience they have encountered several ways that getting sufficient local funding for Māori participation in planning is challenging:</p> <ul style="list-style-type: none"> • having limited opportunities to get funding into Long Term and Annual Planning cycles • a widespread expectation by councils that hapū and iwi will provide mātauranga and advice on planning for free • a tendency for resources to be spent on consultants to work with hapū and iwi on local planning priorities but no funding for hapū and iwi to work with consultants or resource their own professional/legal support • a lack of trust in the capability of hapū and iwi to take on roles and functions that the council already funds • unhelpful public discourse and discriminatory attitudes around what ratepayers should fund, which requires unfair scrutiny and continual justification by hapū and iwi for even modest resourcing to participate in planning. <p>Technicians recommended that officials investigate whether some Crown intervention in local funding for Māori participation were available, perhaps through additional Crown funding along with acknowledging a baseline expectation for councils to fund a required level of service for participation, derived from a proportional basis or through some other equitable approach.</p> <p><u>Te Tai Kaha</u></p> <ul style="list-style-type: none"> • Noted that funding is not simply about recovery of administrative costs. Instead, as stated by Treasury in its cost recovery guidelines, and in the Deloitte report, funding mechanisms should be focused on helping to better achieve resource management aims. They also stated that any funding mechanisms needed to reflect the multiple roles of Māori in the system – as Te Tiriti partner, as provider of resource management services, and as users of the system. • Raised issues with user-pays aspects of the system, noting some work products such as Cultural Impact Assessments are not always efficient or equitable to prepare on a user-pays basis. Members described the difficulty of relying on user-pays to cobble together a sustainable operating budget for Māori environmental service providers. • Stated that the funding issues cannot adequately be resolved separately to addressing CME issues or Māori freshwater rights and interests. For example, resolution of Māori freshwater rights and interests would open the door on greater use of economic instruments, which would simultaneously enable better achievement of resource management aims and help the system to become more self-funding. While they acknowledged that decisions had yet to be made on Māori rights and interests in natural resources, Te Tai Kaha considered that in the future royalties and rental charges of natural resources could – with Māori consent – be used for things like funding Māori participation, restoring the hauora of te wai.

D10: Monitoring and system oversight

Table 100: Monitoring and system oversight – Key features of the preferred option

Aspect of monitoring and system oversight	Key features of the preferred option as agreed by MOG
Environmental monitoring	<p>The NBA:</p> <ul style="list-style-type: none"> • includes a range of provisions and requirements to require and direct monitoring of the state of the environment, including consistent approaches to monitoring environmental limits and targets • requires integrated and transparent monitoring approaches across regions through regional monitoring strategies • requires more consistent and regular regional level environmental reporting • requires Māori to be involved in developing and undertaking environmental monitoring and reporting activities
Policy effectiveness monitoring	<ul style="list-style-type: none"> • Requirements in the NBA for responsible bodies to monitor and evaluate the implementation and effectiveness of NBA plans and to respond when monitoring identifies problems that need to be addressed • NBA requirements for the NPF to set out how its implementation and effectiveness will be monitored
System performance monitoring	<ul style="list-style-type: none"> • Stronger regulatory stewardship and operational oversight of the system by central government, including through the development of a system monitoring, reporting and evaluation framework, and oversight of the implementation of the NPF • Regular reporting to Parliament on the performance and effectiveness of the system • Independent oversight of system and agency performance to provide accountability and impartial analysis and advice • The National Māori Entity will monitor how the system gives effect to the principles of Te Tiriti • A range of powers for Ministers to intervene and direct actions from responsible bodies to respond to issues
Iwi/Māori participation	<ul style="list-style-type: none"> • The NBA requires local authorities and joint committees to actively involve mana whenua in developing mātauranga Māori, tikanga Māori and other monitoring methods and approaches for environmental and plan effectiveness monitoring and reporting • The National Māori Entity will monitor if the responsible bodies under the NBA/SPA are carrying out their functions and duties in a manner that gives effect to the principles of Te Tiriti (ie, more accountability mechanisms to hold local authorities, joint committees and central government to account if they fail to give effect to Te Tiriti principles). • System performance reporting will need to meaningfully integrate te ao Māori and mātauranga Māori, especially in terms of evaluating and reporting on how the system is enabling Te Oranga o te Taiao to be upheld and where Māori have kaitiaki obligations within the system.

Further details on the options contained within this policy area can be found in:

- MOG #10: Paper 4: Monitoring and oversight

- Environment MOG-subgroup paper: Environmental and plan effectiveness monitoring and reporting under the NBA, 28 October 2021
- MOG #15: Paper 1: Funding the operation of the resource management system
- MOG #17: Institutional arrangements for central government
- BRF-1536 Detailed decisions for system monitoring and oversight (NBA and SPA)

PROACTIVELY RELEASED

Detailed assessment of the preferred option against the objectives for the new RM system compared to the status quo

Table 101: Monitoring and system oversight –Assessment of the preferred option against the status quo

Objective	Status quo	Preferred option
Natural environment	The RMA places duties on local authorities to monitor the state of the environment in their district or region and the efficiency and effectiveness of policy statements and plans and take appropriate action where necessary. Environmental monitoring under the RMA has suffered from a lack of prioritisation and government direction, capability and capacity constraints, and inadequate systems at local and national levels to collect, store, and share data and information. The requirement that every local authority must at least once every five years compile and make publicly available a review of the results of its efficiency and effectiveness monitoring has been poorly complied with.	The preferred option will retain the obligation on local authorities to monitor the state of the environment and the implementation and effectiveness of their plans but provide greater direction on how this monitoring should be conducted. This includes requiring the NPF to prescribe how environmental limits and targets set under the NPF will be monitored on an ongoing basis. This would set clearer expectations on what needs to be monitored and how it needs to be done, including the involvement of Māori in monitoring methods and approaches. There would, however, still be scope for local authorities to determine what other regionally significant environmental matters need to be monitored and for Māori to determine what culturally appropriate monitoring methods are used.
Development	Monitoring and oversight in the current system has not supported better enabling of development. System wide monitoring of urban development has been fragmented among different bodies and has lacked the necessary overarching monitoring framework and response requirements. However, recent national direction under the National Policy Statement for Urban Development has imposed a stronger obligation on local authorities to monitor housing and development indicators, to report on these, and to act when monitoring shows a shortfall in development capacity.	The preferred option will likely retain requirements as part of the NPF for local authorities to monitor urban and other development indicators. The system wide monitoring, reporting and evaluation framework will also contain indicators and metrics relating to timeliness, cost and impact of resource management processes and the performance of the system in relation to the NBA's development focused outcomes and the purpose of the SPA. This will help central government better understand whether there are barriers in the design or implementation of system functions and processes that are unnecessarily inhibiting development.
Te Tiriti	There is currently a lack of monitoring of Te Tiriti performance in the RM system. Although the RMA requires persons to 'take into account the principles of the Treaty of Waitangi,' there is no transparency or accountability about whether this is being done. In addition, Māori have had little involvement in the development and implementation of environmental and plan effectiveness and system monitoring. Monitoring frameworks do not currently reflect Māori perspectives or recognise te ao Māori or mātauranga Māori. This makes it challenging to determine whether outcomes important to Māori are being achieved.	Māori will have the opportunity to participate in environmental monitoring, plan effectiveness, system performance, and Te Tiriti monitoring. This includes engagement in developing indicators and measures that reflect te ao Māori and mātauranga Māori. By including Māori perspectives in monitoring and reporting at a regional and national level, it will be more transparent around what the RM system is achieving for Māori. The National Māori Entity will also provide more accountability through its role to monitor and assess whether the RM system is giving effect to the principles of Te Tiriti. This includes regular monitoring of groups who have RM responsibilities and by providing cyclical summary reports on common RM Tiriti issues and those of national importance.

Climate and risk	There is a lack of monitoring on how the system contributes to achieving climate change objectives or helps to manage risks arising from natural hazards. The lack of monitoring does not support flexible or adaptive approaches to address climate change adaptation or to risks arising from natural hazards.	The RM system performance monitoring, evaluation and reporting framework could include measures that track the RM system's progress in address climate change mitigation (for example, how effective RSS are in determining areas which should not be developed due to the need to adapt to climate change). This should support adaptation to climate change and risks from natural hazards through the provision of timely and accurate information that will support responsive and proactive decision-making. Ministerial intervention powers have also been strengthened to be more graduated and, in some cases, more directive and could be used to support the implementation of climate and risk related objectives and policies.
System performance	The current system lacks the tools and frameworks to monitor system performance regularly and consistently. Local authority performance in monitoring the efficiency and effectiveness of RMA plans and their RMA processes has been inconsistent. At a national level, the National Monitoring System collects a range of data from local authorities relating to the implementation of the RMA. However, data collection under the NMS is a slow and cumbersome process and the information gathered is not used as effectively as it could be to support the implementation of the system or to make policy adjustments.	<p>The preferred option should help improve system efficiency and effectiveness in several ways:</p> <ul style="list-style-type: none"> • Local authorities' monitoring of the efficiency and effectiveness of NBA plans and processes will be delivered through more regular reporting to planning committees for consideration and action • The requirement for a region wide monitoring strategy should help to provide a more coordinated and transparent approach to monitoring the efficiency and effectiveness of the NBA plan • The NPF may also contain monitoring, reporting and response requirements that will support the efficiency and effectiveness of regulatory instruments. <p>At a national level, the requirements to develop a system wide monitoring, reporting and evaluation framework and to report regularly against the framework should provide a better understanding of where the system is overly complex, where it is not being implemented as intended, or where it needs adjustment. More timely and targeted interventions by central government as part of its system stewardship responsibilities should help address issues at an earlier stage. This will require the development of digital tools and platforms to collect, share and make sense of data on system performance.</p>

Table 102: Monitoring and system oversight – Te Tiriti impact assessment summary

Te Tiriti impact assessment summary	
Gives effect to the principles of Te Tiriti o Waitangi	<p>The following aspects of monitoring and oversight in the new RM system will assist in giving effect to the principles of Te Tiriti:</p> <ul style="list-style-type: none"> • Greater involvement for Māori in the development and setting of monitoring methods and indicators (including mātauranga Māori indicators and methods) through the development of the NPF, NBA plans, and regional monitoring and reporting strategies • Participation in environmental monitoring activities or transfers of monitoring functions through Mana Whakahono a Rohe, joint management agreements and transfers of powers • Engaging with Māori and the National Māori Entity in developing the system performance monitoring, reporting and evaluation framework • Ensuring that the framework includes measures that monitor performance from a te ao Māori perspective • Mechanisms to enable Māori participation in monitoring and stewardship functions, including via relationship or engagement agreements with MfE • Increased national level reporting that improves transparency and accountability on how the RM system is achieving outcomes for iwi/hapū/Māori • Iwi/hapū/Māori participation in the development of Te Tiriti performance monitoring frameworks developed by the National Māori Entity • Enabling the National Māori Entity to recommend ministerial intervention where local authorities and joint committees are not giving effect to the principles of Te Tiriti • Requiring local authorities to have a compliance and enforcement strategy which supports giving effect to the principles of Te Tiriti. <p>Stronger monitoring and oversight improves transparency and accountability in the system and ensures that taonga important to Māori are monitored and reported on. Overall, the provisions ensure that there is increased transparency and accountability around what the RM system is achieving for Māori.</p>
Costs and benefits for Māori	<p>Costs</p> <ul style="list-style-type: none"> • There are likely to be an increase in costs and demand for iwi/hapū/Māori expertise during the transition phase of the implementation of the NBA and SPA relating to monitoring and oversight such as their participation in determining indicators and methods which reflect te ao Māori • Adequate central and local government funding will be required to ensure that iwi/hapū/Māori are supported to provide their expertise into monitoring frameworks both at the regional level and national level. <p>Benefits</p> <ul style="list-style-type: none"> • Māori will benefit from the incorporation of te ao Māori and mātauranga Māori monitoring approaches both from an environmental and plan effectiveness, system and Te Tiriti performance perspective • In addition, there will be benefits from greater involvement in the monitoring and oversight process which leads to increased transparency and accountability for the RM system to deliver improvements in areas which Māori have interests in.

<p>Protecting and transitioning Treaty settlements</p>	<p>Treaty settlement commitments to establish agreements relating to environmental and plan effectiveness monitoring and to monitor the performance of local authorities will be carried over into the new system. The Treaty settlements will need to reflect the new governance arrangements and any changes in roles and responsibilities between local authorities, planning committees and central government.</p> <p>Where settlements have not been made, officials expect that there are opportunities for iwi/hapū and Māori to participate in monitoring and oversight.</p>
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Table 103: Monitoring and system oversight – Engagement summary

<p>Engagement summary</p>	
<p>Agencies</p>	<ul style="list-style-type: none"> • Agencies were broadly supportive and emphasised sufficient resourcing and funding is required to undertake the monitoring and oversight activities under the NBA and SPA • Other feedback included: <ul style="list-style-type: none"> ○ Success of monitoring and oversight depends on the development of an integrated environmental reporting system and system performance, reporting and evaluation framework ○ General support for the ministerial intervention powers ○ Support for Te Tiriti performance monitoring but highlighted that sufficient resourcing is required for the National Māori Entity to undertake this critical role ○ Clarity is required around the roles of other ministers who have an interest in the RM system in the monitoring of the performance of the system ○ The system performance monitoring, reporting and evaluation framework should include measures to monitor performance in achieving outcomes as this will embed an outcome-based approach into the system.
<p>Local Government</p>	<ul style="list-style-type: none"> • Local government was generally supportive of the approach and the prioritisation of monitoring of regionally and nationally important issues • They emphasised that environmental and plan effective reporting is resource intensive. Increased requirements to monitor and report will likely require an increase in local capacity, capability and costs • Local government indicated that environmental reporting is useful for transparency and accountability to improve environmental outcomes but that live data reporting and digital tools are also needed to make information more accessible to the public.
<p>Iwi/Māori</p>	<ul style="list-style-type: none"> • Iwi/Māori feedback on environmental and plan effectiveness monitoring was mostly focused on ensuring that monitoring approaches provide equal recognition of mātauranga Māori and Western science • They had concerns around capacity and capability issues with the ability of iwi/hapū to engage in and undertake monitoring. The regional monitoring and reporting strategy also needs extensive engagement with iwi/hapū and Māori • Iwi/Māori are broadly supportive of the need to monitor how the system gives effect to the principles of Te Tiriti and for that function to be conducted by an independent body • They indicated that more clarity was needed around respective monitoring and oversight roles, including how Māori would be involved in monitoring and oversight

	<ul style="list-style-type: none">• Treaty settlements and existing arrangements need to be upheld• Feedback focused on the National Māori Entity included:<ul style="list-style-type: none">○ the need for the entity to be independent and have agility in its reporting function○ taking a regional level audit approach alongside mana whenua groups○ ensuring that the Entity can follow through and act on any Te Tiriti performance issues.
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Appendix E: Further details from the cost benefit analysis

Process costs of the current system

The process costs of the current RM system are summarised in **Table 104**.

Table 104: Current RM system process costs

RM system function	Party affected	Cost category	Average annual cost (\$m)	Present value (\$m 2021)
Objective-setting: RMA amendments and national direction	Central government	Administrative	\$9	\$149
	Local government	Administrative	\$23	\$375
	Users	Compliance	\$1	\$11
		Subtotal	\$33	\$535
Institutional and rule-setting: Regional and local plan-making and changes	Central government	Administrative	\$0	\$0
	Local government	Administrative	\$112	\$1,789
	Users	Compliance	\$18	\$292
		Subtotal	\$130	\$2,081
Resource allocation: Consenting and dispute resolution systems	Central government	Administrative	\$9	\$136
	Local government	Administrative	\$144	\$2,306
	Users	Compliance	\$545	\$8,709
		Subtotal	\$698	\$11,151
Regulatory support: Monitoring and oversight	Central government	Administrative ²	\$0	\$0
	Local government	Administrative	\$122	\$1,946
	Users	Compliance	\$236	\$3,768
		Subtotal	\$358	\$5,714
Total process costs			\$1,219	\$19,479
Central government subtotal			\$18	\$285
Local government subtotal			\$401	\$6,416
Users subtotal			\$800	\$12,780

Source: Adapted from Castalia, 2021.

The components of these costs are:

Objective setting function: This involves the ongoing cost of amending the RMA and continuously developing national direction. The highest of these costs are associated with developing and implementing national direction.

Institutional and rule-setting function: Local government costs in developing, implementing and then reviewing regional and local plans are the largest drivers in this cost category. Advocacy efforts of firms, interest groups and individuals to influence the planning system are also a source of process costs to users.

Resource allocation function: User compliance costs of applying for resource consents (which include application fees, consultant and specialist advice fees and applicants' own time) is the single largest cost category across the entire RM system, at over \$500 million per year. The local government cost of processing consents is another major cost at \$144 million per year. Local government cost represents only a third of users' total resource consent costs. This difference is driven by the 'cost recovered' nature of the consenting system application fees paid by users meet some of local government's processing costs.

Regulatory support function: The monitoring and enforcement system accounts for most of the regulatory support costs. User costs of responding to government monitoring requirements constitute the largest single cost category at \$198.0 million per year. Local government cost of monitoring and enforcement is half that again, at \$90.3 million per year. Comparatively, the cost of prosecuting non-compliance is smaller – although on an individual basis, respondent's prosecution costs are considerable. Local government prosecution costs are \$31.5 million per year, compared to users' costs of \$37.8 million per year.

One-off establishment costs for the new RM system

Establishment costs are higher for central government than for local government given the funding provided by central government to support local government and Māori in this stage, for example, through the model project, the National Planning Framework and establishment of the National Māori Entity.

The establishment costs (estimates) incurred by **central government total \$492 million** includes funding that could support:

- developing and supporting the NBA and SPA through the policy and legislative process
- defining environmental limits, including targets for freshwater, indigenous biodiversity, air, soils and coastal-marine ecosystems
- developing, implementing and ensuring coherence of national direction as part of the NPF as required by the NBA/SPA
- contributing to developing and implementing RSS and supporting development of NBA Plans for 14 regions) made up of:
 - o implementation agreements and planning to address project level details around spatial strategies (\$4 million)
 - o consultation and drafting activities for RSS
 - o activities related to NBA plans

- o establishing secretariats/membership for independent national expert advisory panel and national Māori entity, and regional hubs
- o designing economic instruments
- o standardised data and ICT infrastructure to enable spatial planning
- o development of model plans to aid the transition to the new system
- IT infrastructure to support environmental monitoring
- IT support to establish a new open portal for consent applications
- a new consent and approval dispute process.

For **local government, establishment costs (estimates) total \$350 million** are for:

- submissions and otherwise engaging in consultation on the development of new legislation
- submitting during the development of new national directions (including professional fees) and then implementing the directions through the NPF at the local level
- regional and local inputs to developing and implementing RSS and development of NBA Plans, including relevant interactions with central government (ie, around non-IT matters listed in the points above), iwi/ Māori and RM users
- establishment of joint committees
- standardised data and IT infrastructure to enable spatial planning
- IT infrastructure to support environmental monitoring
- IT support to establish a new open portal for consent applications.

The **establishment costs to RM system users totalling \$22 million** are for additional time and costs, arising from the new RM system, of submitting on the development of:

- new national directions, through the NPF
- RSS
- NBA plans.

Wider environmental benefits of the new RM system

Coastal and Estuarine Environments

There are also problems with marine water quality, particularly close to towns and cities; and many marine species are at risk. Aquaculture permits have been fixed in space and duration, which limits their value compared with a more flexible system of permitting.

Current national direction is through the New Zealand Coastal Policy Statement (NZCPS). The new RM system could lead to greater integration of planning and controls in areas covered by the NZCPS and the wider marine environment, with further protections,¹¹ more flexibility in aquaculture permits and potential improvements in marine water quality, noting that:

¹¹ This is consistent with assumptions in biodiversity protection that national direction will include steps towards the Global Deal for Nature target of 30% of land and sea areas being protected.

- protection comes at a cost to existing users of marine space, including commercial and recreational fishers. This would be balanced by the improvements in marine biodiversity arising from protections, potential for more high value recreation (eg, diving), existence benefits and potential positive spill overs to other areas.
- Flexible aquaculture permits would provide greater scope for changes in location; however, the net benefits are highly uncertain and would need further New Zealand-specific research.
- Improvements in marine water quality are expected to be high cost but are expected to yield positive net benefits. The improvements may also be driven significantly by the current Three Waters reform.

Air Quality

Air quality problems include human health effects, reduced visibility and discolouration of air, and nuisance and amenity effects, including dust, smoke, materials damage and odour. The National Environmental Standards for Air Quality (NES-AQ) provide current national direction but are somewhat dated. Existing cost-benefit analyses of air quality standards and policies suggest significant positive net benefits from improvements, although this depends on the policy instruments adopted.

The impacts of the new RM system on air quality are uncertain. However, it is likely that tighter air quality standards will arise and there is potential for the introduction of national level instruments, including economic instruments as a means of yielding net benefits at least cost.

Soils

The quality of soil resources affects ecosystem services that rely on soil quality. There are also issues with contaminated sites and loss of highly productive soils.

Currently national direction includes the National Environmental Standard for assessing and managing contaminants in soil to protect human health (NES-CS) and the National Environmental Standards for Storing Tyres Outdoors (NES-STO). In addition, there is a proposed National Policy Statement for Highly Productive Land (NPS-HPL). The requirements are somewhat piecemeal, especially the inclusion of a NES for outdoor tyres rather than a more comprehensive set of hazards and contaminants.

As the NBA requires environmental limits to be set for soils this is expected to result in more comprehensive national direction covering all aspects of soil quality and increased regional attention through RSS and NBA plans that follow the national direction.

Good quality soil has very high value and it is expected that well-specified soil conservation policies to yield positive net benefits. A CBA of the NES-CS suggested benefits in the same order of magnitude as costs, but with many environmental benefits unquantified.

Biodiversity, Habitats and Ecosystems

The Review Panel suggested New Zealand's biodiversity (native plants, animals and ecosystems) is under significant threat. It is particularly vulnerable because of the percentage of indigenous species found nowhere else.

The Aotearoa New Zealand Biodiversity Strategy (ANZBS) is a government strategy that provides the basis for ambitious improvements in biodiversity conservation, achieved via a collaborative approach with widespread community participation. In addition, there is a proposed National Policy Statement on Indigenous Biodiversity (NPS-IB). It is intended to achieve more consistency in councils' monitoring and management approaches and resulting in better outcomes for biodiversity.

The new RM system is expected to reinforce rather than replace this approach. Something like the NPS-IB may include additional direction to councils, particularly relating to the assessment and management of biodiversity on private land.

It is not possible to draw any domain-wide conclusions on the net benefits of biodiversity improvement as the benefits and costs are highly site, type or ecosystem specific. Nevertheless, the existing literature suggests the high value of biodiversity and provides examples of significant positive net benefits, even when many benefits cannot be quantified in monetary terms. The draft CBA of the NPS-IB speculates on positive net benefits.

Benefits of spatial planning

Table 105: Present value of NBA Plan benefits (discounted at 5%) and additional welfare gain from having the SPA and RSS

Substantive benefit offered by NBA plans	Description of substantive benefit of NBA plans	Present value of substantive benefit	Welfare gain from SPA & RSS	Total combined benefit
1. Better management of environmental assets	New Zealand's natural capital is in decline and facing increasing pressure from climate change, industry expansion and urban development. The NBA based resource management system will put measures in place to restore the natural environment and ensure continuity of industries that depend on natural resources.	\$10.0 billion	\$100 million	10.1 billion
2. Improved housing supply and choice	New Zealand is experiencing a housing crisis, with some of the highest urban land and housing prices relative to incomes in the developed world. The NBA plans are expected to give full effect to the National Policy Statement on Urban Development (NPS-UD). Fulfilment of this policy intent will enable greater access to affordable housing reflected in the consumer surplus enjoyed by home buyers and renters alike.	\$1.4 billion	\$14 million	1.414 billion
3. Coordinated infrastructure and urban development	Coordinating infrastructure provision with urban development generates significant cost savings. This benefit accrues to central and local governments as well as to households	\$0.2 billion	\$2 million	0.202 billion
4. Leveraging urban agglomeration economies	Increasing economic density boosts productivity leading to income gains for the country	\$4.6 billion	\$46 million	4.646 billion

5. Improved infrastructure resilience	A significant portion of New Zealand's infrastructure and housing is exposed to climate risk and other natural systems risks. NBA plans are expected to focus development into lower risk areas generating significant cost savings for the nation.	\$9.4 billion	\$94 million	9.494 billion
6. Reduced transport carbon emissions	More urban development well-connected to transport and amenities will facilitate more efficient travel and transport patterns, resulting in reduced carbon emissions.	\$0.1 billion	\$1 million	0.101 billion
Total benefits	This is the sum of benefits above	\$25.7 billion	\$257 million	25.957 billion

Source: SGS Economics and Planning, 2021

Note that this is not a complete listing. NBA plans are expected to generate other benefits, including better integration of Māori interests in the resource management process. Including these benefits, as well as a broader suite of benefits, would improve the economic case for the SPA and RSS.

The selection of benefits shown in the table sum to \$25.7 billion. This is (part of) the value expected to be delivered or supported by the reform (the NBA without the SPA and RSS).

The additional value created in the preferred option (the NBA plus the SPA and RSS) is achieving a higher level of confidence the \$25.7bn will be realised. Or, as noted, the additional value is the mitigation of the risk that the full expected value of the NBA plans will not be delivered. This benefit is estimated at one per cent of the substantive NBA Plan benefits.⁷

Sensitivity testing of the one per cent benchmark 'premium'

While the benefits have been calculated at a Willingness to Pay (WTP) rate of one per cent, modelling indicates that an annual WTP of 0.32 per cent of substantive benefits would generate a BCR of 1.0. Any WTP above this rate would, therefore, generate increasing benefits relative to the costs and improve the economic warrant of the SPA and RSS.

Sensitivity testing was undertaken using a WTP of 2.5 per cent and 5 per cent. The findings of these sensitivity tests are shown in **table 106**—BCRs increase significantly, to 7.9 and 15.9, respectively.

Table 106: WTP sensitivity tests of 2.5 and 5 per cent

Economic indicator	Present value or indicator using WTP of 2.5%	Present value or indicator using WTP of 5%
Incremental costs of the preferred option (NBA plus SPA and RSS)	80,938,659	80,938,659
Incremental benefits of the preferred option (NBA plus SPA and RSS)	641,964,271	1,283,928,543
Net present value	561,026,612	1,202,990,883
Benefit cost ratio	7.9	15.9

Source: SGS Economics & Planning, 2021

There is merit in using these larger WTP ratios. SGS's approach to quantifying benefits has been highly conservative. In particular:

For benefit 1 (better management of environmental assets), SGS modelled NBA plans to be a risk mitigation tool with a WTP of one per cent of total environmental benefits. The benefit of the SPA and RSS was then modelled at one per cent of that, or 0.01 per cent of total environmental benefits. Additionally, the SPA and RSS could, theoretically, contribute to better NBA plans that comparatively protect these assets to provide benefit continuity. Increasing the WTP from 0.01 percent of total environment benefits to 0.025 or 0.05 would significantly increase the modelled benefits.

For benefit 2 and benefit 4 (improved housing supply and choice, and leveraging urban agglomeration economies), SGS has strictly extended the benefits modelled by PwC as part of the NPS-UD Business Case over a 30-year appraisal period. The SPA and RSS, packaged as the most significant suite of resource management reform since the implementation of the RMA, has potential to generate greater housing supply and choice and urban agglomeration benefits than those targeted in the NPS-UD.

Benefits for housing

The high and medium growth areas that most likely will be affected by the outcomes of the new RM system (and NPS-UD) include Auckland, Tauranga, Queenstown, Christchurch, New Plymouth, Nelson, Palmerston North and Wellington.

Whether there would be offsetting reductions in environmental quality resulting from the intensification of development has been examined. The analysis suggests this is uncertain. However, given the high-level nature of this analysis, all the externalities that may result have not been examined. This includes potential aesthetic impacts (which may be in either direction depending on the quality of design) and agglomeration benefits. **Table 107** summarises the assessment's estimates of the housing impacts of the new RM system.

Table 107: Estimated housing impacts of the new RM system

Objective	Optimistic scenario	Conservative scenario
Annual benefits from increased affordability		
For Māori	\$59.1 m	\$15.4 m
For Other	\$775.2 m	130.6 m
Total	\$834.3 m	\$146 m
Negative externalities from congestion	-\$2.8 m	-\$0.5 m
The estimated total benefits include:		
Change in real house prices from SQ	-1.1%	-0.2%
Change in land values from SQ	-5.4%	-0.9%
Additional housing stock per annum	15,279	2,662

Resource Economics estimation of the impacts of the new RM system on housing supply indicates that:

- most of the additional housing will be supplied at the average and low-price levels
- homeownership of the lowest income decile will likely increase more than other deciles
- homeownership for Europeans will improve, but the difference between the outcomes of the two scenarios is not the same for all ethnic groups (the optimistic scenario leads to relatively higher homeownership rates for Māori).

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